COWEN
AND COMPANY

Biotechnology

BIND Therapeutics, Inc.

Equity Research

Earnings Update

March 25, 2014

Price: $12.48 (03/24/2014)
Price Target: NA

OUTPERFORM (1)

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Key Data

Symbol	NASDAQ: BIND
52-Week Range:	$15.89 - 8.36
Market Cap (MM):	$204.3
Net Debt (MM):	$(72.7)
Cash/Share:	$2.27
Dil. Shares Out (MM):	16.3
Enterprise Value (MM):	$128.2
ROIC:	NA
ROE (LTM):	NA
BV/Share:	$4.49
Dividend:	NA

FY (Dec)	2013A	2014E	2015E
Earnings Per Share			
Q1	$(1.34)	$(0.53)	-
Prior Q1	-	-	-
Q2	$(1.27)	$(0.53)	-
Prior Q2	-	-	-
Q3	$(2.70)	$(0.54)	-
Prior Q3	-	*$(0.53)*	-
Q4	$(0.50)	$(0.50)	-
Prior Q4	*$(0.48)*	*$(0.51)*	-
Year	$(5.19)	$(2.10)	$(1.85)
Prior Year	*$(4.04)*	-	-
P/E	NM	NM	NM
Consensus EPS	$(3.44)	$(1.55)	$(0.45)
Prior Year	*$(2.98)*	*$(1.75)*	*$(0.33)*

Consensus source: Thomson Reuters

Revenue (MM)			
Year	$10.9	$18.0	$25.0
Prior Year	*$10.6*	-	-
EV/S	11.8x	7.1x	5.1x

Pipeline Progressing On Schedule

The Cowen Insight

BIND reported Q4 results and provided a pipeline update. The company is capitalized through Phase II data on BIND-014 (Accurin formulation of docetaxel) in mCRPC and NSCLC. Prior data indicate BIND-014 possesses a differentiated and potentially superior profile. We expect BIND shares to outperform as this is confirmed in wider studies and the Accurin platform is further validated.

Financial Update

BIND reported Q4 revenue of $2.1MM versus our $1.8MME. OpEx was $10.1MM compared to our $9.3MME. This translated into a net loss of $8.1MM versus our $8.3MME. BIND ended 2013 with $77MM in cash and investments, which we estimate to be sufficient to fund operations well into 2015.

BIND-014 Phase II Data On Track For H2

BIND's lead proprietary Accurin, BIND-014 (a PSMA-targeted encapsulated version of docetaxel), is being developed for multiple tumor types. BIND has completed Phase I dosing studies for both a Q1W and Q3W treatment regimen using. In the Q1W study 28 patients were dosed with 2 partial responses and 4 disease stabilizations >12 weeks being observed. In Phase I, the Q3W regimen produced 1 complete response, 3 partial responses and 5 disease stabilizations >12 weeks from 28 treated patients. BIND has fully enrolled a 40 patient single-arm Phase II study in mCRPC using the Q3W regimen. A similar 40 patient single-arm Phase II study in NSCLC using the Q3W regimen is ~80% enrolled. Upon completion of enrollment in the Q3W NSCLC trial, an additional Q1W NSCLC trial arm will begin enrollment. Data from all three Phase II trials is expected in H2:14.

AZD1152's Preclinical Benefit To Be Presented At AACR

A partnership with AstraZeneca has led to the development of AZD1152 (an accurinized barasertib). Barasertib is an Aurora B kinase inhibitor which was previously advanced into an elderly AML Phase II trial. Barasertib has produced improved complete response rates vs. LDAC and a trend towards an overall survival benefit. However, it also produced high levels of neutropenia which is believed to be an on-target class effect. BIND reports that AZD1152 has greatly reduced this side-effect in animal models. Data from these studies will be presented at AACR (April 5-9). AZD1152 might enter the clinic by mid 2015.

Additional Accurins On The Way

Management plans to name two additional proprietary Accurins in H2:14. It is likely that one will be directed at solid tumors and the second will be targeting a hematologic cancer. In addition, partnerships with Amgen and Pfizer could produce clinical candidates. Amgen is due to make an option decision by July 7, 2014.

At A Glance

Our Investment Thesis

Early data suggest BIND-014 is differentiated from docetaxel, and ongoing trials could produce data in H2:14 to support an improved efficacy profile. Should BIND-014 achieve its target profile of superiority to docetaxel, the rewards to Bind, which owns 100% rights, could be enormous: docetaxel sales peaked at over $3B in 2009. Following a September 2013 IPO that raised over $70MM in gross proceeds, Bind has $77MM in cash, enough to fund operations well into 2015. We expect shares to outperform as BIND-014 advances and investor appreciation for the company's Accurin platform grows.

