EQUITY RESEARCH

RBC Capital Markets

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Aerie Pharmaceuticals, Inc.

What can take shares higher from here?

Our view: Analyst day highlighted clinical progress, pipeline, and a fully funded program through to commercialization.

Key points:

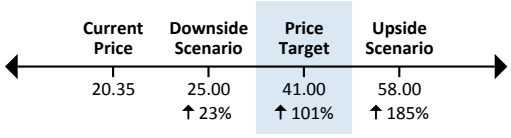
We see several paths to share appreciation in 2014 and 2015 including: 1) faster than expected Rhopressa Phase III enrollment; 2) Phase III data for Rhopressa/Roclatan; 3) pre-clinical or clinical data demonstrating disease modification; 4) pipeline progress; 5) business development, including in-licensing and out-licensing efforts; 6) increasing confidence in a market opportunity by itself for Rhopressa; 7) lack of new mechanisms of actions targeting glaucoma; and 8) no need for further capital increases. We continue to believe that an approved glaucoma drug with a new mechanism of action would be a likely game changer with blockbuster sales potentially making AERI shares attractive at current levels.

- **Phase III Rhopressa data in mid-2015…followed by Roclatan Phase III data in mid-2016**. We believe the Phase III studies are designed for success and likely to confirm the durability question, so shares should appreciate once final data is out.
- **Faster than expected Phase III data, which is very possible (2Q:15 or sooner).** Enrollment updates were promising and Rocket 1 could read out 2Q:15 while Rocket 2 could read out most likely before mid-2015.
- **Pre-clinical or even animal data demonstrating disease modification (possibly 2015 or sooner)**. Research is under way, and since current drugs do not target the diseased tissue, should Rhopressa demonstrate disease modification it is likely to garner even greater market shares for Roclatan and Rhopressa.
- **Pipeline progress including for earlier-stage non-glaucoma indications**. There are several pathways to upside for non-glaucoma indications including: 1) efficacy by other rho kinase inhibitors in clinical studies; 2) pre-clinical data demonstrating rho-kinase involvement in back-of-the-eye diseases; and 3) activity of Rhopressa or other AERI rho-kinase inhibitors in back-of-the-eye diseases.
- **Business development on both the out- and in-licensing fronts (possibly in 2014 or 2015).** Discussions are ongoing with ~20 companies ranging from regional to global companies both inside and outside the ophthalmology space.
- **Commercial success potential for Rhopressa…since Roclatan's is assumed…upon approval (2016/2017 and beyond)**. AERI's survey projects Rhopressa use in 18% and Roclatan usage in 25% of glaucoma patients. Doctors tell us that 10–20%+ of patients do not tolerate or respond to first- or second-line drugs.
- **Dearth of novel mechanisms for glaucoma**. We see limited innovation in the industry.
- **Fully funded through to commercialization and potentially profitability with pro forma cash of $181M**. According to AERI, the cost of the two Phase III programs would be approximately $50–53M.

Outperform
Speculative Risk
NASDAQ: AERI; USD 20.35
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):	472
Dividend:	0.00	Yield:	0.0%
		Avg. Daily Volume:	203,241

RBC Estimates

FY Dec	2013A	2014E	2015E
Revenue	0.0	0.0	0.0
EPS, Adj Diluted	(2.46)	(1.27)	(1.19)
Prev.		(1.39)	(1.10)
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
2014	(0.20)A	(0.39)A	(0.36)E	(0.32)E
Prev.				(0.34)E

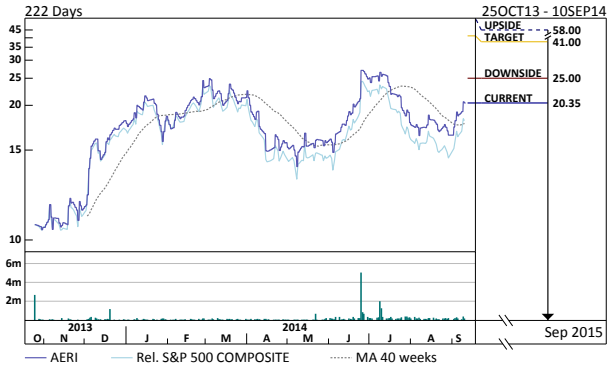
EPS, Adj Diluted: Prior periods restated to show non-GAAP EPS
All values in USD unless otherwise noted.

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 ~$30 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 $1.1B in the US and ~$660MM 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.

Phase III Rhopressa data in mid-2015…followed by Roclatan Phase III data in mid-2016. While Phase II results for both programs are largely supportive of efficacy and if replicated in the ongoing or planned Phase III studies could mean regulatory approvals for both drug candidates, one question has been whether efficacy seen at 1-month (Phase II endpoint) can be extrapolated to 3-months (Phase III endpoint). We believe the Phase III studies are designed for success, but since this question will but cannot be fully answered until pivotal data is reported, shares should appreciate once final data is out. Phase III Rhopressa data expected mid-2015 (we think sooner) is as important as Roclatan Phase III data, as that will be the first 3-month data seen with an AERI product candidate.

