BIND Therapeutics (BIND)

SMALL & MID CAP RESEARCH

Next-Generation Nanoparticle Targeting Technology

- **We Are Initiating Coverage of BIND with an Outperform Rating and a $21 Target Price:** Our positive view is based on the large market opportunity for the lead program (BIND-014) in cancer and the broad applicability of the platform for targeted delivery of multiple drugs across indications. Phase II data for BIND-014 are expected in H2:14. Progress from partnered and proprietary programs (e.g., IND-filings) will provide further support for the stock.
- **Platform Technology with Broad Application:** The Accurin platform can be modified by targeting agent, type of drug delivered, and physiochemical localization properties of the particles. This enables the technology to be broadly applicable across indications, particularly oncology, but also with the potential to be used in other therapeutic areas.
- **More Derisking Is Necessary:** BIND-014 has shown clinical activity and a favorable safety profile in Phase I; however, the safety/efficacy benefit over docetaxel alone is uncertain. BIND-014 will need to show a measurable benefit in order to gain approval and market acceptance.
- **Catalysts:** Catalysts include (1) Phase II open-label study data expected in H2:14, and (2) IND-filings from partnered programs expected in 2014.
- **Valuation:** Our $21 target price for BIND includes $17 for BIND-014 and $4 for the partnerships. For BIND-014, we assume a 65% probability of success and a 2018 launch.

Rating	**OUTPERFORM* [V]**
Price (14 Oct 13, US$)	15.27
Target price (US$)	21.00[1]
52-week price range	15.31 - 14.09
Market cap. (US$ m)	245.29
Enterprise value (US$ m)	183.25

**Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*
[1]Target price is for 12 months.
[V] = Stock considered volatile (see Disclosure Appendix).

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Financial and valuation metrics

Year	12/12A	12/13E	12/14E	12/15E
EPS (CS adj.) (US$)	-1.98	-2.09	-2.11	-0.09
Prev. EPS (US$)	—	—	—	—
P/E (x)	-7.7	-7.3	-7.2	-174.6
P/E rel. (%)	-46.1	-46.4	-50.9	NM
Revenue (US$ m)	1.0	13.4	17.4	72.4
EBITDA (US$ m)	-17.5	-23.5	-35.2	-0.2
OCFPS (US$)	-1.78	-1.30	-2.07	0.10
P/OCF (x)	—	-11.7	-7.4	158.6
EV/EBITDA (current)	-13.1	-9.7	-6.5	-1,184.8
Net debt (US$ m)	-2	-62	-135	-134
ROIC (%)	-1,028.15	1,198.66	-1,117.82	-29.15
Number of shares (m)	16.06	IC (current, US$ m)		1.81
BV/share (Next Qtr., US$)	11.5	EV/IC (x)		-39.1
Net debt (Next Qtr., US$ m)	-68.0	Dividend (current, US$)		—
Net debt/tot cap (Next Qtr., %)	-107.1	Dividend yield (%)		—

Source: Company data, Credit Suisse estimates

Portfolio Manager Summary

BIND's primary asset is a wholly owned Accurin drug-delivery platform. The lead program, BIND-014, is a Phase II asset that has demonstrated safety/efficacy in Phase I trials. BIND-014 is designed as a controlled release formulation of docetaxel that is expected to have a better safety/efficacy profile compared to docetaxel alone.

BIND-014 is relatively derisked in the sense that the active drug (docetaxel) is an established treatment of multiple cancers; thus, the drug can utilize the simpler 505(b)2 regulatory pathway for gaining approval. BIND-014 will need to show a significant clinical advantage over generic docetaxel in order to gain widespread market acceptance.

BIND has several key value-inflection catalysts expected in the next one to three years.

- **Data from Phase II Studies** in metastatic, castration resistant prostate cancer patients (mCRPC), and second-line NSCLC patients are expected in H2:14.
- **IND Filings for Partnered Programs** are expected in late 2014/2015. Moving forward with these programs would be a vote of confidence from big pharma.
- **Target Selection from Proprietary Preclinical Programs Expected in 2014:** Additional data from new programs could demonstrate broader utility of technology.

Exhibit 1: BIND Pipeline

Drug	Indication	Stage	Partner
BIND 014 (PSMA targeted docetaxel)	NSCLC and mCRPC	Phase II	Proprietary
Solid Tumor Accurin	Solid Tumor	Pre-clinical	Proprietary
Hematologic Cancer Accurin	Hematologic Cancer	Pre-clinical	Proprietary
Oncology kinase inhibitor	N/A	Pre-clinical	Amgen
Targeted therapies	N/A	Pre-clinical	Pfizer
Oncology kinase inhibitor	N/A	Pre-clinical	AstraZeneca

Source: Company data, Credit Suisse research.

Exhibit 2: BIND News Flow

Timing	Expected News Flow	Program
Q1:14	Target selection	Solid Tumor Accurin
H2:14	Phase II data in NSCLC and mCRPC	BIND-014
Q4:14	Target selection	Hematologic Cancer Accurin
YE:14	IND submission	Partnered program
2015	IND submission	2nd BIND product
2015	IND enabling tox studies	3rd BIND product

Source: Company data, Credit Suisse estimates.

Investment Positives

- **Technology for Targeted Cancer Drug Delivery:** BIND wholly owns its proprietary platform that can be modified for the delivery of different drugs using different targeting ligands. The program has broad utility in delivery of cancer drugs and potentially other diseases, such as cardiovascular.
- **Lead Program Addresses Large, Established Markets:** BIND-014 is a nanoparticle delivery system for docetaxel, the standard of care for treating several major cancers (e.g., NSCLC, breast, prostate). BIND-014 is designed to have a better safety/efficacy

profile than generic docetaxel. BIND-014 could have fewer adverse events, particularly neuropathy and fatigue, which currently limit more widespread use of docetaxel.

- **Management Has Extensive Experience Developing Nanoparticle/ Reformulation Drugs:** Management has brought to market drugs at Abraxis, Alkermes, and Sequus.
- **Lower Risk Path to Market for the Lead Program (BIND-014):** BIND-014 is taking the 505(b)2 regulatory pathway, typically used for reformulations of approved drugs, which makes it less risky than approval for a new chemical entity (NCE). This pathway allows BIND to use well established safety data from docetaxel in its application. If approved, physician familiarity with docetaxel could drive early uptake, as docetaxel is already the standard of care for several major cancers.
- **Ongoing and Planned Phase II Trials Are Likely to Reduce the Risk of BIND-014 and the Overall Platform:** Data from two large single-arm studies should provide a clear view on the efficacy and safety advantages of BIND-014, support a move to Phase III, and substantially derisk the platform.
- **Three Pharma Deals Validate the Technology Platform:** Amgen and Pfizer both have an option on cancer drug delivery programs. AstraZeneca has already exercised an option with BIND for delivery of an AZ proprietary kinase inhibitor. Funding for these programs is an important source of nondilutive funding.
- **Potential Barriers to Entry for Generic Competitors:** While other nanoparticle technologies may be applied to docetaxel, BIND has significant IP protection for its Accurin platform, and the regulatory pathway for a generic nanomedicine is not as straightforward as a small-molecule generic.

