

Morgan Stanley & Co. LLC

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November 18, 2013

Stock Rating
Overweight

Industry View
In-Line

Portola Pharmaceuticals Inc

AHA Meeting: A Few Positive PRT4445 (Antidote) Updates

At the AHA mtg, we attended both a co. sponsored physician lunch and saw early stage competitor data. Below we highlight a few positive thoughts/takeaways.

Ph 3/4 Antidote Trials: PTLA management provided incremental details about the ongoing FDA discussions defining the path forward for PRT4445, the Xa antidote. The most important company commentary, we believe, was that as much or more of the recent FDA discussions are about the Ph 4 design as they are about Ph 3 design, with the FDA increasingly comfortable with a PK/PD based Ph 3 study (similar to Ph 2). We and the Street had assigned some risk to the ability to run a Ph 3 PK/PD study vs. needing a longer, more expensive outcomes study. This more cumbersome trial seems much less likely for Ph 3 in our view, with remaining Ph 3 discussions more likely focus on dose, regimen (boluses +/- infusion), and trial size. We do expect a Ph 4 outcomes study, where we see a) possible endpoints including blood loss, blood product use, hospital course, and survival, and b) possible pt groups including emergent surgery, GI bleed, and trauma, among others.

Physician Antidote Comments: The physician at the company lunch echoed many comments we have heard to date around the significant unmet need for a targeted reversal agent. He specifically noted the ability to titrate and maintain reversal for as long as needed, but not substantially longer, [which is due to its short half life and good safety window] as a key benefit of this drug.

Competition: The main PRT4445 competitor, Persophere, presented early Ph 1/2 data for their drug PER977. There appeared to be some activity per venous clotting time (VCT) changes, which went from 30-50% vs. baseline on edoxaban to ~10% and then lower with PER977 added. The drug is a charged molecule and reacts with complementary charges, including reagents/buffers used in many blood collection tubes and bleeding/clotting tests. This drug interaction renders common tests such as PT, PTT, and anti-Xa activity less useful. We left the mtg with unanswered questions on PER977 and look forward to future updates on a) the regulatory/commercial implications of using an alternate clotting metric (VCT), b) the potential for drug/drug interactions with other charged drugs, and c) the clinical sufficiency of reducing VCT to 10%.

Key Ratios and Statistics

Reuters: PTLA.O Bloomberg: PTLA US

Biotechnology / United States of America

Shr price, close (Nov 18, 2013)	\$24.57
Mkt cap, curr (mm)	\$848
52-Week Range	\$30.95-14.75

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Company Description

Portola Pharmaceuticals discovers and develops therapeutics for cardiovascular and autoimmune/inflammatory diseases. Portola's lead pipeline assets include, Betrixaban, a factor Xa inhibitor in Ph 3 for prevention of VTE in acute medically ill patients, and PRT4445, a factor Xa inhibitor antidote in Ph 2 trials.

Biotechnology/United States of America

Industry View: In-Line

GICS Sector: Health Care

Strategist's Recommended Weight: 16.0%

S&P 500 Weight: 13.0%



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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	988	34%	400	37%	40%
Equal-weight/Hold	1296	44%	496	46%	38%
Not-Rated/Hold	109	4%	28	3%	26%
Underweight/Sell	541	18%	152	14%	28%
Total	2,934		1076		

