Eagle Pharmaceuticals Inc. (EGRX) — Overweight

Certainty On Bendamustine, And Cash Generation; Raising PT

CONCLUSION

Earlier today, Eagle announced a licensing agreement with Teva for EP-3102, EGRX's rapid-infusion, liquid form of bendamustine (i.e., Treanda). The agreement settles the ongoing patent litigation with Teva, enables a potential near-term launch (possibly in 2H15), and opens EGRX up to an attractive royalty stream, particularly considering that visibility on sustained exclusivity for EP-3102 (or relatively limited competition at worst over the long-term) in our view is strong. With cumulative royalties and milestones to EGRX (all flowing to pre-tax income) that in our view could exceed $300M by the end of 2018, along with the potential for Ryanodex (particularly in exertional heat stroke (EHS)) and other injectible 505(b)(2) opportunities, EGRX in our view remains attractively valued in the context of a market cap of only north of $350M. We reiterate our Overweight rating and are raising our PT to $41 from $23 (see below for details).

- **Teva agreement paves the way for the launch of EP-3102 later this year.** In addition to a double-digit royalty on net sales of EP-3102, EGRX will receive an upfront payment of $30M and could receive up to an additional $90M in milestone payments. Teva will waive its orphan drug exclusivity for Treanda for chronic lymphocytic leukemia and indolent B-cell non-Hodgkin lymphoma (which were set to expire in September 2015 and April 2016, respectively). The NDA for EP-3102 was submitted last week, and given that EGRX has orphan drug designation for EP-3102 in both bendamustine indications, we would not be surprised to see a priority review.

- **Sustained exclusivity for EP-3102 a realistic possibility.** EGRX will engage in discussions with the FDA regarding orphan exclusivity for EP-3102 (and not to mention that it has one issued patent on the product and other applications pending). That said, we would expect to see a number of abbreviated NDA (aNDA) filings on Teva's currently available liquid formulation of bendamustine. Though how the litigation plays out is something of a wild card (with 30-month stay expiries not until 2017), we would argue that even if there are filers that could work around Teva's intellectual property (IP) on its liquid form, the impact of competition would be mitigated by the advantages inherent in EP-3102 (i.e., a more rapid infusion) and the likelihood in our view that Teva will look to effectuate a "hard" switch to this product. To be clear, the upward revisions to our EPS estimates are tempered to an extent by some competition related to Teva's currently available liquid form that we build in starting in 2017. Regarding aNDA filings on the lyophilized form of bendamustine, we believe these are even less of a concern given that the market will have likely completely switched over to liquid formulations by the time of the first 30-month stay expiries here (in 2016), and given that showing non-infringement against Teva's IP (namely its polymorph IP) is hardly a slam dunk for this group of filers in our view.

RISKS TO ACHIEVEMENT OF PRICE TARGET

Pipeline setbacks and risks related to patent litigation.

COMPANY DESCRIPTION

Eagle is focused on optimized generic injectibles.

PRICE: US$26.10
Note: Price as of the close February 17, 2015.

TARGET: US$41.00
17x 2018E non-GAAP EPS of $3.63, disc. 15%

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Changes	Previous	Current
Rating	—	Overweight
Price Tgt	US$23.00	US$41.00
FY15E Rev (mil)	US$14.9	US$63.0
FY16E Rev (mil)	US$145.9	US$102.6
FY15E EPS	US$(1.95)	US$0.73
FY16E EPS	US$2.38	US$2.74

52-Week High / Low	US$26.25 / US$9.16
Shares Out (mil)	14.0
Market Cap. (mil)	US$365.4
Avg Daily Vol (000)	86
Book Value/Share	US$2.36
Net Cash Per Share	US$3.05
Debt to Total Capital	0%
Yield	0.00%
Fiscal Year End	Dec

Price Performance - 1 Year

Source: Bloomberg

YEAR	REVENUE (US$ m)						EARNINGS PER SHARE (US$)					
	Mar	Jun	Sep	Dec	FY	FY RM	Mar	Jun	Sep	Dec	FY	FY P/E
2014A	5.5	5.0	5.8	2.8	19.1	19.1x	(0.31)	(0.30)	(0.21)	(0.65)	(1.81)	NM
2015E	33.7E	3.5E	3.5E	22.4E	63.0E	5.8x	1.25E	(0.52)E	(0.53)E	0.18E	0.73E	35.8x
2016E	—	—	—	—	102.6E	3.6x	—	—	—	—	2.74E	9.5x

