
From: Richard Kahn [REDACTED]
Sent: Thursday, September 15, 2016 3:23 PM
To: jeffrey E.
Subject: Fwd: REGN trade idea

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Begin forwarded message:

From: "Ens, Amanda" <[REDACTED]>
Subject: REGN trade idea
Date: September 15, 2016 at 9:28:55 AM EDT
To: [REDACTED]
Cc: "Jaye, Matthew W" <[REDACTED]>

Rich,

Not sure if you still have a lot of biotech exposure but Matt and I wanted to highlight egeneron Pharmaceuticals.

REGN (Buy, \$397.56 last, 12m PO =526)

Sell an 350 put / buy Jan 420-480 call spread -> paying \$3 (less than 1% of spot ref 397.56). (we need to trade this in note format)

Trading thinks we are now at a good entry point for REGN longs following the BAML HC confer in London and an investor dinner with the company. Few thoughts below.

3 key near term catalysts that represent significant upside:

1. We see an injunction against key cholesterol drug Praluent as highly unlikely. Timing is uncertain, but could come in the next few months based on historical precedent. A positive ruling or a settlement with AMGN represents 10%+ upside.

2. Management felt very confident that the interim look for the LDL outcomes study will show a meaningful reduction in cardiovascular events (expected by YE)

3. Management expects a strong launch for Dupilumab in atopic dermatitis, and proactive conversations with the payers have been initiated, facilitating their expectation of reimbursement.

On the vol front, implieds are relatively low at 35% compared to the 33-49 vol range seen over the past year.

Source: Bloomberg

Stock repeatedly sees strong support in the \$350 range

Source: Bloomberg

Matthew Jaye

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