

June 17, 2014

ALDR-NASDAQ--Outperform (1) / V

Biotechnology

ALDR: Quick Take From The 2014 Wells Fargo Healthcare Conference

Brian Abrahams, M.D., Senior Analyst (212) 214-8060

Sector Rating: Biotechnology, Market Weight

****SUMMARY:** We hosted ALDR management this afternoon (6/17) in a fireside chat at our healthcare conference. ALDR reviewed highlights of their programs in migraine (ALD403) and RA/PsA (Clazakizumab), and strategic motivations for their antibody discovery and manufacturing platforms, and we continue to believe the potential opportunity for their programs is underappreciated.

****ALDR reviewed the CGRP approach to migraine, both in terms of the biology and the positive data they recently reported for '403. Given the increasingly crowded space, ALDR hopes to gain a potential competitive advantage by generating data on both IV and SC formulations. Notably, the company did say that they are looking towards potentially conducting a SC '403 study in parallel with (rather than after) the next dose-ranging IV study -- something we believe will enable them to maximize their potential options with the program. Recall SC had good bioavailability.**

****ALDR sees Clazakizumab, their partnered RA/PsA program with BMJ, as differentiated from other offerings in the space by having effects on the key biology in these diseases, which stems from IL-6; we believe some of this was manifested in the higher remission rates seen relative to Humira in the ph.IIb. The company noted that while the ongoing additional dose-ranging study is testing a more severe population, the TNF-failure population might actually better elicit the differences between the doses important for moving into ph.III.**

****The company highlighted their cost-efficient yeast manufacturing platform and their ability to pursue large addressable patient populations with antibodies.**

Alder Biopharmaceuticals, Inc. (ALDR-NASDAQ)

Price as of 6/17/2014: \$18.30

FY 14 EPS: \$-1.00

FY 15 EPS: \$-0.15

Shares Out.: 29.9 MM

Market Cap.: \$547.17 MM

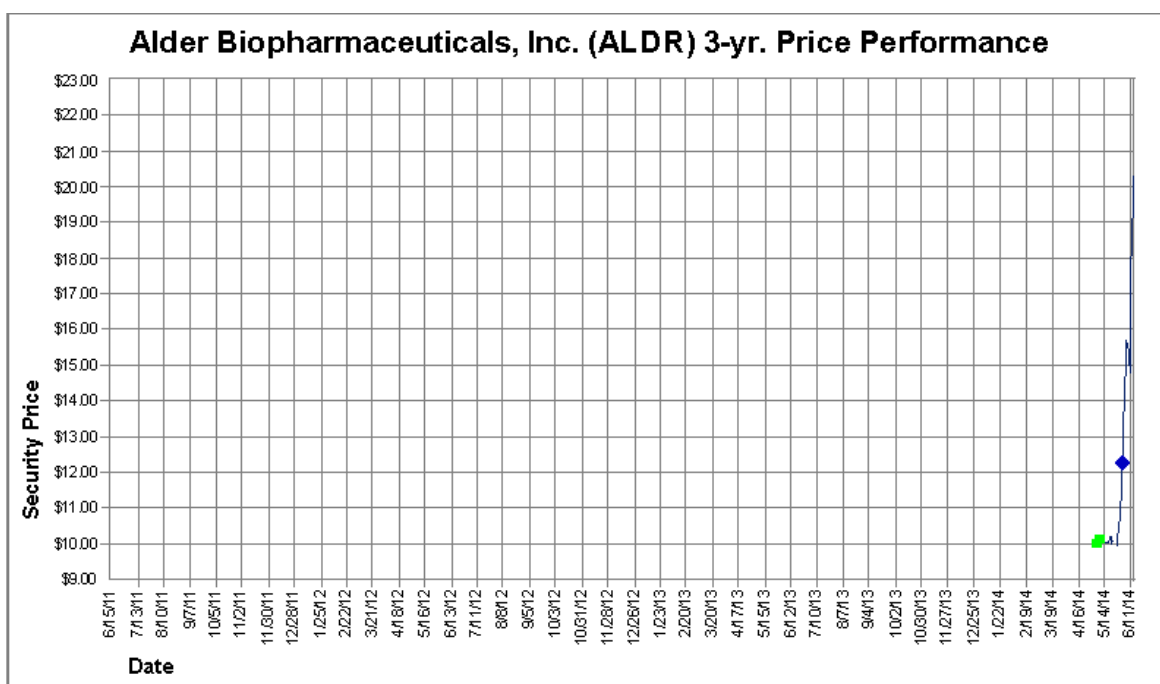
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Required Disclosures



	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

1 Outperform/Buy

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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2 = Market Perform: The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD

3 = Underperform: The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

SECTOR RATING

O = Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

M = Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

U = Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

VOLATILITY RATING

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: June 17, 2014

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