

# Adamas Pharmaceuticals, Inc. (ADMS)

Overweight

2Q Update: ADS-5102 Phase III Ongoing; Waiting on Namenda XR/Donepezil Approval

## CONCLUSION

We are updating our model to reflect Adamas' 2Q14 results. During the quarter, ADMS recognized a \$25M milestone payment from Forest (now Actavis) related to the NDA for the fixed-dose combination (FDC) of Namenda XR and donepezil (aka Aricept). We should see key milestones over the next 12-18 months, including FDA approval of the FDC by late 2014 or early 2015, and Phase III data for ADS-5102, ADMS' extended-release (ER) form of amantadine for levodopa-induced dyskinesias (LID) in 2H15. We continue to believe that ADMS has the potential to generate compelling cash flows longer-term driven by royalties from the Namenda line extensions (over \$100M possibly by 2020) and sales from ADS-5102 (a potentially \$200M+ opportunity in our view). As such, we believe ADMS is attractively valued in the context of a market cap of around \$275M. We reiterate our Overweight rating and \$32 PT.

- **Color on cash resources.** ADMS finished 2Q14 with \$145M in cash and equivalents, compared to \$86M at the end of 2013. The cash balance reflects net proceeds of \$43M from the initial public offering in April 2014. Given the current cash balance, and the milestone streams from Actavis, we do not believe that ADMS will need to access additional capital in order to reach profitability (which we expect will occur by 2018).
- **Namenda line extensions should provide a durable royalty stream longer term.** The first line extension, Namenda XR, currently accounts for around 40% of volumes for the entire memantine market, up from 20% at the end of 1Q14, and 12% at the beginning of 2014 (per IMS). Recall that ACT is planning to discontinue shipping of the immediate-release (IR) form of memantine this fall with the goal of switching over all patients to Namenda XR. Given that a significant majority of Namenda patients are also on donepezil in combination, we would expect to see a sizable number of Namenda patients switch over to the FDC in 2015. Recall that per the agreement with Forest/Actavis, ADMS will begin receiving royalties on sales of Namenda XR and the FDC five years after their respective launches (i.e., 2018 and 2020, respectively). The royalty rate on Namenda XR will be low-to-mid single digits, with a royalty rate in the low-to-mid teens for the FDC.
- **ADS-5102 Phase III data expected in 2H15.** We would also note that ADMS is planning to move ADS-5102 into a second Phase II study in traumatic brain injury (TBI) in the 2H14. Management has noted that it intends to pursue additional expansion opportunities for the product. Our model currently reflects contribution from ADS-5102 only in LID, with a launch year of 2017, and sales growing to \$170M by 2021.

## RISKS TO ACHIEVEMENT OF PRICE TARGET

Clinical setbacks for ADS-5102 and commercial risks for the Namenda line extensions.

## COMPANY DESCRIPTION

Adamas is focused on treatments for diseases of the central nervous system.

PRICE: US\$15.71

Note: priced as of the close 8/7/14

TARGET: US\$32.00

15x 2020E EPS of \$5.25, disc. 20%

David Amsellem

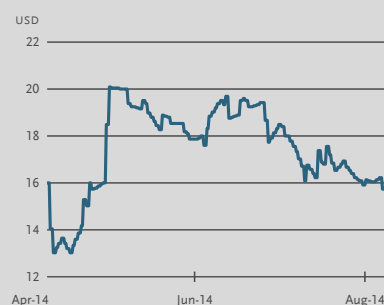
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Changes	Previous	Current
Rating	—	Overweight
Price Tgt	—	US\$32.00
FY14E Rev (mil)	70.0	55.3
FY15E Rev (mil)	—	0.0
FY14E EPS	2.41	1.49
FY15E EPS	(2.03)	(2.13)
52-Week High / Low	US\$21.63 / US\$12.02	
Shares Out (mil)	16.4	
Market Cap. (mil)	US\$257.6	
Avg Daily Vol (000)	66	
Book Value/Share	US\$7.70	
Net Cash Per Share	US\$7.30	
Debt to Total Capital	0%	
Div (ann)	US\$0.00	
Fiscal Year End	Dec	