Investment Risks

- **Early Stage Technology with Limited Clinical Data:** Phase I data indicated that BIND-014 is safe and has clinical activity. However, we have no direct head-to-head comparison of BIND-014 with docetaxel, so there is a risk that BIND-014 may not be clinically superior. The comparison with docetaxel will affect whether or not the drug is approved and gains favorable reimbursement status and market acceptance.
- **Ongoing and Planned Phase II Trials Are Uncontrolled:** The lack of a control arm in the BIND-014 trials (versus historical docetaxel results) may increase the risk in Phase III.
- **Risks Around Safety:** In theory, BIND-014 should have more favorable safety than docetaxel due to its multiple targeting mechanisms. However, the lower MTD of BIND-014 (compared to docetaxel) and its longer circulation time may increase some toxicities.
- **Risks Around Reimbursement and Market Acceptance:** There are clear risks around market potential and pricing if BIND-014 does not show a significant clinical and/or safety benefit over docetaxel.
- **Risks Around Newer Therapeutic Options:** New hormonal regimens for CRPC will likely push back chemo in treatment line. Targeted agents are in trials for indications in which docetaxel is currently used, particularly in NSCLC.
- **Financial Risk:** Our model is highly dependent on signing a partnership for BIND-014 and the receipt of early partner milestones.

Target Price—$21/Share

Our valuation is supported by a DCF using probability-weighted sales estimates for BIND-014 modeled through 2028 ($17/share) and a DCF analysis of the three partnerships ($4/share). We assume a 65% probability of success for BIND-014 in three main docetaxel markets (e.g., NSCLC, mCRPC, and an additional indication) and a 12% probability of success for partnered programs (earlier milestones have higher probability). We model a commercial launch of BIND-014 in 2018. We use a 38% tax rate and a 12% discount rate.

The following are the biggest levers in our valuations.

(1) **Probability of Success:** We use 65% probability of success for BIND-014 in three main docetaxel markets. (See Exhibit 3). We assign a relatively high probability of success for a Phase II program, given the active agent is well established.

(2) **Pricing of BIND-014:** We assume that BIND-014 shows a significant safety and efficacy benefit over docetaxel to justify premium pricing ($2,500/month).

(3) **Timing of U.S. and EU Approvals:** We assume U.S. and ex-U.S. launches in 2018 for BIND-014.

(4) **We Assume BIND Enters a Partnership for ex-U.S. Rights and Receives a Royalty on Future Sales:** We have modeled probability-adjusted clinical and regulatory milestones for BIND-014 and a tiered royalty on future global sales.

(5) We Assume Probability-Adjusted Milestones and Royalties from the Three Partnership Programs: We assume that one drug from each program reaches the clinic in 2015 and enters the market in 2026. All milestones and sales estimates are probability adjusted. We assume a 12% probability of success for approval, and we model $500M peak sales.

Exhibit 3: Probability of Success Valuation Matrix (Includes $4 for Partnerships)

Price target	
BIND-014	$17
Partnerships	$4
Total	$21

POS	NPV/share
50%	$13
55%	$15
60%	$18
65%	**$21**
70%	$22
75%	$25
80%	$28

Source: Company data, Credit Suisse estimates.

Exhibit 4: Sales Model for BIND-014

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
US MODEL											
mCRPC Addressable Patients	23,185	23,881	24,597	25,335	26,095	26,878	27,685	28,515	29,371	30,252	31,159
NSCLC Addressable Patients	34,488	35,523	36,589	37,686	38,817	39,982	41,181	42,416	43,689	45,000	46,350
Additional Indication	34,778	35,822	36,896	38,003	39,143	40,317	41,527	42,773	44,056	45,378	46,739
Penetration	5%	20%	30%	33%	35%	38%	38%	38%	38%	38%	38%
Treated- mCRPC	1,159	4,776	7,379	8,234	9,133	10,079	10,382	10,693	11,014	11,344	11,685
Treated-NSCLC	1,724	7,105	10,977	12,248	13,586	14,993	15,443	15,906	16,383	16,875	17,381
Treated other	1,739	7,164	11,069	12,351	13,700	15,119	15,573	16,040	16,521	17,017	17,527
Price/ month	$2,500	$2,625	$2,756	$2,894	$3,039	$3,191	$3,350	$3,518	$3,694	$3,878	$4,072
Revenue-mCRPC	$20	$88	$142	$167	$194	$225	$243	$263	$285	$308	$333
Revenue- NSCLC	$13	$56	$91	$106	$124	$144	$155	$168	$182	$196	$212
Revenue- other	$17	$75	$122	$143	$167	$193	$209	$226	$244	$264	$285
Total- US	**$51**	**$219**	**$355**	**$416**	**$485**	**$562**	**$607**	**$657**	**$710**	**$768**	**$831**
Total ROW	**$0**	**$66**	**$178**	**$270**	**$363**	**$505**	**$607**	**$657**	**$710**	**$768**	**$831**
ROW Royalties	**$0**	**$7**	**$18**	**$27**	**$37**	**$53**	**$69**	**$76**	**$84**	**$93**	**$102**
Manufacturing profit (20% mark up)	**$0**	**$2**	**$4**	**$6**	**$9**	**$12**	**$15**	**$16**	**$17**	**$18**	**$20**
Total BIND-014 revenue	**$51**	**$227**	**$377**	**$450**	**$531**	**$627**	**$691**	**$749**	**$812**	**$879**	**$953**
Probability Adjusted Revenue	**$33**	**$148**	**$245**	**$292**	**$345**	**$408**	**$449**	**$487**	**$527**	**$572**	**$619**

Source: Company data, Credit Suisse estimates.

