30 April 2014
Americas/United States
Equity Research
Biotechnology (Biotechnology (US)/Biotechnology & Biopharmaceuticals (Europe)) / MARKET WEIGHT

Global Biotechnology and Pharmaceuticals - AAN 2014

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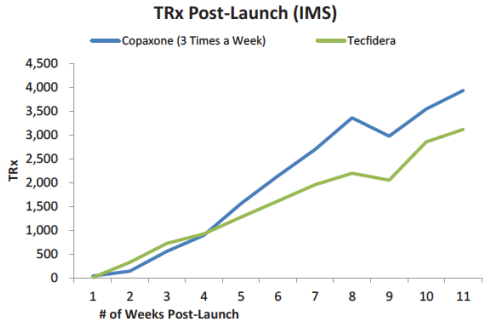
COMMENT

Day 3 - The Best MS Drug Launch Is Not Tecfidera

- **What's the best MS drug launch ever? It's not Tecfidera! It's actually the January 30th, 2014 launch of 3-times weekly (TIW) Copaxone - Exhibits 1 & 2.** Just 11 weeks on the market, TIW Copaxone has taken 31%/55% of the total Copaxone TRx/NRx market and is on track to beat Teva's management goals outlined in the Dec 2013 call (LINK). We are raising this point today, not only because Copaxone TIW data was presented at the "wind-down" 3rd day of AAN today (GLACIER PIV safety TIW vs. daily, GALA PIII 24m), but also this dynamic has read-throughs for all players in the MS market, in particular for BIIB/Plegridy: (1) For all branded MS players, a lower proportion of the market is (potentially) facing generic competition (daily Copaxone could be launched "at risk" from Momenta/Sandoz and Mylan/Natco from May 24th) (2) The rapid switch to TIW Copaxone shows the obvious benefits of improved dosing frequency: We understand the vast majority of TIW patients are understandably from daily Copaxone, but some are "returning quitters" and a small single digit percentage of switches are from orals/INF's. In our view, Plegridy (every 2 weeks) has the potential not only to take Avonex patients but also other INF's (Betaseron - SQ every other day - 5% TRx mkt share, Avonex - IM once a week - 16% TRx mkt share, Rebif SQ three times a week - 11% TRx market share). ***(Continued on next page)***

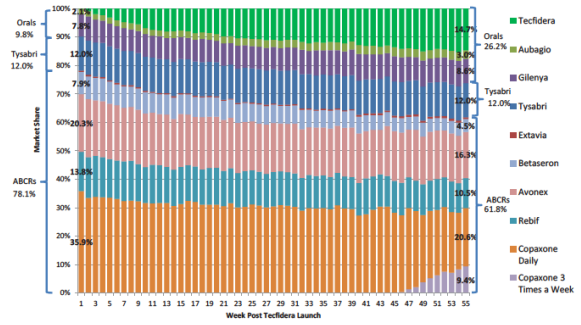
Exhibit 1: **TRx since launch of Copaxone TIW and Tecfiera**



Source: IMS

- **GLACIER.** This afternoon's oral presentation was the first time we had seen data from this 209-patient trial of Copaxone 20mg QD vs 40mg TIW. Patients previously on 20 mg QD were randomized to either (1) 20mg for 4 weeks (core phase) and then 40mg TIW for a further 8 weeks (extension phase) or (2) 40mg TIW. The primary endpoint was injection-site related adverse events (IRAE's) with the 40mg TIW arm showing a 50% reduction in annualized IRAEs. No new safety issues were raised.
- **GALA.** The oral presentation was on the 24-month extension of previously presented 12-month data (upon which Copaxone TIW won regulatory approval). GALA at 12 months was a placebo-controlled study of 40mg TIW; patients could then enter the open label active drug extension. 1289 patients completed at 12 months with 1253 continuing in the extension. Hence, two cohorts of patients were at the 24 month time point – 419 "DS" patients (delayed start ie. 12 placebo + 12-month TIW) and 834 "ES" patients (early start 24-month TIW). The primary endpoint of ARR reduction was 34% at 12 months (placebo vs TIW) and 31% at 24 months for ES (vs. DS).

