

Cerulean Pharma (CERU : US\$5.91)

Cerulean Pharma sinks 13.5% in trailing year

Cerulean Pharma Inc., NASDAQ's 40th largest Healthcare-Products company by market cap, sank 92.0c (or 13.5%) in the trailing 12 months to April 20, 2015 to close at US\$5.91. Compared with the NASDAQ-100 Index which has risen 25.0% over the same period, this is a relative price change of -38.4%. Average daily volume of 49,688 shares in the trailing year was 0.5 times average daily volume in the previous year. In the trailing 12 months the market cap has jumped US\$62.4 million.

Introduction with Trends

We are currently bearish on this stock, both in the short-term based on technical indicators, as well as in the long-term based on fundamental metrics

What makes us most bearish on the stock is the following:

- Its Moving Average Convergence Divergence indicators are falling, with its 12-day EMA lower than its 26-day EMA.
- The price to 200-day MAP ratio is 0.68, a bearish indicator.
- In the last three months the number of falls outnumbered rises 36:25 or 1.44:1.

However, there are some reasons why some in the market are more bullish on the stock:

- The stock is oversold according to the Williams % R indicator of -93.0.

Stock Summary

| | |
|---------------------------------|---------------------|
| 52-Week Range | US\$3.40-US\$10.87 |
| Sector | Healthcare-Products |
| Market Cap | US\$160.1 million |
| Shares Outstanding | 27,091,987 |
| ISIN | US15708Q1058 |
| Relative Strength (3 mo) | 4 |

Financial Summary

| Year ended | Dec 2013 | Dec 2012 | Dec 2011 |
|----------------|----------|----------|----------|
| Sales (USD) | 10,000 | 630,000 | 310,000 |
| Pretax (USD M) | (17.1) | (22.1) | (18.9) |
| Net (USD M) | (17.1) | (22.2) | (19.6) |
| EPS (USD) | (1.2) | (1.55) | (1.37) |

MCap: A Historical Perspective

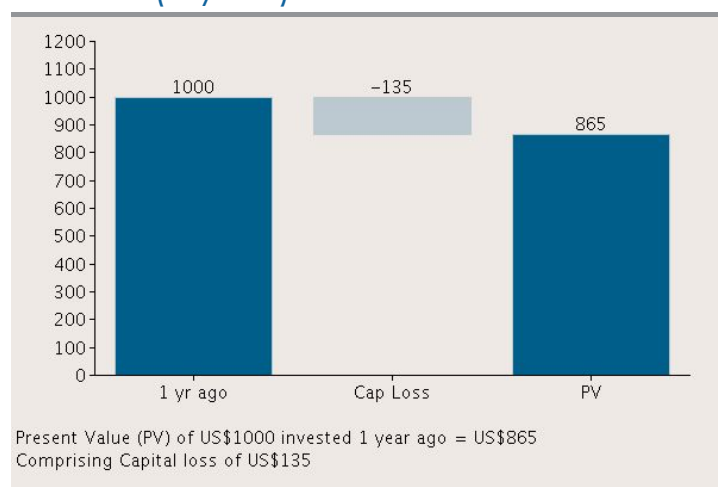
| | Share Price (USD) | Market Cap (US\$) |
|------------|-------------------|-------------------|
| Last | 5.9 | 160.1 million |
| 1 Year ago | 6.6 | 93.7 million |

Analysis

Bearish Signals

- Falls to Rises: In the last three months the number of falls outnumbered rises 36:25 or 1.44:1.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 6.71 minus the 26-day EMA of 7.34 is negative suggesting a bearish signal. Both the 12-day EMA as well as the 26-day EMA are falling, another bearish signal.
- The Price/MAP of 0.68 for CERU is lower than the Price/MAP for the NASDAQ-100 Index of 0.9.
- In the past 200 days this ratio has been under 0.68 just thrice suggesting a support level. The 200-day MAP has decreased to US\$8.69. A decrease is another bearish indicator.
- The price to 200-day MAP ratio is 0.68, a bearish indicator.
- The present value of US\$1,000 (PV1000) invested one year ago in Cerulean Pharma is US\$865, for a capital loss of US\$135.

