COWEN
AND COMPANY

Pharmaceuticals/Specialty

Revance

Equity Research

April 22, 2014

Price: $28.62 (04/21/2014)

Price Target: $55.00

OUTPERFORM (1)

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Key Data

Symbol	NASDAQ: RVNC
Market Cap (MM)	$533.8

Company Quick Take

The RT002 Profile Now Looks Potentially Transformative - Buy Aggressively

The Cowen Insight

With its completed RT002 study now in hand that appears to demonstrate a duration of action twice as long as Botox, this product is beginning to look like it could be transformational ($1B+). A head-to-head study versus Botox should initiate shortly, which could prove definitive. Given the potential value creation from RT001 and RT002 we would be buying RVNC shares aggressively.

RT002 Demonstrated A Duration Of Action 2x Longer Than Botox; The Valuation At These Levels Is Exceedingly Compelling

Revance has announced that the Phase I/II study for RT002, its long-acting injectable botulinum toxin, met all primary and secondary endpoints – and importantly – demonstrated a duration of action of 7.3 months, or approximately twice as long as Allergan's Botox (3-4 months). Stated as simply as possible, this profile of an almost 2-fold increase in duration could prove transformational for the neurotoxin treatment market and ultimately yield a $1B+ product. We believe that there is almost no attribution of this program in the current RVNC valuation, which has been supported to date only by its RT001 topical botulinum toxin which is in Phase III development (which itself we believe is a $300-500MM product). Given these results, we expect visibility for the program will increase substantially over the next 6-12 months, as Revance will now conduct a Phase II head-to-head study with Botox with the primary endpoint being a similar measurement of efficacy/duration. This data should be available next year, and we believe could prove definitive. We would note that given the nature/profile of the product – while this initial study size was small – the efficacy/duration data should be strongly predictive of future clinical results. Given its disruptive potential, we continue to believe that it would be unwise for Allergan to let such a head-to-head study read-out without owning the program. Interestingly, an asset like this could eventually have multiple suitors (any major large pharmaceutical player would also find such an asset attractive) as the market has been built and this product could ultimately be disruptive. Stated more clearly: this product could simply take the market.

We also wonder if Allergan were to purchase Revance whether RT002 could be used in the therapeutic indications to finally achieve the appropriate price differential between the Botox aesthetic market (where Allergan could leave that product in that setting) and use RT002 in the therapeutic market where having a longer-duration option would likely be very well received by neurologists/patients to potentially minimize visits and extend efficacy. For perspective, we estimate that U.S. Botox Therapeutic sales will reach nearly $850-900MM in 2014 (out of the total global Botox Therapeutic estimate of $1,250MM). Given the inability to price differentiate the product in this reimbursed setting because of the availability of the same product in the private pay aesthetic market, the value for the franchise likely could be 50-100% higher, or an additional/incremental $425-900MM in the U.S. alone if finally appropriately priced. Allergan indicates that they have several other botulinum programs in development (potentially even a long-acting option), but information on

these products has been limited to date. And whether Allergan has such programs is – to a certain extent – irrelevant, given that if Revance could be faster to market with a differentiated duration product it would be able to establish a first-mover advantage that other competitors (Valeant, Johnson & Johnson, GlaxoSmithKline, Pfizer, just to name a few) would likely very much covet, in our view. The bottom line is that we can easily envision a scenario where the RT002 program creates value not only for Revance, but potentially creates significant value for Allergan, which would not only be protecting its single most important (and still growing franchise) – but could actually enhance its value. What would a program like this be worth to both protect, extend – and create – additional value? We continue to believe a lot.

Assuming clinical success and a reasonable RT001 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 RT001 opportunity alone of $80. Importantly, this valuation excludes RT002 success, which given the recent data, appears more likely. If we add in successful development of RT002, $20-30 per share (at the very minimum) is added to the valuation, which results in a totaltransformational valuation in excess of $100+. Given the very positive initial profile demonstrated by RT002 and its underappreciated — yet very sizable — market opportunity and the pivotal Phase III results expected from RT001 in the third quarter, we would be adding aggressively at these levels. There is almost no other small cap name that appears to have so grossly disconnected from what is its real, inherent value.

