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Stock Rating
Overweight

Industry View
In-Line

Chimerix Inc

Brincidofovir EIND Data & Next Trial Details Are Focus

3Q earnings were relatively in line. Focus remains on the Ph 3 SUPPRESS trial for brincidofovir in CMV and EIND data in multiple DNA viruses.

Ph 3 SUPPRESS Trial in CMV: Enrollment has started and data remains on track for mid-2015. We are optimistic about the outcome of the Ph 3 SUPPRESS trial given a) solid data in Ph 2, and b) a Ph 3 trial optimized for success. Details on a second confirmatory study (SUPPRESS is for accelerated approval) are expected in 1H14, with comments to date suggesting a possible prevention trial in solid organ transplant pts (likely kidney) looking at endpoints such as CMV viremia/disease, transplanted organ function and overall survival. Prevention/treatment of CMV in stem cell transplant remains the main driver of our valuation (we model \$617mn WW sales in this setting).

Other Double Stranded DNA Viruses: Efficacy across a broad range of dsDNA viruses is a key competitive differentiator for brincidofovir vs. other CMV focused drugs in dev't (Astellas, Merck). The small Ph 2 adenovirus preemption trial had data released in Sept, which did not meet the primary endpoint of adenovirus disease prevention, but did show a good safety profile and clear efficacy trends across key metrics, especially in pts with higher viral loads. We expect the company to present brincidofovir data from the large EIND Study 350 throughout 2014 as well as assess secondary (other virus) endpoint data from SUPPRESS in 2015. These analyses will help to elucidate both dsDNA virus driven morbidity/mortality in immunocompromised pts and the differentiated role brincidofovir could play. We expect Chimerix will ultimately end up taking a broader approach to treat dsDNA viruses, with a goal of less overall morbidity/ mortality (vs. decreases in viremia for specific viruses), which could unlock a significantly larger mkt opp'y.

What's New: Chimerix reported 3Q GAAP loss per share of \$(0.26). Chimerix also announced the issuance of an additional patent for brincidofovir covering a method of synthesis and morphic form, which expires in August 2031.

Key Ratios and Statistics

Reuters: CMRX.O Bloomberg: CMRX US

Biotechnology / United States of America

Price target	\$29.00
Shr price, close (Nov 13, 2013)	\$14.69
Mkt cap, curr (mm)	\$380
52-Week Range	\$27.00-12.96

Fiscal Year ending	12/12	12/13e	12/14e	12/15e
ModelWare EPS (\$)	(2.38)	(1.26)	(1.65)	1.26
Prior ModelWare EPS (\$)	-	(1.35)	(1.70)	1.29
P/E	NM	NM	NM	11.6
Consensus EPS (\$)	-	(2.94)	(1.69)	(0.74)

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Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).

\$ = Consensus data is provided by Thomson Reuters Estimates.

e = Morgan Stanley Research estimates

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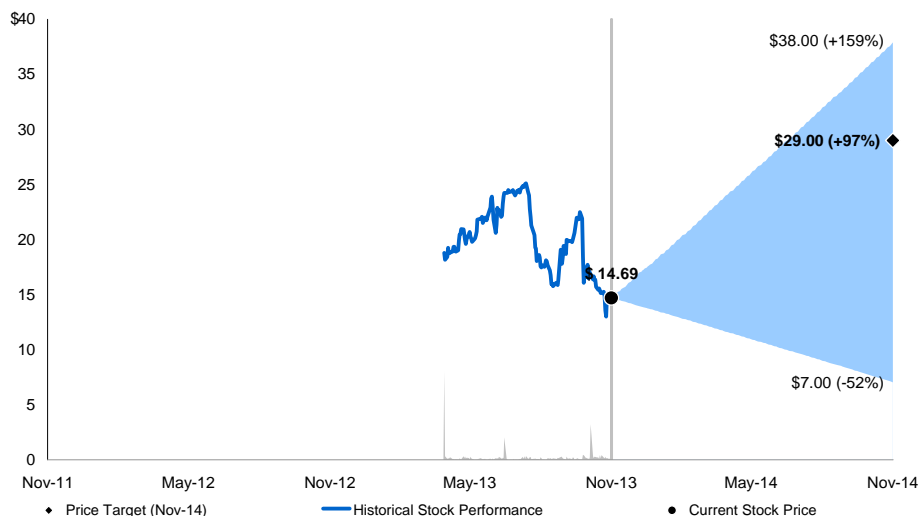
For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

