

COMPANY NOTE

Estimate Change

USA | Healthcare | Biotechnology

November 12, 2013

Jefferies

Stemline Therapeutics (STML) STML 3Q13 Earnings: ASH Is The Next Catalyst

Key Takeaway

We look to the American Society of Hematology meeting on Dec 7-10 for data on new lymphoma patients treated with SL-401 as well as critical data on at least one lymphoma patient retreated with a second cycle of therapy. We remain positive on the prospects of SL-401 in both leukemia and lymphoma.

Second Cycle Of Therapy Is Key For Our Thesis. So far, all data generated for SL-401 have only been based on a single cycle of treated in both blastic plasmacytoid dendritic cell neoplasm (BPDCN), a rare type of lymphoma, and acute myeloid leukemia (AML). Despite this short course of treatment, efficacy data have been impressive. A key part of our thesis on STML is that multiple cycles of SL-401 has the potential to improve efficacy without a dangerous increase in the rate of capillary leak syndrome, the primary dose-limiting toxicity. We believe the first data in a single patient receiving a second cycle of SL-401 could come at the American Society of Hematology meeting in New Orleans Dec 7-10. So far, the data in BPDCN has been very positive, with 5 of 6 patients having a response and 4 being complete responses. The pivotal trial in BPDCN is expected to begin in 1H14.

Initial Low-Grade Glioma Data On SL-701 To Be Presented At Society Of Neuro-Oncology Meeting. The SNO meeting will be held in San Francisco Nov 21-24. The vaccine cocktail has been administered to 23 patients and had a profile in line with vaccine data from higher-grade brain tumor trials. No dose-limiting toxicities were reported except for a case of Grade 3 fever. In 12 of 18 evaluable patients, IFN- γ responses were seen against 3 of 4 antigen epitopes in the vaccine and a correlation between immune response and PFS has been seen. We do not carry sales for SL-701 in our estimates.

Financials. Cash burn in 3Q13 was \$5m and STML ended the quarter with \$87.7m in cash.

Valuation/Risks

We derive a price target of \$60 using a sum-of-the-parts DCF analysis (\$45 SL-401 + \$15 cash). Risks include clinical, regulatory and commercial.

USD	Prev.	2012A	Prev.	2013E	Prev.	2014E	Prev.	2015E
Rev. (MM)	--	0.0	--	0.0	--	0.0	--	0.0
EPS								
Mar	--	--	--	(0.90)A	--	--	--	--
Jun	--	--	--	(0.55)A	--	--	--	--
Sep	--	--	(0.44)	(0.45)A	--	--	--	--
Dec	--	--	(0.49)	(0.52)	--	--	--	--
FY Dec	--	(1.82)	(2.20)	(2.26)	(2.98)	(3.40)	(2.92)	(3.34)
FY P/E		NM		NM		NM		NM

BUY

Price target \$60.00

Price \$23.29

Financial Summary

Book Value (MM):	\$89.7
Book Value/Share:	\$7.23
Net Debt (MM):	(\$92.7)
Cash (MM):	\$92.7

Market Data

52 Week Range:	\$47.25 - \$10.00
Total Entprs. Value (MM):	\$196.1
Market Cap. (MM):	\$288.8
Insider Ownership:	20.7%
Institutional Ownership:	70.1%
Shares Out. (MM):	12.4
Float (MM):	10.0
Avg. Daily Vol.:	179,173

