

COMPANY NOTE

Rating | Target | Estimate Change

USA | Healthcare | Biotechnology

November 14, 2014

Jefferies

Immune Design (IMDZ) Q3 Update: Topline Data From PI Studies in H1'15; Downgrading To Hold

Key Takeaway

We are downgrading to a Hold from a Buy as we feel IMDZ shares are fully valued. While we are constructive on the IMDZ immunotherapy platform, we feel the top-line data from LV305 and G305 PI in H1'15 may not be sufficient to clarify the clinical profile of the combination CMB305 therapy. IMDZ will initiate the CMB305 PI study in solid tumors in Q1'15 with data expected by H2'15. IMDZ plans to initiate a CMB305 registrational PII study in sarcoma pts in H2'15.

Downgrade To Hold: We feel IMDZ shares are fairly valued based on the development stage of IMDZ's programs. Enrollment for LV305/G305 PI studies is expected to complete in Q4'14 with data in H1'15, however, we don't expect data will sufficiently characterize the clinical profile of CMB305. We think both trials may help identify the maximum tolerated dose, and may provide some hints of efficacy, however, we would require PI data from CMB305 in synovial sarcoma and NSCLC before we can assess the true potential of this program. We are increasing our PT to \$32 mainly due to earlier launch estimate for CMB305 in synovial sarcoma (to 2018 from 2022) and predicated on a PII registration trial which could start in H2'15 and also due to reduction in our risk discount for sarcoma (to 60% from 75%) and for NSCLC (to 70% from 75%).

CMB305 PI initiation in Q1'15: CMB305 PI initiation is expected in Q1'15 and will test two dose of LV305 and a fixed dose of G305 in 4 solid tumors. Data from PI is expected in H2'15. IMDZ suggested that it plans to conduct a registrational single arm PII study of CMB305 in sarcoma with pot'l approval in 2018 (vs our previous estimates of 2022). The PII study is expected to enroll ~100 pts with PFS as 1EP. Based on the high enrollment of sarcoma pts in LV305 PI and planned PII registrational study, we have reduced our risk discount to 60%.

Expansion of G100 into Lymphomas: Mgmt reported that it plans to initiate a second G100 trial in follicular non-Hodgkins lymphoma in Q2'15. Topline data from the ongoing G100 PI in 10 patients w/ MCC is expected in H1'15. IMDZ reported Q3 revenue of \$3.5M (v. JEF est: \$0.3M and cons: \$0.2M). GAAP EPS was (\$0.55) (v. JEF est: (\$0.31) and cons: \$0.36) primarily on higher OpEx. Cash/equivs end of Q3 were \$83.4M.

Valuation/Risks

Our \$32 PT (prev. \$15) is DCF-based. Risks to our thesis include clinical, regulatory and commercial risks.

USD	Prev.	2013A	Prev.	2014E	Prev.	2015E	Prev.	2016E
Rev. (MM)	--	1.6	1.5	6.0	2.0	4.0	2.0	4.0
EV/Rev		NM		87.4x		NM		NM
EPS								
Mar	--	--	--	(22.25)A	--	--	--	--
Jun	--	--	--	(16.57)A	--	--	--	--
Sep	--	--	(0.31)	(0.55)A	--	--	--	--
Dec	--	--	(0.29)	(0.46)	--	--	--	--
FY Dec	--	(2.28)	(39.42)	(39.82)	(1.58)	(1.76)	(1.22)	(1.33)
FY P/E		NM		NM		NM		NM

HOLD

(from BUY)

Price target \$32.00

(from \$15.00)

Price \$35.97

Financial Summary

Net Debt (MM):	(\$83.4)
Long-Term Debt (MM):	\$0.0
Cash & ST Invest. (MM):	\$83.4
Cash/Share:	\$4.90
Cash (MM):	\$83.4

Market Data

52 Week Range:	\$36.69 - \$11.51
Total Entprs. Value (MM):	\$524.5
Market Cap. (MM):	\$607.9
Shares Out. (MM):	16.9
Float (MM):	4.4
Avg. Daily Vol.:	52,235