Faster than expected Phase III data, which is very possible (2Q:15 or sooner). The Rocket 2 study has already enrolled 117 of 690 patients (50–60 sites) and the Rocket 1 study 229 of 400 patients (40–50 sites) in less than two months. Rocket 3 has just started (1 of 240 patients enrolled, 30–40 sites). Since only 80% of clinical sites are approved and contract, and as the number of enrolling centers should increase, Rocket 1 could read out in 2Q:15 while Rocket 2 could read out by or most likely before mid-2015. Next clinical trial enrollment updates are likely to help us better fine-tune the timing of results. Since physicians will already be familiar with AERI, the Roclatan clinical studies are likely to enroll even more quickly even though the total numbers of patients could be somewhat bigger (~1,500 vs. 1,300 patients for the Rhopressa program).

Pre-clinical or even animal data demonstrating disease modification (possibly 2015 or sooner). Research is under way to see if Rhopressa can prevent or reverse damage to the trabecular meshwork pathway, which is avascular and requires the flow of aqueous humor for nutrients and anti-oxidants. This could be the first sign of disease modification ever seen addressed by questions assessing whether Rhopressa can reduce fibrosis in TM outflow tissues and/or increase the effective filtration area. Since current drugs do not target the diseased tissue, should Rhopressa demonstrate disease modification it would be likely to garner even greater market shares for Roclatan and Rhopressa.

Pipeline progress including for earlier stage non-glaucoma indications (potentially 2015 or later although timing is unknown). Rho-kinase inhibitors have also shown effectiveness in pre-clinical models of angiogenesis, inflammation, and fibrosis, including clinical data by intravitreal Fasudil, a selective rho kinase inhibitor, in a pilot study of patients with DME (N=15). There are several pathways to upside here including: 1) efficacy by other rho kinase inhibitors in pre-clinical or clinical studies (AERI mentioned pre-clinical data from a private company in back of the eye with a rho kinase inhibitor, Kowa has demonstrated efficacy with topical drops in back of the eye, and there is clinical data in DME with a rho kinase inhibitor); 2) pre-clinical data demonstrating rho kinase involvement in back-of-the-eye diseases; and 3) activity of Rhopressa or other AERI rho kinase inhibitors in back-of-the-eye diseases. Progress in other studies, such as the 3-month Roclatan ocular toxicity study and the PK study vs. each component required for Roclatan to move to Phase III, is also likely to support shares.

Business development on both the out- and in-licensing fronts (possibly in 2014 or 2015). Discussions are ongoing with ~20 companies ranging from regional to global companies both inside and outside the ophthalmology space. Since prospective partners have access to a data room, this leads us to believe these are more than exploratory discussions. The priority is an Asia partner that could help develop Rhopressa and Roclatan for those markets, followed by an EU partner. The current cash position is strong enough for AERI to be in a good negotiating position with potential partners. With the current cash position, AERI could also in-license or acquire product candidates with a first-in-class or best-in-class profile (has already looked at 12 programs) that would be likely to further enhance value.

Commercial success potential for Rhopressa…since Roclatan's is assumed…upon approval (2016/ 2017 and beyond). AERI expects to see Rhopressa use in patients with baseline IOPs of 26 mmHg or less and Roclatan use in patients with IOPs above 26 mmHg. In our veiw, Roclatan's clinical success will ensure widespread first-line usage regardless of baseline IOP. The more pertinent question is whether Rhopressa will see use by itself, and here we see three confirmatory data points: 1) company-conducted survey of 200 US physicians projects Rhopressa use in 18% of glaucoma patients and Roclatan usage in 25% (assuming a price of $100 per prescription and 41.7M prescriptions in 2023, this equates to a full market opportunity of $751M and $1,042M, respectively); 2) another survey indicated Rhopressa usage in 8–20% and Roclatan usage in 30–36% of glaucoma patients across various baseline IOPs; and 3) 10–20%+ of patients do not tolerate or respond to first- or second-line drugs, according to the glaucoma expert present. The ability to lower IOP in patients with lower baseline pressures could open up an entirely new market segment (Phase I data), including those in Asia, especially Japan. The takeaway here is that 10–20% of total prescriptions still equates to a market opportunity of $300–600M for Rhopressa alone, which assuming a 4–6x sales multiple shows there is significant room for upside from current levels.

