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Spring Bank Pharmaceuticals, Inc. is applying their novel "Small Molecule Nucleic Acid Hybrids (SMNH) Technology Platform to develop a New Class of Pharmaceuticals for the Treatment of Viral Diseases, Autoimmune Diseases and potentially Cancer

Healthcare
Biopharma

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Douglas Jensen
CEO, President & Co-Founder

About Spring Bank Pharmaceuticals, Inc.:
Spring Bank Pharmaceuticals is a clinical stage drug discovery company. Based on our proprietary platform technology, we are developing a pipeline of products representing a new class of pharmaceuticals we call *small molecule nucleic acid hybrids* "SMNH" with a wide range of applications and multi-billion dollar market potential.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Jensen, would you tell us about Spring Bank Pharmaceuticals?
Mr. Jensen: Spring Bank Pharmaceuticals is applying our novel technology platform, called "Small Molecule Nucleic Acid Hybrids (SMNH) for the discovery of novel medicine primarily for the treatment viral disease, but also for a range of other diseases, including autoimmune diseases and potentially cancer.

CEOCFO: How long has Spring Bank been around?
Mr. Jensen: Since late 2002, so we are into our eleventh year at this point.

CEOCFO: How has the plan worked out?
Mr. Jensen: It has worked out very well. We have been fortunate to attract a lot of funding from the National Institutes of Health (NIH), which has really been the primary funding mechanism until this recent Series A financing. So we have been able to build the company, the technology platform, and a strong pipeline with non-dilutive financing.

CEOCFO: What have you figured out? Would you tell me a little bit about the proprietary technology?
Mr. Jensen: With our SMNH platform we are using small pieces of nucleotides, dinucleotides and trinucleotides, to selectively target proteins involved in the disease process. Our SMNH molecules are very close in structure to the naturally occurring nucleotides that routinely interact with the proteins in our bodies. So if we have structural information for a protein that is involved in a disease, we can use that information to rationally design a SMNH molecule to target that protein very specifically and selectively.

CEOCFO: Has your approach been tried in the past or is it new? Is it the way you get it to work that you figured out that may be different to others?
Mr. Jensen: Pharmaceutical companies have been designing drugs that target aberrant proteins for many years. However, our SMNH chemistry platform is unique and we belive will provide a number of important pharmaceutical advantages over traditional small molecule approaches.

CEOCFO: What have you been working on and where are you in the process?
Mr. Jensen: Our most advanced drug candidate, SB9200, is a potential break through drug for the treatment of both Hepatitis C and Hepatitis B. This drug is ready to go into human clinical testing. In fact, we expect to start dosing in humans by early April of this year; so right around the corner. This clinical trial will be for Hepatitis C. That is a major milestone for our company, it is the first in man for this class of drug, and for us as a company, human proof in concept is a major event.

CEOCFO: Has the medical community been paying attention or is it too early?
Mr. Jensen: No, they are paying attention at this point, because this represents a new approach for the treatment of these important diseases. Most of the drugs that have been developed for the treatment of viral diseases, act directly on the virus itself, SB 9200 on the other hand acts on a host protein, that up-regulates the host immune's response to the disease. It is a very new, very novel and interesting approach, and one that the pharma industry is very keen on.

CEOCFO: You mentioned the investment community early on. Often, different diseases or different categories are in favor at any given time. What is the investment outlook? Are people looking at this area? Is this a hot area these days, or maybe a little more on the backburner?
Mr. Jensen: In general terms, Hepatitis C and B are two areas of significant interest for the investment community.

Especially in the Hepatitis C space. Over the last year and a half, there has been a lot of mergers and acquisitions activity in the Hepatitis C space because it is such a hot disease area for the pharma industry. About 170 million people worldwide are infected with HCV. There is a huge amount of competition for better drugs in the Hepatitis C space and we have seen a number of very large acquisitions. Gilead led the way with its acquisition of Pharmasset for $11 billion. Bristol-Myers bought a company called Inhibitex for $2.5 billion, and there has been a number of other large transactions in that area. So naturally, investors are very interested in owning companies that have novel drugs in this area, and that describes our company.