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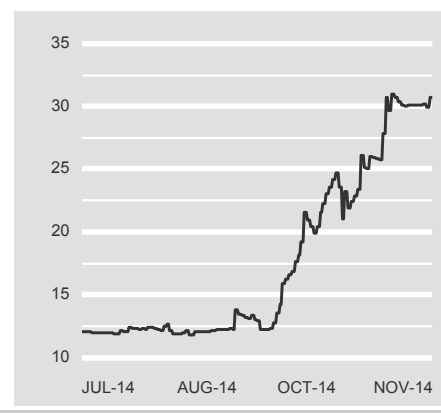
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Price Performance



IMDZ

Rating | Target | Estimate Change

November 14, 2014

Immune Design**Hold: \$32 Price Target****Scenarios****Target Investment Thesis**

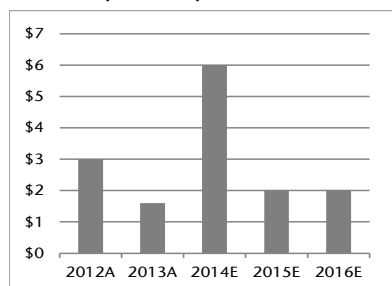
- Expect success of G100 in MCC with US approval expected in 2021. We estimate peak risk-adj sales of \$36M in 2032 in US.
- Expect success of CMB305 in NSCLC with US approval expected in 2022. We estimate peak risk-adj sales of \$412M in 2032 in US.
- Expect success of CMB305 in synovial sarcoma with US approval expected in 2018. We estimate peak risk-adj sales of \$96M in 2032 in US.
- DCF-based PT: \$32

Upside Scenario

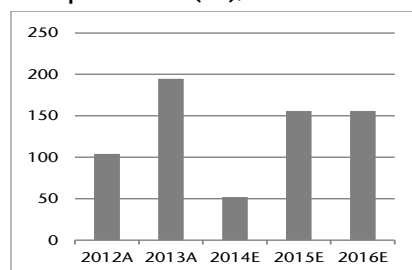
- De-risking of CMB305 in sarcoma - \$36 PT (DCF-based)
- De-risking of CMB305 in NSCLC - \$42 PT (DCF-based)

Downside Scenario

- Failure of G100 in MCC - \$24 PT (DCF-based)
- Failure of CMB305 in synovial sarcoma - \$19 PT (DCF-based)
- Failure of CMB305 in NSCLC - \$7 PT (DCF-based)
- Failure of all clinical programs - \$5 PT (cash-valuation)

Long Term Analysis**Revenue (millions)**

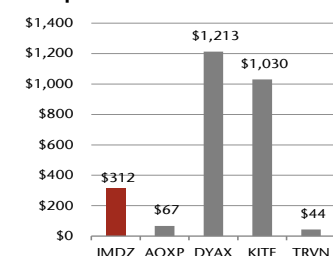
Source: Company data; Jefferies estimates

Enterprise Value (EV)/Sales

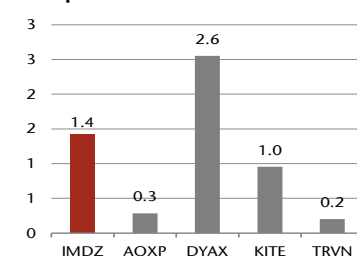
Source: Company data; Jefferies estimates

Other Considerations

We consider small-cap and mid-cap biotech companies with late-stage programs to continue to be attractive targets for partnering or M&A partnering with large-cap biotech and pharma companies, which we believe will be a driving factor for performance in the biotech sector 2015-2016.

Peer Group**Group EV**

Source: Factset, Jefferies estimates

Group EV/2024E Sales

Source: Factset, Jefferies estimates

Recommendation / Price Target

Ticker	Rec.	PT
IMDZ	Hold	\$32
AQXP	Buy	\$13
DYAX	Buy	\$13
KITE	Buy	\$35
TRVN	Buy	\$11

Catalysts

- Topline data from PI trial of G100 in MCC in H1 2015
- Initiation of CMB305 Plb in solid tumors in Q1 2015 with data in H2 2015
- Topline data from the from PI study of LV305 and G305 in solid tumors in H1 2015

Company Description

Immune Design is a biotechnology company that is Immunotherapy based developing treatments against cancers, infectious diseases and allergy. IMDZ's lead product is CMB305, combination therapy of NY-ESO-1 dendritic cell vaccine (LV305) and a NY-ESO-1 protein fused TLR-4 agonist (G305) and will undergo evaluation in Plb trial in solid tumors in Q1 2015. IMDZ's second product G100 (GLA-SE), a TLR-4 agonist for the treatment of merkel cell carcinoma is in PI evaluation. IMDZ is also using the GLA-SE (G100) platform for developing TLR-4 adjuvants for the treatment of infectious diseases and allergy.

