September 19, 2012

OUTPERFORM
from SUSPENDED COVERAGE

Reason for report:

RESUMPTION OF COVERAGE

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LEERINK SWANN

HEALTHCARE EQUITY RESEARCH

CLOVIS ONCOLOGY, INC.

Interesting CO-101 Risk-Reward; CO-1686 Promising Long Term; Resume With OP

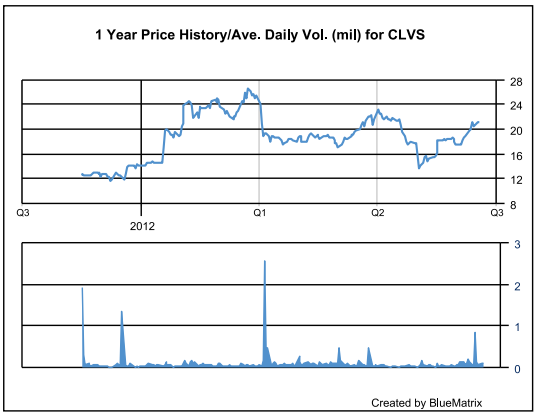
• **Bottom Line:** Near term, CLVS is a high risk/reward opportunity. Our probability adjusted $25 DCF valuation estimates CO-1686 at ~$15/share and CO-101 at ~$10/share. Positive CO-101 LEAP data in front-line (FL) pancreatic cancer in 4Q:12 could serve as a significant upward catalyst, while negative data would remove its premium from the shares. Our current 17% probability of success for CO-101 leads to $10/share, but we believe positive LEAP data with a higher probability of success (i.e., 70%) would lead to a DCF valuation of ~$55. Negative LEAP data would lead us to value to CLVS at $15/share based on longer-term potential of CO-1686 in NCSLC (assuming 28% probability of success).

• **CO-101 for Pancreatic Cancer:** MEDACorp KOL feedback for CO-101 is very mixed and heavily influenced by previous Phase III failures after encouraging earlier clinical trials. KOLs broadly utilize gemcitabine based regimens at least for their older pancreatic patients with FOLFIRINOX reserved for younger (~30%) patients able to withstand this toxic yet relatively more effective option (doubling of OS, a tripling of ORR). Overall, KOLs believe CO-101 will demonstrate activity in FL pancreatic cancer patients, but they are mixed on whether the magnitude will be clinically meaningful. They believe baseline hENT-1 low OS is near 4 months and CO-101 would need to beat a 6 month OS in these hENT-1 low patients in order to be considered a positive trial. We currently assume a 17% probability of success for CO-101, which leads to $10/share in our DCF analysis.

• **CO-1686 for NSCLC:** While early, based on MEDACorp KOL feedback we see CO-1686 as CLVS's most important pipeline compound. While proof of concept Phase I data likely to be presented at ASCO 2013 will only provide a preliminary view on safety, Phase II data at ASCO 2014 could significantly de-risk the NSCLC T790M mutation opportunity. The mature Phase II data (ASCO 2014) could also provide provocative data delineating a much broader market opportunity if advanced into front-line NSCLC patients.

• **Our $25 Valuation:** We calculate a $25 fair value estimate for CLVS based on a discounted cash flow (DCF) analysis that is probability adjusted for CO-101 and CO-1686. If successful, our model assumes CO-101 use only in hENT-1 low pancreatic patients and use of CO-1686 for NSCLC with T790M mutations. Earlier line use would lead to upside to our estimates.

Key Stats:	**(NASDAQ:CLVS)**
S&P 600 Health Care Index:	**884.68**
Price:	**$21.10**
52 Week High:	$27.55
52 Week Low:	$11.45
Shares Outstanding (mil):	26.1
Market Capitalization (mil):	$550.7
Book Value/Share:	$6.50
Cash Per Share:	$6.87
Dividend (ann):	$0.00
Dividend Yield:	0.0%
Valuation:	$25 on DCF analysis



Dec Yr	1Q	2Q	3Q	4Q	FY Rev	1Q	2Q	3Q	4Q	FY EPS	P/E
2011A	0.0	0.0	0.0	0.0	0.0	($0.97)	($2.15)	($1.22)	($1.30)	($14.42)	NM
2012E	0.0A	0.0A	0.0	0.0	0.0	($0.86)A	($0.61)A	($0.70)	($0.77)	($2.92)	NM
2013E	--	--	--	--	0.0	--	--	--	--	($5.51)	NM

Source: Company Information and Leerink Swann LLC Research
GAAP EPS presented; note: quarterly EPS do not sum to annual total due to changes in shares outstanding.

