

Revance Therapeutics, Inc. (RVNC)

Overweight

RT001 in Limbo; Lowering PT But Depth of the Pipeline Keeps Us Positive

CONCLUSION

Revance reported a 3Q14 non-GAAP net loss per share of (\$0.60) and finished 3Q14 with a cash balance of approximately \$188M. Though the path forward for RT001, RVNC's a topical, needle-free form of botulinum toxin for the treatment of lateral canthal lines (LCL), appears to be in limbo (see below for more details), we believe that the depth of RVNC's pipeline (inclusive of RVNC's long-acting neuromodulator RT002 for glabellar lines and potentially other indications, as well as RT001 for axillary hyperhidrosis (HH)) translates into a favorable risk/reward profile for RVNC shares in the context of a market cap of under \$500M. We reiterate our Overweight rating and are lowering our PT to \$31 from \$44, to reflect the heightened risk surrounding RT001.

- **RT001 for LCL now in limbo given recent results from open-label study.** Recall that RVNC has been conducting an open-label study using RT001 drug product produced in its own commercial facility (as opposed to batches from a contract manufacturer that were tested in earlier studies) to confirm equivalence prior to initiating its Phase III program in LCL. The company noted that interim data from this study do not appear to confirm the efficacy data seen in earlier Phase II studies (though the drug appears to be safe and well-tolerated). Put another way, management suggested that there was an efficacy signal, but not nearly as robust as what we saw in other Phase II studies. RVNC intends to complete the study in the coming weeks and then decide next steps. Though RT001 for LCL is now clearly in limbo (i.e., we cannot assume that Phase III studies are going to begin anytime soon), RVNC could be in a position to expedite development of the product for the treatment of axillary hyperhidrosis (i.e. excessive underarm sweating). This is an indication that could have a higher probability of success considering that, at least in theory, deeper tissue penetration is not necessarily needed in order for there to be a significant treatment effect.
- **Silver lining with RVNC expediting development of RT002.** A 250-patient Phase II study testing RT002, RVNC's long-acting injectible neuromodulator, head-to-head versus Allergan's Botox Cosmetic for moderate to severe glabellar lines (GL) (i.e., wrinkles between the eyebrows) is now expected to begin enrollment before year-end, with interim data expected in 2H15. Recall that results from a 48-patient study announced earlier this year showed that RT002 had a median duration of effect of approximately 7 months, versus a 3-4 month duration typically seen for conventional neuromodulators (i.e., Botox and Dysport).

RISKS TO ACHIEVEMENT OF PRICE TARGET

Risks include clinical and regulatory setbacks for RT001 and RT002.

COMPANY DESCRIPTION

Revance is focused on next-generation neuromodulator treatments.

PRICE: US\$21.00

TARGET: US\$31.00

30x 2020E non-GAAP EPS of \$3.35, disc. by 30%

David Amsellem

Sr. Research Analyst, Piper Jaffray & Co.
212 284-9455, david.a.amsellem@pjc.com

Traver A. Davis

Research Analyst, Piper Jaffray & Co.
212 284-5031, traver.a.davis@pjc.com

Michael C. Chang

Research Analyst, Piper Jaffray & Co.
michael.c.chang@pjc.com

Changes	Previous	Current
Rating	—	Overweight
Price Tgt	US\$44.00	US\$31.00
FY15E Rev (mil)	—	US\$0.5
FY16E Rev (mil)	—	US\$0.5
FY15E EPS	US\$(3.27)	US\$(3.31)
FY16E EPS	—	US\$(3.10)

52-Week High / Low	US\$39.86 / US\$14.62
Shares Out (mil)	23.3
Market Cap. (mil)	US\$489.3
Avg Daily Vol (000)	168
Book Value/Share	US\$7.67
Net Cash Per Share	US\$8.07
Debt to Total Capital	4%
Div (ann)	US\$0.00
Fiscal Year End	Dec

