

March 3, 2014

Spec Pharmaceuticals Spec Rx Trends in Pics; Copax 3TW uptake strong

Spec Trends in Pictures Report: for week ended 2/21/14 (President Day holiday week, but matched up with last year's holiday), IMS U.S. TRx +1.6%, rolling 4-wk was -0.6%, and 12-wk was -0.2%. See key product YOY trends on pages 7-8.

Teva's 3TW launch upside surprise. Copaxone 3TW uptake relative to once-daily stepped up from 5.8% NRx share last week to 17.2% share this week. 3TW NRx were approx 560, which represented 17.2% of total franchise NRx of ~3,250. 3TW TRx were also approx ~560, which represented 4.4% of total franchise TRx of ~12,770. See pg 48 for NRx and TRx conversion. Note we expect FDA to approve at least one pharmacist-substitutable 1x/day on May 24 when the patent expires.

Actavis pro forma charts should facilitate quarterly modeling. Charts on pp. 12-15 frame pro forma (incl. WCRX) sales and TRx by Generics, Brands, Women's Health (inc. Atelvia, Minastrin, Estrace, Lo Loestrin), Urology (inc. Rapaflo, Gelnique, Androgel, Enablex), GI (inc. Delzicol, Asacol), and Derm/ Established (inc. Doryx). Many legacy Warner Chilcott franchises have come under pressure (notably mesalamine and OCs), but mgmt. is committed to slowing the rates of decline by securing new contracts with PBMs.

Endo: Opana ER TRx under pressure; Fortesta losing steam; Boca share may begin to level off. 4-week rolling Opana ER TRx are down 19% YOY. Fortesta YOY TRx growth has declined from +78% in late December to -4% this week. Generic Lidoderm TRx conversion increased from 71% in mid-November to 78% this week. Boca's 300 mg hydrocodone/ APAP now has 5% TRx share, up from 3% in November. Share gains may begin to level off now that 90% of the market has converted from higher dose strengths of APAP (most patients have moved to the 325 mg APAP vs. Boca's 300 mg). See pp. 28-29.

Mylan's EpiPen improved this week. Mylan's EpiPen TRx declined 1% YOY this week vs. the rolling 4-wk YOY change of -7% and 12-wk of -6%. See p. 41.

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Morgan Stanley will receive a fee from Forest Laboratories, Inc. ("Forest") in connection with its agreement to be acquired by Actavis plc, as announced on February 18, 2014. The proposed transaction is subject to approval by the shareholders of both companies, as well as customary regulatory approvals, including Hart-Scott-Rodino review. This report and the information provided herein is not intended to (i) provide voting advice, (ii) serve as an endorsement of the proposed transaction, or (iii) result in the procurement, withholding or revocation of a proxy or any other action by a security holder. The fees to be paid to Morgan Stanley by Forest for its financial services are contingent on consummation of the transaction. Please refer to the notes at the end of the report.

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