September 9, 2014

HEALTHCARE/BIOTECHNOLOGY

Ophthotech Corporation

Novartis Milestones Rolling in Ahead of Schedule

Stock Rating:

OUTPERFORM

12-18 mo. Price Target	$95.00
OPHT - NASDAQ	$39.36
3-5 Yr. EPS Gr. Rate	NM
52-Wk Range	$47.99-$22.61
Shares Outstanding	33.3M
Float	17.8M
Market Capitalization	$1,318.0M
Avg. Daily Trading Volume	255,137
Dividend/Div Yield	NA/NM
Book Value	NA
Fiscal Year Ends	Dec
2014E ROE	NA
LT Debt	NA
Preferred	NA
Common Equity	$179M
Convertible Available	No

EPS Diluted	Q1	Q2	Q3	Q4	Year	Mult.
2013A	(4.33)	(8.07)	(10.26)	(0.65)	(6.34)	NM
2014E	(0.64)A	(1.57)A	0.47	0.43	(0.92)	NM
Prior (E)	--	--	*(0.72)*	*1.82*	*(0.73)*	*NM*
2015E	--	--	--	--	(2.19)	NM
Prior (E)	--	--	--	--	*(1.99)*	*NM*

Revenue ($/mil)	Q1	Q2	Q3	Q4	Year	Mult.
2013A	0.0	0.0	0.0	0.0	0.0	NM
2014E	0.0A	0.0A	40.1	40.1	80.2	NM
Prior (E)	--	--	*0.0*	*86.7*	*86.7*	*NM*
2015E	--	--	--	--	36.6	NM
Prior (E)	--	--	--	--	*43.3*	*NM*

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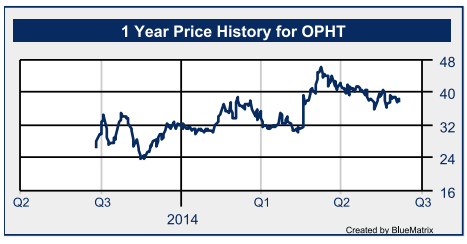
SUMMARY

An earlier than expected initial $50M Phase 3 enrollment milestone from Novartis **1)** highlights an underappreciated stock driver with another $80M in enrollment milestones coming (we model next $50M in 4Q14), **2)** demonstrates that recent suggestions of Phase 3 enrollment timelines possibly slipping are unwarranted, **3)** reflects solid execution on the Fovista Phase 3 program, and **4)** reaffirms timelines for Phase 3 data in 2016. Ophthotech has now achieved ~40% of the $130M in Phase 3 enrollment milestones achievable from Novartis, a goal we had only assumed would be met in 4Q14. Management indicated the current $50M milestone reflects progress across the entire Phase 3 program and is not tied to completion of enrollment in any particular trial (Exhibit 1).

KEY POINTS

- **Next Novartis milestone could be around corner.** Confirmed enrollment progress with the first Novartis milestone earned supports our YE14 projection for enrollment completion in the two Fovista+Lucentis trials, triggering another ~ $50M (our assumption). These two trials (N=622 each) started August 2013 and with >225 sites, ~3 patients/site/trial over ~1.5 years looks achievable.
- **2H data catalysts.** This Friday, Ophthotech will present additional Phase 2b data at the Retina Society Annual Meeting (September 12) on biomarkers associated with subretinal fibrosis and neovascular regression. Next month, we expect data at the American Academy of Ophthalmology (AAO) Meeting (October 21) reporting a subgroup analysis from the Phase 2b on fibrosis reduction.
- **Fovista Phase 2b response durability.** Some investors may have missed a new Fovista data point at the American Society of Retinal Specialists meeting last month (page 3). In patients with visual loss or significant gain at 4 weeks, continued anti-VEGF only yielded visual stabilization at 24 weeks, whereas Fovista+anti-VEGF drove continued gains (Exhibit 2).
- **Model changes.** We had assumed ~2/3 or ~$87M of the $130M in Novartis milestones would hit in 4Q14 when the Fovista/Lucentis trials reach full enrollment. We now assume another ~$50M in 4Q14, with the remaining ~$30M in 2015 tied to enrolling the Fovista/Eylea/Avastin Phase 3. 3Q14 EPS to $0.47 from ($0.72) with the $50M milestone.

