

# Argos Therapeutics (ARGS)

Overweight

## Positive News Out of the Gate

### CONCLUSION

Argos presented data from Phase IIa studies of dendritic-cell vaccine AGS-004 ('004) as a potential immunological cure in HIV yesterday at the Conference for Retroviruses and Opportunistic Infections (CROI) in Boston. One poster describes 6 patients that had started antiretrovirals (ART) within 45 days of HIV infection, were treated with monthly '004 and subjected to an ART interruption (TI). Another poster describes chronically infected subjects undergoing TI. The posters highlight notable immune responses to '004 and provide signals of efficacy that enhances our conviction on the upcoming planned adult and pediatric eradication studies. Recall that Phase IIb data in HIV is expected around mid-year. That said, given the non-proven path to market, we continue to value Argos primarily on AGS-003 in renal cell cancer, but believe there is significant platform technology value in other oncology and infectious disease indications for Argos that is bolstered by these data.

- **The AGS-004-003 study data.** This subgroup was selected based on acute HIV infection that was treated with ART <45 days following infection. The group consisted of 6 males ranging in age from 26 to 56 years (baseline characteristics in Exhibit 1). All subjects demonstrated a memory T-cell response to a set of HIV antigens: GAG, Nef, Vpr, and/or Rev, and TI durations that ranged from 36 to greater than 268 days. The subject (51-102) on TI for over 268 days remains on TI (Exhibit 2) and is particularly interesting, in our view, in that they had the lowest baseline CD4+ cell counts of 397 cells/mm3, the highest had 937 cells/mm3. Patients were taken off the TI due to a viral load of >10k viral RNA counts per ml and/or a greater than 20% decrease in CD4+ cell counts.
- **And from AGS-004-001.** The main takeaway from this study of chronically infected patients was that AGS-004 treatment produced an extended time to increases in viral load upon induction of TI (Exhibit 3). Also, notably this study produced a correlation between PD-1 expression levels and length of TI (Exhibit 4). Generally, lower PD-1 expression on T-cells correlated with longer sustained treatment interruption. These data look encouraging to us, in particular the continuing low viral load in subject 51-102 in the AGS-004-003 study described above, and may bode well for the ongoing Phase IIb to read out mid-year, which is looking at extended dosing (12 months) of AGS-003, vs. these studies that looked at 3-4 months of dosing. We are also intrigued with the PD-1 result as it suggests to us that there may be at least additive, perhaps synergistic, effects of combining the Arcelis platform with a PD-1 inhibitor to drive a "killer app" approach for treating cancers unsatisfactorily but nonetheless responsive to both.

### RISKS TO ACHIEVEMENT OF PRICE TARGET

Failure of AGS-003 in mRCC Phase III or other studies.

### COMPANY DESCRIPTION

Argos Therapeutics develops dendritic cell vaccines for oncology and infectious diseases.

YEAR	REVENUE (US\$ m)						EARNINGS PER SHARE (US\$)					
	Mar	Jun	Sep	Dec	FY	FY RM	Mar	Jun	Sep	Dec	FY	FY P/E
2013E	—	—	—	2.7	6.4	38.2x	—	—	—	(2.41)	(20.94)	NM
2014E	2.0	2.0	2.0	2.0	8.0	30.6x	(0.40)	(0.40)	(0.40)	(0.40)	(1.61)	NM
2015E	—	—	—	—	0.0	NA	—	—	—	—	(2.09)	NM

Piper Jaffray does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decisions. This report should be read in conjunction with important disclosure information, including an attestation under Regulation Analyst certification, found on pages 6 - 7 of this report or at the following site: <http://www.piperjaffray.com/researchdisclosures>.

Argos Therapeutics, Inc.