PV1000 (1 year)



- The stock traded at a six-month low of US\$5.66 today. The bears are maintaining control with price open, high, low and close being below yesterday's levels.
- The current short volume is 1.5 times its own historical average of 0.04%. It soared 18.5% from the previous day, a bearish indicator.

Overvaluation:

- Price/Sales of 16011.36 versus sector average of 1.8 and market average of 2.4.

Other Bearish Signals:

The stock has a score of merely 2 out of 9 set by Joseph Piotroski [pass mark ≥ 5]:

Improvement in long-term debt to total assets from 0.4 to 0.5;
Total shares on issue unchanged.

Bearish Indicators and Rank in Market:

| Description | Value | Rank In Market |
|----------------------|------------------|--------------------|
| P/E * P/NTA | 117.12 | In Bottom Quartile |
| Turnover in Quarter | US\$49.5 million | In Bottom Quartile |
| Price/MAP200 | 0.68 | In Bottom Quartile |
| Price Change % | -3.1 | In Bottom 6% |
| Volatility % | 10.2 | In Bottom 6% |
| Price/MAP50 | 0.47 | In Bottom 4% |
| Annual Revenue | US\$10,000 | In Bottom 1% |
| Revenue Per Employee | US\$455 | In Bottom 1% |

Note

- It is at a discount of 45.6% to the 12-month high of US\$10.87 on 19 Mar, 2015. It is also at a premium of 73.8% to the 12-month low of US\$3.40 on 12 Aug, 2014.
- Standard Deviation (SD):SD is a statistical measure of deviation from the mean. The SD of 4.9% gives it a percentile rank of 90 meaning that 90% of stocks in the NASDAQ market are less volatile than this stock.

Neutral Indicators and Rank in Market:

| Description | Value | Rank In Market |
|-------------|-------------------|-----------------|
| MCap | US\$160.1 million | In 3rd Quartile |

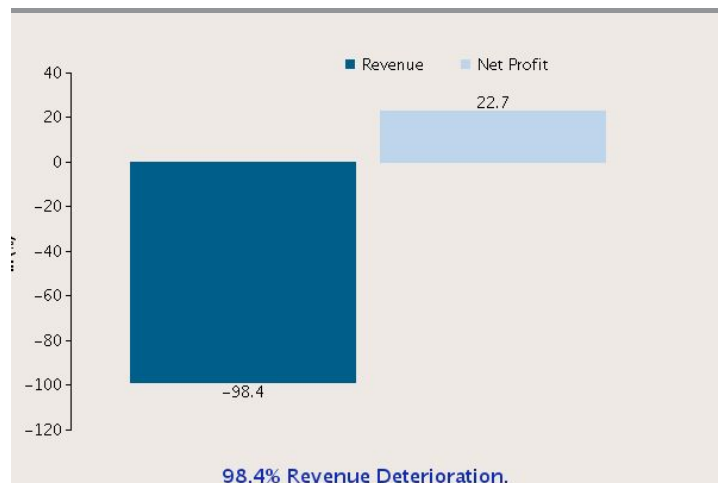
Bullish Signals:

- The price is at a discount of 19.0% to the 1-month volume weighted average price of US\$7.30, which may appeal as a value proposition.
- In the NASDAQ market of 2,406 stocks and 1 unit traded today, the stock has a 6-month relative strength of 74 indicating it has outperformed 74% of the market.
- The Stochastic indicator of 5.1 has broken through the oversold line of 20; the stock is also oversold according to the Williams % R indicator of -93.0.

