

Eagle Pharmaceuticals Inc. (EGRX)

Overweight

Fiscal 2Q Update: Key Milestones For Bendamustine And Ryanodex On The Horizon

CONCLUSION

Eagle reported a fiscal 2Q14 net loss per share of (\$0.36) on revenues of \$5.0M. Revenues doubled compared to fiscal 2Q13 due to greater market penetration and higher royalty income from the argatroban generic (recall that this is a partnered product). We should see FDA approval decisions in July for EGRX's liquid form of bendamustine (\$700M + brand seller Treanda) and for its enhanced form of dantrolene (aka Ryanodex) for malignant hypothermia (MH). Further, a pilot study testing Ryanodex in exertional heat stroke (EHS) is set to begin later this year. With multiple shots-on-goal in the injectibles arena that are potential improvements over predecessor products (i.e., hence the 505(b)(2) pathway to market for EGRX's generics), pointing to cash generation starting in as early as FY 2016, EGRX is valued attractively in the context of a market cap of under \$150M. We reiterate our Overweight rating and \$22 PT.

- **FDA action for ready-to-dilute (RTD) form of bendamustine on the horizon.** The action date for EGRX's RTD form of bendamustine for chronic lymphocytic leukemia (CLL) and indolent B-cell non-Hodgkin's lymphoma (NHL) is set for 7/6/14. That said, recall that litigation with Teva is ongoing and that one of the gating factors to a potential launch is a favorable lower court decision (or even better, the court granting EGRX's motion for summary judgment). EGRX noted that enrollment for a pivotal study testing its low-volume form of bendamustine (this would result in shorter infusion times) is ongoing with 40 patients already dosed and no adverse outcomes seen to date. EGRX is planning to file for approval of this product in 2015.
- **An approval decision for Ryanodex in MH is also looming.** Recall that the filing in MH has priority review status with an action date of 7/22/14. Given that this is a lower volume formulation that can be reconstituted far more rapidly than the predecessor form of dantrolene, and given that all U.S. hospitals are required to stock dantrolene (this is now a roughly \$20M market annually), we would not be surprised to see some pricing power over time for EGRX's product (and management has hinted that it will initially price its product at a slight premium to the predecessor). As such, we believe that longer-term, the peak sales opportunity in MH could be meaningfully higher than the current \$20M market would suggest.
- **Pilot study in EHS set to begin later this year.** EGRX expects to begin dosing EHS patients later this year in a pilot study to be conducted in Saudi Arabia. The study will compare standard-of-care (SOC) EHS treatment (i.e., rapid cooling of the patient along with IV fluids) versus SOC plus Ryanodex. Recall that as is the case with Ryanodex in MH, the product also has orphan status in EHS (in addition to issued patents on the formulation that expire as late as 2023).

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\$9.56

TARGET: US\$22.00

17x 2018E non-GAAP EPS of \$2.20, disc.
20%

David Amsellem

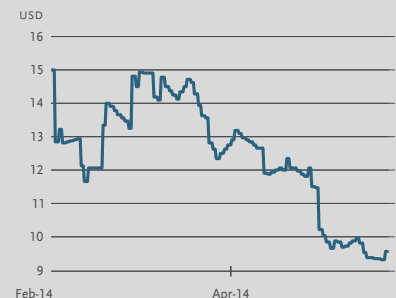
Sr. Research Analyst, Piper Jaffray & Co.
212 284-9455, david.a.amsellem@pjc.com

Traver A. Davis

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

Changes	Previous	Current
Rating	—	Overweight
Price Tgt	—	US\$22.00
FY15E Rev (mil)	US\$9.0	US\$14.8
FY16E Rev (mil)	—	US\$143.9
FY15E EPS	US\$(1.84)	US\$(1.79)
FY16E EPS	US\$2.49	US\$2.48
52-Week High / Low	US\$16.44 / US\$9.16	
Shares Out (mil)	13.9	
Market Cap. (mil)	US\$132.9	
Avg Daily Vol (ooo)	245	
Book Value/Share	US\$3.21	
Net Cash Per Share	US\$3.95	
Debt to Total Capital	0%	
Yield	0.00%	
Fiscal Year End	Sep	

