EQUITY RESEARCH

RBC Capital Markets

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Aerie Pharmaceuticals, Inc.

Phase III enrolling, another Phase III planned, and partnering discussions begun

Our view: 2Q:14 results show sufficient cash into 2016, beyond key Phase III readouts, and progress in the clinic and business development fronts.

Key points:

AERI shares have been under pressure both from the macro and presumably as the original investors with a low cost basis have taken profits after successful Phase IIb Roclatan data. We believe this is a compelling entry point as the setup for Phase III results is favorable with Rhopressa potentially demonstrating a numerical advantage over timolol, when statistical non-inferiority is the goal, by mid-2015 and Roclatan demonstrating a stat sig benefit over latanoprost, the current standard 1st line treatment in glaucoma in 2016. Partnering interest appears strong but we believe these are blockbuster potential drugs, as they are brand new mechanisms of action, which if successfully developed could see AERI succeeding as a standalone company or more likely getting acquired.

- **2Q:14 results vs. expectations**. Expenses were modestly higher than forecast but key metric is cash and 2Q ended with ~$56M (~$2.36/ share).
- **2014 (and beyond) guidance and consensus**. Cash will last into 2016 when an NDA filing for Rhopressa is expected.
- **Changes to our estimates**. We have modestly raised GAAP expenses largely to reflect increasing R&D.

Key updates from the conference call: Phase III Rhopressa study appears to be enrolling well and partnering discussions are underway. Rhopressa Phase III trials have begun and we expect enrollment to be rapid as roughly 100 US centers are enrolling ~1,100 glaucoma patients in the efficacy studies (Rocket 1 and 2). The Phase III safety study (Rocket 3) in Canada should begin by the end of 3Q:14. While guidance is for a mid-2015 readout, we believe it could be sooner. Roclatan Phase III studies could begin before the Phase III Rhopressa concludes as the hurdle is getting ocular tox, animal PK, and supply validation done around 1Q:15. AERI disclosed that it is engaged in partnering discussions with roughly 20 companies. We believe these include both regional, i.e., European and Japanese as well as global players.

Upcoming news flow: Events through YE:14 and acceleration into 2015 and beyond.

- **Rhopressa Phase III enrollment update** at Sept. analyst day.
- **Roclatan Phase II analyses and Rhopressa/ Roclatan market research** at Sep. analyst day.
- **Roclatan Phase II details** potentially at AAO in Oct.
- **Rhopressa Phase III data** around mid-2015 but potentially sooner.
- **Partnering update** for Japan and/ or EU in 2014/ 2015.

Outperform

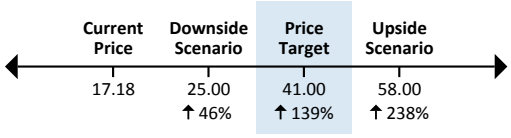
Speculative Risk

NASDAQ: AERI; USD 17.18

Price Target USD 41.00

WHAT'S INSIDE	
☐ Rating/Risk Change	☐ Price Target Change
☐ In-Depth Report	☑ Est. Change
☐ Preview	☐ News Analysis

Scenario Analysis*



*Implied Total Returns

Key Statistics

Shares O/S (MM):	23.2	Market Cap (MM):	399
Dividend:	0.00	Yield:	0.0%

RBC Estimates

FY Dec	2013A	2014E	2015E
Revenue	0.0	0.0	0.0
EPS, Adj Diluted	(2.46)	(1.39)	(1.10)
Prev.	(2.57)	(1.55)	(1.50)
P/AEPS	NM	NM	NM

Revenue	Q1	Q2	Q3	Q4
2013	0.0A	0.0A	0.0A	0.0A
2014	0.0A	0.0E	0.0E	0.0E
EPS, Adj Diluted				
2013	(0.41)A	(0.28)A	(10.81)A	(0.54)A
Prev.				(0.62)A
2014	(0.20)A	(0.39)A	(0.36)E	(0.34)E
Prev.	(0.28)A	(0.38)E	(0.39)E	(0.40)E

