

COMPANY UPDATE

Keryx Biopharmaceuticals, Inc.

August 3, 2009

(KERX/NASDAQ)

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Perifosine Receives SPA in Multiple Myeloma

Investment Summary

Buy
Target Price: \$3

- **News.** Keryx announced an agreement with the FDA on a Special Protocol Assessment for its Phase 3 Trial of perifosine in multiple myeloma.
- **Study Design.** The double-blind 400-patient Phase 3 trial will be a 1:1 randomized trial, and will compare perifosine versus placebo in combination with Velcade and dexamethasone. The trial will enroll patients with relapsed and/or refractory multiple myeloma, with the primary endpoint being progression-free survival, and secondary endpoints being overall response rate and overall survival and safety.
- **Background.** Multiple myeloma is a cancer of the plasma cell, with an incidence of approximately 13,000-15,000 cases per year, according to the Cleveland Clinic. Although several approved therapies exist, patients continue to relapse and become refractory to the treatments. As a result, there is a large unmet need for a superior therapy for the treatment for multiple myeloma. Two blockbusters, Revlimid and Velcade, illustrate the market potential for new drugs targeting multiple myeloma.
- **Other perifosine trials.** Keryx initiated an open-label Phase 1 trial of single-agent perifosine in recurrent pediatric solid tumors, mostly brain tumors. Memorial Sloan-Kettering is the single site and the trial is fully funded by an external private grant.
- **Valuation.** Our target price of \$3 is derived by summing the parts of Keryx's development pipeline: our ascribed value of \$70 million for Zerenex, \$60 million for Perifosine, and current cash of about \$23 million.
- **Risks.** Risks applicable to Keryx not achieving our target price include financial risk, product development risk, competitive risk, the potential for high stock-price volatility, and litigation risk.

Price	\$1.56
52-Week High/Low	\$1.58 - 0.09
Shares Outstanding (mm)	47.90
Market Cap. (mm)	\$74.73
Average Daily Volume (mm)	0.82

EPS	FY08A	FY09E	FY10E
Mar	\$(0.79)	\$0.01A	-
Jun	\$(0.17)	\$(0.06)	-
Sep	\$(0.15)	\$(0.07)	-
Dec	\$(0.08)	\$(0.09)	-
FY	\$(1.18)	\$(0.21)	\$(0.26)

Consensus	-	\$(0.26)	\$(0.26)
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P/E	NM	NM	NM
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Source: BigCharts.com

Keryx Biopharmaceuticals, Inc.**Income Statement**

December Fiscal Year

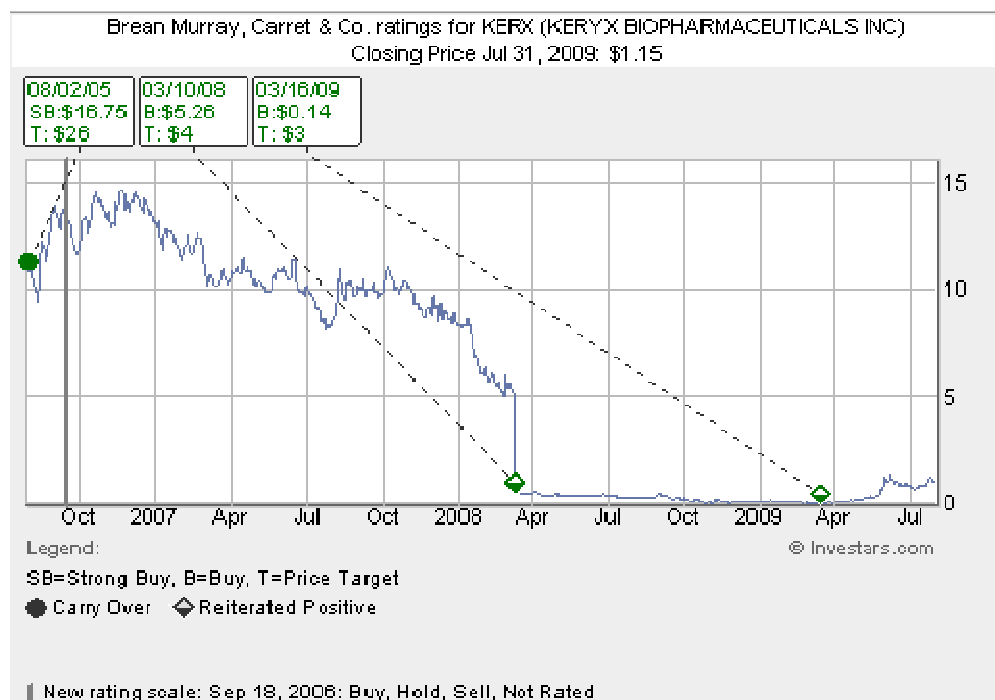
(in 000, except per share items)