Exhibit 5: BIND Earnings Model

	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Revenues											
BIND-014 US sales							50.6	218.9	355.2	416.1	484.7
BIND-014 ex-US royalties and mfg. rev								8.1	22.0	33.7	46.2
Partnering, grants, milestones	**1.0**	13.4	17.5	72.4	19.2	38.4	39.0	10.0	25.5	10.0	10.0
Total Revenues	**1.0**	**13.4**	**17.5**	**72.4**	**19.2**	**38.4**	**89.6**	**237.1**	**402.7**	**459.9**	**540.9**
Expenses											
Research and development	**13.1**	29.6	45.0	63.0	66.8	70.8	75.0	78.8	82.7	86.9	91.2
Sales, general, administrative	**6.6**	8.7	9.3	11.3	15.9	31.7	103.2	108.4	113.8	119.5	125.5
Cost of goods							6.1	26.3	42.6	49.9	58.2
Royalty expense							1.5	6.6	10.7	12.5	14.5
Total Operating Expenses	**19.7**	**38.3**	**54.3**	**74.3**	**82.6**	**102.4**	**185.9**	**220.0**	**249.8**	**268.8**	**289.4**
Operating income (loss)	**(18.6)**	(25.0)	(36.9)	(1.9)	(63.4)	(64.0)	(96.3)	17.1	152.9	191.1	251.5
Total Other Income (Expense)	**(0.6)**	(0.6)	(0.2)	(0.1)	0.8	0.6	0.4	0.8	1.0	1.2	1.5
Pre Tax Income	**(19.2)**	(25.6)	(37.1)	(2.0)	(62.6)	(63.4)	(95.9)	17.9	153.9	192.3	253.0
Income tax										67.3	88.5
Net Income	**(19.2)**	**(25.6)**	**(37.1)**	**(2.0)**	**(62.6)**	**(63.4)**	**(95.9)**	**17.9**	**153.9**	**125.0**	**164.4**
EPS - basic (proforma)	**($1.98)**	($2.09)	($2.11)	($0.09)	($2.16)	($2.16)	($3.21)	$0.59	$5.00	$4.00	$5.19
EPS - diluted (proforma)	**($1.98)**	($2.09)	($2.11)	($0.09)	($2.16)	($2.16)	($3.21)	$0.53	$4.47	$3.57	$4.63
Shares outstanding - basic (proforma)	**9.70**	12.24	17.57	22.47	28.98	29.41	29.86	30.30	30.76	31.22	31.69
Shares outstanding - diluted (proforma)	**9.70**	12.24	17.57	23.29	28.98	29.41	29.86	33.91	34.44	34.97	35.51

Source: Company data, Credit Suisse estimates.

Key Modeling Assumptions

We model first BIND-014 sales in 2018 and peak share in 2023. Our model projects $560M in U.S. sales at a peak penetration of approximately 38%; ex-U.S. sales in that year are estimated at $500M. Sales continue to grow through price and market growth through 2028. Our model starts with a projection of the total docetaxel-treated population and an estimated penetration rate for BIND-014. Several of these assumptions have built in conservative estimates.

- **Pricing:** We assume initial pricing of $2,500 per month and a cost of goods of 12%. This is slightly higher than the company's estimated manufacturing costs of roughly

$87/vial and 3 vials/month, which adds conservatism to our estimate. This pricing is in-line with other branded cancer therapeutics.

- **Market Size:** We assume BIND-014 receives approval in three indications that have roughly 20,000-30,000 addressable patients each. Our estimate of addressable patients is based on patients currently treated with docetaxel; we assume a maximum penetration rate of 38%. We do not assume that BIND-014 expands the market size for treatment with docetaxel. Market expansion represents upside.
- **Risk-Adjusted Market Model:** We assume a 65% probability of success. While this probability of success is relatively high for a Phase II asset, we believe the program has lower risk due to the use of docetaxel as the active agent. We believe that our probability of success accounts for the risk of a poor launch (e.g., the drug gaining approval but then running into reimbursement and market acceptance difficulties).

Robust Recent IPO Market for Oncology Companies

The recent IPO market for early/mid-stage clinical cancer companies suggests broad investor interest in novel technologies, targeted agents, and new technology platforms. (See Exhibit 6) Among these new issues, we believe that BIND is well positioned with a combination of a proprietary lead drug, some initial proof of activity in Phase I, a targeted agent, and a technology platform with multiple partners.

Exhibit 6: Strong Performance of Recent Oncology IPOs

Company	Ticker	Lead Product	Stage	Price 10/14/13	Shares Out. (MM)	Market Cap. (MM)	Cash & Equiv. (MM)	IPO Price	Performance since IPO	Price date
Epizyme	EPZM	EPZ-6438	Phase I/II	$35.85	28.4	1,018.7	148.7	15.0	139%	May 30, 2013
Agios Pharmaceuticals	AGIO	AG-221	Phase I	$24.76	31.0	767.8	224.8	18.0	38%	July 23, 2013
Acceleron Pharma	XLRN	Sotatercept	Phase II	$22.12	28.0	620.2	125.2	15.0	47%	Sep. 18, 2013
Bluebird bio	BLUE	ALD-102	Phase II/III	$22.46	23.6	532.8	228.8	17.0	32%	June 18, 2013
Onconova	ONTX	rigosertib	Phase III	$23.98	21.4	512.9	141.6	15.0	60%	July 25, 2013
Stemline Therapeutics	STML	SL-401	Phase II	$37.26	12.5	467.2	92.7	14.5	157%	Jan. 28, 2013
OncoMed	OMED	OMP-59R5	Phase I/II	$14.15	27.8	393.8	140.0	17.0	-17%	July 17, 2013
Ambit Biosciences	AMBI	Quizartinib	Phase II	$16.83	17.9	300.8	85.3	8.0	110%	May 16, 2013
BIND Therapeutics	BIND	BIND-014	Phase II	$15.31	16.6	254.2	86.9	15.0	2%	Sep. 19, 2013
Five Prime Therapeutics	FPRX	FP-1039	Phase I	$13.19	16.7	220.8	95.0	13.0	1%	Sep. 17, 2013
Heat Biologics	HTBX	HS-110	Phase I	$11.34	6.2	70.2	29.1	10.0	13%	July 23, 2013
Average						***469.0***	***127.1***		***53%***	
Median						***467.2***	***125.2***		***38%***	

Source: Company data, Credit Suisse research

Comparable Technologies Support Valuation

Comparisons with other nanoparticle/formulation technologies of established chemo drugs support BIND's valuation. Abraxis, maker of Abraxane, was acquired by Celgene in 2010 for $2.9B. Sequus, developer of Doxil, was acquired by Alza in 1998 for $580M.

BIND's platform also has similarities to other targeted cancer therapies, such as antibody-drug conjugates (SGEN, IMGN) and to small-molecule drug conjugates (ECYT). A large portion of the market value of SGEN ($4.8B) and IMGN ($1.4B) is attributed to their targeted cancer drug platforms. Endocyte, which is in Phase III and has a platform technology, currently has a market cap of $379M. These comps provide some evidence of where BIND could go with continued success.

Modular Platform for Drug Delivery

Platform Is Broadly Applicable for Different Drugs, Targeting Multiple Tissues and Tumor Types

BIND's nanomedicine platform was developed out of technology from the lab of Robert Langer and Omid Farokhzad at MIT and Harvard, respectively. Essentially, the labs developed a polymer system that can encapsulate cytotoxic chemotherapy agents. The polymers can be modified with specific targeting agents to direct the nanoparticle to the tumor. The polymer system and targeting ligand of BIND-014 were discovered through screening a large library of nanoparticle formulations for key properties (e.g., size, charge, degradation rate, release rate, drug loading, and surface density targeting ligand).

In theory, there are two potential advantages to this approach over conventional chemotherapy.

1) The drug might be expected to accumulate in tumor tissue at higher concentrations than conventional chemotherapy, due to the longer circulation time of the nanoparticle, the physical properties of the particles that tend to accumulate in tumors, and molecular targeting with a selective ligand to enhance tumor localization and retention.