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Chimerix Inc

Risk-Reward Snapshot: Chimerix (CMRX, OW, PT \$29)

CMX001 Drives Risk-Reward



Source: Morgan Stanley Research estimates, Thomson Reuters

Price Target \$29	We derive our PT from a discounted cash flow analysis that uses a WACC of 15% and a 0% terminal growth rate. The main revenue driver in our model is the launch of CMX001 in the US in 2016 and in the ROW in 2017.	
Bull Case \$38	DCF WW 2022 Sales: HSCTs: ~\$770mn (~\$540mn to Chimerix) SOTs: ~\$210mn (~\$170mn to Chimerix)	CMX001 success in HSCTs and SOTs with dominant share of the prophylaxis and treatment HSCT mkt. We assume (2022): 1) ~70% share of addressable US prophylaxis HSCT mkt, 2) ~60% share of addressable US 1 st line treatment HSCT mkt, 3) ~95% share of addressable US 2 nd line treatment HSCT mkt, 4) ~40% of prophylaxis patients receive prolonged prophylaxis, 5) HSCT prophylaxis competitor share is <20%, and 6) ~60% share of the addressable SOT mkt.
Base Case \$29	DCF WW 2022 Sales: HSCTs: ~\$620mn (~\$430mn to Chimerix) SOTs: ~\$140mn (~\$110mn to Chimerix)	CMX001 success in HSCTs and SOTs with solid share in the prophylaxis and treatment HSCT market. We assume (2022): 1) ~60% share of addressable US prophylaxis HSCT mkt, 2) ~50% share of addressable US 1 st line treatment HSCT mkt, 3) ~75% share of addressable US 2 nd line treatment HSCT mkt, 4) ~30% of prophylaxis patients receive prolonged prophylaxis, 5) HSCT prophylaxis competitor share is <25%, and 6) ~40% share of the addressable SOT mkt.
Bear Case \$7	DCF WW 2022 Sales: HSCTs: ~\$157mn (~\$110mn to Chimerix) SOTs: ~\$35mn (~\$30mn to Chimerix)	CMX001 fails to gain sig. share in treatment or prophylaxis for HSCTs or SOTs. We assume (2022): 1) ~15% share of addressable US prophylaxis HSCT mkt, 2) ~15% share of addressable US 1 st line treatment HSCT mkt, 3) ~20% share of addressable US 2 nd line treatment HSCT mkt, 4) ~10% of prophylaxis patients receive prolonged prophylaxis, 5) HSCT prophylaxis competitor share is <10%, and 6) ~10% share of the addressable SOT mkt. Ultra-bear case: If CMX001 fails in Ph 3, we see the stock trading down to the low single digits.

Investment Thesis

- We are OW Chimerix as we believe CMX001 has \$750+mn sales potential in HSCT and SOT patients.
- CMX001 has shown solid early data in a Ph 2 CMV adult HSCT prophylaxis trial vs. pre-emptive standard of care.
- We do not view CMX001's safety profile (GI toxicities, GVHD, ALT increases) as limiting, and the drug is differentiated vs. standard of care given the absence of myelosuppression or nephrotoxicity
- Commercially, the opportunity in HSCT CMV infections is compelling as 1) current therapies for CMV have sig. limiting bone marrow or kidney tox., 2) docs prefer prophylaxis over pre-emption in some pts, 3) high risk transplants are growing, and 4) transplant centers are concentrated.
- CMX001 may have potential value for the prevention and/or treatment of other dsDNA viruses in a broad set of immunocompromised patients. This is upside to our base case model.
- CMX157 for HBV and HIV infections is too early for us to value.
- See **Ex. 3** for upcoming catalysts.

Risks to our price target

- 1) CMX001 fails in Ph 3 CMV adult trial,
- 2) Ph 3 program takes sig. longer to run than we expect leading to a financing gap,
- 3) toxicity (primarily GI) is a larger problem in Ph 3 than we anticipate.