Price Performance - 1 Year



Source: Bloomberg

YEAR	REVENUE (US\$ m)						EARNINGS PER SHARE (US\$)					
	Mar	Jun	Sep	Dec	FY	FY RM	Mar	Jun	Sep	Dec	FY	FY P/E
2014E	0.2A	0.1A	0.1A	0.1	0.4	1,223.3x	(1.08)A	(0.69)A	(0.60)A	(0.69)	(2.87)	NM
2015E	0.1	0.1	0.1	0.1	0.5	978.6x	(0.75)	(0.82)	(0.86)	(0.88)	(3.31)	NM
2016E	—	—	—	—	0.5	978.6x	—	—	—	—	(3.10)	NM

Piper Jaffray does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm 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 decisions. This report should be read in conjunction with important disclosure information, including an attestation under Regulation Analyst certification, found on pages 7 - 9 of this report or at the following site: <http://www.piperjaffray.com/researchdisclosures>.

Exhibit 1

3Q14: ACTUAL VS. PJC ESTIMATES

\$ in millions, except per share items

	Actuals	PJC Estimates
<i>Revenue</i>		
RT001	\$0.0	\$0.0
Ex-U.S. royalties and other revenues	\$0.1	\$0.1
Total Revenue	\$0.1	\$0.1
<i>Consensus ⁽¹⁾</i>		\$0.1
<i>Expenses</i>		
COGS	\$0.0	\$0.0
R&D	\$8.6	\$11.0
SG&A	\$5.3	\$4.9
Operating income	(\$13.8)	(\$15.8)
Net Income	(\$14.0)	(\$16.0)
Non-GAAP EPS, diluted	(\$0.60)	(\$0.69)
<i>Consensus ⁽¹⁾</i>		(\$0.69)

(1) Consensus prior to 3Q14 earnings announcement

Source: Company reports, ThomsonOne, and PJC estimates

Exhibit 2

RVNC CALENDAR OF UPCOMING EVENTS

Product/ Program	Event	Expected Date
RT002	Initiation of Phase IIb comparator study versus Botox Cosmetic in Glabeller (frown) Lines	4Q14
RT001	Initiation of Phase II study for the treatment of hyperhidrosis	Early 2015
RT001	Possible initiation of first single dose, placebo controlled Phase III trial in Crow's Feet	Early 2015
RT002	Interim data from Phase IIb comparator study versus Botox Cosmetic in Glabeller (frown) Lines	2H15

Source: Company reports and PJC estimates

Exhibit 3

SUMMARY OF CURRENT AND PRIOR RVNC ESTIMATES

\$ in millions, except per share	2014E		2015E		2016E		2017E		2018E		2019E		2020E	
	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior
<i>Revenue</i>														
RT001 (U.S. only)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$41.2	\$41.2	\$108.7	\$108.7	\$185.9	\$185.9	\$267.6	\$267.6
RT002 (U.S. only)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$32.2	\$32.2	\$63.2	\$63.2
Ex-U.S. royalties and other revenue	\$0.4	\$0.4	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$11.4	\$11.4	\$22.3	\$22.3	\$33.6	\$33.6
Total revenue	\$0.4	\$0.4	\$0.5	\$0.5	\$0.5	\$0.5	\$41.7	\$41.7	\$120.1	\$120.1	\$240.4	\$240.4	\$364.4	\$364.4
<i>Consensus ⁽¹⁾</i>	<i>\$0.2</i>		<i>\$0.2</i>		<i>\$0.2</i>		<i>\$23.9</i>		<i>\$111.8</i>					
<i>Expenses</i>														
COGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$20.8	\$20.8	\$22.8	\$22.8	\$43.3	\$43.3	\$61.9	\$61.9
R&D	\$35.3	\$38.7	\$55.5	\$55.5	\$52.5	\$52.5	\$45.0	\$45.0	\$45.0	\$45.0	\$45.0	\$45.0	\$45.0	\$45.0
SG&A	\$19.6	\$18.9	\$21.8	\$20.9	\$23.0	\$23.0	\$52.9	\$52.9	\$76.7	\$76.7	\$111.2	\$111.2	\$144.6	\$144.6
Operating income	(\$54.4)	(\$57.1)	(\$76.8)	(\$75.9)	(\$75.0)	(\$75.0)	(\$77.1)	(\$77.1)	(\$24.4)	(\$24.4)	\$40.9	\$40.9	\$112.8	\$112.8
Net Income	(\$55.6)	(\$58.3)	(\$77.6)	(\$76.7)	(\$75.8)	(\$75.8)	(\$77.6)	(\$77.6)	(\$24.9)	(\$24.9)	\$40.9	\$40.9	\$113.8	\$113.8
Share Outstanding, diluted	19.3	19.3	23.5	23.5	24.5	24.5	25.5	25.5	26.0	26.0	32.0	32.0	34.0	34.0
EPS, diluted	(\$2.87)	(\$3.02)	(\$3.31)	(\$3.27)	(\$3.10)	(\$3.10)	(\$3.05)	(\$3.05)	(\$0.96)	(\$0.96)	\$1.28	\$1.28	\$3.35	\$3.35
<i>Consensus ⁽¹⁾</i>	<i>(\$3.13)</i>		<i>(\$3.56)</i>		<i>(\$3.48)</i>		<i>(\$3.62)</i>		<i>(\$1.03)</i>					