Valuation

We arrive at our \$32 PT (v. prev \$15) based on a DCF valuation model which assumes a WACC of 13%, patent expiry for CMB305 in 2032, and outstanding shares of 16.9 million. We estimate risk-adjusted peak U.S. CMB305 sales of \$540 million (sarcoma and NSCLC) and risk-adjusted US G100 sales of \$36 million (MCC). We expect US launch of CMB305 launch in sarcoma in 2018 and 2022 for NSCLC. We estimate US approval and launch of G100 in 2021. We have not included EU sales of CMB305 or G100 or licensing royalties received from the infectious disease and allergy programs into our model and presents upside.

Exhibit 1: DCF sensitivity analysis

Disc Rate	Price/Share
9%	\$48.45
11%	\$39.30
13%	\$32.14
15%	\$26.49
0%	\$22.00

Source: Jefferies estimates

Risks

Clinical Failure: As with all companies in biotechnology that are investing in the development of preclinical/clinical programs, trial failures can lead to delays in projections for market entry or possibly discontinuation of programs.

Regulatory Failure: The FDA could determine the new drug application is inadequate for CMB305 and G100 and could delay approval. Any delays in approval timelines could impact our earnings estimates, price target, and/or rating.

Commercial Failure: We currently project U.S. sales of \$508 million (risk-adjusted) for CMB305 and \$30 million (risk-adjusted) for G100. Our estimates may rely on the success of the company/partners to receive drug reimbursement from private/public payors.

Financing Risks: We estimate IMDZ may need additional financing(s) in 2016-2017 to develop CMB305 and G100 and the pipeline and fund a potential U.S. launch of CMB305 and G100. The company may offset the need to raise additional capital by potentially licensing ex-U.S. rights to CMB305 and G100 and licensing royalties from infectious disease and allergy program. We currently have not modelled any potential upfront payments from a licensing collaboration.

Exhibit 2. Key IMDZ milestones

Product	Indication	Event	Date
G100	Merkel cell carcinoma	Topline results for PI trial	H1 2015
		Topline PIII data	2020
		US regulatory filing and approval	2021
LV305	Solid tumors	Topline data from the PI trial	H1 2015
G305	Solid tumors	Topline data from the PI trial in sarcoma, NSCLC, melanoma, ovarian, and breast cancer	H1 2015
CMB305	Solid tumors	Initiation of Plb in sarcoma, NSCLC, melanoma and ovarian cancer	Q1 2015
		Preliminary efficacy data from Plb in solid tumors	mid-2015
		Topline data from the Plb in solid tumors	H1 2016
	NSCLC and synovial sarcoma	Initiation of PII registrational trial in synovial sarcoma and MCC	H2 2015
		Initiation of PII trial in in combination with PD-1/IL1 antibodies in NSCLC	H2 2015
		Topline PII data in synovial sarcoma and MCC	2017
		US regulatory filing and approval	2018

Source: Jefferies estimates, company data

Exhibit 3: IMDZ Income Statement

Immune Design

Quarterly Income Statement

(All values in \$MM except EPS and average shares)