Valuation

Exhibit 1

DCF Drives Valuation

(\$ in mn)	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Free Cash Flow	(34)	(38)	30	(31)	35	117	132	174	217	265	294	310	318	323	32
YoY growth	1595%	10.8%	-180%	-204%	-214%	229%	13.3%	31.7%	24.7%	22.0%	11.0%	5.5%	2.7%	1.4%	-90.0%
Net Cash Proxy for Dilution	-\$0.3	-\$0.3	-\$0.3	-\$0.4	-\$0.4	-\$0.4	-\$0.5	-\$0.5	-\$0.6	-\$0.6	-\$0.6	-\$0.6	-\$0.6	-\$0.6	-\$0.6
Free Cash Flow for DCF	-\$34.2	-\$37.9	\$29.6	-\$31.5	\$35.0	\$116.1	\$131.6	\$173.4	\$216.3	\$264.0	\$293.0	\$309.2	\$317.7	\$322.1	\$31.7
PV of Free Cash Flow	-34	-37	25	-23	22	64	63	72	79	83	80	74	66	58	5

Source: Company data, Morgan Stanley Research estimates

Exhibit 2

DCF Valuation Suggests Significant Upside

Valuation Date	2013.75
Discount Rate	15%
Terminal Growth Rate	0%
Terminal Value Year	2027
Sum of Discounted FCF	\$623.7
Discounted Terminal Value	\$33.1
Net Cash	\$105.6
Equity Value	\$762
Equity Value/Sh	\$29
Shares Outstanding (Basic)	26.0

Source: Company Data, Morgan Stanley Research estimates

\$29 PT includes CMX001 in HSCT patients and some use in SOTs.

We derive our PT from a discounted cash flow (DCF) analysis that uses a WACC of 15% and a terminal growth rate of 0% post 2027. We incorporate the cash cost of stock options.

Valuation Methodology: We use a DCF to value Chimerix as well as most other companies under coverage. We believe a DCF best captures the longer term nature of drug development and commercialization. We do not feel that a multiples analysis accomplishes the same goal, as it only evaluates a company during a snapshot in time.

Discount Rate: We typically apply a discount rate of 15% to development stage companies that still have a fair amount of risk.

Terminal Growth Rate: Our modeled cash flows extend to

2022. Beyond this, we grow free cash flow from 2023-2025 at 25% of the prior year's growth rate. We decline cash flows by 90% in 2027 due to the Dec. 2020 composition of matter patent expiry (we assume 5 yrs of Hatch Waxman). Beyond 2027, we use a terminal growth rate of 0%. The company has applied for patents (manufacturing, polymorph, etc.) which could extend the IP for CMX001 through 2031/2032.

Revenue: The revenue driver in our model is CMX001 in HSCT and SOT patients.

Economics: Chimerix currently has full rights to CMX001, but we model Chimerix partnering CMX001 ex-US with a 22.5% royalty. Chimerix pays a small royalty (we est. 2.5% of WW sales) to UCSD for patent rights for CMX001 and CMX157. CMX157 is partnered with Merck.

COGS: We model COGS of 6% of US and Canada sales. The UCSD royalty is accounted for through COGS as well.

Operating Expenses:

R&D: We model R&D decreasing from 2014 through 2022 as trial expenses for CMX001 decrease.

SG&A: We model SG&A increasing significantly in 2016 as Chimerix begins building out a US and Canadian sales force. Post 2016, SG&A increases modestly.

Financings: We model a \$75mn raise in 2015.

Key Risks To Our Price Target Include: 1) CMX001 fails in Ph 3 CMV adult trial, 2) Ph 3 program takes sig. longer to run than we expect leading to a financing gap, 3) toxicity (primarily GI) is a larger problem in Ph 3 than we anticipate

Exhibit 3

Catalyst Calendar

Drug	Type	Event	Expected Timing
CMX001	Clinical Data	Study 350 data in dsDNA viruses	2014
CMX001	Product Advancement	Update on CMV confirmatory trial design	1H14
CMX001	Clinical Data	Ph 3 SUPPRESS study in CMV	Mid-15

Source: Company Data, Morgan Stanley Research

Exhibit 4

Variance Analysis

	2Q13 Actual	3Q13 MS Est	3Q13 Actual	Var. from est	Q/Q % chg	Comments
Collaboration and Licensing Revenue	\$0	\$0	\$0			
Contract and Grant Revenue	\$1	\$1	\$1			
Total Revenues	\$1	\$1	\$1			
R&D	\$5	\$8	\$5	-36.0%	9.0%	
SG&A	\$1	\$2	\$2	-8.6%	26.7%	
Total Operating Expenses	\$6	\$10	\$7	-30.5%	13.2%	
Operating Income (Loss)	(\$5)	(\$9)	-\$6	-31.0%	13.2%	
Net Income (Loss)	(\$21)	(\$9)	-\$7	-28.3%	-68.1%	
EPS - Diluted (GAAP)	(\$0.91)	(\$0.36)	(\$0.26)	-28.7%	-71.6%	
Consensus EPS		(\$0.38)				
Basic Shares Outstanding	23	26	26	0.7%	12.1%	

