

## COMPANY NOTE

Rating | Target | Estimate Change

USA | Healthcare | Biotechnology

April 1, 2015

# Jefferies

## Immune Design (IMDZ) Q4 Update: Signs Of Activity With LV/G305; Upgrade To Buy

### Key Takeaway

**We are upgrading IMDZ to Buy as shares are at a more attractive entry point from our Nov downgrade and IMDZ reports activity w/ LV305 and G305, an encouraging sign for CMB305. IMDZ disclosed a subgroup who observed increases in CD8 T cells w/ LV305 and in CD4 T cells w/ G305. IMDZ also reported that SD was observed but did not provide add'l details given the dataset could be presented at ASCO. We have trimmed our PT to \$29 from \$32 on higher OpEx going forward.**

**Upgrade to Buy:** IMDZ shares are at more attractive levels compared to our Nov downgrade and IMDZ reports on their YE'14 conference call that they have observed increases in NY-ESO-1 specific CD4 T cells and NY-ESO-1 specific CD8 T cells in the respective PI G305 and LV305 trials. Furthermore, the company reports that stable disease has been observed in a number of patients. Both datapoints are a positive sign on the prospects of the PI CMB305 trial which should initiate shortly. Lastly, there were no dose-limiting toxicities observed in either trial. The company did not disclose additional details from the PI trial as it plans to present the data at ASCO. IMDZ characterized the patients enrolled in the trial as "end stage" w/ measurable disease and failing on prior lines of therapy. The majority of the patients in the PI LV305 (n = 12) were characterized as sarcoma patients whereas the PI G305 trial was composed of patients w/ sarcoma, melanoma, bladder cancer, and ovarian cancer.

**Key Upcoming Catalysts in 2015:** Given the positive outcome of the CMB305 dose-escalation study, IMDZ plans to begin an expansion study at the optimal dose in pts with any of 4 tumor types: sarcoma, lung cancer, ovarian cancer, and melanoma. The study will determine add'l safety, immunogenicity, and preliminary efficacy. Also, in Q1, IMDZ initiated a dose expansion trial for LV305 in solid tumors at the high dose studied in the PI trial. Lastly, IMDZ is planning to initiate a third PI pilot trial for G100 in combination with local radiation in pts with NHL.

**Q4 Financials:** The company reported Q4 revenues of \$1.8M largely from collaboration agreements and OpEX of \$14.9M (v. our estimates of \$9.2M) largely due to one-time expenses related to the IPO offering, and non-cash stock compensation. IMDZ reported a loss of (\$0.78) compared to consensus of (\$0.64) and our estimates of (\$0.46).

### Valuation/Risks

Our \$29 PT (prev. \$32) is DCF-based. Risks to our thesis include clinical, regulatory and commercial risks.

USD	Prev.	2013A	Prev.	2014A	Prev.	2015E	Prev.	2016E
Rev. (MM)	--	1.6	6.0	6.4	--	4.0	--	4.0
EV/Rev		NM		44.0x		70.3x		70.3x
<b>EPS</b>								
Mar	--	--	--	(22.25)	--	(0.53)	--	--
Jun	--	--	--	(16.57)	--	(0.50)	--	--
Sep	--	--	--	(0.55)	--	(0.52)	--	--
Dec	--	--	(0.46)	(0.78)	--	(0.55)	--	--
FY Dec	--	(2.28)	(39.82)	(4.56)	(1.76)	(2.10)	(1.33)	(1.80)
FY P/E		NM		NM		NM		NM

**BUY**

(from HOLD)

Price target \$29.00

(from \$32.00)

Price \$21.11

### Financial Summary

Net Debt (MM):	(\$75.4)
Long-Term Debt (MM):	\$0.0
Cash & ST Invest. (MM):	\$75.4
Cash/Share:	\$4.46
Cash (MM):	\$75.4

