

REVANCE THERAPEUTICS, INC.

FORM 10-K (Annual Report)

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Address	7555 GATEWAY BLVD. NEWARK, CA 94560
Telephone	510-742-3400
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2014**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. **001-36297**

Revance Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

77-0551645

(I.R.S. Employer
Identification Number)

**7555 Gateway Boulevard
Newark, California 94560
(510) 742-3400**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Common Stock, par value \$0.001 per share

Name of Exchange on Which Registered

The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$466.4 million, based on the closing price of the registrant's common stock on the NASDAQ Global Market of \$34.00 per share for such date.

Number of shares outstanding of the registrant's common stock, par value \$0.001 per share, as of February 28, 2015: 23,934,832

DOCUMENTS INCORPORATED BY REFERENCE

None

Table of Contents

		Page
PART I		
Item 1	Business	1
Item 1A	Risk Factors	24
Item 1B	Unresolved Staff Comments	49
Item 2	Properties	49
Item 3	Legal Proceedings	49
Item 4	Mine Safety Disclosures	49
PART II		
Item 5	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	49
Item 6	Selected Financial Data	51
Item 7	Management’s Discussion and Analysis of Financial Condition and Results of Operations	52
Item 7A	Quantitative and Qualitative Disclosures about Market Risk	72
Item 8	Financial Statements and Supplementary Data	73
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	73
Item 9A	Controls and Procedures	73
Item 9B	Other Information	74
PART III		
Item 10	Directors, Executive Officers and Corporate Governance	74
Item 11	Executive Compensation	79
Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	83
Item 13	Certain Relationships and Related Party Transactions, and Director Independence	85
Item 14	Principal Accounting Fees and Services	87
PART IV		
Item 15	Exhibits, Financial Statement Schedules	89
Signatures		

“Revance Therapeutics,” the Revance logos and other trademarks or service marks of Revance appearing in this annual report on Form 10-K are the property of Revance. This Form 10-K contains additional trade names, trademarks and service marks of others, which are the property of their respective owners. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, or Form 10-K, contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are subject to the “safe harbor” created by that section. The forward-looking statements in this Form 10-K are contained principally under “Item 1. Business,” “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In some cases, you can identify forward-looking statements by the following words: “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These statements involve risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Form 10-K, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding the results and the timing of clinical trials in our development of RT001 for the treatment of crow’s feet lines, hyperhidrosis or other indications;
- our expectations regarding the results and the timing of clinical trials of RT002 for the treatment of glabellar lines, movement disorders or other indications;
- our expectations regarding our future development of RT001 and RT002 for other indications, including therapeutic indications;
- our expectation regarding the timing of our regulatory submissions for approval of RT001 for the treatment of crow’s feet lines in the United States, Europe and other countries or for treatment of hyperhidrosis in the United States;
- the potential for commercialization of RT001 and RT002, if approved, by us;
- our expectations regarding the potential market size, opportunity and growth potential for RT001 and RT002, if approved for commercial use;
- our belief that RT001 and RT002 can expand the overall botulinum toxin market;
- our ability to build our own sales and marketing capabilities, or seek collaborative partners including distributors, to commercialize our product candidates, if approved;
- our ability to transfer manufacturing from third parties to our facility and to scale up our manufacturing capabilities if our product candidates are approved;
- estimates of our expenses, future revenue, capital requirements and our needs for additional financing;
- the timing or likelihood of regulatory filings and approvals;
- our ability to advance product candidates into, and successfully complete, clinical trials;
- the implementation of our business model, strategic plans for our business, product candidates and technology;
- the initiation, timing, progress and results of future preclinical studies and clinical trials, and our research and development programs;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;
- our ability to establish collaborations or obtain additional funding;
- our expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act;
- our financial performance; and
- developments and projections relating to our competitors and our industry.

In addition, you should refer to “Item 1A. Risk Factors” in this Form 10-K for a discussion of these and other important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Form 10-K will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. Also, forward-looking statements represent our estimates and assumptions only as of the date of this Form 10-K. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I

ITEM 1. BUSINESS

Overview

Revanche Therapeutics, Inc. is a clinical-stage specialty biopharmaceutical company focused on the development, manufacturing and commercialization of novel botulinum toxin products for multiple aesthetic and therapeutic indications. We are leveraging our proprietary portfolio of botulinum toxin type A compounds, combined with our patented TransMTS® peptide delivery system to address unmet needs in large and growing neurotoxin markets. Our proprietary TransMTS technology enables delivery of botulinum toxin type A through two novel dose formulations, topical product candidate RT001 and injectable product candidate RT002. We are pursuing clinical development for RT001 and RT002 in a broad spectrum of aesthetic and therapeutic indications. We hold worldwide rights for all indications of RT001, RT002 and our TransMTS technology platform.

RT001 has the potential to be the first commercially available non-injectable dose form. We are studying topical RT001 for aesthetic indications, such as crow's feet lines (wrinkles around the eyes, also known as lateral canthal lines) and therapeutic indications such as hyperhidrosis (excessive sweating). RT002 is a novel, injectable formulation of botulinum toxin designed to be more targeted and longer lasting than currently available injectable botulinum toxin products. We are studying injectable RT002 for aesthetic indications, such as glabellar (frown) lines and therapeutic uses, such as muscle movement and other disorders. Both products would have the potential to expand into additional aesthetic and therapeutic indications in the future.

We are developing and plan to commercialize RT001 for indications where topical application provides a meaningful advantage over injectable administration. We are evaluating RT001 in a broad clinical program that includes aesthetic indications such as lateral canthal lines and therapeutic indications such as hyperhidrosis, or excessive sweating, and chronic migraine headache. RT001 has the potential to be the first approved non-injectable botulinum toxin product for the treatment of crow's feet lines. RT001's primary advantages may include painless topical administration, ease of use and limited dependence on administration technique by physicians and medical staff. We believe these advantages should improve the experience of patients undergoing botulinum toxin procedures and make RT001 more suitable for many more indications than currently approved injectable botulinum toxin products.

The first indications we are pursuing are in the field of dermatology. If approved, we believe RT001 can expand the overall botulinum toxin aesthetic market by appealing to new patients who would prefer a needle-free approach to treatment. The aesthetic dermatology market is attractive because we believe that patients in this market tend to be open to trying new products and are willing to pay for aesthetic procedures out of pocket, reducing reliance on reimbursement. We are focused on this market not only because of its size and growth potential but also because, in the United States and Europe, this market can be easily accessed by a specialty sales force and distributor network.

