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August 14, 2013

Stock Rating
Overweight

Industry View
In-Line

Chimerix Inc

ICAAC Key for Adenovirus Next Steps; CMV On Track

What's Changed

Price Target **\$27.00 to \$29.00**

2Q earnings were uneventful. Ph 2 data for CMX-001 in adenovirus (Adv) at the ICAAC meeting should help clarify the drug's potential in these pts.

Phase 2 CMX001 Adv Data: A top line press release noted positive numerical trends on virus control and mortality for CMX001 in the treatment of pts with Adv viremia post stem cell transplant. While stat. significance was not achieved, we are not too surprised given the small trial and the lack of solid precedent data for study powering. Mgmt comments suggest to us a potential overestimation of progression/mortality in the placebo arm. Importantly, the lack of any new safety issues is key for a drug that we believe will differentiate from competitors on both safety and efficacy. A late breaker presentation at the upcoming ICAAC mtg will help clarify CMX001's potential in Adv treatment. We also expect a 2H13 meeting between mgmt and the FDA will help clarify the path forward in this indication.

CMV Ph 3: The Ph 3 SUPRESS study is on track to begin dosing in 3Q - we remain optimistic here.

Competition: Competitors (Viropharma, Astellas, Merck) are moving forward in CMV, though all are behind CMX001. **We expect that CMX001 data sets in Adv and from the large EIND Study 350 in 2H13/2014 will continue to elucidate both the dsDNA virus driven morbidity/mortality in immunocompromised pts and the differentiated role that CMX001 could play vs. these other drugs.** This concept is well corroborated by our physician diligence.

Share Lockup: We have noted some Street concern about the upcoming ability of private investors to sell previously locked up shares, if they desire, starting 10/8/13. We have no insight into any investors' intention to sell or not. While this "unlock-up" could create a temporary supply/demand imbalance, we believe some investors may welcome any incr. liquidity in the stock. Most importantly, this lockup question is temporary and does not impact the strong underlying fundamental value of CMX001 as a potential key future antiviral.

What's New. 2Q GAAP loss per share was \$(0.91).

Key Ratios and Statistics

Reuters: CMRX.O Bloomberg: CMRX US

Biotechnology / United States of America

Price target	\$29.00
Shr price, close (Aug 14, 2013)	\$17.56
Mkt cap, curr (mm)	\$451
52-Week Range	\$27.00-15.11

Fiscal Year ending	12/12	12/13e	12/14e	12/15e
ModelWare EPS (\$)	(2.38)	(1.35)	(1.70)	1.29
Prior ModelWare EPS (\$)	-	(1.58)	(1.63)	1.47
P/E	NM	NM	NM	13.6
Consensus EPS (\$)	-	(2.76)	(1.72)	(0.89)

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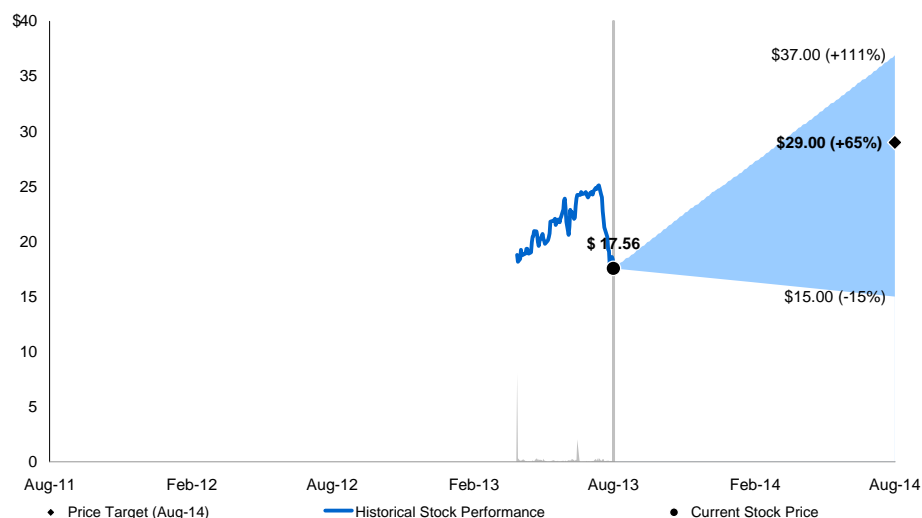
For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