Price Performance - 1 Year



Source: Bloomberg

YEAR	REVENUE (US\$ m)								EARNINGS PER SHARE (US\$)							
	Dec	Mar	Jun	Sep	FY	CY	FY RM	CY RM	Dec	Mar	Jun	Sep	FY	CY	FY P/E	CY P/E
2014E	5.5A	5.0A	3.8E	3.3E	17.5E	—	7.6x	NA	(0.31)A	(0.30)A	(0.34)E	(0.39)E	(1.36)E	—	NM	NA
2015E	2.8E	3.9E	4.0E	4.2E	14.8E	—	9.0x	NA	(0.47)E	(0.43)E	(0.45)E	(0.44)E	(1.79)E	—	NM	NA
2016E	—	—	—	—	143.9E	—	0.9x	NA	—	—	—	—	2.48E	—	3.9x	NA

Piper Jaffray does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decisions. This report should be read in conjunction with important disclosure information, including an attestation under Regulation Analyst certification, found on pages 7 - 8 of this report or at the following site: <http://www.piperjaffray.com/researchdisclosures>.

Exhibit 1

FISCAL 2Q14: ACTUAL VS. PJC ESTIMATES

<i>\$ in millions, except per share</i>	Actual	PJC Estimates
<i>Revenue</i>		
Bendamustine 505(b)(2) generic	\$0.0	\$0.0
Ryanodex - MH & EHS	\$0.0	\$0.0
Argatroban revenues	\$4.7	\$2.0
Other revenues	\$0.3	\$0.0
Total Revenues	\$5.0	\$2.0
<i>Expenses</i>		
COGS	\$3.4	\$1.0
R&D	\$3.8	\$3.6
SG&A	\$1.5	\$1.7
Operating Income	(\$3.6)	(\$4.3)
non-GAAP Net Income	(\$2.7)	(\$4.5)
non-GAAP EPS, diluted	(\$0.30)	(\$0.64)
Shares outstanding, diluted	8.9	7.0

Source: Company reports, ThomsonOne, and PJC estimates

Exhibit 2

EGRX CALENDAR OF UPCOMING EVENTS

Product/ Program	Event	Expected Date
Bendamustine	PDUFA date for ready-to-dilute (RTD) product (EP-3101)	July 6, 2014
Dantrolene	PDUFA date in MH	July 22, 2014
Bendamustine	Potential summary judgement in litigation versus Teva	Mid-2014
Dantrolene	Potential initiation of pilot study for heat stroke	Late 2014
Bendamustine	Submit sNDA for RTD, shorter infusion time formulation (EP-3102)	1H15
Bivalirudin	Possible NDA submission	mid-2015
Dantrolene	Potential initiation of pivotal trial for heat stroke	2015