We are in a Phase 3 development program of RT001 in North America for the treatment of crow's feet lines. Following the successful completion of an open label clinical trial designed to test the efficacy of our RT001 drug product in the first half of 2015, we expect to commence a pivotal Phase 3 clinical trial of RT001 and report efficacy data from this Phase 3 study in the second half of 2015. To date, we have conducted sixteen clinical trials with RT001 for the treatment of crow's feet lines, with a total of over 1,500 subjects.

We are also developing RT001 for therapeutic applications where botulinum toxin has shown efficacy and that are particularly well suited for needle-free treatments. We have successfully completed initial Phase 2 clinical trials for the treatment of primary axillary, or underarm, hyperhidrosis, and for the prevention of chronic migraine headache. We expect to initiate and report results of an additional clinical trial for the treatment of hyperhidrosis in the second half of 2015.

We are developing RT002, an injectable formulation of botulinum toxin type A, for indications where deeper delivery of the botulinum toxin is required and a longer lasting effect is desired. We believe RT002 can provide more targeted delivery of botulinum toxin to intended treatment sites while reducing the unwanted spread of botulinum toxin to adjacent areas. We believe, and our preclinical and clinical studies indicate, that this targeted delivery, enabled by our proprietary peptide technology, may permit safe administration of higher doses of botulinum toxin and can result in longer lasting effect. We have demonstrated these properties in preclinical studies and have tested RT002 in a four-cohort, dose escalating, open-label Phase 1/2 clinical trial outside of the United States for the treatment of glabellar lines, the vertical lines between the eyebrows and above the nose. Data from this clinical trial indicated that RT002 is well-tolerated and efficacious at all four doses. We also reported duration of effect of seven months from the last cohort of this trial, the only one where duration of effect was measured. Based upon the results to date, we are further developing RT002 for the treatment of glabellar lines and have

initiated BELMONT, a Phase 2 active comparator clinical trial against the market leader BOTOX® Cosmetic. In addition, we plan to study RT002 in therapeutic indications already approved for botulinum toxin, such as muscle movement disorders, which account for a large proportion of neurotoxin therapeutic sales globally, along with other therapeutic uses.

The Botulinum Toxin Market

Botulinum toxin is a protein and neurotoxin produced by *Clostridium botulinum*. Since 1989 botulinum toxin in an injectable dose form has been used to treat a variety of aesthetic and therapeutic indications in the United States. Botulinum toxin has been approved for a variety of therapeutic indications including cervical dystonia, upper limb spasticity, blepharospasm, strabismus associated with neurological movement disorders, hyperhidrosis, migraine headache and, most recently, overactive bladder conditions. In the United States, botulinum toxin has been approved to treat two aesthetic indications, glabellar lines and lateral canthal lines, although we believe that botulinum toxin is widely used for other aesthetic indications. Only three products, Allergan's Botox® Cosmetic, Ipsen and Galderma's Dysport®, and Merz's Xeomin®, each of which is delivered in an injectable form, have been approved for the treatment of glabellar lines in the United States.

According to Global Industry Analysts, Inc. (GIA), the global market for botulinum toxin is estimated to be \$3 billion in 2014 and has an estimated compound growth rate of 11.3% from 2013 to 2020, reaching \$5.6 billion by the end of this decade. The market is split into aesthetic (\$1.3 billion in 2014) and therapeutic indications (\$1.7 billion in 2014). We expect continued growth of the botulinum toxin market to be driven by new indications and product launches in new geographies. According to the National Library of Medicine, there are over 100 active clinical trials for a wide range of uses of botulinum toxin, with more than one-third of these identified as being in Phase 3 clinical development. While we are unaware of any clinical trials for potentially competitive topical products that may reach the market before RT001, it is possible that clinical trials for such potentially competitive topical products have occurred or are occurring.

The Opportunity for Botulinum Toxins for Aesthetic Indications

Today's culture places significant value on physical appearance, leading to widespread adoption of anti-aging and aesthetic treatments. The aesthetic market has grown dramatically in the United States, driven by a large population of consumers who are looking to delay signs of aging and improve general appearance.

Injectable botulinum toxin treatments are the single largest cosmetic procedure in the United States and the rest of the world. According to the American Society for Aesthetic Plastic Surgery, or ASAPS, a strong consumer preference for non-surgical options and the increasing availability of effective alternatives have prompted adoption of non-surgical aesthetic procedures by a broader patient population. These trends have made non-surgical procedures the primary driver of growth in the aesthetic medicine market, accounting for 83.5% of the total number of procedures performed in 2013, per the ASAPS annual statistics. Injectable botulinum toxin was the most frequently performed non-surgical procedure in 2013, with 3.8 million procedures in the US, a 16% increase over 2012.

Despite the fact that, according to ASAPS annual statistics, injectable botulinum toxin treatments have almost doubled in the past ten years, a significant number of consumers who have received other cosmetic procedures, such as laser resurfacing and chemical peels, have resisted trying an injectable botulinum toxin treatment. GIA estimates that in 2014, clinicians spent an estimated \$1.3 billion globally on injectable botulinum toxin for aesthetic procedures, and such spending is expected to grow at a compounded annual growth rate of 10% from 2013 through 2020.

We commissioned consumer-market research in 2012 to test the RT001 product concept. As part of this research, a third party surveyed 630 women who were 30 years old or older with household income of \$50,000 or higher and who would consider aesthetic treatments. We believe these consumers were representative of the 27 million women in the United States who fit this demographic profile. The participants were recruited and interviewed online. Based on the data collected:

- 40% of the participants found the RT001 product concept either “extremely appealing” or “very appealing;”
- among those consumers who found the RT001 product concept appealing and had previously received cosmetic treatments other than injectable botulinum toxin treatments (representing 6.6 million women in the United States), 56% listed injection and pain associated with injections, 54% listed aversion to having a toxin in their bodies, and 52% listed desire to maintain natural facial expressions as one of the reasons for not getting injectable botulinum toxin treatments;
- the participants expected lack of pain (76%) and lack of bruising (73%) to be the most likely benefits from the RT001 product concept and also listed these benefits as the two most appealing benefits of the RT001 product concept; and

- the participants most frequently listed price of the treatment (24%) as a potential reason why they may not use RT001.