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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 \$37 **DCF** **CMX001 success in HSCTs and SOTs with dominant share of the prophylaxis and treatment HSCT mkt. We assume (2022):**
WW 2022 Sales:
HSCTs: ~\$770mn (~\$540mn to Chimerix)
SOTs: ~\$210mn (~\$170mn to Chimerix)
 1) ~70% share of addressable US prophylaxis HSCT mkt,
 2) ~60% share of addressable US 1st line treatment HSCT mkt,
 3) ~95% share of addressable US 2nd 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** **CMX001 success in HSCTs and SOTs with solid share in the prophylaxis and treatment HSCT market. We assume (2022):**
WW 2022 Sales:
HSCTs: ~\$620mn (~\$430mn to Chimerix)
SOTs: ~\$140mn (~\$110mn to Chimerix)
 1) ~60% share of addressable US prophylaxis HSCT mkt,
 2) ~50% share of addressable US 1st line treatment HSCT mkt,
 3) ~75% share of addressable US 2nd 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 \$15 **DCF** **CMX001 fails to gain sig. share in treatment or prophylaxis for HSCTs or SOTs. We assume (2022):**
WW 2022 Sales:
HSCTs: ~\$310mn (~\$220mn to Chimerix)
SOTs: ~\$40mn (~\$30mn to Chimerix)
 1) ~30% share of addressable US prophylaxis HSCT mkt,
 2) ~25% share of addressable US 1st line treatment HSCT mkt,
 3) ~40% share of addressable US 2nd line treatment HSCT mkt,
 4) ~15% of prophylaxis patients receive prolonged prophylaxis,
 5) HSCT prophylaxis competitor share is <15%, 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.

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Chimerix Inc

Valuation

Exhibit 1

DCF Drives Valuation

(\$ in mn)	2012	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Free Cash Flow	(2)	(36)	(39)	30	(29)	38	118	134	176	219	267	297	313	321	326	33
YoY growth	-92.5%	1698%	7.3%	-179%	-196%	-230%	211%	13.9%	31.4%	24.5%	21.9%	10.9%	5.5%	2.7%	1.4%	-90.0%
Net Cash Proxy for Dilution	\$0.0	-\$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	-\$2.0	-\$36.3	-\$39.0	\$30.0	-\$29.5	\$37.4	\$117.2	\$133.5	\$175.6	\$218.7	\$266.7	\$295.9	\$312.1	\$320.7	\$325.1	\$32.0
PV of Free Cash Flow		-36	-36	24	-21	23	62	62	71	77	81	78	72	64	57	5

Source: Company data, Morgan Stanley Research estimates

Exhibit 2

DCF Valuation Suggests >50% Upside

Valuation Date	2013.5
Discount Rate	15%
Terminal Growth Rate	0%
Terminal Value Year	2027
Sum of Discounted FCF	\$601.3
Discounted Terminal Value	\$32.3
Net Cash	\$110.3
Equity Value	\$744
Equity Value/Sh	\$29
Shares Outstanding (Basic)	25.7

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 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

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Exhibit 3

Catalyst Calendar

Drug	Type	Event	Expected Timing
CMX001	Clinical Data	Study 350 data in dsDNA viruses	2H13
CMX001	Product Advancement	Initiate Ph 3 SUPPRESS study in CMV	3Q13
CMX001	Clinical Data	Presentation of Ph 2 Halt study in AdV Data	3Q13
CMX001	Clinical Data	Ph 3 SUPPRESS study in CMV	Mid-15

Source: Company Data, Morgan Stanley Research

Exhibit 4

Variance Analysis

	1Q13 Actual	2Q13 MS Est	2Q13 Actual	Var. from est	Q/Q % chg
Collaboration and Licensing Revenue	\$0	\$0	\$0		
Contract and Grant Revenue	\$2	\$0	\$1		
Total Revenues	\$2	\$0	\$1		
R&D	\$6	\$8	\$5	-41.3%	-26.3%
SG&A	\$2	\$2	\$1	-27.9%	-14.1%
Total Operating Expenses	\$8	\$10	\$6	-38.6%	-23.8%
Operating Income (Loss)	(\$6)	(\$10)	-\$5	-46.7%	-15.1%
Net Income (Loss)	(\$35)	(\$11)	-\$21	98.5%	-39.2%
EPS - Diluted (GAAP)	(\$22.58)	(\$0.43)	(\$0.91)	110.1%	-96.0%
Consensus EPS		(\$0.40)			
Basic Shares Outstanding	2	24	23	-5.5%	1403.7%