Source: Company Data, Morgan Stanley Research

Exhibit 5

Changes to Model

	2012	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
US CMX-001 Sales											
Current	0	0	0	0	36	118	200	264	316	376	444
Prior	0	0	0	0	36	118	200	264	316	376	444
WW CMX-001 Sales											
Current	0	0	0	0	36	151	303	434	538	641	759
Prior	0	0	0	0	36	151	303	434	538	641	759
Total Revenues (\$mn)											
Current	34	4	2	80	36	129	232	318	387	460	544
Prior	34	5	2	80	36	129	232	318	387	460	544
COGS (\$mn)											
Current	0	0	0	0	3	11	20	28	34	41	48
Prior	0	0	0	0	3	11	20	28	34	41	48
SG&A (\$mn)											
Current	7.7	7.0	7.3	12.2	47.2	49.1	51.1	53.3	55.7	57.9	60.2
Prior	7.7	7.1	7.5	11.6	45.1	46.7	48.4	50.4	52.5	54.3	56.2
R&D (\$mn)											
Current	27.4	24.2	34.0	30.0	26.0	24.0	22.0	22.0	22.0	22.0	22.0
Prior	27.4	27.1	34.0	30.0	26.0	24.0	22.0	22.0	22.0	22.0	22.0
Interest, Other Income, net											
Current	(0.8)	(1.2)	(0.0)	0.8	1.4	1.4	2.2	3.4	5.0	6.9	9.3
Prior	(0.8)	(1.1)	(0.0)	0.7	1.4	1.4	2.2	3.5	5.0	7.0	9.4
Net Income, non-GAAP, ex-ESO (\$mn)											
Current	(2.2)	(28.0)	(38.9)	38.6	(38.4)	45.8	128.1	141.7	182.0	225.5	275.0
Prior	(2.2)	(30.2)	(39.8)	39.1	(36.3)	48.2	129.2	143.6	184.1	227.9	277.7
GAAP EPS											
Current	(\$2.89)	(\$2.88)	(\$1.65)	\$1.26	(\$1.71)	\$1.42	\$4.42	\$4.87	\$6.31	\$7.89	\$9.66
Prior	(\$2.89)	(\$2.99)	(\$1.70)	\$1.29	(\$1.63)	\$1.51	\$4.48	\$4.98	\$6.43	\$8.03	\$9.82
Diluted EPS (w/out option expense)											
Current	(\$1.46)	(\$1.12)	(\$1.50)	\$1.41	(\$1.48)	\$1.67	\$4.67	\$5.17	\$6.63	\$8.22	\$10.02
Prior	(\$1.46)	(\$1.22)	(\$1.54)	\$1.44	(\$1.40)	\$1.77	\$4.74	\$5.27	\$6.76	\$8.36	\$10.19
Diluted Shares Outstanding											
Current	1.5	25.0	26.0	27.4	26.0	27.4	27.4	27.4	27.4	27.4	27.4
Prior	1.5	24.9	25.8	27.2	25.9	27.2	27.3	27.3	27.3	27.3	27.3