Stock Price Performance

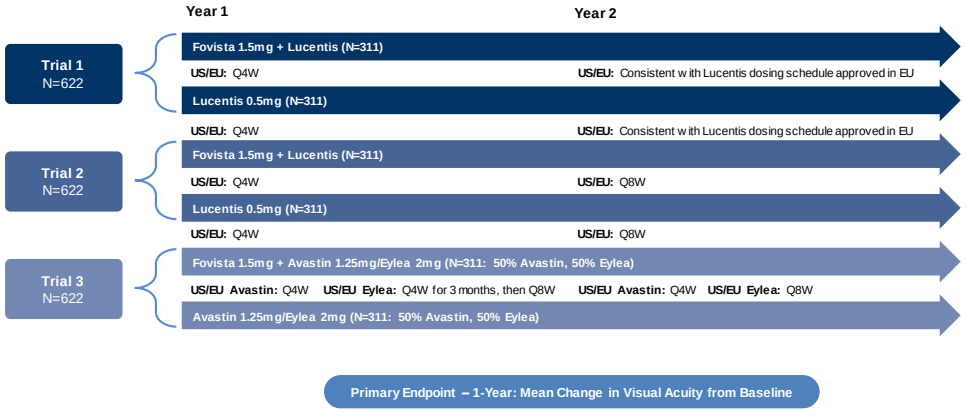


Company Description

Ophthotech is a biotechnology company focused on the development and commercialization of novel therapeutics to treat eye diseases. The company's most advanced asset is Fovista, a PDGF inhibitor being tested in combination with anti-VEGF therapy for wet age-related macular degeneration (wAMD), a disease characterized by progressive retinal damage and vision loss.

Exhibit 1

Fovista Phase 3 Program in wAMD



Sources: Ophthotech Reports, Oppenheimer Research. Under certain circumstances suggesting visual decline (> 5 decrease in ETDRS or negative findings on fluorescein angiography or SD-OC), treatment at the alternate month visit is permitted on the Q8W schedule.

Exhibit 2

ASRS data demonstrate increased durability of Fovista+Lucentis vs. Lucentis monotherapy at 24 weeks

Patients with significant visual gain at 4 weeks (≥ 15 letters)	Fovista+Lucentis	Lucentis
Letters gained	2.0	0.2
% additional patients with complete resolution of subretinal hyperreflective material (SHRM)	21%	0%
Patients with visual loss at 4 weeks (≥ 0 Letter Loss)	**Fovista+Lucentis**	**Lucentis**
Letters gained	3.4	0.3
% of patients with increased fibrous deposition	24%	47%

Sources: Peter Kaiser, MD. Outcomes in Patients with Visual Gain or Any Loss 1 Month after Combination Therapy of anti-PDGF-β Plus Ranibizumab Compared to Ranibizumab Monotherapy.