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	5	2	80	36	129	232	318	387	460	544
Prior	34	2	0	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	7.1	7.5	11.6	45.1	46.7	48.4	50.4	52.5	54.3	56.2
Prior	7.7	7.7	8.0	11.9	39.7	40.2	40.7	41.2	41.4	41.4	41.4
R&D (\$mn)											
Current	27.4	27.1	34.0	30.0	26.0	24.0	22.0	22.0	22.0	22.0	22.0
Prior	27.4	30.2	30.0	28.0	25.0	23.0	22.0	21.0	21.0	21.0	21.0
Interest, Other Income, net											
Current	(0.8)	(1.1)	(0.0)	0.7	1.4	1.4	2.2	3.5	5.0	7.0	9.4
Prior	(0.8)	(0.9)	(0.4)	0.4	1.0	1.2	2.0	3.3	4.9	7.0	9.5
Net Income, non-GAAP, ex-ESO (\$mn)											
Current	(2.2)	(30.2)	(39.8)	39.1	(36.3)	48.2	129.2	143.6	184.1	227.9	277.7
Prior	(2.2)	(37.0)	(38.4)	40.4	(30.2)	55.5	130.9	150.1	191.9	236.9	288.0
GAAP EPS											
Current	(\$2.89)	(\$2.99)	(\$1.70)	\$1.29	(\$1.63)	\$1.51	\$4.48	\$4.98	\$6.43	\$8.03	\$9.82
Prior	(\$2.89)	(\$2.71)	(\$1.63)	\$1.47	(\$1.44)	\$1.90	\$4.76	\$5.47	\$7.05	\$8.75	\$10.68
Diluted EPS (w/out option expense)											
Current	(\$1.46)	(\$1.22)	(\$1.54)	\$1.44	(\$1.40)	\$1.77	\$4.74	\$5.27	\$6.76	\$8.36	\$10.19
Prior	(\$1.46)	(\$1.51)	(\$1.56)	\$1.55	(\$1.23)	\$2.12	\$5.01	\$5.75	\$7.34	\$9.07	\$11.02
Diluted Shares Outstanding											
Current	1.5	24.9	25.8	27.2	25.9	27.2	27.3	27.3	27.3	27.3	27.3
Prior	1.5	24.5	24.7	26.1	24.7	26.1	26.1	26.1	26.1	26.1	26.1

Source: Company Data, Morgan Stanley Research

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Exhibit 6

Quarterly Income Statement

<i>(\$ in millions except per-share data)</i>	1Q13A	2Q13A	3Q13E	4Q13E	2013E
Collaboration and Licensing Revenue					
Contract and Grant Revenue	2	1	1	1	5
Total Revenues	1.8	0.8	1.3	1.3	5.1
QoQ Revenue Growth		-54.4%	54.7%	0.0%	
Costs & Expenses:					
COGS	0	0	0	0	0
QoQ Growth		n/a	n/a	n/a	
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%
R&D	6	5	8	8	27
QoQ Growth		-26.3%	70.3%	0.0%	
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%
SG&A	2	1	2	2	7
QoQ Growth		-14.1%	38.6%	0.0%	
% of Sales	0.0%	0.0%	0.0%	0.0%	0.0%
Total Operating Expenses	8.1	6.1	10.0	10.0	34.2
Operating Income (Loss)	(6)	(5)	(9)	(9)	(29)
Operating Margin					
Other Income	0.0	0.0	0.0	0.0	0.0
Interest (Expense) Income	(0.4)	(0.4)	(0.2)	(0.2)	(1.12)
Pretax Income (Loss)					
Provision For Income Taxes	0	0	0	0	0
Effective Tax Rate					
Non-GAAP Net Income (Loss)	(\$7)	(\$6)	(\$9)	(\$9)	(30.2)
Stock Compensation Expense	\$0.3	\$2.3	\$0.4	\$0.4	\$3
% of Operating Expenses	3.29%	37.85%	4.23%	4.23%	10.04%
Non-GAAP Net Income (incl. ESO)	(\$6.9)	(\$8.1)	(\$9.3)	(\$9.3)	(\$33.7)
GAAP Net Income (Loss)	(\$34.6)	(\$21.040)	(\$9.3)	(\$9.3)	(\$74.4)
EPS, Basic (Non-GAAP, Pre-ESO)	(\$4.33)	(\$0.25)	(\$0.35)	(\$0.35)	(\$1.22)
EPS, Diluted (Non-GAAP, Pre-ESO)	(\$4.33)	(\$0.25)	(\$0.35)	(\$0.35)	(\$1.22)
EPS - Diluted (GAAP, Post- ESO)	(\$22.58)	(\$0.91)	(\$0.36)	(\$0.36)	(\$2.99)
Shares Outstanding - Basic	1.53	23.07	25.70	25.82	24.86
Shares Outstanding - Diluted	1.53	23.07	25.70	25.82	24.86

