COWEN
AND COMPANY

Biotechnology

BIND Therapeutics, Inc.

Equity Research

Earnings Update

May 8, 2014

Price: $9.40 (05/7/2014)

Price Target: NA

OUTPERFORM (1)

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Key Data

Symbol	NASDAQ: BIND
52-Week Range:	$15.89 - 8.36
Market Cap (MM):	$154.6
Net Debt (MM):	$(64.0)
Cash/Share:	$3.78
Dil. Shares Out (MM):	16.4
Enterprise Value (MM):	$97.2
ROIC:	NA
ROE (LTM):	NA
BV/Share:	$4.49
Dividend:	NA

FY (Dec)	2013A	2014E	2015E
Earnings Per Share			
Q1	$(1.34)	$(0.51)A	-
Prior Q1	-	*$(0.53)*	-
Q2	$(1.27)	$(0.53)	-
Prior Q2	-	-	-
Q3	$(2.70)	$(0.54)	-
Prior Q3	-	-	-
Q4	$(0.50)	$(0.50)	-
Prior Q4	-	-	-
Year	$(5.19)	$(2.08)	$(1.85)
Prior Year	-	*$(2.10)*	-
P/E	NM	NM	NM
Consensus EPS	$(3.44)	$(1.75)	$(0.53)
Prior Year	-	*$(1.55)*	*$(0.45)*

Consensus source: Thomson Reuters

Revenue (MM)			
Year	$10.9	$16.6	$25.0
Prior Year	-	*$18.0*	-
EV/S	8.9x	5.9x	3.9x

BIND-014 Showing Early Differentiation Versus Docetaxel

The Cowen Insight

Bind reported Q1 financials and provided a development update. Bind is well funded through ongoing Phase II trials on lead candidate BIND-014 in mCRPC and NSCLC. Interim data released today reveals signs of activity in KRAS+ NSCLC. This provides another point of differentiation versus conventional docetaxel and adds to our optimism that BIND-014 could become a very substantial product.

Financial Update

Bind spent $6.8MM on R&D and generated a Q1 Net Loss of $8.3MM. The company ended March 31 with $69MM in cash, which we estimate to be sufficient to fund operations through mid-2015, and beyond readouts from BIND-014's two Phase II trials in mCRPC and NSCLC.

BIND-014 Shows Early Efficacy Where Docetaxel Does Not

BIND-014 (PSMA targeted, encapsulated docetaxel) is currently in Phase II trials for NSCLC and mCRPC. Top-line data from both trials are expected in H2:14. Management reports that the Q3W arm of the 2nd-line NSCLC trial is now fully enrolled, allowing the Q1W arm to begin enrollment. Bind also disclosed that following an evaluation of the first 20 patients, the Q3W NSCLC trial had passed an interim futility analysis. In addition to efficacy in the broader NSCLC population, this analysis revealed promising subset data in patients with KRAS mutations (~10% of all lung cancer patients). Of the six patients with such mutations in the BIND-014 trial, 2 witnessed confirmed partial responses and 2 experienced disease stabilizations (>12 weeks). In contrast, the literature indicates a 0-5% response rate to docetaxel in second-line KRAS+ patients. With these early responses, BIND-014 continues to demonstrate encouraging early signs of superiority versus naked docetaxel. Based upon these initial KRAS data, Bind intends to initiate a separate 20 patient single arm Phase II trial of BIND-014 in KRAS+ NSCLC during Q3:14. Q3 will also see the initiation of a Phase II trial of BIND-014 in cervical, bladder, cholangia, and neuroendocrine cancers. This trial will enroll 25 patients suffering from each of the 4 cancer types.

Why We Like BIND Shares

Bind is developing novel oncology candidates using a nanomedicine-based drug delivery platform. The company's "Accurins" aim to deliver high concentrations of small molecule drugs to tumors and other selective sites in the body where they can have the greatest therapeutic effect. Lead candidate BIND-014 selectively delivers docetaxel to cells/tumor microenvironments expressing PSMA. Early data suggests BIND-014 is differentiated from docetaxel. Should BIND-014 achieve its target profile of superiority to docetaxel, the rewards to Bind (100% economics) could be enormous.