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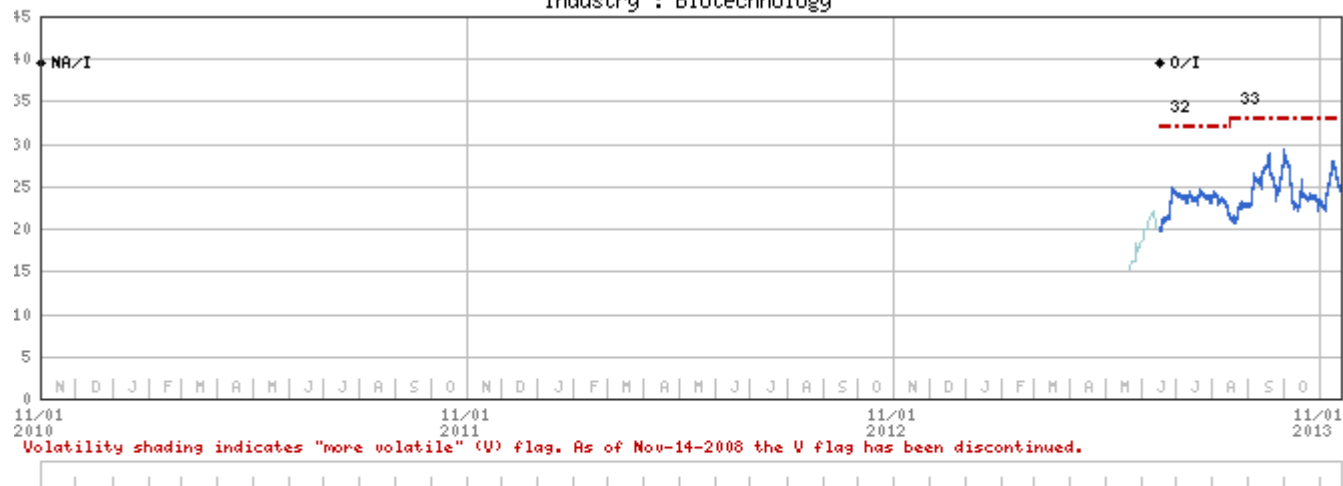
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

Stock Price, Price Target and Rating History (See Rating Definitions)

November 18, 2013

Portola Pharmaceuticals Inc

Portola Pharmaceuticals Inc (PTLA.O) - As of 11/18/13 in USD
Industry : Biotechnology



Stock Rating History: 11/1/10 : NA/I; 6/17/13 : O/I

Price Target History: 6/17/13 : 32; 8/16/13 : 33

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) More Volatile (V) No Rating Available (NA)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Industry Coverage:Biotechnology

Company (Ticker)	Rating (as of)	Price* (11/18/2013)
David Friedman, M.D.		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$24.44
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$120.97
Alnylam Pharmaceuticals (ALNY.O)	O (06/11/2013)	\$53.05
Auxilium Pharmaceuticals (AUXL.O)	E (05/03/2013)	\$19.07
Chimerix Inc (CMRX.O)	O (05/06/2013)	\$15.47
Cubist Pharmaceuticals Inc. (CBST.O)	O (11/13/2013)	\$63.41
Elan Corporation PLC (ELN.N)	++	\$17.81
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$4.4
Incyte Corporation (INCY.O)	U (01/23/2013)	\$46.96
InterMune (ITMN.O)	E (09/07/2010)	\$12.3
Ironwood Pharmaceuticals, Inc. (IRWD.O)	E (04/24/2013)	\$10.05
Lexicon Pharmaceuticals, Inc. (LXRX.O)	U (06/11/2013)	\$2.2
NPS Pharmaceuticals (NPSP.O)	O (10/03/2012)	\$23.94
Ophthotech Corp (OPHT.O)	O- (10/21/2013)	\$24.49
Portola Pharmaceuticals Inc (PTLA.O)	O (06/17/2013)	\$24.57
Synageva Biopharma Corp (GEVA.O)	O (04/20/2012)	\$53.64
Theravance Inc (THRX.O)	U (07/22/2013)	\$35.8
Vertex Pharmaceuticals (VRTX.O)	E (05/08/2012)	\$61.69
XenoPort Inc (XNPT.O)	U (06/11/2013)	\$5.18
Yigal Nochomovitz, Ph.D.		
ImmunoGen Inc. (IMGN.O)	U (11/11/2013)	\$14.24
Infinity Pharmaceuticals Inc (INFI.O)	O (02/19/2013)	\$14.25
Pharmacyclics Inc. (PCYC.O)	E (03/19/2013)	\$122.3
Tesaro Inc. (TSRO.O)	O (07/23/2012)	\$35.98
Sara Slifka		
Neurocrine Biosciences Inc (NBIX.O)	O (10/03/2012)	\$8.68

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