(1) Consensus prior to 3Q14 earnings announcement

Source: Company reports, ThomsonOne, and PJC estimates

Change in Price Target

We are lowering our price target to \$31 from \$44, based on 30x our 2020 non-GAAP EPS estimate of \$3.35 (unchanged), discounted by 30% by 4.5 years (previously discounted by 20%). The higher discount rate reflects the incremental clinical and regulatory risk related to RVNC's RT001 clinical program for LCL (as outlined above).

Revance Therapeutics - Quarterly and Annual Income Statement

Fiscal Year Ends December 31
(\$ In millions, except for EPS)

	2014E							2015E									
Fiscal Year Ends December 31 (\$ in millions, except for EPS)	2012A	2013A	1QA	2QA	3QA	4QE	2014E	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E	2020E
Product sales																	
RT001 (U.S. only)	\$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	\$41.2	\$108.7	\$185.9	\$267.6
RT002 (U.S. only)	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	32.2	63.2
Total Product Sales	\$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	\$41.2	\$108.7	\$218.1	\$330.8
Ex-U.S. royalties and other revenues ⁽¹⁾	0.7	0.6	0.2	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.5	0.5	0.5	11.4	22.3	33.6
Total Revenue	\$0.7	\$0.6	\$0.2	\$0.1	\$0.1	\$0.1	\$0.4	\$0.1	\$0.1	\$0.1	\$0.1	\$0.5	\$0.5	\$41.7	\$120.1	\$240.4	\$364.4
Cost of sales	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	20.8	22.8	43.3	61.9
Gross Profit	\$0.7	\$0.6	\$0.2	\$0.1	\$0.1	\$0.1	\$0.4	\$0.1	\$0.1	\$0.1	\$0.1	\$0.5	\$0.5	\$20.8	\$97.3	\$197.1	\$302.4
Research & development	32.7	27.8	7.6	8.1	8.6	11.0	35.3	12.5	13.5	14.5	15.0	55.5	52.5	45.0	45.0	45.0	45.0
Selling, general and administrative	11.2	11.0	4.1	4.9	5.3	5.3	19.6	5.4	5.4	5.5	5.5	21.8	23.0	52.9	76.7	111.2	144.6
Amortization	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
Total expenses	\$43.9	\$38.8	\$11.6	\$13.0	\$13.9	\$16.3	\$54.8	\$17.9	\$18.9	\$20.0	\$20.5	\$77.3	\$75.5	\$97.9	\$121.7	\$156.2	\$189.6
Operating Income	(\$43.2)	(\$38.2)	(\$11.5)	(\$12.9)	(\$13.8)	(\$16.2)	(\$54.4)	(\$17.8)	(\$18.8)	(\$19.9)	(\$20.4)	(\$76.8)	(\$75.0)	(\$77.1)	(\$24.4)	\$40.9	\$112.8
Other income (expense), net	(15.1)	(14.2)	(0.5)	(0.4)	(0.2)	(0.2)	(1.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	(0.8)	(0.5)	(0.5)	0.0	1.0
