

June 18, 2014

FPRX-NASDAQ--Outperform (1) / V

Biotechnology

## FPRX: Quick Take From The 2014 Wells Fargo Healthcare Conference

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### Sector Rating: Biotechnology, Market Weight

**\*\*Summary:** We hosted FPRX at our healthcare conference. The preclinical discovery projects and clinical programs all appear to remain on track, and we continue to believe the company's robust scientific platform - and its potential for use in immuno-oncology indications - is undervalued.

**\*\*They believe they are well-positioned and have differentiated approach to discover targets in immune-oncology; they are continuing to mine their proprietary "immunome"-a collection of ~400 immune-related targets the company believes will likely contain some of the known and novel tumor-immune regulators.**

**\*\*Collaboration with BMY around two immuno-oncology pathways is going very well. They believe the relationship is complementary and BMY is moving rapidly to develop antibodies around the targets identified in the collaboration.**

**\*\*Scope and extent of IP protection around new immune-oncology targets will vary on a target-by-target base, but they plan to pursue strong IP protection around the new targets-both method of use and composition patents.**

**\*\*Based on the recent data from Roche suggesting that CSF1R may play a role in tumor-mediated immunosuppression, FPRX indicated they are exploring the promise of CSF1R as an immune-oncology target. The company plans to announce an additional indication for their CSF1R antibody FPA008 and noted they will very likely consider cancer immunotherapy, but also remain interested in IPF and PVNS.**

**\*\*Recent restructuring at FPRX's partner GSK is unlikely to impact continued development of '1039; FPRX said their partner GSK has been committed as ever to the program. Ph.I data by year-end unlikely to produce clear read on efficacy, as company noted it will likely be limited to the dose-escalation portion.**

### **Five Prime Therapeutics, Inc. (FPRX-NASDAQ)**

**Price as of 6/18/2014: \$14.69**

**FY 14 EPS: \$-1.71**

**FY 15 EPS: \$-1.15**

**Shares Out.: 16.8 MM**

**Market Cap.: \$246.79 MM**

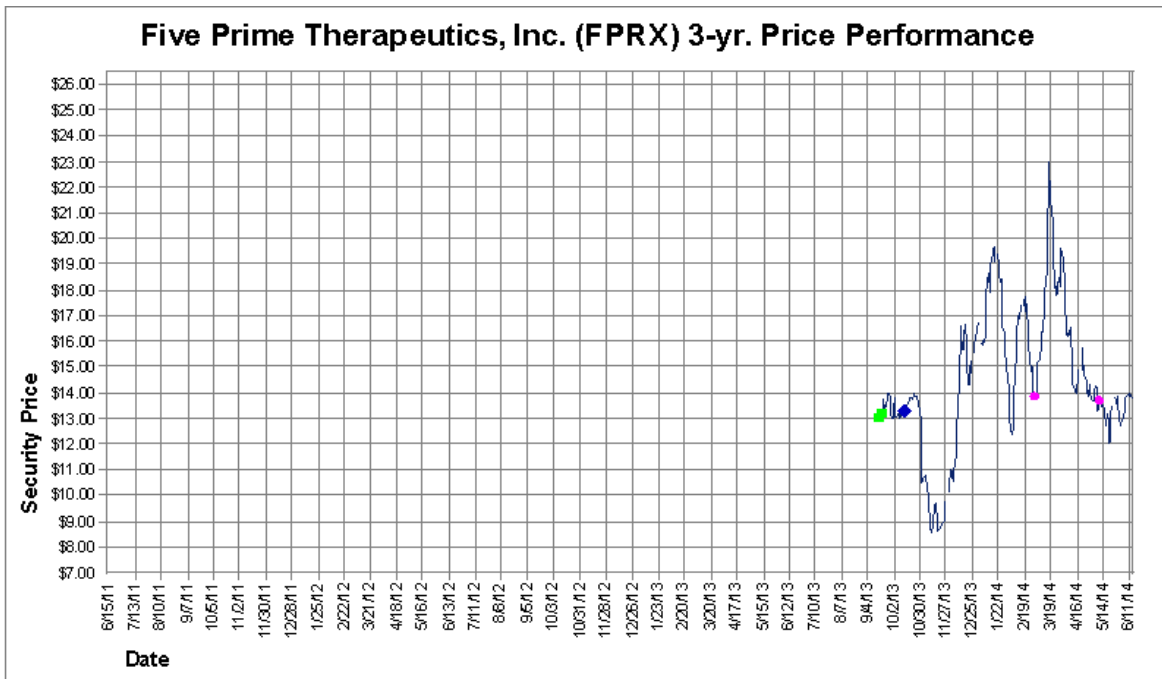
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### Required Disclosures



	Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
□	9/18/2013		IPO at \$13.00			
	10/14/2013		Abrahams, M.D.			
◆	10/14/2013	13.19	1	17.00	19.00	13.25
◆	3/3/2014	13.96	1	20.00	22.00	13.78
◆	5/9/2014	13.30	1	19.00	21.00	13.64

Source: Wells Fargo Securities, LLC estimates and Reuters data

#### Symbol Key

- ▼ Rating Downgrade
- ▲ Rating Upgrade
- ◆ Valuation Range Change

- ◆ Initiation, Resumption, Drop or Suspend
- ◆ Analyst Change
- Split Adjustment

#### Rating Code Key

- |                       |                |
|-----------------------|----------------|
| 1 Outperform/Buy      | SR Suspended   |
| 2 Market Perform/Hold | NR Not Rated   |
| 3 Underperform/Sell   | NE No Estimate |

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**FPRX:** Key risks, in our view, are clinical and regulatory failure of its programs, competition, and financing.

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**1 = Outperform:** The stock appears attractively valued, and we believe the stock's total return will exceed that of the market over the next 12 months. BUY

**2 = Market Perform:** The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD

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#### SECTOR RATING

**O = Overweight:** Industry expected to outperform the relevant broad market benchmark over the next 12 months.

**M = Market Weight:** Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

**U = Underweight:** Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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**V =** A stock is defined as volatile if the stock price has fluctuated by +/-20% or greater in at least 8 of the past 24 months or if the analyst expects significant volatility. All IPO stocks are automatically rated volatile within the first 24 months of trading.

#### As of: June 18, 2014

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