Please refer to pages 10 - 12 for Important Disclosures, Price Charts and Analyst Certification.

INVESTMENT THESIS

We rate CLVS Outperform. We view CLVS as a near term, high-risk, high-reward dynamic biotech company. Our probability adjusted $25 DCF valuation estimates CO-1686 at ~$15/share and CO-101 at ~$10/share. Positive Phase IIb LEAP data for CO-101 in front-line (FL) pancreatic cancer expected in 4Q:12E could serve as a significant upward catalyst, while negative data would remove its premium from CLVS shares. Based on our current 17% probability of success we estimate CO-101 is worth $10/share, but positive LEAP data would lead to a higher probability of success (i.e., 70%) and would lead to a DCF valuation of ~$55. Negative LEAP data would lead us to value to CLVS at $15/share based on longer-term potential of CO-1686 in NCSLC (assuming 29% probability of success).

Milestones

We project CLVS shares will move near term based on CO-101 Phase III LEAP results and longer term by CO-1686 progress. Potential for CO-101 to demonstrate a meaningful survival advantage in hENT low front-line (FL) pancreatic cancer patients is the main near-term catalyst. Despite recent CLVS share price appreciation, our risk reward calculations suggest shares may appreciate further despite significant recent gains associated with approaching LEAP data. Long term, we believe CO-1686 has considerable potential to at least address the unmet medical need represented by NSCLC patients with gating T790M mutations or possibly be used more broadly.

Product:	Partner:	Indication:	Timing:	Milestone:
CO-101:	Proprietary	Pancreatic Cancer	**4Q12**	**Top-line LEAP Survival Data**
			2013	CO-101 NDA-MAA + hENT-1 IHC PMA submissions
		NSCLC	2H12	Initiate Asia Phase I-II trial
			2013	Data from Phase I-II study in combo with Cisplatin
CO-1686:	Proprietary	NSCLC (1st or 2nd line)	2013	Initiate Phase I in Japan (informed dose + tablet)
			2H13	Data from Phase I (started March-2012)
			2H14	Data from Phase II (started March-2012)
			2016	NDA (goal 4 years from IND)
			2017	**FDA Approval and Launch (in T790M patients)**
Rucaparib (CO-338):	Proprietary	Breast Cancer (BC), Ovarian Cancer (OC)	2013	Data from Phase I-II monotherapy trial
				Initiate global registration trial in plat-sensitive OC

Source: Company Reports, Leerink Swann LLC estimates

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CO-101 for Pancreatic Cancer

CO-101 is an IV administered lipid drug conjugate therapeutic modeled off gemcitabine. Its initial clinical focus is directed toward pancreatic cancer especially in patients who express low levels of the hENT-1 membrane transporter protein. Patients with hENT-1 low status are expected to be resistant to standard gemcitabine-based therapy. The main hypothesis supporting potential benefit of CO-101 is that it was designed to enter cancer cells independent of hENT-1 expression and thereby potentially to overcome this resistance mechanism. In 4Q:12, data from the CO-101 Phase IIb LEAP (low hENT1 and adenocarcinoma of the pancreas) could serve as a significant catalyst for CLVS.

