COWEN
AND COMPANY

Pharmaceuticals/Specialty

Revance

Equity Research

Initiating Coverage

March 3, 2014

Price: $26.93 (02/28/2014)

Price Target: $55.00

OUTPERFORM (1)

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Key Data

Symbol	NASDAQ: RVNC
52-Week Range:	$31.00 - 16.00
Market Cap (MM):	$502.1
Net Debt (MM):	$102.7
Cash/Share:	$20.01
Dil. Shares Out (MM):	17.7
Enterprise Value (MM):	$638.7
ROIC:	NA
ROE (LTM):	NA
BV/Share:	$(649.53)
Dividend:	NA

FY (Dec)	2012A	2013E	2014E
Earnings Per Share			
Year	$(6.85)	$(2.95)	$(3.25)
P/E	NM	NM	NM
Revenue (MM)			
Year	$0.7	$0.0	$0.0

Initiation: Differentiated Products Should Command Premium Valuation; Buy Here

The Cowen Insight

Revance brings two differentiated products. RT-001 is a topical botulinum toxin, which should augment current cosmetic and therapeutic treatment paradigm. The other, RT-002, is a long-acting injectable botulinum toxin which could be disruptive in the therapeutic treatment market. Our $55 valuation target can be justified on RT001 alone. We believe success of RT-002 would be transformational.

RT001 Clinical And Regulatory Risks Appear Low, While The Commercial Opportunity Appears High

Although the formulation and clinical progress for RT-001 has been long and involved, the product profile has always been – and continues to remain – exceedingly attractive. Importantly, our consultants believe that the efficacy data is solid and the safety profile is clean. Our clinical checks indicate that RT-001 could be used fairly significantly in cosmetics to complement/augment the botulinum toxin injectables for women that have fair, lighter and thinner skin (and therefore are more prone to bruising with the injectables), for women that are needle phobic, for women that are looking for a more natural look, and in certain parts of the face where the injectable is difficult to use (such as in the area above the lips). Additionally, clinicians indicate that the topical formulation could get exceedingly high utilization (if not the whole market) in hyperhidrosis patients (excessive sweating) if the clinical data is positive. Aggregating the totality of the comments from our clinicians, we believe that the topical could eventually reach $350-500MM in U.S. cosmetic use, and $100-150MM in U.S. therapeutic use. Approval in Europe would clearly add to the potential.

RT-002 Could Prove Transformational In The Therapeutic Setting

Although the initial proof of concept studies for RT-002, Revance's long-acting injectable botulinum toxin, is in the cosmetic setting, we believe it ultimately could prove transformative for therapeutic treatment where fewer clinician visits for such treatments as spasticity/stroke, cervical dystonias, and migraine would be very well received. And if there is success in this program, we believe that this asset would look exceedingly attractive to other manufacturers (those already with an injectable and therefore seeking to protect their franchise, as well as to those that would like to enter this very lucrative market).

Multiple Scenarios Argue For Higher Valuation From These Levels

Assuming clinical success and a reasonable RT-001 penetration rate, we arrive at a base valuation of $55 per share. This assumes that Revance embarks upon its own marketing/promotional effort, which we believe this management team is very well equipped to do. Alternatively, a potential acquirer with its own commercial infrastructure – which would significantly lower our spending assumptions in the DCF – would argue for a valuation of the RT-001 opportunity alone of $80. And if combined with successful development for RT-002 would provide for a transformational valuation in excess of $100+. Given these potential outcomes, we would be adding at these levels.

At A Glance

Our Investment Thesis

Assuming clinical and reasonable commercial success for RT-001 we arrive at a base valuation of $55-60 per share. This assumes that Revance embarks upon its own marketing/promotional effort, which might not occur. A potential acquirer with its own commercial infrastructure – which would significantly lower our spending assumptions in the DCF – argue for a valuation of the RT-001 opportunity alone of $80. And if combined with successful development for RT-002 would provide for a transformational valuation in excess of $100. Given these potential outcomes, we would be adding at these levels.

Forthcoming Catalysts

- Mid-2014 — Phase III data from first, pivotal RT001 US study in crow's feet
- Mid-2014 — Phase I/II data from RT002 study in glabellar lines
- 2015 — Second pivotal US and first pivotal EU data release for RT001 in crow's feet
- 2015 — Phase II data of RT001 in hyperhidrosis
- 2015 — Phase II data of RT002 in glabellar lines

Base Case Assumptions

$55-60 per share assuming reasonable commercial success for RT001

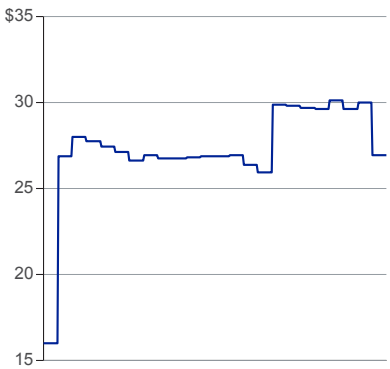
Upside Scenario

$80 upon acquisition and $100+ on successful development of RT002

Downside Scenario

$15 on another RT001 development setback

Price Performance



Source: Bloomberg

Company Description

Revance is a development-stage specialty pharmaceutical company developing transformative botulinum toxin products for cosmetic and therapeutic indications. The Company currently wholly owns worldwide rights to its products and has a powerful TransMTS delivery technology platform, which could provide future licensing/partnering opportunities.

Analyst Top Picks

	Ticker	Price (02/28/2014)	Price Target	Rating
Allergan	AGN	$127.00	$145.00	Outperform
Actavis	ACT	$220.82	$255.00	Outperform
Shire Pharmaceutical	SHPG	$165.15	$215.00	Outperform

Revance's Differentiated Assets Could Yield Significant Value From Here

Revance brings two differentiated products. RT001 is a topical botulinum toxin in Phase III development which should augment the current cosmetic and therapeutic treatment paradigm. The other, RT002, is a long-acting injectable botulinum toxin in Phase I/II studies, which could be disruptive in the therapeutic treatment market. Although the formulation and clinical progress for RT001 has been long and suffered from a variety of setbacks, which we describe in detail within this report, the product profile has always been – and continues to remain – very attractive. Importantly, we and our consultants believe that the efficacy data is solid and the safety profile is clean. As for the opportunity, our clinical checks indicate that RT001 could be used fairly significantly in cosmetics to complement/augment the botulinum injectables for women that have fair, lighter and thinner skin (and therefore are more prone to bruising with the injectables), for women that are needle phobic, for women that are looking for a more natural look (given it has strong efficacy with crow's feet wrinkles "at rest" and less pronounced efficacy in "smile lines," where completely disabling these lines/wrinkles when smiling could look age inappropriate in some women), and in certain parts of the face where the injectable is very difficult to use (such as in the area above the lips). Additionally, the clinicians indicate that the topical formulation could get exceedingly high (if not complete) utilization in hyperhidrosis patients (excessive sweating) if the clinical data is positive given the painful nature of injections in those areas. Aggregating all of the comments from our clinicians we believe that the topical could eventually reach $350-500MM in U.S. cosmetic use, and $100-150MM in U.S. therapeutic use. Approval in Europe would clearly add to the potential, in our view.

Taking all of the comments from our clinicians, we believe that the topical could eventually reach $350-500MM in U.S. cosmetic use, and $100-150MM in U.S. therapeutic use. Approval in Europe would clearly add to the potential, in our view.

Although the initial proof of concept studies for RT002 is in the cosmetic setting, we believe it ultimately could prove transformative for utilization for therapeutic treatment where fewer clinician visits for such treatments as spasticity/stroke, cervical dystonias, and migraine would be well received. And if there is success in this program, we believe that this asset would look exceedingly attractive to other manufacturers (both already on the market with an injectable, as well as to those that would like to enter the space). Given the early nature of the development, we have excluded this product from our current model, but believe it holds exceedingly interesting promise and provide greater detail within this note. Interestingly, Phase I data with a 12-patient cohort (out of a 48 patient total study) analyzing the product's duration should be announced by mid-year which should provide early perspectives on the profile.

Assuming clinical success and a reasonable RT001 commercial penetration rate, we arrive at a base valuation of $55-60 per share. This assumes that Revance embarks upon its own marketing/promotional effort, which might not occur. A potential acquirer with its own commercial infrastructure – which would significantly lower our spending assumptions in the DCF – would argue for a valuation for the RT001 opportunity alone of $80. And successful development for RT002 would provide for a transformational valuation in excess of $100. Given these potential outcomes, we would be adding at these levels.

Assuming clinical success and a reasonable RT001 penetration rate, we arrive at a base valuation of $55-60 per share. This assumes that Revance embarks upon its own marketing/promotional effort, which might not occur. A potential acquirer with its own commercial infrastructure - which would significantly lower our spending assumptions in the DCF - argue for a valuation for the RT001 opportunity alone of $80. And successful development for RT002 would provide for a transformational valuation in excess of $100.

Revance Has Reported Successful Phase IIb Data (Using Phase III Endpoints) For RT001 in Crow's Feet

RT001 has demonstrated responder rates greater than 80% at day 30 with a median duration of 3-4 months, which is in-line with the current injectable toxin products. Importantly, RT001's safety profile is superior to the best safety profile of approved neurotoxin products (i.e. Botox Cosmetic). Revance's Phase II clinical program involved 990 subjects (176 with repeat exposure) across multiple studies. In two Phase IIb studies, CL017 (n=180) and CL024 (n=90), 25 ng/mL of RT001 demonstrated a statistically significant (p-value<0.0001) 2 point improvement on the composite

primary endpoint that will be used for future Phase III studies. The rate of responders for a 2 point composite improvement ranged from 41-44%, or just under half of the total treated patients achieved this stringent endpoint. For the first of the studies in particular (CL024), the rate of 1 point responders (1 point improvement on respective scales; considered clinically relevant by physicians) was 89% and 64% for IGA and PSA assessments, respectively, while the rate of 2 point responders were 58% and 44% for IGA and PSA assessments, respectively. The bottom-line is that we believe the Phase III development risk for RT001 is low.

Future expected and potential milestones for Revance are:

- H2:2014 – Data from first, pivotal Phase III US RT001 study in crow's feet
- H2:2014 – Data from Phase I/II study of RT002 in glabellar lines
- 2015 – Data from second US and first EU RT001 Phase III Study in crow's feet
- 2015 – Phase II data of RT001 in hyperhidrosis
- 2015 – Phase II data from RT002 in glabellar lines
- 2016 – Long-term safety data and potential US BLA and EU MAA filings for RT001
- 2017 – Phase III data of RT001 in hyperhidrosis
- 2017 – Potential US launch of RT001 in crow's feet

Our Base Case Valuation Is Predicated on RT001 Reaching $500MM in US Sales Within 5-6 Years Of Launch

Our clinician consultants have consistently indicated that this product will be a "must have" in their practice, as they believe patient demand/curiosity will be very high and that certain women, skin characteristics, and application areas lend themselves to this topical product.

Our base case valuation model is predicated on RT001 reaching $500MM in U.S. sales or roughly 25-30% of the U.S. cosmetic/cosmetic neurotoxin market within 5-6 years of launch. It also assumes only some modest success in Europe. Our clinician consultants have consistently indicated that this product will be a "must have" in their practice, as they believe patient demand/curiosity will be very high and that certain women, skin characteristics, and application areas lend themselves to this topical product. We would also note that our base case valuation work is predicated on Revance marketing this product on its own, which we believe this management team could very successfully execute. Under the base case model that we publish on the following page, we believe that given the product's likely durability through its composition of matter patents our DCF value yields $55 per share, which we believe is utilizing conservative RT001 assumptions. However, there is also the possibility that another dermatology/cosmetic player (such as Allergan, Valeant, or Nestle/Galderma) would seek to acquire the company/product, which would lower the significant SG&A spend given their already in-place sales forces. This would escalate our base case DCF value to $80 per share. And there is a third view of the valuation, which would be to include RT002 into the model – as well as the corresponding high levels of R&D spending to move such a product forward. This valuation becomes somewhat transformational, and reaches $100+ on a standalone basis. Again, this assumes that Revance would keep the product and make the significant research and development investment in therapeutics (above and beyond our current base case R&D spend which currently excludes any contribution from this product). We could envision a scenario where a company like Allergan seeks to acquire Revance and utilizes RT002 in the therapeutic market as a "different" toxin from its Botox in cosmetic. This could theoretically finally allow for a different pricing mechanism that has kept the

therapeutic price/cost artificially low (note, given it is the same product for private pay cosmetic and reimbursed therapeutic, Allergan has been unable to price differentiate in the therapeutic market). Owning this asset could therefore be important to not only protect the Botox Therapeutic franchise, but could be critical in actually creating more value via a normalization (i.e. increasing) of therapeutic pricing compared to other reimbursed treatments. The bottom-line is that either standalone – or bought – the valuation upside is significant for RVNC shares from these levels in the event of positive Phase III RT001 U.S. study results, and even from positive early RT002 small scale duration studies.

Below we provide our market-build analysis which provides some perspectives on the likely size of the RT001 and RT002 opportunities. And on the following pages we publish our base-case standalone DCF scenario, as well as an acquisition (and therefore less promotional spend) scenario and best-case standalone DCF scenario with RT002 included. We would be adding here.

Figure 1 U.S. Cosmetic Neurotoxin Treatment Market Build

ESTIMATED U.S. COSMETIC NEUROTOXIN INJECTABLE TREATMENT MARKET

	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	CGR	Comments
Total WW Cosmetic & Thera Neurotoxin Sales (MM)	**$2,400**	**$2,700**	**$3,025**	**$3,350**	**$3,700**	**$4,050**	**$4,350**	**$4,650**	**$4,950**	+9%	**- Allergan indicates the current WW market is $2.7B**
Growth Rate	+14%	+13%	+12%	+11%	+10%	+9%	+8%	+7%	+6%		- Total WW Neurotoxin growth has been 13% over the last year
Total U.S. Cosmetic & Thera Neurotoxin Sales (MM)	**$1,500**	**$1,690**	**$1,890**	**$2,075**	**$2,295**	**$2,490**	**$2,655**	**$2,815**	**$2,995**	+8%	**- Est that U.S. contributes 60-65% of WW toxin use**
Growth Rate	+13%	+13%	+9%	+10%	+11%	+8%	+7%	+6%	+6%		- Estimated that Therapeutic growth will be higher than cosmetic
Estimated U.S. Cosmetic Use % of Total U.S. Neurotoxin	*48%*	*46%*	*45%*	*44%*	*43%*	*42%*	*41%*	*40%*	*39%*		- Est that roughly 46% of Neurotoxin use is Cosmetic
Total U.S. Cosmetic Neurotoxin Sales (MM)	**$720**	**$775**	**$850**	**$915**	**$985**	**$1,045**	**$1,090**	**$1,125**	**$1,170**	+5%	- U.S. market has been relatively healthy
Growth Rate	+11%	+8%	+10%	+8%	+8%	+6%	+4%	+3%	+4%		
Boxtox U.S. Cosmetic Share (AGN)	84%	79%	79%	79%	79%	79%	79%	79%	79%		- Leading treatment - market creator
Procedures (000)	5,378	5,422	5,763	6,237	6,710	7,097	7,398	7,656	7,957		- Procedure growth should continue to steadily grow
Average Cost Per Vial	$450	$450	$465	$465	$465	$465	$465	$465	$465		- Botox just took a 3% price increase in Jan 2014
Sales ($MM)	$605.00	$610.00	$670.00	$725.00	$780.00	$825.00	$860.00	$890.00	$925.00	+6%	
Dysport U.S. Cosmetic Share (VRX)	14%	14%	13%	13%	13%	13%	13%	13%	13%		- Valeant has taken over marketing; second to market
Procedures (000)	889	978	978	1,067	1,156	1,200	1,244	1,289	1,333		- Essentially undifferentiated product
Average Cost Per Vial	$450	$450	$450	$450	$450	$450	$450	$450	$450		- Priced in-line with Botox
Sales ($MM)	$100.0	$110.0	$110.0	$120.0	$130.0	$135.0	$140.0	$145.0	$150.0	+5%	
Others/Xeomin Share	2%	7%	8%	8%	8%	8%	8%	8%	8%		- Product was relaunched in January 2012
Procedures (000)	150	550	700	750	800	850	850	900	950		- Essentially undifferentiated product; currently has 5% market share
Average Cost Per Vial	$400	$400	$400	$400	$400	$400	$400	$400	$400		- Pricing has been more aggressvie
Sales ($MM)	$15.0	$55.0	$70.0	$75.0	$80.0	$85.0	$85.0	$90.0	$95.0	+5%	
Total Cosmetic Market Sales (MM)	**$720**	**$775**	**$850**	**$915**	**$985**	**$1,045**	**$1,090**	**$1,125**	**$1,170**	+5%	- Growth continuing to be relatively stable
% Growth	+11%	+8%	+10%	+8%	+8%	+6%	+4%	+3%	+4%		