Forthcoming Catalysts

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

Base Case Assumptions

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

Upside Scenario

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

Downside Scenario

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

Price Performance

Source: Bloomberg

Company Description

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

Analyst Top Picks

	Ticker	Price (03/24/2014)	Price Target	Rating
Sunesis Pharmaceuticals	SNSS	$6.80	$NA	Outperform
Relypsa, Inc	RLYP	$36.37	$NA	Outperform
Exelixis	EXEL	$6.27	$NA	Outperform

Investment Thesis

Bind Therapeutics is developing novel oncology candidates using a nanomedicine-based drug delivery platform. The company's "Accurins" aim to deliver high concentrations of small molecule drugs to tumors and other selective sites in the body where they can have the greatest therapeutic effect. Unlike prior generation particle-based technologies, Accurins are adaptable (able to accommodate many active drug substances), programmable (in terms of size, release kinetics, and targeting ligands), and easy to manufacture. Lead candidate BIND-014, an Accurin that delivers docetaxel (Taxotere) to cells that express PSMA, is in Phase II development for prostate cancer and lung cancer. Early data suggest BIND-014 is differentiated from docetaxel, and ongoing trials could produce data in H2:14 to support a superior efficacy profile. Should BIND-014 achieve its target profile of superiority to docetaxel, the rewards to Bind, which owns 100% rights, could be enormous: docetaxel sales peaked at over $3B in 2009. Bind has also parlayed its Accurin technology into collaborative relationships with Amgen, Astra Zeneca, and Pfizer. These partners are deploying Accurins against top oncology targets, with deal economics (>$450MM in pre-commercial milestones, mid- to high-single digit royalties) that appear attractive. Following a September IPO that raised over $70MM in gross proceeds, Bind has $77MM in cash, enough to fund operations well into 2015. We expect shares to outperform as investor appreciation for BIND-014 and the Accurin platform grows.

BIND Therapeutics - Upcoming Milestones/Events

Indication/Milestone	Timing
Present preclinical data from AZD1152 at AACR	April 2014
Present BIND-014 Q1W Phase I data at AACR	April 2014
Announce next internally-developed Accurin (IND likely in 2015)	Mid-2014
Amgen's option deadline for partnered Accurin	July 7, 2014
Candidate selection for internally-developed Hematologic Cancer Accurin	H2:14
Top-line Phase II data on BIND-014 in mCRPC	H2:14
Top-line Phase II data on BIND-014 in NSCLC	H2:14
Additional pre-clinical partnership milestones/options	2014
Initiate trials of BIND-014 in additional tumor types	YE:14
First IND on partnered Accurin	Q1:15

Source: Cowen and Company

BIND Therapeutics Quarterly P&L

	Q1:13A	Q2:13A	Q3:13A	Q4:13A	2013A	Q1:14E	Q2:14E	Q3:14E	Q4:14E	2014E
BIND-014 Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Collaborative and Grant Revenue	1.5	2.8	4.6	2.1	10.9	3.0	4.0	5.0	6.0	18.0
Total Revenue	**1.5**	**2.8**	**4.6**	**2.1**	**10.9**	**3.0**	**4.0**	**5.0**	**6.0**	**18.0**
Y/Y growth					*941%*	*102%*	*44%*	*10%*	*190%*	*65%*
COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D	5.7	6.0	5.3	7.4	24.4	9.0	10.0	11.0	11.5	41.5
SG&A	2.0	2.4	6.3	2.7	13.4	2.7	2.7	2.8	2.8	11.0
Total Expenses	**7.6**	**8.4**	**11.6**	**10.1**	**37.8**	**11.7**	**12.7**	**13.8**	**14.3**	**52.5**
Operating Income/Loss	**(6.1)**	**(5.6)**	**(7.1)**	**(8.0)**	**(26.9)**	**(8.7)**	**(8.7)**	**(8.8)**	**(8.3)**	**(34.5)**
Non-Operating Income	(0.2)	(0.3)	(0.3)	(0.0)	(0.8)	(0.1)	(0.2)	(0.2)	(0.2)	(0.6)
Accretion of Redeemable Convertible Stock	(1.3)	(1.4)	(1.0)		(3.7)					
Pre-tax Income/Loss	**(7.6)**	**(7.3)**	**(8.3)**	**(8.1)**	**(31.4)**	**(8.8)**	**(8.9)**	**(9.0)**	**(8.5)**	**(35.1)**
Tax rate (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Provision for income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss)	**(7.6)**	**(7.3)**	**(8.3)**	**(8.1)**	**(31.4)**	**(8.8)**	**(8.9)**	**(9.0)**	**(8.5)**	**(35.1)**
GAAP EPS	**($1.34)**	**($1.27)**	**($2.70)**	**($0.50)**	**($5.19)**	**($0.53)**	**($0.53)**	**($0.54)**	**($0.50)**	**($2.10)**
Diluted Shares	5.7	5.8	3.1	16.3	6.0	16.5	16.7	16.8	16.9	16.7