LEAP Phase II CO-101-001 Pancreatic Cancer Trial Design:	
Background:	Majority of patients present with unresectable disease and condition is often not diagnosed until cancer is relatively advanced. SOC 1st-line treatment is Gemzar (gemcitabine) monotherapy but many patients fail to derive benefit. No clinical or molecular marker has been established to predict benefit from gemcitabine so patients are treated empirically until evidence of disease progression or worsening performance status. Potential for human equilibrative nucleoside transporter-1 (hENT-1) expression to predict survival in gemcitabine-treated patients has been studied and data suggest patients with low levels of tumor cell hENT-1 expression derive less benefit from gemcitabine treatment vs. patients with high levels of tumor cell hENT-1 expression. Data support the hypothesis to be tested in this study that patients with pancreatic tumors expressing low levels of hENT1 will derive minimal benefit from gemcitabine, but will receive benefit from CO-101 (gemcitabine elaidate) which enters tumor cells in a hENT1-independent fashion
Purpose:	Determine if CO-1.01 is safe/effective in treatment of patients with metastatic pancreatic cancer + low hENT-1 expression vs. gemcitabine
# Pts:	N=367
Design:	Interventional, randomized, safety/efficacy, parallel assignment, open label, treatment
Trial Arms:	▪ **Arm-1:** CO-101 1,250 mg/m2 IV weekly for 3 weeks every 4 weeks ▪ **Arm-2:** Gemcitabine 1,000 mg/m2 IV weekly for 7 weeks, then 1 week rest, then weekly for 3 weeks every 4 weeks
Powering:	**98% powered to detect a near doubling in OS**
Primary End Point:	**Overall survival (OS) low hENT-1 expression patients** ▪ [Monthly follow up after treatment discontinuation until death]
Secondary End Points:	▪ OS in all patients + patients with high hENT-1 expression [Monthly follow post treatment discontinuation until death] ▪ ORR, duration of response + PFS in patients with measurable disease, using RECIST 1.1 [Every 8 weeks] ▪ CA19-9 response rates [Every 4 weeks] ▪ Drug tolerability and toxicity [Every week] ▪ Change from baseline in pain severity [Every 4 weeks] ▪ Change from baseline in health status [Every 4 weeks] ▪ PK profile of CO-101 based on sparse sampling [30 days after 1st dose]
Start:	May 2010
End:	**October 2012 (Final data collection date for primary outcome measure)**
Status:	Recruiting (8.20.12)
Sponsors:	CLVS
Clin.Trials. Gov ID:	▪ NCT01124786 ▪ CO-101-001

Source: Company Reports, Leerink Swann LLC estimates

MEDACorp KOLs on CO-101: Feedback for CO-101 appears to be very mixed and heavily influenced by previous Phase III failures after encouraging earlier datasets. The KOLs broadly utilize gemcitabine based regimens at least for their older pancreatic patients with FOLFIRINOX reserved for younger (~30%) patients able to withstand this toxic yet relatively more effective option (doubling of OS, a tripling of ORR). Overall, KOLs believe CO-101 will demonstrate activity in FL pancreatic cancer patients, but they are mixed on whether the magnitude will be clinically meaningful.

Regarding CO-101, the KOLs believe there is an elegant hypothesis potentially supporting utility based on the molecule's design and mechanism of action (MOA). Specifically, they are intrigued by the ability of CLVS's Lipid Vector Technology that links small molecules to lipid vectors to drive accumulation inside cells and bypassing traditional transport mechanisms. This enthusiasm is balanced by: (1) concern that CO-101 accumulation inside hENT-1 low cells may still not be high enough (may need log increases) to provide for meaningful clinical benefits; (2) hENT-1 low tumors may be more resistant vs. hENT-1 high tumors (for unknown reasons hENT-1 low tumors may be naturally chemo-resistant); and (3) gemcitabine may only be a weak drug for pancreatic cancer.

Regarding the LEAP trial, despite interest in CO-101's MOA, KOLs were very mixed in predicting potential for success based on the trial's powering and a lengthy history of previous failure for pancreatic cancer. The trial is officially 98% powered to detect a near doubling in overall survival (OS) based on the assumption that enrolled patients are 50% hENT-1 low and 50% hENT-1 high status and ~6 month median OS across previous gemcitabine trials. In reality, given the real world and trial enrollment of ~66% hENT-1 low and ~34% hENT-1 high patients, KOLs believe baseline hENT-1 low OS is near 4 months and CO-101 would need to beat a 6 month OS in these hENT-1 low patients in order to be considered a positive trial.

KOL Expectations for Overall Survival (OS) in hENT-1 Low LEAP Trial Patients:		
Outcome:	**OS:**	**Implications to CO-101 development:**
Baseline OS:	4 months	Abandon future development
Grey Zone OS:	4-6 month	4-5 months → not worth conducting future clinical trials
		5-5.5 → possibly worth conducting another clinical trial
		5.5-6 months → worth conducting another clinical trial
Positive OS:	≥6 months	Very clinically meaningful

Source: MEDACorp KOLs, Leerink Swann LLC estimates

Confirmatory Phase III Trials: Assuming a positive LEAP (≥6 months) or "Grey Zone" 5.5-6 month outcome, KOLs suggest another Phase III trial should be considered. Whether in the context of a post approval commitment after an accelerated approval or to further clarify an encouraging "Grey Zone" outcome, they believe this additional Phase III trial should be designed similarly to LEAP but with more patients.