	2012A	2013A	2014E				2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
	FY	FY	1QA	2QA	3QA	4QE	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
Revenue:																	
Product sales	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CMB305 - synovial sarcoma	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	52.1	80.5	88.5	94.9	97.8	100.7	103.8
CMB305 - NSCLC	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	17.7	111.7	56.4	205.4
G100 - MCC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.5	17.7	21.3	23.9	25.4
License and collaboration revenues	3.0	1.6	0.0	1.0	3.5	1.5	6.0	4.0	4.0	4.0	4.0	4.0	2.0	2.0	2.0	2.0	2.0
Total revenue, net	3.0	1.6	0.1	1.1	3.5	1.5	6.0	4.0	4.0	4.0	29.0	56.1	84.5	104.9	132.4	232.7	336.6
Costs and expenses:																	
Cost of goods sold	15	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	7.8	12.1	15.4	19.6	34.6	42.2	50.2
Research & development	8.6	116	4.1	3.9	6.0	5.7	19.6	27.8	25.0	19.3	20.3	20.9	215	22.1	22.8	23.5	24.0
Selling, general & administrative	3.7	4.4	14	19	4.1	3.5	5.6	6.0	6.5	7.0	19.2	20.2	212	22.5	23.1	23.8	24.6
Total operating expenses	13.8	16.7	5.5	5.8	10.1	9.2	25.2	33.8	31.5	32.0	42.3	48.2	54.1	58.8	64.2	80.6	98.7
Income (loss) from operations	(10.9)	(15.1)	(5.5)	(4.7)	(6.6)	(7.7)	(19.2)	(29.8)	(27.5)	(28.0)	(13.2)	7.8	30.4	46.2	68.2	152.2	237.9
Other income (expense):																	
Miscellaneous (expense) income	0.0	(10)	(2.7)	(14)	(0.1)	0.0	(4.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	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
Interest expense	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
Net profit (loss) before income taxes	(10.8)	(16.0)	(8.2)	(6.1)	(6.7)	(7.7)	(19.2)	(29.8)	(27.5)	(28.0)	(13.2)	7.8	30.4	46.2	68.2	152.2	237.9
Income tax expense (benefit)			0.0	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0	6.8	15.2	19.4	23.8
Income tax (%)									0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%
Net Income (GAAP)	(10.8)	(16.0)	(8.2)	(6.1)	(6.7)	(7.7)	(19.2)	(29.8)	(27.5)	(28.0)	(13.2)	7.8	30.4	46.2	61.4	136.9	214.1
Adjusted Items (Non-GAAP)																	
Stock options	0.3	0.8	0.2	0.2	0.2	0.2	0.8	12	15	2.0	2.0	2.0	2.5	2.5	3.0	3.0	3.0
Depreciation and amortization expense	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
Net Income (Non-GAAP)	(10.5)	(15.2)	(8.0)	(5.9)	(6.5)	(7.5)	(18.4)	(28.6)	(26.0)	(26.0)	(11.2)	9.8	32.4	48.7	63.9	139.9	217.1
EPS, GAAP																	
Basic	(30.43)	(2.28)	(22.25)	(16.57)	(0.55)	(0.46)	(39.82)	(176)	(133)	(131)	(0.54)	0.32	1.12	1.69	2.23	4.92	6.20
Diluted	\$ (30.43)	\$ (2.28)	\$ (22.25)	\$ (16.57)	\$ (0.55)	\$ (0.46)	\$ (39.82)	\$ (176)	\$ (133)	\$ (131)	\$ (0.54)	\$ 0.32	\$ 1.12	\$ 1.68	\$ 2.18	\$ 4.78	\$ 5.96
Weighted average share- Basic	0.4	7.0	0.4	0.4	12.1	16.9	7.4	16.9	20.7	214	24.3	24.8	27.0	27.3	27.6	28.1	28.4
Weighted average share- Diluted	0.4	7.0	0.4	0.4	12.1	16.9	7.4	16.9	20.7	214	24.3	24.8	27.0	27.6	28.1	28.7	29.2

Source: Jefferies estimates, company data

Exhibit 4: IMDZ Balance Sheet
Immune Design
Balance Sheet
(All values in \$MM)