## Price Performance - 1 Year



Source: Bloomberg

YEAR	REVENUE ( m )						EARNINGS PER SHARE ( )					
	Mar	Jun	Sep	Dec	FY	FY RM	Mar	Jun	Sep	Dec	FY	FY P/E
2013A	—	—	—	—	71.1	3.6x	—	—	—	—	2.63	6.0x
2014E	0.2A	25.2A	0.0	30.0	55.3	4.7x	(0.67)A	0.88A	(0.52)	1.13	1.49	10.5x
2015E	0.0	0.0	0.0	0.0	0.0	NA	(0.53)	(0.53)	(0.53)	(0.54)	(2.13)	NM

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Exhibit 1

**2Q14: ACTUAL VS. PJC/STREET ESTIMATES FOR ADMS**

	Actuals	PJC Estimates
<i>Revenue</i>		
ADS-5102 Net Sales	\$0.0	\$0.0
Namenda royalties	\$0.0	\$0.0
Milestone Payments	\$25.2	\$0.0
<b>Total Revenue</b>	<b>\$25.2</b>	<b>\$0.0</b>
<i>Expenses</i>		
COGS	\$0.0	\$0.0
R&D	\$5.2	\$4.8
SG&A	\$3.3	\$3.1
Operating income	\$16.7	(\$7.9)
Net Income	\$16.4	(\$7.9)
Diluted shares outstanding	18.6	16.4
<b>Non-GAAP EPS, diluted</b>	<b>\$0.88</b>	<b>(\$0.48)</b>

Source: Company reports and PJC estimates.

Exhibit 2

**SUMMARY OF CURRENT AND PRIOR ADMS ESTIMATES**

\$ in millions, except per share	2014E		2015E		2016E		2017E		2018E		2019E		2020E		2021E	
	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior
<i>Revenue</i>																
ADS-5102 Net Sales	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$48.5	\$48.5	\$91.8	\$91.8	\$129.8	\$129.8	\$149.8	\$149.8	\$170.2	\$170.2
Namenda royalties	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$16.7	\$16.7	\$17.3	\$17.3	\$111.8	\$111.8	\$116.2	\$116.2
Milestone Payments	\$55.3	\$70.0	\$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
<b>Total revenue</b>	<b>\$55.3</b>	<b>\$70.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$48.5</b>	<b>\$48.5</b>	<b>\$108.6</b>	<b>\$108.6</b>	<b>\$147.1</b>	<b>\$147.1</b>	<b>\$261.6</b>	<b>\$261.6</b>	<b>\$286.4</b>	<b>\$286.4</b>
<i>Expenses</i>																
COGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.7	\$9.7	\$18.4	\$18.4	\$23.4	\$23.4	\$27.0	\$27.0	\$30.6	\$30.6
R&D	\$17.9	\$19.4	\$21.9	\$21.9	\$24.1	\$24.1	\$22.9	\$22.9	\$23.5	\$23.5	\$22.9	\$22.9	\$22.3	\$22.3	\$21.7	\$21.7
SG&A	\$13.0	\$12.4	\$13.8	\$13.8	\$19.0	\$19.0	\$34.0	\$34.0	\$38.6	\$38.6	\$42.8	\$42.8	\$46.4	\$46.4	\$47.7	\$47.7
Operating income	\$24.4	\$38.2	(\$35.7)	(\$35.7)	(\$43.1)	(\$43.1)	(\$18.0)	(\$18.0)	\$28.2	\$28.2	\$58.1	\$58.1	\$165.9	\$165.9	\$186.4	\$186.4
Net Income	\$23.4	\$38.2	(\$35.7)	(\$35.7)	(\$43.1)	(\$43.1)	(\$18.0)	(\$18.0)	\$28.2	\$28.2	\$58.1	\$58.1	\$165.9	\$165.9	\$167.7	\$167.7
Share Outstanding, diluted	15.8	15.9	16.7	17.6	18.1	18.9	19.1	19.9	29.1	28.9	30.4	30.2	31.6	31.4	32.9	32.7
<b>Non-GAAP EPS, diluted</b>	<b>\$1.49</b>	<b>\$2.41</b>	<b>(\$2.13)</b>	<b>(\$2.03)</b>	<b>(\$2.38)</b>	<b>(\$2.28)</b>	<b>(\$0.94)</b>	<b>(\$0.90)</b>	<b>\$0.97</b>	<b>\$0.97</b>	<b>\$1.91</b>	<b>\$1.92</b>	<b>\$5.25</b>	<b>\$5.28</b>	<b>\$5.10</b>	<b>\$5.13</b>