Analysis (continued)

Other Bullish Signals:

% Growth Y.O.Y, Revenue & Net Profit



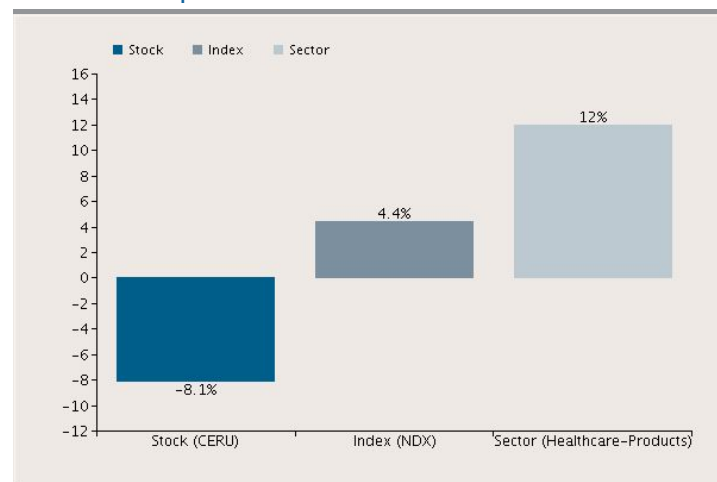
Trailing 3 months

Turnover US\$49.5 million

Volume 6,770,845

Volume Index (1 is avg) 2.2

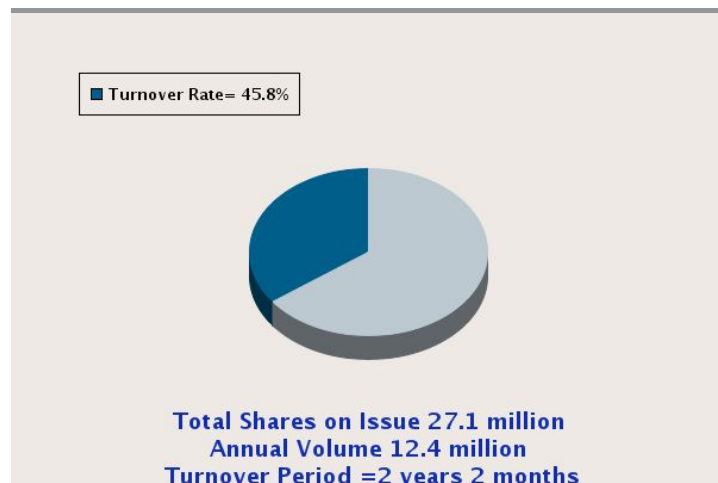
YTD Comparison Stock Sector Index



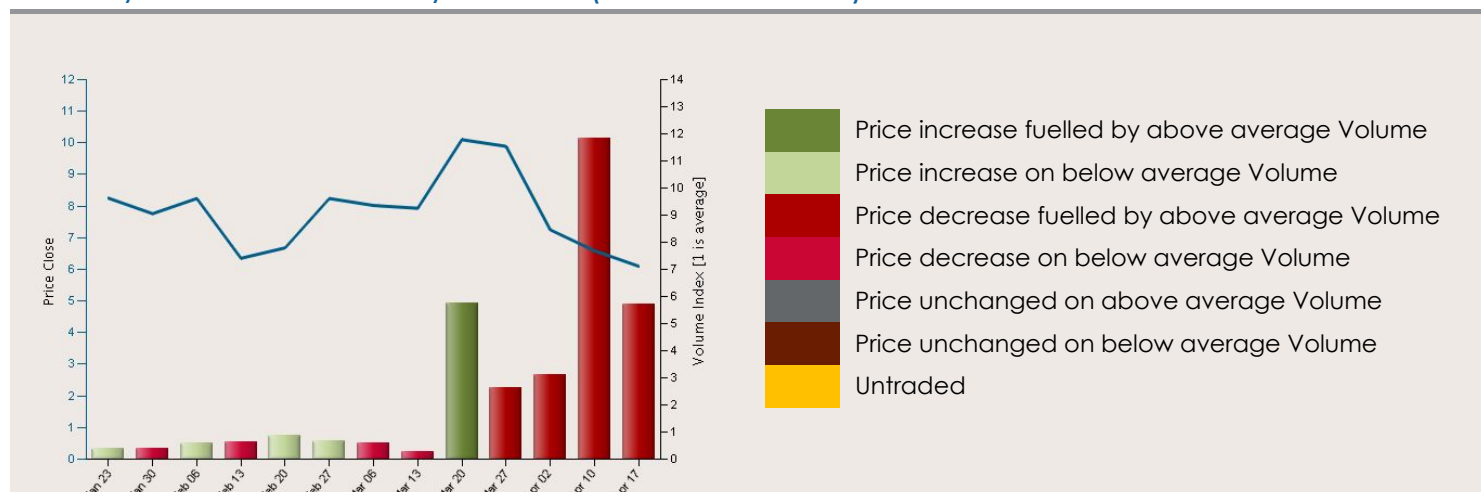
Insider Trades



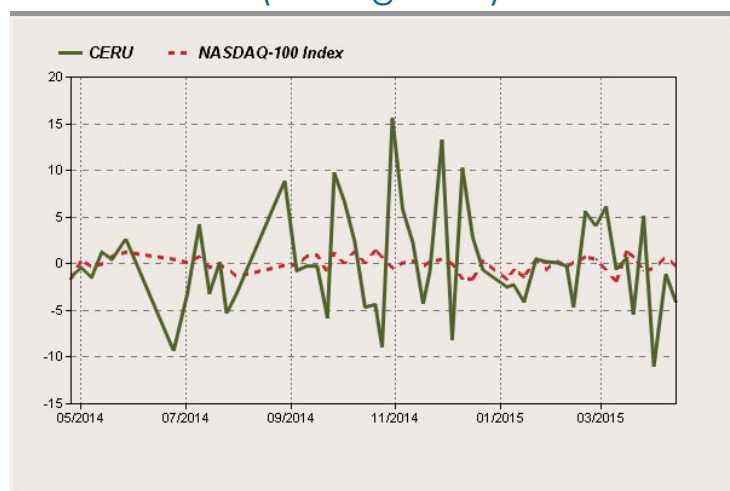
Turnover Rate & Turnover Period



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Price/Moving Average Price [P/MAP]



Peer Group Analysis

| Name | Last Price | Relative strength (6-months) | MCap (USD) | PV \$1000 (1 yr) | Revenue (USD) | Net Profit (USD) | Total Assets (USD) |
|-------------------------|------------|------------------------------|------------|------------------|---------------|------------------|--------------------|
| Auris Medical Holding | US\$5.71 | 80 | 165.3M | 0 | | | |
| Innocoll | US\$8.28 | 90 | 164M | 0 | | | |
| MacroCure | US\$9.96 | 84 | 161.1M | 0 | | | |
| Cerulean Pharma | US\$5.91 | 74 | 160.1M | 865 | 10,000 | (17.1M) | 6.8M |