According to this research, the three key barriers to entry cited by consumers are:

- desire for a natural look without the “frozen face” associated with injectable treatments, particularly in the delicate eye area where crow’s feet lines are naturally visible even when children and teenagers smile;
- aversion to pain, bruising and other adverse events associated with needle-based treatment; and
- desire not to have a “toxin” injected into their bodies.

We commissioned two additional studies in 2009 using the same third party to gauge physician and consumer interest in the RT001 product concept. The first was among 201 physicians across the range of aesthetic specialties and with varying level of cosmetic revenue. The data showed that 82% of these practitioners were either extremely or very interested in using RT001 in their practices. This data was consistent across specialties (79% among dermatologists; 88% among plastic surgeons) and the range of practice revenue dedicated to aesthetic procedures. Additionally, this study showed that 20% of the patients in these offices had received injectable botulinum toxin procedures and that these physicians would recommend RT001 to 43% of their patients. The second study was among consumers with a focus on users of injectable botulinum toxin products. Among these consumers, 80% said that they were either extremely or very interested in using RT001. Importantly, two-thirds of these consumers said they would add RT001 to their current injectable treatment regimen, suggesting incremental usage.

We believe that the botulinum toxin market could expand beyond the current patient base with the introduction of a topical formulation such as RT001. Based on our market research, a topical treatment would address key consumer barriers for injectable botulinum toxin products. We believe that a topical treatment could expand the use of botulinum toxin to a wider range of physicians and allow those physicians who currently perform botulinum toxin procedures to do so on a larger number of patients. Additionally, our research indicates that a topical treatment can improve the profitability of physicians' practices by increasing the number of procedures per patient.

Based on feedback from key opinion leaders across multiple aesthetic specialties, we also believe consumers will find a longer lasting, more targeted injectable botulinum toxin product preferable to those currently available. Based on our preliminary market research, thought leaders assert that the greatest unmet need with currently marketed products is a longer-lasting botulinum toxin. In 2014, through in-depth one-on-one meetings and an advisory board, we presented the RT002 product concept and data from our four-cohort, dose escalating, open label Phase 1/2 clinical trial for the treatment of glabellar lines to over 30 physicians across the range of aesthetic specialties to gauge interest in the RT002 product concept. These physicians indicated that they were very impressed by the clinical data. In fact, if RT002 demonstrated similar results in larger trials, the increased duration of effect would cause them to change their treatment habits from currently available botulinum toxins to RT002. While potentially increased safety due to decreased spread to adjacent muscles was an appealing benefit in cosmetic indications, duration of effect would be the primary driver of adoption in this cosmetic indication. A product that showed meaningful consumer benefit at six months (as RT002 did where 60% of patients still retained “none” or “mild” wrinkle severity scores) would fit very well into the current treatment regimen and consumer habits. Most consumers only come in twice per year for treatments and the longer duration would mean that they would remain satisfied between treatments. Additionally, a longer lasting botulinum would align more closely with the duration of dermal filler treatments which often are administered at the same time as botulinum toxin treatments.

The Opportunity for Botulinum Toxins for Therapeutic Indications

While currently approved botulinum toxin products may be better known for their aesthetic applications, according to GIA, the fastest-growing segment of the botulinum toxin market in the United States and Europe is actually for therapeutic indications. This growth has been driven largely by the approval of botulinum toxin products in new indications such as preventive treatment of migraine headache in 2010, urinary incontinence in 2011, and overactive bladder in 2013. Botulinum toxin’s ability to affect neuromuscular junctions, muscle activity or the release of neuropeptides, neurotransmitters and neuromediators in a controlled manner has enabled it to be developed and used in a wide range of therapeutic indications. Botulinum toxin products in their injectable form have been approved for multiple therapeutic indications including:

- hyperhidrosis;
- chronic migraine headache;
- urinary incontinence and overactive bladder;
- movement disorders, such as cervical dystonia and upper limb spasticity; and
- uncontrolled blinking.

In addition to these approved therapeutic indications, botulinum toxin products are being evaluated in clinical trials in multiple other therapeutic indications including acne, rosacea, skin and wound healing, scar reduction, hair loss treatments, plantar fasciitis and several muscular-skeletal conditions.

While botulinum toxin products have been very effective in the treatment of many conditions, there are limitations to the use of the currently approved products in their injectable form. For example, in the case of hyperhidrosis, injectable botulinum toxin products require up to 30 injections in the underarms, an area that is particularly sensitive to pain, and a procedure that is reimbursed to physicians at a low rate relative to the time required to perform the procedure. As a result, the use of Botox[®], which is the only injectable botulinum toxin product currently approved for hyperhidrosis, has been limited. In the case of chronic migraine headache, injectable botulinum toxin products require as many as 31 injections in different parts of the head and neck.

Due to the pain associated with injections and other limitations associated with injectable botulinum toxin products, we believe that there is a significant need for a painless, topically administered and highly effective botulinum toxin. We also believe that there is an opportunity to develop and seek approval for a botulinum toxin product in therapeutic indications, such as allergic rhinitis, where there are currently no approved botulinum toxin products.

We also believe there is opportunity to improve injectable botulinum toxin use in neurological movement and other disorders. Muscle movement disorders are neurological conditions that affect a person’s ability to control muscle activity in one or more areas of the body. Muscle spasticity happens after the body’s nervous system has been damaged, most commonly by a stroke, disease, or trauma. Muscle spasticity can be painful and may have a significant effect on a person’s quality of life. Some tasks, like getting dressed or bathing, become difficult, and a person’s self-esteem may be affected by their abnormal posture. Common muscle movement disorders include cervical dystonia (excessive pulling of the muscles in the neck and shoulder), upper or lower limb spasticity (stiffness in arm or leg muscles), and blepharospasm (involuntary closing of the eyelids). Botulinum toxin type A has proven safe and effective for such uses, as the most common treatment for muscle movement disorders is to relax the muscle by injecting it with botulinum toxin. However, such injections must be repeated every 3-4 months and require large doses, typically more than 200 BOTOX[®] units each treatment. As a result of the discomfort associated with muscle movement disorders and the associated demand for treatment that currently requires up to four visits per year, we believe that there is a significant need for a longer-lasting and more targeted injectable botulinum toxin.