Exhibit 3

Ophthotech Income Statement

in millions of $ except per share values

Income Statement	**FY:11**	**FY:12**	**FY:13**	**FY:14E**	**FY:15E**	**FY:16E**	**FY:17E**	**FY:18E**	**FY:19E**	**FY:20E**	**FY:21E**	**FY:22E**	**FY:23E**	**FY:24E**
GAAP - as reported														
Fovista US Revenue							111	729	1,193	1,514	1,642	1,700	1,755	1,806
Fovista EU Revenue (Novartis Royalty)							9	55.6	95.9	112.7	115.9	111.3	105.4	98.3
Novartis Milestones				80.2	36.6	6.6	206.6	0.0	0.0	0.0	50.0	50.0	50.0	50.0
Fovista WW Revenue				80.2	36.6	6.6	326.6	784.5	1,288.8	1,626.5	1,807.9	1,861.4	1,910.7	1,954.6
% change y-o-y							*4849.0%*	*140.2%*	*64.3%*	*26.2%*	*11.2%*	*3.0%*	*2.6%*	*2.3%*
Operating expenses:														
Cost of sales							21.2	138.5	226.6	287.6	312.0	323.0	333.5	343.2
Drug COGS							8.9	56.5	89.5	109.8	114.9	114.8	114.1	112.9
							8.0%	*7.8%*	*7.5%*	*7.3%*	*7.0%*	*6.8%*	*6.5%*	*6.3%*
Royalties							12.2	82.0	137.2	177.9	197.0	208.3	219.4	230.3
COGS + Royalties % of revenue	*n.a.*	*n.a.*	*n.a.*	*0.0%*	*0.0%*	*0.0%*	*6.5%*	*17.7%*	*17.6%*	*17.7%*	*17.3%*	*17.4%*	*17.5%*	*17.6%*
Gross Profit	**0.0**	**0.0**	**0.0**	**80.2**	**36.6**	**6.6**	**305.5**	**646.0**	**1,062.1**	**1,338.9**	**1,496.0**	**1,538.4**	**1,577.2**	**1,611.4**
Gross margin	***n.a.***	***n.a.***	***n.a.***	***100.0%***	***100.0%***	***100.0%***	***93.5%***	***82.3%***	***82.4%***	***82.3%***	***82.7%***	***82.6%***	***82.5%***	***82.4%***
Research and development	13.9	6.8	33.2	86.5	87.8	102.2	96.7	93.4	90.3	87.4	84.7	82.3	80.0	77.9
% of revenue	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*29.6%*	*11.9%*	*7.0%*	*5.4%*	*4.7%*	*4.4%*	*4.2%*	*4.0%*
General and administrative	5.7	6.9	14.2	24.4	25.6	51.9	90.7	113.3	115.9	118.7	121.7	124.8	128.0	131.4
% of revenue	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*27.8%*	*14.4%*	*9.0%*	*7.3%*	*6.7%*	*6.7%*	*6.7%*	*6.7%*
Others														
% of revenue	*n.a.*	*n.a.*	*n.a.*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Total operating expenses	19.6	13.7	47.4	110.9	113.4	154.1	208.6	345.1	432.8	493.8	518.4	530.0	541.5	552.5
% of revenue	*n.a.*	*n.a.*	*n.a.*	*138.3%*	*309.9%*	*2335.2%*	*63.9%*	*44.0%*	*33.6%*	*30.4%*	*28.7%*	*28.5%*	*28.3%*	*28.3%*
Operating income/(loss)	**(19.6)**	**(13.7)**	**(47.4)**	**(30.7)**	**(76.8)**	**(147.5)**	**96.9**	**300.9**	**629.3**	**845.1**	**977.6**	**1,008.3**	**1,035.7**	**1,058.9**
Operating margin	***n.a.***	***n.a.***	***n.a.***	***-38.3%***	***-209.9%***	***-2235.2%***	***29.7%***	***38.4%***	***48.8%***	***52.0%***	***54.1%***	***54.2%***	***54.2%***	***54.2%***
Interest income/(expense)	0.0	(0.5)	(1.5)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain/(loss) on extinguishment of debt			(1.1)	0.0										
Other income	0.0	0.0	0.0	0.0	1.5	1.2	1.3	0.9	2.6	4.8	7.7	11.1	14.6	18.2
Other gain (loss)	(0.0)	(0.4)	(1.2)	0.0										
Change in fair value related to investor rights liability				0.0										
Net income/(loss) before Taxes	(19.7)	(14.6)	(51.1)	(30.6)	(75.3)	(146.4)	98.2	301.8	631.9	849.9	985.3	1,019.4	1,050.3	1,077.0
Income Tax	1.0	0.0	0.0	0.0	0.0	0.0	0.0	21.9	221.2	297.5	344.9	356.8	367.6	377.0
Effective tax rate (%)	*5.2%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*7.2%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*
Net income/(loss)	**(18.6)**	**(14.6)**	**(51.1)**	**(30.6)**	**(75.3)**	**(146.4)**	**98.2**	**323.7**	**410.7**	**552.4**	**640.4**	**662.6**	**682.7**	**700.1**
Accretion of preferred stock dividends	(6.8)	(7.1)	(5.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income/(loss) to common shareholders	**(25.5)**	**(21.6)**	**(57.0)**	**(30.6)**	**(75.3)**	**(146.4)**	**98.2**	**323.7**	**410.7**	**552.4**	**640.4**	**662.6**	**682.7**	**700.1**
Basic EPS	**($18.27)**	**($14.89)**	**($6.34)**	**($0.92)**	**($2.19)**	**($4.08)**	**$2.67**	**$8.70**	**$10.90**	**$14.51**	**$16.67**	**$17.13**	**$17.57**	**$17.94**
Basic number of shares	1.4	1.5	9.0	33.2	34.4	35.9	36.7	37.2	37.7	38.1	38.4	38.7	38.8	39.0
Diluted number of shares	1.4	1.5	9.0	33.2	35.4	37.1	38.4	39.4	40.5	41.5	42.4	43.2	43.7	44.4