Dearth of novel mechanisms for glaucoma. There has been no new mechanism of action introduced for glaucoma in more than 20 years. We believe AERI's products are first-in-class/ best-in-class as the ROCK inhibition relaxes the trabecular meshwork, increasing outflow, and lowers EVP while NET inhibition reduces fluid production. Currently approved drugs do not impact the trabecular meshwork and other rho kinase inhibitors do not work on NET. We continue to see limited innovation in the industry.

Fully funded through to commercialization and potentially profitability. The $125M in convertible debt financing announced on September 9 funds AERI through to commercialization and profitability based on our estimates and coverts into ~5M shares at $24.80 (~22% premium to current close; 30% premium to September 8th close). The maturity date is September 2021. According to AERI, the cost of the two Phase III programs would be approximately $50–53M with the balance likely used for overhead, commercialization, and business development, in our view.

Exhibit 2: News Flow

Timing	Expected News Flow	Program
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)
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)
Mid-2016	Efficacy results from Phase III studies	Roclatan (PG324)
Mid-2017	File NDA	Roclatan (PG324)
2H:17	Expect approval and launch	Rhopressa (AR-13324)
2H:18	Expect approval and launch	Roclatan (PG324)

Source: Company reports and RBC Capital Market estimates

Exhibit 3: Pipeline

Product	Mechanism	Stage	Indication	Partner
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

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	30.0	32.5	35.0	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	52.3	57.5	65.7	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)	(52.3)	(57.5)	(59.1)	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	0.5	0.6	2.2	2.2	2.2	2.2	2.2	2.2	1.6	1.6	1.6
Other			(5.1)	(3.6)	(8.6)	2.3				2.3									
Total Other Income (Expense)	(0.2)	(0.2)	(5.1)	(3.6)	(9.0)	2.3	0.0	0.0	0.6	2.9	2.3	2.4	2.4	2.5	2.5	2.6	2.1	2.1	2.1
Income before Tax	(5.1)	(5.1)	(10.9)	(10.3)	(31.2)	(6.7)	(11.8)	(12.1)	(11.7)	(42.3)	(50.0)	(55.1)	(56.6)	36.6	146.7	303.0	432.2	615.9	779.2
Taxes														12.4	49.9	103.0	146.9	209.4	264.9
Net income (loss)	(5.1)	(5.1)	(10.9)	(10.3)	(31.2)	(6.7)	(11.8)	(12.1)	(11.7)	(42.3)	(50.0)	(55.1)	(56.6)	24.1	96.8	200.0	285.2	406.5	514.3
EPS, Basic (GAAP)	($0.41)	($0.28)	($10.81)	($0.62)	($2.57)	($0.28)	($0.49)	($0.50)	($0.48)	($1.77)	($2.05)	($2.19)	($2.21)	$0.92	$3.63	$7.36	$9.95	$12.31	$15.27
EPS, Diluted (GAAP)	($0.24)	($0.19)	($1.13)	($0.41)	($1.51)	($0.23)	($0.41)	($0.36)	($0.34)	($1.33)	($1.45)	($1.56)	($1.58)	$0.66	$2.61	$5.31	$7.51	$10.53	$13.07
Shares outstanding, Basic	12.5	18.4	1.0	16.7	12.2	23.7	23.9	24.0	24.1	23.9	24.4	25.1	25.6	26.1	26.6	27.2	28.7	33.0	33.7
Shares outstanding, Diluted	21.0	26.9	9.6	25.2	20.7	28.4	28.6	33.9	34.0	31.2	34.5	35.3	35.9	36.5	37.1	37.7	38.0	38.6	39.3
EPS, Basic (Non-GAAP)	($0.41)	($0.28)	($10.81)	($0.54)	($2.46)	($0.20)	($0.39)	($0.36)	($0.32)	($1.27)	($1.19)	($1.50)	($1.53)	$1.59	$4.29	$8.00	$10.56	$12.84	$15.79
EPS, Diluted (Non-GAAP)	($0.24)	($0.19)	($1.13)	($0.36)	($1.44)	($0.17)	($0.33)	($0.25)	($0.23)	($0.97)	($0.84)	($1.06)	($1.09)	$1.06	$2.77	$5.14	$7.29	$10.98	$13.52
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	532.7%	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	-899.2%	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	-862.1%	26.2%	43.9%	47.3%	47.5%	47.7%	47.8%