Our Product Candidates

We are developing two proprietary product candidates containing botulinum toxin type A as the active drug ingredient. RT001 is a topical gel formulation of botulinum toxin type A. RT001 is applied to the skin and uses our proprietary TransMTS[®] peptide technology to enable delivery of botulinum toxin across the skin, eliminating the need for injections. RT002 is our injectable formulation of botulinum toxin type A, also using our proprietary peptide technology, which we believe can result in longer lasting effect and more targeted delivery. Unlike currently available injectable botulinum toxin products, neither formulation of our product candidates contains albumin or any other animal or human-derived materials. We believe this reduces the risk of the transmission of certain viral diseases. We plan to develop these two product candidates for multiple aesthetic and therapeutic applications.

PIPELINE	PRE-CLINICAL	PHASE 1	PHASE 2	PHASE 3	
RT001 TOPICAL PRODUCT CANDIDATE					2015 MILESTONES
Lateral Canthal Lines (Crow’s Feet)					Upon successful completion of open-label study, initiate 1st Phase 3 pivotal program in the US 2H. Report efficacy data 2H.
Hyperhidrosis (Excessive Sweating)					Initiate Phase 2 study and report Phase 2 results 2H.
Other Therapeutic Indications					

RT002 INJECTABLE PRODUCT CANDIDATE					2015 MILESTONES
Glabellar (Frown) Lines					Report interim duration results from BELMONT Phase 2 active comparator study late-2015.
Muscle Movement Disorder Other Therapeutic Indications					Initiate Phase 2 study and report interim results 2H.

RT001 — Our Topical Formulation of Botulinum Toxin

RT001 is a topical gel formulation of botulinum toxin type A in a proprietary single-use administration apparatus. The botulinum toxin in RT001 blocks neuromuscular transmission by binding to receptor sites on motor or sympathetic nerve terminals, entering the nerve terminals and inhibiting the release of specific neurotransmitters. For example, when applied topically around the eye, RT001 produces partial interruption of the nerve signaling to the orbicularis oculi muscle, resulting in a localized reduction in muscle activity and improvement in crow’s feet lines and may offer improvement in skin texture and luminosity of the skin. When applied topically for the treatment of hyperhidrosis, RT001 produces temporary interruption of the nerve signaling to the sweat glands, resulting in local reduction in sweating. When applied topically for the prevention of migraine headache, we believe that RT001 inhibits release of neuropeptides and other neurotransmitters relevant to migraine pain and in our Phase 1/2 clinical trial showed a reduction in both the frequency and intensity of migraine headache following a single treatment with RT001.

RT001 is applied to the skin and uses our proprietary TransMTS ® technology consisting of a proprietary peptide, to enable delivery of botulinum toxin across the skin, eliminating the need for injections. We plan to supply RT001 in a single-use apparatus for reconstitution and administration that contains a vial of lyophilized, or freeze-dried, drug product and a vial of diluent for reconstitution. When the contents of these vials are combined, all within the single-use apparatus, the diluent reconstitutes the freeze-dried drug product back to its original form to allow administration. In our crow's feet clinical trials, RT001 is administered as a gel and spread over the treatment area with a gloved finger, where it remains for 30 minutes. The application process is a simple procedure which requires minimal time to prepare and can be applied by either physician or medical staff. The gel is then removed by a series of gentle cleansing wipes, deactivated and disposed.

The development of RT001 in the United States has been conducted under an Investigational New Drug Application, or IND, filed with the FDA in 2008. This IND covers the treatment of crow’s feet lines and primary underarm hyperhidrosis. A second IND for prevention of migraine headache was filed with the FDA in October 2012. Clinical development in other territories, including Mexico, Canada, Europe, Singapore and Australia, is conducted under applicable national clinical trial applications.

We also intend to file a European Union Marketing Authorization Application, or MAA, and to submit marketing applications, on our own or through partners, in key Asian countries, Mexico and Canada. We anticipate that approval in Mexico will support other Latin American approvals.

Crow’s Feet Lines

Crow’s feet lines are skin wrinkles in the outer corner of the eye area, which are commonly caused by aging. Consumers in general, and women in particular, believe that the eye area is the first place where they notice the signs of aging. Consumers also believe that the perception of aging is affected by the quality of the skin. A large segment of the anti-aging topical cosmeceutical market is targeted towards improvement in skin texture and luminosity of the skin in the eye area. Despite the fact that prior to September 2013 there were no botulinum toxin products approved for crow’s feet lines, we believe that there has been significant use of botulinum toxin for this indication given the desire of consumers to address the condition.

We believe that RT001 may provide the following benefits to patients and physicians for treatment of crow’s feet lines, as compared to traditional botulinum toxin treatments that are administered by injection:

- *The RT001 procedure is painless and has not shown any evidence of bruising, swelling or any of the other adverse events associated with injections* . The RT001 procedure consists of a clear gel applied to the skin, remaining on the skin for 30 minutes and then removed with a series of gentle cleansing wipes.
- *RT001 relaxes the crow's feet wrinkles appearance at "rest," when the face is in a neutral expression, while still allowing a natural smile* . Data from our Phase 2b clinical trials indicate that RT001 improves the appearance of crow's feet lines at rest. This improvement is visible to both the consumer and the physician. By targeting only the muscles necessary to achieve this effect, treatment with RT001 allows for natural expression at smile. In comparison, injection involves a broader array of muscles, which can lead to an unwanted frozen face appearance even at smile.
- *Consumers distinguish between products that are injected into the body and those that are placed on the skin* . Of the participants surveyed in consumer market research performed by a third party on our behalf in 2012, a majority of those who responded that they have not received injectable botulinum toxin treatments in the past but who did find the RT001 product concept appealing listed their aversion to having a toxin in their bodies as the reason why they have not previously tried the injectable botulinum toxin treatments. The responses in this survey, including open-ended questions, suggest that 63% of consumers in the group surveyed are more likely to use RT001 over injectable options.