At A Glance

Our Investment Thesis

Early data suggest BIND-014 is differentiated from docetaxel, and ongoing trials could produce data in H2:14 to support an improved efficacy profile. Should BIND-014 achieve its target profile of superiority to docetaxel, the rewards to Bind, which owns 100% rights, could be enormous: docetaxel sales peaked at over $3B in 2009. Following a September 2013 IPO that raised over $70MM in gross proceeds, Bind has $69MM in cash, enough to fund operations through mid-2015. We expect shares to outperform as BIND-014 advances and investor appreciation for the company's Accurin platform grows.

Forthcoming Catalysts

- Announce the next internally-developed Accurin (likely solid tumor directed) in mid-2014
- Amgen's option deadline for partnered Accurin on July 7, 2014
- Top-line Phase II data for BIND-014 in mCRPC and NSCLC in H2:14

Base Case Assumptions

- BIND-014 demonstrates a differentiated profile from docetaxel
- No BIND-014 sales until at least 2019
- Partner BIND-014 ex-US to defray Phase III development costs
- No significant payments from current Accurin partnerships

Upside Scenario

- Partnered Accurins demonstrate significant revenue potential
- BIND-014 demonstrates efficacy sufficient for accelerated approval

Downside Scenario

- BIND-014 does not demonstrate a differentiated profile from docetaxel
- FDA changes its stance on BIND-014's suitability for the 505(b)2 pathway

Price Performance

Source: Bloomberg

Company Description

Bind Therapeutics is developing novel oncology candidates using a nanomedicine-based drug delivery platform. The company's "Accurins" aim to deliver high concentrations of small molecule drugs to tumors and other selective sites in the body where they can have the greatest therapeutic effect. Unlike prior generation particle-based technologies, Accurins are adaptable (able to accommodate many active drug substances), programmable (in terms of size, release kinetics, and targeting ligands), and easy to manufacture. Lead candidate BIND-014, an Accurin that delivers docetaxel (Taxotere) to cells that overexpress PSMA, is in Phase II development for prostate cancer and lung cancer. Bind has also parlayed its Accurin technology into collaborative relationships with Amgen, Astra Zeneca, and Pfizer with deal economics (>$450MM in pre-commercial milestones, mid- to high-single digit royalties) that appear attractive.

Analyst Top Picks

	Ticker	Price (05/7/2014)	Price Target	Rating
Sunesis Pharmaceuticals	SNSS	$4.79	$NA	Outperform
Relypsa, Inc	RLYP	$21.45	$NA	Outperform
Ultragenyx	RARE	$35.14	$NA	Outperform

Investment Thesis

Bind Therapeutics is developing novel oncology candidates using a nanomedicine-based drug delivery platform. The company's "Accurins" aim to deliver high concentrations of small molecule drugs to tumors and other selective sites in the body where they can have the greatest therapeutic effect. Unlike prior generation particle-based technologies, Accurins are adaptable (able to accommodate many active drug substances), programmable (in terms of size, release kinetics, and targeting ligands), and easy to manufacture. Lead candidate BIND-014, an Accurin that delivers docetaxel (Taxotere) to cells that express PSMA, is in Phase II development for prostate cancer and lung cancer. Early data suggest BIND-014 is differentiated from docetaxel, and ongoing trials could produce data in H2:14 to support a superior efficacy profile. Should BIND-014 achieve its target profile of superiority to docetaxel, the rewards to Bind, which owns 100% rights, could be enormous: docetaxel sales peaked at over $3B in 2009. Bind has also parlayed its Accurin technology into collaborative relationships with Amgen, Astra Zeneca, and Pfizer. These partners are deploying Accurins against top oncology targets, with deal economics (>$450MM in pre-commercial milestones, mid- to high-single digit royalties) that appear attractive. Bind has $69MM in cash, enough to fund operations through mid-2015. We expect shares to outperform as investor appreciation for BIND-014 and the Accurin platform grows.