Source: Company Data, Morgan Stanley Research

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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	5	2								
Total Revenues	12.1	33.7	5.1	1.7	80.0	36.5	128.6	232.1	317.7	386.7	460.4	543.9
YoY Revenue Growth							252%	81%	37%	22%	19%	18%
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	27	34	30	26	24	22	22	22	22	22
YoY Growth	43.2%	0.1%	-1.2%	25.6%	-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	45	47	48	50	52	54	56
YoY Growth	22.3%	-11.9%	-7.5%	5.0%	55.1%	288.4%	3.6%	3.8%	4.0%	4.2%	3.4%	3.6%
% of Sales	-	-	-	-	-	123.5%	38.2%	22.9%	17.7%	15.3%	13.3%	11.7%
Total Operating Expenses	36.1	35.1	34.2	41.5	41.6	74.2	81.8	90.7	100.3	108.5	116.8	126.1
Operating Income (Loss)	(24.026)	(1)	(29)	(40)	38	(38)	47	141	217	278	344	418
Operating Margin	(199%)	(4%)	(573%)	(2351%)	48%	(103%)	36%	61%	68%	72%	75%	77%
Other Income	0.0	0.0	0.0	0.7	1.0	1.4	1.4	2.2	3.5	5.0	7.0	9.4
Interest Expense, Net	(0.21)	(0.85)	(1.12)	(0.78)	(0.29)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pretax Income (Loss)	(\$24)	(\$2)	(\$30)	(\$40)	\$39	(\$36)	\$48	\$144	\$221	\$283	\$351	\$427
Provision For Income Taxes	0	0	0	0	0	0	0	14	77	99	123	150
Effective Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	35.0%	35.0%	35.0%	35.0%
Non-GAAP Net Income (Loss)	(\$24)	(\$2)	(\$30)	(\$40)	\$39	(\$36)	\$48	\$129	\$144	\$184	\$228	\$278
Stock Compensation Expense	\$1	\$1	\$3	\$4	\$4	\$6	\$7	\$7	\$8	\$9	\$9	\$10
% of Operating Expenses	2.67%	3.98%	10.04%	9.64%	9.61%	8.09%	8.56%	7.72%	7.98%	8.30%	7.71%	7.93%
Non-GAAP Net Income (incl. ESO)	(\$25)	(\$4)	(\$34)	(\$44)	\$35	(\$42)	\$41	\$122	\$136	\$175	\$219	\$268
GAAP Net Income (Loss)	(\$26)	(\$4)	(\$74)	(\$44)	\$35	(\$42)	\$41	\$122	\$136	\$175	\$219	\$268
EPS, Basic (Non-GAAP, Pre-ESO)	(\$16.20)	(\$1.46)	(\$1.22)	(\$1.54)	\$1.51	(\$1.40)	\$1.86	\$4.99	\$5.54	\$7.10	\$8.79	\$10.70
EPS, Diluted (Non-GAAP, Pre-ESO)	(\$16.20)	(\$1.46)	(\$1.22)	(\$1.54)	\$1.44	(\$1.40)	\$1.77	\$4.74	\$5.27	\$6.76	\$8.36	\$10.19
EPS - Diluted (GAAP, Post- ESO)	(\$17.10)	(\$2.89)	(\$2.99)	(\$1.70)	\$1.29	(\$1.63)	\$1.51	\$4.48	\$4.98	\$6.43	\$8.03	\$9.82
Shares Outstanding - Basic	1.50	1.53	24.86	25.83	25.85	25.86	25.88	25.89	25.91	25.92	25.94	25.95
Shares Outstanding - Diluted	1.50	1.53	24.86	25.83	27.24	25.86	27.25	27.25	27.25	27.25	27.26	27.26