Source: Company reports and PJC estimates.

# Adamas Pharmaceuticals - Quarterly and Annual Income Statement

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

	2014E						2015E											
	2012A	2013A	1QA	2QA	3QE	4QE	2014E	1QE	2QE	3QE	4QE	2015E	2016E	2017E	2018E	2019E	2020E	2021E
<b>Product Sales</b>																		
ADS-5102 Net Sales	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$48.5	\$91.8	\$129.8	\$149.8	\$170.2
Namenda royalties	\$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	\$16.7	\$17.3	\$111.8	\$116.2
Milestone Payments <sup>(1)</sup>	\$37.5	\$71.1	\$0.2	\$25.2	\$0.0	\$30.0	\$55.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Revenue</b>	<b>\$37.5</b>	<b>\$71.1</b>	<b>\$0.2</b>	<b>\$25.2</b>	<b>\$0.0</b>	<b>\$30.0</b>	<b>\$55.3</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$48.5</b>	<b>\$108.6</b>	<b>\$147.1</b>	<b>\$261.6</b>	<b>\$286.4</b>
Cost of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.7	18.4	23.4	27.0	30.6
<b>Gross Profit</b>	<b>\$37.5</b>	<b>\$71.1</b>	<b>\$0.2</b>	<b>\$25.2</b>	<b>\$0.0</b>	<b>\$30.0</b>	<b>\$55.3</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$38.8</b>	<b>\$90.2</b>	<b>\$123.8</b>	<b>\$234.6</b>	<b>\$255.8</b>
Research & development	9.2	7.4	2.8	5.2	4.9	5.1	17.9	5.3	5.4	5.5	5.7	21.9	24.1	22.9	23.5	22.9	22.3	21.7
Selling, general and administrative	8.3	6.7	3.1	3.3	3.3	3.3	13.0	3.3	3.4	3.5	3.6	13.8	19.0	34.0	38.6	42.8	46.4	47.7
<b>Total expenses</b>	<b>\$17.5</b>	<b>\$14.1</b>	<b>\$5.9</b>	<b>\$8.4</b>	<b>\$8.2</b>	<b>\$8.4</b>	<b>\$30.9</b>	<b>\$8.6</b>	<b>\$8.8</b>	<b>\$9.0</b>	<b>\$9.3</b>	<b>\$35.7</b>	<b>\$43.1</b>	<b>\$56.9</b>	<b>\$62.0</b>	<b>\$65.7</b>	<b>\$68.7</b>	<b>\$69.4</b>
<b>Operating Income</b>	<b>\$19.9</b>	<b>\$57.0</b>	<b>(\$5.7)</b>	<b>\$16.7</b>	<b>(\$8.2)</b>	<b>\$21.6</b>	<b>\$24.4</b>	<b>(\$8.6)</b>	<b>(\$8.8)</b>	<b>(\$9.0)</b>	<b>(\$9.3)</b>	<b>(\$35.7)</b>	<b>(\$43.1)</b>	<b>(\$18.0)</b>	<b>\$28.2</b>	<b>\$58.1</b>	<b>\$165.9</b>	<b>\$186.4</b>
Other income (expense), net	(1.9)	(4.9)	(0.7)	(0.1)	0.0	0.0	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Income (loss) before taxes</b>	<b>\$18.0</b>	<b>\$52.1</b>	<b>(\$6.4)</b>	<b>\$16.6</b>	<b>(\$8.2)</b>	<b>\$21.6</b>	<b>\$23.6</b>	<b>(\$8.6)</b>	<b>(\$8.8)</b>	<b>(\$9.0)</b>	<b>(\$9.3)</b>	<b>(\$35.7)</b>	<b>(\$43.1)</b>	<b>(\$18.0)</b>	<b>\$28.2</b>	<b>\$58.1</b>	<b>\$165.9</b>	<b>\$186.4</b>