Sources: Oppenheimer Research Estimates, Ophthotech Filings.

Exhibit 4

Ophthotech Balance Sheet

in millions of $ except per share values

Balance Sheet	FY:11	FY:12	FY:13	FY:14E	FY:15E	FY:16E	FY:17E	FY:18E	FY:19E	FY:20E	FY:21E	FY:22E	FY:23E	FY:24E
ASSETS														
Current assets														
Cash and cash equivalents	6.4	4.3	210.6	301.4	232.2	262.5	178.7	522.8	962.8	1,543.3	2,218.7	2,913.3	3,632.0	4,372.7
Prepaid expenses and other current assets	0.1	0.0	6.8	8.2	9.1	12.3	16.7	27.6	34.6	39.5	41.5	42.4	43.3	44.2
Inventory	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1.0			-										
Other Assets		0.3	0.0	188.7	188.7	38.7	38.7	38.7	38.7	38.7	38.7	38.7	38.7	38.7
Deferred tax assets				0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Security deposits		0.2	0.0	-	-	-	-	-	-	-	-	-	-	-
Total current assets	**7.5**	**4.8**	**217.4**	**499.1**	**430.8**	**314.4**	**234.9**	**590.0**	**1,037.0**	**1,622.4**	**2,299.7**	**2,995.2**	**3,714.9**	**4,456.5**
Property, plant and equipment, net	0.1	0.0	0.0	2.0	3.6	5.5	7.5	9.1	10.0	10.6	10.8	10.9	10.9	11.0
Security deposits (Non-current)	0.2	0.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Deferred tax assets (Non-current)				19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Other long term assets				15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3	15.3
Total assets	**7.7**	**4.9**	**217.7**	**536.3**	**469.6**	**355.1**	**277.5**	**634.2**	**1,082.1**	**1,668.1**	**2,345.7**	**3,041.3**	**3,760.9**	**4,502.6**
LIABILITIES & SHAREHOLDERS' EQUITY														
Accrued clinical drug supplies & trial costs	1.5	1.0	2.5	3.1	3.5	4.1	3.9	3.7	3.6	3.5	3.4	3.3	3.2	3.1
Accounts payable and accrued expenses	1.6	1.4	3.8	4.3	4.8	6.5	8.8	14.5	18.2	20.7	21.8	22.3	22.7	23.2
Accrued bonuses				0.0										
Loans payable, current portion	0.0	0.0	0.0											
Notes payable		11.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income Tax Payable				29.5										
Warrant liability	0.2	1.0	0.0	0.0										
Deferred Revenue (Novartis)				219.8	213.2	206.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Rent	0.0			0.0										
Total current liabilities	**3.3**	**14.4**	**6.3**	**256.7**	**221.5**	**217.2**	**12.6**	**18.2**	**21.8**	**24.2**	**25.2**	**25.6**	**25.9**	**26.3**
Loans payable, less current portion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Royalty purchase liability		0.0	41.7	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3
Total liabilities	**3.3**	**14.4**	**48.0**	**340.0**	**304.8**	**300.5**	**96.0**	**101.6**	**105.1**	**107.6**	**108.5**	**108.9**	**109.3**	**109.7**
Preferred stock														
Series A	65.3	69.5	0.0	0.0										
Series A-1	8.0	8.5	0.0	0.0										
Series B	33.1	35.5	0.0	0.0										
Series B-1	0.5	0.6	0.0	0.0										
Series C			0.0	0.0										
Stockholders' equity (deficit)														
Junior Series A Convertible Preferred Stock	3.0	3.0	0.0	0.0										
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital		0.0	352.7	415.6	445.9	467.2	479.7	489.2	503.0	512.3	524.6	530.9	538.5	547.9
Accumulated surplus/(deficit)	(105.5)	(126.5)	(183.1)	(219.4)	(281.2)	(412.7)	(298.2)	43.4	473.9	1,048.1	1,712.5	2,401.5	3,113.1	3,845.0
Accumulated other comprehensive income				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity/(deficit)	**(102.5)**	**(123.5)**	**169.7**	**196.2**	**164.7**	**54.6**	**181.6**	**532.7**	**977.0**	**1,560.5**	**2,237.2**	**2,932.4**	**3,651.7**	**4,392.9**
Total liabilities & Shareholders equity	**7.7**	**4.9**	**217.7**	**536.3**	**469.6**	**355.1**	**277.5**	**634.2**	**1,082.1**	**1,668.1**	**2,345.7**	**3,041.3**	**3,760.9**	**4,502.6**

