

Jeffrey

Big catalyst for Gilead GILD tomorrow. If our analyst is right, the stock could be up 20% tomorrow.

Let's buy \$50 strike April calls for \$0.85

Expectations on SVR4 for '7977:

Street expectations: 40-50% and as high as 60%

JPMc: 70%

Stock moves once see the SVR4 data:

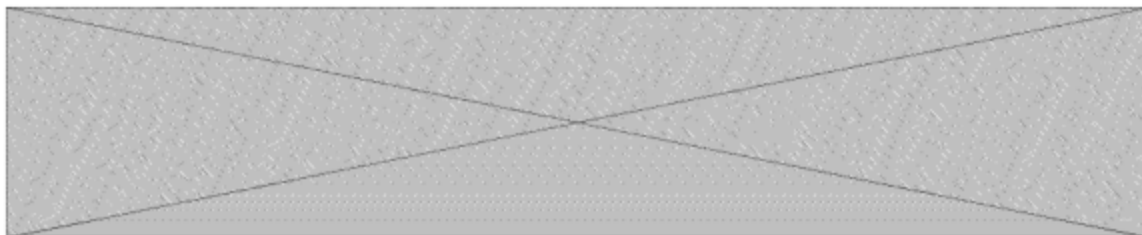
<30%: down ~15-20%

<40% : down ~5-10%

40-50%: not much changed

>60%: up 5-10%

>70%: home run and would be up 20%+



Abstracts for the European Association for the Study of the Liver (EASL) are expected to come out tomorrow (conference is April 18-22). Exact timing is unclear, but our research team is expecting the abstracts to come out between 10-11AM ET. This will be a key event for the HepC space with stock moving data for GILD and BMY and updates coming from VRTX and IDIX.

GILD:

Key data will be SVR at 4 weeks for the GT1/naïve population. It is unclear if the abstracts will actually include the SVR data or if we will have to wait to the actual conference. In addition to the '7977 data, GILD may also release additional data on combination studies which give a peak into their non-7977 assets.

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Some very basic info on the HepC space that should be helpful when looking at some of these releases.

Genotypes:

There are 7 genotypes for HepC with Genotype 1 (GT1) being the most common (~70% of patients in the US). These are almost the most difficult patients to treat. Other common genotypes are 2 and 3 (GT 2/3) which are much easier to treat. The remaining genotypes (4-7) are very infrequent and not much commercial appeal.

Important GT1 subgroups: Within GT1 there is GT1a and GT1b which are about equally distributed. The GT1a is harder to treat than GT1b.

Endpoints:

RVR (rapid viral response) – measured after 4 weeks ON treatment

EVR (early virologic response) – measured after 12 weeks ON treatment

SVR (sustained virologic response) – measured at X weeks AFTER treatment – this is often the ‘cure rate’

IL28 polymorphism:

This is another indicator in determining how difficult the virus is to treat

CC: easiest to treat

CT: intermediate

TT: hardest

DISCLAIMERS: THIS IS NOT A PRODUCT OF JPM RESEARCH. OPINIONS MAY DIFFER IN THE SHORT TERM.

Amanda Ens | Vice President | Global Investment Opportunities | J.P.Morgan | NMLS ID:
853443

320 Park Ave, 14th Floor, New York, NY 10022

