Kythera Biopharmaceuticals

Reiterating OW On Highly Positive Phase III Data

Overweight

KYTH, KYTH US

Price: $33.53

▲ **Price Target: $45.00**
Previous: $34.00

After the close today, Kythera announced that its primary pipeline asset, ATX-101 for aesthetic reduction of submental fat (double chin), met all its primary and secondary endpoints for both the REFINE-1 and REFINE-2 Phase III trials. With positive data now in-hand, we see a very high probability of a 2015 approval for ATX-101 in the US and Europe in what we see as a $500+ million annual sales opportunity to Kythera. We reiterate our Overweight rating and our raising our price target to $45 from $34.

- **Phase III data looks solid and very consistent with earlier studies; all primary and secondary endpoints met**. REFINE-1 met its primary endpoint with 70.3% of ATX-101 subjects demonstrating simultaneous improvement of at least 1 grade from baseline on CR-SMFRS and PR-SMFRS (vs 18.7% for pbo) and 13.4% demonstrating a 2 grade improvement from baseline (vs 0% pbo), while Refine-2 demonstrated a 66.9% (22.4% for pbo) and 18.7% (3.2% pbo) improvement of at least 1 and 2 grades from baseline, respectively. All primary endpoints were significant with p-values of < 0.001. Secondary endpoints showed statistically significantly reduction in volume of submental region measured through an MRI, as well as a patient reported satisfaction scale (PR-SMFIS).

- **Safety data consistent with prior studies.** There were no treatment-related serious adverse events, with the most common adverse events being mild to moderate swelling, pain, bruising, numbness and redness. This is consistent with previous studies and we believe supportive of driving broader adoption. Less than 4% of subjects discontinued the study due to adverse events. We will look for additional clarity on the safety and tolerability on ATX-101 on tomorrow's call.

- **ATX-101 could address a significant unmet need and large market opportunity.** There are currently no approved non-surgical options for the reduction of submental (under-chin) fat and Kythera will target this market with a non-invasive injectable therapy. We see meaningful opportunity for ATX-101 in toxin and filler experienced patients as well as aesthetic naïve patients and over time, see a potentially meaningful off-label market for the product. We estimate annual sales for this product could be $500 million+.

- **Kythera will host a conference call tomorrow at 8:00 AM ET, dial-in 877-344-3890 and conference ID 65266554.**

Pharmaceuticals — Major & Specialty

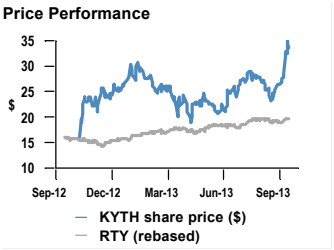
Chris Schott, CFA AC
(1-212) 622-5676
christopher.t.schott@jpmorgan.com
Bloomberg JPMA SCHOTT <GO>

Dana C Flanders
(1-212) 622-1256
dana.c.flanders@jpmorgan.com

Jessica Fye
(1-212) 622-4165
jessica.m.fye@jpmorgan.com

J.P. Morgan Securities LLC

Price Performance



	YTD	1m	3m	12m
Abs	10.5%	44.7%	28.1%	109.6 %
Rel	-13.9%	41.6%	20.5%	86.6%

Kythera Biopharmaceuticals, Inc. (KYTH;KYTH US)

FYE Dec	2011A	2012A	2013E	2014E	2015E
EPS Adjusted ($)					
Q1 (Mar)	(0.46)	(4.91)	(0.77)A	-	-
Q2 (Jun)	(0.41)	3.21	(0.67)A	-	-
Q3 (Sep)	(1.66)	(11.41)	(0.78)	-	-
Q4 (Dec)	-	(1.04)	(0.78)	-	-
FY	(7.98)	(2.62)	(2.99)	(0.38)	(1.68)
Bloomberg EPS FY ($)	-1.00	-4.04	-2.97	-1.41	-1.04

Source: Company data, Bloomberg, J.P. Morgan estimates.

Company Data	
Price ($)	33.53
Date Of Price	16 Sep 13
52-week Range ($)	35.80-14.07
Market Cap ($ mn)	617.72
Fiscal Year End	Dec
Shares O/S (mn)	18
Price Target ($)	45.00
Price Target End Date	31-Dec-14

See page 4 for analyst certification and important disclosures.

Chris Schott, CFA
(1-212) 622-5676
christopher.t.schott@jpmorgan.com

J.P.Morgan

Investment Thesis, Valuation and Risks

Kythera Biopharmaceuticals *(Overweight; Price Target: $45.00)*

Investment Thesis

Maintain Overweight Rating. Kythera's primary pipeline asset, ATX-101, is in phase 3 development for the aesthetic reduction of submental fat and to us represents a $500+ million annual sales opportunity. ATX-101 has shown positive and highly consistent results in US phase 2 and European phase 3 trials and we have a high level of confidence in the product's ongoing US phase 3 program.

