Karyopharm Therapeutics Inc. (KPTI)

Karyopharm Reports FY13 EPS; Raising Price Target to $50

MARKET OUTPERFORM | Price: $37.70 | Target Price: $50.00

MARKET DATA

Price	$37.70
52-Week Range:	$15.50 - $42.19
Shares Out. (M):	29.8
Market Cap ($M):	$1,123.5
Average Daily Vol. (000):	109.0
Cash (M):	$156
Cash/Share:	$5.24
Enterprise Value (M):	$1,286
Float (M):	14.6
LT Debt (M):	$0

Source: Thomson Reuters and JMP Securities LLC

FY DEC		2012A	2013A	2014E
Revenue ($M)	1Q	--	--	$0.0
	2Q	--	$0.4	$0.0
	3Q	--	$0.0	$0.0
	4Q	--	$0.0	$0.0
	FY	**$0.6**	**$0.0**	**$0.0**
EPS	1Q	--	--	($0.43)
	2Q	--	($5.39)	($0.45)
	3Q	--	($3.66)	($0.47)
	4Q	--	($0.47)	($0.55)
	FY	**($8.95)**	**($5.59)**	**($1.90)**
	Previous FY	NC	($1.22)	($1.64)

EPS 2013 Q2: Results are for six months ended June 30, 2013
Revenue ($M) 2013 Q2: Results are for six months ended June 30, 2013
Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE

INVESTMENT HIGHLIGHTS

Karyopharm Therapeutics reported FY13 earnings this morning, outlining registration initiatives in AML and DLBCL, as well as Phase II solid tumor trials, beginning in 2014; reiterating Market Outperform rating and raising our price target to $50 from $25 based on expanded commercial potential with selinexor in heme malignancy and solid tumors. KPTI recorded FY13 net operating loss and EPS of $34MM and ($5.59), respectively, greater than JMP estimates of $29.4MM and ($1.55), based largely on higher than anticipated R&D spend and lower than expected YE weighted average share count. We remind investors that as a development stage biotech company, KPTI continues to be story of clinical execution with its lead asset selinexor rather than of earnings. Key takeaways from the conference call with management included a detailed outline of planned pivotal trials in AML, DLBCL, and Richter's syndrome (see below). The company also formally stated that it is broadening its Phase II development plans in various solid tumor malignancies (further detailed below). Based on the unmet need in these indications and our increased confidence in success in both hematologic and solid tumors realized through higher dosing potential, we are raising our peak U.S. sales estimates for selinexor from ~$1.8bn to $3.6bn (worldwide, from $3.4bn to $6.7bn) in 2025, deriving a blended price target of $50.

Selinexor pivotal trials in AML and DLBCL initiating in 2014. The AML trial (slated to begin during 1H14) is designed as a 2:1 randomized Phase II study in ~150 first relapsed AML patients, and who are not suitable for intensive chemotherapy or transplant. The trial will compare selinexor (55mg/m2 BIW) to a control arm of the physician's choice (including BSC, low-dose Ara-C or HMA therapy), uses the primary endpoint of overall survival, and has 80% power to show ≥50% improvement in OS which implies a HR=0.65, 4.5 months versus 3.0 months control. A second pivotal study (beginning in 3Q14) is designed as a 2:1 randomized trial in ~300 third-line or greater DLBCL patients, comparing selinexor (60mg/m2 BIW) to the physician's choice of chemotherapy, with a primary endpoint of progression free survival and 80% power to demonstrate an HR of ~0.63 (6.4 months with selinexor versus 4.0 months control) . We note that in both studies, the selected selinexor dose is between one-and-a-half to two times the dose presented thus far from Phase I analysis, benefiting from improved tolerability with supportive care of appetite stimulants. Based on the promising response rates seen to date with doses up to 35mg/m2, we believe selinexor has an increased chance of success in demonstrating relative benefit in both studies – enough to support regulatory approval and earlier-line uptake, particularly in newly diagnosed elderly AML.