Thomas Wei *

Equity Analyst

(212) 284-2326 twei@jefferies.com

Timothy Chou *

Equity Associate

(212) 284-2571 tchou@jefferies.com

Shaunak Deepak *

Equity Associate

(212) 284-2020 sdeepak@jefferies.com

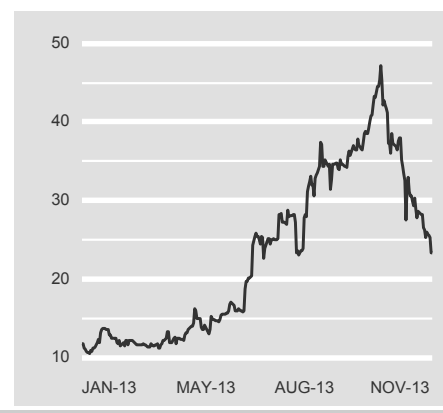
Rebecca Forest *

Equity Associate

(212) 284-2170 rforest@jefferies.com

* Jefferies LLC

Price Performance



Jefferies does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that Jefferies 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 decision. Please see analyst certifications, important disclosure information, and information regarding the status of non-US analysts on pages 5 to 8 of this report.

EQUITY RESEARCH AMERICAS

STML: Historical and Projected Revenue and Earnings

December 31 Fiscal Year (\$000s, except per share)	2012A	1Q13A	2Q13A	3Q13A	4Q13E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
U.S. 401 Sales	-	-	-	-	-	-	-	-	-	40,429	173,321	287,358	334,084
BPDEN	-	-	-	-	-	-	-	-	-	18,994	36,928	46,283	52,859
AML	-	-	-	-	-	-	-	-	-	21,435	136,393	241,075	281,226
Ex-U.S. 401 Sales	-	-	-	-	-	-	-	-	-	-	30,322	129,991	215,518
WW 401 Sales	-	-	-	-	-	-	-	-	-	40,429	203,643	417,349	549,603
Ex-U.S. 401 Royalties	-	-	-	-	-	-	-	-	-	-	3,639	17,098	31,638
U.S. Milestones	-	-	-	-	-	-	-	-	-	-	50,000	10,000	5,000
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	-	-	-	40,429	226,960	314,456	370,723
Cost of Goods	-	-	-	-	-	-	-	-	-	6,064	25,998	43,104	50,113
Research and Development	2,964	1,797	3,662	2,572	3,000	11,031	24,820	31,025	32,577	34,206	37,626	45,151	56,439
Sales, General, and Administrative	2,942	1,247	917	1,940	2,000	6,104	12,500	15,000	25,000	60,000	65,500	71,550	76,874
Total Operating Expenses	5,907	3,044	4,579	4,512	5,000	17,135	37,320	46,025	57,577	100,270	129,124	159,805	183,426
Income (Loss) from Operations	(5,907)	(3,044)	(4,579)	(4,512)	(5,000)	(17,135)	(37,320)	(46,025)	(57,577)	(59,841)	97,836	154,651	187,297
Other Income	302	31	-	-	-	31	-	-	-	-	-	-	-
Other Expense	(0)	(125)	-	-	-	(125)	-	-	-	-	-	-	-
Interest Expense	(119)	(82)	(298)	(83)	(83)	(545)	(330)	(330)	-	-	-	-	-
Interest Income	10	-	3	4	55	62	405	624	1,058	1,093	1,122	1,484	2,011
Pre-tax Income	(5,714)	(3,220)	(4,874)	(4,591)	(5,028)	(17,713)	(37,245)	(45,731)	(56,519)	(58,748)	98,958	156,136	189,308
Tax Expense	-	-	-	-	-	-	-	-	-	-	36,614	57,770	70,044
Tax Rate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	37%	37%	37%
Net Income	(5,714)	(3,220)	(4,874)	(4,591)	(5,028)	(17,713)	(37,245)	(45,731)	(56,519)	(58,748)	62,343	98,365	119,264
Diluted shares outstanding	3,442	6,148	9,837	12,471	12,571	10,257	12,968	16,210	18,476	18,769	19,091	19,445	19,835
Net Loss per share	\$ (1.66)	\$ (0.52)	\$ (0.50)	\$ (0.37)	\$ (0.40)	\$ (1.73)	\$ (2.87)	\$ (2.82)	\$ (3.06)	\$ (3.13)	\$ 3.27	\$ 5.06	\$ 6.01
Options Expense	561	2,285	577	1,065	1,500	5,427	6,784	8,480	10,600	13,250	16,563	20,704	25,880
EPS with Options Expense	\$ (1.82)	\$ (0.90)	\$ (0.55)	\$ (0.45)	\$ (0.52)	\$ (2.26)	\$ (3.40)	\$ (3.34)	\$ (3.63)	\$ (3.84)	\$ 2.40	\$ 3.99	\$ 4.71

