

Morgan Stanley & Co. LLC

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Stock Rating
Overweight

Industry View
In-Line

Chimerix Inc

Transplant Mtg Highlights

CMX001 Opportunity

We attended the recent Tandem BMT meeting which focuses on stem cell transplantation (SCT). There were data presentations on the burden of viral diseases in SCT and two on the efficacy/safety of CMX001, all of which augment our positive view on the drug's potential.

CMX001 Data: The first presentation was an aggregation of 26 treated AdV peds pts from the controlled study 202 and the prior expanded access study 350 (a sicker pt pop). The data showed both viral control and survival trends vs. the study 202 control arm. Of the non-cancer deaths in the trial, 3/5 in the control arm appeared to have a viral component vs. 1/4 in the CMX001 arm. **The second presentation** was a peds safety analysis across 155 pts from expanded access programs and study 202. The data demonstrated an overall good safety profile, with a) the known diarrhea issue as the main standout, b) no clear trend on LFTs or creatinine vs. study 202 placebo, and c) minimal bone marrow impact. Interestingly, pts were on drug for an avg. of ~10 wks, suggesting long treatment durations are both possible and likely in this viral treatment setting.

The most important non-CMX001 presentation we saw was an NIH poster which made a clear medical and economic argument for CMV prophylaxis in SCT pts. This analysis of ~130 pts showed that 2/3^{rds} of pts required antiviral pre-emption, incl. pts from both low and high risk groups. The first key data point from this study is that the odds ratio for non-cancer mortality in pts with CMV reactivation was 3 (p<0.05) despite a lack of major CMV disease burden. This is consistent with other literature which show CMV reactivation has a mortality risk despite preemptive therapy. The second point is that the majority of CMV reactivation occurred in the first 1.5 mo post-transplant. CMX001 in the Ph 3 SUPPRESS CMV prevention trial will likely be dosed soon after transplant vs. ~1 mo after in the Ph 2 trial, suggesting a) many of these early reactivations should be preventable, and b) the trial, which was powered off the Ph 2 data, should have a very good chance of success. The final point is that given the much longer hospital stays and disease complications for pts with CMV reactivation, a highly active preventative drug could save \$30-60k per pt, on avg., not including the costs of any longer term impairment or of higher mortality.

Key Ratios and Statistics

Reuters: CMRX.O Bloomberg: CMRX US

Biotechnology / United States of America

Shr price, close (Feb 27, 2014)	\$20.68
Mkt cap, curr (mm)	\$535
52-Week Range	\$27.00-12.96

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February 28, 2014

Chimerix Inc



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Global Stock Ratings Distribution

February 28, 2014

Chimerix Inc

(as of January 31, 2014)

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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	1014	34%	311	38%	31%
Equal-weight/Hold	1315	44%	392	48%	30%
Not-Rated/Hold	101	3%	26	3%	26%
Underweight/Sell	543	18%	96	12%	18%
Total	2,973		825		