Single-arm Richter's Syndrome and multiple combination ITS offer added upside opportunities in heme malignancy. Estimated at ~10% of the overall CLL population, RS patients are typically of poor prognosis with limited treatment options beyond

Michael G. King, Jr.
mking@jmpsecurities.com
(212) 906-3520

Eric Joseph, PhD
ejoseph@jmpsecurities.com
(212) 906-3514

standard chemotherapy. Based on encouraging Phase I responses in RS, Karyopharm intends to initiate a 50-patient Phase I study in relapsed RS in 2014. In addition, the company expects to launch up to ten investigator sponsored studies in various hematological malignancies in 2014, including multiple myeloma, AML and CLL, both as a single agent and in combination with current standard therapy.

Solid tumor development and IST initiatives are also a focus for 2014. The first of multiple Phase II solid tumor studies is a 63-patient trial in gynecological malignancies (ovarian, cervical and uterine endometrial cancer) evaluating 50mg/m2 BIW selinexor with a primary endpoint of DCR, expected to initiate enrollment by the end of 1Q/early 2Q14 (NCT02025985). A second, 44-patient, single-arm, Phase II study in pretreated head and neck and lung cancer squamous cell carcinoma will also begin enrollment in 2014. Based on pre-clinical and clinical data showing selinexor's permeability across the blood brain barrier, the company is initiating a 30-patient Phase II study in recurrent glioblastoma multiform (GBM) (NCT01986348). Finally, company and investigator sponsored studies in chemotherapy-refractory and hormone-refractory prostate cancer, respectively, are also underway.

Raising price target to $50 on expanded market potential. Informed by updated development strategies in solid tumors, we have revised our model to accommodate selinexor revenue potential in gynecologic malignancy and squamous cell carcinoma of the lung and head and neck. Balanced by increased R&D and SG&A spend for 2015 and beyond, we derive at a blended $50 price target, based on a combination of DCF ($43), SOTP ($41) and CAGR ($85) methodologies.

FIGURE 1. Upcoming Milestones

Timing	Drug	Milestones
1H14	Selinexor	Initiation of first pivotal Phase II/III study in (elderly R/R AML)
1H14	Selinexor	Initiation of first Phase II trial in solid tumor indication (potentially gynecological malignancies)
1H14	Selinexor	Updated Phase I data in heme malignancy and solid tumors at ASCO
1H14	Selinexor	Initiation of second Phase II trial in solid tumor indication (squamous cell cancer, head and neck, lung and esophageal cancer)
3Q14	Selinexor	Initiation of second pivotal Phase II/III study in (3L+ DLBCL
2H14	KPT-350	IND completion for use in inflammation, auto-immune and anti-viral indications
2H14	PAK Inhibitor	IND completion for use in oncology indications

Source: Company reports and JMP Securities LLC

REVIEW OF FY13 FINANCIALS

As noted above, KPTI recorded a FY13 net operating loss of $34MM, greater than our estimate of $29.4MM, and notably lower than the consensus estimate of $45.9MM. Specifically, R&D spend of $28.5MM was higher than our $25.3MM estimate, as was G&A spend of $5.9MM compared to our $4.5MM estimate. Variance in actual versus estimated EPS was driven primarily by lower than expected year-end weighted average outstanding share count. A comparison of FY13 results versus JMP and consensus estimates is detailed in Figure 2.

FIGURE 2. FY13 Actuals versus JMP and Consensus Estimates

Karyopharm Therapeutics(KPTI) Abridged Income Statement ($ MM)	FY13 Results			
	JMP Estimate	Street Consensus	Actual	Variance (JMP vs. Actual)
Total Revenues	**0.37**	**0.85**	**0.39**	**0.02**
Operating Expenses	**29.72**	**45.85**	**34.34**	**4.6**
Research and development	25.26		28.45	3.2
General and administrative	4.46		5.89	1.4
Operating income (loss)	**(29.35)**	**(45.00)**	**(33.95)**	**4.6**
Other income (expense)	**0.00**	**(2.30)**	**0.00**	**0.00**
Interest income	0.00		0.00	0.00
Pretax income (loss)	**(29.35)**	**(47.30)**	(33.95)	(4.60)
Provision for Income Tax	0.00	-	0.00	-
Net income (loss)	**(29.35)**	**(47.30)**	(33.95)	(4.60)
EPS Calculations				
Basic EPS	**$ (1.55)**	**$ (1.53)**	**$ (5.59)**	**$ (4.04)**
Diluted EPS	**$ (1.55)**	**$ (1.53)**	**$ (5.59)**	**$ (4.04)**
Basic shares outstanding	18.929		6.068	(12.861)
Diluted shares outstanding	18.929		6.068	(12.861)