Income (loss) before taxes	(\$58.3)	(\$52.4)	(\$12.0)	(\$13.3)	(\$14.0)	(\$16.4)	(\$55.6)	(\$18.0)	(\$19.0)	(\$20.1)	(\$20.6)	(\$77.6)	(\$75.8)	(\$77.6)	(\$24.9)	\$40.9	\$113.8
Income tax provision	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
Net income (loss)	(\$58.3)	(\$52.4)	(\$12.0)	(\$13.3)	(\$14.0)	(\$16.4)	(\$55.6)	(\$18.0)	(\$19.0)	(\$20.1)	(\$20.6)	(\$77.6)	(\$75.8)	(\$77.6)	(\$24.9)	\$40.9	\$113.8
Non-GAAP EPS, basic	(\$27.14)	(\$7.31)	(\$1.08)	(\$0.69)	(\$0.60)	(\$0.69)	(\$2.87)	(\$0.75)	(\$0.82)	(\$0.86)	(\$0.88)	(\$3.31)	(\$3.10)	(\$3.05)	(\$0.96)	\$1.52	\$4.14
Non-GAAP EPS, diluted	(\$27.14)	(\$7.31)	(\$1.08)	(\$0.69)	(\$0.60)	(\$0.69)	(\$2.87)	(\$0.75)	(\$0.82)	(\$0.86)	(\$0.88)	(\$3.31)	(\$3.10)	(\$3.05)	(\$0.96)	\$1.28	\$3.35
Shares outstanding, basic ⁽³⁾	2.1	7.2	11.1	19.4	23.3	23.6	19.3	23.8	23.3	23.4	23.5	23.5	24.5	25.5	26.0	27.0	27.5
Shares outstanding, diluted ⁽³⁾	2.1	7.2	11.1	19.4	23.3	23.6	19.3	23.8	23.3	23.4	23.5	23.5	24.5	25.5	26.0	32.0	34.0
Expenses as % of total sales:																	
COGS														50.0%	19.0%	18.0%	17.0%
R&D														108.0%	37.5%	18.7%	12.3%
Selling, general and administrative														127.0%	63.9%	46.3%	39.7%
Margins:																	
Gross margin														50.0%	81.0%	82.0%	83.0%
Operating margin															17.0%	31.0%	31.0%
Net income															17.0%	31.2%	31.2%
Income Tax														0.0%	0.0%	0.0%	0.0%
Y-O-Y Growth rates:																	
Total revenue															188.4%	100.2%	51.6%
R&D												57.4%	-5.4%	-14.3%	0.0%	0.0%	0.0%
Selling, general and administrative												11.5%	5.5%	130.0%	45.0%	45.0%	30.0%
Operating profit																	175.7%
Net income																	178.2%

Proprietary to Piper Jaffray. November 12, 2014

RVNC: David Amsellem; david.a.amsellem@pjc.com; 212.284.9455

(1) Reflects the signing of an ex-U.S. partnership on both RT001 and RT002, with estimated royalties of 20% on ex-U.S. sales (and assumes a European launch of RT001 in 2018 and a European launch of RT002 in 2019)

(2) Cash paid for interest; excludes non-cash interest expense

(3) Reflects post-IPO split adjusted share count and June 2014 common stock offering of 4,600,000 shares; Assumes follow-on equity capital raise in 2016

Current disclosure information for this company can be found at

<http://www.piperjaffray.com/researchdisclosures>

Revance - Annual Cash Flow Statement

(\$ in millions)