ESTIMATED U.S. COSMETIC TOPICAL NEUROTXIN TREATMENT MARKET/RT001 ESTIMATED SALES

	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	CGR	Comments
RT001 U.S. Cosmetic Sales											
Procedures/Patients						**258**	**989**	**1,978**	**3,097**		- Procedure growth should grow rapidly
Average Cost						$465	$465	$465	$465		- In-line pricing with Botox and others
Sales ($MM)						**$30**	**$115**	**$230**	**$360**		- Should be alone in the market for many years
% of Estimated U.S. Injectable Cosmetic Neurotoxin						***3%***	***11%***	***20%***	***31%***		- Estimated to reach 30%+ of U.S. Neurotoxin market by 2020
Total U.S. Cosmetic Neurotoxin Market Sales (MM)		**$775**	**$850**	**$915**	**$985**	**$1,075**	**$1,205**	**$1,355**	**$1,530**	+10%	- Growth should be rapid given likely clinician/patient acceptance
% Growth						+9%	+12%	+12%	+13%		

Source: Cowen and Company

Figure 2 U.S. Therapeutic Neurotoxin Treatment Market Build

ESTIMATED U.S. THERAPEUTIC NEUROTOXIN INJECTABLE TREATMENT MARKET

	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	CGR	Comments
Total WW Cosmetic & Thera Neurotoxin Sales (MM)	**$2,400**	**$2,700**	**$3,025**	**$3,350**	**$3,700**	**$4,050**	**$4,350**	**$4,650**	**$4,950**	+9%	**- Allergan indicates the current WW market is $2.7B**
Growth Rate	+14%	+13%	+12%	+11%	+10%	+9%	+8%	+7%	+6%		- Total WW Neurotoxin growth has been 13% over the last year
Total U.S. Cosmetic & Thera Neurotoxin Sales (MM)	**$1,500**	**$1,690**	**$1,890**	**$2,075**	**$2,295**	**$2,490**	**$2,655**	**$2,815**	**$2,995**	+8%	**- Est that U.S. contributes 60-65% of WW toxin use**
Growth Rate	+13%	+13%	+9%	+10%	+11%	+8%	+7%	+6%	+6%		- Estimated that Therapeutic growth will be higher than cosmetic
Estimated U.S. Therapeutic Use % of Total U.S. Neurotoxin	*52%*	*54%*	*55%*	*56%*	*57%*	*58%*	*59%*	*60%*	*61%*		- Est that roughly 54% of Neurotoxin use is Therapeutic
Total U.S. Therapeutic Neurotoxin Sales (MM)	**$780**	**$915**	**$1,040**	**$1,160**	**$1,310**	**$1,445**	**$1,565**	**$1,690**	**$1,825**	+10%	- U.S. market has been relatively healthy
Growth Rate	+16%	+17%	+14%	+12%	+13%	+10%	+8%	+8%	+8%		- Estimated that Therapeutic growth will be higher than cosmetic
Boxtox U.S. Therapeutic Share (AGN)	88%	85%	85%	85%	85%	85%	85%	85%	85%		- Leading treatment - market creator
Procedures (000)	761	867	952	1,059	1,199	1,323	1,430	1,543	1,667		- Procedure growth should continue to steadily grow
Average Cost Per Vial	$450	$450	$465	$465	$465	$465	$465	$465	$465		- Botox just took a 3% price increase in Jan 2014
Sales ($MM)	$685.00	$780.00	$885.00	$985.00	$1,115.00	$1,230.00	$1,330.00	$1,435.00	$1,550.00	+10%	
Dysport U.S. Therapeutic Share (VRX)	13%	15%	15%	15%	15%	15%	15%	15%	15%		- Valeant has taken over marketing; second to market
Procedures (000)	61	78	78	78	78	78	78	78	78		- Essentially undifferentiated product
Average Cost Per Vial	$450	$450	$450	$450	$450	$450	$450	$450	$450		- Priced in-line with Botox
Sales ($MM)	$55.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	+0%	
Others/Xeomin Share											
Procedures (000)											
Average Cost Per Vial											
Sales ($MM)											
Total Cosmetic Market Sales (MM)	**$780**	**$915**	**$1,040**	**$1,160**	**$1,310**	**$1,445**	**$1,565**	**$1,690**	**$1,825**	+10%	- Growth continuing to be relatively stable
% Growth	+16%	+17%	+14%	+12%	+13%	+10%	+8%	+8%	+8%		

ESTIMATED U.S. THERAPEUTIC TOPICAL NEUROTXIN TREATMENT MARKET/RT001 ESTIMATED SALES

	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	CGR	Comments
RT001 U.S. Therapeutic Sales											
Procedures/Patients								27	70		- Procedure growth should grow rapidly
Average Cost								$465	$465		- In-line pricing with Botox and others
Sales ($MM)								**$25**	**$65**		- Should be alone in the market for many years
% of Estimated U.S. Injectable Cosmetic Neurotoxin								***1%***	***4%***		- Estimated to reach ~5% of U.S. Neurotoxin market by 2020
Total U.S. Cosmetic Neurotoxin Market Sales (MM)	**$780**	**$915**	**$1,040**	**$1,160**	**$1,310**	**$1,445**	**$1,565**	**$1,715**	**$1,890**	+10%	- Growth should be rapid given likely clinician/patient acceptance
% Growth	+16%	+17%	+14%	+12%	+13%	+10%	+8%	+10%	+10%		

Source: Cowen and Company

Valuation Scenarios Indicate Potential Significantly Higher Levels

Our base case valuation model on the following page is predicated on RT001 reaching $500MM in U.S. sales or roughly 25-30% of the U.S. cosmetic/aesthetic neurotoxin market within 5-6 years. It also assumes some modest success in Europe. We believe that given the products likely durability through its composition of matter patents our DCF value yields $55 per share, which we believe is utilizing conservative RT001 assumptions.

Figure 3 Revance Base Case DCF Indicates $55 Per Share

Assumptions:		*Output:*	
Increase in WC	5.0%	Equity Value	$1,005.0
Discount Rate	11.0%	**Estimated Share Price**	**$55.00**
Shares Outstanding	17.7	Net Cash	$0.0
		Enterprise Value	$1,005.0

REVANCE DCF

	2011P	2012P	2013P	2014P	2015P	2016P	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	
Total Revenues			$0.0	$0.0	$0.0	$0.0	$30.0	$130.0	$305.0	$530.0	$685.0	$805.0	$925.0	$1,055.0	$1,185.0	$1,315.0	$1,430.0	$1,540.0	$1,175.0	$500.0	
% Change								+333%	+135%	+74%	+29%	+18%	+15%	+14%	+12%	+11%	+9%	+8%	-24%	-57%	
Cost of Goods			$0.0	$0.0	$0.0	$0.0	$15.0	$23.4	$48.8	$74.2	$82.2	$80.5	$92.5	$105.5	$118.5	$131.5	$143.0	$154.0	$117.5	$50.0	
Gross Profit			$0.0	$0.0	$0.0	$0.0	$15.0	$106.6	$256.2	$455.8	$602.8	$724.5	$832.5	$949.5	$1,066.5	$1,183.5	$1,287.0	$1,386.0	$1,057.5	$450.0	
Gross Margin - Total			NM	NM	NM	NM	50.0%	82.0%	84.0%	86.0%	88.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	
SG&A			$16.0	$17.5	$19.0	$30.0	$60.0	$75.0	$135.0	$175.0	$215.0	$235.0	$260.0	$280.0	$315.0	$325.0	$350.0	$375.0	$300.0	$100.0	
% of Revs			NM	NM	NM	NM	200.0%	57.7%	44.3%	33.0%	31.4%	29.2%	28.1%	26.5%	26.6%	24.7%	24.5%	24.4%	25.5%	20.0%	
R&D			$34.0	$40.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$45.0	$45.0	$40.0	$30.0	$30.0	
% of Revs			NM	NM	NM	NM	166.7%	38.5%	16.4%	9.4%	7.3%	6.2%	5.4%	4.7%	4.2%	3.4%	3.1%	2.6%	2.6%	6.0%	
Operating Expenses			$50.0	$57.5	$69.0	$80.0	$110.0	$125.0	$185.0	$225.0	$265.0	$285.0	$310.0	$330.0	$365.0	$370.0	$395.0	$415.0	$330.0	$130.0	
% of Revenues			NM	NM	NM	NM	366.7%	96.2%	60.7%	42.5%	38.7%	35.4%	33.5%	31.3%	30.8%	28.1%	27.6%	26.9%	28.1%	26.0%	
Operating Income			($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$71.2	$230.8	$337.8	$439.5	$522.5	$619.5	$701.5	$813.5	$892.0	$971.0	$727.5	$320.0	
% Operating Margin			NM	NM	NM	NM	-316.7%	-14.2%	23.3%	43.5%	49.3%	54.6%	56.5%	58.7%	59.2%	61.9%	62.4%	63.1%	61.9%	64.0%	
Other Income			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	
Adjusted EBIT			($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$71.2	$230.8	$337.8	$439.5	$522.5	$619.5	$701.5	$813.5	$892.0	$971.0	$727.5	$320.0	
% of Revs			NM	NM	NM	NM	-316.7%	-14.2%	23.3%	43.5%	49.3%	54.6%	56.5%	58.7%	59.2%	61.9%	62.4%	63.1%	61.9%	64.0%	
Taxes									$24.9	$80.8	$118.2	$153.8	$182.9	$216.8	$245.5	$284.7	$312.2	$339.9	$254.6	$112.0	
Income Tax Rate									35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	
NOPAT			($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$46.3	$150.0	$219.6	$285.7	$339.6	$402.7	$456.0	$528.8	$579.8	$631.2	$472.9	$208.0	
Adjustments:																					Terminal
Capex			($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	
Depreciation & Amortization			$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	
Change In Working Capital			($5.0)	($5.3)	($5.5)	($5.8)	($6.1)	($6.4)	($6.7)	($7.0)	($7.4)	($7.8)	($8.1)	($8.6)	($9.0)	($9.4)	($9.9)	($10.4)	($10.9)	($11.5)	
Free Cash Flow			($57.0)	($64.8)	($76.5)	($87.8)	($103.1)	($26.8)	$37.6	$141.0	$210.2	$275.9	$329.5	$392.1	$445.0	$517.3	$567.9	$618.8	$460.0	$194.5	$1,768.5

Source: Cowen and Company

There is also the possibility that another dermatology/cosmetic player (such as Allergan, Valeant, Galderma) would seek to acquire the company/product, which would lower the significant SG&A spend given their already in-place sales forces. This would escalate our base case DCF value to $80 per share.

Figure 4 In An Acquisition Scenario, Our DCF Indicates $80 Per Share

Assumptions:		*Output:*	
Increase in WC	5.0%	Equity Value	$1,380.0
Discount Rate	11.0%	**Estimated Share Price**	**$80.00**
Shares Outstanding	17.7	Net Cash	$0.0
		Enterprise Value	$1,380.0

REVANCE DCF

	2011P	2012P	2013P	2014P	2015P	2016P	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	
Total Revenues			$0.0	$0.0	$0.0	$0.0	$30.0	$130.0	$305.0	$530.0	$685.0	$805.0	$925.0	$1,055.0	$1,185.0	$1,315.0	$1,430.0	$1,540.0	$1,175.0	$500.0	
% Change								+333%	+135%	+74%	+29%	+18%	+15%	+14%	+12%	+11%	+9%	+8%	-24%	-57%	
Cost of Goods			$0.0	$0.0	$0.0	$0.0	$15.0	$23.4	$48.8	$74.2	$82.2	$80.5	$92.5	$105.5	$118.5	$131.5	$143.0	$154.0	$117.5	$50.0	
Gross Profit			$0.0	$0.0	$0.0	$0.0	$15.0	$106.6	$256.2	$455.8	$602.8	$724.5	$832.5	$949.5	$1,066.5	$1,183.5	$1,287.0	$1,386.0	$1,057.5	$450.0	
Gross Margin - Total			NM	NM	NM	NM	50.0%	82.0%	84.0%	86.0%	88.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	
								Acquirer Would Leverage Their Commercial Infrastructure													
SG&A			$16.0	$17.5	$19.0	$30.0	$60.0	$30.0	$55.0	$70.0	$85.0	$95.0	$105.0	$110.0	$125.0	$130.0	$140.0	$150.0	$120.0	$60.0	
% of Revs			NM	NM	NM	NM	200.0%	23.1%	18.0%	13.2%	12.4%	11.8%	11.4%	10.4%	10.5%	9.9%	9.8%	9.7%	10.2%	12.0%	
R&D			$34.0	$40.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$45.0	$45.0	$40.0	$30.0	$30.0	
% of Revs			NM	NM	NM	NM	166.7%	38.5%	16.4%	9.4%	7.3%	6.2%	5.4%	4.7%	4.2%	3.4%	3.1%	2.6%	2.6%	6.0%	
Operating Expenses			$50.0	$57.5	$69.0	$80.0	$110.0	$80.0	$105.0	$120.0	$135.0	$145.0	$155.0	$160.0	$175.0	$175.0	$185.0	$190.0	$150.0	$90.0	
% of Revenues			NM	NM	NM	NM	366.7%	61.5%	34.4%	22.6%	19.7%	18.0%	16.8%	15.2%	14.8%	13.3%	12.9%	12.3%	12.8%	18.0%	
Operating Income			($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	$26.6	$151.2	$335.8	$467.8	$579.5	$677.5	$789.5	$891.5	$1,008.5	$1,102.0	$1,196.0	$907.5	$360.0	
% Operating Margin			NM	NM	NM	NM	NM	20.5%	49.6%	63.4%	68.3%	72.0%	73.2%	74.8%	75.2%	76.7%	77.1%	77.7%	77.2%	72.0%	
Other Income			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	
Adjusted EBIT			($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	$26.6	$151.2	$335.8	$467.8	$579.5	$677.5	$789.5	$891.5	$1,008.5	$1,102.0	$1,196.0	$907.5	$360.0	
% of Revs			NM	NM	NM	NM	NM	20.5%	49.6%	63.4%	68.3%	72.0%	73.2%	74.8%	75.2%	76.7%	77.1%	77.7%	77.2%	72.0%	
Taxes								$9.3	$52.9	$117.5	$163.7	$202.8	$237.1	$276.3	$312.0	$353.0	$385.7	$418.6	$317.6	$126.0	
Income Tax Rate								35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	
NOPAT			($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	$17.3	$98.3	$218.3	$304.1	$376.7	$440.4	$513.2	$579.5	$655.5	$716.3	$777.4	$589.9	$234.0	
Adjustments:																					Terminal
Capex			($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	
Depreciation & Amortization			$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	
Change In Working Capital			($5.0)	($5.3)	($5.5)	($5.8)	($6.1)	($6.4)	($6.7)	($7.0)	($7.4)	($7.8)	($8.1)	($8.6)	($9.0)	($9.4)	($9.9)	($10.4)	($10.9)	($11.5)	
Free Cash Flow			($57.0)	($64.8)	($76.5)	($87.8)	($103.1)	$8.9	$89.6	$209.2	$294.7	$366.9	$430.2	$502.6	$568.5	$644.1	$704.4	$765.0	$577.0	$220.5	$2,004.9

Source: Cowen and Company

There is a third view of the valuation, which would be to include RT002 into the model – as well as the corresponding high levels of R&D spending to move such a product forward. This valuation becomes somewhat transformational, and reaches $100+. Again, this assumes that Revance would keep the product and make the significant research and development investment in therapeutics (above and beyond our current base case R&D spending which excludes any contribution from this product). We could envision a scenario where a company like Allergan seeks to acquire Revance and utilizes RT002 in the therapeutic market as a "different" toxin from its Botox in cosmetics. This could theoretically finally allow for a different pricing mechanism that has kept the Botox therapeutic price/cost artificially low (note, given it is the same product for private pay cosmetic and reimbursed therapeutic, Allergan has been unable to price differentiate). Owning this asset could therefore be important to not only protect the Botox Therapeutic franchise, but could interestingly be critical in actually creating more value via a normalization (i.e. increasing) of therapeutic pricing compared to other reimbursed treatments.