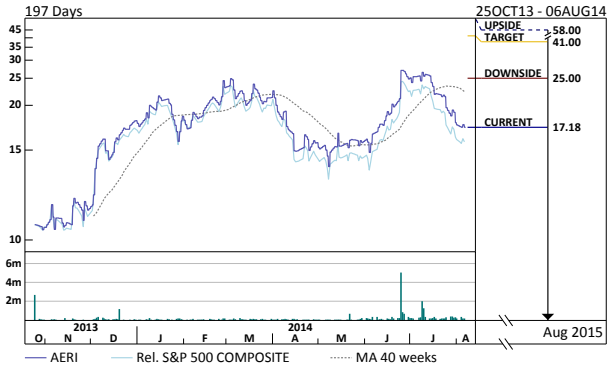
EPS, Adj Diluted: Prior periods restated to show non-GAAP EPS
All values in USD unless otherwise noted.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Conflicts Disclosures, see Page 8

Target/Upside/Downside Scenarios

Exhibit 1: Aerie Pharmaceuticals, Inc.



Source: Bloomberg and RBC Capital Markets estimates for Upside/Downside/Target

Target price/ base case

We value AERI at $41 per share, which includes US/EU sales of Rhopressa and Roclatan. We assign a 80% probability of success and a value of ~$31 per share to the US and ~$11 per share to the EU opportunity. We assume a US launch in 2017 and an EU launch in 2018. We forecast peak Roclatan sales of ~$1.1B and ~$0.7B and Rhopressa sales of ~$0.6B and ~$0.4B in the US and EU, respectively. Finally, we assume patent protection through 2030 and include a terminal value based on a discount rate of 15% and a growth rate of -50%.

Upside scenario

Our upside scenario of $58 includes ~$41 per share in value for the US opportunity and ~$18 per share in value for the EU opportunity. We forecast peak Roclatan sales of $1.6B in the US and $1.2B in the EU and Rhopressa sales of ~$600MM in the US and ~$570MM in the EU. We assign products in the pipeline a 80% probability of success, a discount rate of 15%, and a terminal growth rate of -50%.

Downside scenario

Our downside scenario of $25 assumes includes ~$19 per share in value for the US opportunity and ~$7 in value for the EU. We forecast peak Roclatan sales of $1.7B in the US and ~$1.1B in the EU and Rhopressa sales of ~$600MM in the US and ~$440MM in the EU. We assign 50% probability of success, a discount rate of 15%, and a terminal growth rate of -50%.

Investment summary

We believe AERI shares offer the potential for significant upside as both products in development, Rhopressa and Roclatan, use a new mechanism of action for the treatment of glaucoma, a blockbuster potential market. Rhopressa and Roclatan will enter Phase III trials based on positive Phase IIb data. Results from these and additional studies are expected 2014–2016. Millions of patients worldwide suffer from glaucoma, most need multiple medications, and we forecast peak sales of AERI's products at ~$1B.

AERI owns 100% of the rights to Rhopressa and Roclatan worldwide and patent protection extends into 2030, which means the company is free to partner or be acquired. Given that ophthalmology remains an attractive therapeutic area and AERI's product candidates could have a convenient, one drop once per day efficacy and safety profile, progress through clinical and regulatory milestones, as well as a partnership, could all be upside catalysts.

Potential catalysts for AERI shares

- **Phase III data for Rhopressa in 2015.** Important catalyst as positive data could lead to an NDA and MAA filing.
- **Phase III data for Roclatan in 2016.** Key catalyst as clean safety and efficacy beyond latanoprost could make Roclatan the first-line drug of choice.
- **Potential partnership for Rhopressa and Roclatan.** AERI owns worldwide rights to both product candidates and a partnership is likely after Phase III data.
- **Potential approvals and launches in 2017 in the US and in 2018 in the EU** following regulatory filings in 2016

Risks to our investment thesis

- **Pivotal Phase III and earlier-stage studies could fail.** Rhopressa must show non-inferiority to a comparator over a longer period and Roclatan must show a benefit in patients, which raises risk of failure.
- **AERI could fail to find a partner** for Rhopressa and Roclatan outside the US.
- **Sales ramp of Rhopressa and Roclatan could lag expectations** as clinicians fail to take up AERI's drugs, payers put up hurdles for reimbursing branded drugs, and cheaper generic drugs with other mechanisms hamper market penetration.