Source: Company data, Jefferies Group LLC estimate
November 12, 2013

STML: Historical and Projected Changes in Financial Position

December 31 Fiscal Years (\$000s)	2012A	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Cash flows from operating activities									
Net Income (Loss)	(5,714)	(17,713)	(37,245)	(45,731)	(56,519)	(58,748)	62,343	98,365	119,264
Adjustments to reconcile									
Non-cash interest expense	119								
Mark to market of put option liability	(69)								
Changes in operating assets and liabilities									
Accounts receivable, inventory					-	(3,369)	(18,655)	(34,420)	(25,276)
Prepaid expenses and other liabilities	(76)								
Other assets	(2,305)								
Accrued liabilities	3,918	1,871	3,364	1,451	1,925	6,105	1,487	2,263	2,769
Net cash used in operating activities	(4,127)	(15,841)	(33,881)	(44,280)	(54,593)	(56,012)	45,175	66,208	96,757
Cash flows from investing activities									
Purchase of marketable securities	-	-	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Redemption of marketable securities	-	-	-	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cash flows from financing activities									
Proceeds from issuance of preferred stock, net	-	-	-	-	-	-	-	-	-
Redemption of preferred stock	-	-	-	-	-	-	-	-	-
Proceeds from issuance of common stock	-	107,153	9,240	156,589	125,876	18,704	23,661	29,931	37,863
Proceeds from issuance of convertible notes	322	-	-	-	-	-	-	-	-
Net cash (used in) provided by financing activities	322	107,153	9,240	156,589	125,876	18,704	23,661	29,931	37,863
Net (decrease) increase in cash and cash equivalents	(3,805)	91,312	(24,641)	112,308	61,283	(47,308)	58,836	86,139	124,620
Cash and cash equivalents at beginning of period	5,830	2,025	93,337	68,696	181,004	242,287	194,979	253,816	339,954
Cash and cash equivalents at end of period	2,025	93,337	68,696	#####	242,287	194,979	253,816	339,954	464,575

Source: Company data, Jefferies Group LLC estimate

November 12, 2013

STML: Historical Condensed Balance Sheets

(\$000s)	12/31/12	3/31/13	6/30/13	9/30/13
Current assets:				
Cash and cash equivalents	2,025	30,736	92,686	87,667
Prepaid expenses and other current assets	299	680	1,162	972
Total current assets	2,324	31,416	93,848	88,639
Furniture and fixtures, net				422
Deferred financing fees	2,705	-	-	-
Total assets	5,030	31,416	93,848	89,061
Current liabilities:				
Accounts payable and accrued expenses	5,501	2,595	4,173	2,851
Total current liabilities	5,501	2,595	4,173	2,851
Convertible notes	2,007	590	-	-
Put option liability	30	-	-	-
Total liabilities	7,538	3,186	4,173	2,851
Total stockholders' equity/(deficit)	(2,508)	28,230	89,675	86,210
Total liabilities and stockholders' equity/(deficit)	5,030	31,416	93,848	89,061

Source: Company Reports, Jefferies Group LLC
November 12, 2013

Company Description

Stemline Therapeutics, Inc. (STML) is a New York, NY-based clinical-stage biopharmaceutical company, specializing in the development of oncologic drugs that target cancer stem cells (CSCs) and tumor bulk. Cancer stem cells are thought to drive cancer progression, metastasis, and chemotherapy resistance. STML has two candidates in clinical trials, SL-401, humanized IL-3 linked to diphtheria toxin for third-line acute myeloid leukemia (AML) and for blastic plasmacytoid dendritic cell neoplasm (BPDCN). Phase 2b trials are expected to begin for both indications in 2014. The company's other leading candidate is SL-701, a brain cancer vaccine consisting of synthetic peptides targeting IL-13R α 2 and EphA2. Phase 2b are expected to begin in both pediatric glioma and adult second-line glioblastoma multiform (GBM). STML also has a portfolio of preclinical candidates targeting both solid and blood cancers. The company has a proprietary discovery platform targeting CSCs, StemScreen.