	2012A	2013A	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
Current assets:														
Cash and cash equivalents	12.8	30.4	71.7	44.4	70.7	44.3	86.1	97.4	181.7	232.3	298.2	440.1	618.1	836.1
Cash and investments	12.8	30.4	71.7	44.4	70.7	44.3	86.1	97.4	181.7	232.3	298.2	440.1	618.1	836.1
Accts receivable	0.5	0.1	0.1	0.1	0.2	0.2	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Inventory	0.3	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
Prepaid expenses	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total current assets	13.7	30.7	72.0	44.7	71.1	44.7	86.6	98.1	182.4	233.0	298.8	440.7	618.8	836.8
Property and equipment, net	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total assets	14.3	31.0	72.3	44.9	71.4	45.0	86.9	98.4	182.7	233.3	299.1	441.0	619.1	837.1
Current liabilities:														
Accounts payable	1.1	0.9	1.7	2.1	3.6	2.3	4.5	5.1	6.2	7.3	8.4	9.5	9.5	9.5
Accrued expenses	1.5	1.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Deferred rent	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
Total current liabilities	2.6	2.0	3.7	4.1	5.6	4.3	6.5	7.1	8.2	9.3	10.4	11.5	11.5	11.5
Deferred rent, excluding current portion	0.0	0.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Total Liability	2.6	2.1	5.1	5.5	7.0	5.7	7.9	8.5	9.6	10.7	11.8	12.9	12.9	12.9
Total stockholders' equity	11.6	28.9	67.2	39.4	64.4	39.3	79.0	89.9	173.1	222.6	287.3	428.1	606.2	824.2
Total liabilities and stockholders' equity	14.2	31.0	72.3	44.9	71.4	45.0	86.9	98.4	182.7	233.3	299.1	441.0	619.1	837.1

Source: Jefferies estimates

Exhibit 5: IMDZ Cash Flow Statement
**Immune Design
Cash Flow Statement**
(All values in \$MM)

	2012A	2013A	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
Cash flows from operating activities:	(10.8)	(16.0)	(19.2)	(29.8)	(27.5)	(28.0)	(13.2)	7.8	30.4	46.2	61.4	136.9	174.2	214.1
Net income														
Adjustments to reconcile cash by operating activities:														
Depreciation and amortization expense	0.5	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Compensation expense	0.2	0.3	0.8	12	15	2.0	2.0	2.0	2.0	2.5	2.5	3.0	3.0	3.0
Revaluation of convert preferred stock liability/other	0.0	10	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in operating assets and liabilities:														
Acct receivable	(0.5)	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory	(0.3)	0.1	0.1	0.4	15	(13)	2.2	0.6	11	11	11	11	0.0	0.0
Prepaid expenses	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.5	(0.2)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Accrued expenses and deferred rent	0.5	(0.4)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Net cash provided by operating activities	(9.6)	(14.3)	(14.2)	(27.2)	(23.5)	(26.3)	(8.0)	11.5	34.5	50.8	66.0	142.1	178.2	218.2
Cash flows from investing activities:														
Purchase of fixed assets	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net cash (used in) provided by investing activities	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Cash flows from financing activities:														
Issuance of common stock, net of offering costs	0.0	0.0	55.8	0.0	50.0	0.0	50.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0
Issuance of common stock from exercise of stock options	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
Proceeds from preferred stock	10.6	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from notes payable	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
Principal payments on debt	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
Net cash (used in) provided by financing activities	10.6	32.1	55.8	0.0	50.0	0.0	50.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0
Effect if exchange rate changes on cash/equivalents														
Increase (decrease) in cash and cash equivalents	0.8	17.6	41.4	(27.4)	26.4	(26.5)	41.8	11.3	84.3	50.6	65.8	141.9	178.0	218.0
Cash and cash equivalents at beginning of period	12.0	12.8	30.3	71.7	44.4	70.7	44.3	86.1	97.4	117	232.3	298.2	440.1	618.1
Cash and cash equivalents at end of period	12.8	30.3	71.7	44.4	70.7	44.3	86.1	97.4	181.7	232.3	298.2	440.1	618.1	836.1

Source: Jefferies estimates

Exhibit 6: IMDZ DCF analysis
Immune Design
Discounted Cash Flow Analysis

<i>(All values in \$MM)</i>	2012A	2013A	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Sales	3.0	1.6	6.0	4.0	4.0	4.0	29.0	56.1	84.5	104.9	132.4	232.7	283.0	336.6
Operating Expenses	13.8	16.7	25.2	33.8	31.5	32.0	42.3	48.2	54.1	58.8	64.2	80.6	89.5	98.7
EBIT	(10.9)	(15.1)	(19.2)	(29.8)	(27.5)	(28.0)	(13.2)	7.8	30.4	46.2	68.2	152.2	193.5	237.9
(-): Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.8	15.2	19.4	23.8
EBIAT	(10.9)	(15.1)	(19.2)	(29.8)	(27.5)	(28.0)	(13.2)	7.8	30.4	46.2	61.4	136.9	174.2	214.1
(+): Depreciation	0.5	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
(+): FAS-123 Options	0.3	0.8	0.8	1.2	1.5	2.0	2.0	2.0	2.0	2.5	2.5	3.0	3.0	3.0
(-): Capital expenditures	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
(-): Changes in working capital	1.9	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unlevered free cash flow	(12.2)	(14.2)	(18.4)	(28.5)	(25.9)	(25.9)	(11.2)	9.9	32.4	48.7	64.0	140.0	177.3	217.2