Source: Company Data, Morgan Stanley Research

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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	86.5	41.9	143.8	114.7	152.6	270.3	404.3	580.4	799.8	1,067.1
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	0.0	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	0.1	6.4	2.9	10.3	18.6	25.4	30.9	36.8	43.5
Total current assets	24.8	31.6	96.9	51.9	162.4	128.6	176.5	305.4	448.8	632.5	859.9	1,136.3
Property and Equipment, Net	0.6	0.4	0.9	0.7	0.9	1.6	2.6	3.7	4.8	6.0	7.4	9.5
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	97.8	52.7	163.3	130.2	179.2	309.3	453.8	638.8	867.5	1,146.2
Liabilities												
Accounts Payable	4.1	2.0	2.1	2.5	2.5	4.4	4.9	5.4	6.0	6.5	7.0	7.6
Accrued Liabilities	2.5	0.9	0.9	1.1	1.1	1.9	2.1	2.3	2.6	2.8	3.0	3.3
Loan Payable, Current Portion	0.2	4.8	-	-	-	-	-	-	-	-	-	-
Total current liabilities	6.8	7.6	2.9	3.6	3.6	6.4	7.0	7.8	8.6	9.3	10.0	10.8
Deferred Rent	-	-	-	-	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	-	0.3	0.3	0.4	0.4	0.7	0.8	0.9	1.0	1.0	1.1	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	20.3	15.0	11.5	14.6	15.3	16.2	17.1	17.9	18.7	19.5
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	307.9	314.9	321.9	330.0	339.0	348.1	358.2
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)	(141.3)	(185.1)	(150.0)	(192.3)	(151.0)	(28.9)	106.7	281.9	500.8	768.5
Total Shareholder's Equity	(93.7)	(101.0)	77.5	37.7	151.9	115.6	163.9	293.1	436.7	620.9	848.9	1,126.7
Total Liabilities and Shareholder's Equity	25.4	32.0	97.8	52.7	163.3	130.2	179.2	309.3	453.8	638.8	867.5	1,146.2

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)	(40.3)	(43.8)	35.1	(42.3)	41.2	122.2	135.6	175.1	218.9	267.7
Depreciation	0.3	0.3	0.6	0.7	0.6	1.0	1.4	2.0	2.8	3.5	4.3	4.6
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)	0.3	(6.3)	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)	0.1	0.7	0.0	3.1	0.7	0.9	0.9	0.8	0.8	0.9
Net cash provided by (used in) operating activities	(26.3)	(1.9)	(35.0)	(38.1)	31.2	(27.4)	40.2	120.6	137.9	180.8	225.0	274.0
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)	(1.7)	(2.3)	(3.0)	(3.9)	(4.7)	(5.7)	(6.8)
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from Issuance of Redeemable Preferred Stock and ¹	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	66.6	(44.6)	101.9	(29.1)	37.9	117.6	134.0	176.1	219.3	267.3
Cash and Cash Equivalents at Beginning of Year	3.3	13.607	19.9	86.5	41.9	143.8	114.7	152.6	270.3	404.3	580.4	799.8
Cash and Cash Equivalents at End of Year	13.6	19.9	86.5	41.9	143.8	114.7	152.6	270.3	404.3	580.4	799.8	1,067.1
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	96.4	51.8	153.7	124.6	162.5	280.1	414.1	590.3	809.6	1,077.0

Source: Company Data, Morgan Stanley Research

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Chimerix Inc



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(as of July 31, 2013)

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Chimerix Inc

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Equal-weight/Hold	1302	45%	496	47%	38%
Not-Rated/Hold	112	4%	27	3%	24%
Underweight/Sell	467	16%	123	12%	26%
Total	2,890		1056		