2) The drug's toxic effects on healthy tissues could be less than with free/unbound drug, since the nanoparticle is designed to accumulate in the tumor selectively. The nanoparticle is a controlled-release formulation, so there is relatively little free drug in the bloodstream (estimated <10% free drug). In Phase I, there was evidence that the nanoparticle formulation reduced severity of docetaxel's nonhematological side effects.

Several Key Features Drive Potential Benefits of Delivery System

Accurins have several unique properties that potentially improve the clinical profile of the active drug. In the case of BIND-014, the nanoparticle system enables an increased concentration of docetaxel in the vicinity of the tumor due to the combined effects of prolonged circulation time, extravasation into tumors through blood vessel defects, binding of particles to PSMA on the tumor surface, and the controlled release of docetaxel.

- **Cellular Targeting:** BIND-014 displays a ligand that binds to the extracellular domain of PSMA (prostate-specific membrane antigen), which is expressed on the surface of prostate cancer cells and on the neovasculature of multiple cancers. PSMA is a well validated target that has shown clinical activity with other targeted therapies, such as ADCs and mAbs. The targeting ligand can be modified for different types of cancers or tissues.

Exhibit 7: **PSMA Expression by Tumor Type**

	Number of Tissue Samples		Number of US patients	
Tumor	Tumor Cells	Neovasculature	Annual Incidence	Annual Mortality
Prostate	184/184 (100%)	2/12 (17%)	238,590	29,720
Breast	0/6	5/6 (83%)	232,340	39,620
NSCLC	0/5	5/5 (100%)	228,190	159,480
Bladder	8/187 (5%)	166/167 (99%)	72,570	15,210

Source: Company data, Credit Suisse estimates.

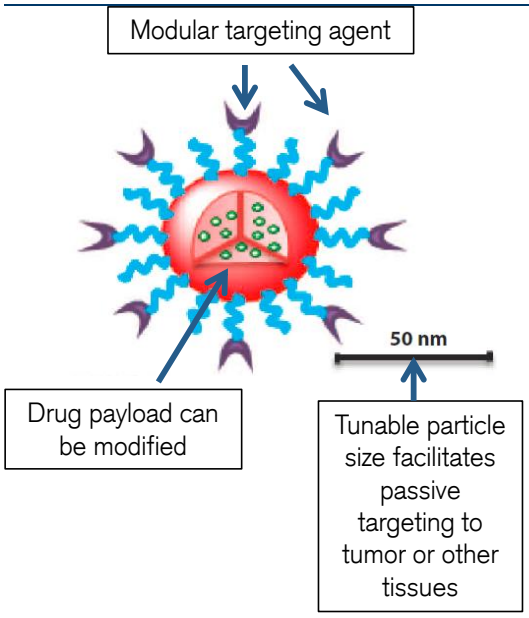
- **Tissue Targeting:** Due to the size of the particles (<100nm), the drug circulates longer (avoids liver clearance) and accumulates in tumors at sites of "leaky vasculature." The size, shape, and surface properties (e.g., charge) can all be modified for optimal delivery. The particle surface consists of hydrated PEG

molecules, which have the effect of masking the particle from the immune system and clearance mechanisms. PEG is a well validated tool for increasing circulation time.

- **Molecular Targeting/Active Drug:** The drug, docetaxel, has proven clinical activity in multiple tumors. The Accurin formulation is designed to reduce the toxicity and increase the efficacy of docetaxel. The platform is amenable for delivery of different types of drugs, both novel therapeutics and currently marketed drugs.

With the Accurin system, the nanoparticles do not appear to be directly internalized by the tumor cells. Instead, the particles are directed to the tumor milieu by the three mechanisms previously outlined. The controlled release polymer shell is designed to break down slowly over time, releasing the drug in the vicinity of the tumor, increasing the concentration of the drug in the tumor relative to other tissues. The polymer degrades into lactic acid and is not expected to have any toxicity.

Exhibit 8: Modular Platform Enables Use with Range of Drugs and Targeting Ligands



Source: Company data, Credit Suisse research.

All of the current indications in development for Acurrins are in oncology. However, it is possible that the platform could also be modified for delivery to other tissues. For example, it may be possible to utilize this system for treating cardiovascular disease (e.g., plaque localization).

Comparison of Accurin Nanoparticles to Antibody-Drug Conjugates

The Accurin platform is similar in concept to antibody-drug conjugates (ADC) and small-molecule drug conjugate (e.g., Endocyte's SMDC platform). All of these platforms involve a specific molecular targeting ligand to direct the drug to tumor tissue and avoid healthy tissues. The key differences are not necessarily advantages or disadvantages, they simply point to different and sometimes nonoverlapping utility.

- The main difference is that the ADC/drug-conjugates have a much lower loading per particle (e.g., typically a few drug molecules versus hundreds/thousands per

nanoparticle). Because of this, the ADC/drug conjugates utilize a much more potent drug, capable of killing the cell with fewer molecules. Typically, the drugs/toxins used in ADCs are so toxic that they are not useful outside of these systems.

- In contrast, Accurins deliver a much larger payload, so a wider variety of drugs can be used including more standard chemotherapeutics (docetaxel) and kinase inhibitors.

These differences point to separate utilities for Accurins versus ADCs or other drug conjugates. ADC technology is a very powerful tool to increase the potency of well targeted antibodies by attaching a toxic payload. Accurins offer the potential to enhance the tumor targeting of a wider range of drugs potentially providing for life cycle development or overcoming otherwise limiting toxicity.

This is a potential advantage since existing drugs, including generics, can be adapted to the platform.

Exhibit 9: Comparison of Accurins and ADCs

Antibody-Drug Conjugates	Accurin Nanoparticles
Lower loading- Less drug per particle, so more toxic chemo agents must be used	Higher loading- More drug per particle, so less toxic (and existing) chemo agents can be used
Internalization of particle is required	Internalization of particle not required. Drug released in proximity of tumor.
Utilizes only targeted localization	Utilizes both targeted and nonspecific tumor localization
Clinically validated- examples include Adcetris and Kadcyla	No approved nanomedicine agents; potential for greater safety/ efficacy over existing formulations

Source: Company data, Credit Suisse research.

Other Nanoparticle and Reformulation Programs in the Clinic

Liposomal and other formulation technologies have been successfully developed to improve the safety, efficacy, or tolerability of cancer and anti-infective drugs including:

- Doxil, liposome encapsulated doxorubicin;
- Abraxane, albumin-stabilized, nanoparticle based paclitaxel;
- Marqibo, liposome encapsulated vincristine; and
- Ambisome, liposome encapsulated amphotericin B.

These first-generation drugs do not contain a targeting agent and are not controlled release formulations.

Nanoparticle Delivery Platforms Have Only Recently Entered the Clinic

Besides Accurins, the other main nanopartical delivery platform consists of a cyclodextrin polymer that encapsulates a payload of either chemotherapeutic agent or siRNA. These particles can be targeted passively based on the leakiness of the tumor vessels or can be

combined with targeting agents such as transferrin, which may facilitate uptake into certain tissues. Two companies are utilizing this approach.