We believe that RT001 may provide the following benefits to physicians:

- *RT001 has been shown to be well-tolerated with no significant safety concerns* . There has been no report of the spread of botulinum toxin away from treatment site. Such spread could cause droopy eye, loss of strength or all-over muscle weakness in cranial nerves surrounding the eye, double vision, blurred vision or changes in pupillary reactions, hoarseness or change or loss of voice, trouble saying words clearly, loss of bladder control, trouble breathing or trouble swallowing.
- *RT001 is simple to use and results are not technique dependent. RT001 comes in a pre-filled applicator that contains the proper dose for the treatment of crow's feet lines* . Minimal training is required because there are no exposed needles or complicated reconstitution mixing and preparation processes associated with currently available injectable botulinum toxin products. A physician or medical staff applies droplets of the gel from our pre-filled applicator to the treatment area and uses a gloved finger to ensure that the entire area is covered. In contrast, a great deal of physician skill is required to accurately and precisely inject current needle-based botulinum toxin products into smaller, more superficial muscles to achieve a natural looking appearance. According to our market research data collected by a third party research organization in 2009 through internet-based surveys and interviews: 82% of the 204 physicians surveyed with existing cosmetic revenues said that they were either "extremely interested" or "very interested" in purchasing the RT001 product concept for use in their patients; and 76% of the 204 physicians surveyed mentioned the benefits of topical administration, including no need for needles and easy and convenient administration, as why they liked the RT001 product concept. These benefits were most often cited (88%) among physicians with low percentages of cosmetic revenue in their practice (0-10%), and the least often cited (70%) among physicians with high percentages of cosmetic revenue in their practice (more than 50%). We believe these results suggest that physicians with less injectable botulinum toxin experience found the convenience and ease of use characteristics of RT001 particularly appealing.
- *RT001 is very appealing to both key physicians and practice groups who perform the majority of cosmetic procedures in the United States and physicians who have less injectable botulinum toxin experience* . We believe that RT001 can expand the use of botulinum toxin to a wider range of physicians and allow those physicians who currently perform botulinum toxin procedures to do so on a larger number of patients. RT001 can also improve the profitability of practices by increasing the number of procedures a given patient receives per visit. Importantly, this expansion can come without any increase in the number of patients that the physician has in their practice. In addition, because the RT001 procedure for the treatment of crow's feet lines would be paid for directly by patients, physicians would not be encumbered by managed care and government payor reimbursement restrictions applicable in the United States and similar reimbursement-related constraints outside the United States.

Development of RT001 for Treatment of Crow's Feet Lines

We have conducted sixteen clinical trials, with a total of over 1,500 subjects, for the treatment of crow's feet lines. In two of our Phase 2 clinical trials, RT001 demonstrated a statistically significant and clinically meaningful reduction in crow's feet lines visible to both physicians and patients. After completing our Phase 2b clinical trials, we modified the formulation of the RT001 diluent by adding two ingredients to improve its stability. We then conducted a Phase 3 clinical trial with this new diluent formulation to evaluate efficacy and safety of RT001. Data generated from this clinical trial were inconsistent with the

data from our previous three Phase 2b clinical trials for the treatment of crow’s feet lines. Specifically, we observed no improvement from baseline in either the placebo or RT001 group. Based upon a thorough analysis of possible causes, we determined that the addition of the two ingredients to the diluent was the likely cause of the loss of efficacy in our Phase 3 clinical trial. We have since obtained stability data to confirm that the Phase 2b formulation has adequate commercial stability. Our clinical and other studies have consistently indicated that RT001 is well tolerated with no serious adverse events related to study drug or study treatment procedures or other safety concerns.

Phase 3 Clinical Trials. Based on our discussions with the FDA, the EMA and other regulatory authorities, we believe that the investigational plan outlined below for the RT001 Phase 3 core program will support approval of RT001 in the United States, Canada and European Union for the treatment of moderate to severe crow’s feet lines.

RT001 Global Phase 3 Program for Crow’s Feet Lines

Trial	Trial Type	Primary Objective	Estimated Number of Subjects (Trial Location)
Phase 3 Pivotal Trial #1	Single Dose, Placebo-Controlled	Efficacy and Safety	250 (U.S.)
Phase 3 Pivotal Trial #2	Single Dose, Placebo-Controlled	Efficacy, Duration and Safety	250 (U.S.)
Phase 3 Pivotal Trial #3	Single Dose, Placebo-Controlled	Efficacy and Safety	200 (Europe)
Phase 3 Open Label Trials	Open Label	Safety and ICH Safety Database	1,800 New and Rollover (U.S.)

The two U.S. pivotal trials will utilize the same basic study design and evaluate efficacy and safety of RT001 after single administration compared to placebo. Our second U.S. pivotal trial will also measure duration of effect. A third pivotal clinical trial will be conducted in the European Union to support European Union marketing applications. The European trial will evaluate efficacy and safety of RT001 after single administration compared to placebo with a three month follow-up for safety.

We have designed the long-term clinical trials to support a safety database adequate for both domestic and international marketing applications, and will continue to conduct clinical trials with periodic, thorough analyses of benefits and risks. The number of subjects proposed for safety studies may be substantially higher than the anticipated number of subjects needed to demonstrate efficacy. Therefore, we anticipate studying more than 2,000 subjects at dosage levels intended for commercial use.

Assuming successful completion of our Phase 3 clinical trials, we plan to file marketing applications in the United States, European Union and Canada. We anticipate that approval in the United States and the European Union would then support approvals in Latin America, such as Brazil and certain other territories in Asia.

In the first half of 2014, we initiated an open label Phase 3 safety clinical trial. This clinical trial was designed to evaluate the safety of multiple treatment cycles with repeat-dosing when subjects revert to moderate or severe crow's feet lines at intervals of not less than 90 days. Drug product in the open label Phase 3 study was well-tolerated, but we decided in 2014 to end the open label safety study to allow us time to perform further testing of our RT001 drug product candidate as described below.

In the second half of 2014, we conducted an open label study to confirm the successful transfer of production of the topical RT001 drug product to our commercial manufacturing facility. Based upon this open label study, we decided to manufacture additional drug product and plan to initiate and conclude an open label study in the first half of 2015. Following the successful completion of the 2015 open label study, we expect to commence a Phase 3 pivotal study in the United States and report efficacy results in the second half of 2015.

European Union Agency Interactions. We requested scientific guidance from the EMA on the development of RT001 for the treatment of crow’s feet lines and the proposed Phase 3 program in March 2012. The EMA scientific guidance for the crow’s feet lines Phase 3 program was completed following a meeting with the EMA in August 2012. The EMA provided comments on Quality, Nonclinical and Clinical programs. Overall, the EMA agreed with the proposed programs and provided

details and suggestions to be considered for our marketing application. We have taken the EMA comments into consideration in the Phase 3 program and will provide data to support the various requests in the marketing application.