Sources: Oppenheimer Research Estimates, Ophthotech Filings.

Exhibit 5

Ophthotech Cash Flow Statement

in millions of US$ except per share values

Cash Flow Statement	FY:11	FY:12	FY:13	FY:14E	FY:15E	FY:16E	FY:17E	FY:18E	FY:19E	FY:20E	FY:21E	FY:22E	FY:23E	FY:24E
Operating cash flows														
Net loss	(18.6)	(14.6)	(51.1)	(42.8)	(75.3)	(146.4)	98.2	323.7	410.7	552.4	640.4	662.6	682.7	700.1
Adjustments														
Depreciation	0.0	0.0	0.0	0.4	0.8	1.3	2.0	2.7	3.4	3.8	4.1	4.3	4.4	4.4
Amortization of debt issuance costs		0.0	0.1											
Accretion of debt discount		0.1	0.1											
Amortization of premium and discounts on securities				0.8										
Non-cash change in fair value of warranty liability	0.0	0.4	1.2											
Non-cash chg in fair value of investor rights liability														
Loss on extinguishment of debt			1.1											
Deferred tax provision				(19.2)										
Share-based compensation	0.2	0.6	2.9	12.3	13.5	14.9	16.3	18.0	19.8	21.8	23.9	26.3	29.0	31.8
Pref stk issued for acquired tech & licenses	0.5													
Excess tax benefits from share-based compensation				(1.2)										
Accrued int. expense converted to pref stk														
Changes in operating assets & liabilities														
Prepaid expense and other current assets	0.1	0.0	(6.8)	(1.4)	(0.9)	(3.3)	(4.4)	(10.9)	(7.0)	(4.9)	(2.0)	(0.9)	(0.9)	(0.9)
Other receivables	(0.7)	1.0		0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Security deposits			(0.1)											
Accrued clinical drug supplies and trial costs	(0.8)	(0.5)	1.5	0.6	0.4	0.6	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Accounts payable and accrued expenses	0.2	(0.2)	2.4	0.5	0.5	1.7	2.3	5.7	3.7	2.6	1.0	0.5	0.5	0.5
Accrued bonuses														
Income Tax payable				29.5	(29.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred revenue				219.8	(6.6)	(6.6)	(206.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred rent	(0.0)	(0.0)	0.0											
Net cash provided by (used in) operating activities	**(19.1)**	**(13.1)**	**(48.8)**	**199.3**	**(97.1)**	**(137.7)**	**(92.3)**	**339.0**	**430.5**	**575.5**	**667.4**	**692.7**	**715.4**	**735.8**
Investing cash flows														
Purchase of marketable securities				(244.8)										
Maturities of marketable securities	3.4			40.0		150.0								
Purchase of property, equipment	(0.0)		(0.0)	(2.3)	(2.4)	(3.2)	(3.9)	(4.4)	(4.3)	(4.3)	(4.3)	(4.4)	(4.4)	(4.4)
Net cash provided by (used in) investing activities	**3.4**	**0.0**	**(0.0)**	**(207.2)**	**(2.4)**	**146.8**	**(3.9)**	**(4.4)**	**(4.3)**	**(4.3)**	**(4.3)**	**(4.4)**	**(4.4)**	**(4.4)**
Financing cash flows														
Payment of debt issuance costs		(0.4)	(0.0)	0.0										
Proceeds from issuance of common stk	0.0	0.0	0.1	0.3	30.3	21.3	12.5	9.5	13.8	9.3	12.3	6.2	7.6	9.4
Proceeds from initial public offerings, net	0.0	0.0	175.6	0.0										
Proceeds from follow-on public offering, net			0.0	55.4										
Excess tax benefits from share-based compensation				1.2										
(Repayments on) proceeds from notes payables		11.4	(11.9)	0.0										
Repayment of loan payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from issuance of preferred stk	15.0		49.7	0.0										
Proceeds from royalty purchase agreement			41.7	41.7										
Net cash provided by (used in) financing activities	**15.0**	**11.0**	**255.1**	**98.6**	**30.3**	**21.3**	**12.5**	**9.5**	**13.8**	**9.3**	**12.3**	**6.2**	**7.6**	**9.4**
Net change in cash & cash equivalents	**(0.7)**	**(2.1)**	**206.3**	**90.8**	**(69.2)**	**30.3**	**(83.8)**	**344.1**	**440.0**	**580.5**	**675.4**	**694.6**	**718.7**	**740.7**
Net cash & cash equivalents - opening balance	7.1	6.4	4.3	210.6	301.4	232.2	262.5	178.7	522.8	962.8	1,543.3	2,218.7	2,913.3	3,632.0
Net cash & cash equivalents - ending balance	6.4	4.3	210.6	301.4	232.2	262.5	178.7	522.8	962.8	1,543.3	2,218.7	2,913.3	3,632.0	4,372.7