Exhibit 2: MS Market Share by Drug (Post Tecfidera Launch)



Source: IMS, Credit Suisse estimates

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Companies Mentioned *(Price as of 30-Apr-2014)*

Acorda Therapeut (ACOR.OQ, $35.45)
Biogen Idec (BIIB.OQ, $287.12)
Novartis (NOVN.VX, SFr76.3)
Receptos (RCPT.OQ, $33.79)
Sanofi (SASY.PA, €78.02)
Teva Pharm Ind (TEVA.TA, agora17250 0)
XenoPort (XNPT.OQ, $4.06)

Disclosure Appendix

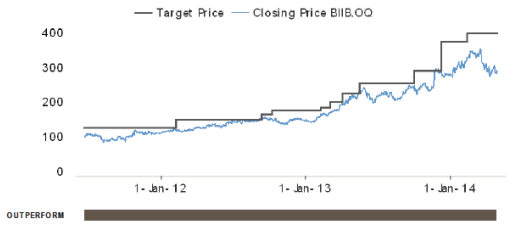
Important Global Disclosures

Ravi Mehrotra PhD, Lee Kalowski, Vamil Divan, MD, Ari Jahja and Jason Kantor, PhD each certify, with respect to the companies or securities that the individual analyzes, that (1) the views expressed in this report accurately reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Biogen Idec (BIIB.OQ)

BIIB.OQ	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
22-Jun-11	99.47	126.00	O
08-Feb-12	119.60	150.00	
12-Sep-12	152.26	165.00	
08-Oct-12	151.22	175.00	
08-Feb-13	164.44	185.00	
04-Mar-13	169.96	200.00	
04-Apr-13	195.68	225.00	
17-May-13	226.85	255.00	
02-Oct-13	246.23	290.00	
10-Dec-13	285.23	375.00	
13-Feb-14	328.62	400.00	

** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for Novartis (NOVN.VX)

NOVN.VX	Closing Price	Target Price	
Date	(SFr)	(SFr)	Rating
04-Oct-11	51.08	63.92	O
19-Oct-11	52.30	61.89	
22-Feb-12	52.96		*
13-Apr-12	50.58	61.00	O
20-Apr-12	51.95	61.89	
25-Apr-12	50.68	61.00	
14-Jan-13	60.05	70.00	
22-Apr-13	67.55	79.00	
20-Jan-14	73.80	87.00	

** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Receptos (RCPT.OQ)

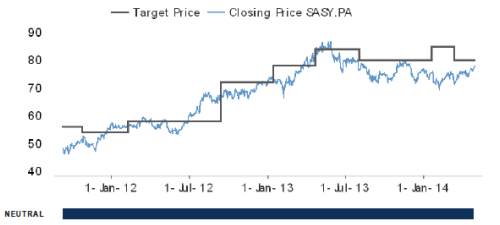
RCPT.OQ	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
03-Jun-13	18.36	21.00	O *
16-Oct-13	33.22	31.00	
26-Dec-13	27.54		R
10-Jan-14	36.67	31.00	O
12-Mar-14	53.10	58.00	

** Asterisk signifies initiation or assumption of coverage.*

3-Year Price and Rating History for Sanofi (SASY.PA)

SASY.PA	Closing Price	Target Price	
Date	(€)	(€)	Rating
09-Sep-11	48.23	56.00	N
25-Oct-11	50.23	54.00	
09-Feb-12	56.11	58.00	
13-Sep-12	66.91	72.00	
14-Jan-13	72.92	78.00	
22-Apr-13	80.22	84.00	
02-Aug-13	76.36	80.00	
20-Jan-14	75.48	85.00	
13-Mar-14	71.74	80.00	

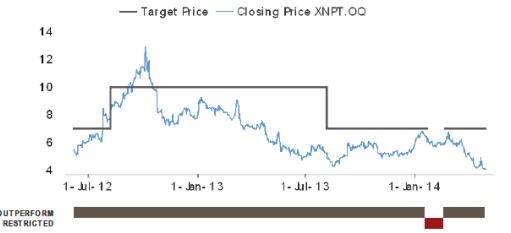
** Asterisk signifies initiation or assumption of coverage.*



3-Year Price and Rating History for XenoPort (XNPT.OQ)

XNPT.OQ	Closing Price	Target Price	
Date	(US$)	(US$)	Rating
07-Jun-12	5.49	7.00	O *
25-Jul-12	6.79		R
26-Jul-12	8.40	7.00	O
07-Aug-12	7.68	10.00	
06-Aug-13	5.22	7.00	
21-Jan-14	6.38		R
21-Feb-14	6.02	7.00	O

** Asterisk signifies initiation or assumption of coverage.*



The analyst(s) responsible for preparing this research report received Compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

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Outperform (O) : The stock's total return is expected to outperform the relevant benchmark*over the next 12 months.

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Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; prior to 2nd October 2012 U.S. and Canadian*

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