Source: Company Data, Morgan Stanley Research estimates

Exhibit 6

Quarterly Income Statement

<i>(\$ in millions except per-share data)</i>	1Q13A	2Q13A	3Q13A	4Q13E	2013E
Collaboration and Licensing Revenue					
Contract and Grant Revenue	1.8	0.8	0.9	0.9	4
Total Revenues	1.8	0.8	0.9	0.9	4.4
Costs & Expenses:					
COGS	0	0	0	0	0
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%
R&D	6	5	5	8	24
QoQ Growth		-26.3%	9.0%	56.3%	
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%
SG&A	2	1	2	2	7
QoQ Growth		-14.1%	26.7%	9.3%	
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%
Total Operating Expenses	8.1	6.1	6.9	10.0	31.1
Operating Income (Loss)	(6)	(5)	(6)	(9)	(27)
<i>Operating Margin</i>					
Other Income	0.0	0.0	0.0	0.0	0.0
Interest (Expense) Income	(0.4)	(0.4)	(0.3)	(0.2)	(1.22)
Pretax Income (Loss)					
Provision For Income Taxes	0	0	0	0	0
<i>Effective Tax Rate</i>					
Non-GAAP Net Income (Loss)	(\$7)	(\$6)	(\$6)	(\$9)	(28.0)
Stock Compensation Expense	\$0.3	\$2.3	\$0.4	\$0.4	\$3
% of Operating Expenses	3.3%	37.9%	5.8%	4.0%	10.9%
Non-GAAP Net Income (incl. ESO)	(\$6.9)	(\$8.1)	(\$6.7)	(\$9.7)	(\$31.4)
GAAP Net Income (Loss)	(\$34.6)	(\$21.0)	(\$6.7)	(\$9.7)	(\$72.1)
EPS, Basic (Non-GAAP, Pre-ESO)	(\$4.33)	(\$0.25)	(\$0.24)	(\$0.36)	(\$1.12)
EPS, Diluted (Non-GAAP, Pre-ESO)	(\$4.33)	(\$0.25)	(\$0.24)	(\$0.36)	(\$1.12)
EPS - Diluted (GAAP, Post- ESO)	(\$22.58)	(\$0.91)	(\$0.26)	(\$0.37)	(\$2.88)
Shares Outstanding - Basic	1.53	23.07	25.87	26.00	24.98
Shares Outstanding - Diluted	1.53	23.07	25.87	26.00	24.98

Source: Company Data, Morgan Stanley Research estimates

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Chimerix Inc

Exhibit 7

Annual Income Statement

(\$ in millions except per-share data)	2011A	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Sales												
US CMX-001 Sales				0	0	36	118	200	264	316	376	444
Canada CMX-001 Sales				0	0	0	4	12	20	26	32	38
EU CMX-001 Sales				0	0	0	29	92	150	195	233	277
WW CMX-001 Sales				0	0	36	151	303	434	538	641	759
Revenue to Chimerix												
US CMX-001 Revenue				0	0	36	118	200	264	316	376	444
Canada CMX-001 Revenue				0	0	0	4	12	20	26	32	38
EU CMX-001 Royalty				0	0	0	6	21	34	44	52	62
WW CMX-001 Revenue to Chimerix				0	0	36	129	232	318	387	460	544
Collaboration and Licensing Revenue	0	17			80							
Contract and Grant Revenue	12	16	4	2								
Total Revenues	12.1	33.7	4.4	2.4	80.0	36.5	128.6	232.1	317.7	386.7	460.4	543.9
Costs & Expenses:												
COGS	0	0	0	0	0	3	11	20	28	34	41	48
YoY Growth	-	-	-	-	-	-	257.7%	82.7%	37.6%	22.0%	19.1%	18.1%
% of Sales	-	-	-	-	-	8.5%	9.1%	9.6%	9.8%	9.9%	9.9%	9.9%
R&D	27	27	24	34	30	26	24	22	22	22	22	22
YoY Growth	43.2%	0.1%	-11.7%	40.5%	-11.8%	-13.3%	-7.7%	-8.3%	0.0%	0.0%	0.0%	0.0%
% of Sales	-	-	-	-	-	71.2%	19.7%	10.4%	7.7%	6.4%	5.4%	4.6%
SG&A	9	8	7	7	12	47	49	51	53	56	58	60
YoY Growth	22.3%	-11.9%	-9.8%	5.0%	66.7%	288.2%	3.9%	4.1%	4.3%	4.5%	3.9%	4.1%
% of Sales	-	-	-	-	-	129.4%	40.2%	24.2%	18.8%	16.3%	14.2%	12.5%
Total Operating Expenses	36.1	35.1	31.1	41.3	42.2	76.3	84.2	93.4	103.2	111.7	120.4	130.1
Operating Income (Loss)	(24.026)	(1)	(27)	(39)	38	(40)	44	139	215	275	340	414
Operating Margin	(199%)	(4%)	(609%)	(1635%)	47%	(109%)	35%	60%	68%	71%	74%	76%
Other Income	0.0	0.0	0.0	0.8	1.1	1.4	1.4	2.2	3.4	5.0	6.9	9.3
Interest Expense, Net	(0.21)	(0.85)	(1.22)	(0.78)	(0.29)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pretax Income (Loss)	(\$24)	(\$2)	(\$28)	(\$39)	\$39	(\$38)	\$46	\$141	\$218	\$280	\$347	\$423
Provision For Income Taxes	0	0	0	0	0	0	0	13	76	98	121	148
Effective Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.1%	35.0%	35.0%	35.0%	35.0%
Non-GAAP Net Income (Loss)	(\$24)	(\$2)	(\$28)	(\$39)	\$39	(\$38)	\$46	\$128	\$142	\$182	\$226	\$275
Stock Compensation Expense	\$1	\$1	\$3	\$4	\$4	\$6	\$7	\$7	\$8	\$9	\$9	\$10
% of Operating Expenses	2.67%	3.98%	10.88%	9.69%	9.49%	7.86%	8.32%	7.50%	7.75%	8.05%	7.48%	7.69%
Non-GAAP Net Income (incl. ESO)	(\$25)	(\$4)	(\$31)	(\$43)	\$35	(\$44)	\$39	\$121	\$134	\$173	\$217	\$265
GAAP Net Income (Loss)	(\$26)	(\$4)	(\$72)	(\$43)	\$35	(\$44)	\$39	\$121	\$134	\$173	\$217	\$265
EPS, Basic (Non-GAAP, Pre-ESO)	(\$16.20)	(\$1.46)	(\$1.12)	(\$1.50)	\$1.48	(\$1.48)	\$1.76	\$4.92	\$5.43	\$6.97	\$8.64	\$10.53
EPS, Diluted (Non-GAAP, Pre-ESO)	(\$16.20)	(\$1.46)	(\$1.12)	(\$1.50)	\$1.41	(\$1.48)	\$1.67	\$4.67	\$5.17	\$6.63	\$8.22	\$10.02
EPS - Diluted (GAAP, Post- ESO)	(\$17.10)	(\$2.89)	(\$2.88)	(\$1.65)	\$1.26	(\$1.71)	\$1.42	\$4.42	\$4.87	\$6.31	\$7.89	\$9.66
Shares Outstanding - Basic	1.50	1.53	24.98	26.00	26.02	26.03	26.05	26.06	26.08	26.09	26.11	26.12
Shares Outstanding - Diluted	1.50	1.53	24.98	26.00	27.42	26.03	27.42	27.42	27.42	27.43	27.43	27.44