Source: Company reporting, Bloomberg and JMP Securities LLC

CHANGES TO OUR MODEL AND PRICE TARGET

FY14 quarterly R&D and SG&A estimates have been increased to reflect the new run rate set by 4Q13 actual results. Operating expense estimates for subsequent years have been increased to accommodate expanded development to solid tumor indications. As noted previously, our long-term selinexor revenue forecasts have been increased to reflect expanded potential use in solid tumor indications. Our model forecasts solid tumor market launches in the U.S. in 2019, and peak U.S. sales of ~$800MM and ~$1bn in gynecologic malignancy and squamous cell carcinoma, respectively. Summaries of our market forecasts for both indications are detailed in Figures 3 and 4, while changes to our income statement are detailed further in Figure 5.

FIGURE 3. Selinexor Market Model and Revenue Build in Gynecologic Malignancy

US								
US Revenue Build	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
Ovarian Cancer								
Ovarian cancer incidence, US	23,549	23,819	24,093	24,370	24,651	24,934	25,221	25,511
% Growth	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*
% Stage III-IV disease	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*
% relapse after 1L Tx	*70%*	*70%*	*70%*	*70%*	*70%*	*70%*	*70%*	*70%*
Adressable 2L Ovarian Cancer pts	13,187	13,339	13,492	13,647	13,804	13,963	14,124	14,286
Market penetration		***5%***	***10%***	***15%***	***20%***	***25%***	***30%***	***30%***
Duration on therapy (months)		10.5	10.7	11.0	11.0	11.0	11.0	11.0
OC patient months on Tx		7,003	14,437	22,518	30,370	38,399	46,608	47,144
Cervcical Cancer								
Cervical cancer incidence, US	12,969	13,099	13,230	13,362	13,496	13,631	13,767	13,905
% Growth	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
% Stage III-IV disease	*45%*	*45%*	*45%*	*45%*	*45%*	*45%*	*45%*	*45%*
% relapse after 1L Tx	*50%*	*50%*	*50%*	*50%*	*50%*	*50%*	*50%*	*50%*
Adressable 2L cervical cancer pts	2,918	2,947	2,977	3,007	3,037	3,067	3,098	3,129
Market penetration		***5%***	***10%***	***15%***	***20%***	***25%***	***30%***	***30%***
Duration on therapy (months)		7.0	7.3	7.5	7.5	7.5	7.5	7.5
CC patient months on Tx		1,032	2,173	3,382	4,555	5,751	6,970	7,039
Endometrial								
Endometrial cancer incidence, US	52,476	53,079	53,690	54,307	54,932	55,564	56,203	56,849
% Growth	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*
% Stage III-IV disease	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*
% relapse after resection and RT	*50%*	*50%*	*50%*	*50%*	*50%*	*50%*	*50%*	*50%*
Adressable 2L cervical cancer pts	6,560	6,635	6,711	6,788	6,866	6,945	7,025	7,106
Market penetration		***5%***	***10%***	***15%***	***20%***	***25%***	***30%***	***30%***
Duration on therapy (months)		3.5	4.0	4.0	4.0	4.0	4.0	4.0
CC patient months on Tx		1,161	2,684	4,073	5,493	6,945	8,430	8,527
Total patient months on Tx		9,196	19,294	29,974	40,418	51,095	62,008	62,711
Cost Per Month on Therapy		$ 10,381	$ 10,692	$ 11,013	$ 11,343	$ 11,684	$ 12,034	$ 12,395
% price increase			*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Selinexor Sales - Gynecologic Cancer, US ($mm)		**$95**	**$206**	**$330**	**$458**	**$597**	**$746**	**$777**

