Esperion Therapeutics, Inc. (ESPR)

Full Phase 2a Data Presented for ETC-1002 in Statin-intolerant Population

MARKET OUTPERFORM | Price: $13.49 | Target Price: $34.00

MARKET DATA

Price	$13.49
52-Week Range:	$13.50 - $20.10
Shares Out. (M):	15.4
Market Cap ($M):	$207.7
Average Daily Vol. (000):	43.0
Cash (M):	$85
Cash/Share:	$5.56
Enterprise Value (M):	$141

Source: Thomson Reuters and JMP Securities LLC

FY DEC		2012A	2013E	2014E
Revenue ($M)	1Q	--	$0.0A	--
	2Q	--	$0.0A	--
	3Q	--	$0.0A	--
	4Q	--	$0.0	--
	FY	**$0.0**	**$0.0**	**$0.0**
EPS	1Q	--	($0.84)A	--
	2Q	--	($19.82)A	--
	3Q	--	($0.34)A	--
	4Q	--	($0.65)	--
	FY	**($3.13)**	**($21.65)**	**($3.15)**

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE

INVESTMENT HIGHLIGHTS

ETC-1002 Phase 2a data results presented at AHA with KOL reinforcing a key, unmet medical need in statin-intolerant patients; reiterate Market Outperform rating and $34 price target on Esperion Therapeutics, derived through a risk-adjusted NPV analysis of ETC-1002. Yesterday, Esperion presented results from the Phase 2a trial (ETC-1002-006) that demonstrated ETC-1002's benefit in patients with increased LDL cholesterol (LDL-c), but who are intolerant to statin therapy. As previously disclosed, the trial demonstrated statistically significant LDL-C lowering vs. placebo (32%, p= 0.0001). In our view, the new details included in the presentation reinforce that the efficacy and safety profile of ETC-1002 support the advancement of the program into the recently initiated Phase 2b trial in this patient population. Additionally, as summarized in this note, the company hosted an investor meeting following the data presentation where a key opinion leader in the dyslipidemia field provided their support for the ETC-1002 program in patients with elevated LDL-C, including the data available to date, unmet need and potential differentiation vs. current and emerging therapies.

Clear demonstration of LDL-C lowering efficacy with strong safety profile seen to date. The results were presented by Dr. Paul Thompson, MD, the trial's principal investigator, at the American Heart Association (AHA) annual meeting. In addition to the significant improvement in LDL-C, ETC-1002 also demonstrated significant improvements in non-HDL-C, ApoB and hsCRP, important markers of CV risk (see Page 2 for further details). At the company's investor meeting following the presentation, Dr. Thompson reiterated that muscle related intolerance was the primary unmet need in LDL-C management. When discussing potential future treatment options, including PCSK9 antibodies, Dr. Thomson highlighted convenience (i.e., oral vs. injectable administration) and cost as important considerations for the adoption of new drugs.

Phase 2b program advancing. The Phase 2b ETC-1002-008 trial was initiated in October 2013. This 322-patient trial is evaluating ETC-1002 in patients in both statin-tolerant and statin-intolerant patients, including an active comparator arm vs. Zetia. Also, the company also expects to initiate the '009 trial in the near term, evaluating ETC-1002 as an add-on to statin therapy in the residual risk population. We expect results from both trials by YE2014.

New cholesterol guidelines emphasize LDL-C as the most important modifiable risk marker for CVD and introduce the unmet need in statin-intolerant patients. There has been some degree of confusion regarding last week's announcement of the new treatment guidelines for patients with elevated cholesterol. In our view, these guidelines should read positively for the commercial opportunity for ETC-1002 as they reinforce the need to actively manage effective LDL-C control and highlight the lack of

Jason N. Butler, PhD
jbutler@jmpsecurities.com
(212) 906-3505

Christopher T. Radom, PhD
cradom@jmpsecurities.com
(212) 906-3519

treatment options in patients who do not tolerate statins. In a base case scenario where the new guidelines increase the future use of statins, the statin-intolerant population will experience a proportional increase.