PRICE: US\$12.30

TARGET: US\$18.00

DCF of AGS-003 in metastatic renal cell carcinoma in the U.S. + a technology/pipeline value of ~\$5/share

**Charles C. Duncan, PhD**

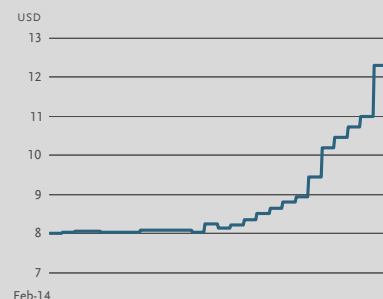
Sr. Research Analyst, Piper Jaffray & Co.  
212 284-5025, charles.c.duncan@pjc.com

**Roy Buchanan, Ph.D.**

Research Analyst, Piper Jaffray & Co.  
212 284-9458, roy.d.buchanan@pjc.com

Changes	Previous	Current
Rating	—	Overweight
Price Tgt	—	US\$18.00
FY14E Rev (mil)	—	US\$8.0
FY15E Rev (mil)	—	US\$0.0
FY14E EPS	—	US\$(1.61)
FY15E EPS	—	US\$(2.09)
52-Week High / Low	US\$12.55 / US\$7.97	
Shares Out (mil)		19.9
Market Cap. (mil)		US\$244.8
Book Value/Share		US\$4.50
Net Cash Per Share		US\$5.10
Debt to Total Capital		0%
Div (ann)		NA
Fiscal Year End		Dec

### Price Performance - 1 Year



Source: Bloomberg

Exhibit 1

**AGS-004-003 PATIENT DEMOGRAPHICS, RESPONSES**

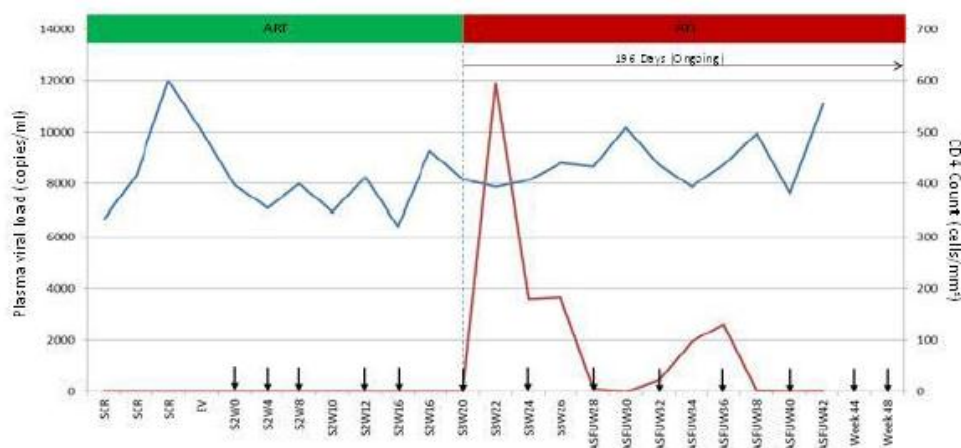
Participant ID	Age (years)	Race/ethnicity	Baseline CD4 count (cells/mm <sup>3</sup> )	Baseline SCA (cps/mL)	Criteria met for IR	Duration of ATI (days)	Reason for ART restart	Viral suppression after ATI	Baseline Frequency of RCI (IUPM) <sup>a</sup>	Post-treatment Frequency of RCI (IUPM) <sup>a</sup>
51-100	34	African American	662	<0.6	Yes	36	VL >10,000	Yes	0.266	0.140
51-102	31	African American	397	—	Yes	268+ <sup>b</sup>	N/A	N/A	0.767	0.572
54-100	56	White, non-hispanic	574	<0.4	Yes	90	VL >10,000 / >20% ↓ CD4%	Yes	0.179	0.067
54-101	26	White, non-hispanic	482	<0.5	Yes	147	VL >10,000	Yes	0.043	0.049
54-102	51	African American	937	<0.5	Yes	58	>20% ↓ CD4%	Yes <sup>c</sup>	0.088	0.195
54-104	26	African American	714	0.8	Yes	41	>20% ↓ CD4%	Yes <sup>c</sup>	0.525	0.691

<sup>a</sup>IUPM= infectious units per million; <sup>b</sup>Remains on ATI; <sup>c</sup>Viremic after initial re-suppression due to non-compliance with daily ART adherence.

