Esperion Therapeutics, Inc. (ESPR)

Clinical Progress Continues

MARKET DATA

Price	$14.77
52-Week Range:	$13.55 - $20.10
Shares Out. (M):	15.4
Market Cap ($M):	$227.5
Average Daily Vol. (000):	24.0
Cash (M):	$85
Cash/Share:	$5.56
Enterprise Value (M):	$141

Source: Thomson Reuters and JMP Securities LLC

FY DEC		2012A	2013E	2014E
Revenue ($M)	1Q	--	$0.0A	--
	2Q	--	$0.0A	--
	3Q	--	$0.0A	--
	4Q	--	$0.0	--
	FY	**$0.0**	**$0.0**	**$0.0**
EPS	1Q	--	($0.84)A	--
	2Q	--	($19.82)A	--
	3Q	--	($0.34)A	--
	4Q	--	($0.65)	--
	FY	**($3.13)**	**($21.65)**	**($3.15)**
Previous FY		NC	($21.61)	($2.91)

Source: Company reports and JMP Securities LLC

STOCK PRICE PERFORMANCE

MARKET OUTPERFORM | Price: $14.77 | Target Price: $34.00

INVESTMENT HIGHLIGHTS

Earnings are in line as clinical progress advances; we reiterate our Market Outperform rating and $34 price target on Esperion Therapeutics, derived through a risk-adjusted NPV analysis of ETC-1002. Esperion reported 3Q13 earnings in line with our estimates and ahead of consensus. The company ended the quarter with cash of $85.4MM and guided to YE13 cash of $75MM, which is expected to be sufficient to fund operations through YE15. Clinical development progress for ETC-1002 is advancing in line with our expectations with the first Phase 2b trial, in the statin-intolerant patient population (ETC-1002-008), is now enrolling patients, and the second Phase 2b trial, in the residual risk patient population (ETC-1002-009), is on track to begin in early 2014. Results from both trials are expected by YE14 and we expect positive outcomes based on Phase 2a results in both patient populations and clear mechanistic rationale.

Looking to '006 data presentation at AHA. Results from the Phase 2a ETC-1002-006 trial in statin-intolerant patients will be presented at the American Heart Association annual meeting later this month. The data will be presented during an oral session on Monday, November 18 and the company will host an investor event later that day. Top-line results from this trial demonstrated a 30% reduction in LDL cholesterol at eight weeks and supported the advancement of the program into the ongoing Phase 2b ETC-1002-008 trial.

Making minor model adjustments based on 3Q13 financial results. Esperion reported a 3Q13 EPS loss of ($0.34), in line with our estimate of ($0.36) and below consensus of ($0.41). The company did not report any revenue for the quarter, in line with our and Street expectations. Total operating expenses of $5.4MM were in line with our estimate of $5.6MM, with lower than expected R&D spending, offset by higher than expected SG&A spending. A summary of our estimates and actual results, as well as changes to our model, is provided in Figure 1.

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FIGURE 1. 3Q13 Earnings Summary and Changes to Our Model

ESPR	3Q13			2013 est			2014 est	
	JMP est	Cons	Actual	JMP old	Cons	JMP new	JMP old	JMP new
Revenue	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
R&D	4.3		3.5	17.3		16.5	39.9	39.8
SG&A	1.3		1.9	5.1		6.5	6.0	9.1
Total operating expense	5.6		5.4	22.4		22.9	45.9	48.9
Net income (loss)	**(5.6)**	**(5.8)**	**(5.2)**	**(26.0)**	**(25.8)**	**(26.3)**	**(45.9)**	**(48.9)**
Shares outstanding (diluted)	15.5		15.3	1.2		1.2	15.8	15.5
EPS (diluted)	**($0.36)**	**($0.41)**	**($0.34)**	**($21.61)**	**($18.08)**	**($21.65)**	**($2.91)**	**($3.15)**

Source: JMP Securities LLC, Company reports

Company Description

Esperion Therapeutics is a biopharmaceutical company focused on the discovery, development, and commercialization of novel treatments for patients with elevated levels of low-density lipoprotein cholesterol (LDL-C) and other cardiometabolic risk factors. The company's lead development candidate is ETC-1002, an orally available small molecule therapy being developed for patients with elevated levels of LDL-C. The drug acts in the liver to: 1) inhibit ATP-citrate lyase, a key enzyme that supplies substrate for cholesterol and fatty acid synthesis, as well as glucose production, and 2) activate AMP kinase. The initial development focus for ETC-1002 is in patients who are not able to tolerate therapy with statins (the standard of care treatment for elevated LDL-C) and as an add-on to statins in patients who remain inadequately controlled on therapy. ETC-1002 is a wholly owned asset with an issued composition-of-matter patent providing protection in the U.S. at least through December 2025.