Source: Cowen and Company

BIND Therapeutics Annual P&L

	2013A	2014E	2015E	2016E	2017E	2018E
BIND-014 Revenue	0.0	0.0	0.0	0.0	0.0	0.0
Collaborative and Grant Revenue	10.9	18.0	25.0	30.0	32.0	35.0
Total Revenue	**10.9**	**18.0**	**25.0**	**30.0**	**32.0**	**35.0**
Y/Y growth	941%	65%	39%	20%	7%	9%
COGS	0.0	0.0	0.0	0.0	0.0	0.0
R&D	24.4	41.5	58.0	70.0	80.0	85.0
SG&A	13.4	11.0	12.0	14.0	16.0	20.0
Total Expenses	**37.8**	**52.5**	**70.0**	**84.0**	**96.0**	**105.0**
Operating Income/Loss	(26.9)	(34.5)	(45.0)	(54.0)	(64.0)	(70.0)
Non-Operating Income	(0.8)	(0.6)	(1.2)	(1.2)	(1.5)	(1.0)
Accretion of Redeemable Convertible Stock	(3.7)					
Pre-tax Income/Loss	(31.4)	(35.1)	(46.2)	(55.2)	(65.5)	(71.0)
Tax rate (%)	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Provision for income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (Loss)	(31.4)	(35.1)	(46.2)	(55.2)	(65.5)	(71.0)
GAAP EPS	**($5.19)**	**($2.10)**	**($1.85)**	**($2.05)**	**($2.05)**	**($2.15)**
Diluted Shares	6.0	16.7	25.0	27.0	32.0	33.0

Source: Cowen and Company

Valuation Methodology And Risks

Valuation Methodology

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

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

Investment Risks

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

Risks To The Price Target

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

Addendum

Stocks Mentioned In Important Disclosures

Ticker	Company Name
BIND	BIND Therapeutics, Inc.
EXEL	Exelixis
RLYP	Relypsa, Inc
SNSS	Sunesis Pharmaceuticals

Analyst Certification

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

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

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

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The author(s) of this report, or a member of the author's household, own a Long position in the Common shares issued by Exelixis.

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COWEN AND COMPANY RATING DEFINITIONS

Cowen and Company Rating System effective May 25, 2013

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

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

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

Assumption: The expected total return calculation includes anticipated dividend yield

Cowen and Company Rating System until May 25, 2013

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

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

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

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

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

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

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

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

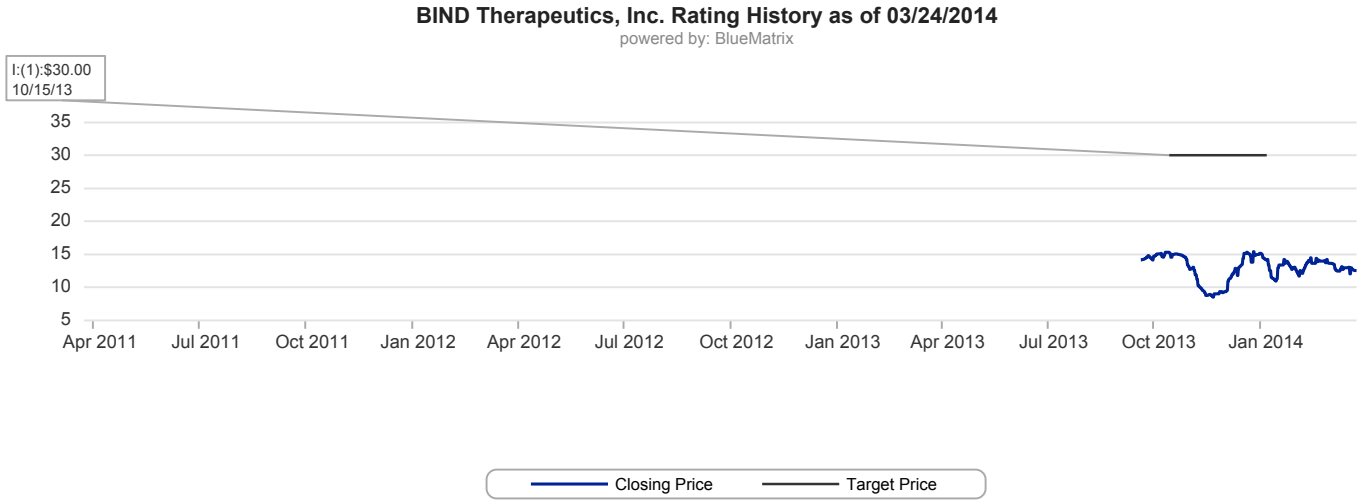
Cowen And Company Rating Definitions

Distribution of Ratings/Investment Banking Services (IB) as of 12/31/13

Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
Buy (a)	415	59.20%	68	16.39%
Hold (b)	270	38.52%	4	1.48%
Sell (c)	16	2.28%	1	6.25%

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

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



Exelixis Rating History as of 03/24/2014
powered by: BlueMatrix

Rating Change - 2/21/2006 - Rating Outperform

Relypsa, Inc Rating History as of 03/24/2014
powered by: BlueMatrix

Sunesis Pharmaceuticals Rating History as of 03/24/2014
powered by: BlueMatrix

Rating Change - 2/21/2006 - Outperform Rating

Legend for Price Chart:

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

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