End-of-Phase 2. After our Phase 2 clinical trials, we used the FDA's Formal Dispute Resolution process and obtained written confirmation in May 2012 from the FDA that we had achieved End-of-Phase 2 and that our proposed indication, primary endpoint assessment and primary endpoint measurement were acceptable for Phase 3 clinical trials. We have incorporated the FDA's comments during this process into our Phase 3 program. Specifically, the primary efficacy assessments are being conducted at rest and additional assessments are being obtained at smile.

RT001 Safety

Clinical Program. Subjects have received doses of RT001 containing 1.1 to 25 ng/mL of botulinum toxin per subject and peptide exposures up to 23 mcg/mL per subject for the treatment of crow's feet lines. Repeat doses of RT001 have been administered in the Phase 2 trials and the Phase 1 trial with cumulative exposures up to 50 ng per subject. In all concentrations of peptide and botulinum toxin studied, RT001 was well tolerated with no serious adverse events related to study drug or study treatment procedures or safety concerns. In particular, there were no systemic or local safety concerns at the site of application or evidence of spread and no significant differences in the incidence of treatment-related adverse events.

Nonclinical Program. In accordance with international guidelines and in consultation with the FDA, we have also conducted a broad nonclinical development program for RT001. The program included preclinical efficacy, safety bioavailability and single and repeat dose toxicity studies of RT001, including chronic studies of up to nine months duration. Genotoxicity, local tolerance and formulation bridging studies were also conducted, along with reproductive toxicity testing. Together, these studies supported the clinical development and anticipated future safety labeling of RT001 for the treatment of crow's feet lines.

Development of RT001 for Treatment of Hyperhidrosis

According to published medical articles, hyperhidrosis affects an approximately nine million people in the United States (or 2.8% of the current population), approximately 4.5 million of whom have axillary, or underarm, hyperhidrosis. Prevalence in the United States is slightly higher among men than women, but women are more likely to take action to have the condition treated. In 2014, the International Hyperhidrosis Society or IHHS fielded a survey among its email subscribers. While it is recognized that consumers who regularly read newsletter from the IHHS are likely to be more severe sufferers and those who are more likely to treat their disease, this survey does provide up to date information on this population. Additionally, we believe that these consumers may likely be early adopters of new treatments. In this population, hyperhidrosis is a multi-focal disease where the majority of people (81%) suffer in more than one focal area in addition to their underarms, most commonly the hands and feet. Among this group of consumers, 90% have sought assistance from a medical professional (compared to 38% cited in medical literature that describes the general population of hyperhidrosis sufferers). Of the 90% who seek medical assistance, 79% receive a diagnosis of hyperhidrosis and of those 87% seek some type of treatment. The most commonly used treatments and percentage of respondents that use each are:

- Over-the-counter antiperspirants (78%)
- Prescription antiperspirants (77%)
- Oral medication (53%)
- Iontophoresis, or the use of electrical current on skin (38%)
- Botulinum Toxin Injections (41%)
- Surgery (13%)
- Other (10%)

Most of these treatments have low levels of satisfaction. Specifically, OTC antiperspirants, prescription antiperspirants and oral medications have satisfaction rates of 5%, 11% and 26% respectively. Only botulinum toxin injections have a higher satisfaction rate versus dissatisfaction (53% versus 35%). Allergan's Botox® was approved in 2004 for underarm hyperhidrosis and remains the only botulinum toxin approved for the treatment of hyperhidrosis. However, the treatment requires up to 30 injections in the underarms. Additionally, in qualitative research consumers who have tried botulinum toxin say that often the injections will "stop working" or cause compensatory sweating in other focal areas.

Severe primary underarm hyperhidrosis affects approximately 1.5 million individuals in the United States and similar proportions globally. This condition has a negative impact on the overall quality of life of patients due to the debilitating

psychosocial and emotional consequences of excessive sweating as well as significant medical dermatologic impact. Despite this dramatic impact on quality of life there is a large unmet need for effective treatment given the low levels of treatment satisfaction. In fact, even among the most involved consumers survey by the IHHS almost 40% of them either don't treat or had stopped treating their disease and were coping with lifestyle adjustments (e.g. clothing choices, limited physical activity and avoiding social contact).

Injected delivery of botulinum toxin has been validated as a therapeutically effective pharmaceutical agent for the treatment of hyperhidrosis. However, the injected treatment has not been widely embraced by hyperhidrosis patients because of significant pain and trauma associated with the large number of required injections.

Having a topical solution could encourage more patients to seek treatment without having to suffer the pain of numerous injections. Additionally, a topical solution may more readily lend itself to treatment of other focal areas like the palms where injections are barely tolerable. From the physicians' standpoint, injections are very time-consuming and reimbursement for the procedure is low. RT001 could significantly decrease the physician time and effort necessary for the procedure and potentially make the procedure more profitable for a physician's practice.

We also believe that the appeal of RT001 may go beyond the sufferers of hyperhidrosis and appeal to the one-third of all U.S. adults who believe they have too much underarm sweat. According to a 2008 survey by the International Hyperhidrosis Society, 60% of all U.S. adults reported that they would be "embarrassed" or "very embarrassed" by visible underarm sweat stains, and 70% of those U.S. adults who believe they have too much underarm sweat took steps to hide their condition.

Data from our initial Phase 2 dose escalation hyperhidrosis clinical trial suggest the feasibility of treating primary underarm hyperhidrosis with RT001. As the dose of RT001 increased, patients showed reduced sweating and improvement in their self-assessed sweating severity. To test for sweat production, the skin was first treated with iodine solution that is allowed to dry, and then followed by dusting of corn starch and sweat assessment period of ten minutes. The occurrence of sweat causes the starch and iodine to dissolve permitting their reaction to form the dark staining pattern observed. Reduction in the dark staining intensity signals a reduction in sweat.

This initial Phase 2 clinical trial was a double-blind, randomized, placebo-controlled multi-center study evaluating the safety, tolerability and efficacy of using RT001 to treat primary underarm hyperhidrosis in adults. This clinical trial was designed to enroll 36 subjects, with twelve subjects in each dosing group, or cohort. The safety of each cohort was evaluated by an independent data safety committee prior to escalating the dose to the next level. Subjects were randomized to receive a single treatment of RT001 or placebo in each cohort. After receiving the treatment, the patients were followed for 28 days in the clinical trial.