BIND Therapeutics - Upcoming Milestones/Events

Indication/Milestone	Timing
Announce next internally-developed Accurin (IND likely in 2015)	Mid-2014
Amgen's option deadline for partnered Accurin	July 7, 2014
Initiate Phase II trial of BIND-014 in KRAS+ NSCLC	Q3:14
Initiate Phase II trial of BIND-014 in cervical, bladder, cholangio and neuroendocrine cancers	Q3:14
Candidate selection for internally-developed Hematologic Cancer Accurin	H2:14
Top-line Phase II data on BIND-014 in mCRPC	H2:14
Top-line Phase II data on BIND-014 in NSCLC	H2:14
Additional pre-clinical partnership milestones/options	2014
First IND on partnered Accurin	Q1:15

Source: Cowen and Company

BIND Therapeutics Quarterly P&L

	Q1:13A	Q2:13A	Q3:13A	Q4:13A	2013A	Q1:14A	Q2:14E	Q3:14E	Q4:14E	2014E
BIND-014 Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Collaborative and Grant Revenue	1.5	2.8	4.6	2.1	10.9	1.6	4.0	5.0	6.0	16.6
Total Revenue	**1.5**	**2.8**	**4.6**	**2.1**	**10.9**	**1.6**	**4.0**	**5.0**	**6.0**	**16.6**
Y/Y growth					*941%*	*5%*	*44%*	*10%*	*190%*	*52%*
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D	5.7	6.0	5.3	7.4	24.4	6.8	9.0	10.0	10.5	36.3
SG&A	2.0	2.4	6.3	2.7	13.4	3.3	3.7	3.8	3.8	14.6
Total Expenses	**7.6**	**8.4**	**11.6**	**10.1**	**37.8**	**10.1**	**12.7**	**13.8**	**14.3**	**50.9**
Operating Income/Loss	**(6.1)**	**(5.6)**	**(7.1)**	**(8.0)**	**(26.9)**	**(8.5)**	**(8.7)**	**(8.8)**	**(8.3)**	**(34.3)**
Non-Operating Income	(0.2)	(0.3)	(0.3)	(0.0)	(0.8)	0.2	(0.2)	(0.2)	(0.2)	(0.4)
Accretion of Redeemable Convertible Stock	(1.3)	(1.4)	(1.0)		(3.7)					
Pre-tax Income/Loss	**(7.6)**	**(7.3)**	**(8.3)**	**(8.1)**	**(31.4)**	**(8.3)**	**(8.9)**	**(9.0)**	**(8.5)**	**(34.7)**
Tax rate (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Provision for income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss)	**(7.6)**	**(7.3)**	**(8.3)**	**(8.1)**	**(31.4)**	**(8.3)**	**(8.9)**	**(9.0)**	**(8.5)**	**(34.7)**
GAAP EPS	**($1.34)**	**($1.27)**	**($2.70)**	**($0.50)**	**($5.19)**	**($0.51)**	**($0.53)**	**($0.54)**	**($0.50)**	**($2.08)**
Diluted Shares	5.7	5.8	3.1	16.3	6.0	16.4	16.7	16.8	16.9	16.7

Source: Cowen and Company

BIND Therapeutics Annual P&L

	2013A	2014E	2015E	2016E	2017E	2018E
BIND-014 Revenue	0.0	0.0	0.0	0.0	0.0	0.0
Collaborative and Grant Revenue	10.9	16.6	25.0	30.0	32.0	35.0
Total Revenue	**10.9**	**16.6**	**25.0**	**30.0**	**32.0**	**35.0**
Y/Y growth	941%	52%	51%	20%	7%	9%
COGS	0.0	0.0	0.0	0.0	0.0	0.0
R&D	24.4	36.3	58.0	70.0	80.0	85.0
SG&A	13.4	14.6	12.0	14.0	16.0	20.0
Total Expenses	**37.8**	**50.9**	**70.0**	**84.0**	**96.0**	**105.0**
Operating Income/Loss	(26.9)	(34.3)	(45.0)	(54.0)	(64.0)	(70.0)
Non-Operating Income	(0.8)	(0.4)	(1.2)	(1.2)	(1.5)	(1.0)
Accretion of Redeemable Convertible Stock	(3.7)					
Pre-tax Income/Loss	(31.4)	(34.7)	(46.2)	(55.2)	(65.5)	(71.0)
Tax rate (%)	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Provision for income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss)	(31.4)	(34.7)	(46.2)	(55.2)	(65.5)	(71.0)
GAAP EPS	**($5.19)**	**($2.08)**	**($1.85)**	**($2.05)**	**($2.05)**	**($2.15)**
Diluted Shares	6.0	16.7	25.0	27.0	32.0	33.0