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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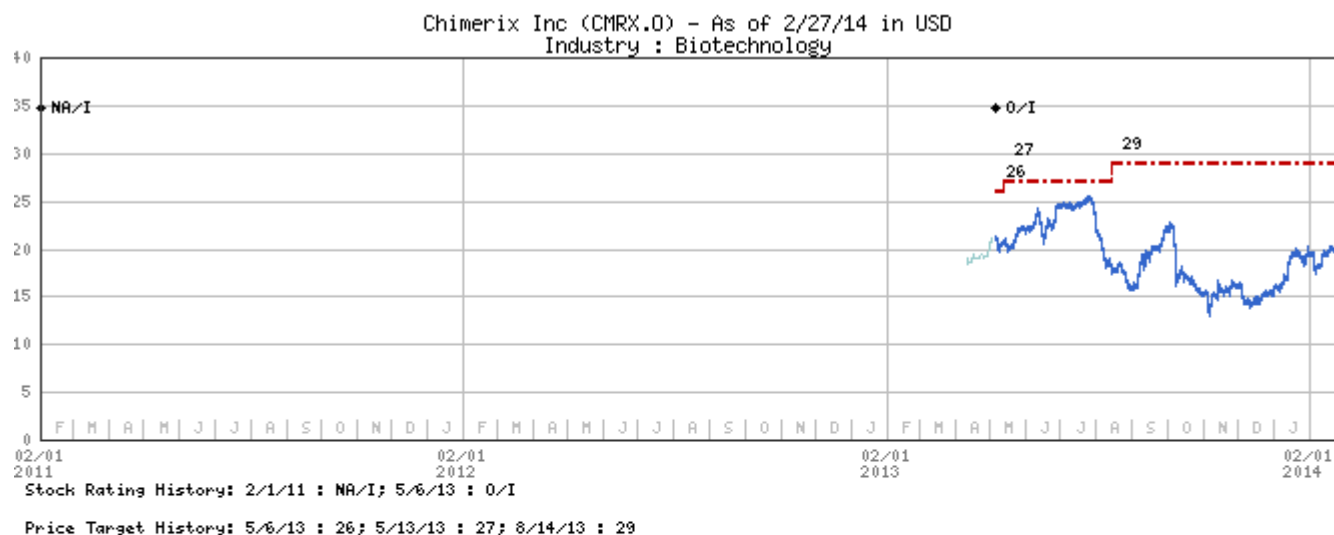
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Stock Price, Price Target and Rating History (See Rating Definitions)

February 28, 2014

Chimerix Inc



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) No Rating Available (NA)
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Industry Coverage:Biotechnology

Company (Ticker)	Rating (as of)	Price* (02/27/2014)
David Friedman, M.D.		
AMAG Pharmaceuticals, Inc. (AMAG.O)	E (11/21/2011)	\$21.13
Alexion Pharmaceuticals (ALXN.O)	O (09/07/2010)	\$183.89
Alnylam Pharmaceuticals (ALNY.O)	E (01/14/2014)	\$87.03
Auxilium Pharmaceuticals (AUXL.O)	E (05/03/2013)	\$30.84
Chimerix Inc (CMRX.O)	O (05/06/2013)	\$20.68
Cubist Pharmaceuticals Inc. (CBST.O)	O (11/13/2013)	\$81.23
Idenix Pharmaceuticals, Inc. (IDIX.O)	E (03/18/2011)	\$7.08
Incyte Corporation (INCY.O)	U (01/23/2013)	\$65.91
InterMune (ITMN.O)	E (09/07/2010)	\$30.65
Ironwood Pharmaceuticals, Inc. (IRWD.O)	E (04/24/2013)	\$15.35
Lexicon Pharmaceuticals, Inc. (LXRX.O)	U (06/11/2013)	\$1.92
NPS Pharmaceuticals (NPSP.O)	O (10/03/2012)	\$37.05
Neurocrine Biosciences Inc (NBIX.O)	E (01/08/2014)	\$17.8
Ophthotech Corp (OPHT.O)	O- (10/21/2013)	\$34.98
Portola Pharmaceuticals Inc (PTLA.O)	O (06/17/2013)	\$26.65
Relypsa, Inc. (RLYP.O)	O (12/10/2013)	\$39.8
Synageva Biopharma Corp (GEVA.O)	O (04/20/2012)	\$118.42
Tesaro Inc. (TSRO.O)	E (02/04/2014)	\$33.74
Theravance Inc (THRX.O)	U (07/22/2013)	\$38.89
Ultragenyx Pharmaceutical Inc (RARE.O)	O (02/25/2014)	\$54
Vertex Pharmaceuticals (VRTX.O)	E (05/08/2012)	\$83.16
XenoPort Inc (XNPT.O)	U (06/11/2013)	\$6.68

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* Historical prices are not split adjusted.