Income tax provision	(0.3)	(1.2)	(0.0)	(0.2)	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(18.6)
<b>Net income (loss)</b>	<b>\$11.6</b>	<b>\$35.4</b>	<b>(\$6.4)</b>	<b>\$16.4</b>	<b>(\$8.2)</b>	<b>\$21.6</b>	<b>\$23.4</b>	<b>(\$8.6)</b>	<b>(\$8.8)</b>	<b>(\$9.0)</b>	<b>(\$9.3)</b>	<b>(\$35.7)</b>	<b>(\$43.1)</b>	<b>(\$18.0)</b>	<b>\$28.2</b>	<b>\$58.1</b>	<b>\$165.9</b>	<b>\$167.7</b>
<b>Non-GAAP EPS, basic</b>	<b>\$1.22</b>	<b>\$2.63</b>	<b>(\$0.67)</b>	<b>\$1.05</b>	<b>(\$0.52)</b>	<b>\$1.34</b>	<b>\$1.64</b>	<b>(\$0.53)</b>	<b>(\$0.53)</b>	<b>(\$0.53)</b>	<b>(\$0.54)</b>	<b>(\$2.13)</b>	<b>(\$2.38)</b>	<b>(\$0.94)</b>	<b>\$1.40</b>	<b>\$2.78</b>	<b>\$7.68</b>	<b>\$7.50</b>
<b>Non-GAAP EPS, diluted</b>	<b>\$1.17</b>	<b>\$2.63</b>	<b>(\$0.67)</b>	<b>\$0.88</b>	<b>(\$0.52)</b>	<b>\$1.13</b>	<b>\$1.49</b>	<b>(\$0.53)</b>	<b>(\$0.53)</b>	<b>(\$0.53)</b>	<b>(\$0.54)</b>	<b>(\$2.13)</b>	<b>(\$2.38)</b>	<b>(\$0.94)</b>	<b>\$0.97</b>	<b>\$1.91</b>	<b>\$5.25</b>	<b>\$5.10</b>
Shares outstanding, basic	9.5	13.4	9.5	15.6	15.9	16.1	14.3	16.4	16.6	16.9	17.1	16.7	18.1	19.1	20.1	20.9	21.6	22.4
Shares outstanding, diluted	9.9	13.4	9.5	18.6	15.9	19.1	15.8	16.4	16.6	16.9	17.1	16.7	18.1	19.1	29.1	30.4	31.6	32.9
<b>Expenses (as % of total revenues):</b>																		
COGS (as % of product sales)												0.0%	0.0%	20.0%	20.0%	18.0%	18.0%	18.0%
R&D														47.1%	21.6%	15.5%	8.5%	7.6%
Selling, general and administrative														70.0%	42.0%	33.0%	31.0%	28.0%
<b>Margins:</b>																		
Gross margin (as % of total revenues)														80.0%	83.1%	84.1%	89.7%	89.3%
Operating margin															26.0%	39.5%	63.4%	65.1%
Net income															26.0%	39.5%	63.4%	58.6%
Income Tax														0.0%	0.0%	0.0%	0.0%	10.0%
<b>Y-O-Y Growth rates:</b>																		
Total revenue															123.6%	35.5%	77.8%	9.5%
R&D															2.5%	-2.5%	-2.5%	-2.5%
Selling, general and administrative															10.0%	8.4%	2.6%	
Operating profit															106.1%	185.7%	12.3%	
<b>Net income</b>															<b>106.1%</b>	<b>185.7%</b>	<b>1.1%</b>	