	2011A	2012A	2013A	2014E	2015E	2016E	2017E	2018E
Beginning Cash & Equivalents	\$4.0	\$29.6	\$4.1	\$3.9	\$164.9	\$94.1	\$162.1	\$85.6
Operating Activities								
Net Income (loss)	(\$30.2)	(\$58.3)	(\$52.4)	(\$55.6)	(\$77.6)	(\$75.8)	(\$77.6)	(\$24.9)
Depreciation	\$2.0	\$1.8	\$1.6	\$2.0	\$2.5	\$3.0	\$3.5	\$4.0
Other	(\$0.4)	(\$2.0)	\$16.5	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
Stock-based Compensation	\$0.3	\$0.1	\$0.5	\$2.0	\$3.0	\$4.0	\$6.0	\$12.0
Net Change in Assets and Liabilities	(\$0.1)	(\$7.1)	(\$6.2)	\$1.2	\$1.3	\$1.4	(\$9.4)	(\$5.4)
Cash From Operations	(\$28.4)	(\$65.6)	(\$40.1)	(\$51.4)	(\$71.8)	(\$68.4)	(\$78.5)	(\$15.4)
Investing Activities								
Capital Expenditures	(\$0.2)	(\$0.3)	(\$3.0)	(\$3.0)	(\$2.0)	(\$1.5)	(\$1.0)	(\$1.0)
Short-Term Investments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Acquisition of Tangible Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Acquisition of Intangibles	\$0.0	\$0.0	\$0.0	(\$7.0)	\$0.0	\$0.0	\$0.0	\$0.0
Other Investment ⁽¹⁾	\$0.1	\$0.1	\$2.8	\$0.0	\$0.0	\$100.0	\$0.0	\$0.0
Cash From Investing Activities	(\$0.1)	(\$0.2)	(\$0.2)	(\$10.0)	(\$2.0)	\$98.5	(\$1.0)	(\$1.0)
Financing Activities								
Debt Issuance	\$67.2	\$18.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Debt Repayments	(\$12.1)	(\$3.4)	(\$5.6)	(\$11.7)	(\$2.0)	(\$2.0)	(\$2.0)	(\$2.0)
Share Repurchases	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Stock and Option Issuances ⁽²⁾	\$0.0	\$0.0	\$45.6	\$234.0	\$5.0	\$40.0	\$5.0	\$5.0
Other, Net	(\$1.0)	(\$1.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cash From Financing Activities	\$54.1	\$13.6	\$40.1	\$222.3	\$3.0	\$38.0	\$3.0	\$3.0
Currency Translation Differences	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Change In Cash	\$25.6	(\$52.2)	(\$0.2)	\$160.9	(\$70.8)	\$68.1	(\$76.5)	(\$13.4)
Year End Cash	\$29.6	(\$22.6)	\$3.9	\$164.9	\$94.1	\$162.1	\$85.6	\$72.3

(1) Reflects the payment of \$7M

(1) Reflects the signing of ex-U.S. partnerships on RT001 and RT002 (and associated upfront payments)

(2) Reflects additional equity capital raise in 2016

Proprietary to Piper Jaffray. November 12, 2014

RVNC: David Amsellem; 212.284.9455

Revance - Annual Balance Sheet

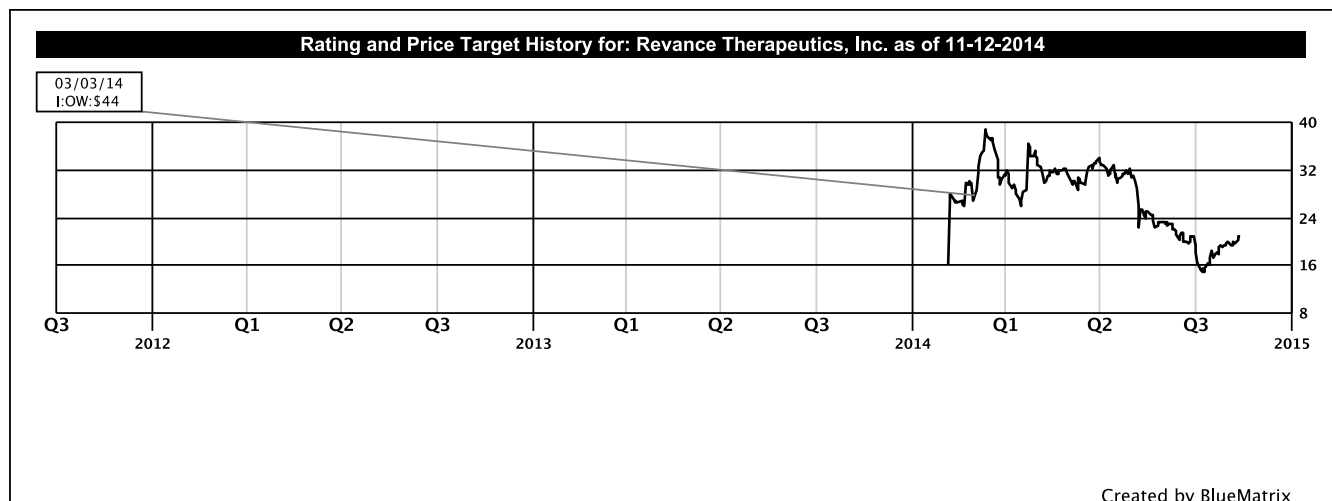
(\$ in millions)

