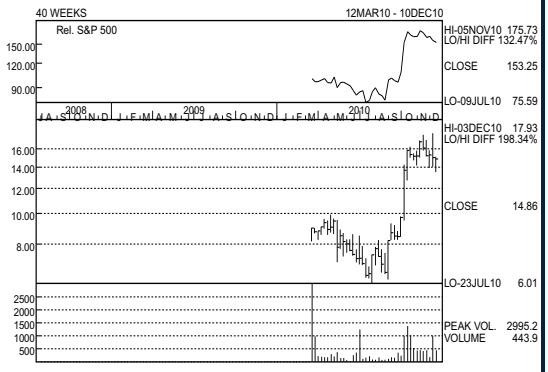

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All values in USD unless otherwise noted.

FIRST GLANCE | COMMENT

DECEMBER 13, 2010

AVEO Pharmaceuticals, Inc. (NASDAQ: AVEO; 14.86)

Encouraging Data at SABC: Full-Dose Tivozanib with Taxol

Outperform
Speculative Risk

Impact

Combination data suggests path forward in breast cancer.

First Impression

Aveo reported interim Phase Ib data demonstrating that full dose tivozanib can be safely added to standard dose taxol in the treatment of metastatic breast cancer. The ability to combine tivozanib with chemotherapy results from its higher specificity versus competitive agents such as Sutent and Nexavar, and potentially positions tivozanib longer-term as an oral agent that could compete with Avastin.

- **Full dose tivozanib.** Aveo tested three doses of tivozanib (0.5, 1.0, and 1.5 mg/d) in combination with standard dose taxol. The 1.5 mg/d dose is the recommended single agent dose being tested in Phase III. Aveo was able to safely combine full dose tivozanib with taxol without significant added toxicity.
- **Efficacy is encouraging.** The response rate in 18 patients was 28% (5/18) with an additional 17% (3/18) having stable disease greater than 6 months. Median progression-free survival (PFS) was 10.4 months. These results are encouraging given that all had prior taxane therapy, but difficult to interpret given the lack of a control group.
- **Expect advanced development in breast cancer.** Breast cancer is one of large potential expansion indications for tivozanib. We expect Aveo to initiate more advanced Phase II testing in breast cancer (in combination with taxol or xeloda) in 2011.
- **Expect positive Phase III in kidney cancer in mid-2011.** TIVO-1 compares tivozanib to Nexavar in 500 kidney cancer patients. The primary endpoint is PFS, and we expect tivozanib to easily beat Nexavar. It will be important that the PFS results for tivozanib also appear as good as or better than Sutent, which is the market leader with the best PFS in Phase III.