Our View of CO-101: Based on our diligence with KOLs, we are cautiously optimistic for a positive LEAP trial outcome. As a result, we believe a probability of success based calculation is the best way to ascribe value to CO-101. Based on KOL feedback and our analysis, we currently estimate a 17% probability of success to CO-101, which leads to our current $10/share estimate. If LEAP data are positive in demonstrating a 6+ month OS benefit in hENT-1 patients, we would increase our probability of success estimate (i.e., 70%) which would lead to a significantly higher DCF valuation (i.e., ~$55).

LEERINK SWANN

CO-1686 for NSCLC

CO-1686 is an oral, targeted and covalent (irreversible) epidermal growth factor receptor (EGFR) inhibitor in development for non-small cell lung cancer (NSCLC). The candidate is potentially differentiated by its selective targeting of both initial activating EGFR and T790M gating mutations while sparing wild-type (normal) EGFR at what should likely be therapeutic doses. Its initial development is focused toward 2nd line patients after failing traditional tyrosine kinase inhibitors (TKIs) such as Iressa or Tarceva. However, demonstration of improved safety even with equal efficacy in an ongoing Phase I/II trial could broaden its utility potentially as a FL therapy.

NSCLC Phase I-II CO-1686-008 Trial Design:	
Background:	Lung cancer remains most common cancer WW, with NSCLC accounting for 85% of cases. Cytotoxic chemotherapy is mainstay for NSCLC but survival rates remain low and toxicity significant. Molecularly targeted therapies proven to be superior to chemotherapy for NSCLC patients whose tumors have mutations in EGFR. Recent studies established tyrosine kinase inhibitors (TKIs) as gold standard for treating EGFR-mutation-positive NCSLC. However, patients on TKIs eventually progress with ~50% of cases due to development of additional mutation called T790M. Currently no approved therapies for patients who progress on TKIs. CO-1686 may provide effective therapy for patient population with few alternative treatment options. Nonclinical data demonstrate CO-1686 inhibits T790M and CO-1686 may promote cell death in tumor cells with T790M mutation providing possible therapeutic benefit in patients with T790M-mediated resistance to 1st generation TKIs
Purpose:	Safety, PK, Preliminary efficacy of CO-1686 in patients with mutant EGFR NSCLC with activating mutation in EGFR gene + failed treatment with 1st-line EGFR inhibitor such as Tarceva (erlotinib) or Iressa (gefitinib)
# Pts:	N=70
Design:	Interventional, safety/efficacy, single group assignment, open label, treatment ▪ **Part 1:** Starting dose 150mg/day escalated to MTD + recommended Phase 2 Dose (RP2D) established; 21 day cycles ▪ **Part 2:** Evaluation of recommended Phase II dose in T790M EGFR mutation patients until discontinuation from study
Trial Arms:	**Arm-1:** CO-1686 (Oral capsule) QD with 8 oz water; 21-day cycles of treatment
Primary End Point:	**Part-1:** ▪ **Incidence of Grade 3-4 AEs** and clinical lab abnormalities defined as DLTs [Cycle 1 (Days 1-21)] ▪ **PK Profile** [Cycle 1 (Days 1, 2, 15 and 16)] ▪ **AUC** (area under curve) from time 0-infinity; **Cmax** (max concentration); **Tmax** (time to max concentration); **T1/2** (elimination half-life); **Kel** (elimination rate constant); **Vss/F** (volume distribution at steady state after non-IV administration); **Cl/F** (total plasma clearance) **Part-2:** ▪ **ORR + Duration of Response** (by RECIST version 1.1) [Screening; End of Cycles 2,4,6 (between Days 14-21); Every 3 cycles after Cycle 6 (between Days 14-21); End of study (patient discontinuation)]
Secondary End Points:	**Part-1:** ▪ **PK Profile** (fasted and fed) [Cycle 1 (Day -7 + Day 1)] ▪ **AUC and Cmax** ▪ Change from baseline in **QT/QTc** interval (ECG) [Screening, Cycle 1 (Days 1+15), End of study (patient discontinuation)] ▪ **Metabolic profile** in Day 15 plasma samples [Cycle 1 (Day 15)] ▪ **ORR + Duration of Response** (by RECIST version 1.1) [Screening; End of Cycles 2,4,6 (between Days 14-21); Every 3 cycles after Cycle 6 (between Days 14-21); End of study (patient discontinuation)] **Part-2:** ▪ **Incidence of AEs**, clinical laboratory abnormalities, and ECG abnormalities [Screening, C1+ (Days 1 and 15), End of Study (patient discontinuation)] ▪ **PFS** (by RECIST version 1.1) [Screening; End of Cycles 2,4,6 (between Days 14-21); Every 3 cycles after Cycle 6 (between Days 14-21); End of study (patient discontinuation)]
Start:	March 2012
End:	January 2013 (Final data collection date for primary outcome measure)
Status:	Recruiting (8.20.12)
Sponsors:	CLVS
Clin.Trials. Gov ID:	NCT01526928 **CO-1686-008**