SUMMARY OF ETC-1002-006 RESULTS

Study design

ETC-1002-006 was a Phase 2a trial investigating the efficacy and safety of ETC-1002 vs. placebo in patients with elevated LDL cholesterol and a history of intolerance of two or more statins. The trial enrolled 56 patients who were randomized to receive placebo (n=19) or ETC-1002. Patients randomized to receive ETC-1002 were given an initial dose of 60mg and followed a forced titration protocol by which the dose was increased every two weeks to 120mg, 180mg and 240mg, respectively. The total treatment period in the trial was eight weeks.

Efficacy results

Recall that top-line results were previously announced in June 2013 demonstrating that ETC-1002 lowered LDL-C by 32% vs. 3% for the placebo group (p=0.0001). About two-thirds of patients in the ETC-1002 group reached their ATP-III NCEP LDL-C treatment goal. Statistically significant improvements (reductions) were also observed in hsCRP (42% vs. no change, p=0.0022), ApoB (20% vs. 4%, P=0.0019) and non-HDL-C (25% vs. 4%, p<0.0001).

Safety results

The safety and tolerability profile of ETC-1002 demonstrated in this trial, and all completed studies for the drug so far, were encouraging. Overall, adverse event rates were similar between the ETC-1002 and placebo groups, specifically including muscle-related adverse events. There were no serious adverse events (SAEs) among placebo patients, and while one SAE (thyroid cancer) occurred in the ETC-1002 treatment group, it was considered unrelated to the study medication. Three patients in the placebo group withdrew from the study for muscle-related reasons versus none in the ETC-1002 group. No changes in liver enzymes (AST, ALT) were reported with ETC-1002 treatment and there were no changes in creatine kinase or bilirubin.

Company Description

Esperion Therapeutics is a biopharmaceutical company focused on the discovery, development, and commercialization of novel treatments for patients with elevated levels of low-density lipoprotein cholesterol (LDL-C) and other cardiometabolic risk factors. The company's lead development candidate is ETC-1002, an orally available small molecule therapy being developed for patients with elevated levels of LDL-C. The drug acts in the liver to: 1) inhibit ATP-citrate lyase, a key enzyme that supplies substrate for cholesterol and fatty acid synthesis, as well as glucose production, and 2) activate AMP kinase. The initial development focus for ETC-1002 is in patients who are not able to tolerate therapy with statins (the standard of care treatment for elevated LDL-C) and as an add-on to statins in patients who remain inadequately controlled on therapy. ETC-1002 is a wholly owned asset with an issued composition-of-matter patent providing protection in the U.S. at least through December 2025.

Investment Risks

Clinical Risk. Esperion's product candidates may fail to demonstrate adequate efficacy, safety, and/or tolerability in one or more clinical studies.

Regulatory risk. The FDA and/or other ex-U.S. regulatory agencies could reject any of the firms', or its partners', future regulatory filings or require additional studies prior to granting approval.

Industry Risk. The biopharmaceutical industry is highly competitive, with many firms developing novel therapies that may address Esperion's target diseases. It is possible that breakthrough competitor products or therapies may render the company's products obsolete and affect the future survival of the company.

Balance Sheet Risk. The company has a history of losses, and has not yet established a track record of consistent profitability. While we project that the company will not need to raise additional capital to maintain profitability, it may be necessary to do so to fund the business model.

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Market Outperform (MO): JMP Securities expects the stock price to outperform relevant market indices over the next 12 months.

Market Perform (MP): JMP Securities expects the stock price to perform in line with relevant market indices over the next 12 months.

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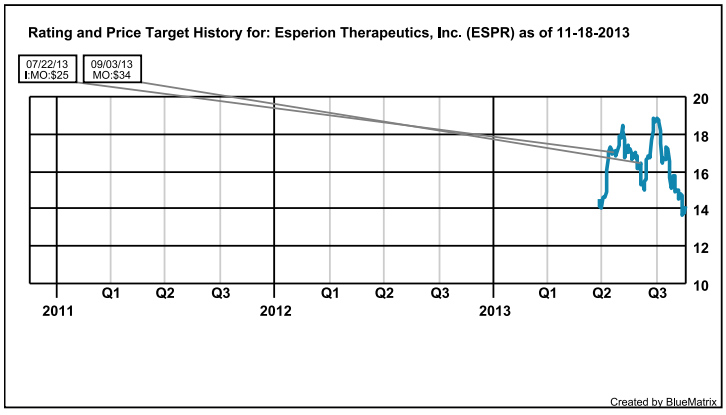
JMP Rating	Regulatory Equivalent	# Co's Under Coverage	*% of Total*	Regulatory Equivalent	# Co's Under Coverage	*% of Total*	# Co's Receiving IB Services in Past 12 Months	*% of Co's With This Rating*
MARKET OUTPERFORM	Buy	226	*61.08%*	Buy	226	*61.08%*	81	*35.84%*
MARKET PERFORM	Hold	139	*37.57%*	Hold	139	*37.57%*	24	*17.27%*
MARKET UNDERPERFORM	Sell	5	*1.35%*	Sell	5	*1.35%*	0	*0%*
TOTAL:		370	*100%*		370	*100%*	105	*28.38%*