Note: Expected dates relate to calendar dates

Source: Company reports and PJC estimates

Exhibit 3

SUMMARY OF CURRENT AND PRIOR EGRX ESTIMATES

\$ in millions, except per share	FY 2014E		FY 2015E		FY 2016E		FY 2017E		FY 2018E		FY 2019E	
	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior
Revenues												
Bendamustine 505(b)(2) generic sales	\$0	\$0	\$0	\$0	\$131	\$131	\$83	\$83	\$64	\$64	\$56	\$56
Ryanodex (dantrolene) - MH	\$0	\$0	\$6	\$6	\$10	\$10	\$17	\$17	\$22	\$22	\$25	\$25
Ryanodex (dantrolene) - EHS	\$0	\$0	\$0	\$0	\$0	\$0	\$48	\$48	\$81	\$81	\$100	\$100
Argatroban revenues	\$17	\$7	\$9	\$3	\$3	\$3	\$2	\$2	\$2	\$2	\$2	\$2
Other revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$17	\$7	\$15	\$9	\$144	\$144	\$151	\$151	\$170	\$170	\$183	\$183
Expenses												
COGS	\$13	\$3	\$7	\$3	\$50	\$50	\$47	\$47	\$53	\$53	\$55	\$55
Research & development	\$14	\$15	\$17	\$16	\$17	\$17	\$17	\$17	\$18	\$18	\$18	\$18
Selling, general and administrative	\$7	\$9	\$17	\$17	\$20	\$20	\$25	\$25	\$32	\$32	\$38	\$38
Other income (expense), net	(\$1)	(\$1)	(\$1)	(\$1)	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Income	(\$17)	(\$20)	(\$26)	(\$27)	\$57	\$58	\$62	\$62	\$68	\$68	\$73	\$74
non-GAAP Net Income	(\$16)	(\$21)	(\$27)	(\$28)	\$57	\$58	\$59	\$59	\$54	\$54	\$52	\$52
Shares outstanding (diluted)	12	14	15	15	23	23	24	24	25	25	25	25
non-GAAP EPS, diluted	(\$1.36)	(\$1.53)	(\$1.79)	(\$1.84)	\$2.48	\$2.49	\$2.48	\$2.48	\$2.20	\$2.20	\$2.03	\$2.03

Note: Our prior estimates were based on a fiscal year ending December 31; our current estimates reflect a fiscal year ending September 30

Source: Company reports, ThomsonOne, and PJC estimates

Eagle Pharmaceuticals - Quarterly and Annual Income Statement

Fiscal Year Ends September 30
(\$ In millions, except for EPS)