Sources: Oppenheimer Research Estimates, Ophthotech Filings.

Investment Thesis

We believe Ophthotech's PDGF inhibitor Fovista being developed for wet AMD has high chances of success in an ongoing Phase 3 program (data 2016), with expected FDA approval to follow in 2017. Our conviction is based on solid proof-of-concept from randomized Phase 2 data that showed clear benefits in combination with an approved VEGF inhibitor (standard of care). Upon its commercialization, we see Fovista eventually capturing ~25%/~10% share of US/EU wAMD patients on VEGF therapy and generating peak US/EU sales of ~$1.75B/$500M. Indications for Fovista beyond wAMD (not modeled) and/or proof-of-concept for Phase 2 asset Zimura (we do not value) could generate additional upside.

Price Target Calculation

We value Ophthotech using a discounted cash flow (DCF) analysis with a WACC of 12.5% and a 0% terminal growth rate post-2030, yielding a $95 price target (terminal value of $405M). Our valuation framework utilizes a 12.5% discount rate for pre-commercial stage companies that have achieved clear Phase 2 proof-of-concept.

Key Risks to Price Target

1) Universal failure across all Phase 3 trials or a range of split outcomes could jeopardize FDA and/or EMA approval, and/or require additional clinical work that delays cash flows and/or creates an unexpected financing gap. **2)** Although members of management have experience with launching back-of-the eye ophthalmic products (CEO David Guyer was CEO of EyeTech, which developed and launched Macugen), Ophthotech as an independent corporation has yet to establish a commercial infrastructure, distribution capabilities, or market any drug. **3)** Data only in 2016 could mean the stock retains a large discount to our estimated intrinsic valuation, creating risks around opportunity cost. **4)** Share gains among anti-VEGF treated patients could be weaker than projected if cost over Lucentis and Eylea and Avastin and the requirement for a second intravitreal injection emerge as greater headwinds than we currently believe. **5)** More rapid development and approval of competitive PDGF inhibitors, including products possibly co-formulated with existing anti-VEGF agents, could pressure Fovista share. **6)** Regulators could require additional non-clinical trials or require changes to the Phase 3 clinical program for Fovista (endpoints, enrollment criteria, selection of anti-VEGF drugs) that could delay progress of the Phase 3 program relative to the 2016 timeframe for top-line data, magnifying the opportunity cost.