Exhibit 1

BENDAMUSTINE REVENUE ESTIMATES FOR EGRX

(Sales $M)	FY 2014A	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E
U.S. Sales						
Total Treanda U.S. Sales	**$776**	**$839**	**$875**	**$905**	**$920**	**$934**
EP-3102 share of brand Treanda sales [1]		15%	67%	70%	55%	50%
aNDA generic share (generics of TEVA's current liquid formulation)		0%	0%	30%	45%	50%
EP-3102 U.S. sales		$126	$586	$634	$506	$467
Estimated EGRX royalty rate		15%	15%	15%	15%	15%
EGRX Royalty Revenue		**$19**	**$88**	**$95**	**$76**	**$70**
Milestone payments from TEVA [2]		$30	$0	$0	$0	$0
Total Bendamustine Revenue		**$49**	**$88**	**$95**	**$76**	**$70**

Source: Company reports and PJC estimates.

Our Thoughts on Potential for Bendamustine Revenues to EGRX

EP-3102 is essentially Teva's line extension for Treanda. Teva reported brand Treanda U.S. sales of $776 million in 2014, up from $709 million in 2013, a growth rate of 9%. Our model reflects annual single digit growth in brand Treanda sales in 2015 and beyond (unchanged from our previous estimates). That said, we believe that once EP-3102 is approved (our model reflects a priority review and 4Q15 launch), Teva will over time look to effectuate a "hard" switch to the product by no longer supplying the currently available liquid formulation to its customers (we model this taking place over the course of 2016). In this respect, EP-3102 will essentially be Teva's line extension for its Treanda franchise.

Our assumptions on royalties and milestones to EGRX. Our model reflects a blended royalty rate of 15% on sales of EP-3102. EGRX noted that it will receive a two-tiered royalty on net sales (and specifically noted that the royalty will be solidly in the double-digits, but did not provide more details beyond that). Our model also reflects the receipt of the $30 million upfront payment from Teva, but does not reflect the receipt of any additional milestone payments (this is bearing in mind that EGRX is entitled to up to $90 million in additional milestone payments). The upward revisions to our EPS estimates reflect the benefits of royalty income that flow directly to EGRX pre-tax income (our previous estimates had reflected EGRX sales for its bendamustine products along with related COGS).

EP-3102 could very well have a sustained period of exclusivity; competition, even if it materializes, could be mitigated by its advantages over older formulations. We believe that the likelihood of continued exclusivity for Teva (and eventually EP-3102) through 2016 and possibly beyond is reasonably strong. Further, even if competition were to materialize (namely on Teva's currently available liquid formulation), we believe the advantages associated with EP-3102 would mitigate the impact. Below we highlight our latest thinking:

- EGRX has orphan drug designation (ODD) for EP-3102 in both non-Hodgkin lymphoma (NHL) and chronic lymphocytic leukemia (CLL). We would expect that the product will be granted orphan drug exclusivity upon approval (i.e., seven years of exclusivity). This would mean that other filers would essentially be blocked from bringing their own rapid infusion, liquid form of bendamustine to market during that timeframe.

- The attractiveness of bringing a generic of the lyophilized form of bendamustine to market is in our view highly limited, and that is of course provided that an abbreviated NDA (aNDA) filer can show that Teva's polymorph patent on the lyophilized form of the product is either invalid or not infringed upon (and we always believed that it would be a tougher case for these filers compared what EGRX was bringing to the table with a liquid formulation). Given that backdrop, and with Teva converting the Treanda market to its liquid formulation, and eventually to EP-3102 (with the benefits of a more rapid infusion time), we would not view aNDA filers on the lyophilized form as a threat to EGRX/Teva (we note that the earliest 30-month stay expiries associated with the aNDAs on the lyophilized form are in May 2016).

- There will undoubtedly be a number of aNDA filers on Teva's currently availably liquid form of Treanda. We would, however, keep in mind that Teva does have a patent in the Orange Book (patent #8,344,006) with claims related to this formulation. That said, our model conservatively assumes that some filers will be able to work around Teva's intellectual property, and our estimates do reflect the impact of competition on this form starting in 2017. That said, we would keep in mind that Teva by then will have switched over the market to EP-3102 (at least in our view), and that generics on the older liquid form will essentially have an inferior product (in terms of infusion times). As such, even if competition on the current liquid form were to materialize, we expect that it would be mitigated by these realities.