Background Information: RT002, A "Next Generation" Injectable Toxin With A 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. With the positive Phase II/II data and demonstrated proof of concept, 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 Revance's second drug candidate and with it, the Company hopes to continue demonstrate at least a 50% longer duration of action relative to existing injectable neurotoxin treatments (Botox, Dysport, Xeomin). Initial Phase I/II data suggest a duration of action that is approximately twice that of Botox. 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. With the positive Phase II/II data and demonstrated proof of concept, 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 Opportunity In The Therapeutic Setting Could Be Significant. Although the initial proof of concept data for RT002 are 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, as indicated above, 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).

Timeline. With the completion of the Phase I/II RT002 study, a Phase II head-to-head study with an existing neurotoxin (i.e. Botox) will be initiated next and data could be 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.

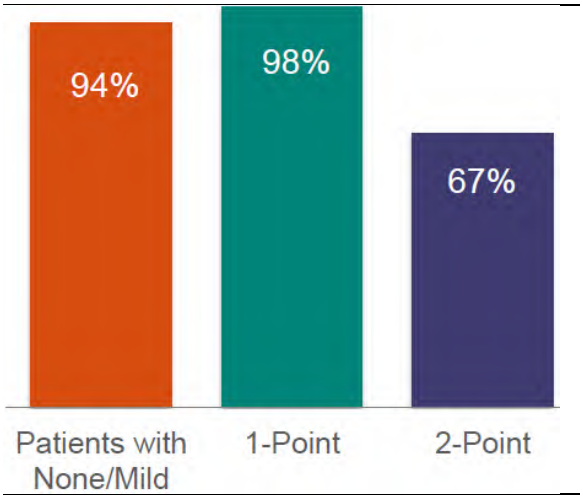
The RT002 Product. The initial indication for RT002 will be for the temporary reduction in the appearance of moderate to severe glabellar lines (the "I I" shaped lines in between the eye brows) associated with the corrugator and/or procerus muscle activity in adult patients ≤65 years of age – the initial 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.

Early RT002 Clinical Data

Revance 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 is 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). At 30 days, 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 9-month duration portion of the study that should report out this spring.

Figure 1 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.

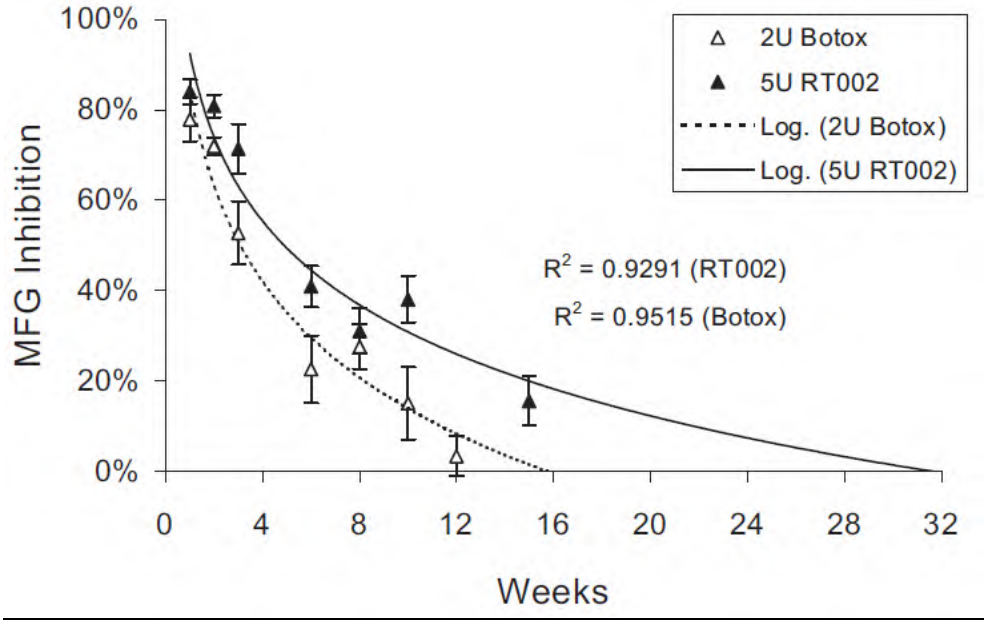
Figure 2 Qualitative Phase I/II Results From The Lowest Dose (Cohort 1) of RT002 To Treat Glabellar Lines