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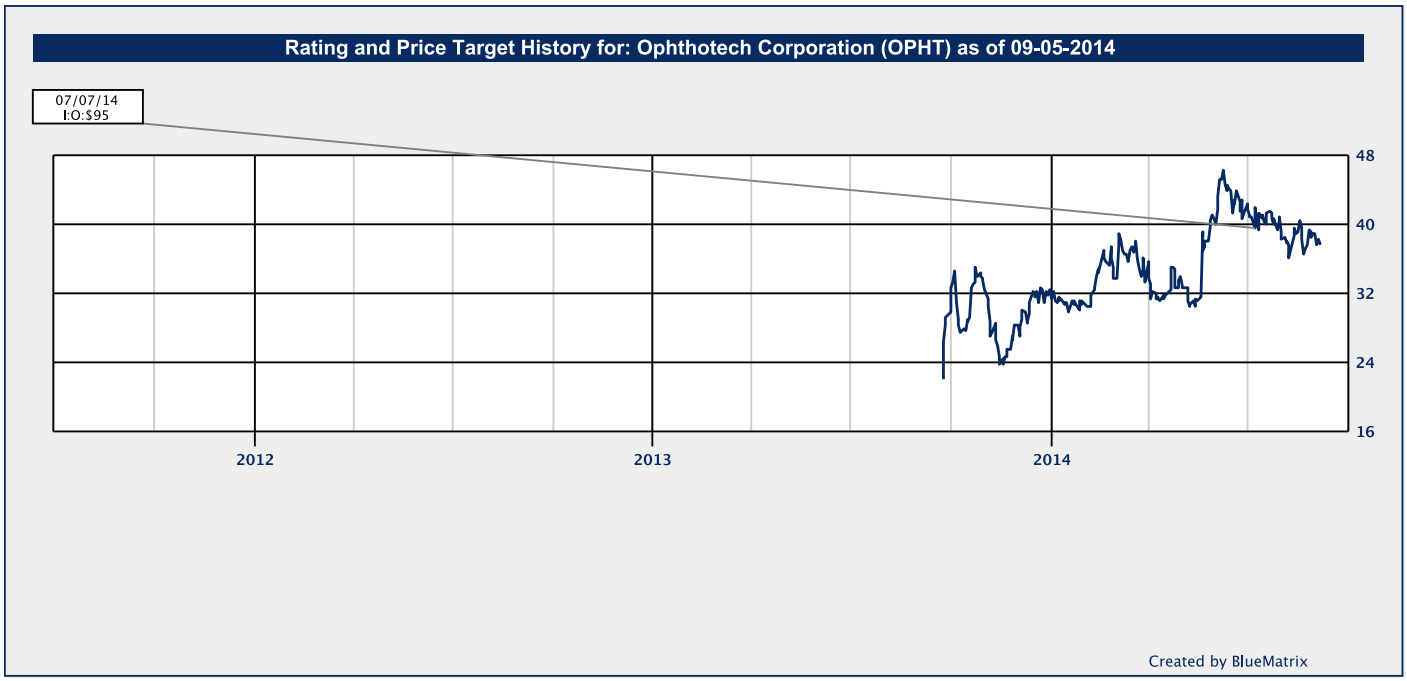

All price targets displayed in the chart above are for a 12- to- 18-month period. Prior to March 30, 2004, Oppenheimer & Co. Inc. used 6-, 12-, 12- to 18-, and 12- to 24-month price targets and ranges. For more information about target price histories, please write to Oppenheimer & Co. Inc., 85 Broad Street, New York, NY 10004, Attention: Equity Research Department, Business Manager.

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			IB Serv/Past 12 Mos.	
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