

**From:** Boris Nikolic <[REDACTED]>  
**To:** "jeevacation@gmail.com" <jeevacation@gmail.com>  
**Subject:** FW: FW: AAVL - we see that news came out after mkt close.  
**Date:** Tue, 16 Jun 2015 23:39:46 +0000

---

Still digging into details.

This is from one of the best health care investors who put a lot of money into it.

B

**From:** ori hershkovitz [mailto:[REDACTED]]  
**Sent:** Tuesday, June 16, 2015 11:54 AM  
**To:** Boris Nikolic; Malek, Daniel  
**Subject:** Re: FW: AAVL - we see that news came out after mkt close.

Dear Boris,

Here is Our Summary and analysis of the AAVL Phase2a results in wet AMD:

**Trial Design:** Phase IIa, Randomized, Placebo-Controlled, N=32, Single Blind (Outcomes Assessor),  
**Primary end point:** Safety; **Secondary end points:** Best-corrected visual acuity (BCVA); Foveal thickness;  
Decrease in rescue injections.

**Results:**

-BCVA mean change from baseline did show a significant difference of 11.5 letters between the treatment (+2.2 letters) and control (-9.3 letters) groups (95 percent CI, 2.3-20.7 letters). The 11 points VA drop between the treatment and the placebo arm is a very good result. All of the patients were pretreated and stabilized by two ranibizumab injections so they entered the trial in their "near optimal" VA. This is why I disagree with the analyst who claim that the 9 points drop of VA in placebo group is an unusual result. What it does show, in my opinion, is that the "rescue treatment" administered to the placebo arm was sub-optimal for maintaining their stable VA while the AVA-101 treated arm was able to maintain (and even improve ) the baseline levels of visual acuity.

-More AVA-101 treated subjects improved or maintained stable vision (>-5 letters) with a low number ( $\leq 2$ ) of rescue treatments. Specifically, 23.8 percent (treated) vs. 9.1 percent (control) maintained stable vision with  $\leq 1$  rescue injections, and a significant number of AVA-101 treated subjects (42.9 percent) improved or maintained stable vision with  $\leq 2$  rescue injections compared with subjects in the control group (9.1 percent). This information, in my opinion, is not significant for evaluating the degree of this trial successes and it holds no real value for the investors. However, this can be potentially used by the company to design the next clinical trial. If Avalanche will be able to identify a subpopulation in which their treatment is more effective, they can substantially increase the chances for success.

-The median number of rescue injections using the protocol-specified retreatment regimen was 2 (95 percent CI, 1-6 injections) in AVA-101 treated subjects compared with 4 (95 percent CI, 3-5

injections) in the control group. More subjects required fewer retreatments in the treatment group compared with control (19.0 percent vs. 9.1 percent with 0 injections; 33.3 percent vs. 9.1 percent with ≤1 injections; 52.4 percent vs. 9.1 percent with ≤2 injections). This is the most problematic finding in this trial and the one that caused all of the turmoil. This demonstrate a reduction to a median of 2 injections in the treated arm in comparison to a ~4 annual injections that wAMD patients receive in the "real world". This is a reduction of only 2 injections while the market wanted to see more significant results (especially based on the Phase 1/2 data). IT LOOKS LIKE A DRUG BUT MUCH WEAKER THEN BEFORE.

-Retinal thickness mean change from baseline, as reported by the site using automated segmentation, was +25 mm for AVA-101 treated subjects compared with -56 mm in the control group (CI for the difference, 17 to 145 mm). This increase of the retinal thickness is hard to explain. There was an imbalance in retinal thickness between the two arms with a general greater thickness in the control and the reductions in retinal thickness was similar between the groups. Also, alarming I would not consider this result as really substantial.

-Avalanche has no significant milestones in the 1-1.5 upcoming years that can considerably move the stock price. I think the most interesting events will be the design and initiation of the phase 2b trial in wAMD and possibly the announcement of the results in the upcoming negotiation with Regeneron regarding wAMD project.

-Avalanche is well financed with more than a quarter of billion in cash and has some early other projects with REGN.

I believe that in the near future the price target of the stock will be in the low twenties.