Source: Jefferies estimates

Company Description

Immune Design Corp., a clinical-stage immunotherapy company, focuses on the development of novel immune-based therapies based on its DCVex and GLAAS discovery platforms for cancer and other chronic conditions. Its product candidates in Phase I clinical trials comprise LV305, CMB305, and G305 for the treatment of solid tumor types, such as breast cancer, melanoma, non-small cell lung cancer, ovarian cancer, or sarcoma; and G100 for the treatment of patients with merkel cell carcinoma. The company was founded in 2008 and is headquartered in Seattle, Washington.

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Risk which may impede the achievement of our Price Target

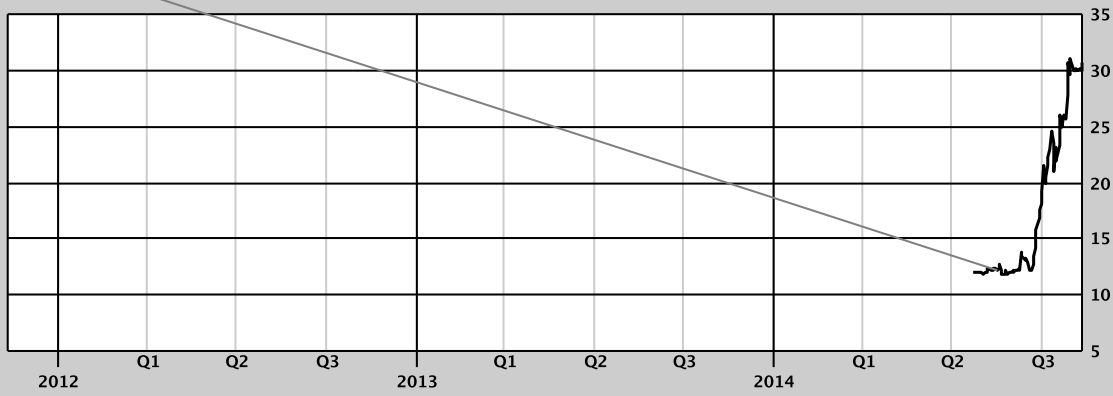
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Other Companies Mentioned in This Report

- Aquinox Pharmaceuticals (AQXP: \$7.12, BUY)
- Dyax (DYAX: \$13.34, BUY)
- Immune Design (IMDZ: \$35.97, HOLD)
- Kite Pharma (KITE: \$40.85, BUY)
- Trevena, Inc. (TRVN: \$5.63, BUY)

Rating and Price Target History for: Immune Design (IMDZ) as of 11-12-2014

08/18/14
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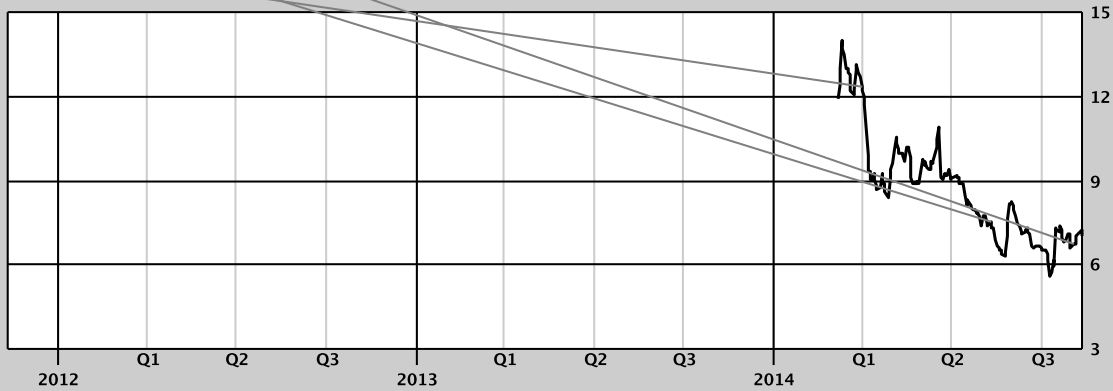