Valuation

Raising Dec-14 price target to $45. Our prior Dec-14 price target was $34. Our discounted cash flow (DCF) analysis leads us to a valuation of $45/share for KYTH by the end of 2014, assuming the receipt of positive phase 3 data from the ongoing US trials and continued progress toward regulatory filings in the US and EU. We assume Kythera will launch ATX-101 in the US in 2015 and Bayer will launch in the EU around the same time. In addition, we expect Kythera's expense structure to continue to increase through 2030 on an absolute basis but consistently decline as a percentage of revenue through our estimate period.

We estimate a weighted average cost of capital (WACC) of 10.5%, which is consistent with our normal WACC estimates for companies of Kythera's size and development stage due to the risk of the company's business model relative to more established branded pharma companies with commercialized products. We also use a terminal decline of 30% past 2030 as the last patents covering ATX-101 expire in 2030. We use a long-term estimated tax rate of 38% in our analysis given Kythera's US/California domicile.

We have applied a 90% probability of success to ATX-101 gaining approval in the US and EU, which is consistent with probabilities of success for other products with positive phase 3 data and potential for filing in multiple jurisdictions.

Risks to Rating and Price Target

Risks to the downside include: 1) clinical risk from ongoing US phase 3 trials; 2) regulatory risk from FDA and EMA review of ATX-101 following submission; 3) commercial and partnership risk with ATX-101 potentially launching into the US and EU markets and 4) financing risk on any development delays for ATX-101.

Chris Schott, CFA
(1-212) 622-5676
christopher.t.schott@jpmorgan.com

J.P.Morgan

Kythera Biopharmaceuticals: Summary of Financials

Income Statement - Annual	FY12A	FY13E	FY14E	FY15E
Revenues	20	0	39	21
Cost of products sold	(2)	0	(4)	(2)
Gross profit	18	0	35	18
SG&A	(11)	(16)	(25)	(40)
R&D	(43)	(38)	(15)	(8)
Operating income	(36)	(53)	(5)	(29)
Net interest (income) / expense	(1)	(2)	(2)	(2)
Other income / (expense)	0	0	0	0
Pretax income	(37)	(55)	(7)	(31)
Income taxes	0	0	0	0
Net income - recurring	(37)	(55)	(7)	(31)
Diluted shares outstanding	14	18	19	19
EPS - excluding non-recurring	(2.62)	(2.99)	(0.38)	(1.68)
EPS - recurring	(2.62)	(2.99)	(0.38)	(1.68)

Balance Sheet and Cash Flow Data	FY12A	FY13E	FY14E	FY15E
Cash and cash equivalents	79	10	40	9
Short Term Investment	-	-	-	-
Accounts receivable	0	0	7	8
Inventories	0	0	0	0
Other current assets	8	8	8	8
Current assets	88	18	54	26
PP&E	0	0	0	1
Total assets	96	25	62	33
Total debt	3	18	25	25
Total liabilities	27	40	48	47
Shareholders' equity	69	17	14	(13)
Net income (including charges)	(37)	(55)	(7)	(31)
D&A	1	0	0	0
Change in working capital	(1)	(2)	(7)	(3)
Other	4	2	2	2
Cash flow from operations	(33)	(55)	(12)	(33)
Capex	(0)	(0)	(0)	(0)
Free cash flow	(32)	(54)	(10)	(31)
Cash flow from investing activities	(0)	(33)	32	(0)
Cash flow from financing activities	78	19	10	2

Income Statement - Quarterly	1Q13A	2Q13A	3Q13E	4Q13E
Revenues	0A	0A	0	0
Cost of products sold	0A	0A	0	0
Gross profit	0A	0A	0	0
SG&A	(4)A	(4)A	(4)	(4)
R&D	(10)A	(8)A	(10)	(10)
Operating income	(14)A	(12)A	(14)	(14)
Net interest (income) / expense	(0)A	(1)A	(0)	(0)
Other income / (expense)	0A	0A	0	0
Pretax income	(14)A	(12)A	(14)	(14)
Income taxes	0A	0A	0	0
Net income - recurring	(14)A	(12)A	(14)	(14)
Diluted shares outstanding	18A	18A	18	18
EPS - excluding non-recurring	(0.77)A	(0.67)A	(0.78)	(0.78)
EPS - recurring	(0.77)A	(0.67)A	(0.78)	(0.78)

Ratio Analysis	FY12A	FY13E	FY14E	FY15E
Sales growth	51.6%	(100.0%)	-	(47.3%)
EBIT growth	231.3%	48.9%	(90.8%)	495.6%
EPS growth - recurring	(67.2%)	14.4%	(87.3%)	342.4%
Gross margin	90.2%	-	90.0%	89.4%
EBIT margin	(182.5%)	-	(12.6%)	(142.0%)
Tax rate	0.0%	0.0%	0.0%	0.0%
Net Profit Margin	(186.9%)	-	(18.0%)	(152.4%)

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec

Chris Schott, CFA
(1-212) 622-5676
christopher.t.schott@jpmorgan.com

J.P.Morgan

Analyst Certification: The research analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect his or her personal views about any and all of the subject securities or issuers; and (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report.