Exhibit 2

SUMMARY OF CURRENT AND PRIOR PJC ESTIMATES

	FY 2015E		FY 2016E		FY 2017E		FY 2018E		FY 2019E	
$ in millions, except per share	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior
Revenues										
Bendamustine 505(b)(2) generic sales	-	$0	-	$131	-	$83	-	$64	-	$56
Bendamustine royalty revenue	$19	-	$88	-	$95	-	$76	-	$70	-
Bendamustine milestone payments	$30	-	$0	-	$0	-	$0	-	$0	-
Ryanodex (dantrolene) - MH	$6	$6	$10	$10	$17	$17	$22	$22	$25	$25
Ryanodex (dantrolene) - EHS	$0	$0	$0	$0	$48	$48	$81	$81	$100	$100
Argatroban revenues	$6	$7	$3	$3	$2	$2	$2	$2	$2	$2
Other revenues	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2
Total Revenues	**$63**	**$15**	**$103**	**$146**	**$165**	**$153**	**$183**	**$171**	**$199**	**$185**
Expenses										
COGS	$14	$7	$5	$51	$19	$48	$28	$54	$34	$56
Research & development	$17	$17	$20	$17	$22	$17	$23	$18	$24	$18
Selling, general and administrative	$21	$19	$24	$24	$29	$29	$34	$34	$39	$39
Other income (expense), net	($0)	($1)	($0)	($0)	$0	$0	$0	$0	$0	$0
Operating Income	$11	($28)	$54	$54	$95	$59	$98	$66	$103	$73
non-GAAP Net Income	$12	($29)	$54	$54	$91	$56	$79	$53	$72	$52
Shares outstanding (diluted)	17	15	20	23	21	24	22	24	23	25
non-GAAP EPS, diluted	**$0.73**	**($1.95)**	**$2.74**	**$2.38**	**$4.39**	**$2.39**	**$3.63**	**$2.18**	**$3.20**	**$2.05**

Source: Company reports and PJC estimates.

Raising our PT on EGRX to $41

Our new PT of $41 reflects a P/E of 17x (unchanged) our FY 2018 EPS estimate of $3.63 (up from $2.18), discounted at 15% (down from 20%) for three years. The higher EPS estimates reflect royalty revenue from Teva related to EP-3102, but do not reflect the receipt of additional milestone payments beyond the $30 million upfront payment. Our model assumes a mid-teens royalty rate on EP-3102 sales, and reflects Teva undertaking a "hard" switch to this product following commercial availability (we are estimating a 4Q15 commercial launch, reflecting a priority review from the FDA).

Though competition from other generic filers (on Teva's currently available liquid form of bendamustine) is a possibility (and is reflected to some extent in our estimates), we nonetheless believe that cash flows for EGRX are sustainable at a minimum given our view that the erosion of EP-3102 will be mitigated by the reality that the product has a distinct advantage over the current liquid formulation in terms of infusion times. Further, growing contribution from EGRX's Ryanodex in malignant hyperthermia and eventually exertional heat stroke (EHS) should also enable relatively steady annual cash flows. We note that our estimates do not reflect contribution from other injectable opportunities that EGRX is pursuing (or will start to pursue). Given this backdrop, we believe the P/E used in the calculation of our new PT is appropriate (with appropriate risk adjustment in our view given the potential for bendamustine competition and development risks surrounding Ryanodex in EHS). The lower discount rate reflects the reduced risk associated with the Bendamustine launch given the agreement with Teva.

