Ophthotech

Breakout Session and Presentation Highlights - ALERT

Overweight

OPHT, OPHT US
Price: $31.40

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Biotechnology
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This morning, Ophthotech's CEO Dr. David Guyer presented at the J.P. Morgan Healthcare Conference. Dr. Guyer provided a comprehensive overview of the Fovista clinical data, while also disclosing new plans for broader clinical development of the drug beyond treatment-naive wet AMD patients (see more below). Importantly, Ophthotech also reaffirmed timelines to data read-outs (mid-2016) from the pivotal Fovista phase 3 studies in wet AMD, and announced plans for an R&D day on March 7. Given the compelling commercial opportunity in wet AMD, a strong phase 2b dataset for Fovista, and the company's strong financial position, we reiterate our Overweight rating on shares of OPHT.

- **Highlights from the breakout session:** Administration of Fovista – Ophthotech was confident that it can develop the two drugs in a co-formulation, citing third-party studies, but does not view co-formulation as necessary from a market standpoint. Additionally, the company highlighted that treating upfront and early maximizes therapeutic benefits rather than using VEGF and then PDGF at a subsequent timepoint. Fovista in the EU – There are ongoing conversations, but no meaningful update was provided. Dry AMD – Ophthotech highlighted that dry AMD is a very heterogeneous disease and that reduction in GA lesions after 12-18 months could be an appropriate endpoint. Pricing of Fovista – Ophthotech also highlighted that it believes the market could support combination use of two premium priced products, while also noting that combination use with Avastin would allow pricing to remain relatively in-line with the current market.

- **Pivotal Fovista studies remain on target.** Ophthotech reaffirmed that read-out of the pivotal Fovista studies are expected in mid-2016, expected to lead to a BLA filing by YE16, and FDA approval in 2017. Additionally, the third phase 3 study in combination with Eylea or Avastin is expected to start in 1Q14 (no change).

- **Anti-fibrotic activity highlights potential dual-mechanism of action.** Dr. Guyer highlighted a set of recent publications and data from the phase 2 study, which together support the role of an anti-PDGF in addressing the fibrotic aspect of wet AMD. Further details on this aspect of Fovista's mechanism of action (in combination with the drug's anti-angiogenic effects) are expected at a scientific conference in February.

- **Milestones.** Fovista – Ophthotech described initial plans for studies in AMD patients requiring frequent anti-VEGF injections (chronic monthly injections), anti-VEGF AMD failures, von-Hippel Lindau disease, as well as in proliferative vitroretinopathy. We expect initiation of at least one of these trials in the near term, given the company has reaffirmed data is expected in 2015. Zimura (ARC1905; anti-C5 aptamer) – Reaffirmed plans to initiate a phase 2 study in anti-VEGF treatment failures in wet AMD, while also disclosing new plans to pursue development in dry AMD. Incremental details on timing of trials for both agents are expected at the R&D day.

- **Reiterate Overweight rating.**

See page 2 for analyst certification and important disclosures.

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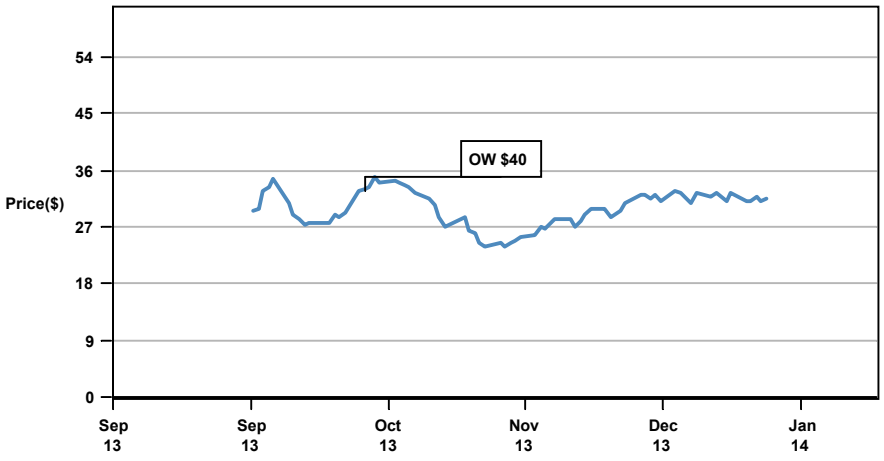
Ophthotech (OPHT, OPHT US) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
21-Oct-13	OW	32.67	40.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Oct 21, 2013.

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