Source: Company reports

Exhibit 2

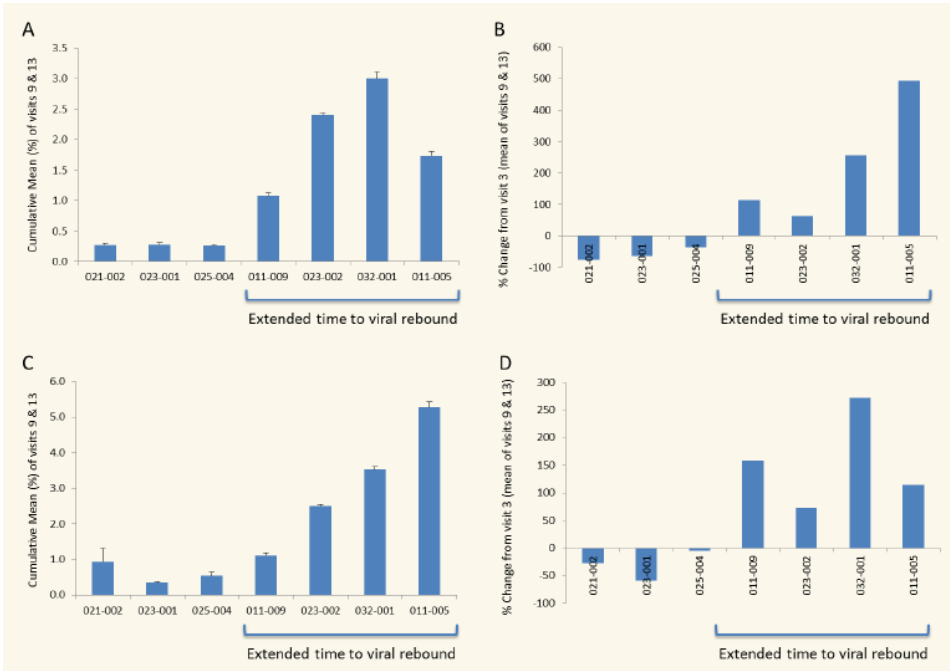
**PATIENT 51-102 TREATMENT INTERRUPTION RESPONSE**



Source: Company Reports

Exhibit 3

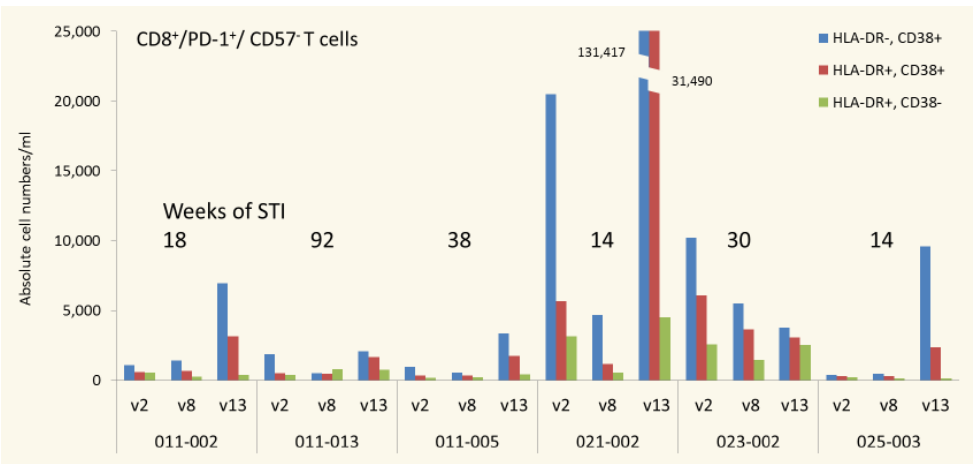
INDUCED DELAY TO VIRAL REBOUND ON AGS-004