Important Disclosures

- **Market Maker:** JPMS makes a market in the stock of Kythera Biopharmaceuticals.
- **Lead or Co-manager:** J.P. Morgan acted as lead or co-manager in a public offering of equity and/or debt securities for Kythera Biopharmaceuticals within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients: Kythera Biopharmaceuticals.
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as investment banking clients: Kythera Biopharmaceuticals.
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, securities-related: Kythera Biopharmaceuticals.
- **Investment Banking (past 12 months):** J.P. Morgan received in the past 12 months compensation from investment banking Kythera Biopharmaceuticals.
- **Investment Banking (next 3 months):** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Kythera Biopharmaceuticals.
- **Non-Investment Banking Compensation:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Kythera Biopharmaceuticals.

Company-Specific Disclosures: Important disclosures, including price charts, are available for compendium reports and all J.P. Morgan–covered companies by visiting https://mm.jpmorgan.com/disclosures/company, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request. J.P. Morgan's Strategy, Technical, and Quantitative Research teams may screen companies not covered by J.P. Morgan. For important disclosures for these companies, please call 1-800-477-0406 or e-mail research.disclosure.inquiries@jpmorgan.com.

Kythera Biopharmaceuticals (KYTH, KYTH US) Price Chart

Date	Rating	Share Price ($)	Price Target ($)
05-Nov-12	OW	22.11	30.00
06-Aug-13	OW	26.96	34.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Nov 05, 2012.

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, www.jpmorganmarkets.com.

Coverage Universe: Schott, Christopher: AbbVie (ABBV), Actavis Inc (ACT), Allergan (AGN), Amarin Corporation (AMRN), Bristol-Myers Squibb Company (BMY), Eli Lilly & Company (LLY), Endo Health Solutions (ENDP), Forest Laboratories, Inc (FRX), Hospira, Inc. (HSP), Impax Laboratories (IPXL), Kythera Biopharmaceuticals (KYTH), Merck & Co., Inc. (MRK), Mylan Inc. (MYL), Perrigo Company (PRGO), Pfizer Inc. (PFE), Sagent Pharmaceuticals (SGNT), Teva Pharmaceuticals (TEVA), Valeant Pharmaceuticals (VRX), Warner Chilcott (WCRX), Zoetis (ZTS)

J.P. Morgan Equity Research Ratings Distribution, as of June 28, 2013

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage	44%	44%	12%
IB clients*	56%	50%	40%
JPMS Equity Research Coverage	42%	50%	8%
IB clients*	76%	66%	55%

*Percentage of investment banking clients in each rating category.
For purposes only of FINRA/NYSE ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com.

Equity Analysts' Compensation: The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan ("JPM") is the global brand name for J.P. Morgan Securities LLC ("JPMS") and its affiliates worldwide. J.P. Morgan Cazenove is a marketing name for the U.K. investment banking businesses and EMEA cash equities and equity research businesses of JPMorgan Chase & Co. and its subsidiaries.

All research reports made available to clients are simultaneously available on our client website, J.P. Morgan Markets. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research reports available on a particular stock, please contact your sales representative.

Options related research: If the information contained herein regards options related research, such information is available only to persons who have received the proper option risk disclosure documents. For a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options, please contact your J.P. Morgan Representative or visit the OCC's website at http://www.optionsclearing.com/publications/risks/riskstoc.pdf

Legal Entities Disclosures
U.S.: JPMS is a member of NYSE, FINRA, SIPC and the NFA. JPMorgan Chase Bank, N.A. is a member of FDIC and is authorized and regulated in the UK by the Financial Services Authority. **U.K.:** J.P. Morgan Securities plc (JPMS plc) is a member of the London Stock Exchange and is authorized and regulated by the Financial Services Authority. Registered in England & Wales No. 2711006. Registered Office 25 Bank Street, London, E14 5JP. **South Africa:** J.P. Morgan Equities South Africa Proprietary Limited is a member of the Johannesburg Securities Exchange and is regulated by the Financial Services Board. **Hong Kong:** J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong. **Korea:** J.P. Morgan Securities (Far East) Ltd, Seoul Branch, is regulated by the Korea Financial Supervisory Service. **Australia:** J.P. Morgan Australia Limited (JPMAL) (ABN 52 002 888 011/AFS Licence No: 238188) is regulated by ASIC and J.P. Morgan Securities Australia Limited (JPMSAL) (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by ASIC and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. **Taiwan:** J.P.Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. **India:** J.P. Morgan India Private Limited, having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz East, Mumbai - 400098, is a member of the National Stock Exchange of India Limited (SEBI