2Q:14 events are uneventful beyond a solid cash position into 2016

2Q:14 results vs. expectations. Expenses were modestly higher than forecast but the key metric is cash and AERI ended 2Q:14 with ~$56M (~$2.36/ share).

Exhibit 2: 2Q14 RBC Estimates vs. Actuals

(in MM; except per share)	2Q:14A	Est.	Var.
REVENUES			
Total Revenues			
EXPENSES			
COGS			
R&D	6.7	5.5	1.2
SG&A	5.2	3.7	1.5
Other			
Total Expenses	11.8	9.2	2.7
Operating Income (Expense)	(11.8)	(9.2)	(2.7)
OTHER			
Interest income		0.1	(0.1)
Interest expense	0.0	(0.1)	0.1
Other			
Total Other Income (Expense)	0.0	0.1	(0.0)
Income before Tax	(11.8)	(9.1)	(2.7)
Taxes			
Net income (loss)	(11.8)	(9.1)	(2.7)
EPS, Basic (GAAP)	($0.49)	($0.38)	($0.11)
EPS, Diluted (GAAP)	($0.41)	($0.32)	($0.09)
Shares outstanding, Basic	23.9	23.8	0.1
Shares outstanding, Diluted	28.6	28.6	0.1

Source: Company reports and RBC Capital Markets estimates.

2014 (and beyond) guidance and consensus. Cash will last into 2016 when an NDA filing for Rhopressa is expected and our expectation does not include any non-dilutive capital from partnership(s).

Changes to our estimates. We have modestly raised GAAP expenses largely to reflect increasing R&D.

Key updates from the conference call: Phase III Rhopressa study appears to be enrolling well and partnering discussions are underway.

Rhopressa Phase III trials initiated; data around mid-2015 … we think it could be sooner. Two efficacy studies have started (FPI Jul. 11) comparing Rhopressa to timolol and the Phase III safety study will begin by the end of 3Q:14. Total enrollment is expected to be ~1,300 across three Phase III studies. We continue to believe the trials could enroll quickly given that there are roughly 100 centers in the US enrolling ~1,100 patients and another 40 centers in Canada for Rocket 3. To date 75% of those screened have been enrolled. The primary endpoint is non-inferiority to timolol which must be demonstrated by having a reading that is within 1 mmHg for 5 of 9 time points and within 1.5 mmHg for the remaining 4. Based on these criteria and

the data presented in the Phase IIb study, Rhopressa could be non-inferior to latanoprost and therefore theoretically numerically superior to timolol.

Roclatan Phase III trials being planned … likely to start in 2Q:15, in our view. The Phase III study comparing Roclatan to Rhopressa or latanoprost can begin before results from the Rhopressa Phase III are available. The rate limiting tasks are ocular tox, animal PK, and supply validation all of which could complete in 1Q:15. For the primary endpoint Roclatan must demonstrate statistically superior benefit over each individual component at all time points. Phase IIb showed Roclatan lowering IOP 1.6 to 3.2 mmHg better than latanoprost.

Data generated could be sufficient to file in EU. AERI has discussed its clinical plans with both US and EU regulators and could generate data that could allow an MAA filing in addition to the NDA planned for Rhopressa in 2016 and potentially for Roclatan in 2017.

Partnering discussions initiated; we do not think a partner is needed at this point. AERI disclosed that it is engaged in partnering discussions with roughly 20 companies. We believe these include both regional, i.e., European and Japanese as well as global players. While a regional partnership could bring validation and more importantly, non-dilutive capital, we do not believe a partnership is needed for AERI to be successful.

Upcoming news flow: Events through YE:14 and acceleration into 2015 and beyond.