Source: Company Data, Morgan Stanley Research

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Chimerix Inc

Exhibit 8

Balance Sheet

(\$ in millions)	2011A	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Assets												
Cash and Cash Equivalents	13.6	19.9	88.6	45.0	146.5	115.4	150.8	267.4	399.5	573.5	790.4	1,055.0
Short-term Investments, Available-For-Sale	5.9	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Grant Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Contract Receivable	4.2	0.8	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Current Assets	1.0	1.0	0.1	0.1	2.3	1.1	3.7	6.8	9.3	11.3	13.4	15.9
Loan Receivable From Officer	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Financing Costs, Current Portion	0.1	0.0	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	0.4	0.2	6.4	2.9	10.3	18.6	25.4	30.9	36.8	43.5
Total current assets	24.8	31.6	98.9	55.1	165.1	129.2	174.7	302.6	444.0	625.5	850.5	1,124.3
Property and Equipment, Net	0.6	0.4	0.9	0.7	0.9	1.7	2.7	3.8	4.9	6.2	7.6	9.8
Patents and Licenses	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.2	0.2	0.3	0.3	0.4
Deferred Financing Costs, Less Current Portion	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Total assets	25.4	32.0	99.8	55.8	166.0	130.9	177.5	306.5	449.2	632.0	858.4	1,134.4
Liabilities												
Accounts Payable	4.1	2.0	1.9	2.5	2.5	4.6	5.1	5.6	6.2	6.7	7.2	7.8
Accrued Liabilities	2.5	0.9	0.8	1.1	1.1	2.0	2.2	2.4	2.7	2.9	3.1	3.4
Loan Payable, Current Portion	0.2	4.8	-	-	-	-	-	-	-	-	-	-
Total current liabilities	6.8	7.6	2.7	3.5	3.6	6.5	7.2	8.0	8.9	9.6	10.3	11.2
Deferred Rent	-	-	-	-	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	-	0.3	0.3	0.4	0.4	0.7	0.8	0.9	1.0	1.1	1.2	1.2
Loan Payable, Less Current Portion	2.4	9.9	9.5	3.5	-	-	-	-	-	-	-	-
Redeemable Preferred Stock Warrant Liability	6.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Total Liabilities	15.7	25.3	20.0	15.0	11.5	14.8	15.5	16.4	17.4	18.2	19.0	19.9
Redeemable convertible preferred stock	103.4	107.7	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity												
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock (Plus APIC)	0.0	0.0	218.8	222.8	301.8	307.8	314.9	321.9	329.9	339.0	348.1	358.1
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)	(0.0)
Accumulated Deficit	(93.7)	(101.0)	(139.0)	(181.9)	(147.3)	(191.7)	(152.9)	(31.8)	101.9	274.8	491.4	756.4
Total Shareholder's Equity	(93.7)	(101.0)	79.8	40.9	154.5	116.1	161.9	290.1	431.8	613.8	839.4	1,114.5
Total Liabilities and Shareholder's Equity	25.4	32.0	99.8	55.8	166.0	130.9	177.5	306.5	449.2	632.0	858.4	1,134.4

