

June 27, 2014

ALDR-NASDAQ--Outperform (1) / V

Biotechnology

ALDR: New Data Shows Impressive CGRP Durability, With Headache Reductions Out To 6 Months Following A Single Shot

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Sector Rating: Biotechnology, Market Weight

ALDR presented an update yesterday (6/26/14) at the American Headache Society's annual meeting in Los Angeles on its pipeline candidate, ALD403 for the prophylaxis of chronic migraine. We had a chance to review the poster and discuss it with ALDR's management.

******The key new efficacy data is the six month reduction in migraine days, showing persistent benefits vs. the previously-reported 3-month data, after a single IV dose. Clear differences in patients with 50%, 75%, and 100% responses were maintained vs. placebo out to 6 months, with the proportions of patients reaching each threshold declining slightly (ALD403 54% with 50% response vs. 60% at 3 months, 26% with 75% response vs. 32% at 3 months). Impressively, 11% remained completely headache free for the full 6 months (compared to none on placebo). The persistence of effect could provide ALDR significant flexibility in their dosing/frequency decisions.

******Common AEs continue to appear balanced, or favoring ALD403, versus placebo, with no concerning safety signals, and while the study only tested one administration of the drug, given the efficacy out to 6 months one might take the safety data as more truly reflecting 6 months' worth of information. The poster did note one SAE, a patient on '403 experiencing chest pain and shortness of breath, but a complete cardiac workup revealed no issues, and it was deemed to be non-cardiac and not drug related; we do not view this as concerning.

******We believe there may be preclinical data presented at the conference for AMGN's anti-CGRP receptor antibody as a late breaker (there has been minimal data reported for their program to date); recall AMGN, LLY, and TEVA are the three other companies developing antibodies against the CGRP pathway for migraine prophylaxis.

******BOTTOM LINE: We view today's data as further evidence of ALD403's robustness in treating chronic migraine, and continue to believe ALDR shares undervalue the potential of '403 and Clazakizumab. We remain buyers of ALDR.

Alder Biopharmaceuticals, Inc. (ALDR-NASDAQ)

Price as of 6/26/2014: \$17.98

FY 14 EPS: \$-1.00

FY 15 EPS: \$-0.19

Shares Out.: 29.9 MM

Market Cap.: \$537.6 MM

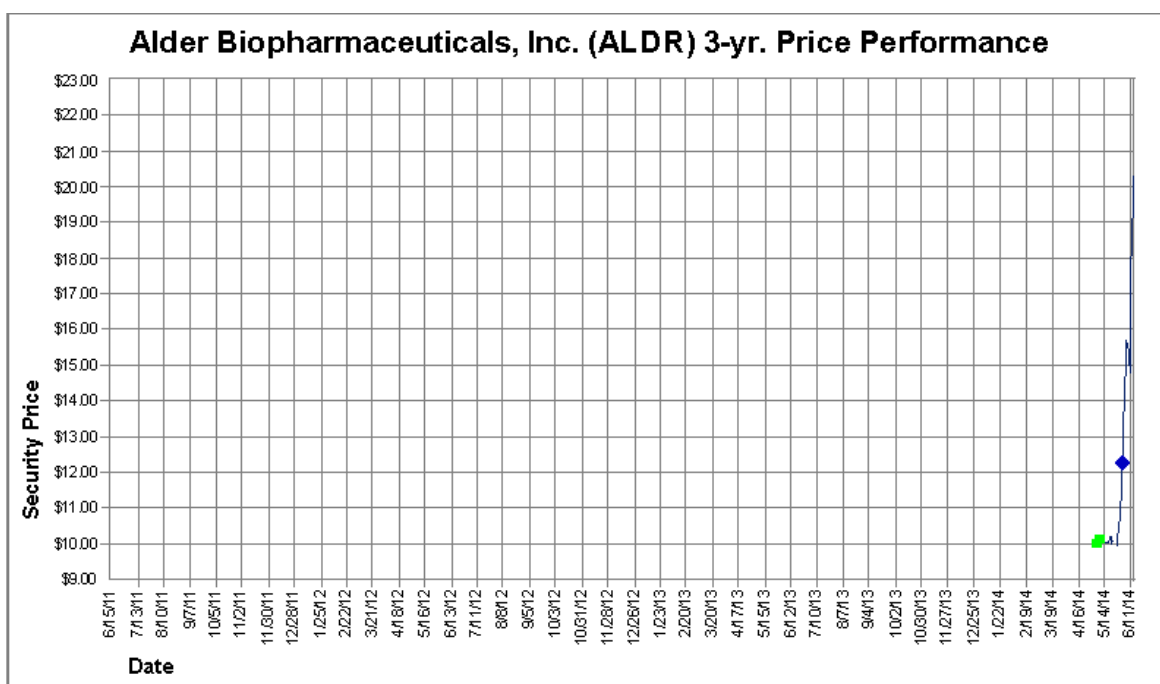
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Required Disclosures



	Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
□	5/8/2014		IPO at \$10.00			
	6/2/2014		Abrahams, M.D.			
◆	6/2/2014	10.74	1	22.00	24.00	12.26

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

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- 2 Market Perform/Hold
- 3 Underperform/Sell
- SR Suspended
- NR Not Rated
- 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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As of: June 27, 2014

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