Rating and Price Target History for: Aquinox Pharmaceuticals (AQXP) as of 11-12-2014

04/01/14
I:B:\$17

08/11/14
B:\$16

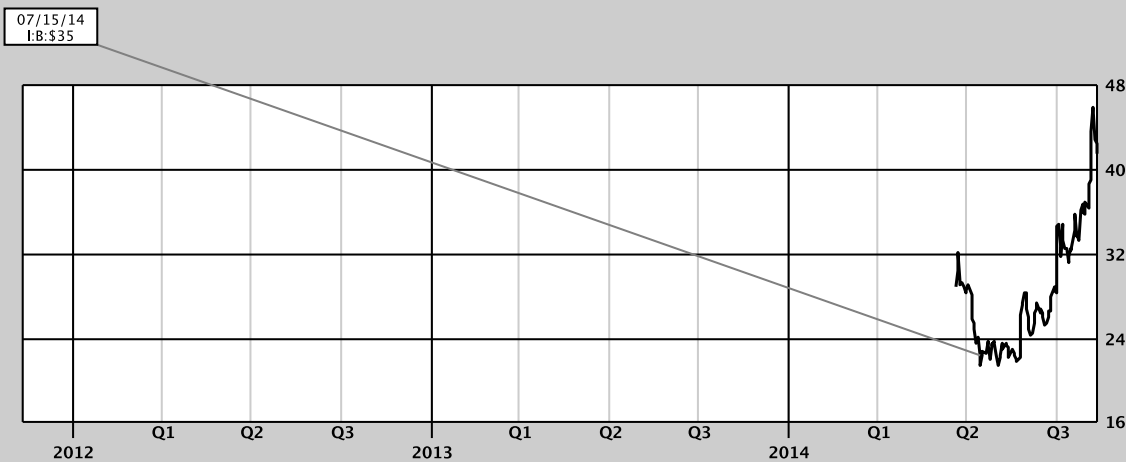
11/04/14
B:\$13



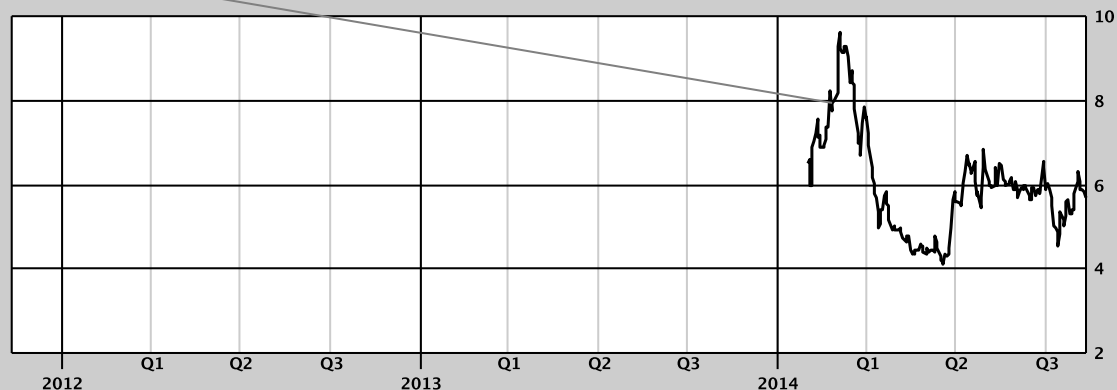
Rating and Price Target History for: Dyax (DYAX) as of 11-12-2014



Rating and Price Target History for: Kite Pharma (KITE) as of 11-12-2014



Rating and Price Target History for: Trevena, Inc. (TRVN) as of 11-12-2014

02/26/14
I:B:\$11

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Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY	1019	51.99%	269	26.40%
HOLD	797	40.66%	143	17.94%
UNDERPERFORM	144	7.35%	4	2.78%

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