Selinexor Revenues-Gynecologic Cancer ($MM)	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
Gynecologic Cancer - US		**$95**	**$206**	**$330**	**$458**	**$597**	**$746**	**$777**
Gynecologic Cancer - EU			**$90**	**$187**	**$291**	**$405**	**$632**	**$659**
Gynecologic Cancer - JPN				**$90**	**$144**	**$200**	**$260**	**$325**
Total Gynecologic Cancer Sales WW		**$ 95**	**$ 296**	**$ 607**	**$ 894**	**$ 1,202**	**$ 1,639**	**$ 1,761**
Royalties to KPTI		$ -	$ 13	$ 42	$ 65	$ 91	$ 134	$ 148
Royalties as a % of Ex-US sales		*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*

Source: JMP Securities LLC and Company Reports

FIGURE 4. Selinexor Market Model and Revenue Build in Squamous Cell Carcinoma

US								
US Revenue Build	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
Head and Neck								
HNSCC, US	54,541	55,168	55,802	56,444	57,093	57,750	58,414	59,086
% Growth	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*
% Stage III-IV disease	*60%*	*60%*	*60%*	*60%*	*60%*	*60%*	*60%*	*60%*
% Squamous Cell Carcinoma	*90%*	*90%*	*90%*	*90%*	*90%*	*90%*	*90%*	*90%*
Adressable HNSCC pts	29,452	29,791	30,133	30,480	30,830	31,185	31,544	31,906
Market penetration		***10%***	***16%***	***23%***	***28%***	***33%***	***36%***	***36%***
Duration on therapy (months)		3.1	3.2	3.3	3.3	3.3	3.3	3.3
Total patient months on Tx		9,235	15,428	23,134	28,487	33,960	37,474	37,905
Cost Per Month on Therapy		$ 10,381	$ 10,692	$ 11,013	$ 11,343	$ 11,684	$ 12,034	$ 12,395
% price increase			*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Selinexor Sales - HNSCC, US ($mm)		**$96**	**$165**	**$255**	**$323**	**$397**	**$451**	**$470**
Squamous Lung Cancer								
Lung cancer incidence, US	241,616	244,395	247,205	250,048	252,924	255,832	258,774	261,750
% Growth	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*
% NSCLC	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*	*80%*
% Squamous Cell Carcinoma	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*	*25%*
% Stage IIIb-IV disease	*57%*	*57%*	*57%*	*57%*	*57%*	*57%*	*57%*	*57%*
Adressable lung SCC pts	34,430	34,826	35,227	35,632	36,042	36,456	36,875	37,299
Market penetration		***10%***	***16%***	***23%***	***28%***	***33%***	***36%***	***36%***
Duration on therapy (months)		2.5	2.7	3.0	3.3	3.3	3.3	3.3
Total patient months on Tx		8,707	15,218	24,586	33,302	39,701	43,808	44,312
Cost Per Month on Therapy		$ 10,381	$ 10,692	$ 11,013	$ 11,343	$ 11,684	$ 12,034	$ 12,395
% price increase			*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Selinexor Sales - Lung SCC, US ($mm)		**$90**	**$163**	**$271**	**$378**	**$464**	**$527**	**$549**

Selinexor Revenues-Squamous Cell ($MM)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
SCC - US		**$186**	**$328**	**$526**	**$701**	**$861**	**$978**	**$1,019**
SCC - EU		**$0**	**$114**	**$195**	**$306**	**$398**	**$475**	**$524**
SCC - JPN		**$0**	**$0**	**$60**	**$104**	**$164**	**$216**	**$258**
Total SCC Sales WW		**$ 186**	**$ 442**	**$ 781**	**$ 1,110**	**$ 1,423**	**$ 1,669**	**$ 1,800**
Royalties to KPTI		$ -	$ 17	$ 38	$ 61	$ 84	$ 104	$ 117
Royalties as a % of Ex-US sales		*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*