Source: Cowen and Company

Valuation Methodology And Risks

Valuation Methodology

Biotechnology:
In calculating our 12-month target price, we employ one or more valuation methodologies, which include a discounted earnings analysis, discounted cash flow analysis, net present value analysis and/or a comparable company analysis. These analyses may or may not require the use of objective measures such as price-to-earnings or price-to-sales multiples as well as subjective measures such as discount rates.

We make investment recommendations on early stage (pre-commercial) biotechnology companies based upon an assessment of their technology, the probability of pipeline success, and the potential market opportunity in the event of success. However, because these companies lack traditional financial metrics, we do not believe there are any good methodologies for assigning a specific target price to such stocks.

Investment Risks

Biotechnology:
There are multiple risks that are inherent with an investment in the biotechnology sector. Beyond systemic risk, there is also clinical, regulatory, and commercial risk. Additionally, biotechnology companies require significant amounts of capital in order to develop their clinical programs. The capital-raising environment is always changing and there is risk that necessary capital to complete development may not be readily available.

Risks To The Price Target

Bind Therapeutics has no approved products, limited revenue, and will likely need to raise additional capital from the public markets prior to turning profitable. There is limited clinical trial experience on lead candidate BIND-014, or BIND's Accurin platform more broadly. Moreover, BIND-014 faces a number of clinical, regulatory, and commercial hurdles prior to becoming successful, and projecting any future sales for BIND-014 is inherently difficult.

Addendum

Stocks Mentioned In Important Disclosures

Ticker	Company Name
BIND	BIND Therapeutics, Inc.
RLYP	Relypsa, Inc
SNSS	Sunesis Pharmaceuticals
RARE	Ultragenyx

Analyst Certification

Each author of this research report hereby certifies that (i) the views expressed in the research report accurately reflect his or her personal views about any and all of the subject securities or issuers, and (ii) no part of his or her compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views expressed in this report.

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Sunesis Pharmaceuticals is or was in the past 12 months a client of Cowen and Company, LLC; during the past 12 months, Cowen and Company, LLC provided Non-Security services.

BIND Therapeutics, Inc., Ultragenyx, Relypsa, Inc and Sunesis Pharmaceuticals have been client(s) of Cowen and Company, LLC in the past 12 months.

Cowen and Company, LLC and/or its affiliates expect to receive, or intend to seek, compensation for investment banking services in the next 3 months from Relypsa, Inc and Sunesis Pharmaceuticals.

BIND Therapeutics, Inc., Ultragenyx, Relypsa, Inc and Sunesis Pharmaceuticals is or was in the past 12 months a client of Cowen and Company, LLC; during the past 12 months, Cowen and Company, LLC provided IB services.

Cowen and Company, LLC and/or its affiliates received in the past 12 months compensation for investment banking services from BIND Therapeutics, Inc., Ultragenyx, Relypsa, Inc and Sunesis Pharmaceuticals.

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Cowen and Company Rating System effective May 25, 2013

Outperform (1): The stock is expected to achieve a total positive return of at least 15% over the next 12 months

Market Perform (2): The stock is expected to have a total return that falls between the parameters of an Outperform and Underperform over the next 12 months

Underperform (3): Stock is expected to achieve a total negative return of at least 10% over the next 12 months

Assumption: The expected total return calculation includes anticipated dividend yield

Cowen and Company Rating System until May 25, 2013

Outperform (1): Stock expected to outperform the S&P 500

Neutral (2): Stock expected to perform in line with the S&P 500

Underperform (3): Stock expected to underperform the S&P 500

Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period

Cowen Securities, formerly known as Dahlman Rose & Company, Rating System until May 25, 2013