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 3 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

Figure 4 Revance Annual P&L

REVANCE - 2014-2021 ESTIMATED ANNUAL EPS BUILDUP ($MM)

	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	CGR	Comments
U.S. RT001 Cosmetic Sales					$30.0	$115.0	$230.0	$360.0	$415.0		- RT001 in Phase III; Launch expected in late 2017
Growth Rate						+283%	+100%	+57%	+15%		- Rapid growth expected; core patents through 2027-29, with potential 5-year ext.
U.S. RT001 Therapeutic Sales							$25.0	$65.0	$105.0		- RT001 in Phase I/II; Launch expected in 2019
Growth Rate								+160%	+65%		- Solid growth expected
EU RT001 Cosmetic Sales						$15.0	$50.0	$105.0	$165.0		- RT001 in Phase III; Launch expected in 2018
Growth Rate							+233%	+110%	+15%		
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	**$0.6**	**$0.0**	**$0.0**	**$0.0**	**$30.0**	**$130.0**	**$305.0**	**$530.0**	**$685.0**		
% Change						+333%	+135%	+74%	+29%		
Cost of Goods	$0.00	$0.0	$0.0	$0.0	$15.0	$23.4	$48.8	$74.2	$82.2		
Gross Profit	$0.6	$0.0	$0.0	$0.0	$15.0	$106.6	$256.2	$455.8	$602.8		
Gross Margin					50.0%	82.0%	84.0%	86.0%	88.0%		- Solid margins
SG&A	$11.0	$17.5	$19.0	$30.0	$60.0	$75.0	$135.0	$175.0	$215.0	+17%	- Salesforce expansion in 2016/2017, in preparation for RT001 launch
% of Revs					200.0%	57.7%	44.3%	33.0%	31.4%		- 100 reps@$300K adds $30MM
R&D	$27.8	$40.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	+0%	- Clinical trial costs in 2013 of approximately $35MM
% of Revs					166.7%	38.5%	16.4%	9.4%	7.3%		- Additional clinical trials for RT001 indications
Operating Expenses	$38.8	$57.5	$69.0	$80.0	$110.0	$125.0	$185.0	$225.0	$265.0	+9%	
% of Revenues					366.7%	96.2%	60.7%	42.5%	38.7%		
Operating Income	($38.2)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$71.2	$230.8	$337.8	NM	- Operating profit expected in 2019
% Operating Margin	NM	NM	NM	NM	-316.7%	-14.2%	23.3%	43.5%	49.3%		
Non-Operating Income											
Interest Income	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		
Interest Expense	(15.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other Income	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Non-Operating Income	($14.2)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		
Pretax Income	($52.4)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$71.2	$230.8	$337.8	NM	
% of Revs	NM	NM	NM	NM	NM	NM	23.3%	43.5%	49.3%		
Income Taxes							$24.9	$80.8	$118.2	NM	
Income Tax Rate							35.0%	35.0%	35.0%		
Net Income - Operations	($52.4)	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$46.3	$150.0	$219.6	NM	
% Net Margin	NM	NM	NM	NM	NM	NM	15.2%	28.3%	32.1%		
Extraordinary Items	$52.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		
Reported Net Income	$0.3	($57.5)	($69.0)	($80.0)	($95.0)	($18.4)	$46.3	$150.0	$219.6	NM	
Interest Add-Back	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		
EPS (GAAP) - Before Ex. Items	($2.95)	($3.25)	($3.65)	($3.80)	($4.15)	($0.75)	$1.70	$5.15	$7.10	NM	- Profitable in 2018/2019 following the launch of RT001
Growth	NM	NM	NM	NM	NM	-82%	NM	+203%	+38%		
EPS - Extraordinary Items	$2.97	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		
EPS - Reported	$1.05	($3.25)	($3.65)	($3.80)	($4.15)	($0.75)	$1.70	$5.15	$7.10	NM	
Shares - Fully Diluted (MM)	17.7	17.7	19.0	21.0	23.0	25.0	27.0	29.0	31.0		- Diluted shares; assuming some onward dilution from options