### Market Data

52 Week Range:	\$40.13 - \$11.51
Total Entprs. Value (MM):	\$281.4
Market Cap. (MM):	\$356.8
Shares Out. (MM):	16.9
Float (MM):	7.1
Avg. Daily Vol.:	53,536

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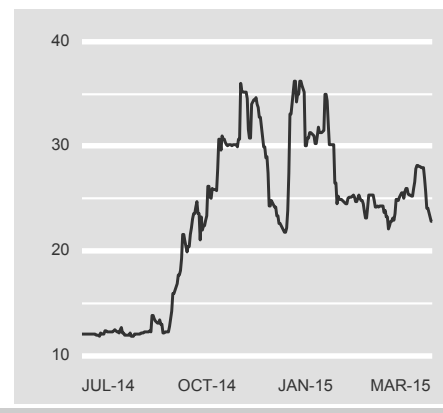
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### Price Performance



**IMDZ**

Rating | Target | Estimate Change

April 1, 2015

**Immune Design****Buy: \$29 Price Target****Scenarios****Target Investment Thesis**

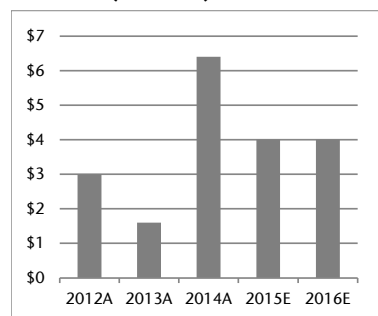
- Expect success of G100 in MCC with US approval expected in 2021. We estimate peak risk-adj sales of \$36M in 2032 in US.
- Expect success of CMB305 in NSCLC with US approval expected in 2022. We estimate peak risk-adj sales of \$412M in 2032 in US.
- Expect success of CMB305 in synovial sarcoma with US approval expected in 2018. We estimate peak risk-adj sales of \$128M in 2032 in US.
- DCF-based PT: \$29

**Upside Scenario**

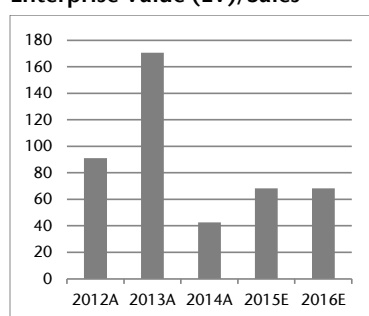
- De-risking of CMB305 in sarcoma - \$36 PT (DCF-based)
- De-risking of CMB305 in NSCLC - \$42 PT (DCF-based)

**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 - \$4 PT (cash-valuation)

**Long Term Analysis****Revenue (millions)**

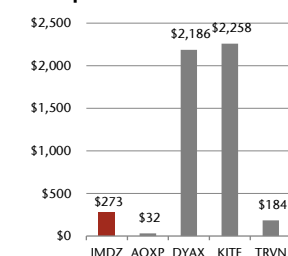
Source: Company data; Jefferies estimates

**Enterprise Value (EV)/Sales**

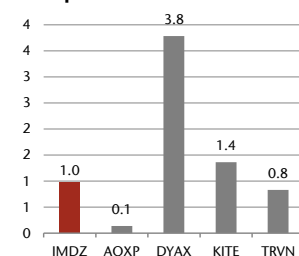
Source: Company data; Jefferies estimates

**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
<b>IMDZ</b>	<b>Buy</b>	<b>\$29</b>
AQXP	Buy	\$13
DYAX	Buy	\$31
KITE	Buy	\$84
TRVN	Buy	\$11

**Catalysts**

- Full dataset of PI studies for CNB305 and G100 at ASCO (June)
- Initiation of expansion study for CMB305 in 4 tumor types: sarcoma, lung cancer, ovarian cancer and melanoma in 2015
- Initiation of third PI pilot study of G100 in combination with local radiation in NHL in 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 \$29 PT (v. prev \$32) 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%	\$44.25
11%	\$35.85
<b>13%</b>	<b>\$29.20</b>
15%	\$23.89
0%	\$19.63