Eagle Pharmaceuticals - Quarterly and Annual Income Statement

Fiscal Year Ends December 31 (starting in 2015) [1]		FY 2014E						FY 2015E								
($ In millions, except for EPS)	**FY 2013A**	**1QA**	**2QA**	**3QA**	**4QA**	**FY 2014A**	**Stub** [1]	**1QE**	**2QE**	**3QE**	**4QE**	**FY 2015E**	**FY 2016E**	**FY 2017E**	**FY 2018E**	**FY 2019E**
Revenues																
Bendamustine royalty revenue											$18.9	$18.9	$87.9	$95.1	$75.9	$70.1
Bendamustine milestone payments								$30.0	$0.0	$0.0	$0.0	$30.0	$0.0	$0.0	$0.0	$0.0
Bendamustine franchise revenue								$30.0	$0.0	$0.0	$18.9	$48.9	$87.9	$95.1	$75.9	$70.1
Ryanodex (dantrolene) franchise sales					$0.2	$0.2	$0.5	$1.3	$1.4	$1.6	$1.7	$6.0	$10.2	$65.6	$103.5	$125.3
Bivalirudin 505(b)(2) generic sales																
Pemetrexed 505(b)(2) generic sales																
Argatroban revenues [2]	$13.7	$5.5	$4.7	$2.3	$2.6	$15.1	$1.0	$1.9	$1.6	$1.4	$1.4	$6.2	$2.5	$2.0	$2.0	$2.0
Other revenues	$0.0	$0.0	$0.3	$3.5	$0.0	$3.8	$4.1	$0.5	$0.5	$0.5	$0.5	$2.0	$2.0	$2.0	$1.5	$2.0
Total revenue	**$13.7**	**$5.5**	**$5.0**	**$5.8**	**$2.8**	**$19.1**	**$5.6**	**$33.7**	**$3.5**	**$3.5**	**$22.4**	**$63.0**	**$102.6**	**$164.7**	**$182.8**	**$199.4**
Cost of sales	7.4	4.6	3.4	1.6	2.2	11.7	4.5	1.8	1.7	1.6	9.1	14.2	4.7	18.6	27.8	33.5
Gross Profit	**$6.3**	**$0.9**	**$1.6**	**$4.2**	**$0.6**	**$7.4**	**$1.1**	**$31.8**	**$1.8**	**$1.9**	**$13.3**	**$48.8**	**$97.9**	**$146.1**	**$155.0**	**$165.9**
Research & development	9.8	2.6	3.8	4.5	5.9	16.8	4.0	4.1	4.2	4.2	4.3	16.8	20.0	22.0	23.0	24.0
Selling, general, and administrative	5.0	1.3	1.5	2.7	3.9	9.3	3.7	4.7	5.0	5.3	5.5	20.5	24.0	29.0	34.0	38.5
Total expenses [3]	**$22.1**	**$8.6**	**$8.6**	**$8.8**	**$11.9**	**$37.9**	**$12.2**	**$10.6**	**$10.9**	**$11.1**	**$18.9**	**$51.5**	**$48.7**	**$69.6**	**$84.8**	**$96.0**
Operating Income	**($8.5)**	**($3.1)**	**($3.6)**	**($3.0)**	**($9.1)**	**($18.8)**	**($6.6)**	**$23.0**	**($7.4)**	**($7.6)**	**$3.5**	**$11.5**	**$53.9**	**$95.1**	**$98.0**	**$103.4**
Other income (expense), net	1.5	(0.2)	(0.4)	0.0	0.0	(0.5)	0.0	(0.2)	(0.2)	(0.2)	(0.2)	(0.5)	(0.1)	0.2	0.2	0.2
Income (loss) before taxes	**($6.9)**	**($3.3)**	**($4.0)**	**($2.9)**	**($9.1)**	**($19.3)**	**($6.6)**	**$22.9**	**($7.5)**	**($7.8)**	**$3.3**	**$11.0**	**$53.8**	**$95.3**	**$98.2**	**$103.6**
Income tax provision	0.9	0.0	1.3	0.0	0.0	1.3	1.1	0.0	0.0	0.0	0.0	1.1	0.0	(4.8)	(19.6)	(31.1)
non-GAAP Net income (loss)	**($6.0)**	**($3.3)**	**($2.7)**	**($2.9)**	**($9.1)**	**($18.0)**	**($5.5)**	**$22.9**	**($7.5)**	**($7.8)**	**$3.3**	**$12.1**	**$53.8**	**$90.5**	**$78.6**	**$72.5**
non-GAAP EPS, basic [4]	**($0.63)**	**($0.31)**	**($0.30)**	**($0.21)**	**($0.65)**	**($1.81)**	**($0.39)**	**$1.61**	**($0.52)**	**($0.53)**	**$0.22**	**$0.83**	**$3.44**	**$5.44**	**$4.46**	**$3.89**
non-GAAP EPS, diluted [4]	**($0.63)**	**($0.31)**	**($0.30)**	**($0.21)**	**($0.65)**	**($1.81)**	**($0.39)**	**$1.25**	**($0.52)**	**($0.53)**	**$0.18**	**$0.73**	**$2.74**	**$4.39**	**$3.63**	**$3.20**
Shares outstanding, basic [5]	9.6	10.6	8.9	14.0	14.0	10.0	14.0	14.2	14.4	14.6	14.8	14.5	15.6	16.6	17.6	18.6
Shares outstanding, diluted [5]	9.6	10.6	8.9	14.0	14.0	10.0	14.0	18.2	14.4	14.6	18.8	16.5	19.6	20.6	21.6	22.6
Expenses as % of sales:																
COGS	54.0%	84.2%	67.1%	26.8%	77.3%	61.3%	80.2%	5.4%	48.0%	45.3%	40.8%	22.5%	4.6%	11.3%	15.2%	16.8%
R&D													19.5%	13.4%	12.6%	12.0%
SG&A													23.4%	17.6%	18.6%	19.3%
Margins:																
Gross margin	46.0%	15.8%	32.9%	73.2%	22.7%	38.7%	19.8%	94.6%	52.0%	54.7%	59.2%	77.5%	95.4%	88.7%	84.8%	83.2%
Operating margin													52.5%	57.7%	53.6%	51.8%
Net income													52.4%	55.0%	43.0%	36.4%
Income Tax													0.0%	5.0%	20.0%	30.0%
Y-O-Y Growth rates:																
Total revenue						**39.6%**						**229.7%**	**62.9%**	**60.5%**	**11.0%**	**9.1%**
R&D						71.7%						-0.1%	19.0%	10.0%	4.5%	4.3%
Selling, general, and administrative						88.1%						119.8%	17.1%	20.8%	17.2%	13.2%
Operating profit															3.1%	5.4%
Net income															-13.2%	-7.7%
EPS																

