

January 9, 2014

FPRX-NASDAQ--Outperform (1) / V

Biotechnology

FPRX: Antibody Production Agreement Should Help Accelerate Exploration of FPRX's Novel Immunotherapy Targets

Brian Abrahams, M.D., Senior Analyst (212) 214-8060

Sector Rating: Biotechnology, Market Weight

****Today (1/9) FPRX announced a research collaboration agreement with Adimab, a private company with a proprietary antibody technology platform. We had the opportunity to speak with senior management to get their perspectives on the deal.**

****Under the agreement, Adimab will develop fully humanized monoclonal antibodies for FPRX's novel targets, initially focused on cancer immunotherapy. While the terms were not disclosed, FPRX will retain the rights to commercialize the antibodies and pay royalties and milestones to Adimab.**

****While FPRX has its own internal antibody engineering program (using the traditional antibody manufacturing system) as well as the Fc-fusion "trap" technology, we believe the Adimab collaboration strengthens FPRX's high-throughput antibody discovery capabilities, which we believe is highly complementary to FPRX's discovery platform. Adimab's technology utilizes a yeast surface protein display system that is significantly more robust and quicker to generate fully humanized antibodies compared to the traditional B-cell hybridoma based technology.**

****BOTTOM LINE: We believe the Adimab collaboration is highly complementary to FPRX's discovery platform and could expedite exploration of several novel targets within immune-oncology FPRX has discovered; while early stage, it could potentially lead to new cancer immunotherapies over the long term, as well as help form the foundation of an immune-oncology partnership with a larger pharma that further validates FPRX's technology platform. We continue to like FPRX based on the strong scientific platform and emerging portfolio.**

Five Prime Therapeutics, Inc. (FPRX-NASDAQ)

Price as of 1/9/2014: \$17.95

FY 13 EPS: \$-5.49

FY 14 EPS: \$-1.78

Shares Out.: 16.8 MM

Market Cap.: \$301.56 MM

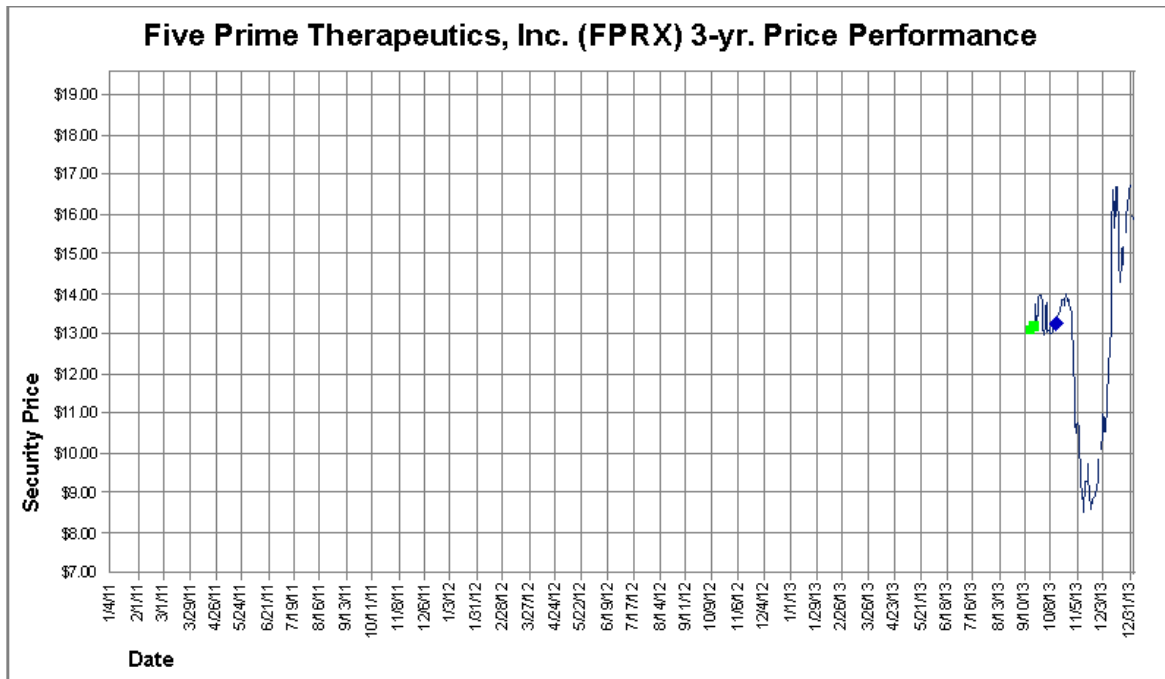
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DISCLOSURE APPENDIX

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

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

Additional Information Available Upon Request

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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

3 = Underperform: The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

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.

VOLATILITY RATING

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: January 9, 2014

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