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: IMDZ Income Statement

### Immune Design

#### Quarterly Income Statement

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

	2012A	2013A	2014A					2015E					2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
	FY	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	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	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	0.0	0.0	0.0	0.0	0.0	25.0	52.1	80.5	88.5	94.9	97.8	100.7	
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
License and collaboration revenues	3.0	16	0.0	10	3.5	18	6.3	10	10	10	10	4.0	4.0	4.0	4.0	4.0	4.0	2.0	2.0	2.0	2.0	
Total revenue, net	3.0	1.6	0.1	1.1	3.5	1.8	6.4	1.0	1.0	1.0	1.0	4.0	4.0	4.0	29.0	56.1	84.5	104.9	132.4	232.7	283.0	
Costs and expenses:																						
Cost of goods sold	15	0.7	0.0	0.0	0.0	0.6	0.6	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	
Research & development	8.6	116	4.1	3.9	6.0	8.8	22.7	6.0	5.8	6.2	6.5	24.5	25.0	25.0	19.3	20.3	20.9	21.5	22.1	22.8	23.5	
Selling, general & administrative	3.7	4.4	14	19	4.1	5.5	12.9	4.0	3.8	3.9	4.2	6.9	17.1	17.7	28.2	29.6	31.1	32.0	33.0	34.0	35.0	
Total operating expenses	13.8	16.7	5.5	5.8	10.1	14.9	36.3	10.0	9.6	10.1	10.7	40.4	42.1	42.7	51.2	57.7	64.0	69.0	74.7	91.4	100.6	
Income (loss) from operations	(10.9)	(15.1)	(5.5)	(4.7)	(6.6)	(13.1)	(29.9)	(9.0)	(8.6)	(9.1)	(9.7)	(36.4)	(38.1)	(38.7)	(22.2)	(1.6)	20.5	36.0	57.7	141.3	182.4	
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	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	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	0.0	0.0	0.0	0.0	
Net profit (loss) before income taxes	(10.8)	(16.0)	(8.2)	(6.1)	(6.7)	(13.1)	(34.2)	(9.0)	(8.6)	(9.1)	(9.7)	(36.4)	(38.1)	(38.7)	(22.2)	(1.6)	20.5	36.0	57.7	141.3	182.4	
Income tax expense (benefit)			0.0	0.0	0.0	0.0	0.0							0.0	0.0	0.0	0.0	5.8	14.1	63.8	79.3	
Income tax (%)														0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.0%	
Net income (GAAP)	(10.8)	(16.0)	(8.2)	(6.1)	(6.7)	(13.1)	(34.2)	(9.0)	(8.6)	(9.1)	(9.7)	(36.4)	(38.1)	(38.7)	(22.2)	(1.6)	20.5	36.0	51.9	127.2	118.6	
Adjusted items (Non-GAAP)																						
Stock options	0.3	0.8	0.2	0.2	0.2	0.2	0.8	0.3	0.3	0.3	0.3	12	15	2.0	2.0	2.0	2.0	2.5	2.5	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	0.0	0.0	0.0	0.0	
Net income (Non-GAAP)	(10.5)	(15.2)	(8.0)	(5.9)	(6.5)	(12.9)	(33.4)	(8.7)	(8.3)	(8.8)	(9.4)	(35.2)	(36.6)	(36.7)	(20.2)	0.4	22.5	38.5	54.4	130.2	121.6	
EPS, GAAP																						
Basic	(30.43)	(2.28)	(22.25)	(16.57)	(0.55)	(0.78)	(4.56)	(0.53)	(0.50)	(0.52)	(0.55)	(2.10)	(180)	(177)	(0.90)	(0.06)	0.74	1.30	1.85	4.49	4.14	
Diluted	\$ (30.43)	\$ (2.28)	\$ (22.25)	\$ (16.57)	\$ (0.55)	\$ (0.78)	\$ (4.56)	\$ (0.53)	\$ (0.50)	\$ (0.52)	\$ (0.55)	\$ (2.10)	\$ (180)	\$ (177)	\$ (0.90)	\$ (0.06)	\$ 0.74	\$ 1.29	\$ 1.82	\$ 4.36	\$ 3.99	
Weighted average share- Basic	0.4	7.0	0.4	0.4	2.1	6.9	7.5	17.1	17.2	17.4	17.6	17.3	212	218	24.7	25.2	27.5	27.8	28.0	28.3	28.6	
Weighted average share- Diluted	0.4	7.0	0.4	0.4	2.1	6.9	7.5	17.1	17.2	17.4	17.6	17.3	212	218	24.7	25.2	27.5	28.0	28.6	29.2	29.8	