(1) EGRX is shifting its fiscal year-end to December, "Stub" refelcts actual results from the three-month stub period ending December 31, 2014; our model now reflects fiscal year timing consistent with EGRX's new fiscal year
(2) Includes EGRX product sales and royalties from partners
(3) Total expenses include COGS
(4) Excludes dividends paid to convertible preferred stock holders
(5) Reflects convertion of preferred shares to common equity shares as a result of February 2014 IPO

Eagle: David Amsellem 212.284.9455

Eagle Pharmaceuticals - Annual Cash Flow Statement

($ in millions)

	FY 2012A	FY 2013A	FY 2014A	FY 2015E	FY 2016E	FY 2017E	FY 2018E
Beginning Cash & Equivalents	**$8.1**	**$5.1**	**$10.5**	**$22.7**	**$45.3**	**$101.7**	**$198.1**
Operating Activities							
Net Income (Loss)	($19.4)	($6.0)	($18.0)	$12.1	$53.8	$90.5	$78.6
Depreciation & Amortization	$0.2	$0.1	$0.1	$1.0	$1.0	$1.0	$1.0
Other	$0.4	$2.8	$0.6	$0.0	$0.0	$0.0	$0.0
Stock-based Compensation	$0.4	$0.1	$0.6	$2.0	$2.0	$2.0	$2.0
Net Change in Assets and Liabilities	$2.8	($2.8)	$2.9	$3.5	($4.4)	($1.1)	($0.5)
Cash From Operations	**($15.5)**	**($5.9)**	**($13.8)**	**$18.6**	**$52.4**	**$92.4**	**$81.1**
Investing Activities							
Capital Expenditures	($0.0)	($0.0)	($0.0)	($1.0)	($1.0)	($1.0)	($1.0)
Short-Term Investments	$3.0	$1.5	($20.0)	$0.0	$0.0	$0.0	$0.0
Acquisition of Tangible Assets	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Acquisition of Intangibles	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Investment	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cash From Investing Activities	**$3.0**	**$1.5**	**($20.0)**	**($1.0)**	**($1.0)**	**($1.0)**	**($1.0)**
Financing Activities							
Debt Issuance	$9.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Debt Repayments	$0.0	$9.8	$0.0	$0.0	$0.0	$0.0	$0.0
Dividends	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Share Repurchases	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Stock and Option Issuances	$0.0	$0.0	$46.1	$5.0	$5.0	$5.0	$5.0
Other, Net	($0.1)	($0.0)	$0.1	$0.0	$0.0	$0.0	$0.0
Cash From Financing Activities	**$9.5**	**$9.8**	**$46.2**	**$5.0**	**$5.0**	**$5.0**	**$5.0**
Currency Translation Differences	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Change In Cash	($3.0)	$5.4	$12.3	$22.6	$56.4	$96.4	$85.1
Year End Cash & Equivalents	**$5.1**	**$10.5**	**$22.7**	**$45.3**	**$101.7**	**$198.1**	**$283.2**

Eagle: David Amsellem 212.284.9455

Eagle Pharmaceuticals - Annual Balance Sheet

($ in millions)