Source: Company Reports

Exhibit 4

PD-1 EXPRESSION & TREATMENT INTERRUPTION



Source: Company Reports

Argos (\$ in thousands, except per share amounts)	2011	2012	1st 9 months 2013	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E
<b>Income Statement</b>														
<b>Revenue</b>														
License and milestone fees, grants	7,643	7,039	3,706	1,700	5,406	2,000	2,000	2,000	2,000	8,000	-	-	-	-
% total revenue		100%	100%		84%	100%	100%	100%	100%	100%	na	na	0%	0%
Revenues under collaborative agreements	-	-	0	1,000	1,000	-	-	-	-	-	-	-	-	-
% total revenue		0%	0%		16%	0%	0%	0%	0%	0%	na	na	0%	0%
Product sales and royalties	-	-	0	-	-	-	-	-	-	-	-	-	33,503	109,677
% total revenue		0%	0%		0%	0%	0%	0%	0%	0%	na	na	100%	100%
<b>Total Revenues</b>	<b>7,643</b>	<b>7,039</b>	<b>3,706</b>	<b>2,700</b>	<b>6,406</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>33,503</b>	<b>109,677</b>
<b>Costs &amp; Expenses:</b>														
Cost of product revenue	-	-	0	-	-	-	-	-	-	-	-	-	3,350	10,968
R&D	12,668	17,617	16,922	5,000	21,922	6,000	6,000	6,000	6,000	24,000	24,914	27,405	28,775	30,214
SG&A	3,704	6,136	3,042	1,000	4,042	4,000	4,000	4,000	4,000	16,000	16,609	17,440	21,799	25,069
<b>Total Operating Expenses</b>	<b>16,372</b>	<b>23,752</b>	<b>19,964</b>	<b>6,000</b>	<b>25,964</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>40,000</b>	<b>41,523</b>	<b>44,844</b>	<b>53,925</b>	<b>66,251</b>
<b>Operating Income (loss)</b>	<b>(8,729)</b>	<b>(16,713)</b>	<b>(16,258)</b>	<b>(3,300)</b>	<b>(19,558)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(32,000)</b>	<b>(41,523)</b>	<b>(44,844)</b>	<b>(20,422)</b>	<b>43,426</b>
Investment income	1	5	3	-	3	-	-	-	-	-	-	-	-	-
Interest expense	(6,656)	(292)	(1)	-	(1)	-	-	-	-	-	-	-	-	-
Other expense	(4,756)	6,530	355	-	355	-	-	-	-	-	-	-	-	-
<b>Income (loss) before income taxes</b>	<b>(20,141)</b>	<b>(10,471)</b>	<b>(15,901)</b>	<b>(3,300)</b>	<b>(19,201)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(32,000)</b>	<b>(41,523)</b>	<b>(44,844)</b>	<b>(20,422)</b>	<b>43,426</b>
Income tax (benefit) provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax rate	-	-	-	35.0%	-	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
<b>Net income (loss)</b>	<b>(20,141)</b>	<b>(10,471)</b>	<b>(15,901)</b>	<b>(3,300)</b>	<b>(19,201)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(32,000)</b>	<b>(41,523)</b>	<b>(44,844)</b>	<b>(20,422)</b>	<b>43,426</b>
Net loss from non-controlling interest	(63)	-	0	-	-	-	-	-	-	-	-	-	-	-
<b>Net income (loss) available to common stockholders</b>	<b>(20,078)</b>	<b>(10,471)</b>	<b>(15,901)</b>	<b>(3,300)</b>	<b>(19,201)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(32,000)</b>	<b>(41,523)</b>	<b>(44,844)</b>	<b>(20,422)</b>	<b>43,426</b>
Add back: accretion of redeemable convertible preferred stock	(927)	(352)	5,250	-	5,250	-	-	-	-	-	-	-	-	-
Less: net income attributable to participating securities	-	-	(14,726)	-	(14,726)	-	-	-	-	-	-	-	-	-
<b>Net income (loss) to common shareholders</b>	<b>(21,004)</b>	<b>(10,824)</b>	<b>(25,377)</b>	<b>(3,300)</b>	<b>(28,677)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(32,000)</b>	<b>(41,523)</b>	<b>(44,844)</b>	<b>(20,422)</b>	<b>43,426</b>
Basic Earnings Per Share	(32.88)	(9.10)	(\$18.53)	(\$2.41)	(\$20.94)	(\$0.40)	(\$0.40)	(\$0.40)	(\$0.40)	(\$1.61)	(\$2.09)	(\$1.73)	(\$0.79)	\$1.68
<b>Diluted Earnings Per Share</b>	<b>(32.88)</b>	<b>(9.10)</b>	<b>(\$18.53)</b>	<b>(\$2.41)</b>	<b>(\$20.94)</b>	<b>(\$0.40)</b>	<b>(\$0.40)</b>	<b>(\$0.40)</b>	<b>(\$0.40)</b>	<b>(\$1.61)</b>	<b>(\$2.09)</b>	<b>(\$1.73)</b>	<b>(\$0.79)</b>	<b>\$1.68</b>
Basic Shares Outstanding	639	1,190	1,369	1,369	1,369	19,893	19,893	19,893	19,893	19,893	19,893	25,893	25,893	25,893
<b>Diluted Shares Outstanding</b>	<b>639</b>	<b>1,190</b>	<b>1,369</b>	<b>1,369</b>	<b>1,369</b>	<b>19,893</b>	<b>19,893</b>	<b>19,893</b>	<b>19,893</b>	<b>19,893</b>	<b>19,893</b>	<b>25,893</b>	<b>25,893</b>	<b>25,893</b>