Figure 5 Our Best Case DCF Indicates $100 Per Share Which Includes RT002

Assumptions:		*Output:*	
Increase in WC	5.0%	Equity Value	$1,804.1
Discount Rate	11.0%	**Estimated Share Price**	**$100.00**
Shares Outstanding	17.7	Net Cash	$0.0
		Enterprise Value	$1,804.1

REVANCE DCF

	2011P	2012P	2013P	2014P	2015P	2016P	2017P	2018P	2019P	2020P	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	
Total Revenues			$0.0	$0.0	$0.0	$0.0	$30.0	$130.0	$355.0	$630.0	$885.0	$1,105.0	$1,325.0	$1,555.0	$1,785.0	$2,015.0	$2,230.0	$2,440.0	$2,175.0	$1,600.0	
% Change								+333%	+173%	+77%	+40%	+25%	+20%	+17%	+15%	+13%	+11%	+9%	-11%	-26%	
Cost of Goods			$0.0	$0.0	$0.0	$0.0	$15.0	$23.4	$56.8	$88.2	$106.2	$110.5	$132.5	$155.5	$178.5	$201.5	$223.0	$244.0	$217.5	$160.0	
Gross Profit			$0.0	$0.0	$0.0	$0.0	$15.0	$106.6	$298.2	$541.8	$778.8	$994.5	$1,192.5	$1,399.5	$1,606.5	$1,813.5	$2,007.0	$2,196.0	$1,957.5	$1,440.0	
Gross Margin - Total			NM	NM	NM	NM	50.0%	82.0%	84.0%	86.0%	88.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	
SG&A			$16.0	$17.5	$19.0	$30.0	$60.0	$75.0	$200.0	$225.0	$250.0	$275.0	$300.0	$325.0	$350.0	$375.0	$400.0	$450.0	$425.0	$400.0	
% of Revs			NM	NM	NM	NM	200.0%	57.7%	56.3%	35.7%	28.2%	24.9%	22.6%	20.9%	19.6%	18.6%	17.9%	18.4%	19.5%	25.0%	
R&D			$34.0	$40.0	$100.0	$150.0	$200.0	$200.0	$200.0	$150.0	$125.0	$100.0	$100.0	$100.0	$100.0	$100.0	$100.0	$100.0	$100.0	$100.0	
% of Revs			NM	NM	NM	NM	666.7%	153.8%	56.3%	23.8%	14.1%	9.0%	7.5%	6.4%	5.6%	5.0%	4.5%	4.1%	4.6%	6.3%	
Operating Expenses			$50.0	$57.5	$119.0	$180.0	$260.0	$275.0	$400.0	$375.0	$375.0	$375.0	$400.0	$425.0	$450.0	$475.0	$500.0	$550.0	$525.0	$500.0	
% of Revenues			NM	NM	NM	NM	866.7%	211.5%	112.7%	59.5%	42.4%	33.9%	30.2%	27.3%	25.2%	23.6%	22.4%	22.5%	24.1%	31.3%	
Operating Income			($50.0)	($57.5)	($119.0)	($180.0)	($245.0)	($168.4)	($101.8)	$166.8	$403.8	$619.5	$792.5	$974.5	$1,156.5	$1,338.5	$1,507.0	$1,646.0	$1,432.5	$940.0	
% Operating Margin			NM	NM	NM	NM	-816.7%	-129.5%	-28.7%	26.5%	45.6%	56.1%	59.8%	62.7%	64.8%	66.4%	67.6%	67.5%	65.9%	58.8%	
Other Income			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	
Adjusted EBIT			($50.0)	($57.5)	($119.0)	($180.0)	($245.0)	($168.4)	($101.8)	$166.8	$403.8	$619.5	$792.5	$974.5	$1,156.5	$1,338.5	$1,507.0	$1,646.0	$1,432.5	$940.0	
% of Revs			NM	NM	NM	NM	-816.7%	-129.5%	-28.7%	26.5%	45.6%	56.1%	59.8%	62.7%	64.8%	66.4%	67.6%	67.5%	65.9%	58.8%	
Taxes									($35.6)	$58.4	$141.3	$216.8	$277.4	$341.1	$404.8	$468.5	$527.5	$576.1	$501.4	$329.0	
Income Tax Rate									35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	
NOPAT			($50.0)	($57.5)	($119.0)	($180.0)	($245.0)	($168.4)	($66.2)	$108.4	$262.5	$402.7	$515.1	$633.4	$751.7	$870.0	$979.6	$1,069.9	$931.1	$611.0	
Adjustments:																					Terminal
Capex			($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	($10.0)	
Depreciation & Amortization			$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	$8.0	
Change In Working Capital			($5.0)	($5.3)	($5.5)	($5.8)	($6.1)	($6.4)	($6.7)	($7.0)	($7.4)	($7.8)	($8.1)	($8.6)	($9.0)	($9.4)	($9.9)	($10.4)	($10.9)	($11.5)	
Free Cash Flow			($57.0)	($64.8)	($126.5)	($187.8)	($253.1)	($176.8)	($74.9)	$99.4	$253.1	$392.9	$505.0	$622.9	$740.7	$858.6	$967.7	$1,057.5	$918.2	$597.5	$5,432.2

Source: Cowen and Company

RT001: A Topical Toxin Addressing The Unmet Needs Of Injectables

Thus far, RT001 has demonstrated responder rates greater than 80% at day 30 with a median duration of 3-4 months, which is in-line with the current injectable toxin products. Importantly, RT001's safety profile is superior to the best safety profile of approved neurotoxin products (i.e. Botox Cosmetic).

RT001, Revance's Phase III-ready lead clinical development candidate, is a topical gel formulation of Botulinum Toxin A, similar to Allergan's highly successful Botox franchise, which just reached $2B in annual revenues in 2013. For 2014, Allergan has guided to revenues of $2.2-2.3B (+10-15% Y/Y). The other injectable toxin products on the market behind Botox, are Valeant's Dysport and Merz' Xeomin; both of these products make up approximately 20% of the U.S. cosmetic neurotoxin market, while Botox dominates the rest. RT001's lead indication is the temporary reduction in the appearance of moderate and severe lateral canthal lines (commonly referred to as "crow's feet lines") in adult patients ≤65 years of age. Thus far, RT001 has demonstrated responder rates greater than 80% at day 30 with a median duration of 3-4 months, which is in-line with the current injectable toxin products. Importantly, RT001's safety profile is superior to the best safety profile of approved neurotoxin products (i.e. Botox Cosmetic). The second indication Revance is developing is RT001 for a therapeutic use of hyperhidrosis (excessive sweating).

We believe RT001 will expand the existing neurotoxin market by offering the first topically-applied toxin product that will be complementary to existing injectables. In fact, our consultants have unanimously agreed that they "must have" RT001, if approved, in their practice. The key target audience for toxin products is exceedingly large, and despite the continued double-digit growth, Revance estimates that penetration in this population is less than 10%. This is for a variety of reasons, including: (1) aversion to needles; (2) fear of unnatural results or "frozen face;" and (3) unwillingness to use a "poison" for cosmetic purposes. The bottom-line is that we believe this market will steadily grow and that RT001 will have a solid place in it.

We Believe the TransMTS Technology Platform Has Broad Applications

The TransMTS peptide allows for macromolecule delivery across the skin membrane barrier. We believe this is a very creative and ingenious way to deliver a macromolecule across the skin barrier and it is part of Revance's CSO, Dr. Jacob Waugh's, life's work. Importantly, we believe the TransMTS technology can be leveraged to deliver a wide range of macromolecules across the skin barrier in many different clinical or cosmetic applications.

RT001 and RT002 have been developed via Revance's proprietary TransMTS technology platform. The TransMTS technology platform involves the use of a highly charged TransMTS peptide, which non-covalently binds to the target macromolecule – in RT001 and RT002's case, botulinum toxin. The TransMTS peptide allows for macromolecule delivery across the skin membrane barrier. We believe this is a very creative way to deliver a macromolecule across the skin barrier. Importantly, we believe the TransMTS technology can be leveraged to deliver a wide range of macromolecules across the skin barrier in many different clinical or cosmetic applications. An example of this is the exclusive technology evaluation that Revance entered into with Procter and Gamble in June 2013. Revance and P&G will co-develop a peptide and explore the applications of the TransMTS technology in two classes of over-the-counter compounds. If successful, this – and potentially other licensing deals/partnerships – could yield substantial royalty revenue and deliver further upside to the current valuation in addition to the current development programs.

The TransMTS Peptide Is an Efficient Delivery Mechanism and Incredibly Safe

Another important safety feature of the TransMTS technology is its incredibly clean systemic safety profile. If RT001 accidentally gets into the eye, the peptide-conjugated macromolecules form aggregates and are rendered inactive. Moreover, if they are ingested, the peptide-conjugated complex is inactivated by the gut and rendered inactive.

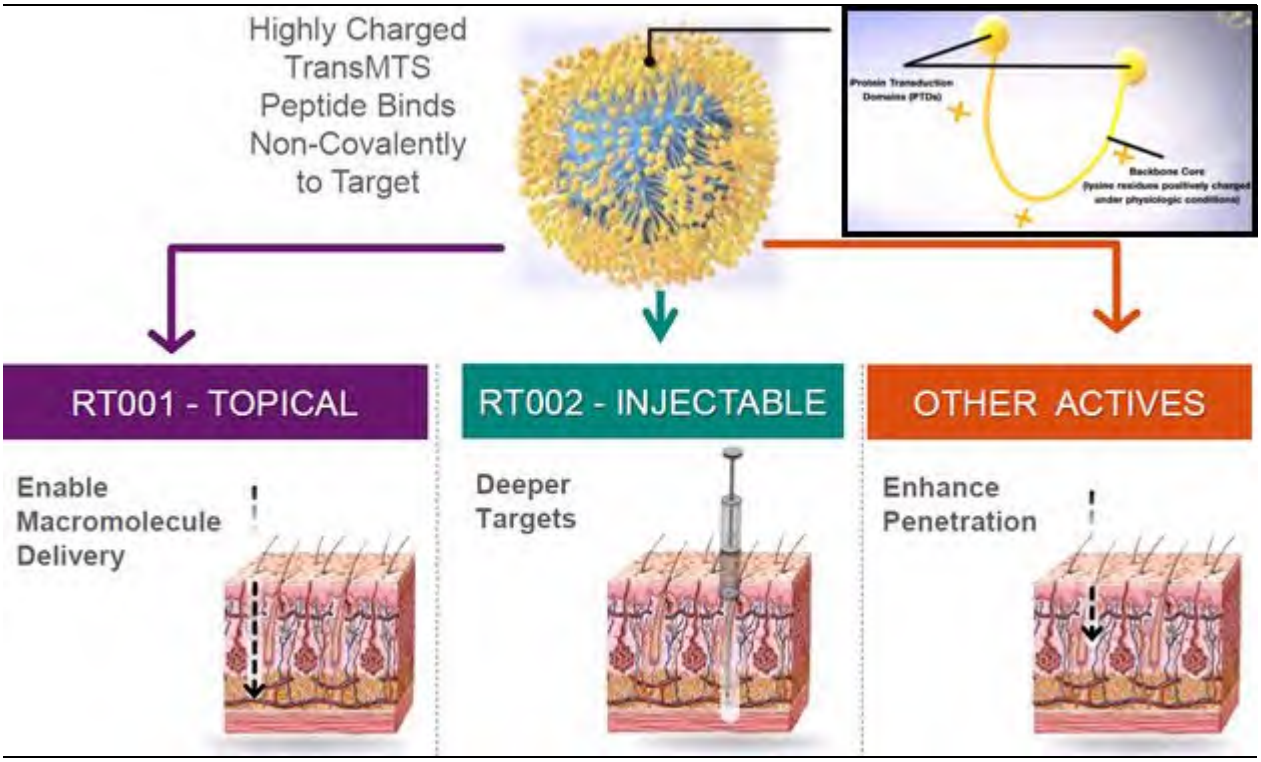
Specifically, the TransMTS peptide is a highly charged straight chain synthetic peptide, which contains two distinct types of domains. It has a backbone core (the U-shaped part) that is made up of lysine residues that are positively charged under physiologic conditions. This backbone core is what binds the botulinum toxin. The other major feature of the TransMTS peptide is the protein transduction domains (PTDs; large yellow balls), which stick out from the macromolecule and help it cross the skin membrane barrier. The PTDs are derived from a sequence of the transactivator of transcription (TAT) protein. TAT contains a PTD, which makes it known as the "cell-penetrating" peptide. Therefore, either by a variant of

macropinocytosis (a.k.a. cell drinking/engulfing; for living epidermal cells; active transport) or lipid rafting (for dead cells of stratum corneum; passive transport), the PTDs allow the TransMTS peptide to cross the skin membrane barrier. Also, for safety purposes, without the peptide, botulinum toxin is unable to cross the skin. For RT001, which is applied topically, the peptide-conjugated botulinum toxin is able to be delivered to the mid-dermis. For RT002, where the TransMTS-conjugated botulinum toxin is delivered to deeper targets such as the hypodermis/muscle, the peptide potentially (proven in rodents; Phase I/II study to be completed soon) allows for less diffusion and ultimately an increased duration of action. Another important safety feature of the TransMTS technology is its incredibly clean systemic safety profile. If RT001 accidentally gets into the eye, the peptide-conjugated macromolecules form aggregates and are rendered inactive. Moreover, if they are ingested, the peptide-conjugated complex is inactivated by the gut and rendered inactive.

Revance notes that varying the different characteristics of the peptide can afford for different depths of cell/skin penetration and it can be used covalently in other drug development programs. Hence, we believe the applications for the TransMTS technology could in fact be very broad.

Revance notes that varying the different characteristics of the peptide can afford for different depths of cell/skin penetration and it can be used covalently in other drug development programs. Hence, we believe the applications for the TransMTS technology could in fact be very broad.

Figure 6 Technology Delivery Platform – TransMTS Peptide



Source: Company Reports; Cowen and Company

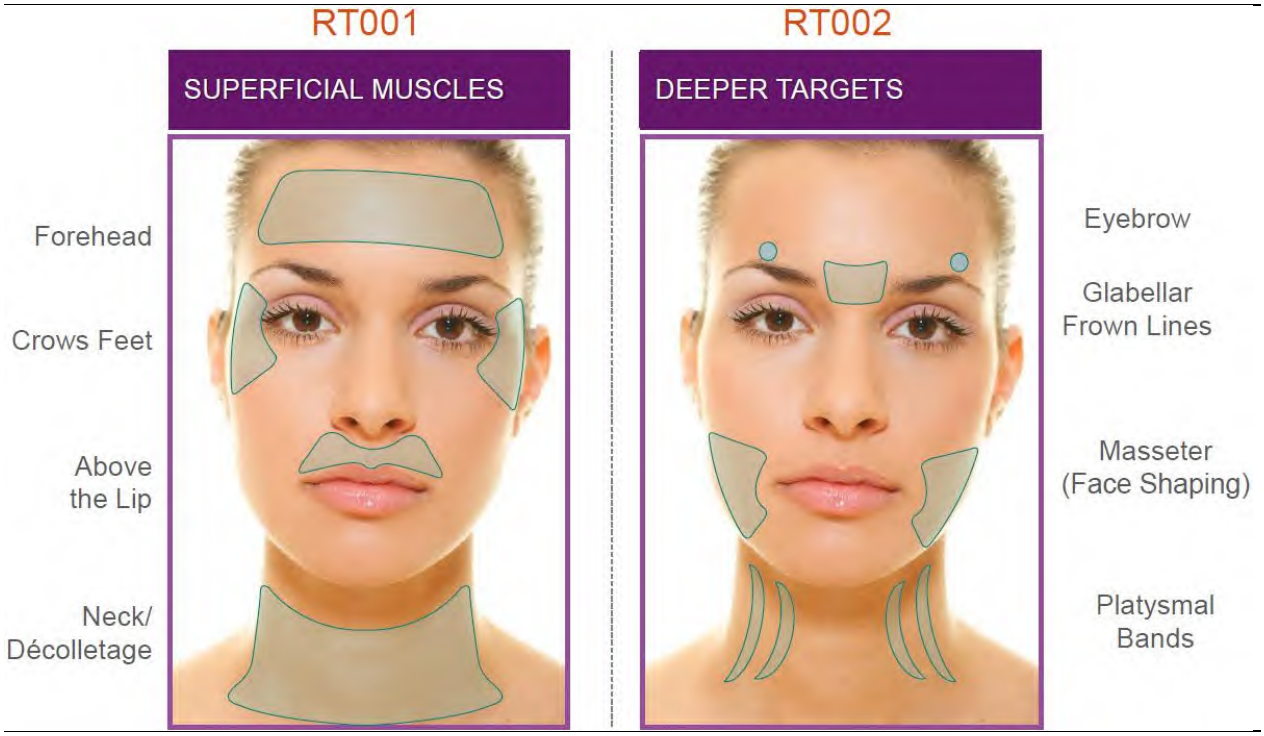
Different Muscle Targets Are Better Suited For Topical (RT001) vs. Injectable (RT002) Applications

With the delivery mechanism fully explained, the figure below describes superficial and deeper muscle targets that are better suited for RT001 and RT002, respectively. For RT001, superficial muscle targets like the forehead, crow's feet, above the lip, and neck/décolletage, may make more sense. Our physician consultants suggest that RT001 is particularly useful for these areas because:

- the forehead is a broad area requiring many injections and anecdotally, physicians have observed that RT001 has demonstrated a noticeably positive skin effect (smooth, soft, glowing skin);
- the skin in the area of crow's feet is thin and often patients will bruise in these areas;
- the area above the lip where many people get "smoker's lines" is hard (could cause accidental paralysis of the mouth creating an asymmetric smile) and painful to inject sometimes. Also, often the toxin has to be diluted in order to inject this area; and
- the neck/décolletage is also a broad area where a positive skin effect would be favorable, similar to the forehead.