| MediWound | US\$6.71 | 75 | 144.6M | 536 | | (8.5M) | 14.8M |
| Corium International | US\$7.95 | 87 | 143.1M | 994 | | | |
| Marinus Pharmaceuticals | US\$9.59 | 84 | 136.2M | 0 | | | |

Recent Analyst Recommendations

| Date | Brokerage | Action | Past Rating | Current Rating | Prev Target | Price Target |
|-------------|-------------------|--------------------|-------------|-------------------|-------------|--------------|
| 20-Mar-2015 | Leerink Swann | Boost Price Target | - | Outperform | 13 | 18 |
| 20-Mar-2015 | Canaccord Genuity | Reiterated Rating | - | Buy | - | 15 |
| 20-Mar-2015 | Wedbush | Boost Price Target | - | Outperform | 12 | 16 |
| 20-Mar-2015 | JMP Securities | Boost Price Target | - | Market Outperform | 14 | 16 |
| 22-Jan-2015 | Canaccord Genuity | Reiterated Rating | - | Buy | - | 11 |

Company Overview

Activities

Cerulean Pharma Inc. designs and develops pharmaceutical products. The Company manufactures therapeutics in the areas of oncology, cardiovascular, autoimmune, and inflammatory diseases as well as tumor cells. Cerulean Pharma operates in the United States.