- **Rhopressa Phase III enrollment update** at Sep. analyst day.
- **Roclatan Phase II analyses and Rhopressa/ Roclatan market research** at Sep. analyst day.
- **Roclatan Phase II details** potentially at AAO in Oct.
- **Rhopressa Phase III data** around mid-2015 but potentially sooner.
- **Partnering update** for Japan and/ or EU in 2014/ 2015

Exhibit 3: News Flow

Timing	Expected News Flow	Program
Sep. 10, 2014	AERI Analyst Day	Rhopressa, Roclatan
Oct. 18-21, 2014	Potential Phase IIb details at AAO	Roclatan (PG324)
2014 / 2015	Final 6- and 9-month data from 2 tox studies	Rhopressa (AR-13324)
2014 / 2015	Potential ex-US partnership(s)	
1Q:15	Complete ocular tox, animal pK, supply validation pre-Phase III	Roclatan (PG324)
1H / Mid-2015	Initiate Phase III trials in glaucoma	Roclatan (PG324)
Mid-2015	Efficacy results from Phase III studies	Rhopressa (AR-13324)
2H:15 / Early 2016	Phase III results in glaucoma	Rhopressa (AR-13324)
2015 / 2016	Initiate Phase I trials	AR-13533
Mid-2016	File NDA	Rhopressa (AR-13324)
1H / Mid-2016	Efficacy results from Phase III studies	Roclatan (PG324)
2H:16 / Early 2017	Phase III results in glaucoma	Roclatan (PG324)
1H / mid-2017	Expect approval and launch	Rhopressa (AR-13324)
Mid-2017	File NDA	Roclatan (PG324)
Mid-2018	Expect approval and launch	Roclatan (PG324)

Source: Company reports and RBC Capital Markets estimates.

Our take. AERI shares have been under pressure both from the macro and as presumably the original investors with a low cost basis have taken profits after successful Phase IIb Roclatan data. We believe this is a compelling entry point as AERI's Phase III product candidates targeting glaucoma present the first new mechanism of action in several decades, with the potential for the best efficacy of any drug available and disease modification. Loss of efficacy has been a theoretical concern based on a prior discontinued program that was mechanistically different than AERI's current lead compound, Rhopressa (AR-13324). We believe the setup for Phase

III results is favorable with Rhopressa potentially demonstrating a numerical advantage over timolol, when statistical non-inferiority is the goal, by mid-2015 and Roclatan demonstrating a stat sig benefit over latanoprost, the current gold standard 1st line treatment in glaucoma in 2016. Partnering interest appears strong but we believe these are blockbuster potential drugs, which if successfully developed could see AERI succeeding as a standalone company or more likely getting acquired.

Exhibit 4: Pipeline

Product	Mechanism	Stage	Indication
Rhopressa (AR-13324)	Dual-action ROCK / NET inhibitor	Phase III	Glaucoma
Roclatan (PG324)	Triple-action ROCK / NET inhibitor and latanoprost, a PGA	Phase III planned	Glaucoma
AR-13533	Dual-action ROCK / NET inhibitor	Pre-clinical	Glaucoma

Source: Company reports and RBC Capital Markets estimates.

Valuation

We value AERI at $41 per share which includes US/EU sales of Rhopressa and Roclatan. We assign a 80% probability of success and a value of ~$31 per share to the US and ~$11 per share to the EU opportunity. We assume a US launch in 2017 and an EU launch in 2018. We forecast peak Roclatan sales of ~$1.1B and ~$0.7B and Rhopressa sales of ~$0.6B and ~$0.4B in the US and EU, respectively. Finally, we assume patent protection through 2030 and include a terminal value based on a discount rate of 15% and a growth rate of -50%.

Price target impediments

Our price target is dependent solely on the clinical, regulatory, and commercial success of Rhopressa and Roclatan. A Phase III study for Rhopressa and Roclatan are expected in 2014 and 2015 respectively, and failure to demonstrate efficacy or safety in one or both of these studies would be a significant setback. Furthermore, any setbacks in regulatory approvals in the US or EU, delay in launch, failure to secure a partnership outside the US for Rhopressa and Roclatan, increased competition, or other limitations to the market potential of these products either due to better efficacy and/or safety outcomes or pricing pressure due to the availability of generic drugs for glaucoma could negatively impact our valuation.