Registration Number - INB 230675231/INF 230675231/INE 230675231) and Bombay Stock Exchange Limited (SEBI Registration Number - INB 010675237/INF 010675237) and is regulated by Securities and Exchange Board of India. **Thailand:** JPMorgan Securities (Thailand) Limited is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Indonesia:** PT J.P. Morgan Securities Indonesia is a member of the Indonesia Stock Exchange and is regulated by the BAPEPAM LK. **Philippines:** J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Brazil:** Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. **Mexico:** J.P. Morgan Casa de Bolsa, S.A. de C.V., J.P. Morgan Grupo Financiero is a member of the Mexican Stock Exchange and authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **Singapore:** This material is issued and distributed in Singapore by J.P. Morgan Securities Singapore Private Limited (JPMSS) [MIC (P) 049/04/2013 and Co. Reg. No.: 199405335R] which is a member of the Singapore Exchange Securities Trading Limited and is regulated by the Monetary Authority of Singapore (MAS) and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore) which is regulated by the MAS. **Japan**: JPMorgan Securities Japan Co., Ltd. is regulated by the Financial Services Agency in Japan. **Malaysia:** This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets Services License issued by the Securities Commission in Malaysia. **Pakistan:** J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Saudi Arabia:** J.P. Morgan Saudi Arabia Ltd. is authorized by the Capital Market Authority of the Kingdom of Saudi Arabia (CMA) to carry out dealing as an agent, arranging, advising and custody, with respect to securities business under licence number 35-07079 and its registered address is at 8th Floor, Al-Faisaliyah Tower, King Fahad Road, P.O. Box 51907, Riyadh 11553, Kingdom of Saudi Arabia. **Dubai:** JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - Building 3, Level 7, PO Box 506551, Dubai, UAE.

Country and Region Specific Disclosures

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by JPMS plc. Investment research issued by JPMS plc has been prepared in accordance with JPMS plc's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require a firm to establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Australia:** This material is issued and distributed by JPMSAL in Australia to "wholesale clients" only. This material does not take into account the specific investment objectives, financial situation or particular needs of the recipient. The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of JPMSAL. For the purposes of this paragraph the term "wholesale client" has the meaning given in section 761G of the Corporations Act 2001. **Germany:** This material is distributed in Germany by J.P. Morgan Securities plc, Frankfurt Branch and J.P.Morgan Chase Bank, N.A., Frankfurt Branch which are regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months prior.) J.P. Morgan Broking (Hong Kong) Limited is the liquidity provider/market maker for derivative warrants, callable bull bear contracts and stock options listed on the Stock Exchange of Hong Kong Limited. An updated list can be found on HKEx website: http://www.hkex.com.hk. **Japan:** There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading. In the case of share trading, JPMorgan Securities Japan Co., Ltd., will be receiving a brokerage fee and consumption tax (shouhizei) calculated by multiplying the executed price by the commission rate which was individually agreed between JPMorgan Securities Japan Co., Ltd., and the customer in advance. Financial Instruments Firms: JPMorgan Securities Japan Co., Ltd., Kanto Local Finance Bureau (kinsho) No. 82 Participating Association / Japan Securities Dealers Association, The Financial Futures Association of Japan, Type II Financial Instruments Firms Association and Japan Investment Advisers Association. **Korea:** This report may have been edited or contributed to from time to time by affiliates of J.P. Morgan Securities (Far East) Ltd, Seoul Branch. **Singapore:** JPMSS and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above. **India:** For private circulation only, not for sale. **Pakistan:** For private circulation only, not for sale. **New Zealand:** This material is issued and distributed by JPMSAL in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. JPMSAL does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of JPMSAL. **Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence. **Dubai:** This report has been issued to persons regarded as professional clients as defined under the DFSA rules. **Brazil**: Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com.

General: Additional information is available upon request. Information has been obtained from sources believed to be reliable but JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) do not warrant its completeness or accuracy except with respect to any disclosures relative to JPMS and/or its affiliates and the analyst's involvement with the issuer that is the subject of the research. All pricing is as of the close of market for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own

independent decisions regarding any securities or financial instruments mentioned herein. JPMS distributes in the U.S. research published by non-U.S. affiliates and accepts responsibility for its contents. Periodic updates may be provided on companies/industries based on company specific developments or announcements, market conditions or any other publicly available information. Clients should contact analysts and execute transactions through a J.P. Morgan subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

"Other Disclosures" last revised May 4, 2013.