Further details can be found at
www.ceruleanrx.com.

| | |
|-----------------|------------|
| Economic Sector | Healthcare |
|-----------------|------------|

Ranking

Cerulean Pharma is placed 1605/2416 in BSS News Bites's ranking of NASDAQ performers in the past year, a percentile ranking of 29%.

Regulatory Announcements

April 17: Cerulean Announces Three Posters to be Presented with Preclinical CRLX101 Data at the American Association for Cancer Research Annual Meeting

[News Story] CRLX101 in combination with Avastin(Registered) (bevacizumab) can reverse effects of hypoxia on cancer stem cells

CRLX101 monotherapy and in combination with Avastin shrinks tumors and prevents new metastases

CRLX101 inhibits HIF-1α and delays tumor growthwhen combined with chemoradiotherapy in rectal cancer

CAMBRIDGE, Mass.--(BUSINESS WIRE)-- Cerulean Pharma Inc.
[For more details click here.](#)

April 13: Cerulean Announces Publication Showing CRLX101 Targets Breast Cancer Stem Cells and Impedes Resistance to Anti-angiogenic Therapy in Preclinical Models

[News Story] CAMBRIDGE, Mass.-- Cerulean Pharma Inc. (Nasdaq:CERU), a leader in Dynamic Tumor Targeting(TradeMark), today announced the publication of a manuscript in Breast Cancer Research and Treatment, describing preclinical data that demonstrate CRLX101, Cerulean's lead proprietary investigational drug, targets breast cancer stem cells and impedes resistance to anti-angiogenic therapy in breast cancer mouse models.

The results of the study demonstrate that CRLX101, a dual topoisomerase-1 and HIF-1α inhibitor, blocks the HIF-1α mediated increase in cancer stem cells induced by Avastin(Registered) (bevacizumab) in a triple-negative breast cancer xenograft mouse model.

[For more details click here.](#)

Key Developments

April 10: Cerulean Closes Public Offering of Common Stock

[News Story]

Underwriters fully exercise option to purchase additional shares

CAMBRIDGE, Mass.-- Cerulean Pharma Inc. (Nasdaq:CERU) today announced the closing of its underwritten public offering of 6,716,000 shares of common stock, including 876,000 shares sold pursuant to the full exercise of the underwriters' option to purchase additional shares, at a public offering price of \$6.00 per share.

[For more details click here.](#)

Conferences/Exhibitions

April 08: Events Calendar: Cerulean to Present at 14th Annual Needham Healthcare Conference

Company to webcast presentation on April 15

CAMBRIDGE, Mass.-- Cerulean Pharma Inc. (Nasdaq:CERU), a leader in Dynamic Tumor Targeting(TradeMark), today announced that Christopher D. T. Guiffre, President and Chief Executive Officer, will present at the 14th Annual Needham Healthcare Conference on Wednesday, April 15th at 5:00 p.m.

[For more details click here.](#)

Key Developments

April 07: Cerulean Announces Pricing of Public Offering of Common Stock

CAMBRIDGE, Mass.Cerulean Pharma Inc. (Nasdaq:CERU) today announced the pricing of an underwritten public offering of 5,840,000 shares of its common stock at a public offering price of \$6.00 per share, before underwriting discounts. All of the shares in the offering are being offered by Cerulean. In addition, Cerulean has granted the underwriters an option for a period of 30 days to purchase up to 876,000 additional shares of common stock at the public offering price, less underwriting discounts.

Leerink Partners LLC and Barclays Capital Inc.

[For more details click here.](#)

Key Developments

March 31: Cerulean Announces Proposed Public Offering of Common Stock

[News Story] CAMBRIDGE, Mass.--(BUSINESS WIRE)-- Cerulean Pharma Inc. (Nasdaq:CERU) today announced that it has commenced an underwritten public offering of approximately \$50 million of shares of its common stock. The number of shares to be offered and the price per share for the proposed offering have not yet been determined.

[For more details click here.](#)

Company Overview (continued)

Directors Option Buying

March 25: Cerulean Pharma director awarded Stock Options

Cerulean Pharma (NASDAQ:CERU) director Guiffre Christopher D, has been awarded Stock Options on 407,520 shares at an exercise price of US\$9.84. The transaction date was March 23, 2015. The shares last traded at US\$9.50.