Source: Jefferies estimates, company data

**Exhibit 3: IMDZ Balance Sheet**
**Immune Design  
Balance Sheet**
*(All values in \$MM)*

	2012A	2013A	2014A	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
<b>Current assets:</b>														
Cash and cash equivalents	12.8	30.4	75.4	53.4	86.3	66.4	116.4	135.4	227.0	284.7	358.2	507.6	647.2	815.4
<b>Cash and investments</b>	<b>12.8</b>	<b>30.4</b>	<b>75.4</b>	<b>53.4</b>	<b>86.3</b>	<b>66.4</b>	<b>116.4</b>	<b>135.4</b>	<b>227.0</b>	<b>284.7</b>	<b>358.2</b>	<b>507.6</b>	<b>647.2</b>	<b>815.4</b>
Accts receivable	0.5	0.1	2.0	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	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
<b>Total current assets</b>	<b>13.7</b>	<b>30.7</b>	<b>78.0</b>	<b>54.1</b>	<b>87.1</b>	<b>67.2</b>	<b>117.3</b>	<b>136.6</b>	<b>228.2</b>	<b>285.8</b>	<b>359.4</b>	<b>508.7</b>	<b>648.3</b>	<b>816.5</b>
Property and equipment, net	0.5	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
<b>Total assets</b>	<b>14.3</b>	<b>31.0</b>	<b>78.4</b>	<b>54.5</b>	<b>87.5</b>	<b>67.6</b>	<b>117.7</b>	<b>137.0</b>	<b>228.6</b>	<b>286.2</b>	<b>359.8</b>	<b>509.1</b>	<b>648.7</b>	<b>816.9</b>
<b>Current liabilities:</b>														
Accounts payable	1.1	0.9	6.9	2.1	3.6	2.3	4.5	5.1	6.2	7.3	8.4	9.5	9.5	9.5
Accrued expenses	15	11	5.0	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
<b>Total current liabilities</b>	<b>2.6</b>	<b>2.0</b>	<b>11.9</b>	<b>4.1</b>	<b>5.6</b>	<b>4.3</b>	<b>6.5</b>	<b>7.1</b>	<b>8.2</b>	<b>9.3</b>	<b>10.4</b>	<b>11.5</b>	<b>11.5</b>	<b>11.5</b>
Deferred rent, excluding current portion	0.0	0.1	0.1	14	14	14	14	14	14	14	14	14	14	14
<b>Total Liability</b>	<b>2.6</b>	<b>2.1</b>	<b>12.0</b>	<b>5.5</b>	<b>7.0</b>	<b>5.7</b>	<b>7.9</b>	<b>8.5</b>	<b>9.6</b>	<b>10.7</b>	<b>11.8</b>	<b>12.9</b>	<b>12.9</b>	<b>12.9</b>
<b>Total stockholders' equity</b>	<b>11.6</b>	<b>28.9</b>	<b>66.3</b>	<b>49.0</b>	<b>80.5</b>	<b>61.9</b>	<b>109.8</b>	<b>128.5</b>	<b>219.0</b>	<b>275.5</b>	<b>348.0</b>	<b>496.2</b>	<b>635.8</b>	<b>804.0</b>
<b>Total liabilities and stockholders' equity</b>	<b>14.2</b>	<b>31.0</b>	<b>78.4</b>	<b>54.5</b>	<b>87.5</b>	<b>67.6</b>	<b>117.7</b>	<b>137.0</b>	<b>228.6</b>	<b>286.2</b>	<b>359.8</b>	<b>509.1</b>	<b>648.7</b>	<b>816.9</b>