	2011A	2012A	2013A	2014E	2015E	2016E	2017E	2018E
Current Assets								
Cash & Equivalents	\$29.6	\$4.1	\$3.9	\$164.9	\$94.1	\$162.1	\$85.6	\$72.3
Restricted Cash	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
Accounts Receivable, net	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.2	\$6.6
Inventories	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$7.7	\$11.3
Other Current Assets	\$0.4	\$1.2	\$0.8	\$0.9	\$0.9	\$1.0	\$1.0	\$1.1
Total Current Assets	\$30.1	\$5.4	\$4.8	\$165.8	\$95.0	\$163.2	\$97.6	\$91.2
Property, Plant & Equipment, Net	\$8.4	\$7.0	\$14.3	\$15.3	\$14.8	\$13.3	\$10.8	\$7.8
Goodwill & other intangible assets	\$0.0	\$0.0	\$0.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0
Other Assets	\$1.4	\$1.0	\$3.5	\$3.5	\$3.5	\$3.5	\$3.5	\$3.5
Total Assets	\$39.9	\$13.4	\$22.6	\$191.6	\$120.4	\$187.0	\$118.9	\$109.5
Liabilities & Equity								
Current Liabilities	\$8.9	\$31.0	\$24.7	\$25.9	\$27.2	\$28.6	\$30.0	\$31.5
Long-Term Debt	\$63.5	\$98.0	\$25.5	\$13.8	\$11.8	\$9.8	\$7.8	\$5.8
Other Liabilities	\$27.6	\$5.8	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0
Equity	(\$60.0)	(\$121.3)	(\$33.6)	\$145.9	\$75.3	\$142.6	\$75.1	\$66.2
Total Liabilities & Equity	\$39.9	\$13.4	\$22.6	\$191.6	\$120.4	\$187.0	\$118.9	\$109.5

Proprietary to Piper Jaffray. November 12, 2014

RVNC: David Amsellem; 212.284.9455

IMPORTANT RESEARCH DISCLOSURES



Notes: The boxes on the Rating and Price Target History chart above indicate the date of the Research Note, the rating, and the price target. Each box represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first Note written during the past three years.

Legend:

I: Initiating Coverage
R: Resuming Coverage
T: Transferring Coverage
D: Discontinuing Coverage
S: Suspending Coverage
OW: Overweight
N: Neutral
UW: Underweight
NA: Not Available
UR: Under Review

Distribution of Ratings/IB Services Piper Jaffray				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OW]	375	61.68	95	25.33
HOLD [N]	221	36.35	23	10.41
SELL [UW]	12	1.97	0	0.00

Note: Distribution of Ratings/IB Services shows the number of companies currently in each rating category from which Piper Jaffray and its affiliates received compensation for investment banking services within the past 12 months. FINRA rules require disclosure of which ratings most closely correspond with "buy," "hold," and "sell" recommendations. Piper Jaffray ratings are not the equivalent of buy, hold or sell, but instead represent recommended relative weightings. Nevertheless, Overweight corresponds most closely with buy, Neutral with hold and Underweight with sell. See Stock Rating definitions below.

Analyst Certification — David Amsellem, Sr. Research Analyst
— Traver A. Davis, Research Analyst
— Michael C. Chang, Research Analyst

The views expressed in this report accurately reflect my personal views about the subject company and the subject security. In addition, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Research Disclosures

Piper Jaffray was making a market in the securities of Revance Therapeutics, Inc. at the time this research report was published. Piper Jaffray will buy and sell Revance Therapeutics, Inc. securities on a principal basis.