8-K people news

October 30: Cerulean Pharma appoints Christopher D. T. Guiffre as COO 31 October 2014

Cerulean Pharma has appointed Christopher D. T. Guiffre as COO. The appointment takes effect from Oct 29, 2014.

October 30: Oliver S. Fetzer - Cerulean Pharma CEO resigns 31 October 2014

Oliver S. Fetzer has resigned from Cerulean Pharma as CEO. The resignation takes effect from Oct 29, 2014.

October 30: Oliver S. Fetzer - Cerulean Pharma president resigns 31 October 2014

Oliver S. Fetzer has resigned from Cerulean Pharma as President. The resignation takes effect from Oct 29, 2014.

October 30: Oliver S. Fetzer - Cerulean Pharma director resigns 31 October 2014

Oliver S. Fetzer has resigned from Cerulean Pharma as Director. The resignation takes effect from Oct 29, 2014.

October 08: Cerulean Pharma appoints Susan Kelley as director 09 October 2014

Cerulean Pharma has appointed Susan Kelley as Director. The appointment takes effect from Oct 03, 2014.

8-K other news

March 19: Cerulean Pharma: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1401914_000119312515098561_0001193125-15-098561.txt

Source: 8-K United States Securities and Exchange Commission

March 04: Cerulean Pharma: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1401914_000119312515076878_0001193125-15-076878.txt

Source: 8-K United States Securities and Exchange Commission

January 08: Cerulean Pharma: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1401914_000119312515005150_0001193125-15-005150.txt

Source: 8-K United States Securities and Exchange Commission

August 12: Cerulean Pharma: Results of Operations and Financial Condition

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1401914_000119312514306645_0001193125-14-306645.txt

Source: 8-K United States Securities and Exchange Commission

July 17: Cerulean Pharma: Entry into a Material Definitive Agreement

[News Story]

http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1401914_000119312514271596_0001193125-14-271596.txt

Source: 8-K United States Securities and Exchange Commission

Issued Capital

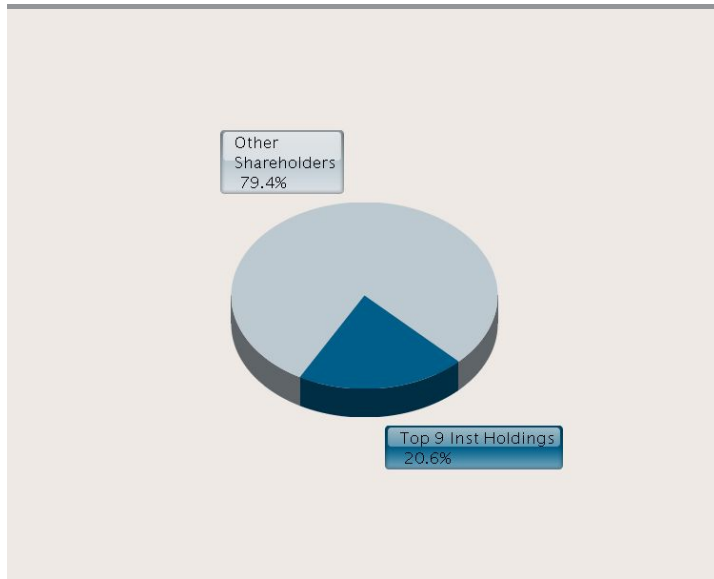
Based on 27,091,987 issued equity shares the market capitalisation is US\$160.1 million. It is NASDAQ's 51st largest Healthcare-Products company by assets. The top nine shareholders hold 20.6% of the issued capital leaving a float of 79.4%.