Buy – The fundamentals/valuations of the subject company are improving and the investment return is expected to be 5 to 15 percentage points higher than the general market return

Sell – The fundamentals/valuations of the subject company are deteriorating and the investment return is expected to be 5 to 15 percentage points lower than the general market return

Hold – The fundamentals/valuations of the subject company are neither improving nor deteriorating and the investment return is expected to be in line with the general market return

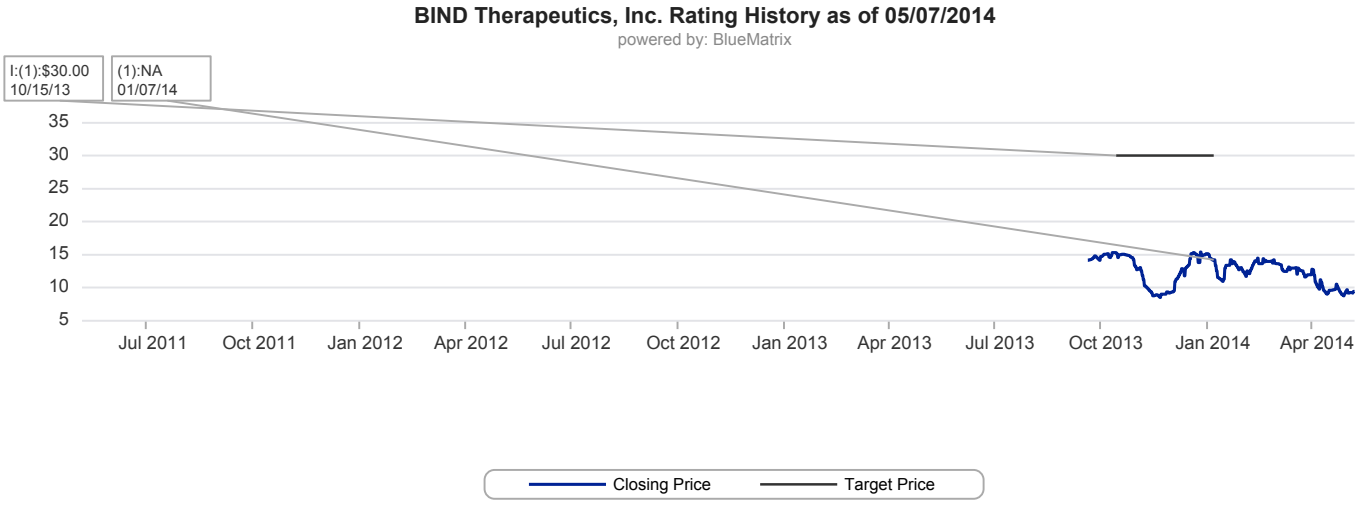
Cowen And Company Rating Definitions

Distribution of Ratings/Investment Banking Services (IB) as of 03/31/14

Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
Buy (a)	407	57.08%	85	20.88%
Hold (b)	288	40.39%	8	2.78%
Sell (c)	18	2.52%	1	5.56%

(a) Corresponds to "Outperform" rated stocks as defined in Cowen and Company, LLC's rating definitions. (b) Corresponds to "Market Perform" as defined in Cowen and Company, LLC's ratings definitions. (c) Corresponds to "Underperform" as defined in Cowen and Company, LLC's ratings definitions.

Note: "Buy", "Hold" and "Sell" are not terms that Cowen and Company, LLC uses in its ratings system and should not be construed as investment options. Rather, these ratings terms are used illustratively to comply with FINRA and NYSE regulations.



Ultragenyx Rating History as of 05/07/2014
powered by: BlueMatrix

Relypsa, Inc Rating History as of 05/07/2014
powered by: BlueMatrix

Sunesis Pharmaceuticals Rating History as of 05/07/2014
powered by: BlueMatrix

Rating Change - 2/21/2006 - Outperform Rating

Legend for Price Chart:

I = Initation | 1 = Outperform | 2 = Market Perform | 3 = Underperform | UR = Price Target Under Review | T = Terminated Coverage | $xx = Price Target | NA = Not Available | S=Suspended

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