Piper Jaffray has received compensation for investment banking services from or has had a client relationship with Revance Therapeutics, Inc. within the past 12 months.

Within the past 12 months Piper Jaffray was a managing underwriter of a public offering of, or dealer manager of a tender offer for, the securities of Revance Therapeutics, Inc. or the securities of an affiliate.

Within the past 3 years Piper Jaffray participated in a public offering of, or acted as a dealer manager for, Revance Therapeutics, Inc. securities.

Piper Jaffray was making a market in the securities of Allergan Inc. at the time this research report was published. Piper Jaffray will buy and sell Allergan Inc. securities on a principal basis.

Within the past 3 years Piper Jaffray participated in a public offering of, or acted as a dealer manager for, Allergan Inc. securities.

Piper Jaffray research analysts receive compensation that is based, in part, on overall firm revenues, which include investment banking revenues.

Rating Definitions

Stock Ratings: Piper Jaffray ratings are indicators of expected total return (price appreciation plus dividend) within the next 12 months. At times analysts may specify a different investment horizon or may include additional investment time horizons for specific stocks. Stock performance is measured relative to the group of stocks covered by each analyst. Lists of the stocks covered by each are available at www.piperjaffray.com/researchdisclosures. Stock ratings and/or stock coverage may be suspended from time to time in the event that there is no active analyst opinion or analyst coverage, but the opinion or coverage is expected to resume. Research reports and ratings should not be relied upon as individual investment advice. As always, an investor's decision to buy or sell a security must depend on individual circumstances, including existing holdings, time horizons and risk tolerance. Piper Jaffray sales and trading personnel may provide written or oral commentary, trade ideas, or other information about a particular stock to clients or internal trading desks reflecting different opinions than those expressed by the research analyst. In addition, Piper Jaffray technical research products are based on different methodologies and may contradict the opinions contained in fundamental research reports.

- **Overweight (OW):** Anticipated to outperform relative to the median of the group of stocks covered by the analyst.
- **Neutral (N):** Anticipated to perform in line relative to the median of the group of stocks covered by the analyst.
- **Underweight (UW):** Anticipated to underperform relative to the median of the group of stocks covered by the analyst.

Other Important Information

The material regarding the subject company is based on data obtained from sources we deem to be reliable; it is not guaranteed as to accuracy and does not purport to be complete. This report is solely for informational purposes and is not intended to be used as the primary basis of investment decisions. Piper Jaffray has not assessed the suitability of the subject company for any person. Because of individual client requirements, it is not, and it should not be construed as, advice designed to meet the particular investment needs of any investor. This report is not an offer or the solicitation of an offer to sell or buy any security. Unless otherwise noted, the price of a security mentioned in this report is the market closing price as of the end of the prior business day. Piper Jaffray does not maintain a predetermined schedule for publication of research and will not necessarily update this report. Piper Jaffray policy generally prohibits research analysts from sending draft research reports to subject companies; however, it should be presumed that the analyst(s) who authored this report has had discussions with the subject company to ensure factual accuracy prior to publication, and has had assistance from the company in conducting diligence, including visits to company sites and meetings with company management and other representatives.

Notice to customers: This material is not directed to, or intended for distribution to or use by, any person or entity if Piper Jaffray is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to such person or entity. Customers in any of the jurisdictions where Piper Jaffray and its affiliates do business who wish to effect a transaction in the securities discussed in this report should contact their local Piper Jaffray representative. **Europe:** This material is for the use of intended recipients only and only for distribution to professional and institutional investors, i.e. persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom, or persons who have been categorised by Piper Jaffray Ltd. as professional clients under the rules of the Financial Conduct Authority. **United States:** This report is distributed in the United States by Piper Jaffray & Co., member SIPC, FINRA and NYSE, Inc., which accepts responsibility for its contents. The securities described in this report may not have been registered under the U.S. Securities Act of 1933 and, in such case, may not be offered or sold in the United States or to U.S. persons unless they have been so registered, or an exemption from the registration requirements is available.

This report is produced for the use of Piper Jaffray customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Piper Jaffray & Co. Additional information is available upon request.

Copyright 2014 Piper Jaffray. All rights reserved.