Proprietary to Piper Jaffray & Co. March 5, 2014  
Argos: Charles Duncan; 212.284.2505  
Current disclosure information for this company can be found at:  
<http://www.piperjaffray.com/researchdisclosures>

Balance Sheet	2011	2012	1st 9 months 2013	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E
<b>Current assets</b>														
Cash and cash equivalents	2,003	8,215	18,224	35,219	35,219	111,614	99,364	87,114	74,864	74,864	16,403	138,818	114,947	152,873
Marketable securities, AFS	0	4,149	0	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	1,037	979	671	0	0	0	0	0	0	0	0	0	1,675	5,484
Inventories, net	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid expenses and other current assets	2,025	514	635	0	0	0	0	0	0	0	0	0	0	0
<b>Total current assets</b>	<b>5,066</b>	<b>13,857</b>	<b>19,530</b>	<b>35,219</b>	<b>35,219</b>	<b>111,614</b>	<b>99,364</b>	<b>87,114</b>	<b>74,864</b>	<b>74,864</b>	<b>16,403</b>	<b>138,818</b>	<b>116,623</b>	<b>158,357</b>
Total property, plant and equipment, net	908	1,539	1,482	1,232	1,232	5,982	10,732	15,482	20,232	20,232	39,232	43,232	47,232	51,232
Other assets	1	1	1	1	1	1	1	1	1	1	1	1	1	1
<b>Total assets</b>	<b>5,974</b>	<b>15,397</b>	<b>21,013</b>	<b>36,451</b>	<b>36,451</b>	<b>117,596</b>	<b>110,096</b>	<b>102,596</b>	<b>95,096</b>	<b>95,096</b>	<b>55,635</b>	<b>182,050</b>	<b>163,855</b>	<b>209,589</b>
<b>Current liabilities</b>														
Accounts payable & accrued expenses	1,885	1,691	1,406	(19,000)	(19,000)	1,000	1,000	1,000	1,000	1,000	1,061	1,121	1,348	1,656
Convertible promissory notes, including accrued interest payable	10,376	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred revenue, current portion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current portion long term debt	0	32	32	0	0	0	0	0	0	0	0	0	0	0
Other	12,346	6,393	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total current liabilities</b>	<b>24,607</b>	<b>8,115</b>	<b>1,438</b>	<b>(19,000)</b>	<b>(19,000)</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,061</b>	<b>1,121</b>	<b>1,348</b>	<b>1,656</b>
Deferred revenue, net of current portion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-term debt, net	0	48	24	9,000	9,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
Deferred obligation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>24,607</b>	<b>8,164</b>	<b>1,462</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,061</b>	<b>30,121</b>	<b>30,348</b>	<b>30,656</b>
<b>Commitments</b>														
Stockholders' equity:														
Convertible preferred stock	77,722	75,801	87,326	113,326	113,326	0	0	0	0	0	0	0	0	0
Accumulated other comprehensive income	86	(94)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)	(99)
Common stock	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Additional paid-in capital	29,413	58,468	75,166	79,361	79,361	241,832	242,332	242,832	243,332	243,332	245,332	416,532	418,532	420,532
Accumulated deficit	(128,829)	(126,943)	(142,843)	(146,143)	(146,143)	(154,143)	(162,143)	(170,143)	(178,143)	(178,143)	(219,666)	(264,510)	(284,933)	(241,507)
<b>Total stockholders' equity</b>	<b>(21,607)</b>	<b>7,233</b>	<b>19,550</b>	<b>46,446</b>	<b>46,446</b>	<b>87,591</b>	<b>80,091</b>	<b>72,591</b>	<b>65,091</b>	<b>65,091</b>	<b>25,568</b>	<b>151,924</b>	<b>133,502</b>	<b>178,928</b>
<b>Total liabilities and stockholders' equity</b>	<b>5,974</b>	<b>15,397</b>	<b>21,013</b>	<b>36,446</b>	<b>36,446</b>	<b>117,591</b>	<b>110,091</b>	<b>102,591</b>	<b>95,091</b>	<b>95,091</b>	<b>55,630</b>	<b>182,045</b>	<b>163,850</b>	<b>209,584</b>