Company description

Aerie Pharmaceuticals, Inc. is a biotechnology company targeting ophthalmic disorders specifically glaucoma, which is a blockbuster potential market. Sales of products targeting glaucoma totaled $4.5B globally and more than 30 million prescriptions for glaucoma drugs were written in the US alone. AERI's drug candidates work by inhibiting rho-kinase and the norepinephrine transporter, a new mechanism of action, something not seen for glaucoma in nearly two decades. Rhopressa could enter Phase III trials in 2014 and Roclatan could enter Phase II trials in 2014 and Phase III trials in 2015. These drugs could be used as stand-alone agents for first- or second-line therapy or combined with existing agents.

Aerie Pharmaceuticals - Income Statement
FYE December 31

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(in MM; except per share)	1Q:13A	2Q:13A	3Q:13A	4Q:13A	2013A	1Q:14A	2Q:14A	3Q:14E	4Q:14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E
REVENUES																			
AR-13324													6.6	70.0	149.3	238.8	297.0	361.8	385.7
PG324														9.4	40.3	128.8	228.9	390.4	572.3
Product Sales													6.6	79.5	189.6	367.6	525.9	752.2	957.9
Royalties														12.5	31.0	55.6	74.5	99.7	119.0
Other																			
Total Revenues													6.6	92.0	220.6	423.2	600.3	851.9	1,076.9
EXPENSES																			
COGS													0.7	7.9	19.0	36.8	52.6	75.2	95.8
R&D	3.2	3.2	2.4	3.2	11.9	5.4	6.7	6.8	6.9	25.7	28.6	30.0	25.0	12.5	12.5	12.5	12.5	12.5	12.5
SG&A	1.7	1.7	3.3	3.6	10.3	3.6	5.2	5.3	5.4	19.5	22.3	25.0	30.0	37.5	45.0	73.5	105.2	150.4	191.6
Other																			
Total Expenses	4.9	4.9	5.7	6.8	22.2	9.0	11.8	12.1	12.3	45.2	50.9	55.0	55.7	57.9	76.5	122.8	170.3	238.2	299.9
Operating Income (Expense)	(4.9)	(4.9)	(5.7)	(6.8)	(22.2)	(9.0)	(11.8)	(12.1)	(12.3)	(45.2)	(50.9)	(55.0)	(49.1)	34.1	144.1	300.4	430.1	613.8	777.0
OTHER																			
Interest income								0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Interest expense	(0.2)	(0.2)			(0.4)		0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other			(5.1)	(3.6)	(8.6)	2.3													
Total Other Income (Expense)	(0.2)	(0.2)	(5.1)	(3.6)	(9.0)	2.3	0.0	0.0	0.0	0.1	0.2	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.6
Income before Tax	(5.1)	(5.1)	(10.9)	(10.3)	(31.2)	(6.7)	(11.8)	(12.1)	(12.2)	(45.1)	(50.7)	(54.7)	(48.7)	34.5	144.6	300.9	430.6	614.4	777.7
Taxes														11.7	49.2	102.3	146.4	208.9	264.4
Net income (loss)	(5.1)	(5.1)	(10.9)	(10.3)	(31.2)	(6.7)	(11.8)	(12.1)	(12.2)	(45.1)	(50.7)	(54.7)	(48.7)	22.8	95.4	198.6	284.2	405.5	513.3
EPS, Basic (GAAP)	($0.41)	($0.28)	($10.81)	($0.62)	($2.57)	($0.28)	($0.49)	($0.50)	($0.51)	($1.88)	($1.88)	($1.81)	($1.58)	$0.72	$2.97	$6.07	$8.51	$11.91	$14.78
EPS, Diluted (GAAP)	($0.24)	($0.19)	($1.13)	($0.41)	($1.51)	($0.23)	($0.41)	($0.42)	($0.42)	($1.57)	($1.59)	($1.54)	($1.35)	$0.62	$2.55	$5.20	$7.31	$10.23	$12.71
Shares outstanding, Basic	12.5	18.4	1.0	16.7	12.2	23.7	23.9	24.0	24.1	23.9	26.9	30.2	30.8	31.5	32.1	32.7	33.4	34.1	34.7
Shares outstanding, Diluted	21.0	26.9	9.6	25.2	20.7	28.4	28.6	28.8	29.0	28.7	32.0	35.4	36.1	36.8	37.5	38.2	38.9	39.6	40.4
EPS, Basic (Non-GAAP)	($0.41)	($0.28)	($10.81)	($0.54)	($2.46)	($0.20)	($0.39)	($0.36)	($0.34)	($1.39)	($1.10)	($1.23)	($1.01)	$1.28	$3.52	$6.60	$9.04	$12.42	$15.28
EPS, Diluted (Non-GAAP)	($0.24)	($0.19)	($1.13)	($0.36)	($1.44)	($0.17)	($0.33)	($0.30)	($0.28)	($1.16)	($0.93)	($1.05)	($0.86)	$1.09	$3.01	$5.66	$7.76	$10.67	$13.14
Operating Ratios	1Q:13A	2Q:13A	3Q:13A	4Q:13A	2013A	1Q:14A	2Q:14A	3Q:14E	4Q:14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E
COGS													10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Gross Margin	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
R&D	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	380.5%	13.6%	5.7%	3.0%	2.1%	1.5%	1.2%
SG&A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	456.6%	40.8%	20.4%	17.4%	17.5%	17.7%	17.8%
Operating Margin	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-747.0%	37.0%	65.3%	71.0%	71.6%	72.0%	72.2%
Taxes	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Net Margin	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-741.5%	24.7%	43.3%	46.9%	47.3%	47.6%	47.7%