Based on data generated from clinical trials to date, we plan to initiate additional clinical trials for the treatment of hyperhidrosis with RT001. These future trials will evaluate the efficacy of a higher dose of 25 ng/mL or more as compared to placebo and permit evaluation of the RT001 dose response to treatment of signs and symptoms of primary underarm hyperhidrosis. These trials will assess the quality of life measure Hyperhidrosis Disease Severity Scale and the change in production of underarm sweat by gravimetric measurement and Investigator Global Assessment of underarm sweating. We expect to initiate a Phase 2 study in mid-2015 and report preliminary efficacy data from this trial in the second half of 2015. This study will establish whether this new botulinum toxin dose is adequate or whether further dose escalation in this clinical indication is needed prior to definitive safety and efficacy testing.

Development of RT001 for Prevention of Migraine Headache

Migraine headache is a central nervous system disorder characterized by moderate-to-severe headache and often includes additional symptoms such as nausea and vomiting. The global market for treatment of migraine headache was estimated to be \$3.8 billion in 2009. Migraine headache affects 36 million people in the United States, 14 million of whom suffer from chronic migraine headache. In the United States, this debilitating condition results in 113 million lost workdays and costs employers \$13.0 billion each year, according to the Migraine Research Foundation. Injected delivery of botulinum toxin has been validated as a therapeutically effective pharmaceutical agent for the preventive treatment of migraine headache. Botox® was approved for the treatment of chronic migraine headache in 2010. However, the treatment requires up to 31 injections in a patient's head and neck and may have significant side effects, including the potential for injected botulinum toxin to diffuse to neighboring sites causing muscle weakness and pain, sometimes even triggering migraine headache attacks.

We have generated preliminary data that supports the feasibility of treating chronic migraine headache with topical application of RT001. In our initial Phase 2 clinical trial, RT001 was shown to be effective for the preventive treatment of chronic migraine headache. In this trial, RT001 was applied topically to five areas on the head, left on for 30 minutes and

removed by a series of cleansing wipes. This trial, which used a 25 ng/mL dose, demonstrated statistically significant improvement (43.8% for RT001 versus 10.5% for placebo) of the composite endpoint of a Headache Impact Test-6, or HIT-6, score, number of migraines and migraine intensity.

RT001 for Treatment of Other Indications

Based on the results of our current preclinical studies and clinical trials, we will determine further development of other indications for RT001, such as:

- *Neuropathic pain* . This condition may arise as a result of a lesion or disease affecting the nervous system and, as a collection of syndromes, is often chronic in nature causing significant negative impact to quality of life. Existing treatments include antidepressants, serotonin inhibitors and calcium channel agonists, each of which require daily dosing and are often accompanied by side effects and modest efficacy. More recently, injected botulinum toxin has been shown to address many forms of neuropathic pain and provide extended relief, of approximately three months, in line with the known duration profile for botulinum toxin treatment of other targets. RT001 represents an appealing alternative with its topical delivery, allowing relatively large areas to be treated without injection pain while maintaining the potential benefit of extended duration from a single treatment of botulinum toxin. RT001 is currently in preclinical development for neuropathic pain.
- *Rhinitis* . Rhinitis is a global health problem associated with nasal inflammation and symptoms of congestion, sneezing and itching. According to a third party report, rhinitis affects up to 30% of adults and 40% of children in the United States. Current treatments may require frequent administration, often one or more times per day, and typically come with side effects, including desensitization to the treatment. There is early evidence that applying botulinum toxin can be effective in reducing rhinitis symptoms. However, because of procedural difficulty and the potential pain, swelling, bleeding, tenderness or possible infection associated with nasal injections of botulinum toxin, the treatment has not been widely accepted among clinicians and patients. Our preclinical studies using animal models suggest that applying RT001 topically can be a potentially safe and effective treatment for the symptoms of allergic rhinitis. We conducted a small Phase 2 clinical trial to assess RT001 for the treatment of symptoms associated with allergic rhinitis, which demonstrated that RT001 was safe.

RT002 — Our Injectable Formulation of Botulinum Toxin

In addition to our topical product candidate, we are developing an injectable formulation of botulinum toxin type A, which we refer to as RT002, for indications where deeper delivery of the botulinum toxin is required and a longer lasting effect is desired. We believe RT002 can provide more targeted delivery of botulinum toxin to intended treatment sites while reducing the unwanted spread of botulinum toxin to adjacent areas. We believe this could permit longer lasting effect and safe administration of botulinum toxin, even with higher targeted doses. These properties, longer lasting effect and less spread of RT002, have been demonstrated in preclinical studies and in a four-cohort Phase 1/2 clinical dose escalation trial outside the United States for improvement of glabellar lines. Data from the four cohorts, which included an aggregate of 48 patients, indicates that RT002 is safe and efficacious. This data showed that 98% of the study patients achieved 1-point improvement, 67% achieved 2-point improvement and 96% achieved “none” or “mild” scores on the Glabellar Lines Severity Scale. The last cohort of this trial, the only one where duration of effect was measured, showed a median duration of 29.4 weeks, or seven months as assessed by both the subject and the investigator. Based upon the data analyzed, we initiated a Phase 2 active comparator trial against the market leader BOTOX® Cosmetic in late 2014. In addition, we plan to study RT002 in therapeutic indications already approved for botulinum toxin, such as movement disorders and other uses.

Glabellar Lines

Glabellar, or frown, lines are the result of gathering the tissue between the eyebrows into a fold. They are caused by the repeated action of underlying muscles associated with facial expression. Years of squinting and frowning tend to leave deep wrinkles in the skin between the eyebrows and on the bridge of the nose, across the forehead and at the corners of the eyes. On many people, frown lines produce an angry or sad look that detracts from a pleasant facial appearance. Physical, emotional and social reasons for treating frown lines and forehead furrows include improved appearance and enhanced self-esteem. The most common cosmetic use of the market leader, BOTOX® Cosmetic is for the treatment of glabellar lines. In general, consumers enjoy the benefits of botulinum toxin injections and there is a high rate of satisfaction. Longevity or duration of effect is the one area where consumers are less satisfied and desire longer duration.

Primary market research among over 30 leading aesthetic physicians indicated that they were very impressed by the clinical data generated in the Phase 1/2 study. In fact, if RT002 demonstrated similar results in larger trials the increased

duration of effect would cause them to change their treatment habits from currently available botulinum toxins to RT002. While potentially increased safety due to decreased spread to adjacent muscles was an appealing benefit in cosmetic indications, duration of effect would be the primary driver of adoption.