Source: Jefferies estimates

**Exhibit 4: IMDZ Cash Flow Statement**
**Immune Design  
Cash Flow Statement**
*(All values in \$MM)*

	2012A	2013A	2014A	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
<b>Cash flows from operating activities:</b>	(10.8)	(16.0)	(34.2)	(36.4)	(38.1)	(38.7)	(22.2)	(16)	20.5	36.0	519	127.2	118.6	147.2
Net income														
<b>Adjustments to reconcile cash by operating activities:</b>														
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	13	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	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Changes in operating assets and liabilities:</b>														
Acct receivable	(0.5)	0.4	(19)	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	(0.0)	(4.8)	15	(13)	2.2	0.6	11	11	11	11	0.0	0.0
Prepaid expenses	0.2	0.0	(0.5)	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)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Accrued expenses and deferred rent	0.5	(0.4)	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
<b>Net cash provided by operating activities</b>	<b>(9.6)</b>	<b>(14.3)</b>	<b>(20.7)</b>	<b>(29.8)</b>	<b>(24.9)</b>	<b>(27.8)</b>	<b>(7.8)</b>	<b>11.2</b>	<b>33.8</b>	<b>49.8</b>	<b>65.7</b>	<b>141.5</b>	<b>131.8</b>	<b>160.4</b>
<b>Cash flows from investing activities:</b>														
Purchase of fixed assets	(0.3)	(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)
<b>Net cash (used in) provided by investing activities</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>
<b>Cash flows from financing activities:</b>														
Issuance of common stock, net of offering costs	0.0	0.0	57.8	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	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
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
<b>Net cash (used in) provided by financing activities</b>	<b>10.6</b>	<b>32.1</b>	<b>66.0</b>	<b>8.2</b>	<b>58.2</b>	<b>8.2</b>	<b>58.2</b>	<b>8.2</b>	<b>58.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>
Effect if exchange rate changes on cash/equivalents														
Increase (decrease) in cash and cash equivalents	0.8	17.6	45.0	(219)	32.9	(19.9)	50.0	19.0	916	57.6	73.6	149.3	139.6	168.2
Cash and cash equivalents at beginning of period	12.0	12.8	30.387	75.4	53.4	86.3	66.4	116.4	135.4	227.0	284.7	358.2	507.6	647.2
<b>Cash and cash equivalents at end of period</b>	<b>12.8</b>	<b>30.3</b>	<b>75.4</b>	<b>53.4</b>	<b>86.3</b>	<b>66.4</b>	<b>116.4</b>	<b>135.4</b>	<b>227.0</b>	<b>284.7</b>	<b>358.2</b>	<b>507.6</b>	<b>647.2</b>	<b>815.4</b>

Source: Jefferies estimates

**Exhibit 5: IMDZ DCF analysis**
**Immune Design**
**Discounted Cash Flow Analysis**

<i>(All values in \$MM)</i>	2012A	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Sales	3.0	1.6	6.4	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	36.3	40.4	42.1	42.7	51.2	57.7	64.0	69.0	74.7	91.4	100.6	110.2
EBIT	(10.9)	(15.1)	(29.9)	(36.4)	(38.1)	(38.7)	(22.2)	(1.6)	20.5	36.0	57.7	141.3	182.4	226.5
(-): Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.8	14.1	63.8	79.3
EBIAT	(10.9)	(15.1)	(29.9)	(36.4)	(38.1)	(38.7)	(22.2)	(1.6)	20.5	36.0	51.9	127.2	118.6	147.2
(+): 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	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
(-): 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
<b>Unlevered free cash flow</b>	<b>(12.2)</b>	<b>(14.2)</b>	<b>(29.2)</b>	<b>(35.3)</b>	<b>(36.8)</b>	<b>(36.8)</b>	<b>(20.3)</b>	<b>0.3</b>	<b>22.4</b>	<b>38.4</b>	<b>54.3</b>	<b>130.1</b>	<b>121.5</b>	<b>150.1</b>