Details

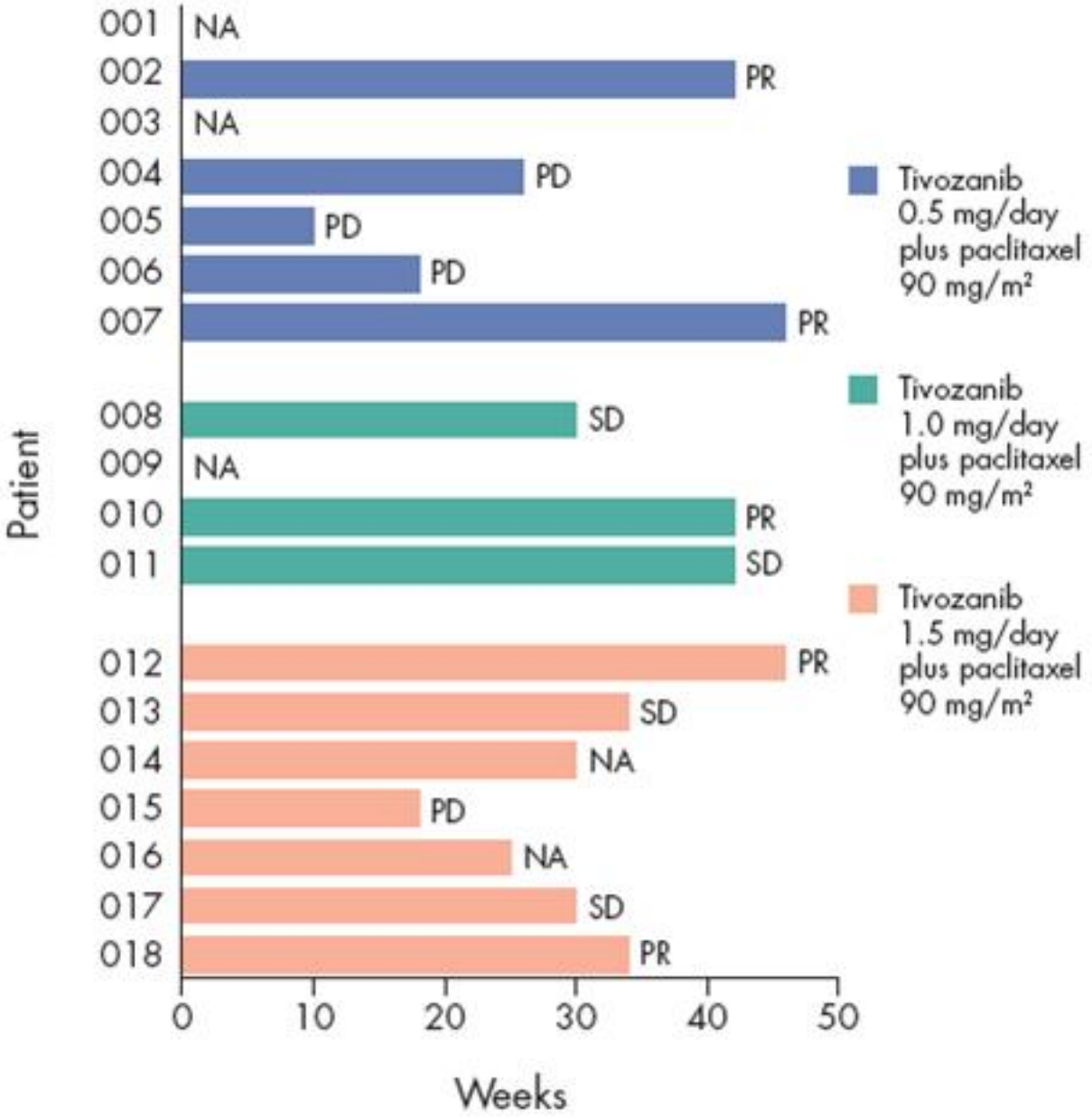
Multiple Responses with Tivozanib plus Taxol

Response, n (%)	N = 18
Objective response	5 (28)
Complete response	0
Partial response	5 (28)
Stable disease ≥24 weeks	3 (17)
Clinical benefit[a]	8 (44)
Progressive disease	4 (22)
Not determined	5 (28)