Top 9 Shareholders

| Name of Shareholder | No. of Shares | % Held |
|---|------------------|--------------|
| Polaris Venture Management Co. V L.L.C. | 3,287,529 | 12.13 |
| Polaris Venture Management Co Iv Llc | 1,437,441 | 5.31 |
| Wall Street Associates | 475,000 | 1.75 |
| Principal Financial Group Inc | 295,200 | 1.09 |
| Goldman Sachs Group Inc | 44,451 | 0.16 |
| Geode Capital Management Llc | 25,014 | 0.09 |
| Ubs Group Ag | 2,067 | 0.01 |
| Blackrock Investment Management Llc | 1,590 | 0.01 |
| Royal Bank Of Canada | 1,000 | 0 |
| Total | 5,569,292 | 20.56 |

Company Overview (continued)

Top 9 Institutional Holdings



Board and Management

Christopher D. T. Guiffre CEO & President & Chief Operating Officer

Mr. Guiffre, age 46, has served as the Company's Senior Vice President and Chief Business Officer since 2012. Prior to that, from 2010 to 2012, he served as President and Chief Executive Officer of Alvos Therapeutics, Inc., a private biopharmaceutical company subsequently acquired by Arrowhead Research Corp.; and from 2008 to 2009, he served as Chief Business Officer of Hydra Biosciences, Inc., a private biopharmaceutical company.

Creation of shareholder value in Cerulean Pharma:

Since appointment as CEO: The present value of USD1,000 invested on the appointment date of March 20, 2015 at close price of US\$10.10 is US\$595, for a capital loss of US\$405.

Paul Friedman Executive Chairman

Paul has served as Executive Chairman since October 2014 and as a director since January 2014. Previously, he was Chief Executive Officer of Incyte Corporation, a public biotechnology company, where he also served as President. Prior to that, Dr. Friedman was President of DuPont Pharmaceuticals Research Laboratories, a wholly owned subsidiary of DuPont Pharmaceuticals Company (formerly The DuPont Merck Pharmaceutical Company), President of Research and Development of The DuPont Merck Pharmaceutical Company, and Senior Vice President at Merck Research Laboratories. Prior to his work at Merck and DuPont, Dr. Friedman was an Associate Professor of Medicine and Pharmacology at Harvard Medical School. Dr. Friedman is a Diplomate of the American Board of Internal Medicine and a Member of the American Society of Clinical Investigation. Dr. Friedman is a director of Incyte, public biopharmaceutical companies Auxilium Pharmaceuticals, Inc. and Durata Therapeutics, Inc. and private biopharmaceutical company Gliknik, Inc. Dr. Friedman was a director of Bausch & Lomb Incorporated until its acquisition and was a director of Sirtris Pharmaceuticals, Inc. until its acquisition. Dr. Friedman received his A.B. from Princeton University and his M.D. from Harvard Medical School.

Creation of shareholder value in Cerulean Pharma:

Since appointment as Executive Chairman: The present value of USD1,000 invested on the appointment date of October 29, 2014 at close price of US\$4.12 is US\$1,459, for a capital gain of US\$459.

Board and Management (continued)

David Parkinson Director

David has served as a director since October 2014. Dr. Parkinson is a venture partner at New Enterprise Associates (NEA). Dr. Parkinson previously served as President and CEO of Nodality, a South San Francisco-based biotechnology company focused on the biological characterization of signaling pathways in patients with malignancy to enable more effective therapeutics development and clinical decision-making. Prior to that, Dr. Parkinson was senior vice president of Oncology Research and Development at Biogen Idec, vice president of Oncology Development at Amgen and vice president of Global Clinical Oncology Development at Novartis. Dr. Parkinson also worked at the National Cancer Institute, serving as chief of the Investigational Drug Branch, then as acting associate director of the Cancer Therapy Evaluation Program. He has also held academic positions at the M.D. Anderson Cancer Center, University of Texas, and New England Medical Center of Tufts University School of Medicine. Dr. Parkinson is a past chairman of the Food & Drug Administration (FDA) Biologics Advisory Committee and is a recipient of the FDA's Cody Medal. He is a past president of the International Society of Biological Therapy, and past editor of the Journal of Immunotherapy. He currently serves on the National Cancer Policy Forum of the Institute of Medicine. He has recently completed a term on the FDA's Science Board as well as a term on the Board of Directors of the American Association of Cancer Research (AACR). He continues to serve as Chairman of the AACR Finance Committee. Dr. Parkinson received his M.D. as gold medalist from the University of Toronto Faculty of Medicine, with internal medicine and hematology/oncology training in Montreal at McGill University and in Boston at New England Medical Center.