	FY 2014E					FY 2015E								
	FY 2013A	1QA	2QA	3QE	4QE	FY 2014E	1QE	2QE	3QE	4QE	FY 2015E	FY 2016E	FY 2017E	FY 2018E
Revenues														
Bendamustine 505(b)(2) generic sales											\$0.0	\$131.2	\$83.3	\$64.4
Ryanodex (dantrolene) - exertional heat stroke (EHS)											\$0.0	\$0.0	\$48.2	\$81.1
Ryanodex (dantrolene) - malignant hyperthermia (MH)								\$1.5	\$2.0	\$2.5	\$6.0	\$10.2	\$17.3	\$22.4
Ryanodex (dantrolene) franchise sales								\$1.5	\$2.0	\$2.5	\$6.0	\$10.2	\$65.5	\$103.4
Bivalirudin 505(b)(2) generic sales														
Pemetrexed 505(b)(2) generic sales														
Argatroban revenues ⁽¹⁾	\$13.7	\$5.5	\$4.7	\$3.8	\$3.3	\$17.2	\$2.8	\$2.4	\$2.0	\$1.8	\$8.9	\$2.5	\$2.0	\$2.0
Other revenues	\$0.0	\$0.0	\$0.3	\$0.0	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total revenue	\$13.7	\$5.5	\$5.0	\$3.8	\$3.3	\$17.5	\$2.8	\$3.9	\$4.0	\$4.2	\$14.8	\$143.9	\$150.8	\$169.8
Cost of sales	7.4	4.6	3.4	2.5	2.2	12.7	1.9	2.0	1.9	1.8	7.5	49.7	46.7	52.8
Gross Profit	\$6.3	\$0.9	\$1.6	\$1.2	\$1.1	\$4.8	\$0.9	\$1.9	\$2.2	\$2.4	\$7.3	\$94.3	\$104.1	\$117.0
Research & development	9.8	2.6	3.8	3.9	4.0	14.3	4.1	4.1	4.2	4.2	16.6	16.8	17.0	17.5
Selling, general, and administrative	5.0	1.3	1.5	1.9	2.5	7.2	3.4	4.0	4.5	5.3	17.2	20.0	25.0	32.0
Total expenses ⁽²⁾	\$22.1	\$8.6	\$8.6	\$8.3	\$8.7	\$34.2	\$9.4	\$10.1	\$10.6	\$11.3	\$41.3	\$86.5	\$88.7	\$102.3
Operating Income	(\$8.5)	(\$3.1)	(\$3.6)	(\$4.6)	(\$5.4)	(\$16.7)	(\$6.6)	(\$6.2)	(\$6.6)	(\$7.1)	(\$26.5)	\$57.5	\$62.1	\$67.5
Other income (expense), net	1.5	(0.2)	(0.4)	(0.2)	(0.2)	(0.9)	(0.2)	(0.2)	(0.2)	(0.2)	(0.6)	(0.1)	0.2	0.2
Income (loss) before taxes	(\$6.9)	(\$3.3)	(\$4.0)	(\$4.7)	(\$5.6)	(\$17.6)	(\$6.8)	(\$6.4)	(\$6.7)	(\$7.2)	(\$27.1)	\$57.4	\$62.3	\$67.7
Income tax provision	0.9	0.0	1.3	0.0	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	(3.1)	(13.5)
Dividends paid related to convertible pfd stock ⁽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	0.0
non-GAAP Net income (loss)	(\$6.0)	(\$3.3)	(\$2.7)	(\$4.7)	(\$5.6)	(\$16.3)	(\$6.8)	(\$6.4)	(\$6.7)	(\$7.2)	(\$27.1)	\$57.4	\$59.2	\$54.2
non-GAAP EPS, basic ⁽³⁾	(\$0.63)	(\$0.31)	(\$0.30)	(\$0.34)	(\$0.39)	(\$1.36)	(\$0.47)	(\$0.43)	(\$0.45)	(\$0.44)	(\$1.79)	\$3.35	\$3.31	\$2.91
non-GAAP EPS, diluted ⁽³⁾	(\$0.63)	(\$0.31)	(\$0.30)	(\$0.34)	(\$0.39)	(\$1.36)	(\$0.47)	(\$0.43)	(\$0.45)	(\$0.44)	(\$1.79)	\$2.48	\$2.48	\$2.20
Shares outstanding, basic ⁽⁴⁾	9.6	10.6	8.9	14.0	14.3	11.9	14.5	14.7	14.9	16.4	15.1	17.1	17.9	18.6
Shares outstanding, diluted ⁽⁴⁾	9.6	10.6	8.9	14.0	14.3	11.9	14.5	14.7	14.9	16.4	15.1	23.1	23.9	24.6
Expenses as % of sales:														
COGS	54.0%	84.2%	67.1%	67.5%	67.5%	72.6%	67.5%	50.9%	46.3%	42.7%	50.4%	34.5%	31.0%	31.1%
R&D												11.7%	11.3%	10.3%
SG&A												13.9%	16.6%	18.8%
Margins:														
Gross margin	46.0%	15.8%	32.9%	32.5%	32.5%	27.4%	32.5%	49.1%	53.8%	57.3%	49.6%	65.5%	69.0%	68.9%
Operating margin												39.9%	41.2%	39.8%
Net income												39.9%	39.2%	31.9%
Income Tax												0.0%	5.0%	20.0%
Y-O-Y Growth rates:														
Total revenue											-15.4%	872.0%	4.8%	12.6%
R&D											16.2%	1.2%	1.2%	2.9%
Selling, general, and administrative											138.9%	16.3%	25.0%	28.0%
Operating profit														8.7%
Net income														-8.5%
EPS														

(1) Includes EGRX product sales and royalties from partners

(2) Total expenses include COGS

(3) Excludes dividends paid to convertible preferred stock holders

(4) Reflects conversion of preferred shares to common equity shares as a result of February 2014 IPO; also reflects a modest equity capital raise in FY 2015