Source: JMP Securities LLC and Company Reports

FIGURE 5. Changes to Our Income Statement

Karyopharm Therapeutics (KP	1Q14E		2Q14E		3Q14E		4Q14E		FY 2014E		FY 2015E		FY 2016E		FY 2017E		FY 2018E	
($ MM)	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.4	44.1	90.8	103.6	274.3	308.1
ROW Royalties															4.6	6.8	12.2	17.1
Other																		
Total Revenue	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18.39**	**44.13**	**90.83**	**110.40**	**274.32**	**325.19**
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	4.4	7.8	9.3	21.0	24.6
Gross Profit	-	-	-	-	-	-	-	-	-	-	-	-	16.5	39.7	83.1	101.1	253.4	300.5
Operating Expenses	**8.7**	**12.5**	**10.1**	**13.0**	**12.6**	**13.5**	**15.7**	**15.7**	**47.1**	**54.7**	**101.3**	**149.8**	**156.4**	**228.7**	**201.5**	**295.4**	**228.5**	**334.8**
Research and development	7.5	9.9	8.8	10.2	10.1	10.6	11.7	11.7	38.1	42.4	47.6	76.3	78.6	122.1	106.1	164.9	118.8	184.6
General and administrative	1.2	2.6	1.3	2.8	2.5	2.9	4.0	4.0	9.0	12.3	53.7	73.5	77.9	106.6	95.4	130.6	109.7	150.1
Operating income (loss)	(8.7)	(12.5)	(10.1)	(13.0)	(12.6)	(13.5)	(15.7)	(15.7)	(47.1)	(54.7)	(101.3)	(149.8)	(139.9)	(189.0)	(118.4)	(194.3)	24.8	(34.2)
Other income (expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax income	(8.7)	(12.5)	(10.1)	(13.0)	(12.6)	(13.5)	(15.7)	(15.7)	(47.1)	(54.7)	(101.3)	(149.8)	(139.9)	(189.0)	(118.4)	(194.3)	24.8	(34.2)
Provision for Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income	(8.7)	(12.5)	(10.1)	(13.0)	(12.6)	(13.5)	(15.7)	(15.7)	(47.1)	(54.7)	(101.3)	(149.8)	(139.9)	(189.0)	(118.4)	(194.3)	24.8	(34.2)
Basic EPS	**$ (0.30)**	**$ (0.43)**	**$ (0.35)**	**$ (0.45)**	**$ (0.44)**	**$ (0.47)**	**$ (0.55)**	**$ (0.55)**	**$ (1.64)**	**$ (1.90)**	**$ (3.52)**	**$ (5.20)**	**$ (4.56)**	**$ (6.17)**	**$ (3.64)**	**$ (5.98)**	**$ 0.76**	**$ (1.05)**
Diluted EPS	**$ (0.30)**	**$ (0.43)**	**$ (0.35)**	**$ (0.45)**	**$ (0.44)**	**$ (0.47)**	**$ (0.55)**	**$ (0.55)**	**$ (1.64)**	**$ (1.90)**	**$ (3.52)**	**$ (5.20)**	**$ (4.56)**	**$ (6.17)**	**$ (3.64)**	**$ (5.98)**	**$ 0.74**	**$ (1.05)**
Basic shares outstanding	28.74	28.74	28.76	28.76	28.77	28.77	28.78	28.78	28.77	28.77	28.82	28.82	30.65	30.65	32.50	32.50	32.60	32.60
Diluted shares outstanding	28.74	28.74	28.76	28.76	28.77	28.77	28.78	28.78	28.77	28.77	28.82	28.82	30.65	30.65	32.50	32.50	33.54	32.60