a. Clinical benefit is objective response or stable disease > 24 weeks

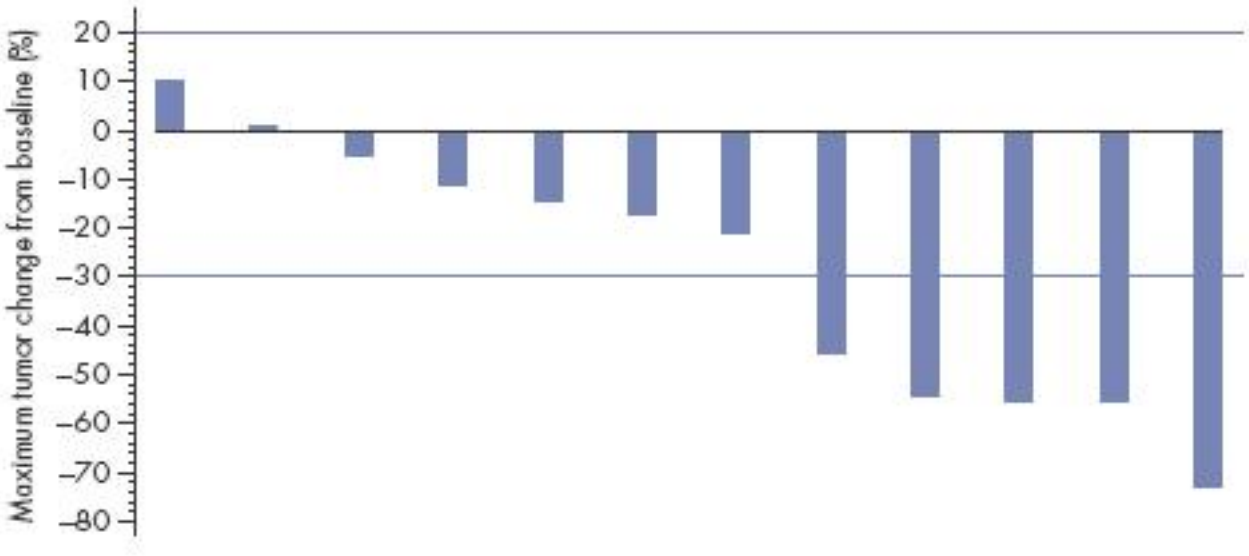
Source: SABC 2010

Several Long-Lasting Responses



Source: SABC 2010

Tumor Shrinkage with Tivozanib plus Taxol



Source: SABC 2010

Company Description

AVEO Pharmaceuticals is an oncology-focused company developing both small molecules and antibodies against key targets in important signaling pathways. Its most advanced program, tivozanib, is a small molecule VEGF inhibitor in Phase III for kidney cancer. The trial is a head-to-head trial against Nexavar. Better selectivity and potency and robust Phase II results suggest likely superiority of tivozanib. Its most advanced antibody program is AV-299, an anti-HGF antibody, in Phase II development for non-small cell lung cancer. Both the Phase III for tivozanib and the Phase II for AV-299 are randomized trials with data expected in mid-2011 and late-2011, respectively.

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			Investment Banking Serv./Past 12 Mos.	
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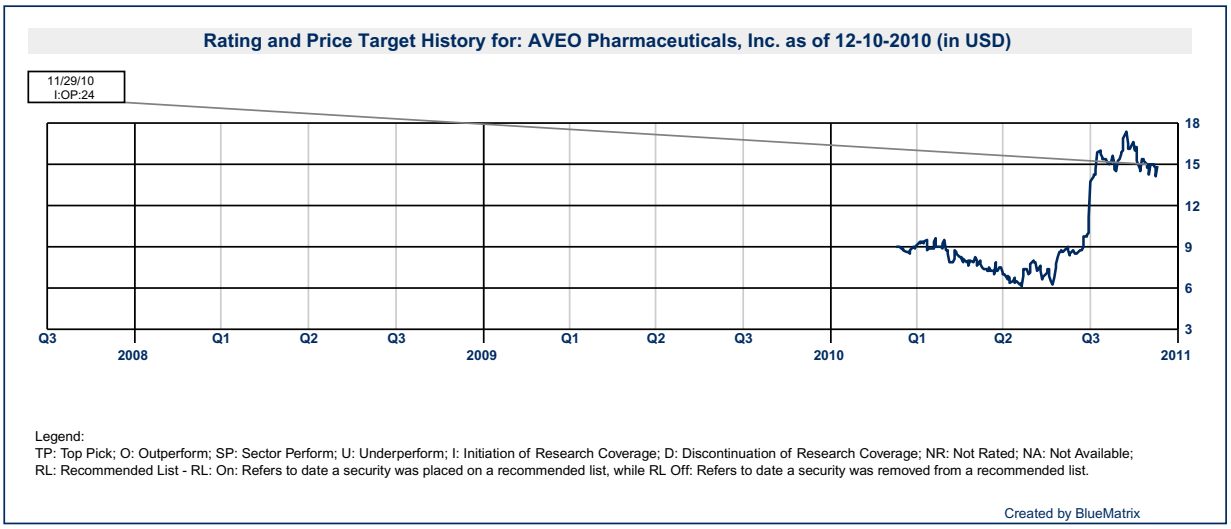
SELL[U]	55	4.20	9	16.36



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