For RT002, deeper muscles targets like the eyebrows, glabellar frown lines, the masseter muscle, and platysmal bands make more sense.

Figure 7 RT001 vs. RT002 – Comparing Target Facial Cosmetic Indications



Source: Company Reports

The RT001 Procedure Is Simple and We Believe It Should Be Easy To Train Physicians

Ultimately, we believe – and our physician consultants agree – that they will need to incorporate RT001, if approved, into their practice and that they will figure out new methods of controlling patient/procedure flow.

The procedure for applying RT001 involves 2-3 minutes of drug reconstitution and gel administration and 30 minutes of dwell time and removal. Hence, very little of the 30+ minute procedure/application process should be consumed with the physician's time. Revance has stated that on average, the current toxin injectable procedure from start to finish takes approximately 20 minutes and requires ice and pressure following injection. After speaking with physician consultants, it is clear that heavy toxin users may take even less time and that this might be a slight disadvantage to RT001 in comparison. However, we would note that injecting toxins requires a skilled and experienced hand to avoid paralysis of non-targeted muscles. Therefore, currently only trained plastic surgeons and dermatologists are performing the injecting. Due to the relative simplicity of the RT001 procedure, we believe that plastic surgeons and dermatologists may be more comfortable with allowing their physician assistants or nurses to become trained and conduct procedures. This would potentially increase the volume of procedures and offset the slight increase in procedure/chair time required of RT001. Ultimately, we believe – and our physician consultants agree – that they will need to incorporate RT001, if approved, into their practice and that they will find new methods of controlling patient/procedure flow. Whether that means having a specific waiting room for patients to complete their dwell time or using other methods we are unsure. But the bottom line is that we believe physicians are clear that the need exists – and patient demand for the product will be high – and therefore their practices will be able to adapt to the RT001 procedure and will incorporate it.

RT001's Crow's Feet Lines Phase III-Ready Clinical Development Program

Revance crow's feet lines development program for RT001 is Phase III-ready and has successfully met the planned, primary Phase III efficacy endpoint in Phase IIb studies. The RT001 dose (concentration of toxin and peptide) has been optimized specifically for the crow's feet indication. To date, 1,031 subjects have been treated and RT001 has not caused any drug-related SAEs, no subjects discontinued due to an AE, there have been no significant observations/evidence of regional spread of the toxin, and no systemic safety concern or evidence of systemic exposure based on clinical laboratory results and electrocardiograms (ECGs). While Botox has undoubtedly been used off label for crow's feet lines since its approval for glabellar lines, Allergan just received approval for the indication in September 2013. Given that RT001 is better suited for the superficial orbicularis oculi muscle that is targeted for crow's feet, the FDA asked that Revance pursue that indication, which we estimate represents ~25% of cosmetic neurotoxin use.

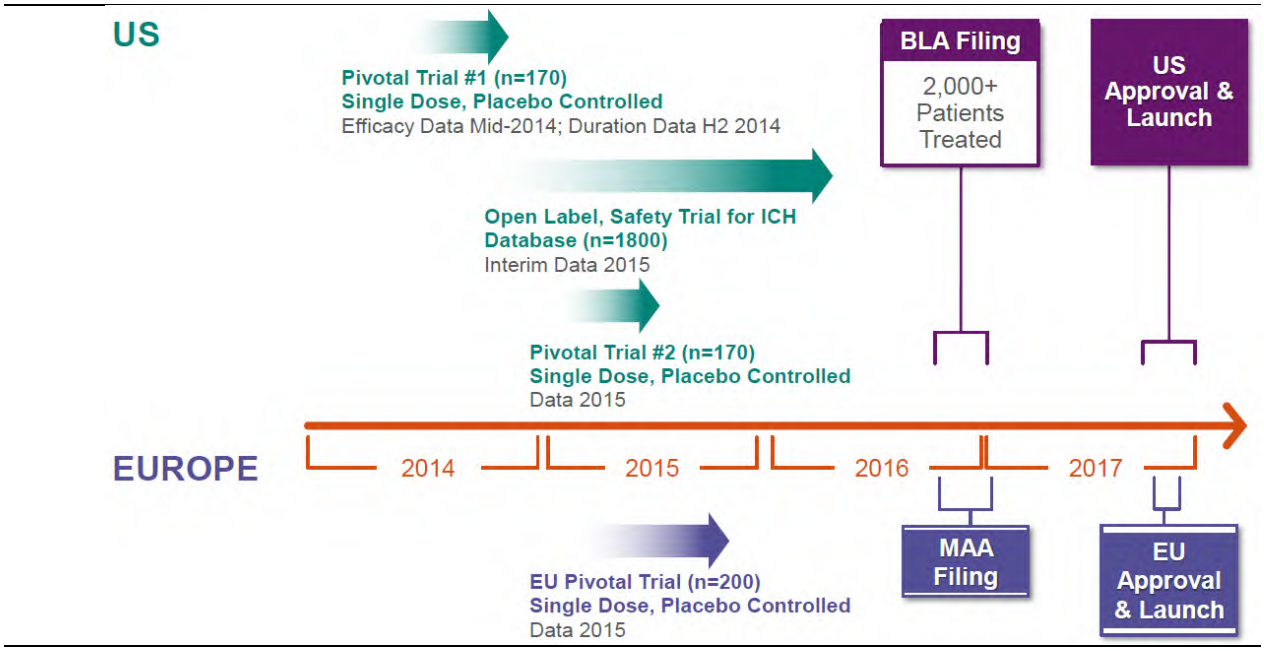
On Track For A Late 2017 Approval And Launch In Crow's Feet In The US

Assuming everything goes according to plan, a RT001 BLA filing would occur in the end of 2016 with a potential US approval and launch later in 2017.

With the money raised from Revance's initial public offering, the Company plans to initiate the first of two RT001 US Phase III pivotal trials for crow's feet shortly with efficacy and duration data in mid-2014 and the second half of the year, respectively. A large open-label safety trial should begin by year-end with interim data in 2015 and the second Phase III pivotal trial should begin in the beginning of 2015 with data in 2015. Assuming everything goes according to plan, a RT001 BLA filing could occur in the end of 2016 with a potential US approval and launch later in 2017.

In the EU, a single Phase III pivotal trial should be sufficient and it is planned to begin in the beginning of 2015 with data later in the year. This will allow for a quicker development timeline in the EU. Thus, a MAA filing (late 2016) and subsequent EU approval and launch (late 2017/early 2018) should occur on a similar timeline as RT001 in the US.

Figure 8 RT001 Crow's Feet Phase US/EU Development Timeline



Source: Company Reports

Phase III Crow's Feet Regulatory Endpoints Are Well-Understood and Validated

The endpoints that Revance is using for RT001's crow's feet clinical studies have been validated and are now well-understood thanks to others who have developed neurotoxins for cosmetic indications – particularly Allergan and the recent Botox crow's feet Phase III program.

The endpoints that Revance is using for RT001's crow's feet clinical studies have been validated and are now well-understood thanks to others who have developed neurotoxins for cosmetic indications – particularly Allergan and the recent Botox crow's feet Phase III program. The endpoints that Revance will be using in Phase III are practically identical to Botox' crow's feet program. The primary endpoint for RT001 in Phase III will be a 2 point improvement in the composite endpoint at week four that is based upon two multi-point clinical improvement scales: the Investigator Global Assessment (IGA) of Lateral Canthal Lines (IGA-LCL) severity assessment and the Patient Severity Assessment (PSA). The IGA-LCL is a scale that is used by investigators or physicians to score the improvement, while the PSA is a scale used by patients to score the improvement. Responders are defined as having a least a 2 point improvement in both eyes on the IGA-LCL and PSA assessments ("2+2+2"). We would note that while the FDA requires a more stringent 2 point improvement from a regulatory perspective, our physician consultants agree that a 1 point improvement is clinically meaningful.

Measuring Crow's Feet Lines at Rest (vs. At Smile) Makes More Sense

Importantly, the FDA did require Allergan to collect data at rest, however, this data was not included in the label. This could be a point of differentiation for RT001 as the drug product, if approved, should have the at rest data in the label.

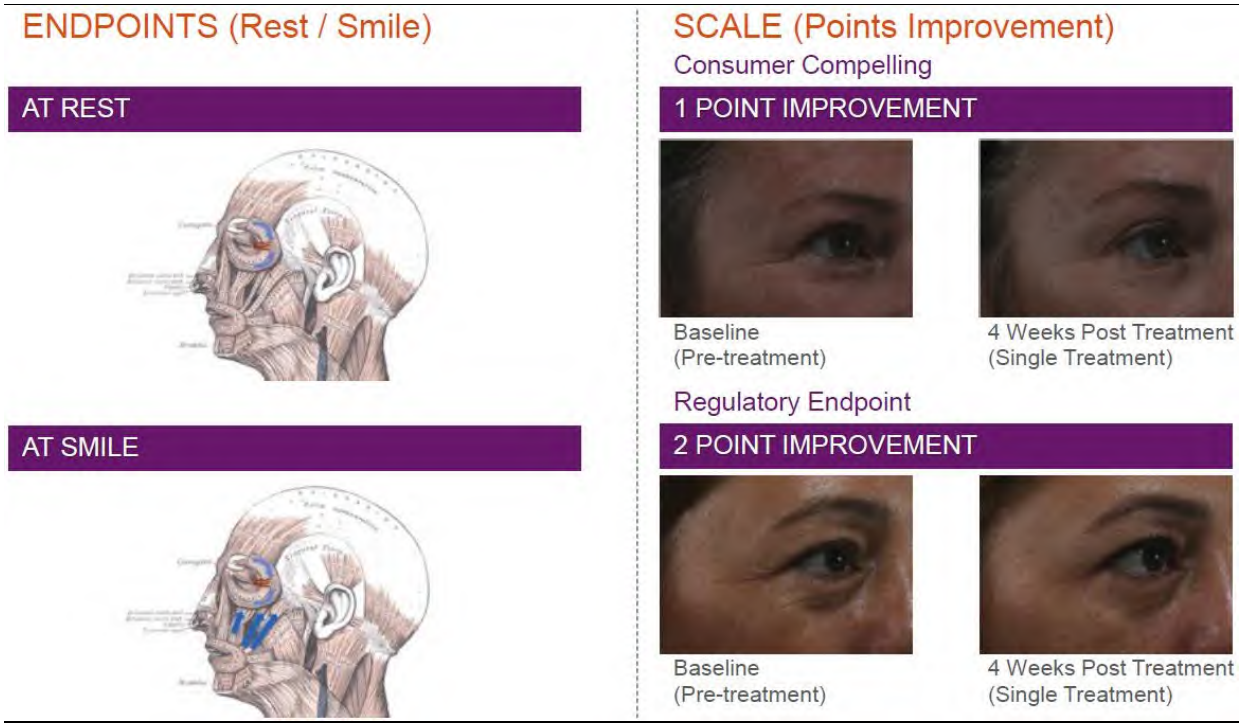
One difference between Revance's crow's feet program and Allergan Botox crow's feet program is whether the endpoints are being measure at rest or smile. The Botox crow's feet program measured the primary endpoint at smile, while Revance will be measuring at rest. Worth noting, the Botox program included patients with moderate to severe crow's feet at smile, but ~40% of the population has none or mild crow's feet at rest. This supports the notion that the term crow's feet describes the lines observed at rest. Additionally, Revance notes that patients almost universally seek treatment only after they notice lines at rest and that these specifically, are tied to the perception of age. Thus, this is how physicians typically evaluate patients. Importantly, the FDA did require Allergan to collect data at rest, however, this data was not included in the label. This could be a point of differentiation for RT001 as the drug

product, if approved, should have the at rest data in the label. Worth noting, Revance will be measuring the IGA, PSA, and composite endpoints at rest and at smile.

RT001 is designed to target the superficial muscle, orbicularis oculi, the primary target muscle responsible for crow's feet lines at rest. For the reasons mentioned above, physicians have stated that this is a more relevant clinical effect and way of measuring an improvement. Also, as the "frozen face" look has been receiving increased public scrutiny, RT001 may provide for a more natural appearance, while reducing/removing the observed crow's feet lines.

Revance believes that a neutral positive (i.e. at rest) is the most direct evaluation of RT001 on the target muscle and that it is the most relevant to measure the primary endpoint this way. From an anatomical perspective, crow's feet lines are produced by several different muscles. Orbicularis oculi and zygomaticus major are the two primary muscles that have a significant effect on creating crow's feet lines at rest and at smile. At rest, orbicularis oculi (the superficial circular muscle positioned around the eye) is actually the only muscle responsible for crow's feet lines and relaxation of this muscle results in a noticeable improvement of these lines. Alternatively, at smile, the zygomaticus major muscle (muscle running vertically from mouth to the eye) is primarily responsible for creating crow's feet lines, while the orbicularis oculi has a minor role. Arguably, injectable Botox is better suited for an at smile measurement, because the injection tends to hit several muscles (orbicularis oculi and zygomaticus major included). Although, some believe that this results in an "overeffect" or unnecessarily increased muscle paralysis, sometimes referred to as "frozen face." RT001 is designed to target the superficial muscle, orbicularis oculi, the primary target muscle responsible for crow's feet lines at rest. For the reasons mentioned above, physicians have stated that this is a more relevant clinical effect and way of measuring an improvement. Also, as the "frozen face" look has been receiving increased public scrutiny, RT001 may provide for a more natural appearance, while reducing/removing the observed crow's feet lines.

Figure 9 Phase III Regulatory Endpoints And Scales



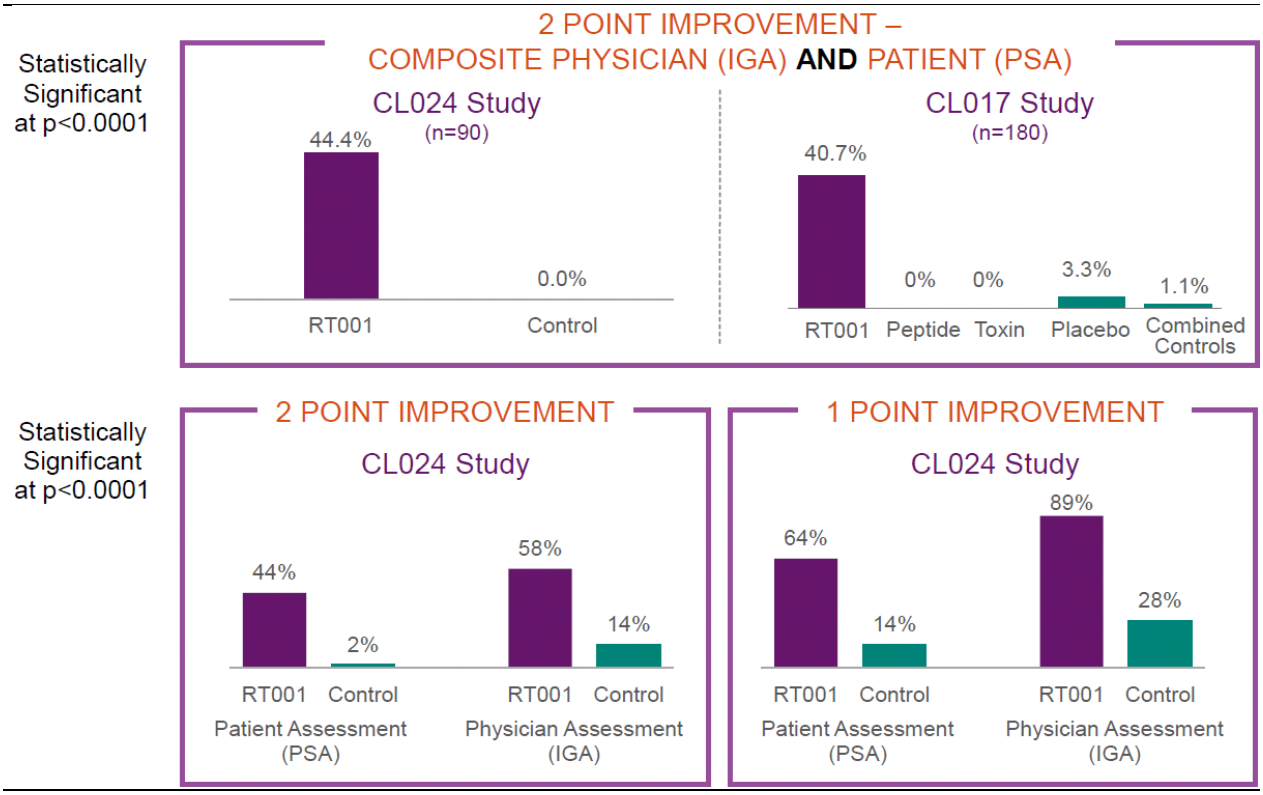
Source: Company Reports

Phase II Studies Complete – Successful Data Reported Using Phase III Endpoints

In two Phase IIb studies, CL017 (n=180) and CL024 (n=90), RT001 demonstrated a statistically significant (p-value<0.0001) 2 point improvement on the composite primary endpoint that will be used for future Phase III studies.