Source: Company Reports, Leerink Swann LLC estimates

MEDACorp KOLs on CO-1686:

Feedback for CO-1686 has been mostly positive and driven by potential for the candidate to demonstrate ability to overcome T790M mutations and improved toxicity based on less wild type EGFR affinity (based on preclinical data). Should preclinical data carry over to the clinic, CO-1686 hypothetically could encounter a maximum tolerated dose (MTD) independent of toxicity and instead be based on: (1) pill or water burden limitation; (2) observation of a plateau effect with increasing doses; or (3) other. While it is appreciated that GI and skin toxicity with traditional TKIs is EGFR mediated, the mechanism for pulmonary toxicity (occurs in 1-3%) remains unknown. While only a preliminary estimate, the KOLs foresee GI toxicity as the most likely CO-1686 adverse event (AE) leading to MTD.

ASCO 2013: KOLs believe Phase I dose escalation (Part-1) data will be available for presentation by ASCO 2013. With this trial starting in March 2012, they anticipate preliminary data and MTD should be reached in early 1Q:13 with follow up until end of May 2013 presented at the ASCO meeting. Overall, ~30 patients are expected to be dose escalated in the Phase I trial and 40 evaluated in the subsequent Phase II portion. The Phase I portion is primarily geared toward evaluation of safety although secondary endpoints do include Objective Response Rate (ORR) and Duration of Response. Given Phase I is a dose escalation trial, KOLs do not believe efficacy data would be meaningful or available by ASCO 2013. With patients likely starting at sub-therapeutic doses (150mg QD) prior to dose escalation, they also anticipate low rate of toxicities. They would be interested in a very preliminary view on CO-1686 safety that could be provided by measuring the incidence or time to AEs at therapeutic CO-1686 compared to the experience with Tarceva in 2nd-line treatment (see below).

KOL Tarceva (TKI) Toxicity Estimates in 2nd-line NSCLC Patients:				Tarceva 2nd-line Label:	
AE:	G1-2:	G3-4:	Time to AE:	Any G:	G3-4:
Skin Toxicity:	60%	6%	<1 month	75%	6%
Diarrhea:	50%	8%	<1 month	54%	9%
Pulmonary Toxicity:	1-3%	<1%	2-4 months		~1%

Source: Company Reports, Leerink Swann LLC estimates
Note: AE = Adverse Event, G = Grade

ASCO 2014: KOLs believe Phase II expansion (Part-2) data should be available for presentation by ASCO 2014. This presentation would likely include data for 40 patients (unless there is further expansion) treated with CO-101 near the MTD. Accordingly, this same size of patients would be treated with a therapeutic dose for a long enough timeframe to begin making meaningful comparisons to the safety and efficacy profiles of traditional TKIs. Given the rare prevalence if pulmonary toxicity, KOLs believe CLVS would be unlucky to capture a patient with CO-101 experiencing this serious adverse event (SAE). More likely would be skin or GI toxicity with CO-1686 that could be compared to the data in the table above. In terms of efficacy, they believe any ORR above 10% would be encouraging. In terms of duration or response, they see a low bar set at 4 months for PFS given no alternatives (unmet need) in this T790M mutation patient population.

Subsequent CO-1686 Trial(s): They believe reasonable safety and efficacy from the ongoing Phase I/II trial could place CO-1686 on a path toward a relative small NSCLC pivotal trial for TKI failure T790M mutation patients with an accelerated potential route to market. Pending FDA sign off, such a trial could be single arm in T790M mutation patients and with success defined by a +20% ORR. If Phase II presented at ASCO 2014 were to demonstrate encouraging prolongation of PFS, then CLVS might elect a Phase III that randomizes CO-1686 against chemotherapy in T790M mutation patients seeking a 4+ month benefit. Should ASCO 2014 data be encouraging, KOLs also believe CLVS should consider initiating a Front-Line (FL) NSCLC study in TKI treatment naïve patients which would also most effectively broaden its potential market opportunity.