Stock Price Chart of Rating and Target Price Changes:

Note: First annotation denotes initiation of coverage or 3 years, whichever is shorter. If no target price is listed, then the target price is N/A. In accordance with NASD Rule 2711, the chart(s) below reflect(s) price range and any changes to the rating or price target as of the end of the most recent calendar quarter. The action reflected in this note is not annotated in the stock price chart. Source: JMP Securities.



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Jeffrey H. Spurr
Director of Research
(415) 835-3903

RESEARCH PROFESSIONALS

FINANCIAL SERVICES

Alternative Asset Managers
Devin Ryan (212) 906-3578

Commercial & Specialty Finance
Christopher York (415) 835-8965
Hannah Kim, CFA (415) 835-8962

Consumer Finance
David M. Scharf (415) 835-8942
Jeremy Frazer (312) 768-1796

Financial Processing & Outsourcing
David M. Scharf (415) 835-8942
Jeremy Frazer (312) 768-1796

Insurance
Matthew J. Carletti (312) 768-1784
Christine Worley (312) 768-1786

Investment Banks & Brokers
Devin Ryan (212) 906-3578

Mortgage Finance
Steven C. DeLaney (404) 848-7773
Trevor Cranston, CFA (415) 869-4431
Charter Robinson (757) 613-8955
Benjamin Zucker (212) 906-3529

HEALTHCARE

Biotechnology
Liisa A. Bayko (312) 768-1785
Heather Behanna, PhD (312) 768-1795
Andrew Prigodich (312) 768-1788
Jason N. Butler, PhD (212) 906-3505
Christopher T. Radom, PhD (212) 906-3519
Caroline Palomeque (212) 906-3509
Michael G. King, Jr. (212) 906-3520
Eric Joseph (212) 906-3514
Joseph A. Knowles (212) 906-3525

Healthcare Services & Facilities
Peter L. Martin, CFA (415) 835-8904
Aaron Hecht (415) 835-3963
Arthur Kwok (415) 835-8908

Medical Devices & Supplies
David Turkaly (212) 906-3563
John Gillings (212) 906-3564

Medical Devices & Molecular Diagnostics
J. T. Haresco, III, PhD (415) 869-4477
Marie T. Casey, PhD (415) 835-3955

REAL ESTATE

Housing & Land Development
Peter L. Martin, CFA (415) 835-8904
Aaron Hecht (415) 835-3963
Bharathwajan Iyengar (415) 835-3902

Lodging
Whitney Stevenson (415) 835-8948

Property Services
Mitch Germain (212) 906-3546
Whitney Stevenson (415) 835-8948

REITs: Healthcare
Peter L. Martin, CFA (415) 835-8904
Aaron Hecht (415) 835-3963
Arthur Kwok (415) 835-8908

REITs: Office, Industrial, & Diversified
Mitch Germain (212) 906-3546
Peter Lunenburg (212) 906-3537

TECHNOLOGY

Communications Equipment & Internet Security
Erik Suppiger (415) 835-3918
John Lucia (415) 835-3920

Internet & Digital Media
Ronald V. Josey III (212) 906-3528

Software
Patrick Walravens (415) 835-8943
Peter Lowry (415) 869-4418
Caitlin Schields (415) 835-8960
Greg McDowell (415) 835-3934

Wireless & Cloud Computing Technologies
Alex Gauna (415) 835-8998
Michael Wu (415) 835-8996

ADDITIONAL CONTACTS

Thomas R. Wright
Director of Equities
(212) 906-3599

Dan Wychulis
Director of Institutional Sales
(617) 235-8530

600 Montgomery Street, Suite 1100
San Francisco, CA 94111
www.jmpsecurities.com