Source: Company reports and RBC Capital Markets estimates.

Balance Sheet - Select Items	1Q:13A	2Q:13A	3Q:13A	4Q:13A	2013A	1Q:14A	2Q:14A	3Q:14E	4Q:14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E
Cash and cash equivalents		2.4	4.6	69.6	69.6	35.8	25.9	15.8	5.5	5.5	50.1	1.1	(42.0)	(26.1)	44.0	197.5	445.2	795.3	1,259.6
Prepaid expenses and other current assets		0.1	0.1	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total current assets		3.5	7.1	70.3	70.3	65.8	55.9	45.7	35.4	35.4	84.0	37.5	(3.1)	27.8	131.4	338.1	632.6	1,049.6	1,573.9
Property, plant and equipment, net		0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.7
Total assets		3.7	7.2	70.5	70.5	66.0	56.0	45.9	35.6	35.6	84.3	37.8	(2.7)	28.2	131.8	338.6	633.2	1,050.2	1,574.6
Current Liabilities																			
Total current liabilities		11.8	18.1	3.5	3.5	3.7	3.7	3.7	3.7	3.7	3.7	4.2	4.7	5.2	5.7	6.2	8.9	12.7	16.1
Total liabilities		4.6	11.5																
Share Capital		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share Premium		0.1	1.1	162.0	162.0	164.0	164.0	164.0	164.0	164.0	258.0	258.0	258.0	258.0	258.0	258.0	258.0	258.0	258.0
Accumulated deficit		(74.0)	(84.8)	(95.1)	(95.1)	(101.7)	(111.6)	(121.8)	(132.1)	(132.1)	(175.1)	(222.1)	(263.1)	(232.7)	(129.5)	76.8	368.7	781.9	1,302.8
Total stockholders' equity		(12.7)	(22.4)	67.0	67.0	62.3	52.4	42.2	31.9	31.9	82.9	35.9	(5.1)	25.4	128.5	334.8	626.7	1,039.9	1,560.8
Total liabilities and stockholders Equity		3.7	7.2	70.5	70.5	66.0	56.1	45.9	35.6	35.6	86.6	40.1	(0.4)	30.5	134.2	341.0	635.5	1,052.5	1,576.9
Cash Flow Statement - Select Items	1Q:13A	2Q:13A	3Q:13A	4Q:13A	2013A	1Q:14A	2Q:14A	3Q:14E	4Q:14E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E
Net Income (loss)	(5.1)	(5.1)	(20.9)	(31.1)	(31.2)	(6.7)	(11.8)	(12.1)	(12.2)	(45.1)	(50.7)	(54.7)	(48.7)	22.8	95.4	198.6	284.2	405.5	513.3
Depreciation and amortization		0.0	0.0	(0.0)	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Stock based compensation		0.4	1.5	0.9	2.9	1.9	1.9	1.9	1.9	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
Net cash provided (used) by operating activities	(5.1)	(2.5)	(11.6)	(28.3)	(16.4)	(4.5)	(9.9)	(10.1)	(10.3)	(37.1)	(46.9)	(48.9)	(43.0)	16.0	70.3	153.6	247.8	350.3	464.3
Purchase of property and equipment and intangible assets		(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net cash used in investing activities		(0.0)	(0.0)	(0.0)	(0.1)	(29.4)	(0.0)	(0.0)	(0.0)	(29.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Proceeds from issuances				71.9	71.9						94.0								
Net cash provided by (used in) financing activities		7.0	13.3	62.9	83.2	0.1				0.1	94.0								
Decrease in cash and cash equivalents	(5.1)	4.5	1.7	34.6	66.7	(33.8)	(9.9)	(10.2)	(10.3)	(66.5)	46.9	(49.1)	(43.1)	15.9	70.1	153.5	247.7	350.2	464.2
Cash and cash equivalents at the beginning of the year	2.9	(2.1)	2.9	4.6	2.9	69.6	35.8	25.9	15.8	69.6	3.2	50.1	1.1	(42.0)	(26.1)	44.0	197.5	445.2	795.3
Cash and cash equivalents at the end of the year	(2.1)	2.4	4.6	39.3	69.6	35.8	25.9	15.8	5.5	3.2	50.1	1.1	(42.0)	(26.1)	44.0	197.5	445.2	795.3	1,259.6