(1) Milestone payments related to licensing agreement with Forest Laboratories on the Namenda line extensions (Namenda XR and MDX-8704, or a fixed dose combination of Namenda XR and Aricept)

Proprietary to Piper Jaffray, August 7, 2014

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Current disclosure information for this company can be found at

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

## Adams - Annual Cash Flow Statement

(\$ in millions)

	2012A	2013A	2014E	2015E	2016E	2017E	2018E	2019E
<b>Beginning Cash &amp; Equivalents</b>	<b>\$3.1</b>	<b>\$63.0</b>	<b>\$85.6</b>	<b>\$150.8</b>	<b>\$121.2</b>	<b>\$86.3</b>	<b>\$71.7</b>	<b>\$108.4</b>
<b>Operating Activities</b>								
Net Income (loss)	\$17.7	\$50.9	\$23.4	(\$35.7)	(\$43.1)	(\$18.0)	\$28.2	\$58.1
Depreciation	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
Other	\$1.9	\$4.6	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
Stock-based Compensation	\$0.8	\$0.6	\$1.0	\$4.0	\$6.0	\$8.0	\$10.0	\$11.0
Net Change in Assets and Liabilities	\$31.5	(\$29.4)	\$0.3	\$0.2	\$0.2	(\$6.4)	(\$3.4)	(\$2.4)
<b>Cash From Operations</b>	<b>\$52.0</b>	<b>\$26.8</b>	<b>\$23.9</b>	<b>(\$32.4)</b>	<b>(\$37.8)</b>	<b>(\$17.3)</b>	<b>\$33.9</b>	<b>\$65.8</b>
<b>Investing Activities</b>								
Capital Expenditures	(\$0.0)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
Short-Term Investments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Acquisition of Tangible Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Acquisition of Intangibles	\$0.0	\$0.0	\$0.0	\$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	\$0.0
<b>Cash From Investing Activities</b>	<b>(\$0.0)</b>	<b>(\$0.2)</b>	<b>(\$0.2)</b>	<b>(\$0.2)</b>	<b>(\$0.2)</b>	<b>(\$0.2)</b>	<b>(\$0.2)</b>	<b>(\$0.2)</b>
<b>Financing Activities</b>								
Debt Issuance	\$3.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Debt Repayments	\$0.0	(\$4.0)	\$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	\$0.0
Stock and Option Issuances	\$4.0	\$0.0	\$41.5	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
Other, Net	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Cash From Financing Activities</b>	<b>\$7.9</b>	<b>(\$4.0)</b>	<b>\$41.5</b>	<b>\$3.0</b>	<b>\$3.0</b>	<b>\$3.0</b>	<b>\$3.0</b>	<b>\$3.0</b>
Currency Translation Differences	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Change In Cash	\$59.8	\$22.7	\$65.2	(\$29.6)	(\$35.0)	(\$14.5)	\$36.7	\$68.6
<b>Year End Cash</b>	<b>\$63.0</b>	<b>\$85.6</b>	<b>\$150.8</b>	<b>\$121.2</b>	<b>\$86.3</b>	<b>\$71.7</b>	<b>\$108.4</b>	<b>\$177.0</b>