Our view of CO-1686 for NSCLC: While early, based on KOL feedback we see CO-1686 as CLVS's most important pipeline compound. While proof of concept Phase I data likely to be presented at ASCO 2013 will only provide a preliminary view on safety, Phase II data at ASCO 2014 could significantly de-risk the NSCLC T790M mutation opportunity. The mature Phase II data (ASCO 2014) could also provide provocative data delineating a much broader market opportunity if advanced into front-line NSCLC patients.

CLVS Financial Model

Our model assumes CO-1686 approval and launch in 2017E for T790M patients. We estimate a steady R&D and SG&A ramp-up for 2012 and beyond mainly driven by CO-101 and CO-1686 clinical expenses. We project 2012E R&D expense of ~$58M and G&A increasing from ~$12M in 2012E to $90M in 2018E. Our model assumes a 17% probability of success to CO-101 and a 29% probability of success to CO-1686. Peak probability adjusted revenues from CO-101 and CO-1686 are projected to be ~$810M and ~$525M, respectively.

We assume a capital-raising event in 2013. CLVS ended 2Q:12 with ~$177M in cash and cash equivalents. Our model includes a $200M capital raise in 2013E to more than balance our current projections.

Upside to Our CLVS Model:

Drug:	Factor:
CO-101:	LEAP trial results are positive for hENT-1 low patients
	Longer-term efficacy is observed in other tumor types such as NSLCL
CO-1686:	Phase I/II data are competitive with earlier line TKIs suggesting a path to FL NSLCLC

Source: Leerink Swann LLC estimates

VALUATION

Our $25 Valuation: We calculate a $25 fair value estimate for CLVS based on a discounted cash flow (DCF) analysis that is probability adjusted for CO-101 and CO-1686. If successful, our model assumes CO-101 use only in hENT-1 low pancreatic patients and use of CO-1686 for NSCLC with T790M mutations. Earlier line use would lead to upside to our estimates.

RISKS TO VALUATION

An investment in CLVS is fundamentally a high-risk, high-reward investment, in our opinion. CLVS may face significant pipeline clinical, regulatory, and commercial risks. Most important is risk associated with potential clinical failure of CO-101 in pancreatic cancer and subsequent clinical failure of CO-1686 for patients with NSCLC. CO-1686 could also face commercial competition from compounds such as afatinib (Boehringer Ingelheim) and other late stage development-stage candidates. Finally, defense of its Intellectual Property (IP) portfolio is also a risk.

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FINANCIAL MODEL

CLOVIS ANNUAL P&L ($M, except per share data)	2011A	1Q12A	2Q12A	3Q12E	4Q12E	2012E	2013E	2014E	2015E	2016E	2017E	2018E
CO-101 sales	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$74.6	$187.2	$301.0	$415.9	$532.0
Probability of Success						*17%*	*17%*	*17%*	*17%*	*17%*	*17%*	*17%*
CO-101 Probability Adjusted U.S. sales ($M)						$0.0	$0.0	$12.7	$31.8	$51.2	$70.7	$90.4
Total CO-1686 Sales											$212.4	$467.3
Probability of Success						*29%*	*29%*	*29%*	*29%*	*29%*	*29%*	*29%*
CO-1686 Probability Adjusted U.S. sales ($M)						$0.0	$0.0	$0.0	$0.0	$0.0	$61.6	$135.5
Other Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenue ($M)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$12.7	$31.8	$51.2	$132.3	$225.9
Y/Y	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*159%*	*71%*
COGS	$0	$0	$0	$0	$0	$0	$0	$0	$0	$6	$10	$29	$54
% Sales	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*18%*	*20%*	*22%*	*24%*
R&D	41	13	13	16	17	58	75	85	93	100	105	105
% Rev	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*
G&A	7	2	3	3	4	12	35	70	73	75	85	90
% Rev	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*40%*
Amortization of intangible asset												
Acquired in-process R&D/milestones	7	4	0	-	-	4	75	75	-	50	50	50
Operating Expenses	55	19	16	19	21	75	185	230	172	235	269	299
Interest/other income	(1)	(0)	(0)	1	1	2	3	6	7	9	15	20
Interest rate	*1%*					*2%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Pretax income/(loss)	**(56)**	**(19)**	**(16)**	**(18)**	**(20)**	**(73)**	**(182)**	**($211)**	**($133)**	**($175)**	**($122)**	**($53)**
Accretion of preferred stock												
Taxes	0	0	(0)	-	-	-	-	-	-	-	-	-
Rate	*0%*					*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net income/(loss)	**($56)**	**($19)**	**($16)**	**($18)**	**($20)**	**($73)**	**($182)**	**($211)**	**($133)**	**($175)**	**($122)**	**($53)**
EPS/(Loss per share)	**($14.42)**	**($0.86)**	**($0.61)**	**($0.70)**	**($0.77)**	**($2.92)**	**($5.51)**	**($5.20)**	**($2.80)**	**($3.26)**	**($2.25)**	**($0.98)**
Y/Y	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*N/M*	*-31%*	*-56%*
Shares	4	22	26	26	26	25	33	41	47	54	54	54