Analyst Certification

I, Thomas Wei, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

I, Timothy Chou, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

I, Shaunak Deepak, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

I, Rebecca Forest, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

As is the case with all Jefferies employees, the analyst(s) responsible for the coverage of the financial instruments discussed in this report receives compensation based in part on the overall performance of the firm, including investment banking income. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgement.

Company Specific Disclosures

Jefferies Group LLC makes a market in the securities or ADRs of Stemline Therapeutics, Inc..

Within the past 12 months, Jefferies Group LLC, its affiliates or subsidiaries has received compensation from investment banking services from Stemline Therapeutics, Inc..

Meanings of Jefferies Ratings

Buy - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

Hold - Describes stocks that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

Underperform - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated stocks with an average stock price consistently below \$10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated stocks with an average stock price consistently below \$10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated stocks with an average stock price consistently below \$10, the expected total return (price appreciation plus yield) is minus 20% within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Jefferies policies.

CS - Coverage Suspended. Jefferies has suspended coverage of this company.

NC - Not covered. Jefferies does not cover this company.

Restricted - Describes issuers where, in conjunction with Jefferies engagement in certain transactions, company policy or applicable securities regulations prohibit certain types of communications, including investment recommendations.

Monitor - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Valuation Methodology

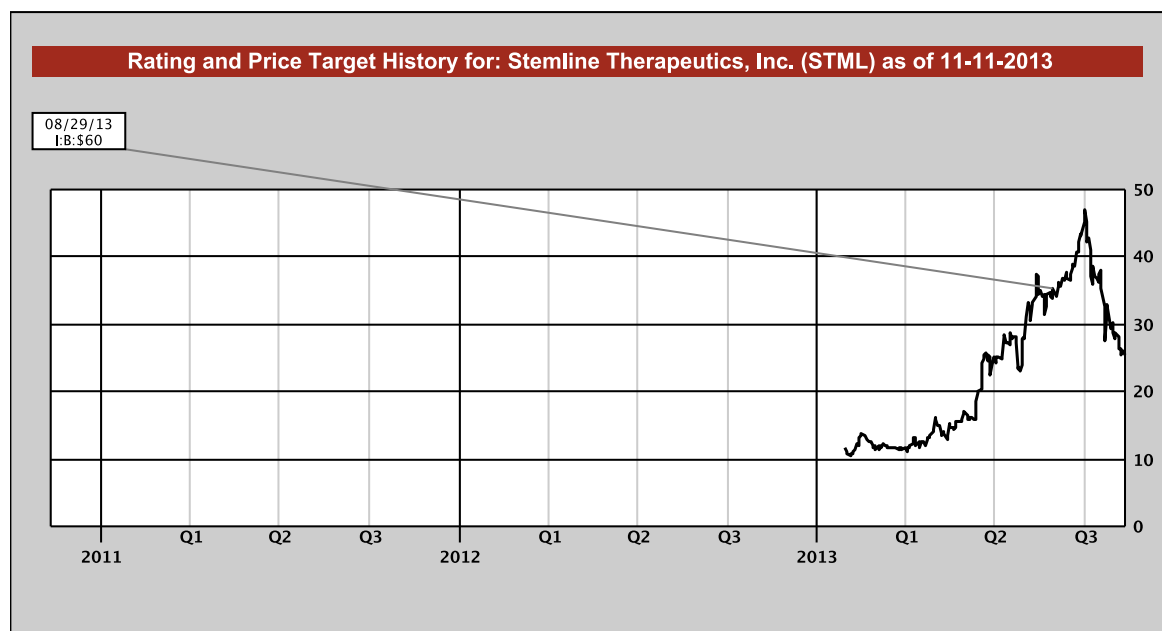
Jefferies' methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Conviction List Methodology

