

January 27, 2015

ALDR-NASDAQ--Outperform (1) / V

Biotechnology

ALDR: Amgen Talking Up Competing Migraine Program--Read-Throughs For ALDR

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Sector Rating: Biotechnology, Market Weight

****This afternoon (1/27) on their earnings call AMGN provided incremental additional clarity on their CGRP receptor antibody for migraine prophylaxis. Recall that in addition to ALDR's anti-CGRP antibody, there are three other antibodies to the pathway in development, from LLY, TEVA, and AMGN, with all but AMGN targeting the ligand. AMGN had previously noted that they planned to move their antibody into ph.III this year (putting them ahead of the pack on timelines in high-frequency episodic patients), but had not reported any specific data from their ph.II work.**

****AMGN noted on the call that their AMG 334 antibody "performed very nicely" in their ph.II dose-ranging study in episodic migraine patients, warranting advancement into ph.III - not surprising, given their previously-announced decision to move ahead. They reaffirmed their belief their antibody may have best-in-class characteristics, potentially enabling lower dosing and better frequency, primarily based on their preclinical work suggesting higher relative potency of the receptor vs. ligand approach (though they indicated this was corroborated clinically).**

****AMGN noted that detailed data will be presented at a medical meeting H1 2015 - we assume this will likely be AAN in April. We expect data to look comparable to ALDR and LLY's antibodies, based on our KOL feedback regarding receptor vs. ligand mechanisms--something we believe will serve to further validate the efficacy and translatability of ALDR's ALD403.**

****AMGN said their chronic migraine ph.II program continues to enroll; clinicaltrials.gov suggests this data may be unlikely before 2016.**

****BOTTOM LINE: Though there are several credible players including AMGN in the space, we believe ALDR's program has several attributes that could enable sufficient differentiation to provide a meaningful portion of the future migraine prophylaxis market-including being further advanced in chronic migraine (large ph.IIb ongoing, with only one additional study beyond that potentially needed for approval), having more data on both IV and SC forms, and potentially a more rapid onset of action; we believe '403's potential remains underappreciated in ALDR shares.**

Alder Biopharmaceuticals, Inc. (ALDR-NASDAQ)

Price as of 1/27/2015: \$29.09

FY 14 EPS: \$0.43

FY 15 EPS: \$-1.44

Shares Out.: 29.9 MM

Market Cap.: \$869.79 MM

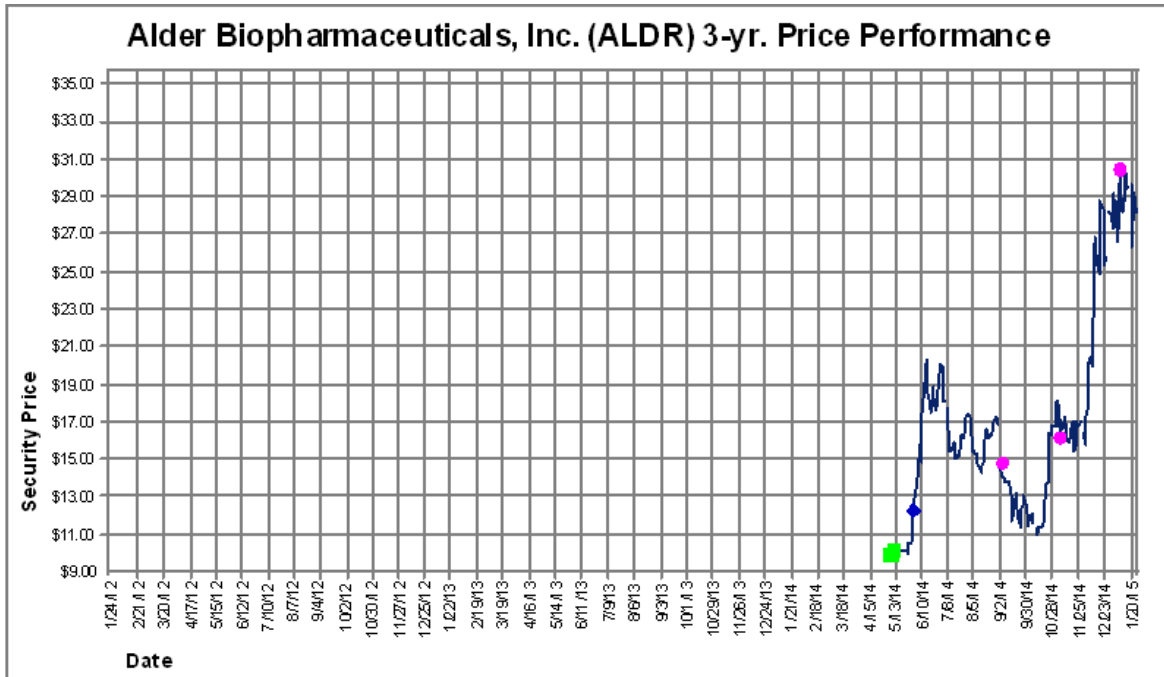
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Required Disclosures



	Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
□	5/8/2014		IPO at \$10.00			
	6/2/2014		Abrahams, MD.			
◆	6/2/2014	10.74	1	22.00	24.00	12.26
●	9/2/2014	14.25	1	19.00	21.00	14.80
●	11/4/2014	18.02	1	24.00	26.00	16.17
●	1/7/2015	26.54	1	34.00	37.00	30.48

Source: Wells Fargo Securities, LLC estimates and Reuters data

Symbol Key

▼	Rating Downgrade	◆	Initiation, Resumption, Drop or Suspend
▲	Rating Upgrade	■	Analyst Change
●	Valuation Range Change	□	Split Adjustment

Rating Code Key

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

Additional Information Available Upon Request

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ALDR: Risks include emergence of a safety signal, and competition in the migraine/RA spaces.

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SECTOR RATING

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M = Market Weight: Industry expected to perform in-line with 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: January 27, 2015

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