



February 4–10

Drug Manufacturers & Big Pharmaceuticals

Bristol Myers Squibb (BMY) & Sanofi–Aventis (SA)

- There is continued discussion that French pharmaceutical giant Sanofi-Aventis will acquire Bristol Myers Squibb. Bristol Myers has hired Lehman Brothers, Citigroup and Morgan Stanley to evaluate a possible deal with Sanofi-Aventis. The two companies have collaborated together before; both market the multi-billion dollar blood-thinning drug Plavix and Aprovo, which is used to treat high blood pressure. If the deal were to go through, it would create the world's largest pharmaceutical company and surpass the current No. 1 Pfizer.

Biotechnology

Rexahn Pharmaceuticals (RXHN)

- The company signed an agreement with the National Institute of Neurological Disorders and Stroke (NINDS) that will enable Rexahn to submit its CNS compound RX-10100 for pharmacological evaluation. In preclinical trials, the compound's neuroprotective properties make it a potential treatment for neurodegenerative disorders such as ALS and Parkinson's. Later in 2007, RX-10100 will start Phase II trials for anxiety because of its serotonin and dopamine enhancing actions.

Hospitals

Triad Hospitals Inc. (TRI)

- Triad Hospitals was upgraded by a Banc of America Securities LLC analyst from "sell" to "hold" and raised the target price to \$50 from \$28.
- This week, Triad also agreed to be taken private in a \$4.7 billion sale to Goldman Sachs Capital Partners and a JPMorgan Chase & Co. spinoff. Leveraged buyouts of hospitals have become increasingly popular given that the industry has been struggling with flat numbers and rising numbers of unpaid bills from uninsured patients.

Health Management

Aetna Inc. (AET)

- Aetna was recently upgraded by a Citigroup analyst from "sell" to "hold." Aetna's net profit in the fourth quarter rose 4% to \$431.1 million, or 80 cents a share from \$416.3 million or 70 cents a share. The Hartford health insurer's profits rose due to premium and fee-rate increases and increasing membership levels. Revenue grew 8% to \$6.36 billion from \$5.87 billion a year earlier. Aetna also raised its earnings outlook for 2007

Health Net Inc. (HNT)

- Higher premiums helped Health Net's profits rise 11% from the fourth quarter in 2005. Profit during the 2006 4Q rose to \$85 million, or 72 cents per share, from \$76.7 million or 65 cents per share, a year earlier. Excluding legal expenses, the company would have reported earnings of 91 cents per share; however, these expenses are not recurring and the company has projected 77 cents per share in the first quarter of 2007.

Medical Instruments & Supplies

Baxter International Inc. (BAX)

- Two of Baxter International's manufacturing facilities, one in Marion, North Carolina and the other in Morelos, Mexico, are being recognized with the 2007 Shingo Prize for Excellence in Manufacturing. The two facilities are being honored for driving higher quality and improvements in productivity and manufacturing cycle time. The North Cove facility in North Carolina won the prize for outstanding achievements in manufacturing in 2000.
- Baxter signed an agreement with Indonesia to develop a human bird flu vaccine in exchange for samples of the virus that has killed 66 Indonesians this year. Earlier, Jakarta was criticized for not sharing samples of the virus with foreign laboratories as part of the virus-sharing agreement with WHO. Baxter, however, does not have exclusive rights to the virus.

Drug Stores

CVS Corp. (CVS) & Caremark Rx. Inc. (CMX)

- An investor advisory firm, Glass, Lewis & Co., recommended that Caremark Rx shareholders reject the proposed acquisition by CVS Corp. on the grounds that they are not receiving the highest value for their stake in the company. CVS offered \$24 billion in stock to acquire Caremark Rx while Express Scripts offered a hostile bid of \$26 billion in cash and stock. Express Scripts is still seeking federal regulatory approval for its offer, which would amount to a merger between No. 2 and No. 3 drug suppliers while the proposed CVS-Caremark merger has already received antitrust approval.