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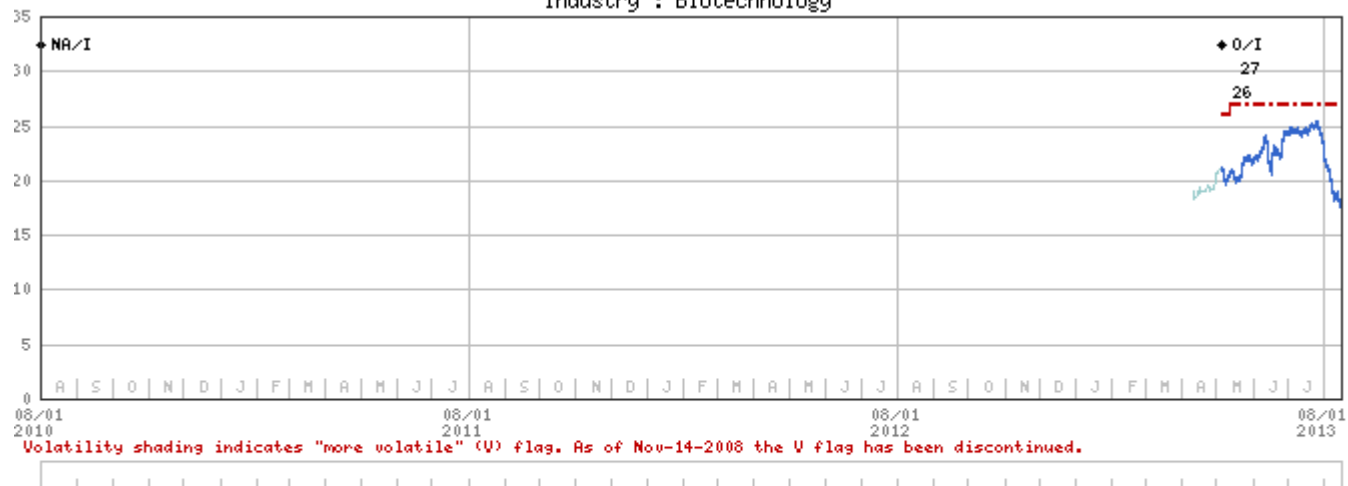
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Stock Price, Price Target and Rating History (See Rating Definitions)

August 14, 2013

Chimerix Inc

Chimerix Inc (CMRX.O) - As of 8/14/13 in USD
Industry : Biotechnology

Stock Rating History: 8/1/10 : NA/I; 5/6/13 : 0/I

Price Target History: 5/6/13 : 26; 5/13/13 : 27

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)
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Industry Coverage:Biotechnology

Company (Ticker)	Rating (as of)	Price* (08/14/2013)
David Friedman, M.D.		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$23.08
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$109.69
Alnylam Pharmaceuticals (ALNY.O)	O (06/11/2013)	\$48.76
Auxilium Pharmaceuticals (AUXL.O)	E (05/03/2013)	\$18.92
Chimerix Inc (CMRX.O)	O (05/06/2013)	\$17.56
Cubist Pharmaceuticals Inc. (CBST.O)	++	\$62.32
Elan Corporation PLC (ELN.N)	++	\$15.61
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$4.24
Incyte Corporation (INCY.O)	U (01/23/2013)	\$27.3
InterMune (ITMN.O)	E (09/07/2010)	\$14.92
Ironwood Pharmaceuticals, Inc. (IRWD.O)	E (04/24/2013)	\$11.2
Lexicon Pharmaceuticals, Inc. (LXRX.O)	U (06/11/2013)	\$2.35
NPS Pharmaceuticals (NPSP.O)	O (10/03/2012)	\$23.05
Portola Pharmaceuticals Inc (PTLA.O)	O (06/17/2013)	\$22.12
Synageva Biopharma Corp (GEVA.O)	O (04/20/2012)	\$49.44
Theravance Inc (THRX.O)	U (07/22/2013)	\$36.86
Vertex Pharmaceuticals (VRTX.O)	E (05/08/2012)	\$78.25
XenoPort Inc (XNPT.O)	U (06/11/2013)	\$4.6
Yigal Nochomovitz, Ph.D.		
ImmunoGen Inc. (IMGN.O)	E (11/13/2012)	\$17.13
Infinity Pharmaceuticals Inc (INFI.O)	O (02/19/2013)	\$17.98
Pharmacyclics Inc. (PCYC.O)	E (03/19/2013)	\$109.56
Tesaro Inc. (TSRO.O)	O (07/23/2012)	\$31.68
Sara Slifka		
Neurocrine Biosciences Inc (NBIX.O)	O (10/03/2012)	\$14.6
Optimer Pharmaceuticals (OPTR.O)	++	\$12.59

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