Source: JMP Securities LLC and Company Reports

FIGURE 6. Updated Income Statement

Karyopharm Therapeutics (KPTI)	2013E	1Q14E	2Q13E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Income Statement ($MM)	**2013E**	**1Q14E**	**2Q13E**	**3Q14E**	**4Q14E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
Product Sales and Royalties:																	
Selinexor																	
US Sales							-	44.1	103.6	308.1	842.2	1,463.8	2,093.2	2,649.0	3,094.2	3,434.0	3,577.8
ROW Royalties							-	-	6.8	17.1	43.2	111.9	209.3	285.6	359.0	436.2	470.0
Total Product Sales and Royalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.1	110.4	325.2	885.3	1,575.8	2,302.5	2,934.6	3,453.2	3,870.3	4,047.8
Collaboration Revenue																	
Total Revenue	0.4	0.0	0.0	0.0	0.0	0.0	0.0	44.1	110.4	325.2	885.3	1,575.8	2,302.5	2,934.6	3,453.2	3,870.3	4,047.8
Cost of Goods Sold								4.4	9.3	24.6	67.4	117.1	167.5	211.9	247.5	274.7	286.2
Gross Profit	0.4	0.0	0.0	0.0	0.0	0.0	0.0	39.7	101.1	300.5	818.0	1,458.7	2,135.0	2,722.7	3,205.6	3,595.6	3,761.6
Operating Expenses:																	
Research and Development	28.5	9.9	10.2	10.6	11.7	42.4	76.3	122.1	164.9	184.6	199.4	209.4	219.8	230.8	242.4	261.8	274.9
General and administrative	5.9	2.6	2.8	2.9	4.0	12.3	73.5	106.6	130.6	150.1	165.2	181.7	196.2	211.9	228.8	247.2	259.5
Total operating expenses	34.3	12.5	13.0	13.5	15.7	54.7	149.8	228.7	295.4	334.8	364.6	391.0	416.0	442.7	471.2	508.9	534.4
Operating income (loss)	(34.0)	(12.5)	(13.0)	(13.5)	(15.7)	(54.7)	(149.8)	(189.0)	(194.3)	(34.2)	453.4	1,067.6	1,719.0	2,279.9	2,734.4	3,086.6	3,227.2
Other income (expense):																	
Interest income	0.0																
Interest expense	0.0																
Total other income, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of preferred stock warrant liability																	
Foreign currency transaction gain (loss)																	
Pretax income (loss)	(33.9)	(12.5)	(13.0)	(13.5)	(15.7)	(54.7)	(149.8)	(189.0)	(194.3)	(34.2)	453.4	1,067.6	1,719.0	2,279.9	2,734.4	3,086.6	3,227.2
Income tax benefit (provision)						0.0	0.0	0.0	0.0	0.0	0.0	(160.1)	(343.8)	(570.0)	(820.3)	(1,080.3)	(1,129.5)
Tax Rate						*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*15%*	*20%*	*25%*	*30%*	*35%*	*35%*
Comprehensive income (loss)	(33.9)	(12.5)	(13.0)	(13.5)	(15.7)	(54.7)	(149.8)	(189.0)	(194.3)	(34.2)	453.4	907.5	1,375.2	1,709.9	1,914.1	2,006.3	2,097.7
Accretion of redeemable convertible preferred stock																	
Net income (loss) attributable to common stockholders	(33.9)	(12.5)	(13.0)	(13.5)	(15.7)	(54.7)	(149.8)	(189.0)	(194.3)	(34.2)	453.4	907.5	1,375.2	1,709.9	1,914.1	2,006.3	2,097.7
Basic EPS to common shareholders	$ (5.59)	$ (0.43)	$ (0.45)	$ (0.47)	$ (0.55)	$ (1.90)	$ (5.20)	$ (6.17)	$ (5.98)	$ (1.05)	$ 13.86	$ 27.65	$ 41.77	$ 51.77	$ 57.76	$ 60.35	$ 62.89
Diluted EPS to common shareholders	$ (5.59)	$ (0.43)	$ (0.45)	$ (0.47)	$ (0.55)	$ (1.90)	$ (5.20)	$ (6.17)	$ (5.98)	$ (1.05)	$ 13.47	$ 26.88	$ 40.60	$ 50.31	$ 56.13	$ 58.64	$ 61.11
Basic shares outstanding	6.1	28.7	28.8	28.8	28.8	28.8	28.8	30.6	32.5	32.6	32.7	32.8	32.9	33.0	33.1	33.2	33.4
Diluted shares outstanding	6.1	28.7	28.8	28.8	28.8	28.8	28.8	30.6	32.5	32.6	33.7	33.8	33.9	34.0	34.1	34.2	34.3
% change in diluted shares outstanding						*374.2%*	*0.2%*	*6.3%*	*6.0%*	*0.3%*	*3.2%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*

Source: JMP Securities LLC and Company Reports

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 their 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 on those 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, we estimate that Karyopharm will end 4Q13 with approximately $153MM in cash and cash equivalents, which are adequate resources to fund operations into 2015, according to Karyopharm financial guidance. 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.