- Cerulean Pharma is developing CRLX101, a delivery agent for camptothecin chemotherapy, a more potent derivative of irinotecan and topotecan. Ongoing Phase II trials indicate that CRLX101 has a better safety profile compared to irinotecan and topotecan.
- Calando Pharmaceuticals is conducting a Phase Ib trial of CALAA-01 for delivery of siRNA targeting the M2 subunit of ribonucleotide reductase to treat solid tumors.

Another delivery platform is Alnylam's lipid delivery vehicle for siRNA encoding knockdown of proprotein convertase subtilisin/kexin type 9 (PCSK9), a target for managing high cholesterol levels. In a Phase I trial, the drug showed an average drop in LDL of 41% and a mean reduction in PCSK9 levels of 68% at the highest dose. The program was licensed to the Medicines Company in early 2013.

Exhibit 10: Select Nanoparticle Programs in Clinical Development

Company	Technology	Description	Lead Drug	Indication	Clinical Status
Cerulan Pharma	Cyclosert	Cyclodextrin nanoparticle conjugated to camptothecin	CRLX101	NSCLC	Phase II
Medicines Company/ Alnylam	MC3	Liver-targeted lipid nanoparticle	ALN-PCS (PCSK9 synthesis inhibitor)	Severe hypercholesterolemia	Phase I
Calando Pharmaceuticals	Rondel	Tumor-targeting, PEGylated cyclodextrin nanoparticle	CALAA-01 siRNA targeting M2 subunit of ribonucleotide reductase	Solid tumors	Phase I
Liquidia Technologies	PRINT	Nanoimprint lithography method for precisely controlling nanoparticle size, shape and composition	LIQ001	Seasanal influenza	Phase I
MidaSol	MidaForm, PharmaFilm	Ultrasmall gold glyconanoparticles combined with buccal drug delivery system	MidaForm insulin	Diabetes	Phase I
Nanobiotix	NanoXray	X-ray activated hafnium oxide crystal nanoparticles enhance tumor destruction by radiotherapy	NBTXR3	Solid tumors	Phase I
Selecta Biosciences	Synthetic vaccine particle	T-cell epitope encapsulated in a polylactic acid co-glycolic acid core surrounded by a lipid monolayer and a PEG shell decorated with a B-cell epitope	SEL-068	Smoking cessation	Phase I

Source: Company data, Credit Suisse research.

BIND-014 Is Differentiated from Other Taxane Reformulation Programs

There are several other taxane reformulation programs in clinical development. The key difference between these formulations and BIND-014 is the lack of a targeting agent. Further, these nanoparticle formulations appear to be less stable in circulation, thus falling apart faster and resulting in higher levels of free drug in circulation. We list the following select reformulation programs.

- Sun Pharma is running two Phase I trials of paclitaxel nanodispersions. The company plans to use the 505(b)2 registration strategy, similar to BIND. The company has shown that the drug accumulates at a 30% higher concentration in tumor tissue compared to free paclitaxel.
- NanoCarrier/Nippon Kayaku are testing NK105, a paclitaxel incorporating micellar nanoparticle in a Phase III trial for metastatic breast cancer.
- Cell Therapeutics is running a series of trials of paclitaxel poliglumex including a Phase III in ovarian cancer, Phase II in glioblastoma, and Phase I/II trial in combination with cetuximab for head and neck cancer. The company has shown that the nanoparticle alters the PK of paclitaxel, resulting in a longer circulation time, although there is still an initial rapid elimination phase.

BIND-014

Early Data Support Improved Delivery Properties

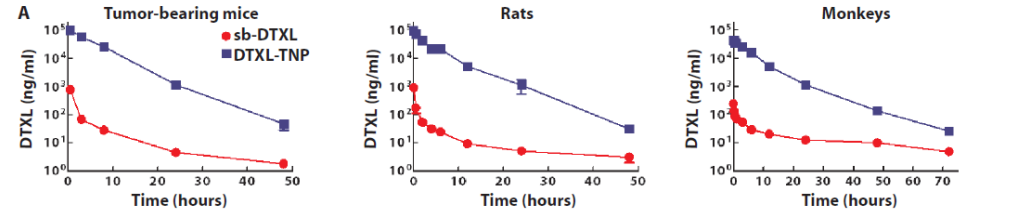
The key goal of BIND-014 clinical studies is to show an improvement in safety and efficacy of BIND-014 over free docetaxel via the controlled diffusional release of docetaxel in targeted tissues. Preclinical and early clinical data show the following information.

- BIND-014 transforms the pharmacokinetic profile of docetaxel in both animal models and in the clinical setting.
- Preclinical data show that BIND-014 has superior efficacy to free docetaxel in mouse models.
- Preclinical data show selective accumulation of BIND-014 in PSMA-expressing tumors compared to PSMA(-) tumor xenograft.
- Phase I clinical activity of BIND-014 was demonstrated in multiple tumor types.
- Clinically, BIND-014 was well tolerated, with predictable and manageable toxicity. Nonhematologic toxicities may be less severe compared to free docetaxel.
- The MTD of the Q3W schedule was 60mg/m2, which is lower than the MTD of free docetaxel (75-100mg/m2). The lower MTD is believed to result from the differentiated PK profile, which causes BIND-014 to essentially act like a continuous infusion.

Preclinical Data Support Selective Targeting

Preclinical studies support the extended circulation time of nanoparticle-bound docetaxel. BIND-014 shows the same PK profile across different animal models. Unlike free docetaxel, there is no rapid elimination phase.

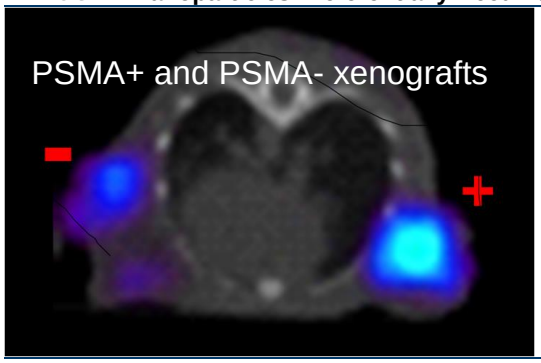
Exhibit 11: BIND-014 Extends the Circulation Time of Docetaxel



Source: Company data, Credit Suisse research.

Preclinical studies indicate that BIND-014 preferentially accumulates in tumors expressing PSMA. In Exhibit 12, mice were implanted with both PSMA+ and PSMA- tumors. Mice were later treated with BIND-014, and the concentration of docetaxel was measured in both tumors by imaging. Docetaxel was found preferentially to accumulate in xenografts expressing PSMA. This study was unable to distinguish bound versus free docetaxel and intracellular versus extracellular docetaxel. Thus, the mechanism of drug release and uptake within the tumor is still uncertain.