Revance's Phase II clinical program involved 990 subjects (176 with repeat exposure) across multiple studies. In two Phase IIb studies, CL017 (n=180) and CL024 (n=90), 25 ng/mL of RT001 demonstrated a statistically significant (p-value<0.0001) 2 point improvement on the composite primary endpoint that will be used for future Phase III studies. The rate of responders for a 2 point composite improvement ranged from 41-44%, or just under half of the total treated patients achieved this stringent endpoint. Importantly, in study CL017, when the effect of the components of RT001 (peptide, toxin) were measured separately, no effect was observed showing that the peptide needs to be conjugated to the toxin in order to cross the skin barrier and work. For study CL024, the rate of 1 point responders (1 point improvement on respective scales) was 89% and 64% for IGA and PSA assessments, respectively, while the rate of 2 point responders were 58% and 44% for IGA and PSA assessments, respectively.

Figure 10 Results From Two RT001 Phase IIb Studies



Source: Company Reports

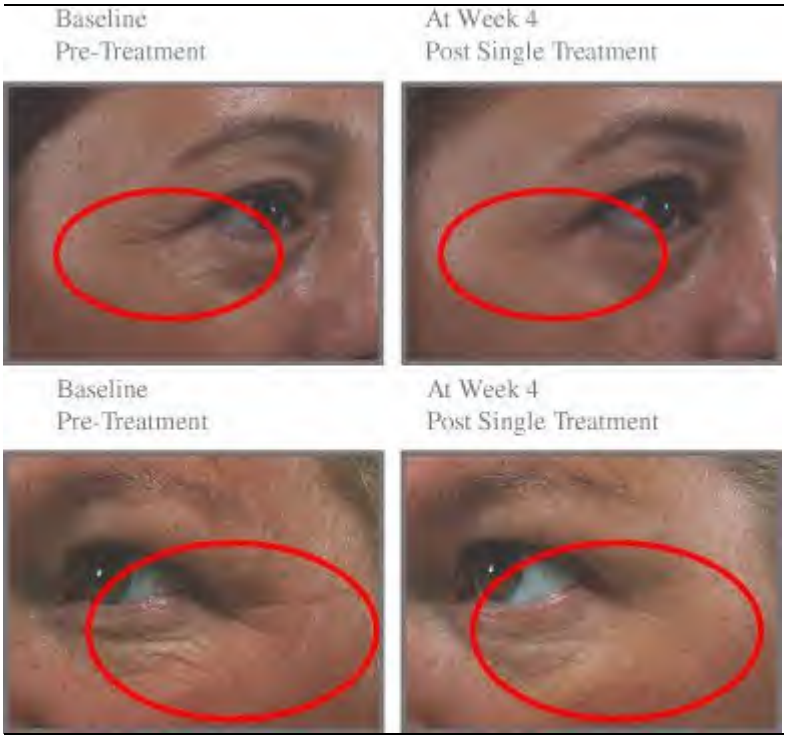
For the effect to return to baseline, which is probably the more applicable measure here since the patient would need to be retreated, the duration of effect was 113 days, or just under 4 months. This is comparable to the existing injectable neurotoxin treatments on the market which have a duration of effect of 3-4 months.

CL017 was a multi-center, double-blind, randomized, and controlled study design to measure the effect of a single treatment of RT001 on crow's feet lines. CL017, unlike CL024, was designed specifically with 4 arms to evaluate the individual efficacy contribution of RT001, its components (botulinum toxin and peptide separately), and placebo. CL024 was also a multi-center, double-blind, randomized, and controlled study designed to be like a "mini Phase III study." For study CL024, instead of measuring the individual efficacy contribution of the RT001 components, Revance aimed to assess the duration of RT001 effect. The duration of effect for RT001 was measured to be 83 days at the most stringent definition of response, which was a reversion from a 2 point responder to a 1 point responder (note that most clinicians

consider 1 point response clinically meaningful). For the effect to return to baseline, which is probably the more applicable measure here since the patient would need to be retreated, the duration of effect was 113 days, or just under 4 months. This is comparable to the existing injectable neurotoxin treatments on the market which have a duration of effect of 3-4 months.

Below, we have provided pictures at baseline and post a single RT001 treatment at 4 weeks for two Phase IIb subjects. From these pictures, we believe it is quite clear that RT001 is achieving the desired effect that one would hope to achieve with the use of a neurotoxin for reducing crow's feet lines.

Figure 11 Qualitative Analysis Of Two Phase II Subjects Treated With RT001



Source: Company Reports; Cowen and Company

RT001 Has Demonstrated A Strong Safety Profile. Importantly, there were no RT001-related SAEs, no subjects discontinued due to an AE, no significant observations of evidence of regional spread of toxin (no diffusion from target; no brow ptosis, change in papillary reactions, upper lid ptosis, or lower lid or mid-face ptosis; muscle paralysis only observed in treated area), and no systemic safety concerns or evidence of any systemic exposure based on clinical laboratory results and electrocardiograms (ECGs). For the overall Phase II program, the most frequent AEs reported among RT001 subjects were: (1) 11% neurologic AEs (4% brow elevation; 5% headache), which are reduced to 1% with the new and refined Phase III dosing and application procedure; (2) 10% infection AEs (4% UTIs/vaginal infections that are – interestingly and somewhat comically – caused by increased sexual activity when treated due to what is assumed a happier disposition with treatment; and 3% flu), which are reduced to 5.1% with the new procedure; (3) 9% general disorders and administration site condition AEs (due to early procedure/learning and occlusive dressings), which are reduced to 1.7%; (4) 9% eye disorder AEs, which are reduced to 1%; and (5) 5% skin and subcutaneous tissue disorder AEs, which are reduced to 0.6%. Clearly, these AEs

seem mild in nature and the frequency of occurrence should be markedly reduced in Phase III with the improved and refined dosing protocol and application procedure.

RT001's First Phase III Pivotal Didn't Pan out Due To an Unnecessary Formulation Change

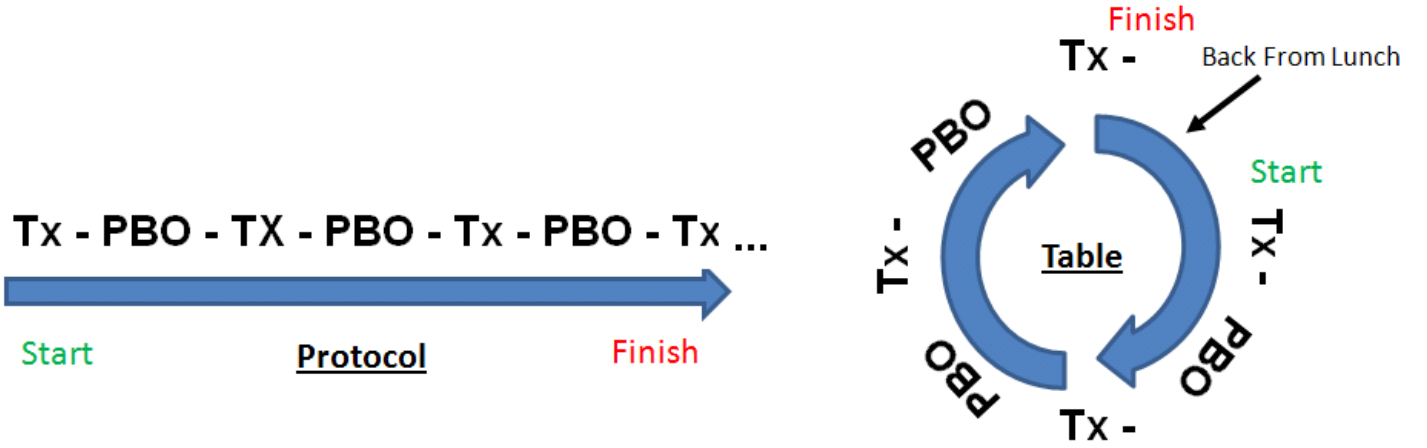
Before we go into detail, we would note that the failure of this study had nothing to do with the efficacy characteristics or features of the current RT001 formulation. The primary endpoint had a p-value of 0.997, which means that RT001 has absolutely no effect when compared to placebo – this is comforting for us as this means that something went horribly wrong – something unrelated to the drug.

Revance already conducted a pivotal Phase III CL019 study for RT001 that failed. Before we go into detail, we would note that the failure of this study is widely believed to have had nothing to do with the efficacy characteristics or features of the current RT001 formulation (and we agree). The primary endpoint of that study had a (shocking) p-value of 0.997, which means that RT001 had absolutely no effect when compared to placebo. Ironically, this type of p value was at the time comforting for us as it meant that something had gone horribly wrong with the study – and indeed that was the case. What happened was that Revance decided to modify the original RT001 formulation that had been utilized in Phase II by adding two excipients to improve the stability of the gel. At the point in time when the Company made the decision to change the formulation, accelerated-aging stability testing had been completed up to 6 months and the gel had seemed abnormally runny. This fear of having a short duration product is what caused the formulation change. We believe that new formulation with the additional excipients clearly disabled the active in the first Phase III. Unfortunately, the Company received the favorable 2-year stability results with the original RT001 formulation after the failed Phase III study was enrolled and run. Stated another way, the original Phase II formulation was fine – and this is the formulation that is moving forward into the Phase III studies. It is difficult to fault management for trying to be proactive with the data set that it had at the time, and fortunately the original formulation is commercially ready/stable.

"Randomization Error" Caused Issues with Confirmatory Phase IIb Studies

Once Revance had reverted back to the original RT001 formulation, a small Phase IIb "confirmatory" study was conducted. The CLO35 Phase II confirmatory study involved two cohorts. The Company mentioned that they employed one of the most experienced investigators from previous studies – who clearly noticed something was qualitatively wrong in Phase III – in order to ensure proper scoring/analysis. In the first cohort, the Company reported a "randomization error," which might be a bit misleading when one learns of the error below. Basically, there was a single person in the room prepping the doses and the protocol was set up such that the treatment and placebo doses would alternate in a straight line: Tx-PBO-Tx-PBO-Tx… (Tx= treatment; PBO= placebo). However, since the person presumably got tired of/didn't feel like standing and didn't use the station the way that is was set up per protocol, they sat at a table and arranged the doses around the table in a circle. The problem is, that at some point during the day (i.e. lunch), the person most likely stepped away from the station and then came back and since the alternating doses were in a circle, they resumed the protocol in the incorrect order. Meaning, they last prepared a "Tx" dose and when they came back, instead of prepping an alternating "PBO" dose, they accidentally prepped a "Tx" dose. This most likely is a result of arranging the doses around the table. Therefore, the rest of the doses prepped were off by a single "frameshift."

Figure 12 "Randomization Error" Diagram



Source: Cowen and Company

Clearly, when the Company received the results, management was shocked and noticed something went wrong, so through some statistical analysis, they were able to determine with near (99.9%) certainty that the situation described above was the root cause of the issue. In their analysis, they applied a filter on the blinded data to generate a pattern, noticed a frameshift that was off by one code (Tx or PBO), and then determined the probability that it would occur in order to calculate the certainty above. Worth noting, to correct this issue in the future, they will have a second person who is an observer to monitor the dose prepping in all future studies. It is unclear to us why there was not a second observer in the first place, but the bottom line is that clearly the Company has learned from this experience and we believe it is very unlikely that something like this occurs in future, planned Phase III studies.

Phase IIb CLO35 Confirmatory Study with Original RT001 Formulation To Enter Phase III Is Successful

Following this analysis, the Company corrected the data from cohort 1 (n=42), which resulted in a statistically significant result on the primary endpoint (p-value= 0.017). Cohort 2, which added an additional 40 patients to the study for a total of 82, was used to not only expand the patient population, but reconfirm what went wrong in the first cohort and confirm that their corrected analysis of cohort 1 data was accurate. The second cohort used the same protocol and dosing, so the results could be combined from both cohorts and the error/correction in cohort 1 confirmed. Positive results from the corrected analysis of cohort 1 data were confirmed in cohort 2 and the overall results were positive (combined study data primary endpoint p-value= 0.024; n=82). Note that in order to finish the study in December 2013, as opposed to this past February, they consolidated the pre-treatment visits for the patients, so there was only one education session and not more, like previous studies. This caused the response rate on the composite (Grade 2 improvement on PSA and Grade 2 improvement on IGA in both eyes; "2+2+2") to be artificially low as patients are more likely to score a placebo response as having an effect without the proper education. Therefore, the PSA (patient) and IGA (investigator) scores will lack correlation and the composite response rate will be lower. In fact, management noticed an ~80% correlation between PSA and IGA scores when patients are properly educated and when they are not, of course, that correlation is much lower, perhaps by at least 20-30%. Therefore, we expect the composite response rate in Phase III will be higher with

the proper education, similar to the original Phase IIb studies (40%+), as proper patient education will be conducted.

Figure 13 Confirmatory Phase IIb Data Post Reversion To Original RT001 Formulation

ENDPOINT		Cohort 1 (n=42)		Total Study (n=82)	
	Group	Response (%)	p value	Response (%)	p value
Composite	RT001	23.8	p=0.017	**22.0**	**p=0.024**
	placebo	0		**4.9**	
IGA (Rest) 2-point	RT001	52.4	p=0.009	**41.5**	**p=0.0003**
	placebo	14.3		**12.2**	
IGA (Rest) 1-point	RT001	57.1	p=ns	**63.4**	**p=0.047**
	placebo	47.6		**41.5**	
PSA 2-point	RT001	38.1	p=0.17	**39.0**	**p=0.15**
	placebo	19.0		**24.4**	
IGA (Smile) 1-point	RT001	57.1	p=0.36	**68.3**	**p=0.0002**
	placebo	38.1		**34.1**	
IGA (Smile) 2-point	RT001	4.8	p=ns	**4.9**	**p=ns**
	placebo	0		**4.9**	

Source: Company Reports; Cowen and Company

RT001, A Product Complimentary To Existing Injectable Toxins – To Expand The Existing Mature Neurotoxin Market – Physicians Agree They Will Have To Have It In Their Practice

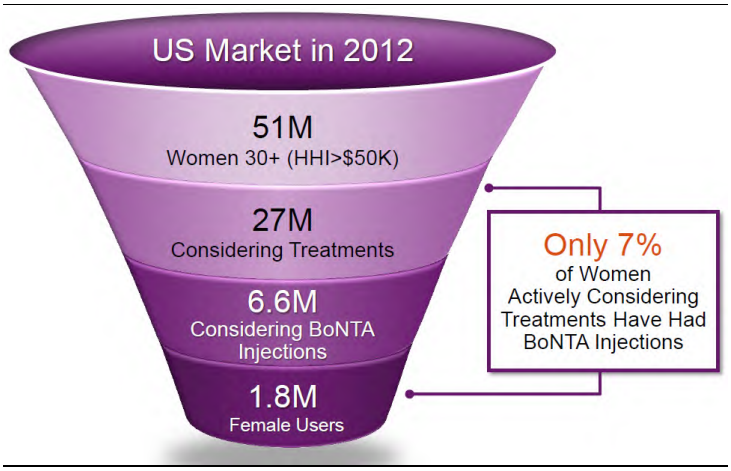
Interestingly, currently there is a rather low conversion (27%) of people considering neurotoxin treatment to actually being treated and we believe that introducing a more "patient friendly" topical toxin may help increase these conversion numbers. This could increase physicians' numbers of neurotoxin patients (who are also likely to receive other treatments) and as discussed previously, our physician consultants unanimously agree that if approved, they will have to incorporate RT001 into their existing practice.