1. The aim of the conviction list is to publicise the best individual stock ideas from Jefferies Global Research
2. Only stocks with a Buy or Underperform rating are allowed to be included in the recommended list.
3. Stocks are screened for minimum market capitalisation and adequate daily turnover. Furthermore, a valuation, correlation and style screen is used to ensure a well-diversified portfolio.
4. Stocks are sorted to a maximum of 30 stocks with the maximum country exposure at around 50%. Limits are also imposed on a sector basis.
5. Once a month, analysts are invited to recommend their best ideas. Analysts' stock selection can be based on one or more of the following: non-Consensus investment view, difference in earnings relative to Consensus, valuation methodology, target upside/downside % relative to the current stock price. These are then assessed against existing holdings to ensure consistency. Stocks that have either reached their target price, been downgraded over the course of the month or where a more suitable candidate has been found are removed.
6. All stocks are inserted at the last closing price and removed at the last closing price. There are no changes to the conviction list during the month.
7. Performance is calculated in US dollars on an equally weighted basis and is compared to MSCI World AC US\$.
8. The conviction list is published once a month whilst global equity markets are closed.
9. Transaction fees are not included.
10. All corporate actions are taken into account.

Risk which may impede the achievement of our Price Target

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, the financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary. Past performance of the financial instruments recommended in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from, any of the financial instruments mentioned in this report can rise as well as fall and may be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the financial instrument described in this report. In addition, investors in securities such as ADRs, whose values are affected by the currency of the underlying security, effectively assume currency risk.

**Distribution of Ratings**

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY	825	47.63%	184	22.30%
HOLD	762	44.00%	121	15.88%
UNDERPERFORM	145	8.37%	1	0.69%

Other Important Disclosures

Jefferies Equity Research refers to research reports produced by analysts employed by one of the following Jefferies Group LLC ("Jefferies") group companies:

United States: Jefferies LLC which is an SEC registered firm and a member of FINRA.

United Kingdom: Jefferies International Limited, which is authorized and regulated by the Financial Conduct Authority; registered in England and Wales No. 1978621; registered office: Vintners Place, 68 Upper Thames Street, London EC4V 3BJ; telephone +44 (0)20 7029 8000; facsimile +44 (0)20 7029 8010.

Hong Kong: Jefferies Hong Kong Limited, which is licensed by the Securities and Futures Commission of Hong Kong with CE number ATSS46; located at Suite 2201, 22nd Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Singapore: Jefferies Singapore Limited, which is licensed by the Monetary Authority of Singapore; located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950.

Japan: Jefferies (Japan) Limited, Tokyo Branch, which is a securities company registered by the Financial Services Agency of Japan and is a member of the Japan Securities Dealers Association; located at Hibiya Marine Bldg, 3F, 1-5-1 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006; telephone +813 5251 6100; facsimile +813 5251 6101.

India: Jefferies India Private Limited, which is licensed by the Securities and Exchange Board of India as a Merchant Banker (INM000011443) and a Stock Broker with Bombay Stock Exchange Limited (INB011491033) and National Stock Exchange of India Limited (INB231491037) in the Capital Market Segment; located at 42/43, 2 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (East) Mumbai 400 051, India; Tel +91 22 4356 6000.