Source: Company Data, Morgan Stanley Research

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Chimerix Inc

Exhibit 9

Cash Flow Statement

(\$ in millions)	2011A	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
CASH FLOWS FROM OPERATING ACTIVITIES												
Net Income (Loss)	(25.6)	(4.4)	(37.9)	(42.9)	34.6	(44.4)	38.8	121.1	133.7	173.0	216.5	265.0
Depreciation	0.3	0.3	0.6	0.7	0.6	1.0	1.4	2.0	2.8	3.6	4.5	4.7
Amortization/accretion of premium/discount on investments	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Cash Interest Expense	0.05	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-Based Compensation Costs	1.1	1.4	3.4	4.0	4.0	6.0	7.0	7.0	8.0	9.0	9.0	10.0
Deferred Lease Obligations	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair Value Measurement of Redeemable Preferred Stock W	0.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in assets and liabilities:												
Accounts Receivable	(4.2)	3.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	(0.4)	0.2	(6.2)	3.5	(7.4)	(8.3)	(6.8)	(5.5)	(5.9)	(6.7)
Prepaid and Other Current Assets and Deposits	(0.4)	0.1	0.9	0.1	(2.3)	1.3	(2.7)	(3.1)	(2.6)	(2.1)	(2.2)	(2.5)
Accounts Payable and Accrued Liabilities	2.1	(3.8)	(0.2)	1.0	0.1	3.3	0.7	0.9	0.9	0.8	0.8	0.9
Net cash provided by (used in) operating activities	(26.3)	(1.9)	(32.9)	(37.1)	30.8	(29.3)	37.8	119.7	136.0	178.8	222.7	271.5
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchases of Property and Equipment	(0.3)	(0)	(1)	(1)	(1)	(2)	(2)	(3)	(4)	(5)	(6)	(7)
Purchases of Short-Term Investments	(13.6)	(9.9)	0	0	0	0	0	0	0	0	0	0
Sales of Short-Term Investments	0.5	0.0	0	0	0	0	0	0	0	0	0	0
Maturities of Short-Term Investments	7.1	5.9	0	0	0	0	0	0	0	0	0	0
Repayment of Loan to Officer	0.1	0	0	0	0	0	0	0	0	0	0	0
Net cash used in investing activities	(6.2)	(4.1)	(1.0)	(0.6)	(0.8)	(1.8)	(2.4)	(3.1)	(4.0)	(4.9)	(5.8)	(7.0)
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from Issuance of Redeemable Preferred Stock and '	45.0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from Issuance of Stock	0.0	0	108	0	75	0	0	0	0	0	0	0
Proceeds from Exercise of Stock Options	0.0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from Loan Payable	0.0	15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt discount	0.0	(0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of Loan Payable	(2.0)	(2.6)	(5.1)	(6.0)	(3.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock Offering and Deferred Financing Costs	(0.2)	(0.0)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities	42.8	12.3	102.6	(6.0)	71.5	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Change in Cash and Cash Equivalents	10.301	6.299	68.7	(43.6)	101.5	(31.1)	35.5	116.6	132.1	174.0	216.9	264.6
Cash and Cash Equivalents at Beginning of Year	3.3	13.607	19.9	88.6	45.0	146.5	115.4	150.8	267.4	399.5	573.5	790.4
Cash and Cash Equivalents at End of Year	13.6	19.9	88.6	45.0	146.5	115.4	150.8	267.4	399.5	573.5	790.4	1,055.0
Marketable Securities	5.9	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Cash and Marketable Securities at End of Year	19.5	29.8	98.4	54.8	156.4	125.2	160.7	277.3	409.4	583.3	800.3	1,064.9