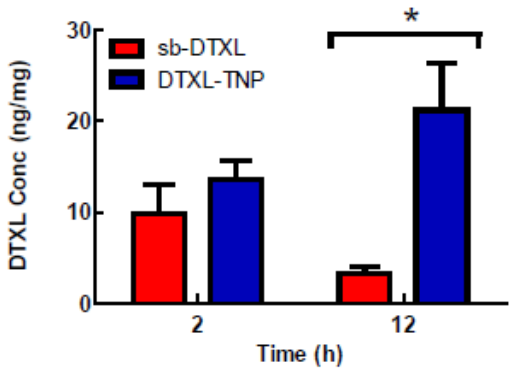
Exhibit 12: Nanoparticles Preferentially Accumulate in Tumors Expressing PSMA



Source: Company data, Credit Suisse research.

Preclinical studies have also shown that nanoparticle-bound docetaxel (BIND-014) preferentially accumulates in tumors compared to free docetaxel. In Exhibit 13, mice were treated with equal doses of either docetaxel or BIND-014. After 12 hours, the tumor docetaxel concentration in mice treated with BIND-014 was seven times higher than in mice treated with docetaxel alone.

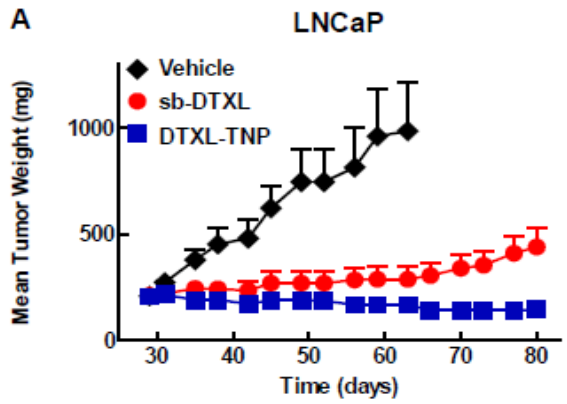
Exhibit 13: Docetaxel tumor Accumulation—Nanoparticle-Bound Docetaxel (DXTL) Preferentially Accumulates in Tumors



Source: Company data, Credit Suisse research.

BIND-014 has demonstrated superior efficacy to free docetaxel in mouse models. In Exhibit 14, mice were treated with equal doses of either free docetaxel or BIND-014. The mice treated with BIND-014 experienced a decline in tumor size, in contrast to mice treated with free docetaxel, which experienced modest increases in tumor size.

Exhibit 14: Change in Tumor Weight—BIND-014 Shows Superior Efficacy to Free Docetaxel in Preclinical Models



Source: Company data, Credit Suisse research.

While the mice data appear promising, nanoparticle delivery systems are a relatively new development. Preclinical models for studying nanoparticle delivery have not been extensively validated, as there are only a few controlled release nanoparticle drugs in the clinic and none on the market.

Tumor vasculature is an important parameter for the effectiveness of nanoparticle therapies. At this point, a comparison of tumor vasculature in mice versus human tumors is not well characterized, so it is difficult to interpret results in these model systems.

Phase I Clinical Data Support Longer Circulation Time and Fewer Adverse Events

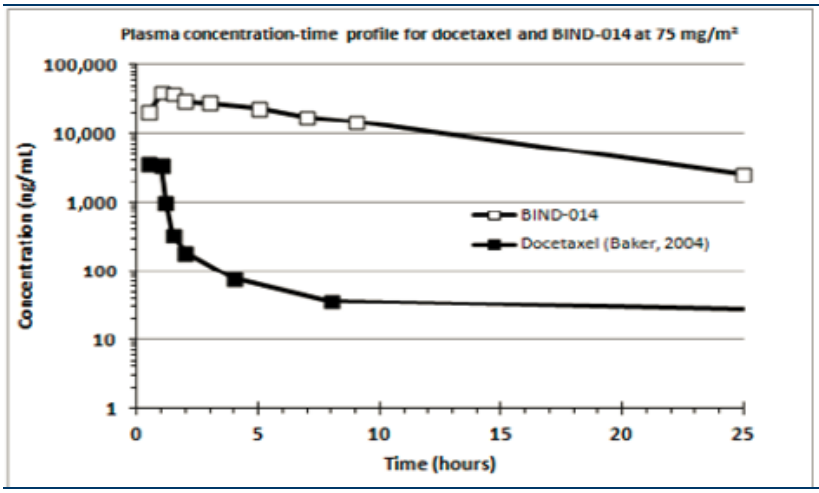
BIND conducted a Phase I dose-escalation study in refractory solid tumors. The study provided a preliminary look at safety, efficacy, and pharmacokinetics of the drug. In Phase I, there were two dosing groups: Q3W (every three weeks) and an ongoing Q1W (weekly) dosing study. Results of the Q3W study are available, while results from the Q1W phase I trial are expected by YE:13. In theory, the weekly dosing arm could have better efficacy, as the tumor would be more continuously exposed to the chemo agent. If the Q1W study is positive, Phase II may be amended to add a Q1W arm.

Pharmacokinetics—Proof of Concept for Enhanced PK

Compared to docetaxel, BIND-014 clearly remains in the bloodstream longer; thus, it has more time to accumulate in tumors. However, there is no assay to compare tumor accumulation of bound (intact nanoparticle) versus free drug, so it is unclear how much of the drug accumulates inside cells in the clinical setting.

Exhibit 15 provides a comparison of the pharmacokinetic profiles of patients given equal doses of docetaxel, administered either as docetaxel or BIND-014. Docetaxel undergoes a rapid elimination phase, while BIND-014 remains in circulation for much longer. The company has shown that at any given time point, 90%+ of the plasma BIND-014 docetaxel is sequestered within the nanoparticles.

Exhibit 15: BIND-014 Has a Long Circulation Time Compared to Docetaxel in Humans As Well



Source: Company data, Credit Suisse research.

Efficacy

BIND-014 showed clear signs of efficacy in Phase I. Due to the small number of patients, it is difficult to compare efficacy versus free docetaxel. In Phase I, 28 total patients with refractory solid tumors were treated. There were 4 (14%) confirmed clinical responses (CR+PR). If stable disease is included, there were 9 patients (32%) who experienced a clinical benefit.

Exhibit 16: Responses for QW3 (One Time Every Three Weeks) Dosing Schedule

Response	Number (Type of cancer)
Complete response	1 (cervical)
Partial response	3 (NSCLC, prostate, ampullary)
Stable disease	5 for greater than 12 weeks

Source: Company data, Credit Suisse research.

Safety Profile Looks Differentiated

Phase I data indicate a potentially differentiated safety profile compared to docetaxel. In particular, patients experienced less fatigue, edema, and gastrointestinal side effects compared to historical docetaxel trials. The main dose-limiting toxicities at 75 mg/m2 were neutropenia and fatigue, like docetaxel. Grade 3 neutropenia was 36% in Phase I, compared to approximately 75% from historic docetaxel studies.

The MTD of BIND-014 was 60mg/m2, which is lower than docetaxel alone (100mg/m2). The explanation for the lower MTD was the longer circulation time of the nanoparticle, which causes BIND-014 to act like a continuous infusion, whereas docetaxel is quickly cleared from the blood and the total exposure is less, even at higher doses.