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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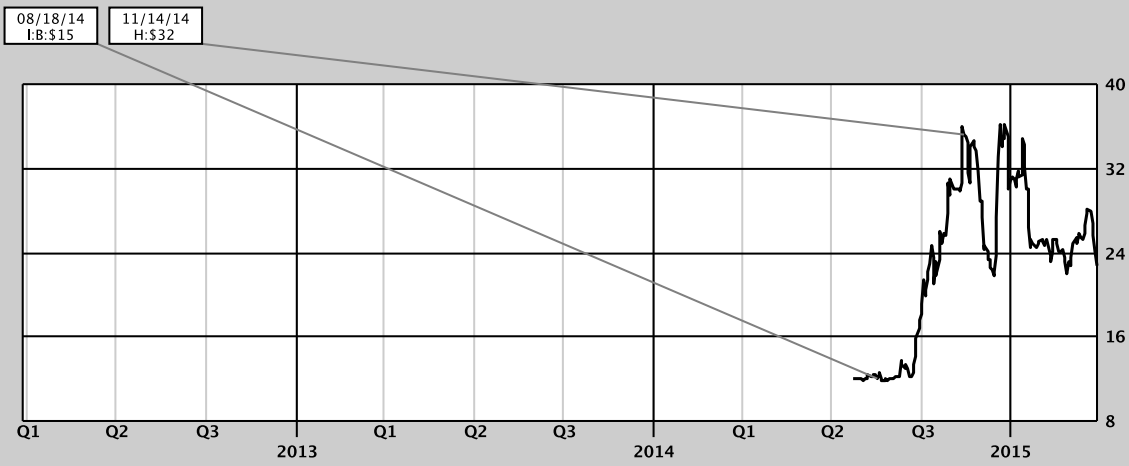
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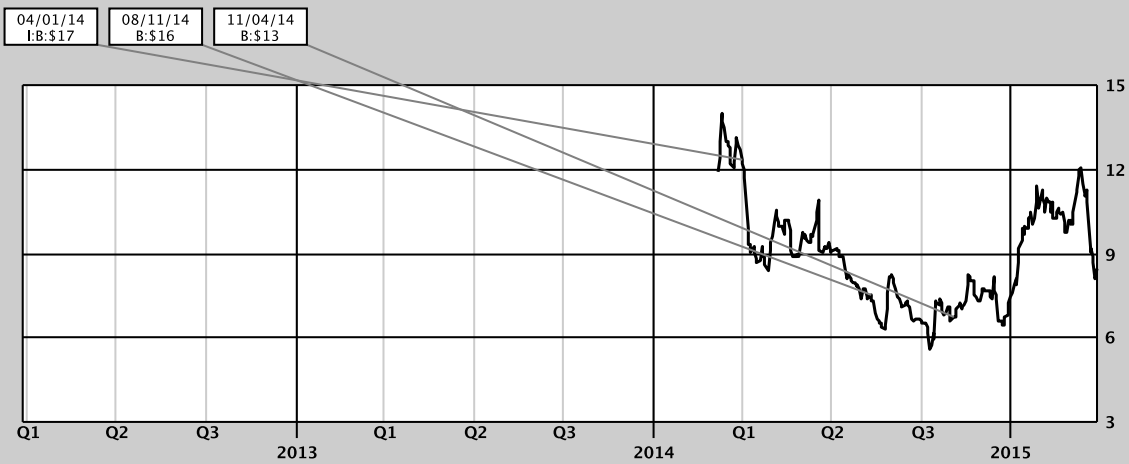
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- Aquinox Pharmaceuticals (AQXP: \$8.22, BUY)
- Dyax (DYAX: \$16.76, BUY)
- Immune Design (IMDZ: \$21.11, BUY)
- Kite Pharma (KITE: \$57.68, BUY)
- Trevena, Inc. (TRVN: \$6.52, BUY)