Source: Company reports and RBC Capital Markets estimates.

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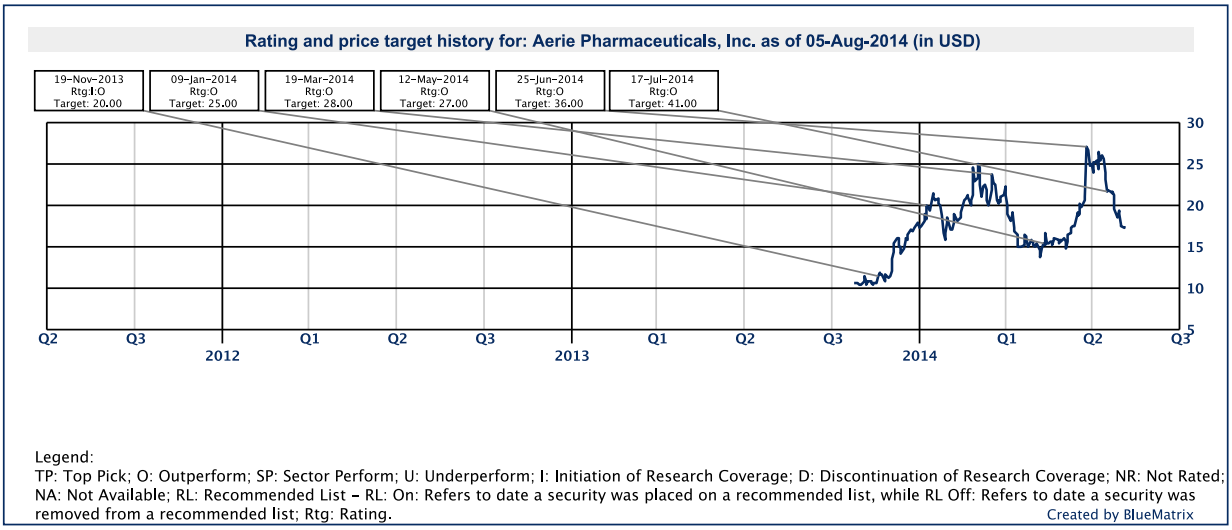

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