Exhibit 17: Phase I Adverse Events

Adverse event	n (%)	Grade >/= AEs
Neutropenia	10 (36%)	10 (36%) DLT
Fatigue	7 (25%)	1 (4%) DLT
Diarrhea	6 (21%)	
Anemia	5 (18%)	2 (7%)
Alopecia	4 (14%)	
Infusion Related Reaction	4 (14%)	
Dehydration	3 (11%)	
Leukopenia	3 (11%)	4 (14%)
Nausea	3 (11%)	
Vomiting	3 (11%)	
Edema		1 (4%)
Hypokalemia		1 (4%)
Sepsis		1 (4%)

Source: Company data, Credit Suisse estimates.

BIND-014 Targets Major Cancer Markets

In 2009, Taxotere (docetaxel) peak sales were $3B worldwide, prior to the patent expiration. In the United States, the drug is approved for locally advanced or metastatic breast cancer, unresectable, locally advanced or metastatic NSCLC (either chemo naïve or failed prior platinum-based regimens), hormone refractory metastatic prostate cancer, head and neck, and gastric cancer. We believe that BIND-014 will take market share from generic docetaxel assuming a safety/efficacy benefit.

The two lead indications for BIND-014 are NSCLC and mCRPC, with the company planning to add a third indication. In advanced NSCLC, chemotherapy is the standard of care, with docetaxel being one of the more widely used chemo agents, despite a relatively low 5-9% response rate. We view BIND-014 as having a role in replacing docetaxel if there is an efficacy benefit.

For prostate cancer, hormone agents are emerging as the standard of care. Docetaxel can be effective in treating metastatic hormone refractory prostate cancer patients. However, there are many safety issues that limit its use in the clinic, especially among frail and elderly patients. For these patients, fatigue is the main limiting toxicity. We believe that a drug that reduces this side effect could expand use of docetaxel in mCRPC patients.

Exhibit 18: Docetaxel Response Rate and Use in Cancer

Indication	PFS	Response rate	Pts using docetaxel
Advanced NSCLC	3 months	5-9%	30,000
mCRPC	6-8 months	45-65%	20,000

Source: Company data, Credit Suisse research.

Phase II Trials to Read Out in H2:14

The BIND-014 Phase II is designed to assess efficacy and safety. The two trials are open-label, comparing BIND-014 to docetaxel historical controls. BIND is currently enrolling patients in both the NSCLC trial (second-line, docetaxel naïve) and the mCRPC trial (chemo-naïve). Data from both trials are expected in H2:14. A third and potentially fourth Phase II indication could begin in 2014.

Data from the weekly dosing schedule (weekly x3 and one week off) in the Phase I trial may be available by year-end 2013. If that schedule appears better than every three

weeks, BIND plans to add a second arm to each of the ongoing Phase II trials to ensure an optimal dose and schedule ahead of Phase III.

Exhibit 19: Phase II Trial Design

	NSCLC	mCRPC
Patients	40	40
Inclusion criteria	Second-line NSCLC (Failed one prior platinum-containing regimen)	Chemo naïve, may receive hormonal therapy, including next gen androgen receptor targted agents
Primary endpoint	ORR	Radiographic PFS (rPFS)
Secondary endpoint	PFS, OS, safety	Time to PSA progression, OS, safety
Exploratory endpoint	PSMA expression by IHC	PSMA expression by IHC
Dosing	60 mg/m2 every 3 weeks, will add a weekly dosing arm if favorable in Phase I	60 mg/m2 every 3 weeks, will add a weekly dosing arm if favorable in Phase I
Status	Enrolling Data in H2:14	Enrolling Data in H2:14

Source: Company data, Credit Suisse research.

Hurdle for Phase III trials

Assuming positive Phase II results, Phase III trials could begin in 2014. In order to progress to Phase III, BIND-014 will need to show either a safety or efficacy benefit over docetaxel.

The current response rate for docetaxel in NSCLC is around 5-9%. We believe that a >20% response rate signal would be significant for supporting a move into Phase III. In addition, we believe that a 1.5-2 month PFS improvement over the current 3-month PFS of docetaxel, would be significant in Phase II.

Prostate cancer represents a higher bar, since docetaxel is more active (PFS of 6-8 months and 45-65% response rate). Also, the treatment landscape in prostate cancer is changing significantly with chemotherapy used later in the course of treatment.

Exhibit 20: Docetaxel Response Rate and PFS

Indication	PFS	Response rate
mBC	6 mo	30-60%
Advanced NSCLC	3 months	5-9%
mCRPC	6-8 months	45-65%

Source: Company data, Credit Suisse research.

Multiple Deals with Big Pharma

BIND has signed three development deals with big pharma (see Exhibit 21), which provide external validation, nondilutive funding, and add future pipeline growth. We expect BIND could announce additional deals in the next 6-12 months. We believe that the size of the deals will increase as the platform is validated.

Each of the deals is focused on delivering a specific drug or drugs with a specific targeting ligand. The deals are exclusive for the drug (which is typically proprietary to the partner) but are nonexclusive with respect to the nanoparticle design. BIND retains full rights to the platform IP. BIND expects its partners to advance at least one of these programs to the clinic by YE:14.

Exhibit 21: Collaboration Programs

	Amgen	Pfizer	AstraZeneca
Date	Jan. 2013	Mar 2013	Apr 2013
Terms	Single license option deal	Two license option deal	Single license option deal
Upfront	$5M	$4M	$4M
Option & development milestones	$111.5M	$89.5M	$193M
Commercial milestones	$188M	$110M	
Royalties	Mid single to low double digit	Low single to high single digit	Low single to low double digit
Drug	Kinase inhibitor (oncology)	Not disclosed	Kinase inhibitor (oncology)

Source: Company data, Credit Suisse research.

Amgen Deal Overview

- Amgen has 12 months from the effective date to exercise the option.
- If Amgen exercises the option, it is responsible for all further R&D and commercialization costs.
- Amgen must pay an annual fee to maintain the agreement. The annual fee totals $54M over ten years.
- BIND received an upfront payment of $5M.
- BIND has the potential to receive payments for up to two indications totaling up to $111.5M in aggregate for exercise of the option and achievement of specified development and regulatory milestones.
- There is the potential for an additional $188M in payments for specified commercial milestones.
- BIND may receive midsingle-digit to low-double-digit royalties on WW net sales.
- If the product makes it market, BIND will manufacture it with a 20% markup.

Pfizer Deal Overview

- Pfizer has two options that may be exercised within 30 months of the effective date.
- If Pfizer exercises the option, it is responsible for all further R&D and commercialization costs.
- BIND received an upfront payment of $4M.
- BIND has the potential to receive payments totaling up to $89.5M in aggregate under each option upon exercise of option and achievement of specified development and regulatory milestones.

- There is the potential for an additional $110M in payments for specified commercial milestones under each option
- BIND may receive low-single- to high-single-digit royalties on WW net sales.
- If the product makes it market, BIND will manufacture it with a 20% markup.