Proprietary to Piper Jaffray & Co. May 14, 2014

Eagle: David Amsellem 212.284.9455

Current disclosure information for this company can be found at

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

Eagle Pharmaceuticals - Annual Cash Flow Statement

(\$ in millions)

	FY 2012A	FY 2013A	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E
Beginning Cash & Equivalents	\$8.1	\$5.1	\$10.5	\$44.9	\$36.1	\$99.9	\$165.1
Operating Activities							
Net Income (Loss)	(\$19.4)	(\$6.0)	(\$16.3)	(\$27.1)	\$57.4	\$59.2	\$54.2
Depreciation & Amortization	\$0.2	\$0.1	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Other	\$0.4	\$2.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Stock-based Compensation	\$0.4	\$0.1	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Net Change in Assets and Liabilities	\$2.8	(\$2.8)	\$2.0	(\$8.7)	(\$0.5)	(\$1.0)	(\$0.2)
Cash From Operations	(\$15.5)	(\$5.9)	(\$11.3)	(\$32.8)	\$59.8	\$61.2	\$57.0
Investing Activities							
Capital Expenditures	(\$0.0)	(\$0.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
Short-Term Investments	\$3.0	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Acquisition of Tangible Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
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	(\$1.0)	(\$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	\$50.3	\$25.0	\$5.0	\$5.0	\$5.0
Other, Net	(\$0.1)	(\$0.0)	(\$3.5)	\$0.0	\$0.0	\$0.0	\$0.0
Cash From Financing Activities	\$9.5	\$9.8	\$46.7	\$25.0	\$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	\$34.4	(\$8.8)	\$63.8	\$65.2	\$61.0
Year End Cash & Equivalents	\$5.1	\$10.5	\$44.9	\$36.1	\$99.9	\$165.1	\$226.1

Proprietary to Piper Jaffray & Co. May 14, 2014

Eagle: David Amsellem 212.284.9455

Eagle Pharmaceuticals - Annual Balance Sheet

(\$ in millions)

	FY 2012A	FY 2013A	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E
Current Assets							
Cash & Equivalents	\$5.1	\$10.5	\$44.9	\$36.1	\$99.9	\$165.1	\$226.1
Marketable Securities	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Accounts Receivable, net	\$1.6	\$5.1	\$1.0	\$7.9	\$8.3	\$9.3	\$10.0
Inventories	\$0.1	\$0.0	\$2.9	\$5.4	\$6.4	\$7.2	\$7.5
Other Current Assets	\$0.6	\$1.9	\$0.5	\$0.5	\$0.6	\$0.7	\$0.8
Total Current Assets	\$8.9	\$17.5	\$49.2	\$50.0	\$115.2	\$182.4	\$244.5
Property, Plant & Equipment, Net	\$0.5	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Restricted Cash	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Assets	\$0.1	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Total Assets	\$9.4	\$18.1	\$49.9	\$50.6	\$115.8	\$183.0	\$245.1
Liabilities & Equity							
Current Liabilities	\$12.3	\$14.3	\$15.1	\$15.8	\$16.6	\$17.4	\$18.3
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)	\$34.8	\$34.8	\$99.2	\$165.5	\$226.8
Total Liabilities & Equity	\$9.4	\$18.1	\$49.9	\$50.6	\$115.8	\$183.0	\$245.1

Proprietary to Piper Jaffray & Co. May 14, 2014

Eagle: David Amsellem 212.284.9455

IMPORTANT RESEARCH DISCLOSURES



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

Legend:

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

Distribution of Ratings/IB Services Piper Jaffray				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [OW]	354	61.46	87	24.58
HOLD [N]	204	35.42	20	9.80
SELL [UW]	18	3.12	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

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

Research Disclosures

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

Piper Jaffray expects to receive or intends to seek compensation for investment banking services from Eagle Pharmaceuticals Inc. in the next 3 months.

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

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

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

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

Rating Definitions

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

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

Other Important Information

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

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

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

Copyright 2014 Piper Jaffray. All rights reserved.