In general, the existing neurotoxin market dynamics continue to be favorable for new products as each year there is a growing awareness and acceptance of cosmetic procedures and that people are seeking treatment earlier and earlier – even into their mid-to-late 20's. Globally, developed countries such as the US, EU, and Japan have increasingly aging populations and wealth in countries such as China, India, and Latin America is increasing. All of these dynamics are favorable for RT001 once approved and marketed. Interestingly, currently there is a rather low conversion (27%) of people considering neurotoxin treatment to actually being treated and we believe that introducing a more "patient friendly" topical toxin may help increase these conversion numbers. This could increase physicians' numbers of neurotoxin patients (who are also likely to receive other treatments) and as discussed previously, our physician consultants unanimously agree that if approved, they will have to incorporate RT001 into their existing practice.

The Conversion of Women Considering Cosmetic/Neurotoxin Treatments To Becoming Users Of Injectable Neurotoxins Is Low And Could Increase With RT001

Revance estimates that in the US in 2012, there were 51MM women over 30 years of age who have an average household income greater than $50,000 and of those women, 27MM (53%) are considering cosmetic treatment. Of these 27MM considering cosmetic treatment, only 6.6MM (24%) are considering neurotoxin injections and even fewer women, 1.8MM (7%) are actually users. This suggests that there is still plenty of room for growth in the cosmetic neurotoxin market. Via market research that Revance conducted, ~80% of the injectable neurotoxin users (1.8MM women) stated that they would try RT001 and approximately 2/3 of them would add it as a compliment to their existing regimen, while the remaining 1/3 would replace their injectable neurotoxin use with RT001.

Figure 14 RT001 May Open The Market To Treatment-Naïve Women Who Have Considered Treatment In The Past



Source: Company Reports

Here, we compare and contrast some of the potential barriers to adoption, which may be impacting the low considerer-to-patient conversion rate:

These patients simply don't want to be pricked or experience the pain of needles. We believe RT001 would easily capture this patient population, which when considering the size of the existing cosmetic neurotoxin market in the US, is substantial. In 2017, when RT001 is expected to launch in the US and EU, we estimate $4B in global neurotoxin sales of which, 42% or $1.7B, will be cosmetic. 10% of these sales, which again, we believe should be fairly easy for RT001 to capture, represents an estimated $170MM in annual sales. Additionally, we believe it is reasonable to assume that the number of people who are considered "needle averse" (~10%) could increase once a needle-free product with comparable efficacy is provided.

- **Some people simply don't like needles.** While the majority of injectable neurotoxin patients have now accepted being injected by needles, our physician consultants still argue that at least 10% of patients have needle phobia or an aversion to needles. These patients simply don't want to be pricked or experience the pain of needles. We believe RT001 would easily capture this patient population, which when considering the size of the existing cosmetic neurotoxin market in the US, is substantial. In 2017, when RT001 is expected to launch in the US and EU, we estimate $4B in global neurotoxin sales of which, 42% or $1.7B, will be cosmetic. 10% of these sales, which again, we believe should be fairly easy for RT001 to capture, represents an estimated $170MM in annual sales. Additionally, we believe it is reasonable to assume that the number of people who are considered "needle averse" (~10%) could increase once a needle-free product with comparable efficacy is provided. Other factors to consider that our physician consultants note could steal away injectable patients are bruising and swelling associated with the injection procedure. Bruising in particular, can occur in areas like around the eye (crow's feet) where some patients have thin or fair skin.

- **There is an increasing fear of "frozen face."** In the past few years, there has been increased media attention and focus on the negative aspects of neurotoxin use, particularly "frozen face." Overuse of injectable neurotoxins can lead to a "frozen face" look, which lacks expression and appears "done." RT001's delivery mechanism (transport across the skin to target superficial muscles), as opposed to injectable neurotoxins (injected deep into the dermis, potentially affecting multiple, off-target muscles), lends itself towards preventing this "frozen face" look. In fact, RT001 has demonstrated that it keeps the patient's natural expression already in clinical studies and allows for a more natural look. We believe that this could be a distinct marketing advantage and be favorable for women paranoid of the "frozen face."

- **The injections contain a "poison."** While neurotoxin products have incredibly clean safety profiles – safer than many products that don't contain a toxin – some patients don't understand that and they believe that by getting a neurotoxin injection, they are getting poisoned. Admittedly, injecting a "poison" for cosmetic purposes can seem counterintuitive. However, clearly this is a misconception among consumers. RT001's delivery mechanism, appearing as less invasive relative to needles by the consumer, could change this perception and help alleviate some of these "poison" concerns. The toxin is now applied on the skin, which is understood to be a protective barrier, versus being injected into the body. Revance has reported that through its market research, 54% of consumers who did not want a neurotoxin injection for these reasons, stated that they would be treated with RT001.

RT001 Has A Uniquely Positive Skin Effect

Besides the obvious of wanting to improve wrinkles in the face, an American Society for Dermatologic Surgery (ASDS) consumer survey on cosmetic dermatologic procedures in 2013 reported that 62% of women are bothered by their skin texture. This is important as anecdotally, the Company has stated that physicians involved with the study are noticing a uniquely positive skin effect – perhaps better than was has been observed with injectables.

Besides the obvious of wanting to improve wrinkles in the face, an American Society for Dermatologic Surgery (ASDS) consumer survey on cosmetic dermatologic procedures in 2013 reported that 62% of women are bothered by their skin texture. This is important as anecdotally, the Company has stated that physicians involved with the study are noticing a uniquely positive skin effect – perhaps better than was has been observed with injectables. While unsure what is causing this, we speculate that the topical gel application completely covering the surface area of the skin (as opposed to injectables), or the TransMTS peptide which keeps RT001 local and prevents diffusion, may have some impact on this. The bottom line is that this may be a distinct marketing advantage for RT001 over existing injectables for cosmetic indications that may benefit: face, neck, and upper chest area.

RT001 Commercialization Should Require a Relatively Small Specialty Sales Force

Revance has stated that there are 18,000 well-defined physicians (12,000 of them are high prescribers) that can be adequately served by a specialty sales force. These physicians tend to be geographically concentrated and market research conducted by Revance suggests that 82% of these physicians are extremely or very interested in purchasing RT001 – we believe this number may even prove to be conservative among existing neurotoxin users. Revance plans to commercialize RT001 in North America and believes that a specialty sales force of ~100 people targeting dermatologists and plastic surgeons should be sufficient for launch. In the rest of the world, Revance plans to partner for upfront payments, milestones, and royalties on sales.

RT001 Could Potentially Replace Existing Neurotoxins For Treating The Majority Of Hyperhidrosis Patients

Hyperhidrosis is a medical condition defined by excessive sweating, which can cause decreased quality of life from psychological, emotional, and social perspectives. While there is limited data on global prevalence, Ro et al. (*J Vascular Surgery,* 2002; 35:382-

386) estimates that 5% of the population caries a gene that suggests predisposition for hyperhidrosis. An International Hyperhidrosis Society survey conducted in June 2008 reports that as many as 1/3 of US adults think they sweat too much and that 60% are "embarrassed or very embarrassed" by underarm sweat – sometimes even more than acne or being overweight. Moreover, 70% of those who think they have too much sweat seek to hide or prevent it. In the US, Strutton et. al. (*JAAD*, August 2004, Volume 51, Number 2) estimates that there are 8MM (3% of the population) hyperhidrosis sufferers in the US and that 1.3MM of these patients rate the sweating as intolerable. Revance estimates that as much as 1/3 of the adult US population is bothered by underarm sweat, suggesting that the market could be even larger. Furthermore, more than 50% of hyperhidrosis sufferers are not diagnosed or treated, suggesting there is room for market expansion in this space. While prevalence in the US is relatively equal among men and women, women are twice as likely to seek treatment.

We – and our physician consultants – believe that RT001 is ideally suited for the hyperhidrosis indication and in particular, it could dominate the palmer and plantar hyperhidrosis indications. Depending on the physician consultant, our consultants note that potentially 10%+ of their neurotoxin use is related to hyperhidrosis, which suggests that hyperhidrosis could be a sizeable opportunity for RT001.

An estimated 51% of sufferers have axillary hyperhidrosis (underarms), which is slightly more prevalent among men. Other hyperhidrosis indications include plantar (feet), palmar (hands), the forehead, and the lower back. Moreover, only an estimated 38% of suffers have spoken to a physician and among mildly-effective treatments like prescription antiperspirants, OTC antiperspirants, and oral medications, a 2004 International Hyperhidrosis Society survey estimates that only 8% of treated hyperhidrosis patients are treated with Botox. Some of the reasons why the hyperhidrosis market penetration is so low are that often these indications require many injections (up to 20-30 per site; and armpit or a hand/foot is considered a site) and that injections in areas like the hand and feet can be extremely painful, as confirmed by our physician consultants. Our consultants note that many patients are just not willing to get a repeated 20-30 injections in each hand when the pain is severe, or on a scale of 1-10 (1 being nothing and 10 being the most extreme pain), a 9 out of 10. Also, it can be difficult to inject the hands and feet. We – and our physician consultants – believe that RT001 is ideally suited for the hyperhidrosis indication and in particular, it could dominate the palmer and plantar hyperhidrosis indications. Depending on the physician consultant, our consultants note that potentially 10%+ of their neurotoxin use is related to hyperhidrosis, which suggests that hyperhidrosis could be a sizeable opportunity for RT001.

RT001 is currently in Phase I/II and Phase II results should be reported sometime in 2015, with the potential for Phase III data in 2017. With a potential BLA filing in 2018, we estimate Revance could potentially receive approval and launch RT001 for hyperhidrosis in 2019. Revance has already completed a Phase I/II study for the treatment of moderate to severe hyperhidrosis in 36 subjects. The validated primary endpoint was the Subject Evaluation On Disease Severity (HDSS). Not surprisingly, a dose response was observed with RT001 in hyperhidrosis patients. Qualitative analysis of the Phase I starch iodine results for RT001 in hyperhidrosis is provided below and suggests that RT001 causes a significant decrease in sweating/perspiration. No dose-related increase in AEs was observed and all AEs were mild or moderate in nature and transient.

RT002, A "Next Generation" Injectable Toxin with A Potential Longer Duration Of Action, Which Could Be Disruptive To Existing Neurotoxin Injectables

Essentially, instead of having to be reinjected every 3-4 months, RT002 could increase that time period to potentially every 6-7 months. If Revance is able to achieve this in the Phase I/II study to report out in the next few months, we – and our physician consultants – agree that this product could be highly disruptive to the existing $2.7B global neurotoxin injectable marketplace and command a significant share in a swift manner.

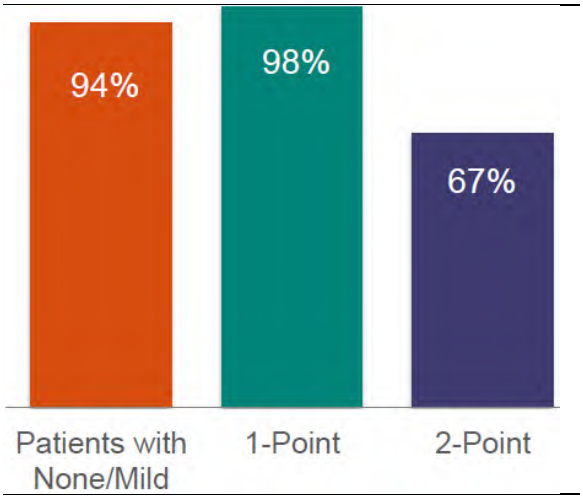
RT002 is Revance's second drug candidate and with it, the Company hopes to demonstrate at least a 50% longer duration of action relative to existing injectable neurotoxin treatments (Botox, Dysport, Xeomin). Serendipitously, the Company noticed that when the peptide-conjugated botulinum toxin complex was injected, the TransMTS peptide allowed for less diffusion increased toxin retention in the injection

site, and ultimately a potential significantly longer duration of action. Essentially, instead of having to be reinjected every 3-4 months, RT002 could increase that time period to potentially every 6-7 months. If Revance is able to achieve this in the Phase I/II study to report out in the next few months, we – and our physician consultants – agree that this product could be highly disruptive to the existing $2.7B global neurotoxin injectable marketplace and command a significant share. Additionally, with a significantly extended duration of action, we believe RT002 could be priced at a premium to existing injectable neurotoxins.

RT002 is currently in Phase I/II, with Phase II results to report out in the middle of this year, potentially before the Phase III results from the first pivotal RT001 study in crow's feet. Additional Phase II data could be generated and reported in 2015 at which point the Company would most likely make a decision to move into Phase III. We believe Phase III studies could start in 2015/2016 with data by 2016/2017. Then, a potential BLA filing in the US could occur in late 2017/early 2018, with a late 2018/early 2019 US approval and launch.

The initial indication for RT002 will be for the temporary reduction in the appearance of moderate to severe glabellar lines (the "I I" shaped lines in between the eye brows) associated with the corrugator and/or procerus muscle activity in adult patients $\leq$65 years of age – the initial Botox cosmetic indication. While the goal is to significantly increase the duration of effect, RT002 could also demonstrate a response rate and safety profile equal or superior to current injectable products. The product will be a vacuum-dried powder in a stoppered vial for reconstitution with sterile, preservative-free 0.9% sodium chloride, similar to existing injectable neurotoxin products. Also, since the product won't require mixing with a gel diluent, it should be stable at room temperature. Revance already conducted a Phase I/II study in 48 patients for RT002 with the objective of evaluating the safety and efficacy of a single administration of RT002, compared to placebo for the treatment of moderate to severe glabellar lines. The study was an open-label, dose-escalating trial with a single dose administration and 4 cohorts. The efficacy measures were investigator assessment at maximum smile, which consisted of a 4 point (0 is none; 3 is severe) Glabellar Line Severity Scale (GLSS) and a Global Aesthetic Improvement Scale (GAIS; from -3 very much worse, to 0 no change, to +3 very much improved). Dramatic improvements in all dose groups were observed and even the effect of the lowest dose appeared to be superior to current, approved injectables. 98% and 67% of subjects had a 1 and 2 point improvement on the GLSS at maximum frown at week 4. Importantly, RT002 was well-tolerated with no safety concerns, minimal AEs, and no reported ptosis. We now await results from the next Phase II study that will analyze duration of effect, which should report out in H2:2014.

Figure 15 RT002 Phase I/II Study Results (% responders; n=48)



Source: Company Reports

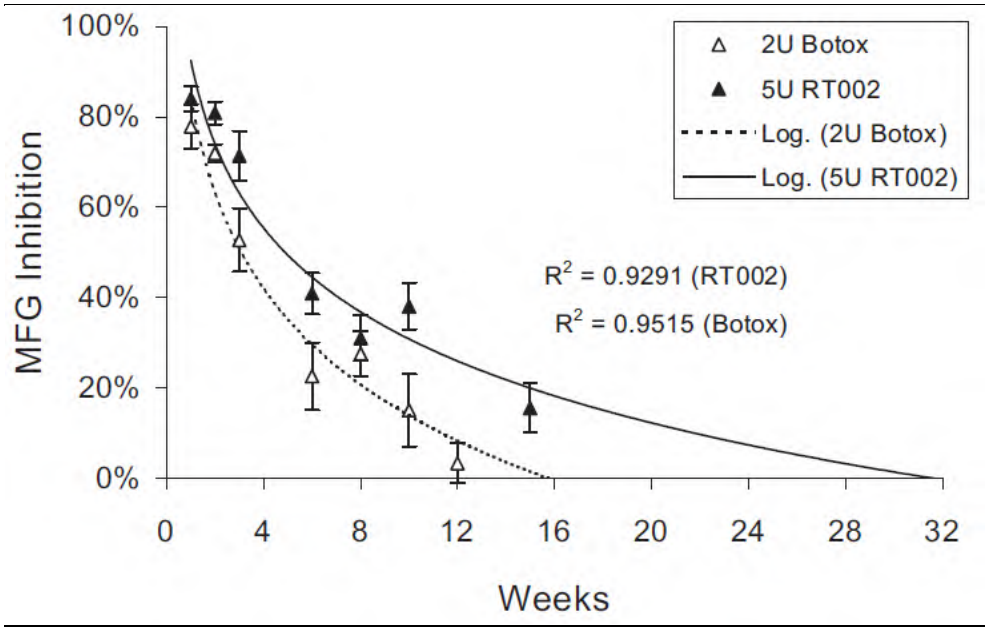
The image below shows the significant qualitative improvement observed with a single, lowest dose of RT002 after 4 weeks. Also qualitatively, the same subject pictured below, maintained this effect up to 7 months post treatment.