	2007A	1Q08	2Q08	3Q08	4Q08	2008A	1Q09A	2Q09E	3Q09E	4Q09E	2009E	2010
License revenue	322	199	389	327	327	1,242	3,327	320	320	320	4,287	1,200
Expected Royalty	-	-	-	-	-	-	3	-	-	-	3	-
Milestones/other revenue	727	-	-	41	-	41	-	-	-	-	-	-
Total Revenue	1,049	199	389	368	327	1,283	3,330	320	320	320	4,287	1,200
COGS	162	-	14	13	-	27	-	13	13	12	38	40
Research&Development	78,463	29,848	4,494	2,542	1,126	38,010	1,575	1,622	2,433	3,650	9,281	9,745
General&Administrative	17,005	3,684	3,852	3,946	2,894	14,376	1,411	1,340	1,314	1,287	5,352	5,620
Total Expenses	95,630	33,532	8,360	6,501	4,020	52,413	2,986	2,976	3,760	4,949	14,671	15,405
Operating Income	(94,581)	(33,333)	(7,971)	(6,133)	(3,693)	(51,130)	344	(2,656)	(3,440)	(4,629)	(10,384)	(14,205)
Interest Income	4,555	(1,203)	274	(622)	(114)	(1,665)	107	(100)	(100)	(90)	(183)	(300)
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Loss from continuing operations	(90,026)	(34,536)	(7,697)	(6,755)	(3,807)	(52,795)	451	(2,756)	(3,540)	(4,719)	(10,567)	(14,505)
Loss from discontinued operations	-	-	-	(86)	-	(86)	-	-	-	-	-	-
Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	(90,026)	(34,536)	(7,697)	(6,841)	(3,807)	(52,881)	451	(2,756)	(3,540)	(4,719)	(10,567)	(14,505)
EPS	(2.07)	(0.79)	(0.17)	(0.15)	(0.08)	(1.18)	0.01	(0.06)	(0.07)	(0.09)	(0.21)	(0.26)
Shares Outstanding, basic	43,583	43,718	44,096	45,222	46,552	44,897	47,854	48,332	48,816	53,697	49,675	56,382
Shares Outstanding, diluted	-	-	-	-	-	-	48,050	48,332	48,816	53,697	49,675	56,382

Source: Company reports, Brean Murray, Carret & Co. estimates

Important Disclosures

Ratings and Target Price History



Priced intraday on 8/3/09.

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Buy - Expected to appreciate by at least 10% within the next 12 months.

Hold - Fully valued, not expected to appreciate or decline materially within the next 12 months.

Sell - Expected to decline by at least 10% within the next 12 months.

	# of Securities	% of Total Securities	# of IB-Related Securities in Past 12 mos.	% of Total Securities
BUY	98	58.68%	10	10.2%
HOLD	59	35.33%	1	1.69%
SELL	8	4.79%	0	0%
NOT RATED	2	1.2%	0	0%
TOTAL	167			

Note: Stock price volatility may cause temporary non-alignment of some ratings with some target prices.

Valuation Methodology and Risks

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Analyst Certification

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