Creation of shareholder value in Cerulean Pharma:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of October 29, 2014 at close price of US\$4.12 is US\$1,459, for a capital gain of US\$459.

Susan Kelley Director

Susan has served as a director since October 2014. Dr. Kelley has been developing drugs in oncology and immunology for over 25 years. She was previously Chief Medical Officer of the Multiple Myeloma Research Consortium and its sister organization, the Multiple Myeloma Research Foundation. Dr. Kelley has held positions of increasing responsibility at Bayer Healthcare Pharmaceuticals and Bayer-Schering Pharma, including Vice President, Global Clinical Development and Therapeutic Area Head - Oncology, where she led the Bayer team responsible for the development and worldwide regulatory approval of Nexavar(Registered) (sorafenib), including a renal cell carcinoma indication. She also held positions of increasing responsibility at Bristol-Myers Squibb in Oncology and Immunology drug development. She was a Fellow in Medical Oncology and Clinical Fellow in Medicine at Dana-Farber Cancer Institute, Harvard Medical School, and a Fellow in Medical Oncology and Pharmacology at Yale University School of Medicine, where she also served as a Clinical Assistant Professor of Medicine. Dr. Kelley currently serves as a member of the Board of Directors of ArQule and Alchemia, oncology-focused biotechnology companies. Dr. Kelley received her M.D. from Duke University School of Medicine.

Creation of shareholder value in Cerulean Pharma:

Since appointment as Director: The present value of USD1,000 invested on the appointment date of October 03, 2014 at close price of US\$4.74 is US\$1,268, for a capital gain of US\$268.

Board and Management (continued)

Rastetter William H **Director**

Bill has served as a director since January 2014 and as lead independent director since April 2014. He is a Co-Founder of Receptos, Inc., a biopharmaceutical company, where he serves as Director and Chairman of the Board, and previously held the role of Acting Chief Executive Officer. Dr. Rastetter served as a Partner at the venture capital firm of Venrock Associates. Prior to his tenure with Venrock, Dr. Rastetter was Executive Chairman of Biogen Idec, from the merger of the two companies (Biogen and Idec Pharmaceuticals). He joined Idec Pharmaceuticals as Chairman and Chief Executive Officer. Prior to Idec, he was Director of Corporate Ventures at Genentech, Inc. and served as well in a scientific capacity at Genentech. Dr. Rastetter also serves as the Chairman of public life sciences companies Illumina, Inc., Neurocrine Biosciences, Inc. and Fate Therapeutics Inc. and as a director of Regulus Therapeutics, Inc. Dr. Rastetter has held various faculty positions at the Massachusetts Institute of Technology and Harvard University and is an Alfred P. Sloan Fellow. Dr. Rastetter holds a B.S. from the Massachusetts Institute of Technology and received his M.A. and Ph.D. from Harvard University.

Edward Garmey **Senior Vice President &** **Chief Medical Officer**



Edward has served as our Chief Medical Officer and Senior Vice President since 2011. Prior to joining Cerulean, Dr. Garmey held a variety of positions at ArQule, Inc., a clinical-stage biotechnology company, including as Vice President for Clinical Development and as Clinical Development Liaison. Dr. Garmey previously served as Medical Director at GPC Biotech, a German biopharmaceutical company and now a subsidiary of Agennix AG, where he helped oversee global clinical development studies. Dr. Garmey received his A.B. from Harvard University and his M.D. from New York University. He is a member of the Scientific Advisory Board for the Harvard-MIT Broad Institute's Cancer Vaccine Initiative, and he serves on the Board of Visitors of Hearth, a Boston-based non-profit organization dedicated to the elimination of homelessness among the elderly.

Karen Roberts **Senior Vice President-** **Finance and** **Administration**

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