

March 10, 2015

IMDZ-NASDAQ--Outperform (1) / V

Biotechnology

## IMDZ: Denial Of Theravectys's Preliminary Injunction A Positive Step Towards Reducing Minor Legal Overhang

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### Sector Rating: Biotechnology, Market Weight

**\*\*This morning in an 8-K IMDZ announced that a preliminary injunction requested by Theravectys SA to prevent IMDZ from using its lentiviral vectors was denied.**

**\*\*Recall in July 2014, Theravectys had filed a lawsuit against IMDZ related to an alleged interference with the contractual relationship with Belgian company Henogen, with which Theravectys apparently had an exclusive relationship to manufacture Theravectys' lentivirus-based therapeutic vaccine against HIV. Though we are not lawyers, we had felt reassured after speaking with IMDZ that there was no intentional interference with Theravectys' and Henogen's exclusivity agreement; additionally, the viral vector being used by Theravectys is different than that of IMDZ, and the manufacturing protocol was devised by IMDZ (Henogen was hired as only a contract manufacturer).**

**\*\*Though the full outcome of the trial will be determined in a trial encompassing full arguments, potentially 3Q15, the fact that the evidence did not support a preliminary injunction is a step in the right direction, in our view.**

**\*\*BOTTOM LINE: Though the lawsuit is not a major overhang, denial of Theravectys's preliminary injunction is a positive step in our view towards reducing any potential concerns. We continue to believe IMDZ is an underappreciated, differentiated small-cap oncology company that represents a less expensive alternative to more "mainstream" T-cell focused IO companies, and remain buyers of the stock.**

**Immune Design Corp. (IMDZ-NASDAQ)**

**Price as of 3/9/2015: \$25.48**

**FY 14 EPS: \$-2.44**

**FY 15 EPS: \$-2.07**

**Shares Out.: 15.8 MM**

**Market Cap.: \$402.58 MM**

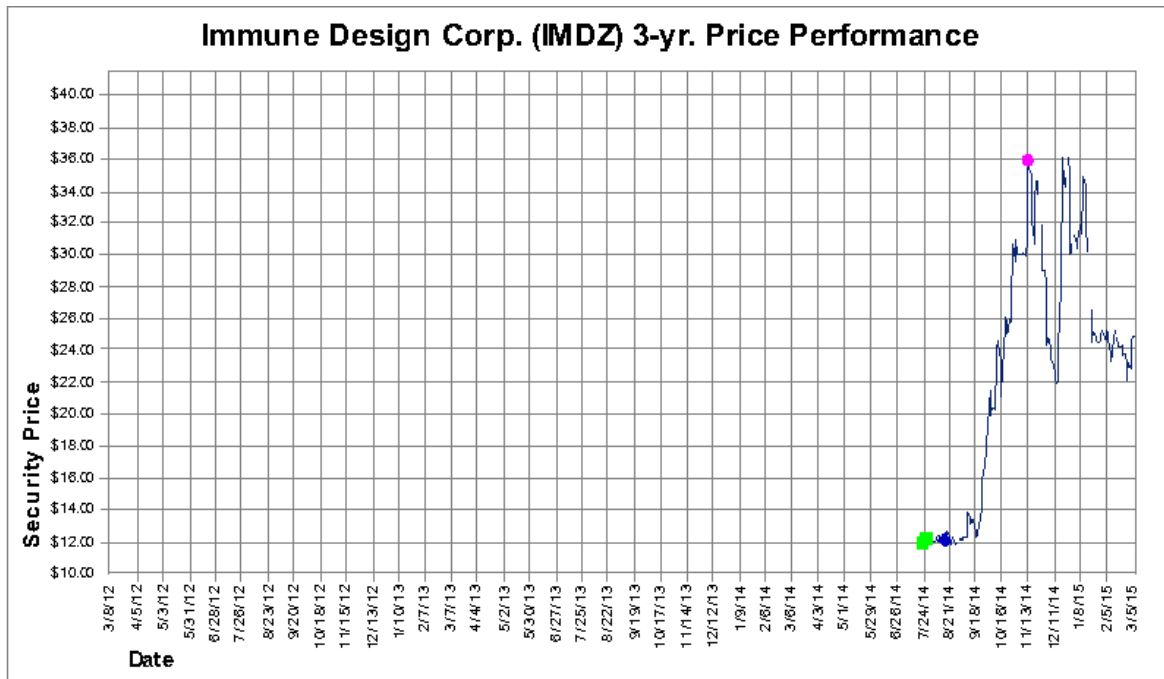
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### Required Disclosures



	Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
□	7/24/2014		IPO at \$12.00			
	8/18/2014		Abrahams, M.D.			
◆	8/18/2014	12.41	1	17.00	18.00	12.13
●	11/13/2014	30.67	1	35.00	37.00	35.97

Source: Wells Fargo Securities, LLC estimates and Reuters data

#### Symbol Key

▼	Rating Downgrade	◆	Initiation, Resumption, Drop or Suspend
▲	Rating Upgrade	■	Analyst Change
●	Valuation Range Change	□	Split Adjustment

#### Rating Code Key

1	Outperform/Buy	SR	Suspended
2	Market Perform/Hold	NR	Not Rated
3	Underperform/Sell	NE	No Estimate

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**IMDZ:** Risks include ZVex's failure to show clinical efficacy, a safety signal, competition, and manufacturing.

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**2 = Market Perform:** The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD

**3 = Underperform:** The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

## SECTOR RATING

**O = Overweight:** Industry expected to outperform the relevant broad market benchmark over the next 12 months.

**M = Market Weight:** Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

**U = Underweight:** Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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**V =** A stock is defined as volatile if the stock price has fluctuated by +/-20% or greater in at least 8 of the past 24 months or if the analyst expects significant volatility. All IPO stocks are automatically rated volatile within the first 24 months of trading.

## As of: March 10, 2015

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