CEOCFO: What is coming up next for Spring Bank Pharmaceuticals?
Mr. Jensen: We are also developing SB9200, for the treatment of Hepatitis B. That program is running in parallel with Hepatitis C. Behind that we have a very interesting program for Respiratory Syncytial Virus (RSV) which is a high value pharmaceutical target. There is just not much out there for the treatment of this disease. Our program that is on track to go to clinic in late 2014. We also have a Broad Spectrum Antiviral program which ultimately may be funded by one of the various Defense department funding agencies. They are very interested in developing broad spectrum antivirals because of the bio terror threat. Finally, we have one non-viral program for COPD which is at a much earlier stage..

CEOCFO: How did you decide what to target?
Mr. Jensen: Initially, when we started to explore the utility of this chemistry, we used a combinatorial chemistry methodology where we synthesized libraries of these small dinucleotide compounds and started to screen them for antiviral activity against HBV which was our first discovery program. Then as we progressed with the HBV program and we were able to get our arms around the mechanism of action of SB 9200 we began to test SB 9200 for activity against HCV, with excellent results there as well. Later we branched into the areas like Respiratory Syncytial Virus (RSV) and the broad spectrum Antiviral capitalizing on the same unique mechanism of action.

CEOCFO: How far will your recent funding take Spring Bank Pharmaceuticals?
Mr. Jensen: This funding will take us through 2014 during which time we will complete the Phase 1 clinical program in HCV and advance both the HBV and RSV programs further along their clinical development pathways. Later in 2014 we expect to raise more funding either through a partnership with a pharmaceutical company or through an additional equity financing

CEOCFO: Would you prefer either way or is it really what is available to you at the moment when you are ready to go forward funding?
Mr. Jensen: We would prefer to probably partner the Hepatitis C program and look to do an equity financing subsequent to that partnering event, but as a little company we have to be very practical. If that kind of partnership does not come along, than we will look to do an equity funding.

CEOCFO: What surprised you as the company has developed and as the research has developed?
Mr. Jensen: The carnage in the financial markets as it relates to the whole funding mechanism for early stage biotech surprised me. When we first started looking for venture funding in 2008, I felt like we had a really good story; a very interesting and novel approach for the treatment of important diseases. But we were unable to really attract money because we were viewed as too early. The interest in our novel chemistry platform was there, but venture funding never came together. Really, it took us a long time to put this Series A financing together. Ultimately we turned to private equity investors; mainly high net worth individuals, as opposed to the traditional VC route and it has worked out very well for us.

CEOCFO: What have you learned from earlier experiences in ventures that has been most helpful for you here at Spring Bank?
Mr. Jensen: We have learned to operate in a very capital efficient manner. We have kept our company small by operating on a semi-virtual basis. We have managed our expenses very carefully, and that enabled us to move the company along with a very small amount of money relative to other companies I have been involved with. We plan to continue operating this way. We do all our chemistry research in-house, but we work with a network of world-class collaborators, primarily academic research labs. So we have been able to leverage our internal R&D programs through these close relationships with leading thinkers for each of the diseases that we are targeting This has been a very effective strategy for us.

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- Douglas Jensen

CEOCFO: Why does Spring Bank Pharmaceuticals stand out for investors and people in the business and healthcare communities?
Mr. Jensen: We have been able to create an enormous amount of value through non-dilutive funding mechanisms. The recent group of investors in Spring Bank have come into the company at a time when a relatively small amount of money will enable the Company to move our programs through major value creating milestones. We have an exciting new technology platform in place. We have a strong pipeline of new drugs for very high value diseases and we are on track to achieve a number of important goals in the very near future. They see this as a strong recipe for both near term and long-term success.