Yours,

Ori

On Tue, Jun 16, 2015 at 6:31 PM, Boris Nikolic <[REDACTED]> wrote:

I am on the west coast (Seattle)  
Had very late night and just now up.  
And seeing disasterous consequences.

If you need anything, my cell is [425-503-9166](tel:425-503-9166)

B

**From:** ori hershkovitz [mailto:[REDACTED]]  
**Sent:** Tuesday, June 16, 2015 12:46 AM  
**To:** Boris Nikolic  
**Subject:** RE: FW: AAVL - we see that news came out after mkt close.

Confrence call was disastrous. R u awake now?

,08:47 2015 ב'יוני 16 בתאריך "Boris Nikolic" <[REDACTED]> כתב:

Thank you Ori!

I am still perplexed by such overreaction of a market.

15 min after the close, a stock price shoot up a lot. Then crashed and then again went up and finally plummeted.

I agree that these are real world patients – but even these are repeated anti-VEGF recipients (a median of 10 prior injections) and not anti-VEGF virgins.

Also no one commented 36 months data from last phase 1 which were very good and long term.

I am very confused re thickening of the retina.

Finally, I really think that the management did a poor job communicating it to the analysts!

Thank you

Boris

**From:** ori hershkovitz [mailto: ]  
**Sent:** Monday, June 15, 2015 10:35 PM  
**To:** Boris Nikolic  
**Cc:** Daniel Malek; Nickolay Voronin  
**Subject:** Re: FW: AAVL - we see that news came out after mkt close.

Hi Boris,

Nick believes market wanted to see a knockout like blue = no rescue.

Nick makes the point that pt. Were first given vegf shots so these are real world patients. Hence results are good but the market was expecting a magic drug to completely replace injections.

I expect a 20-30\$ range as controversy of a + of less injections vs. Preceture - rages on.

Nick anything else?

Ori

,01:42 2015 ביוני 16 בתאריך "Boris Nikolic" < > כתב:

Hi Ori,

What is your take on AAVL? Would love to hear it.  
Below is my writing to my private banker/broker.

Please let me know

Hope to see you and Daniel in July when I will be more in NYC

All the best

Boris

---

**From:** Boris Nikolic [mailto: [REDACTED]]  
**Sent:** Monday, June 15, 2015 6:13 PM  
**To:** Grigg, Robert D  
**Cc:** Tameris, Heath G; Markman, Jesse  
**Subject:** RE: AAVL - we see that news came out after mkt close.

Thank you Rob!

I was at the analyst call at 5pm to hear discussion re trail results.

Something strange happened – although primary end point data were met, and visual acuity was significantly increased, there was observation of some retinal thickening (not yet sure if significant and if an artifact from automated analysis) – and its stock suffered after trade. During first 10min stock went significantly up and after that it took a nose dive.

I am expecting that it might take a further nose dive tmr, but I will remain to hold on it.

Please let me know if you have any further visibility

Thank you

Boris

---

**From:** Grigg, Robert D [mailto: [REDACTED]]  
**Sent:** Monday, June 15, 2015 2:49 PM  
**To:** Boris Nikolic ([REDACTED])  
**Cc:** Tameris, Heath G; Markman, Jesse  
**Subject:** AAVL - we see that news came out after mkt close.

If you would like to make any trades or want to speak with JP Morgan research please let us know.

Volume will likely be very heavy tomorrow as investors interpret the data.

Rob Grigg

Robert D. Grigg, Executive Director  
[REDACTED] Morgan Private Bank  
Investment Specialist  
270 Park Ave, 27th Floor  
New York, NY 10017  
(P) [212-464-2442](tel:212-464-2442) (F) [212-464-1312](tel:212-464-1312)  
[REDACTED]

This email is confidential and subject to important disclaimers and conditions including on offers for the purchase or sale of securities, accuracy and completeness of information, viruses, confidentiality, legal privilege, and legal entity disclaimers, available at [REDACTED]

This email is confidential and subject to important disclaimers and conditions including on offers for the purchase or sale of securities, accuracy and completeness of information, viruses, confidentiality, legal privilege, and legal entity disclaimers, available at [REDACTED]