Investment Risks

Clinical Risk. Esperion's product candidates may fail to demonstrate adequate efficacy, safety, and/or tolerability in one or more clinical studies.

Regulatory risk. The FDA and/or other ex-U.S. regulatory agencies could reject any of the firms', or its partners', future regulatory filings or require additional studies prior to granting approval.

Industry Risk. The biopharmaceutical industry is highly competitive, with many firms developing novel therapies that may address Esperion's target diseases. It is possible that breakthrough competitor products or therapies may render the company's products obsolete and affect the future survival of the company.

Balance Sheet Risk. The company has a history of losses, and has not yet established a track record of consistent profitability. While we project that the company will not need to raise additional capital to maintain profitability, it may be necessary to do so to fund the business model.

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The research analyst(s) who prepared this report does/do hereby certify that the views presented in this report are in accordance with my/our personal views on the securities and issuers discussed in this report. As mandated by SEC Regulation AC no part of my/our compensation was, is or will be directly or indirectly related to the specific views or recommendations expressed herein. This certification is made under the obligations set forth in SEC Regulation AC. Any other person or entity may not use it for any other purpose. This certification is made based on my/our analysis on the date of this report's publication. I/We assume no obligation to update this certification to reflect any facts,circumstances or events that may subsequently come to my/our attention. Signed Jason N. Butler and Christopher T. Radom

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JMP Securities was manager or co-manager of a public offering, and received compensation for doing so, for Esperion Therapeutics, Inc. in the past 12 months.

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Market Outperform (MO): JMP Securities expects the stock price to outperform relevant market indices over the next 12 months.

Market Perform (MP): JMP Securities expects the stock price to perform in line with relevant market indices over the next 12 months.

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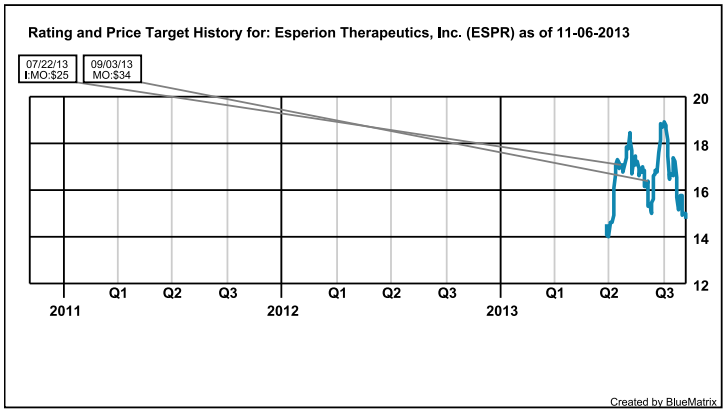
JMP Rating	Regulatory Equivalent	# Co's Under Coverage	*% of Total*	Regulatory Equivalent	# Co's Under Coverage	*% of Total*	# Co's Receiving IB Services in Past 12 Months	*% of Co's With This Rating*
MARKET OUTPERFORM	Buy	251	*61.67%*	Buy	251	*61.67%*	81	*32.27%*
MARKET PERFORM	Hold	150	*36.86%*	Hold	150	*36.86%*	23	*15.33%*
MARKET UNDERPERFORM	Sell	6	*1.47%*	Sell	6	*1.47%*	0	*0%*
TOTAL:		407	*100%*		407	*100%*	104	*25.55%*

Stock Price Chart of Rating and Target Price Changes:

Note: First annotation denotes initiation of coverage or 3 years, whichever is shorter. If no target price is listed, then the target price is N/A. In accordance with NASD Rule 2711, the chart(s) below reflect(s) price range and any changes to the rating or price target as of the end of the most recent calendar quarter. The action reflected in this note is not annotated in the stock price chart. Source: JMP Securities.



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