



INSTITUTIONAL RESEARCH

Healthcare and Technology

MORNING NOTE

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Capnia (Nasdaq/CAPN/Buy/\$2.02)

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1) Capnia (Nasdaq/CAPN/Buy/\$2.02) – Capnia announced this morning the acquisition of substantially all of the assets of NeoForce Group (private), a marketer and developer of innovative pulmonary resuscitation solutions for the inpatient and ambulatory neonatal markets, including approved products NeoPIP Infant T-Piece Resuscitator and the CPRNome Resuscitation Timer. In addition, former NeoForce COE Otho Boone will join Capnia as General Manager of Neonatology. The acquisition was made for \$1 million in upfront payments, approximately equal to NeoForce’s annual revenue run rate, plus single-digit sales royalties over the next 3 years. The NeoForce acquisition adds to Capnia’s presence in the neonatology market, in addition to the Company’s CoSense ETC neonatal monitor. We currently rate CAPN shares a Buy with a 12-18 month price target of \$12.70.

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| Ratings Distribution | Company Coverage | | Investment Banking | |
|----------------------------|------------------|------------|--------------------|-------------|
| | # of Companies | % of Total | # of Companies | % of Totals |
| Market Outperform (Buy) | 18 | 75% | 12 | 67% |
| Market Perform (Neutral) | 6 | 25% | 4 | 67% |
| Market Underperform (Sell) | 0 | 0% | 0 | 0% |
| Total | 24 | 100% | 16 | 67% |

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