Proprietary to Piper Jaffray & Co. March 5, 2014

Argos: Charles Duncan; 212.284.2505

Current disclosure information for this company can be found at:

<http://www.piperjaffray.com/researchdisclosures>

Argos (\$ in thousands, except per share amounts)	2011	2012	1st 9 months 2013	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E
<b>Cash Flow Statement</b>														
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>														
Net Income (Loss)	(20,141)	(10,471)	(15,901)	(3,300)	(19,201)	(8,000)	(8,000)	(8,000)	(8,000)	(32,000)	(41,523)	(44,844)	(20,422)	43,426
Adjustments to reconcile to cash used in operating activities:														
Depreciation and amortization	680	505	473	250	723	250	250	250	250	1,000	1,000	1,000	1,000	1,000
Stock-based compensation expense	472	1,044	587	196	782	500	500	500	500	2,000	2,000	2,000	2,000	2,000
Change in fair value of warrant liability	4,662	(4,917)	(355)	-	(355)	-	-	-	-	-	-	-	-	-
Change in fair value of investor rights / obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-off deferred financing costs	-	1,786	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash interest expense	6,656	292	-	-	-	-	-	-	-	-	-	-	-	-
Derivative expense (income)	95	(1,036)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of restricted stock for consulting expense	9	15	17	-	17	-	-	-	-	-	-	-	-	-
Loss (gain) on disposal of equipment	1	(5)	(51)	-	(51)	-	-	-	-	-	-	-	-	-
Change in operating assets and liabilities:														
Other receivable	-	-	-	671	671	-	-	-	-	-	-	-	(1,675)	(3,809)
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	2,878	(216)	270	635	905	-	-	-	-	-	-	-	-	-
Accounts payable and accrued expenses	103	(194)	(285)	(20,406)	(20,691)	20,000	-	-	-	20,000	61	60	227	308
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash used in operating activities</b>	<b>(4,586)</b>	<b>(13,198)</b>	<b>(15,246)</b>	<b>(21,954)</b>	<b>(37,200)</b>	<b>12,750</b>	<b>(7,250)</b>	<b>(7,250)</b>	<b>(7,250)</b>	<b>(9,000)</b>	<b>(38,461)</b>	<b>(41,785)</b>	<b>(18,870)</b>	<b>42,926</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>														
Purchases of marketable securities, net	-	(4,149)	4,149	-	4,149	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment, net	(244)	(1,132)	(364)	-	(364)	(5,000)	(5,000)	(5,000)	(5,000)	(20,000)	(20,000)	(5,000)	(5,000)	(5,000)
<b>Net cash provided by (used in) investing activities</b>	<b>(244)</b>	<b>(5,281)</b>	<b>3,785</b>	<b>-</b>	<b>3,785</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>														
Proceeds from convertible promissory notes	3,500	-	-	0	-	0	0	0	0	-	-	0	0	0
Financing costs on convertible promissory notes	-	-	-	0	-	0	0	0	0	-	-	0	0	0
Proceeds from issuance of common stock, net	(1,786)	(209)	82	30,000	30,082	48,645	0	0	0	48,645	-	169,200	0	0
Stock option exercise	-	-	-	0	-	0	0	0	0	-	-	0	0	0
Proceeds from notes payable	96	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of LTD, net	(27)	(16)	(24)	8,944	8,920	20,000	0	0	0	20,000	-	0	0	0