AstraZeneca Deal Overview

- BIND entered a license with AstraZeneca in April 2013.
- BIND received an upfront payment of $4M.
- BIND has the potential to receive up to $193M in aggregate upon achievement of specified clinical, regulatory, and commercial events.
- BIND may receive low-single- to low-double-digit royalties on WW net sales.
- If the product makes it market, BIND will manufacture it with a 20% markup.

BIND Management

The team at BIND includes many members who have significant experience in the commercialization of other nanoparticle and reformulation technologies, including Alkermes, Abraxis, and SEQUUS.

- **Dan Lynch, Chairman,** has experience as the CEO and CFO at ImClone Systems. Earlier in his career, he served in various financial positions at Bristol-Myers Squibb. He is currently on the board of directors at bluebird bio and was previously on the board of U.S. Oncology. He has an MBA from the University of Virginia and a BA from Wesleyan University.
- **Scott Minick, President and CEO**, is the former CEO of Sequus Pharmaceuticals, the original developer of Doxil. Mr. Minick was also a Managing Director at ARCH Venture Partners, where he was instrumental in the initial financing and start-up of BIND Therapeutics. He has an MBA from Northwestern University and a BA from the University of California, San Diego.
- **Jim Wright, PhD, Chief Scientific Officer,** has prior experience as the Vice President of Development at Infinity. He also served various roles at Millennium Pharmaceuticals, Alkermes, and Boehringer Ingelheim. He has a PhD in Pharmacy from the University of Wisconsin and a BA from the University of California, Santa Barbara.
- **Greg Berk, MD, Chief Medical Officer,** has prior experience as the CMO of Intellikine. He was also the SVP of Global Clinical Development at Abraxis. He has an MD from Case Western Reserve University and completed his internship, residency, and fellowship at Cornell University and New York Presbyterian Hospital, where he also served as a faculty member.
- **Andrew Hirsch, Chief Financial Officer,** has prior experience as the CEO at Avila Therapeutics and various roles at Biogen Idec. He has an MBA from Dartmouth College and a BA from University of Pennsylvania.
- **Jeff Hrkach, PhD, Senior Vice President, Technology and R&D,** has prior experience as the Senior Director of Drug Delivery and Strategic Product development at Momenta Pharmaceuticals. Prior to Momenta, he was at Alkermes. He completed postdoctoral research with Professor Robert Langer at MIT and has a PhD and MS from Carnegie Mellon University and a BS from the Philadelphia College of Pharmacy and Science.
- **Dan Koerwer, Senior Vice President, Business Development and Commercial,** has prior experience as the President and Managing Director at Eidetica Biopharma, a subsidiary of Biogen Idec. He has also held various management roles at Biogen Idec. He has an MBA from Harvard and a BS in Biochemistry from Boston College.
- **Steve Zale, PhD, Vice President of Development,** was previously the Vice President of Injectable Products R&D at Alkermes, and he has lead the Bioseparations R&D group at Separacor. He has a PhD in Biochemical Engineering from MIT and a BS from MIT.
- **Paul Burgess, JD, Vice President of Intellectual Property**, was previously Senior Counsel at Johnson and Johnson. He has also led the Intellectual Property groups at Civitas Therapeutics and Logical Therapeutics. Mr. Burgess has a JD and MS from Northeastern University and a BS from Merrimack College.
- **Mitch Clark, Head of Regulatory Affairs,** was previously Senior Vice President of Regulatory Affairs at Celgene, following its acquisition of Abraxis. He has a degree in Pharmacy from the University of Nottingham in England.

Companies Mentioned *(Price as of 14-Oct-2013)*

Alkermes (ALKS.OQ, $31.84)
Alnylam Pharm (ALNY.OQ, $59.43)
Amgen Inc. (AMGN.OQ, $111.58)
AstraZeneca (AZN.L, 3186.5p)
BIND Therapeutics (BIND.OQ, $15.27, OUTPERFORM[V], TP $21.0)
Celgene Corp. (CELG.OQ, $154.34)
Endocyte, Inc. (ECYT.OQ, $10.23)
ImmunoGen, Inc. (IMGN.OQ, $16.43)
Johnson & Johnson (JNJ.N, $89.8)
Nippon Kayaku (4272.T, ¥1,380)
Pfizer (PFE.N, $29.35)
Seattle Genetics (SGEN.OQ, $39.75)
Sun Pharmaceuticals Industries Limited (SUN.BO, Rs626.3)
The Medicines Company (MDCO.OQ, $32.92)

Disclosure Appendix

Important Global Disclosures

Jason Kantor, PhD, Ravi Mehrotra PhD and Lee Kalowski each certify, with respect to the companies or securities that the individual analyzes, that (1) the views expressed in this report accurately reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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Outperform (O) : The stock's total return is expected to outperform the relevant benchmark*over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; Australia, New Zealand are, and prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, 12-month rolling yield is incorporated in the absolute total return calculation and a 15% and a 7.5% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively. The 15% and 7.5% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively. Prior to 10th December 2012, Japanese ratings were based on a stock's total return relative to the average total return of the relevant country or regional benchmark.*

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Global Ratings Distribution

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Neutral/Hold*	40%	(48% banking clients)
Underperform/Sell*	15%	(39% banking clients)
Restricted	3%	

**For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

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Price Target: (12 months) for BIND Therapeutics (BIND.OQ)

Method: Our $21 target price for BIND is based on DCF (discounted cash flow) using probability-weighted sales estimates for BIND-014 modeled through 2028 ($17 per share) and a DCF analysis of three partnerships with major pharmaceutical companies ($4 per share). We estimate a 65% probability of success for BIND-014 and a 15% probability of success for partnered programs. We model a commercial launch of BIND-014 in 2018. We use a 38% tax rate and a 12% discount rate.

Risk: Risks to our $21 target price for BIND are (1) unexpected negative efficacy or safety result in ongoing Phase II BIND-014 study, (2) regulatory risk of potential approval for BIND-014, (3) execution risk in signing a potential partner for BIND-014 and/or launch and marketing of BIND-014, if approved, (4) failure of its partners to move forward with current programs, and (5) financing risk.

Please refer to the firm's disclosure website at https://rave.credit-suisse.com/disclosures for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

The subject company (BIND.OQ, PFE.N, AZN.L, AMGN.OQ, CELG.OQ, JNJ.N, SGEN.OQ, IMGN.OQ) currently is, or was during the 12-month period preceding the date of distribution of this report, a client of Credit Suisse.

Credit Suisse provided investment banking services to the subject company (BIND.OQ, PFE.N, AMGN.OQ, CELG.OQ, JNJ.N) within the past 12 months.

Credit Suisse provided non-investment banking services to the subject company (PFE.N, AZN.L, AMGN.OQ, IMGN.OQ) within the past 12 months

Credit Suisse has managed or co-managed a public offering of securities for the subject company (BIND.OQ, PFE.N) within the past 12 months.

Credit Suisse has received investment banking related compensation from the subject company (BIND.OQ, PFE.N, AMGN.OQ, CELG.OQ, JNJ.N) within the past 12 months

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