

Karyopharm Therapeutics Inc. (KPTI)

Promising Myeloma Dex Combination Data at EHA

MARKET DATA

Price	\$25.16
52-Week Range:	\$15.50 - \$47.87
Shares Out. (M):	29.8
Market Cap (\$M):	\$749.8
Average Daily Vol. (000):	220.0
Cash (M):	\$156
Cash/Share:	\$5.24
Enterprise Value (M):	\$785
Float (M):	14.6
LT Debt (M):	\$0

Source: Thomson Reuters and JMP Securities LLC

MARKET OUTPERFORM | Price: \$25.16 | Target Price: \$50.00

INVESTMENT HIGHLIGHTS

We reiterate our Market Outperform rating and \$50 price target after Karyopharm Therapeutics presents Phase I data of selinexor plus low-dose dexamethasone in heavily pretreated multiple myeloma at EHA. Although preliminary in nature (eight evaluable patients), we believe the high objective response rate and favorable tolerability profile observed thus far from the combination affirm selinexor's development potential in relapsed/refractory multiple myeloma (R/R MM).

Initial Phase I selinexor plus low-dose dexamethasone combination data are encouraging. Reported results include data from eight total patients treated orally with 45mg/m² selinexor plus 20mg dexamethasone twice weekly. The patients were multiply relapsed, having seen a median of 5.5 prior lines of therapy including IMiDs, proteasome inhibitors and stem cell transplant for seven of eight patients. To date, the observed overall response rate is 50%, comprising 1CR and 3PRs. Two additional minor responses were observed for a clinical benefit rate of 75%. Five of the six responding patients remain on the study. Compared to selinexor monotherapy, the combination with dexamethasone has thus far shown to be better tolerated, which is an expected outcome given dexamethasone's ability to reverse the primary adverse events with selinexor (i.e., nausea, anorexia and fatigue). Although preliminary in nature (relatively few treated patients), in our view, these data affirm selinexor's development potential in relapse/refractory MM. Further detail from the study will be reported through a poster presentation at EHA, on Saturday, June 14 (Abstract #5580).

Our model anticipates selinexor use in the treatment of R/R MM, predominantly in 3L+, contributing \$5.72 NPV to our SOTP valuation of \$41.21. We derive our \$50 price target through a synthesis of DCF, SOTP and CAGR valuation methodologies.

FY DEC		2013A	2014E	2015E
Revenue (\$M)	1Q	--	\$0.2A	\$0.0
	2Q	\$0.4	\$0.0	\$0.0
	3Q	\$0.0	\$0.0	\$0.0
	4Q	\$0.0	\$0.0	\$0.0
	FY	\$0.0	\$0.0	\$0.0
EPS	1Q	--	(\$0.46)A	--
	2Q	(\$5.39)	(\$0.44)	--
	3Q	(\$3.66)	(\$0.46)	--
	4Q	(\$0.47)	(\$0.53)	--
	FY	(\$5.59)	(\$1.89)	(\$5.18)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE



Company Description

Karyopharm Therapeutics (KPTI) is a Natick, MA-based, clinical-stage biopharmaceutical company focused on the discovery and development of novel first-in-class drugs directed against nuclear transport targets for the treatment of cancer and other major diseases. Karyopharm's Selective Inhibitors of Nuclear Export (SINE) compounds function by preventing the export of tumor suppressor proteins from the nucleus, driving accumulation and restoration of function. The company's lead pipeline candidate, selinexor (KPT-330), is a Phase I orally available small molecule inhibitor of XPO1, set to initiate pivotal Phase II/III evaluation in various hematologic malignancies in 2014. Karyopharm is also developing selinexor and SINE as potential therapies for autoimmune and inflammatory disease, viral infections, and wound healing.

Investment Risks

Clinical. Drug development is an inherently risky business. Clinical trials always carry a risk of failure and Karyopharm's assets (Selinexor (KPT330), KPT-350, PAK4 inhibitor, verdinexor or future drug candidates) may fail to demonstrate meaningful enough levels of efficacy in current or future clinical trials.

Regulatory and commercial. The ability of Karyopharm to market its drugs depends upon the drugs obtaining approval from the FDA and foreign regulatory agencies. Failure to achieve approval or delays in the timelines to approval could negatively impact the company's share price.

Competitive. Hematologic malignancies including multiple myeloma, indolent non-Hodgkin lymphoma and acute myeloid leukemia represent increasingly competitive fields and Karyopharm faces competition from both commercial and development-stage companies with product(s) or product candidates addressing similar clinical indications. Some of these companies may possess substantially greater R&D and commercial resources than Karyopharm. As such, there is no assurance Karyopharm will be competitive or differentiated from other drug products.

Financial. Following its IPO, Karyopharm ended 1Q14 with approximately \$156MM in cash and cash equivalents. We anticipate the company is likely to seek additional equity financing in the form of a secondary offering in order to complete the development of its drug candidates, creating dilution risk for existing shareholders.

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JMP Securities Disclosures:

JMP Securities currently makes a market in the security of Karyopharm Therapeutics Inc.

JMP Securities was manager or co-manager of a public offering of securities for Karyopharm Therapeutics Inc. (KPTI) in the past 12 months, and received compensation for doing so.

JMP Securities Investment Opinion Definitions:

Market Outperform (MO): JMP Securities expects the stock price to outperform relevant market indices over the next 12 months.

Market Perform (MP): JMP Securities expects the stock price to perform in line with relevant market indices over the next 12 months.

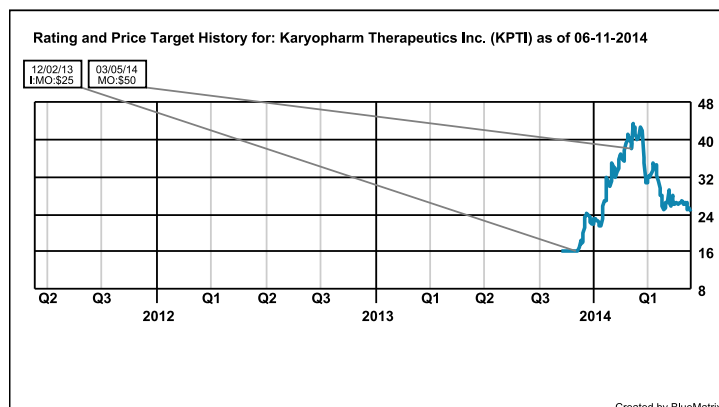
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

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JMP Rating	Regulatory Equivalent	# Co's Under Coverage	% of Total	Regulatory Equivalent	# Co's Under Coverage	% of Total	# Co's Receiving IB Services in Past 12 Months	% of Co's With This Rating
MARKET OUTPERFORM	Buy	261	58.92%	Buy	261	58.92%	99	37.93%
MARKET PERFORM	Hold	135	30.47%	Hold	135	30.47%	19	14.07%
MARKET UNDERPERFORM	Sell	4	0.90%	Sell	4	0.90%	0	0%
COVERAGE IN TRANSITION		43	9.71%		43	9.71%	0	0%
TOTAL:		443	100%		443	100%	118	26.64%

Stock Price Chart of Rating and Target Price Changes:

Note: First annotation denotes initiation of coverage or 3 years, whichever is shorter. If no target price is listed, then the target price is N/A. In accordance with NASD Rule 2711, the chart(s) below reflect(s) price range and any changes to the rating or price target as of the end of the most recent calendar quarter. The action reflected in this note is not annotated in the stock price chart. Source: JMP Securities.



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