This material has been prepared by Jefferies employing appropriate expertise, and in the belief that it is fair and not misleading. The information set forth herein was obtained from sources believed to be reliable, but has not been independently verified by Jefferies. Therefore, except for any obligation under applicable rules we do not guarantee its accuracy. Additional and supporting information is available upon request. Unless prohibited by the provisions of Regulation S of the U.S. Securities Act of 1933, this material is distributed in the United States ("US"), by Jefferies LLC, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934. Transactions by or on behalf of any US person may only be effected through Jefferies LLC. In the United Kingdom and European Economic Area this report is issued and/or approved for distribution by Jefferies International Limited and is intended for use only by persons who have, or have been assessed as having, suitable professional experience and expertise, or by persons to whom it can be otherwise lawfully distributed. Jefferies International Limited has adopted a conflicts management policy in connection with the preparation and publication of research, the details of which are available upon request in writing to the Compliance Officer. Jefferies International Limited may allow its analysts to undertake private consultancy work. Jefferies International Limited's conflicts management policy sets out the arrangements Jefferies International Limited employs to manage any potential conflicts of interest that may arise as a result of such consultancy work. For Canadian investors, this material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a "Designated Institution" as defined by the Securities Act (Ontario). In Singapore, Jefferies Singapore Limited is regulated by the Monetary Authority of Singapore. For investors in the Republic of Singapore, this material is provided by Jefferies Singapore Limited pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act (Cap. 289 of Singapore). If there are any matters arising from, or in connection with this material, please contact Jefferies Singapore Limited, located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950. In Japan this material is issued and distributed by Jefferies (Japan) Limited to institutional investors only. In Hong Kong, this report is issued and approved by Jefferies Hong Kong Limited and is intended for use only by professional investors as defined in the Hong Kong Securities and Futures Ordinance and its subsidiary legislation. In the Republic of China (Taiwan), this report should not be distributed. The research in relation to this report is conducted outside the PRC. This report does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. In India this report is made available by Jefferies India Private Limited. In Australia this information is issued solely by Jefferies International Limited and is directed solely at wholesale clients within the meaning of the Corporations Act 2001 of Australia (the "Act") in connection with their consideration of any investment or investment service that is the subject of this document. Any offer or issue that is the subject of this document does not require, and this document is not, a disclosure document or product disclosure statement within the meaning of the Act. Jefferies International Limited is authorised and regulated by the Financial Conduct Authority under the laws of the United Kingdom, which differ from Australian laws. Jefferies International Limited has obtained relief under Australian Securities and Investments Commission Class Order 03/1099, which conditionally exempts it from holding an Australian financial services licence under the Act in respect of the provision of certain financial services to wholesale clients. Recipients of this document in any other jurisdictions should inform themselves about and observe any applicable legal requirements in relation to the receipt of this document.

This report is not an offer or solicitation of an offer to buy or sell any security or derivative instrument, or to make any investment. Any opinion or estimate constitutes the preparer's best judgment as of the date of preparation, and is subject to change without notice. Jefferies assumes no obligation to maintain or update this report based on subsequent information and events. Jefferies, its associates or affiliates, and its respective officers, directors, and employees may have long or short positions in, or may buy or sell any of the securities, derivative instruments or other investments mentioned or described herein, either as agent or as principal for their own account. Upon request Jefferies may provide specialized research products or services to certain customers focusing on the prospects for individual covered stocks as compared to other covered stocks over varying time horizons or under differing market conditions. While the views expressed in these situations may not always be directionally consistent with the long-term views expressed in the analyst's published research, the analyst has a reasonable basis and any inconsistencies can be reasonably explained. This material does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to herein and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of securities. None

of Jefferies, any of its affiliates or its research analysts has any authority whatsoever to make any representations or warranty on behalf of the issuer(s). Jefferies policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis. Any comments or statements made herein are those of the author(s) and may differ from the views of Jefferies.

This report may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Jefferies research reports are disseminated and available primarily electronically, and, in some cases, in printed form. Electronic research is simultaneously available to all clients. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Jefferies. Neither Jefferies nor any officer nor employee of Jefferies accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.

For Important Disclosure information, please visit our website at <https://javatar.bluematrix.com/sellside/Disclosures.action> or call 1.888.JEFFERIES

© 2013 Jefferies Group LLC