Proprietary to Piper Jaffray. August 7, 2014

ADMS: David Amsellem; 212.284.9455

## Adamas - Annual Balance Sheet

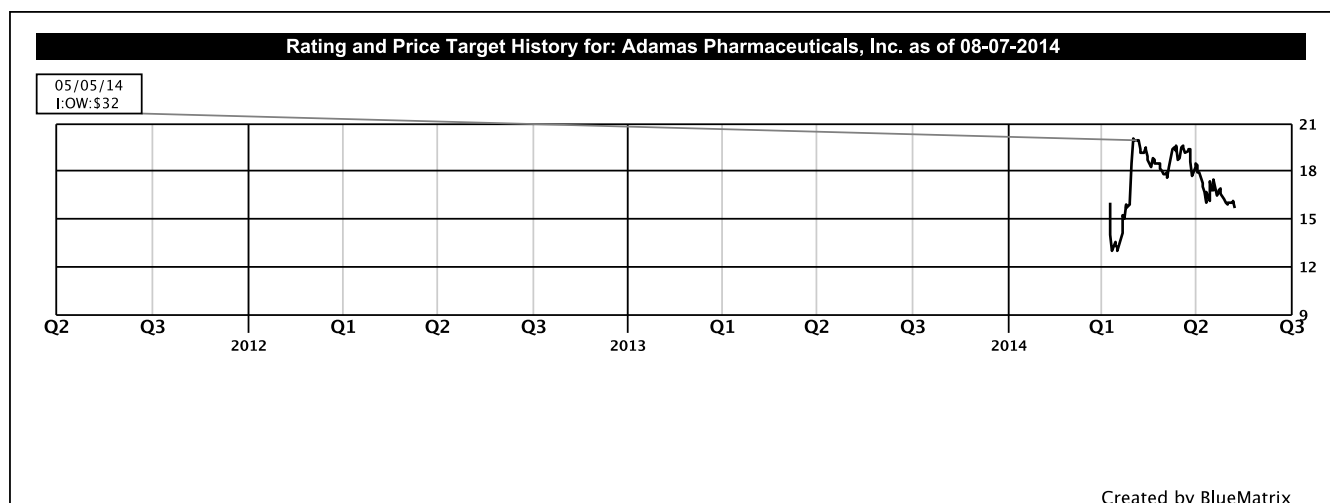
(\$ in millions)

	2012A	2013A	2014E	2015E	2016E	2017E	2018E	2019E
<b>Current Assets</b>								
Cash & Equivalents	\$63.0	\$85.6	\$150.8	\$121.2	\$86.3	\$71.7	\$108.4	\$177.0
Accounts Receivable, net	\$0.9	\$0.1	\$0.0	\$0.0	\$0.0	\$3.7	\$5.5	\$7.8
Inventories	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.9	\$4.8	\$5.1
Other Current Assets	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.4
<b>Total Current Assets</b>	<b>\$64.2</b>	<b>\$86.0</b>	<b>\$151.1</b>	<b>\$121.5</b>	<b>\$86.6</b>	<b>\$78.7</b>	<b>\$119.0</b>	<b>\$190.3</b>
Property, Plant & Equipment, Net	\$0.1	\$0.2	\$0.3	\$0.4	\$0.5	\$0.6	\$0.7	\$0.8
Goodwill & other intangible assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Assets</b>	<b>\$64.3</b>	<b>\$86.2</b>	<b>\$151.4</b>	<b>\$121.9</b>	<b>\$87.1</b>	<b>\$79.3</b>	<b>\$119.8</b>	<b>\$191.1</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	\$38.5	\$4.2	\$4.4	\$4.7	\$4.9	\$5.1	\$5.4	\$5.7
Long-Term Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Liabilities	\$1.7	\$6.2	\$6.2	\$6.2	\$6.2	\$6.2	\$6.2	\$6.2
Equity	\$24.1	\$75.8	\$140.7	\$111.0	\$76.0	\$67.9	\$108.1	\$179.2
<b>Total Liabilities &amp; Equity</b>	<b>\$64.3</b>	<b>\$86.2</b>	<b>\$151.4</b>	<b>\$121.9</b>	<b>\$87.1</b>	<b>\$79.3</b>	<b>\$119.8</b>	<b>\$191.1</b>

Proprietary to Piper Jaffray. August 7, 2014

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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				
Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
<b>BUY [OW]</b>	361	62.03	95	26.32
<b>HOLD [N]</b>	210	36.08	22	10.48
<b>SELL [UW]</b>	11	1.89	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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