JMP FACTS AND DISCLOSURES

Analyst Certification:

The research analyst(s) who prepared this report does/do hereby certify that the views presented in this report are in accordance with my/our personal views on the securities and issuers discussed in this report. As mandated by SEC Regulation AC no part of my/our compensation was, is or will be directly or indirectly related to the specific views or recommendations expressed herein. This certification is made under the obligations set forth in SEC Regulation AC. Any other person or entity may not use it for any other purpose. This certification is made based on my/our analysis on the date of this report's publication. I/We assume no obligation to update this certification to reflect any facts,circumstances or events that may subsequently come to my/our attention. Signed Michael G. King and Eric Joseph

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, and received compensation for doing so, for Karyopharm Therapeutics Inc. in the past 12 months.

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.

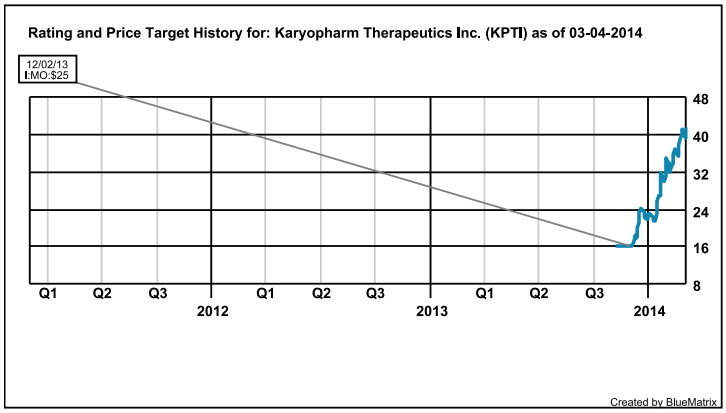
Market Underperform (MU): JMP Securities expects the stock price to underperform relevant market indices over the next 12 months.

JMP Securities Research Ratings and Investment Banking Services: (as of March 4, 2014)

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	245	*56.32%*	Buy	245	*56.32%*	95	*38.78%*
MARKET PERFORM	Hold	139	*31.95%*	Hold	139	*31.95%*	18	*12.95%*
MARKET UNDERPERFORM	Sell	8	*1.84%*	Sell	8	*1.84%*	0	*0%*
COVERAGE IN TRANSITION		43	*9.89%*		43	*9.89%*	0	*0%*
TOTAL:		435	*100%*		435	*100%*	113	*25.98%*

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.



JMP Disclaimer:

JMP Securities LLC (the “Firm”) compensates research analysts, like other Firm employees, based on the Firm’s profitability, which includes revenues from the Firm’s institutional sales, trading, and investment banking departments as well as on the quality of the services and activities performed that are intended to benefit the Firm’s institutional clients. These data have been prepared by JMP Securities LLC for informational purposes only and are based on information available to the public from sources that we believe to be reliable, but we do not guarantee their accuracy or completeness. Any opinions and projections expressed herein reflect our judgment at this date and are subject to change without notice. These data are neither intended nor should be considered as an offer to sell or a solicitation or a basis for any contract for the purchase of any security or other financial product. JMP Securities LLC, its affiliates, JMP Group LLC, Harvest Capital Strategies LLC, and their respective partners, directors, officers, and associates may have a long or short position in, may act as a market maker for, or may purchase or sell a position in the securities mentioned herein. JMP Securities LLC or its affiliates may be performing, have performed, or seek to perform investment banking, advisory, or other services and may have acted as manager or co-manager for a public offering of securities for any company mentioned herein. The reader should assume that JMP Securities LLC will solicit business from the company covered in this report. Members of our Sales and Trading Department provide oral and/or written market opinions and trading strategies to our clients that reflect their personal opinions about stocks that are the subject of the firm's research reports. Our research analysts discuss trading strategies with clients and complete surveys from clients that sometimes reflect short-term expectations for the price of the securities that are the subject of research reports. Those trading strategies and survey responses are distinct from the analysts' fundamental rating for the stock, which is based upon the analysts' view compared to other stocks under coverage for the relevant time period.