Source: Cowen and Company

Figure 5 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 7% 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 6 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
RVNC	Revance

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Cowen and Company Rating System effective May 25, 2013

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

Market Perform (2): The stock is expected to have a total return that falls between the parameters of an Outperform and Underperform over the next 12 months

Underperform (3): Stock is expected to achieve a total negative return of at least 10% over the next 12 months

Assumption: The expected total return calculation includes anticipated dividend yield

Cowen and Company Rating System until May 25, 2013

Outperform (1): Stock expected to outperform the S&P 500

Neutral (2): Stock expected to perform in line with the S&P 500

Underperform (3): Stock expected to underperform the S&P 500

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

Cowen Securities, formerly known as Dahlman Rose & Company, Rating System until May 25, 2013

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Cowen And Company Rating Definitions

Distribution of Ratings/Investment Banking Services (IB) as of 03/31/14

Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
Buy (a)	407	57.08%	85	20.88%
Hold (b)	288	40.39%	8	2.78%
Sell (c)	18	2.52%	1	5.56%

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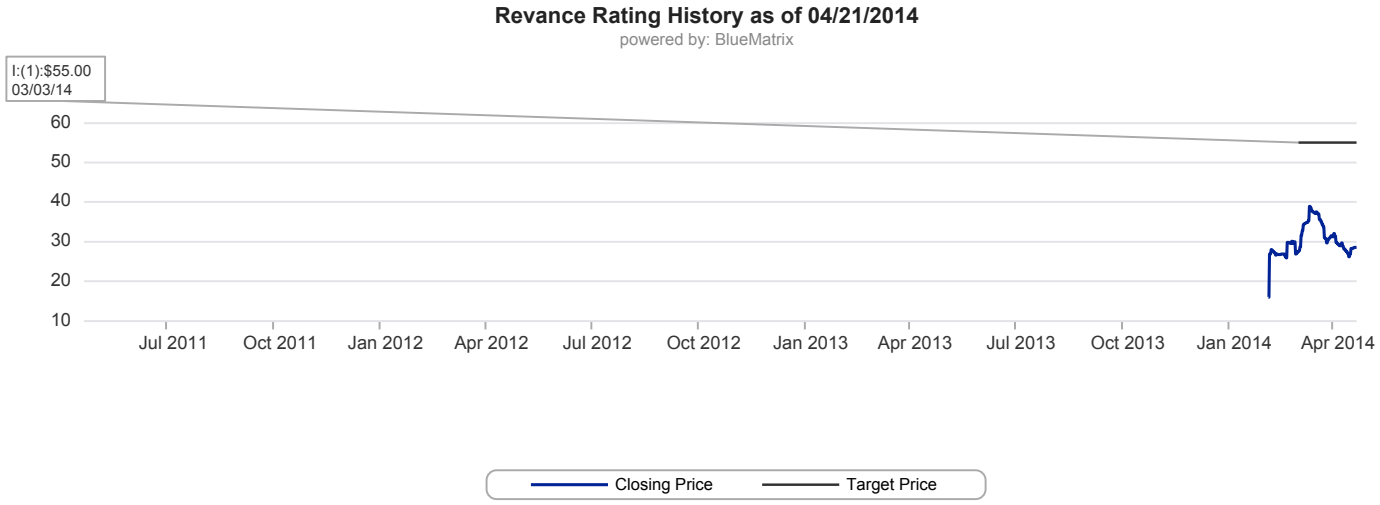

Legend for Price Chart:

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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