	FY 2012A	FY 2013A	FY 2014A	FY 2015E	FY 2016E	FY 2017E	FY 2018E
Current Assets							
Cash & Equivalents	$5.1	$10.5	$22.7	$45.3	$101.7	$198.1	$283.2
Marketable Securities	$1.5	$0.0	$20.0	$20.0	$20.0	$20.0	$20.0
Accounts Receivable, net	$1.6	$5.1	$7.3	$5.6	$9.0	$10.0	$10.9
Inventories	$0.1	$0.0	$1.3	$0.5	$2.5	$3.8	$4.6
Other Current Assets	$0.6	$1.9	$1.7	$2.0	$2.3	$2.6	$3.0
Total Current Assets	**$8.9**	**$17.5**	**$53.0**	**$73.4**	**$135.6**	**$234.5**	**$321.7**
Property, Plant & Equipment, Net	$0.5	$0.4	$0.3	$0.3	$0.3	$0.3	$0.3
Restricted Cash	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Assets	$0.1	$0.2	$0.0	$0.0	$0.0	$0.0	$0.0
Total Assets	**$9.4**	**$18.1**	**$53.4**	**$73.8**	**$135.9**	**$234.9**	**$322.1**
Liabilities & Equity							
Current Liabilities	$12.3	$14.3	$20.3	$21.3	$22.4	$23.5	$24.7
Total Debt	$8.6	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Liabilities	$82.0	$91.7	$0.0	$0.0	$0.0	$0.0	$0.0
Equity	($93.4)	($87.9)	$33.1	$52.5	$113.5	$211.4	$297.4
Total Liabilities & Equity	**$9.4**	**$18.1**	**$53.4**	**$73.8**	**$135.9**	**$234.9**	**$322.1**

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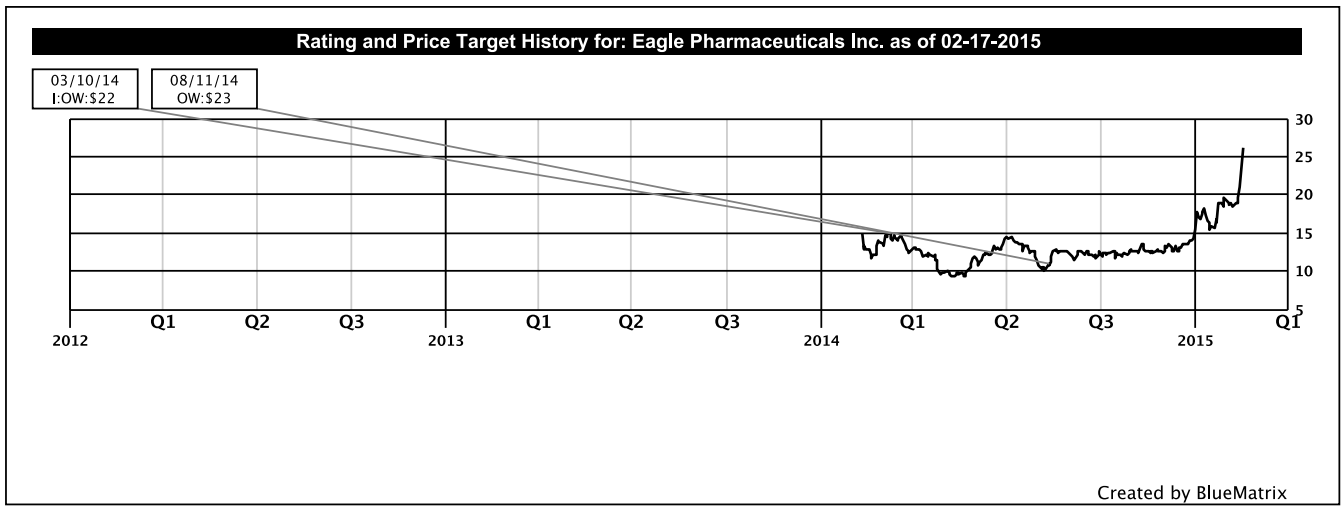
IMPORTANT RESEARCH DISCLOSURES



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

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

Distribution of Ratings/IB Services
Piper Jaffray

			IB Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [OW]	380	60.32	99	26.05
HOLD [N]	236	37.46	18	7.63
SELL [UW]	14	2.22	0	0.00

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

Analyst Certification — David Amsellem, Sr. Research Analyst
— Traver A. Davis, Research Analyst
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- **Neutral (N):** Anticipated to perform in line relative to the median of the group of stocks covered by the analyst.
- **Underweight (UW):** Anticipated to underperform relative to the median of the group of stocks covered by the analyst.

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