Proceeds from issuance of convertible preferred stock	-	25,000	21,417	0	21,417	0	0	0	0	-	-	0	0	0
Proceeds from issuance of common stock under equity incentive plans, net	-	-	-	-	-	0	0	0	0	-	-	0	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>1,687</b>	<b>24,871</b>	<b>21,476</b>	<b>38,944</b>	<b>60,419</b>	<b>68,645</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,645</b>	<b>0</b>	<b>169,200</b>	<b>0</b>	<b>0</b>
Effect of exchange rate	-3	(180)	(0)	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net increase in cash and cash equivalents	(3,139)	6,212	10,014	16,990	27,004	76,395	(12,250)	(12,250)	(12,250)	39,645	(58,461)	122,415	(23,870)	37,926
Cash and cash equivalents at beginning of period	5,142	2,003	8,215	18,229	8,215	35,219	111,614	99,364	87,114	35,219	74,864	16,403	138,818	114,947
Cash and cash equivalents at end of period	2,003	8,215	18,229	35,219	35,219	111,614	99,364	87,114	74,864	74,864	16,403	138,818	114,947	152,873

Proprietary to Piper Jaffray & Co. March 5, 2014

Argos: Charles Duncan; 212.284.2505

## IMPORTANT RESEARCH DISCLOSURES



Notes: The boxes on the Rating and Price Target History chart above indicate the date of the Research Note, the rating, and the price target. Each box represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first Note written during the past three years.

## Legend:

I: Initiating Coverage  
 R: Resuming Coverage  
 T: Transferring Coverage  
 D: Discontinuing Coverage  
 S: Suspending Coverage  
 OW: Overweight  
 N: Neutral  
 UW: Underweight  
 NA: Not Available  
 UR: Under Review

Distribution of Ratings/IB Services Piper Jaffray				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
<b>BUY [OW]</b>	353	59.53	82	23.23
<b>HOLD [N]</b>	220	37.10	22	10.00
<b>SELL [UW]</b>	20	3.37	0	0.00

Note: Distribution of Ratings/IB Services shows the number of companies currently in each rating category from which Piper Jaffray and its affiliates received compensation for investment banking services within the past 12 months. FINRA rules require disclosure of which ratings most closely correspond with "buy," "hold," and "sell" recommendations. Piper Jaffray ratings are not the equivalent of buy, hold or sell, but instead represent recommended relative weightings. Nevertheless, Overweight corresponds most closely with buy, Neutral with hold and Underweight with sell. See Stock Rating definitions below.

**Analyst Certification — Charles C. Duncan, PhD, Sr. Research Analyst**  
**— Roy Buchanan, Ph.D., Research Analyst**

The views expressed in this report accurately reflect my personal views about the subject company and the subject security. In addition, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

## Research Disclosures

Piper Jaffray was making a market in the securities of Argos Therapeutics, Inc. at the time this research report was published. Piper Jaffray will buy and sell Argos Therapeutics, Inc. securities on a principal basis.

