

September 25, 2014

IMDZ-NASDAQ--Outperform (1) / V

Biotechnology

IMDZ: Halo Effect From Successful Fund Raising From A Competing Technology Company?

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Sector Rating: Biotechnology, Market Weight

IMDZ traded higher today (+12.7% vs. -1.8% BTK), we believe due to renewed enthusiasm for the cancer immuno-therapy space in general, and specifically, due to an outsized Series A financing (\$104MM) announced for a U.K./U.S. company, Adaptimmune, which is developing an NY-ESO-1 based T-cell cancer immuno-therapy. Recall, IMDZ's lead product, LV305, is also NY-ESO-1 targeted immuno-therapy using its proprietary platform ZVex.

****We believe Adaptimmune's successful fund raising reflects high investor enthusiasm for the cytotoxic T cell mediated immuno-therapy and also provides some validation for NY-ESO-1 based immuno-therapy approach, which we believe overall bodes well for IMDZ.**

****Adaptimmune's platform is somewhat different from that of IMDZ (and CAR-T). Adapimmune technology is based on genetically modified autologous T-cells carrying a recombinant T cell receptor specific for a tumor antigen (e.g., NY-ESO-1).**

****While we believe Adaptimmune's technology is one of several promising immuno-therapy approaches worth watching, we believe IMDZ's has several features that could be differentiated compared to recombinant TCR or CAR-T approaches. We believe ZVex's in vivo delivery and "off-the-shelf" approach could provide some advantages over a more "personalized"-requires autologous cells and HLA matching--and complex genetic modifications and immune (lymphodepletion) manipulations associated with recombinant T cell and CAR-T.**

****BOTTOM LINE: We continue to believe IMDZ's differentiated platform has a strong scientific basis and holds promise as a novel immune-oncology cancer therapeutic approach, and expect shares to appreciate as initial data emerge in early 2015.**

Immune Design Corp. (IMDZ-NASDAQ)

Price as of 9/25/2014: \$14.25

FY 14 EPS: \$-2.03

FY 15 EPS: \$-1.39

Shares Out.: 15.8 MM

Market Cap.: \$225.15 MM

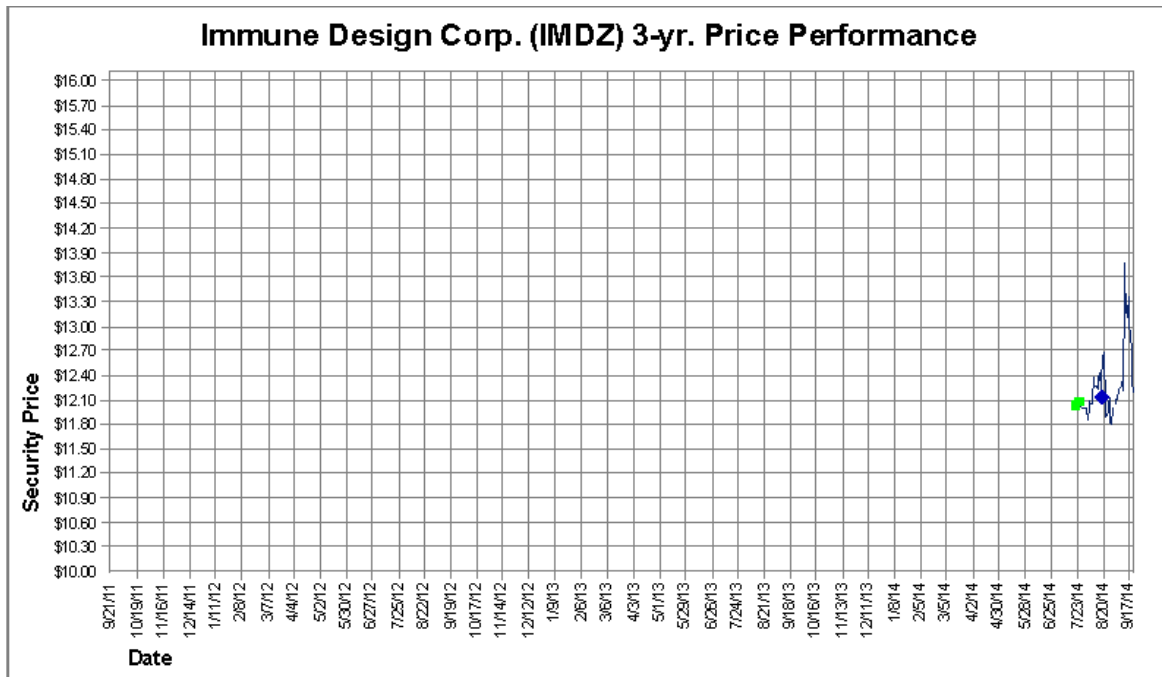
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Required Disclosures



| | 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 |

Source: Wells Fargo Securities, LLC estimates and Reuters data

Symbol Key

- ▼ Rating Downgrade
- ▲ Rating Upgrade
- Valuation Range Change

- ◆ Initiation, Resumption, Drop or Suspend
- Analyst Change
- Split Adjustment

Rating Code Key

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

Additional Information Available Upon Request

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

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1 = Outperform: The stock appears attractively valued, and we believe the stock's total return will exceed that of the market over the next 12 months. BUY

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.

VOLATILITY RATING

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: September 25, 2014

| | |
|---|---|
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