Source: Company Data, Morgan Stanley Research

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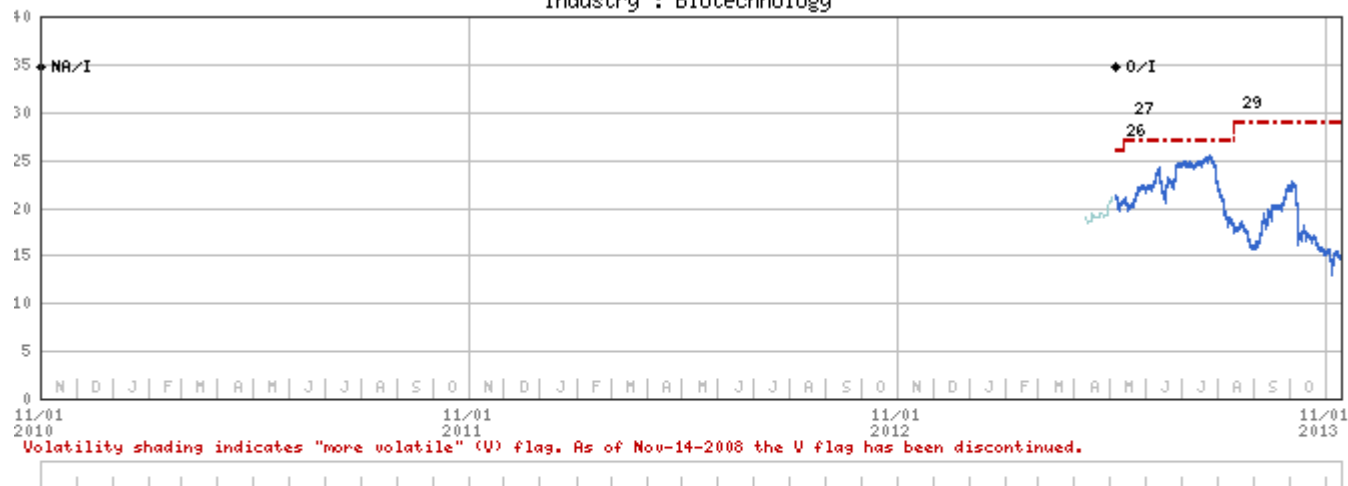
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

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

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Chimerix Inc

Chimerix Inc (CMRX.O) - As of 11/13/13 in USD
Industry : Biotechnology



Stock Rating History: 11/1/10 : NA/I; 5/6/13 : 0/I

Price Target History: 5/6/13 : 26; 5/13/13 : 27; 8/14/13 : 29

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* (11/13/2013)
David Friedman, M.D.		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$23.69
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$116.6
Alnylam Pharmaceuticals (ALNY.O)	O (06/11/2013)	\$53.17
Auxilium Pharmaceuticals (AUXL.O)	E (05/03/2013)	\$19.4
Chimerix Inc (CMRX.O)	O (05/06/2013)	\$14.69
Cubist Pharmaceuticals Inc. (CBST.O)	O (11/13/2013)	\$62.55
Elan Corporation PLC (ELN.N)	++	\$17.78
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$4.62
Incyte Corporation (INCY.O)	U (01/23/2013)	\$43.95
InterMune (ITMN.O)	E (09/07/2010)	\$12.91
Ironwood Pharmaceuticals, Inc. (IRWD.O)	E (04/24/2013)	\$9.57
Lexicon Pharmaceuticals, Inc. (LXRX.O)	U (06/11/2013)	\$2.25
NPS Pharmaceuticals (NPSP.O)	O (10/03/2012)	\$25.55
Ophthotech Corp (OPHT.O)	O- (10/21/2013)	\$26
Portola Pharmaceuticals Inc (PTLA.O)	O (06/17/2013)	\$27.46
Synageva Biopharma Corp (GEVA.O)	O (04/20/2012)	\$52.53
Theravance Inc (THRX.O)	U (07/22/2013)	\$35.19
Vertex Pharmaceuticals (VRTX.O)	E (05/08/2012)	\$61.2
XenoPort Inc (XNPT.O)	U (06/11/2013)	\$5.16
Yigal Nochomovitz, Ph.D.		
ImmunoGen Inc. (IMGN.O)	U (11/11/2013)	\$14.6
Infinity Pharmaceuticals Inc (INFI.O)	O (02/19/2013)	\$13.82
Pharmacyclics Inc. (PCYC.O)	E (03/19/2013)	\$123.82
Tesaro Inc. (TSRO.O)	O (07/23/2012)	\$35.95
Sara Slifka		
Neurocrine Biosciences Inc (NBIX.O)	O (10/03/2012)	\$8.87

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.