Piper Jaffray expects to receive or intends to seek compensation for investment banking services from Argos Therapeutics, Inc. in the next 3 months.

Piper Jaffray has received compensation for investment banking services from or has had a client relationship with Argos Therapeutics, Inc. within the past 12 months.

Within the past 12 months Piper Jaffray was a managing underwriter of a public offering of, or dealer manager of a tender offer for, the securities of Argos Therapeutics, Inc. or the securities of an affiliate.

Within the past 3 years Piper Jaffray participated in a public offering of, or acted as a dealer manager for, Argos Therapeutics, Inc. securities.

Piper Jaffray research analysts receive compensation that is based, in part, on overall firm revenues, which include investment banking revenues.

## Rating Definitions

**Stock Ratings:** Piper Jaffray ratings are indicators of expected total return (price appreciation plus dividend) within the next 12 months. At times analysts may specify a different investment horizon or may include additional investment time horizons for specific stocks. Stock performance is measured relative to the group of stocks covered by each analyst. Lists of the stocks covered by each are available at [www.piperjaffray.com/researchdisclosures](http://www.piperjaffray.com/researchdisclosures). Stock ratings and/or stock coverage may be suspended from time to time in the event that there is no active analyst opinion or analyst coverage, but the opinion or coverage is expected to resume. Research reports and ratings should not be relied upon as individual investment advice. As always, an investor's decision to buy or sell a security must depend on individual circumstances, including existing holdings, time horizons and risk tolerance. Piper Jaffray sales and trading personnel may provide written or oral commentary, trade ideas, or other information about a particular stock to clients or internal trading desks reflecting different opinions than those expressed by the research analyst. In addition, Piper Jaffray technical research products are based on different methodologies and may contradict the opinions contained in fundamental research reports.

- **Overweight (OW):** Anticipated to outperform relative to the median of the group of stocks covered by the analyst.
- **Neutral (N):** Anticipated to perform in line relative to the median of the group of stocks covered by the analyst.
- **Underweight (UW):** Anticipated to underperform relative to the median of the group of stocks covered by the analyst.

## Other Important Information

The material regarding the subject company is based on data obtained from sources we deem to be reliable; it is not guaranteed as to accuracy and does not purport to be complete. This report is solely for informational purposes and is not intended to be used as the primary basis of investment decisions. Piper Jaffray has not assessed the suitability of the subject company for any person. Because of individual client requirements, it is not, and it should not be construed as, advice designed to meet the particular investment needs of any investor. This report is not an offer or the solicitation of an offer to sell or buy any security. Unless otherwise noted, the price of a security mentioned in this report is the market closing price as of the end of the prior business day. Piper Jaffray does not maintain a predetermined schedule for publication of research and will not necessarily update this report. Piper Jaffray policy generally prohibits research analysts from sending draft research reports to subject companies; however, it should be presumed that the analyst(s) who authored this report has had discussions with the subject company to ensure factual accuracy prior to publication, and has had assistance from the company in conducting diligence, including visits to company sites and meetings with company management and other representatives.

**Notice to customers:** This material is not directed to, or intended for distribution to or use by, any person or entity if Piper Jaffray is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to such person or entity. Customers in any of the jurisdictions where Piper Jaffray and its affiliates do business who wish to effect a transaction in the securities discussed in this report should contact their local Piper Jaffray representative. **Europe:** This material is for the use of intended recipients only and only for distribution to professional and institutional investors, i.e. persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom, or persons who have been categorised by Piper Jaffray Ltd. as professional clients under the rules of the Financial Conduct Authority. **United States:** This report is distributed in the United States by Piper Jaffray & Co., member SIPC, FINRA and NYSE, Inc., which accepts responsibility for its contents. The securities described in this report may not have been registered under the U.S. Securities Act of 1933 and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been so registered, or an exemption from the registration requirements is available.

This report is produced for the use of Piper Jaffray customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Piper Jaffray & Co. Additional information is available upon request.

Copyright 2014 Piper Jaffray. All rights reserved.