Figure 16 Qualitative Phase I/II Results From The Lowest Dose (Cohort 1) of RT002 To Treat Glabellar Lines

Source: Company Reports; Cowen and Company

Supporting the concept that RT002 has the potential for a longer duration of action relative to existing injectable neurotoxins, a Toxicon publication in 2011 (H.F. Stone et al. / Toxicon 58 (2011) 159–167) demonstrated that in mice RT002 treatment resulted in an extended duration as compared to Botox by 58–100%. When using "diffusion matched doses," RT002 treatment resulted in a 100–126% increase in duration of drug effect as compared to Botox.

Figure 17 Time Course Of Single Twitch MFG Recovery After BoNTA Treatment In Mice (Weeks 1-15)



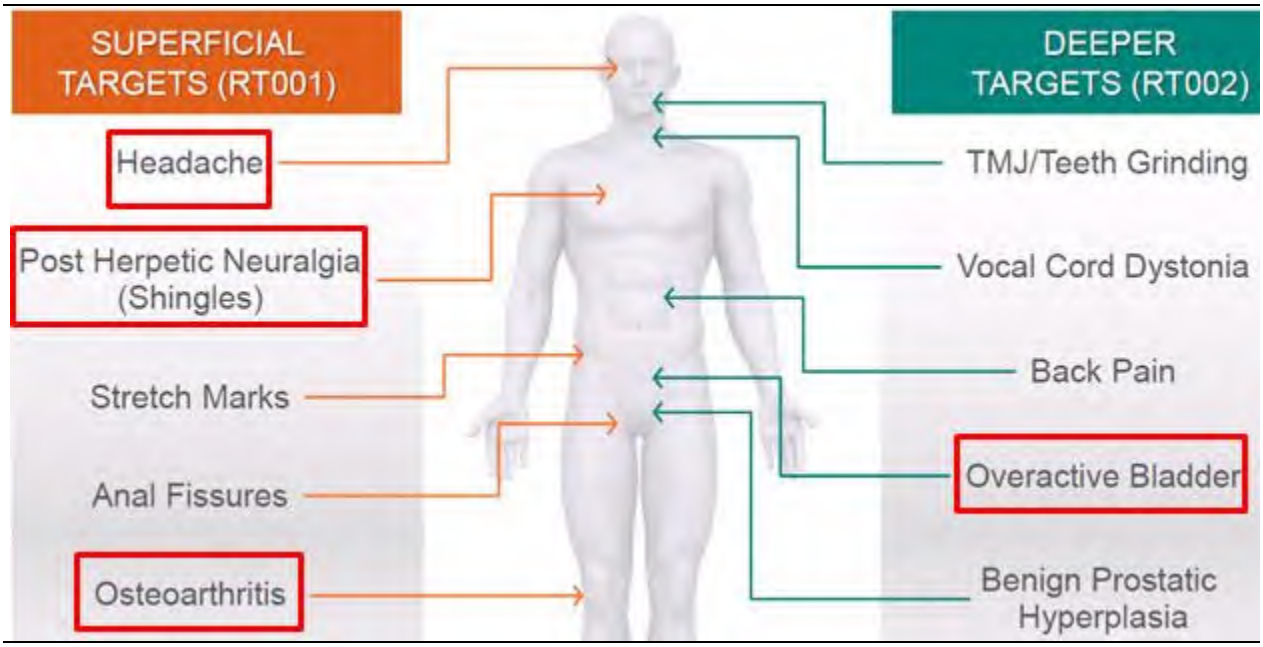
Source: H.F. Stone et al. / Toxicon 58 (2011) 159–167

RT001 and RT002 Have A Myriad Of Potential Future Indications/Line Extensions

In addition to the glabellar line cosmetic indication and hyperhidrosis and migraine therapeutic indications that we expect Revance to add and is already working on doing so, additional indications like overactive bladder (OAB), post herpetic neuralgia (shingles), and osteoarthritis could – and we believe are likely to – follow. This strategy allows Revance to quickly capitalize on the years of effort and millions of dollars that Allergan has spent establishing new markets and training physicians.

As we have seen with Botox, the future potential cosmetic and therapeutic indications for neurotoxins are seemingly endless. Every year or two it seems Allergan announces the development or approval of a new indication. We believe RT001 and RT002 will be no exception. One of the future potential cosmetic indications includes stretch marks, but there are many more future potential therapeutic indications, which we expect will continue to contribute to our estimated growth of the therapeutic neurotoxin market, which now stands at 54% neurotoxin market share (vs. 46% cosmetic neurotoxin market share). By 2020, we estimate that the therapeutic indications will hold closer to ~60% market share of the overall neurotoxin market. In addition to the glabellar line cosmetic indication and hyperhidrosis and migraine therapeutic indications that we expect Revance to add and is already working on doing so, additional indications like overactive bladder (OAB) for RT002, post herpetic neuralgia (shingles) for RT001, and osteoarthritis for RT001 could – and we believe are likely to – follow.

Figure 18 Additional Potential Indications for RT001 and RT002



Source: Company Reports; Cowen and Company

Migraine, The Next Obvious Therapeutic Indication For RT001

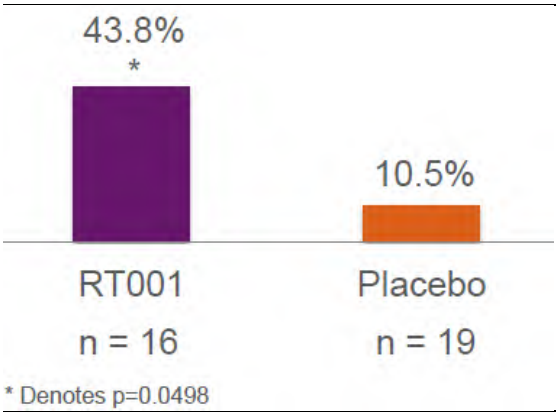
In October 2010, the FDA approved Botox for migraine and the product was subsequently launched. The launch progress has been steady due to the need to train physicians that aren't necessarily experienced injectors and establishing reimbursement, but we project that Botox sales for the chronic migraine indication could eventually reach $1-2B.

The second likely therapeutic indication for RT001 behind hyperhidrosis is chronic migraine. Revance estimates that migraines affect roughly 12% of the US population, or about 36MM people – 14MM of which suffer from chronic migraines. Diagnosis of migraine is based entirely on symptoms, which consist of a characteristic headache (unilateral, severe throbbing lasting 4 to 72 hours) often accompanied by nausea or vomiting, sensitivity to light (photophobia), and sensitivity to sound (phonophobia). Frequency of migraine varies considerably, ranging from only one or two a year to one or two per week. Migraine headaches can be quite disabling for patients. Our consultants estimate that roughly 13% of the population experience 2-4 days per month with migraine headache and could be considered candidates for prescription therapy. The frequency of migraine headache attacks in a given migraine sufferer commonly increases over time, and each year 3% of sufferers progress to >15 attacks per year while 9% progress to >24 attacks per year. Migraine headache is listed in the top 20 causes of disabling conditions and in the top four neurologic disabling conditions by the WHO. Migraine headaches are poorly diagnosed and undertreated by the general medical community. Our consultants attribute this to a lack of adequate education in medical training programs. Additionally, our consultants estimate that while 45% of migraine sufferers are appropriate candidates for drug therapy, less than 25% actually receive prescription medications. In October 2010, the FDA approved Botox for migraine and the product was subsequently launched. The launch progress has been steady due to the need to train physicians that aren't necessarily experienced injectors and establishing reimbursement, but we project that Botox sales for the chronic migraine indication could eventually reach $1-2B.

Revance has conducted a Phase I/II study with the objective of evaluating RT001 for the treatment of chronic migraine. In this study, 40 subjects received a single application of RT001 at six treatment sites in the head and neck. The primary endpoint of the study was a composite of the Headache Impact Test (HIT-6), number of

migraines, and migraine intensity at week 4. In this study, RT001 achieved the primary endpoint with a 44% response rate (proportion of subjects with ≥50% improvement) and was well-tolerated with no imbalance in AEs between RT001 and placebo.

Figure 19 RT001 Phase I/II Results For Migraine



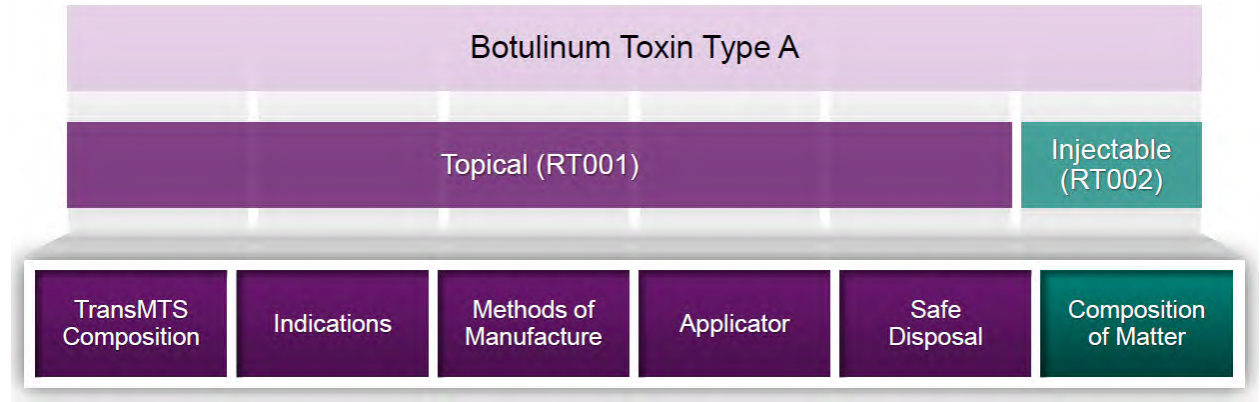
Source: Company Reports

Revance Has a Strong And Comprehensive Intellectual Property Estate

Revance's core composition of matter and method patents are valid through 2027 and 2029, respectively, with one having a potential 5-year patent extension.

Revance's intellectual property estate is robust and encompasses the Company's proprietary botulinum toxin type A used for RT001 and RT002 as well as the TransMTS technology, certain indications, methods of manufacturing, the Duoject applicator, the safe disposal and RT001 cleansing process, and composition of matter patents. To-date, 86 patents have been issued (US, EU, Latin America, Asia) with ~150 pending that have broad coverage worldwide. Revance's core composition of matter and method patents are valid through 2027 and 2029, respectively, with one having a potential 5-year patent extension.

Figure 20 Revance's Intellectual Property Estate



Source: Company Reports

A Facility Approved To Manufacture Botulinum Toxin Drug Substance Requires Regulatory Licenses, A Large Amount Of Capital Resources, And Is A Significant Barrier To Entry For Potential Future Competitors

Currently, the botulinum toxin drug substance is being produced at commercial scale (8MM dose units).

Revance has a state of the art botulinum toxin facility consisting of manufacturing and laboratory space to conduct testing of bulk drug substance and finished dose forms of drug product. In this facility, Revance manufactures bulk active pharmaceutical ingredient and finished drug product. It has been designed in compliance with the CDC and has a Select Agent license, since botulinum toxin is regulated as a Select Agent. The botulinum toxin was acquired from List Laboratories, who will receive certain milestones and a low to mid-single digit royalty on future sales. The manufacturer of drug substance for RT001/2 is based on microbial fermentation which is followed by product recovery and purification steps and depends on standard raw materials available commercially. Currently, the botulinum toxin drug substance is being produced at commercial scale (8MM dose units). Also, Revance has a pilot fill-finish facility to manufacture topical and injectable dose forms. The process consists of bulk compounding, liquid fill, and freeze-drying to support an acceptable shelf-life duration. The Company has noted that plans are underway to fabricate a larger fill-finish line dedicated to the topical, non-aseptic dose (RT001) that will be installed and validated to support regulatory applications and commercial demand. Also, the Company notes that further scale up of the injectable dose form (RT002) will be performed to satisfy commercial demand. Needless to say, the capital required to build out a facility to perform these functions and the licenses required should act as barriers to entry for potential competitors, of which, there are none currently for RT001.

Needless to say, the capital required to build out a facility to perform these functions and the licenses required should act as barriers to entry for potential competitors, of which, there are none currently for RT001.

Third Party Manufacturing and Supply Agreements

Additional components for RT001 such as the peptide, diluent, and delivery apparatus are all manufacturer by third parties under contract. American Peptide manufactures the TransMTS peptide and the contract remains in effect until May 20, 2020. Hospira provides the diluent and the agreement requires minimum purchase requirements upon commercialization and will remain in effect for seven years. Lastly, Duoject provides the delivery apparatus and the agreement includes a <1% royalty on future sales of products including the delivery apparatus and will remain in effect until the latter of April 30, 2020, or the last patent issued for the delivery apparatus.

Figure 21 Revance Annual P&L

REVANCE - 2013-2020 ESTIMATED ANNUAL EPS BUILDUP ($MM)

	2012	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	CGR	Comments
U.S. RT001 Cosmetic Sales						$30.0	$115.0	$230.0	$360.0	$415.0	$455.0	$495.0	$535.0	$570.0		- RT001 in Phase III; Launch expected in late 2017
Growth Rate							+283%	+100%	+57%	+15%	+10%	+9%	+8%	+7%		- Rapid growth expected; core patents through 2027-29, with potential 5-year ext.
U.S. RT001 Therapeutic Sales								$25.0	$65.0	$105.0	$160.0	$225.0	$295.0	$370.0		- RT001 in Phase I/II; Launch expected in 2019
Growth Rate									+160%	+65%	+50%	+40%	+30%	+25%		- Solid growth expected
EU RT001 Cosmetic Sales							$15.0	$50.0	$105.0	$165.0	$190.0	$205.0	$225.0	$245.0		- RT001 in Phase III; Launch expected in 2018
Growth Rate								+233%	+110%	+15%	+10%	+9%	+8%	+7%		
U.S. RT002 Cosmetic Sales																- RT002 in Phase I/II; Launch expected in 2019
Growth Rate																- Could be a competitive threat to Botox; longer duration
Total Revance Revenues	**$0.7**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$30.0**	**$130.0**	**$305.0**	**$530.0**	**$685.0**	**$805.0**	**$925.0**	**$1,055.0**	**$1,185.0**		
% Change							+333%	+135%	+74%	+29%	+18%	+15%	+14%	+12%		
Cost of Goods	$0.0	$0.0	$0.0	$0.0	$0.0	$15.0	$23.4	$48.8	$74.2	$82.2	$80.5	$92.5	$105.5	$118.5		
Gross Profit	$0.0	$0.0	$0.0	$0.0	$0.0	$15.0	$106.6	$256.2	$455.8	$602.8	$724.5	$832.5	$949.5	$1,066.5		
Gross Margin						50.0%	82.0%	84.0%	86.0%	88.0%	90.0%	90.0%	90.0%	90.0%		- Solid margins
SG&A	$11.2	$16.0	$17.5	$19.0	$30.0	$60.0	$75.0	$135.0	$175.0	$215.0	$235.0	$260.0	$280.0	$315.0	+14%	- Salesforce expansion in 2016/2017, in preparation for RT001 launch
% of Revs						200.0%	57.7%	44.3%	33.0%	31.4%	29.2%	28.1%	26.5%	26.6%		- 100 reps@$300K adds $30MM
R&D	$32.7	$34.0	$40.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	-1%	- Clinical trial costs in 2013 of approximately $35MM
% of Revs						166.7%	38.5%	16.4%	9.4%	7.3%	6.2%	5.4%	4.7%	4.2%		- Additional clinical trials for RT001 indications
Operating Expenses	$43.9	$50.0	$57.5	$69.0	$80.0	$110.0	$125.0	$185.0	$225.0	$265.0	$285.0	$310.0	$330.0	$365.0	+8%	
% of Revenues						366.7%	96.2%	60.7%	42.5%	38.7%	35.4%	33.5%	31.3%	30.8%		
Operating Income	($43.2)	($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$71.2	$230.8	$337.8	$439.5	$522.5	$619.5	$701.5	NM	- Operating profit expected in 2019
% Operating Margin	NM	NM	NM	NM	NM	-316.7%	-14.2%	23.3%	43.5%	49.3%	54.6%	56.5%	58.7%	59.2%		
Non-Operating Income																
Interest Income	$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		
Interest Expense	(29.0)	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		
Other Income	13.9	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		
Non-Operating Income	($15.1)	$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		
Pretax Income	($58.3)	($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$71.2	$230.8	$337.8	$439.5	$522.5	$619.5	$701.5	NM	
% of Revs	NM	NM	NM	NM	NM	NM	NM	23.3%	43.5%	49.3%	54.6%	56.5%	58.7%	59.2%		
Income Taxes								$24.9	$80.8	$118.2	$153.8	$182.9	$216.8	$245.5	NM	
Income Tax Rate								35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%		
Net Income - Operations	($58.3)	($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$46.3	$150.0	$219.6	$285.7	$339.6	$402.7	$456.0	NM	
% Net Margin	NM	NM	NM	NM	NM	NM	NM	15.2%	28.3%	32.1%	35.5%	36.7%	38.2%	38.5%		
Extraordinary Items	$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		
Reported Net Income	($58.3)	($50.0)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$46.3	$150.0	$219.6	$285.7	$339.6	$402.7	$456.0	NM	
Interest Add-Back	($58.3)	$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		
EPS (GAAP) - Before Ex. Items	($6.85)	($2.95)	($3.25)	($3.65)	($3.80)	($4.15)	($0.75)	$1.70	$5.15	$7.10	$8.65	$9.70	$10.90	$11.70	NM	- Profitable in 2018/2019 following the launch of RT001
Growth	NM	NM	NM	NM	NM	NM	-82%	NM	+203%	+38%	+22%	+12%	+12%	+7%		
EPS - Extraordinary Items	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		
EPS - Reported	($6.85)	($2.95)	($3.25)	($3.65)	($3.80)	($4.15)	($0.75)	$1.70	$5.15	$7.10	$8.65	$9.70	$10.90	$11.70	NM	
Shares - Fully Diluted (MM)	17.0	17.0	17.7	19.0	21.0	23.0	25.0	27.0	29.0	31.0	33.0	35.0	37.0	39.0		- Diluted shares; assuming some onward dilution from options