Jeffrey H. Spurr
Director of Research
(415) 835-3903

RESEARCH PROFESSIONALS

FINANCIAL SERVICES

Alternative Asset Managers
Devin Ryan (212) 906-3578
Brian McKenna (212) 906-3545

Commercial & Specialty Finance
Christopher York (415) 835-8965
Hannah Kim, CFA (415) 835-8962

Consumer Finance
David M. Scharf (415) 835-8942
Jeremy Frazer (312) 768-1796

Financial Processing & Outsourcing
David M. Scharf (415) 835-8942
Jeremy Frazer (312) 768-1796

Insurance
Matthew J. Carletti (312) 768-1784
Christine Worley (312) 768-1786

Investment Banks & Brokers
Devin Ryan (212) 906-3578
Brian McKenna (212) 906-3545

Mortgage Operating Companies
REITs: Agency, Hybrid, & Commercial Mortgage
Steven C. DeLaney (404) 848-7773
Trevor Cranston, CFA (415) 869-4431
Charter Robinson (757) 613-8955
Benjamin Zucker (212) 906-3529

HEALTHCARE

Biotechnology
Liisa A. Bayko (312) 768-1785
Heather Behanna, PhD (312) 768-1795
Andrew Prigodich (312) 768-1788
Jason N. Butler, PhD (212) 906-3505
Christopher T. Radom, PhD (212) 906-3519
Caroline Palomeque (212) 906-3509
Michael G. King, Jr. (212) 906-3520
Eric Joseph, PhD (212) 906-3514
Joseph A. Knowles (212) 906-3525

Healthcare Services & Facilities
Peter L. Martin, CFA (415) 835-8904
Aaron Hecht (415) 835-3963
Arthur Kwok (415) 835-8908

Life Science Tools & Diagnostics
J. T. Haresco, III, PhD (415) 869-4477
Marie T. Casey, PhD (415) 835-3955

Medical Devices
J. T. Haresco, III, PhD (415) 869-4477
Marie T. Casey, PhD (415) 835-3955

Medical Devices & Supplies
David Turkaly (212) 906-3563
John Gillings (212) 906-3564

REAL ESTATE

Housing & Land Development
Peter L. Martin, CFA (415) 835-8904
Aaron Hecht (415) 835-3963
Bharathwajan Iyengar (415) 835-3902

Lodging & Leisure
Robert A. LaFleur (212) 906-3510
Whitney Stevenson (212) 906-3538

Property Services
Mitch Germain (212) 906-3546
Peter Lunenburg (212) 906-3537

REITs: Healthcare, Residential, & Specialty
Peter L. Martin, CFA (415) 835-8904
Aaron Hecht (415) 835-3963
Arthur Kwok (415) 835-8908

REITs: Office, Industrial, & Diversified
Mitch Germain (212) 906-3546
Peter Lunenburg (212) 906-3537

Residential Services
Peter L. Martin, CFA (415) 835-8904
Aaron Hecht (415) 835-3963
Bharathwajan Iyengar (415) 835-3902

TECHNOLOGY

Communications Equipment & Internet Security
Erik Suppiger (415) 835-3918
John Lucia (415) 835-3920

Internet & Digital Media
Ronald V. Josey III (212) 906-3528
Andrew Boone (415) 835-3957

Software
Patrick Walravens (415) 835-8943
Peter Lowry (415) 869-4418
Caitlin Schields (415) 835-8960
Greg McDowell (415) 835-3934

Wireless & Cloud Computing Technologies
Alex Gauna (415) 835-8998
Michael Wu (415) 835-8996

ADDITIONAL CONTACTS

Thomas R. Wright
Director of Equities
(212) 906-3599

Dan Wychulis
Director of Institutional Sales
(617) 235-8530

600 Montgomery Street, Suite 1100
San Francisco, CA 94111
www.jmpsecurities.com