**Rating and Price Target History for: Immune Design (IMDZ) as of 03-30-2015**



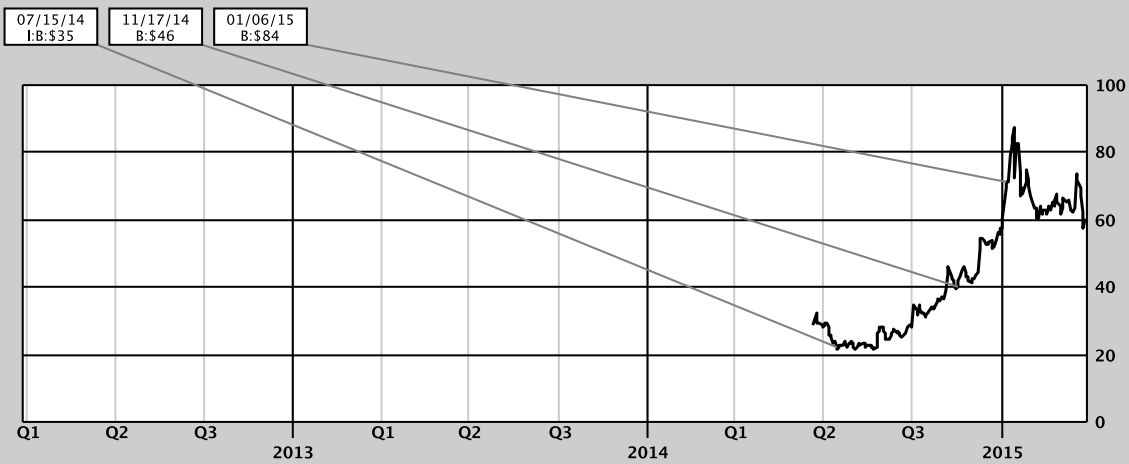
**Rating and Price Target History for: Aquinox Pharmaceuticals (AQXP) as of 03-30-2015**



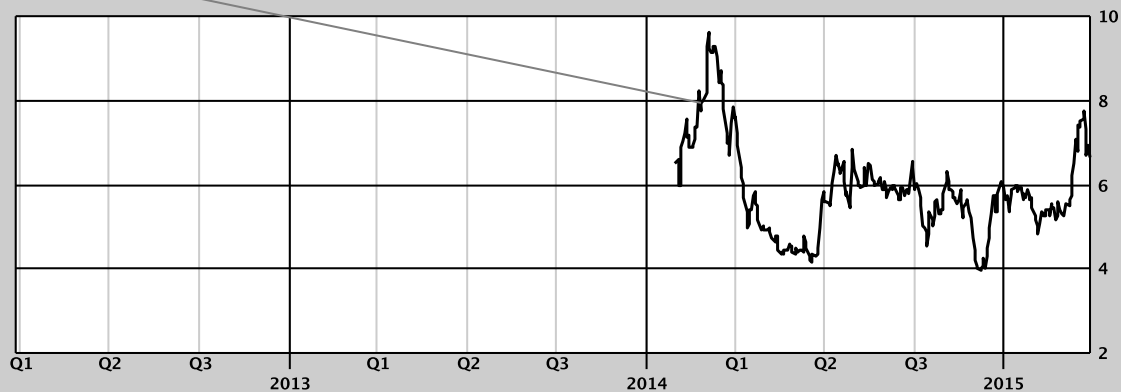
Rating and Price Target History for: Dyax (DYAX) as of 03-30-2015



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**Rating and Price Target History for: Trevena, Inc. (TRVN) as of 03-30-2015**

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			Count	Percent
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