Source: Cowen and Company

Figure 22 US Cosmetic Neurotoxin Treatment Market Build

ESTIMATED U.S. COSMETIC NEUROTOXIN INJECTABLE TREATMENT MARKET											
	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	CGR	Comments
Total WW Cosmetic & Thera Neurotoxin Sales (MM)	**$2,400**	**$2,700**	**$3,025**	**$3,350**	**$3,700**	**$4,050**	**$4,350**	**$4,650**	**$4,950**	+9%	**- Allergan indicates the current WW market is $2.7B**
Growth Rate	+14%	+13%	+12%	+11%	+10%	+9%	+8%	+7%	+6%		- Total WW Neurotoxin growth has been 13% over the last year
Total U.S. Cosmetic & Thera Neurotoxin Sales (MM)	**$1,500**	**$1,690**	**$1,890**	**$2,075**	**$2,295**	**$2,490**	**$2,655**	**$2,815**	**$2,995**	+8%	**- Est that U.S. contributes 60-65% of WW toxin use**
Growth Rate	+13%	+13%	+9%	+10%	+11%	+8%	+7%	+6%	+6%		- Estimated that Therapeutic growth will be higher than cosmetic
Estimated U.S. Cosmetic Use % of Total U.S. Neurotoxin	*48%*	*46%*	*45%*	*44%*	*43%*	*42%*	*41%*	*40%*	*39%*		- Est that roughly 46% of Neurotoxin use is Cosmetic
Total U.S. Cosmetic Neurotoxin Sales (MM)	**$720**	**$775**	**$850**	**$915**	**$985**	**$1,045**	**$1,090**	**$1,125**	**$1,170**	+5%	- U.S. market has been relatively healthy
Growth Rate	+11%	+8%	+10%	+8%	+8%	+6%	+4%	+3%	+4%		
Boxtox U.S. Cosmetic Share (AGN)	84%	79%	79%	79%	79%	79%	79%	79%	79%		- Leading treatment - market creator
Procedures (000)	5,378	5,422	5,763	6,237	6,710	7,097	7,398	7,656	7,957		- Procedure growth should continue to steadily grow
Average Cost Per Vial	$450	$450	$465	$465	$465	$465	$465	$465	$465		- Botox just took a 3% price increase in Jan 2014
Sales ($MM)	$605.00	$610.00	$670.00	$725.00	$780.00	$825.00	$860.00	$890.00	$925.00	+6%	
Dysport U.S. Cosmetic Share (VRX)	14%	14%	13%	13%	13%	13%	13%	13%	13%		- Valeant has taken over marketing; second to market
Procedures (000)	889	978	978	1,067	1,156	1,200	1,244	1,289	1,333		- Essentially undifferentiated product
Average Cost Per Vial	$450	$450	$450	$450	$450	$450	$450	$450	$450		- Priced in-line with Botox
Sales ($MM)	$100.0	$110.0	$110.0	$120.0	$130.0	$135.0	$140.0	$145.0	$150.0	+5%	
Others/Xeomin Share	2%	7%	8%	8%	8%	8%	8%	8%	8%		- Product was relaunched in January 2012
Procedures (000)	150	550	700	750	800	850	850	900	950		- Essentially undifferentiated product; currently has 5% market share
Average Cost Per Vial	$400	$400	$400	$400	$400	$400	$400	$400	$400		- Pricing has been more aggressvie
Sales ($MM)	$15.0	$55.0	$70.0	$75.0	$80.0	$85.0	$85.0	$90.0	$95.0	+5%	
Total Cosmetic Market Sales (MM)	**$720**	**$775**	**$850**	**$915**	**$985**	**$1,045**	**$1,090**	**$1,125**	**$1,170**	+5%	- Growth continuing to be relatively stable
% Growth	+11%	+8%	+10%	+8%	+8%	+6%	+4%	+3%	+4%		

ESTIMATED U.S. COSMETIC TOPICAL NEUROTXIN TREATMENT MARKET/RT001 ESTIMATED SALES											
	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	CGR	Comments
RT001 U.S. Cosmetic Sales											
Procedures/Patients						**258**	**989**	**1,978**	**3,097**		- Procedure growth should grow rapidly
Average Cost						$465	$465	$465	$465		- In-line pricing with Botox and others
Sales ($MM)						**$30**	**$115**	**$230**	**$360**		- Should be alone in the market for many years
% of Estimated U.S. Injectable Cosmetic Neurotoxin						***3%***	***11%***	***20%***	***31%***		- Estimated to reach 30%+ of U.S. Neurotoxin market by 2020
Total U.S. Cosmetic Neurotoxin Market Sales (MM)		**$775**	**$850**	**$915**	**$985**	**$1,075**	**$1,205**	**$1,355**	**$1,530**	+10%	- Growth should be rapid given likely clinician/patient acceptance
% Growth						+9%	+12%	+12%	+13%		

Source: Cowen and Company

Figure 23 US Therapeutic Neurotoxin Treatment Market Build

ESTIMATED U.S. THERAPEUTIC NEUROTOXIN INJECTABLE TREATMENT MARKET

	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	CGR	Comments
Total WW Cosmetic & Thera Neurotoxin Sales (MM)	**$2,400**	**$2,700**	**$3,025**	**$3,350**	**$3,700**	**$4,050**	**$4,350**	**$4,650**	**$4,950**	+9%	**- Allergan indicates the current WW market is $2.7B**
Growth Rate	+14%	+13%	+12%	+11%	+10%	+9%	+8%	+7%	+6%		- Total WW Neurotoxin growth has been 13% over the last year
Total U.S. Cosmetic & Thera Neurotoxin Sales (MM)	**$1,500**	**$1,690**	**$1,890**	**$2,075**	**$2,295**	**$2,490**	**$2,655**	**$2,815**	**$2,995**	+8%	**- Est that U.S. contributes 60-65% of WW toxin use**
Growth Rate	+13%	+13%	+9%	+10%	+11%	+8%	+7%	+6%	+6%		- Estimated that Therapeutic growth will be higher than cosmetic
Estimated U.S. Therapeutic Use % of Total U.S. Neurotoxin	*52%*	*54%*	*55%*	*56%*	*57%*	*58%*	*59%*	*60%*	*61%*		- Est that roughly 54% of Neurotoxin use is Therapeutic
Total U.S. Therapeutic Neurotoxin Sales (MM)	**$780**	**$915**	**$1,040**	**$1,160**	**$1,310**	**$1,445**	**$1,565**	**$1,690**	**$1,825**	+10%	- U.S. market has been relatively healthy
Growth Rate	+16%	+17%	+14%	+12%	+13%	+10%	+8%	+8%	+8%		- Estimated that Therapeutic growth will be higher than cosmetic
Boxtox U.S. Therapeutic Share (AGN)	88%	85%	85%	85%	85%	85%	85%	85%	85%		- Leading treatment - market creator
Procedures (000)	761	867	952	1,059	1,199	1,323	1,430	1,543	1,667		- Procedure growth should continue to steadily grow
Average Cost Per Vial	$450	$450	$465	$465	$465	$465	$465	$465	$465		- Botox just took a 3% price increase in Jan 2014
Sales ($MM)	$685.00	$780.00	$885.00	$985.00	$1,115.00	$1,230.00	$1,330.00	$1,435.00	$1,550.00	+10%	
Dysport U.S. Therapeutic Share (VRX)	13%	15%	15%	15%	15%	15%	15%	15%	15%		- Valeant has taken over marketing; second to market
Procedures (000)	61	78	78	78	78	78	78	78	78		- Essentially undifferentiated product
Average Cost Per Vial	$450	$450	$450	$450	$450	$450	$450	$450	$450		- Priced in-line with Botox
Sales ($MM)	$55.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	$70.00	+0%	
Others/Xeomin Share											
Procedures (000)											
Average Cost Per Vial											
Sales ($MM)											
Total Cosmetic Market Sales (MM)	**$780**	**$915**	**$1,040**	**$1,160**	**$1,310**	**$1,445**	**$1,565**	**$1,690**	**$1,825**	+10%	- Growth continuing to be relatively stable
% Growth	+16%	+17%	+14%	+12%	+13%	+10%	+8%	+8%	+8%		

ESTIMATED U.S. THERAPEUTIC TOPICAL NEUROTXIN TREATMENT MARKET/RT001 ESTIMATED SALES

	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	CGR	Comments
RT001 U.S. Therapeutic Sales											
Procedures/Patients								27	70		- Procedure growth should grow rapidly
Average Cost								$465	$465		- In-line pricing with Botox and others
Sales ($MM)								**$25**	**$65**		- Should be alone in the market for many years
% of Estimated U.S. Injectable Cosmetic Neurotoxin								***1%***	***4%***		- Estimated to reach ~5% of U.S. Neurotoxin market by 2020
Total U.S. Cosmetic Neurotoxin Market Sales (MM)	**$780**	**$915**	**$1,040**	**$1,160**	**$1,310**	**$1,445**	**$1,565**	**$1,715**	**$1,890**	+10%	- Growth should be rapid given likely clinician/patient acceptance
% Growth	+16%	+17%	+14%	+12%	+13%	+10%	+8%	+10%	+10%		

Source: Cowen and Company

Valuation Methodology And Risks

Valuation Methodology

Pharmaceuticals/Specialty

For our valuation methodology, we arrive at fair value utilizing a discounted cash flow (DCF) approach to derive our 12-month price target.

Investment Risks

Pharmaceuticals/Specialty

Risks include: (1) growing competitive dynamics in the specialty pharmaceuticals space; (2) the ability of management to execute on external growth by successfully acquiring new strategic, accretive products; (3) the ability to grow organically and keep the product pipeline robust; (4) potential regulatory delays, rejections, or failures of pipeline products; (5) economic sensitivity of any self-pay products or weakening consumer demand; (6) domestic or international pricing pressures for marketed products; and (7) failure to execute on new product launches.

Risks To The Price Target

Revance is a development-stage specialty pharmaceutical company and with that carries risk. Failure to successfully develop RT001 could result in a significant decrease to our valuation.

Addendum

Stocks Mentioned In Important Disclosures

Ticker	Company Name
ACT	Actavis
AGN	Allergan
RVNC	Revance
SHPG	Shire Pharmaceutical

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Outperform (1): The stock is expected to achieve a total positive return of at least 15% over the next 12 months

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Assumption: The expected total return calculation includes anticipated dividend yield

Cowen and Company Rating System until May 25, 2013

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Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period

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Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
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Hold (b)	270	38.52%	4	1.48%
Sell (c)	16	2.28%	1	6.25%

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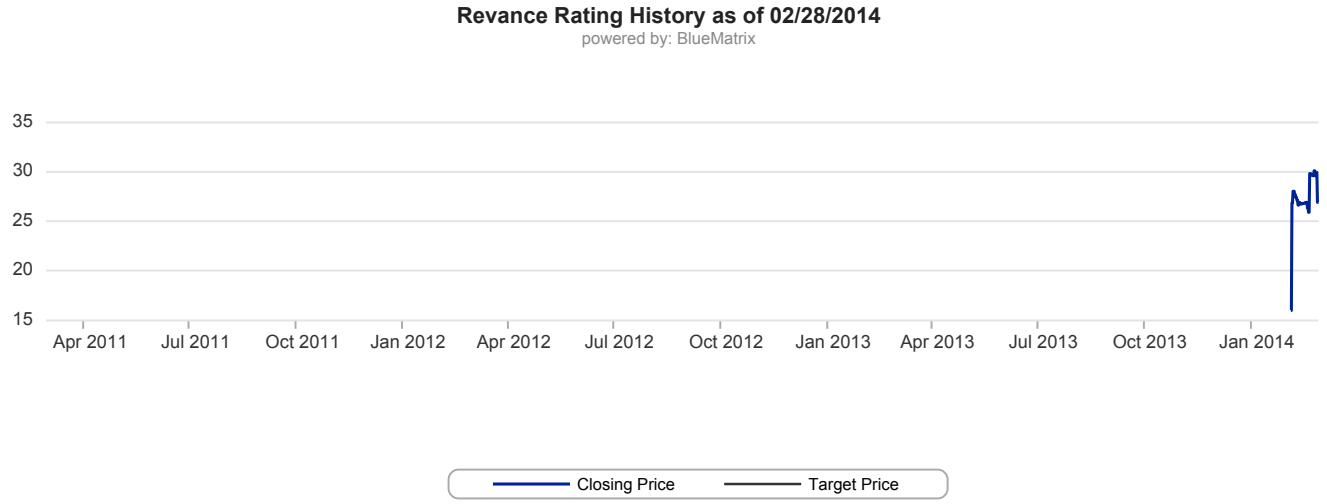

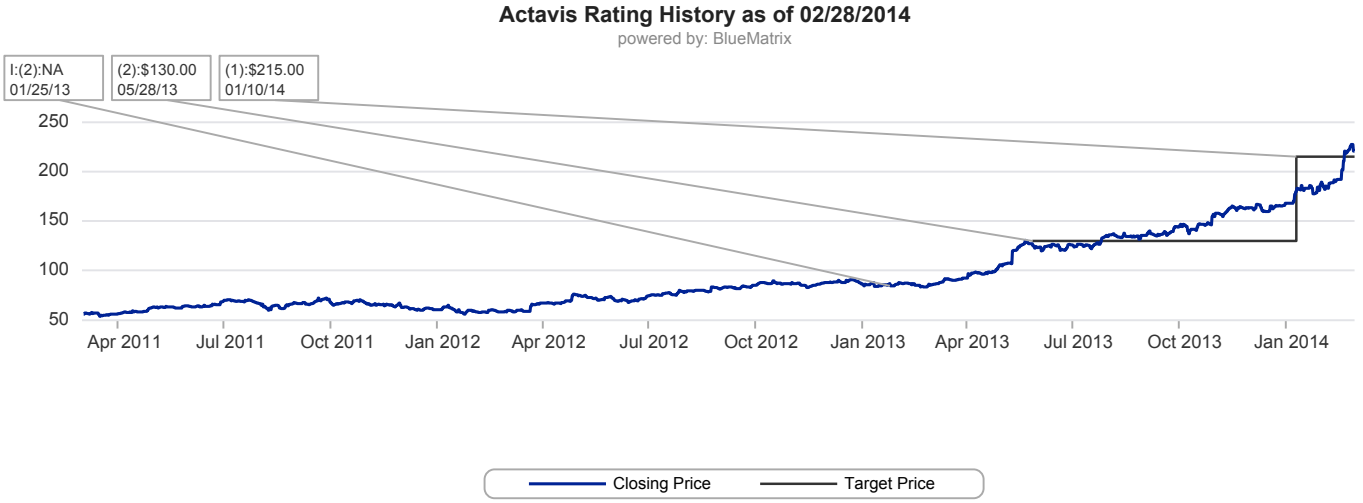

Allergan Rating History as of 02/28/2014

powered by: BlueMatrix

Rating Change - 2/4/2010 - Rating Outperform

Shire Pharmaceutical Rating History as of 02/28/2014

powered by: BlueMatrix

Initiated Coverage - 6/8/2006 - Outperform Rating

Legend for Price Chart:

I = Initation | 1 = Outperform | 2 = Market Perform | 3 = Underperform | UR = Price Target Under Review | T = Terminated Coverage | $xx = Price Target | NA = Not Available

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