Source: Company reports and Leerink Swann estimates

CLOVIS ANNUAL CASH FLOWS ($M, except per share data)												
Cash Flows	**2011A**	**1Q12A**	**2Q12A**	**3Q12E**	**4Q12E**	**2012E**	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**
Net income/loss	**($56)**	**($19)**	**($16)**	**($18)**	**($20)**	**($73)**	**($182)**	**($211)**	**($133)**	**($175)**	**($122)**	**($53)**
Depreciation	0	0	0	1	1	1	2	2	2	2	3	3
Share based comp	1	1	1	2	2	6	8	8	9	10	15	15
Cash from operations	**(40)**	**(19)**	**(14)**	**(16)**	**(18)**	**(65)**	**(172)**	**(201)**	**(122)**	**(163)**	**(104)**	**(35)**
PP&E	(0)	(1)	(0)	(1)	(1)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Free Cash Flows ($M)	**(40)**	**(19)**	**(14)**	**(17)**	**(19)**	**(68)**	**(175)**	**(204)**	**(125)**	**(166)**	**(107)**	**(38)**

Source: Company reports and Leerink Swann estimates

DCF Calculation	
Discount Rate	*10%*
Terminal Growth Rate	*1%*
NPV of Free Cash Flow	$642
Valuation / Share	$25

Source: Leerink Swann estimates

CLOVIS DCF VALUATION ANALYSIS						
		Discount Rate				
		9.5%	10.0%	10.5%	11.0%	11.5%
Terminal Multiple	*0.0%*	**$26**	**$23**	**$21**	**$19**	**$17**
	0.5%	**$27**	**$24**	**$21**	**$19**	**$17**
	1.0%	**$28**	**$25**	**$22**	**$20**	**$18**
	1.5%	**$29**	**$25**	**$23**	**$20**	**$18**
	2.0%	**$30**	**$26**	**$24**	**$21**	**$19**

Source: Leerink Swann estimates

LEERINK SWANN

Disclosures Appendix

Analyst Certification

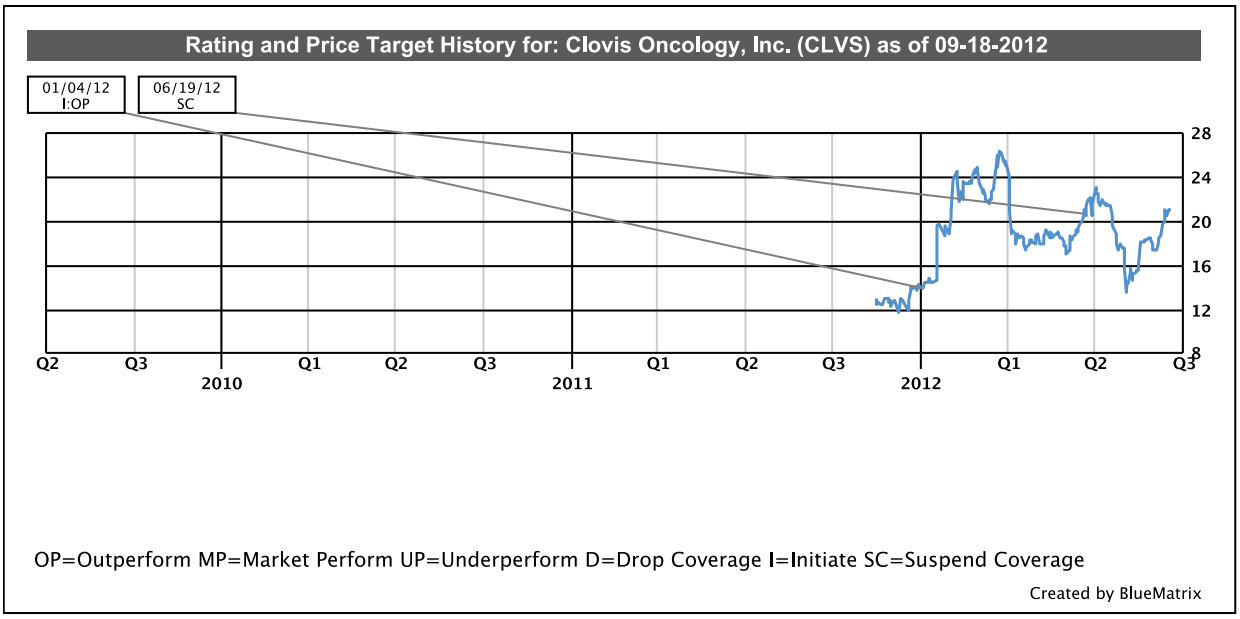
I, Marko Kozul, M.D., certify that the views expressed in this report accurately reflect my views and that no part of my compensation was, is, or will be directly related to the specific recommendation or views contained in this report.

