AVEO Pharmaceuticals, Inc.

J.P. Morgan Healthcare Conference Update - ALERT

Overweight

AVEO, AVEO US
Price: $14.82

10 January 2011

Biotechnology

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This morning, Aveo's CEO Tuan Ha-Ngoc outlined the company's key 2011 events. It was no surprise that the focus was on the TIVO-1 study of tivozanib in front-line renal cell carcinoma (RCC) with data on track for mid-2011 (reviewed clinical trial design and mechanism of action of tivozanib). These data could be transformational for Aveo, with a strong rationale for activity in other indications such as breast and GI cancers, for which data presented at YE10 were encouraging. Aveo plans to move tivozanib into a 2nd indication in 2011. Additionally, Aveo noted that enrollment in a phase 2 trial in NSCLC is expected to complete in 2011. With a high probability of success for TIVO-1 in RCC, and breast and colon indications as attractive call options. we are bullish on AVEO shares in 2011, and are reiterating our Overweight rating.

- **Near-term transformational event should be positive.** Aveo reviewed the phase 2 experience of tivozanib in RCC with robust data seen (11.8 month PFS overall; best PFS of any marketed agent in RCC). In the core population being studied in the phase 3 trial (clear cell RCC with patients with prior nephrectomy), PFS was even more impressive at 14.8 months. As such, we think there is a high probability of success in phase 3; a PFS in the 11+ month range would be differentiated in RCC, in our view. In the presentation, Aveo noted that when tizovanib reaches the market, the market opportunity will expand to $2B. Additionally, Aveo outlined early commercialization plans and noted it will hire a targeted specialty US sales force of 50-75 sales representatives for the tivozanib launch.

- **Breakout session:** The focus was on additional indications for tivozanib, and Aveo has been pleased that the agent has been able to be dosed at full doses (1.5mg/day; important for full VEGF inhibition) in combination with other oncology therapeutics. Aveo also noted that the FDA is comfortable with using Nexavar as an active comparator in the TIVO-1 study.

- **Aveo highlighted tivozanib's potential outside of RCC.** The company plans to move tivozanib into a second indication in 2011; however, the company did not disclose the indication (in the breakout session Aveo mentioned plans to disclose upon first patient enrolled). Data from phase 1b trial in GI cancers looked promising at the 1.5mg/day dose (no progressive disease at this dose; also dose being used in the RCC trial). With respect to breast cancer, the 1.5mg/day dose in combination with paclitaxel also looked the best, and partial response was maintained in one patient for greater than 40 weeks (one patient had progressive disease at this dose). Overall, we view both indications as attractive 2nd indication options.

- **Reiterate Overweight Rating**. With tivozanib being an unpartnered oncology asset (along with AV-299), AVEO has significant scarcity value in the biotech space. The TIVO-1 data, in our view, should drive outperformance in 2011 with a positive data set.

See page 2 for analyst certification and important disclosures.

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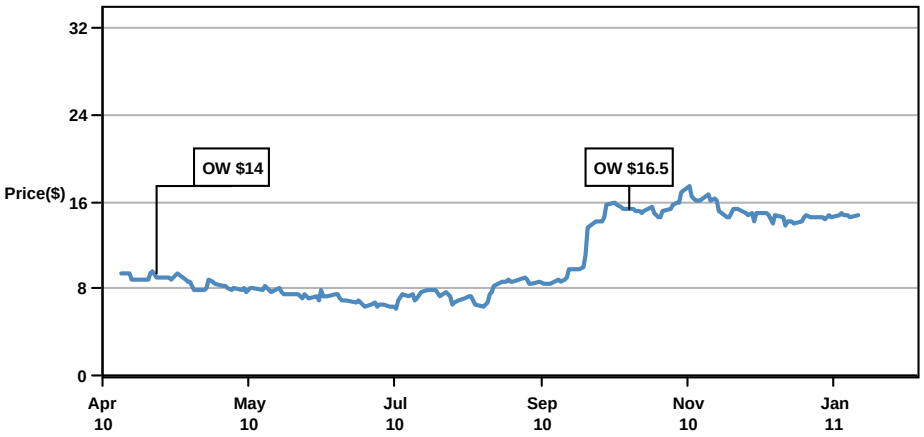
AVEO Pharmaceuticals, Inc. (AVEO) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
21-Apr-10	OW	9.39	14.00
15-Oct-10	OW	15.35	16.50

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Apr 21, 2010. This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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