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	27.9	143.2	133.8	133.8	89.3	41.7	(7.5)	11.6	84.9	241.7	492.7	846.4	1,314.1
Prepaid expenses and other current assets		0.1	0.1	0.6	0.6	0.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Total current assets		3.5	7.1	70.3	70.3	65.8	57.3	172.6	163.2	163.2	122.7	77.5	30.9	65.0	171.7	381.7	679.6	1,100.0	1,627.9
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	57.7	173.0	163.7	163.7	123.2	78.1	31.5	65.7	172.5	382.5	680.4	1,101.0	1,628.9
Current Liabilities																			
Total current liabilities		11.8	18.1	3.5	3.5	3.7	4.8	4.8	4.8	4.8	4.8	5.3	5.8	6.3	6.8	7.3	10.5	15.0	19.1
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	166.4	166.4	166.4	166.4	166.4	166.4	166.4	166.4	166.4	166.4	166.4	166.4	166.4
Accumulated deficit		(74.0)	(84.8)	(95.1)	(95.1)	(101.7)	(113.6)	(123.2)	(132.6)	(132.6)	(173.0)	(218.6)	(265.7)	(232.1)	(125.8)	83.7	378.5	794.5	1,318.3
Total stockholders' equity		(12.7)	(22.4)	67.0	67.0	62.3	52.9	168.2	158.9	158.9	118.4	72.8	25.7	59.3	165.6	375.2	669.9	1,085.9	1,609.7
Total liabilities and stockholders Equity		3.7	7.2	70.5	70.5	66.0	57.7	173.0	163.7	163.7	123.2	78.1	31.5	65.7	172.5	382.5	680.4	1,101.0	1,628.9
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)	(11.7)	(42.3)	(50.0)	(55.1)	(56.6)	24.1	96.8	200.0	285.2	406.5	514.3
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	2.4	2.4	2.4	9.1	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Net cash provided (used) by operating activities	(5.1)	(2.5)	(11.6)	(28.3)	(16.4)	(4.5)	(8.4)	(9.7)	(9.3)	(31.9)	(44.4)	(47.5)	(49.1)	19.2	73.5	156.9	251.1	353.9	467.8
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)	0.4	(0.0)	(0.0)	(29.0)	(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														
Net cash provided by (used in) financing activities		7.0	13.3	62.9	83.2	0.1	0.0	125.0		125.1									
Decrease in cash and cash equivalents	(5.1)	4.5	1.7	34.6	66.7	(33.8)	(8.0)	115.3	(9.3)	64.2	(44.5)	(47.6)	(49.2)	19.1	73.3	156.7	251.0	353.7	467.7
Cash and cash equivalents at the beginning of the year	2.9	(2.1)	2.9	4.6	2.9	69.6	35.8	27.9	143.2	69.6	133.8	89.3	41.7	(7.5)	11.6	84.9	241.7	492.7	846.4
Cash and cash equivalents at the end of the year	(2.1)	2.4	4.6	39.3	69.6	35.8	27.9	143.2	133.8	133.8	89.3	41.7	(7.5)	11.6	84.9	241.7	492.7	846.4	1,314.1

Source: Company reports and RBC Capital Markets estimates.

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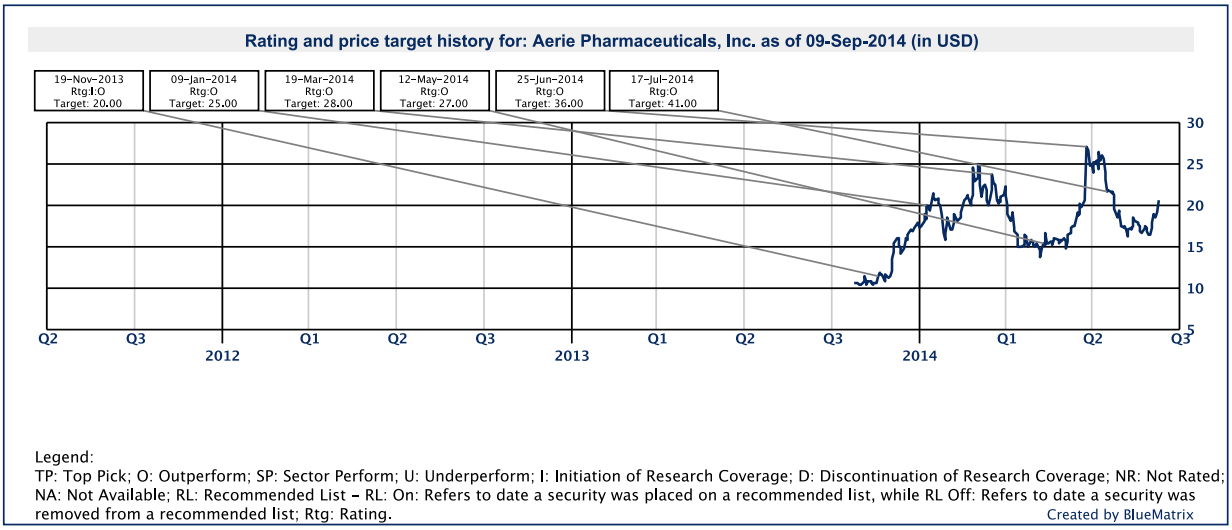

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