Valuation

Our $25 Valuation: We calculate a $25 fair value estimate for CLVS based on a discounted cash flow (DCF) analysis that is probability adjusted for CO-101 and CO-1686. If successful, our model assumes CO-101 use only in hENT-1 low pancreatic patients and use of CO-1686 for NSCLC with T790M mutations. Earlier line use would lead to upside to our estimates.

Risks to Valuation

An investment in CLVS is fundamentally a high-risk, high-reward investment, in our opinion. CLVS may face significant pipeline clinical, regulatory, and commercial risks. Most important is risk associated with potential clinical failure of CO-101 in pancreatic cancer and subsequent clinical failure of CO-1686 for patients with NSCLC. CO-1686 could also face commercial competition from compounds such as afatinib (Boehringer Ingelheim) and other late stage development-stage candidates. Finally, defense of its Intellectual Property (IP) portfolio is also a risk.



Distribution of Ratings/Investment Banking Services (IB) as of 06/30/12				
			IB Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [OP]	92	57.1	23	25.0
HOLD [MP]	69	42.9	4	5.8
SELL [UP]	0	0.0	0	0.0

Explanation of Ratings

Outperform (Buy): We expect this stock to outperform its benchmark over the next 12 months.

Market Perform (Hold/Neutral): We expect this stock to perform in line with its benchmark over the next 12 months.

Underperform (Sell): We expect this stock to underperform its benchmark over the next 12 months.The degree of outperformance or underperformance required to warrant an Outperform or an Underperform rating should be commensurate with the risk profile of the company.

For the purposes of these definitions the relevant benchmark will be the S&P 600® Health Care Index for issuers with a market capitalization of less than $2 billion and the S&P 500® Health Care Index for issuers with a market capitalization over $2 billion.

From October 1, 2006 through January 8, 2009, the relevant benchmarks for the above definitions were the Russell 2000® Health Care Index for issuers with a market capitalization of less than $2 billion and the S&P 500® Health Care Index for issuers with a market capitalization over $2 billion.

Definitions of Leerink Swann Ratings prior to October 1, 2006 are shown below:

Outperform (Buy): We expect this stock to outperform its benchmark by more than 10 percentage points over the next 12 months.

Market Perform (Hold/Neutral): We expect this stock to perform within a range of plus or minus 10 percentage points of its benchmark over the next 12 months.

Underperform (Sell): We expect this stock to underperform its benchmark by more than 10 percentage points over the next 12 months.

For the purposes of these definitions, the relevant benchmark were the Russell 2000® Health Care Index for issuers with a market capitalization of less than $2 billion and the S&P 500® Index for issuers with a market capitalization over $2 billion.

Important Disclosures

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Like all Firm employees, analysts receive compensation that is impacted by, among other factors, overall firm profitability, which includes revenues from, among other business units, the Private Client Division, Institutional Equities, and Investment Banking. Analysts, however, are not compensated for a specific investment banking services transaction.

Leerink Swann Consulting LLC, an affiliate of Leerink Swann LLC, is a provider of evidence-based strategy and consulting to the healthcare industry.

In the past 12 months, the Firm has received compensation for providing investment banking services to Clovis Oncology, Inc.

Leerink Swann LLC makes a market in Clovis Oncology, Inc.

Leerink Swann LLC has acted as a co-manager for a public offering of Clovis Oncology, Inc. in the past 12 months.

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