A product that had still showed meaningful consumer benefit at six months (as RT002 did where 60% of patients still retained "none" or "mild" wrinkle severity scores) would fit very nicely into the current treatment regimen and consumer habits. Most consumers only come in twice per year for treatments and the longer duration would mean that they would remain satisfied between treatments. Additionally, a longer lasting botulinum would align more closely with the duration of dermal filler treatments which often are administered at the same time as botulinum toxin treatments.

We believe that RT002 may provide the following benefits to patients and physicians for treatment of glabellar lines, as compared to the market leader, BOTOX® Cosmetic:

- *RT002 can permit longer lasting effect of 6-7 months, the ideal duration for a botulinum toxin treatment.*
- *RT002 can provide more targeted delivery of botulinum toxin to intended treatment sites while reducing the unwanted spread of botulinum toxin to adjacent areas.* This could potentially decrease unwanted side effects like eyelid ptosis (droopy eyelids) and patient dissatisfaction which is critical in a self-pay environment.

We believe that RT002 may provide the following benefits to physicians:

- *RT002 is simple to use and consistent with administration of currently available marketed products.* Minimal training is required because administration would be similar to currently available marketed products.
- *RT002 would lead to more sustained patient satisfaction between treatments, which is critical for self-pay procedures.*
- *RT002 could potentially expand their practices by appealing to consumers (particularly men) who are not willing to come in multiple times per year to sustain the benefits of treatment.*
- *Physicians would be willing to pay more for RT002 compared to currently available neurotoxins as they believe that they could easily pass that cost along to their patients, who would be willing to pay for increased duration.*
- *RT002 has been shown to be well tolerated with no significant safety concerns.*

Development of RT002 for Treatment of Glabellar Lines

Phase 1/2 Clinical Trials. We believe RT002 can provide more targeted delivery of botulinum toxin to intended treatment sites while reducing the unwanted spread of botulinum toxin to adjacent areas. We believe this could permit longer lasting effect and safe administration of botulinum toxin, even with higher targeted doses. These properties, longer lasting effect and less spread of RT002, have been demonstrated in a four-cohort Phase 1/2 clinical dose escalation trial outside the United States for improvement of glabellar lines. In the study, RT002 met its primary efficacy and safety endpoints. The open-label, dose escalating, Phase 1/2 study enrolled 48 adults in four cohorts. All subjects had Severe or Moderate wrinkles at baseline, measured using the 4-point Global Line Severity Scale (GLSS). In summary, the data showed:

- 96% of subjects were rated with None or Mild wrinkle severity at maximum frown 4 weeks post-treatment using the GLSS as assessed by the clinical investigator.
- 83% of subjects assessed themselves as achieving None or Mild wrinkles at maximum frown at the same time point.
- In the final cohort, the only one where duration of effect was measured, RT002 achieved a median duration of 29.4 weeks or seven months based on both investigator and subject assessments.
- In this final cohort, 60% of subjects maintained None or Mild wrinkle severity at 6 months.
- RT002 was well tolerated, and there was no evidence of spread beyond the treatment site at any dose; additionally, adverse event rates did not change in frequency, severity, or type with increasing doses.

Based on the results of this study, Revance initiated BELMONT, a Phase 2, Randomized, Double-Blind, Dose Ranging, Active and Placebo Controlled, Multi-Center Study to Evaluate the Safety and Efficacy and Duration of Effect of RT002, a Botulinum Toxin Type A for Injection, to treat glabellar lines. The BELMONT study will evaluate the safety, efficacy and duration of three doses of RT002, the labeled dose of the current market leader BOTOX® Cosmetic and a placebo control. BELMONT is expected to enroll approximately 250 subjects at up to 10 sites in Canada. The primary endpoints for the study are the investigator's assessment of glabellar line severity at maximum frown at Week 24 and median duration of effect from the date of treatment back to baseline severity.

RT002 for Treatment of Therapeutic Indications

Based on the results of our current preclinical studies and clinical trials, we will determine further development of other indications for RT002, such as neurological movement and other disorders. Muscle movement disorders are neurological conditions that affect a person's ability to control muscle activity in one or more areas of the body. Muscle spasticity happens after the body's nervous system has been damaged, most commonly by a stroke, disease, or trauma. While not life-threatening, spasticity can be painful and may have a significant effect on a person's quality of life. Some tasks, like getting dressed or bathing, become difficult, and a person's self-esteem may be affected by their abnormal posture. Common muscle movement disorders include cervical dystonia (excessive pulling of the muscles in the neck and shoulder), upper or lower limb spasticity (stiffness in muscles), and blepharasm (involuntary closing of the eyelids). Botulinum toxin type A has proven safe and effective for such uses, as the most common treatment for muscle movement disorders is to relax the muscle by injecting it with botulinum toxin. Spasticity was the first approved indication for BOTOX®.

We plan to provide information on the selected movement disorder indication and its clinical trial design and anticipate reporting of the related clinical results in the second half of 2015.

RT002 Safety

RT002 has been shown to be generally safe and well tolerated with minimal adverse events in our Phase 1/2 trial. An independent Data and Safety Monitoring Board, or DSMB, composed of experts from neurology, dermatology, and internal medicine, reviewed the data of our four-cohort Phase 1/2 clinical dose escalation trial for the treatment of glabellar lines after each cohort and confirmed the safety of dose escalation prior to each successive higher dose. Adverse events were generally mild, localized and transient. The most common adverse events observed were headache and injection site reactions. There was no evidence of spread beyond the treatment site at any dose. There were no serious adverse events or evidence of any systemic exposure based on clinical laboratory results and related evaluations. Adverse event rates did not change in frequency, severity, or type with increasing doses.

Our Technology

Our Proprietary TransMTS® Technology Platform

Our TransMTS® peptide technology serves different purposes depending on whether it is used in a topical formulation, such as in RT001, or in an injectable formulation, such as in RT002. In a topical formulation, the TransMTS® peptide technology enables transmembrane delivery of large macromolecules, such as our botulinum toxin type A, to the targeted tissue and eliminates the need for injections or other invasive procedures. In an injectable formulation, the TransMTS® peptide technology may restrict the active macromolecule to the target site and reduce unwanted spread to other neighboring tissues.

The TransMTS® proprietary peptides are single, straight-chain, peptides which have two distinct types of domains:

- The peptide backbone core is a sequence of consecutive lysine residues that are positively charged under physiologic conditions. The purpose of this positively charged core is to form a non-covalent (electrostatic) bond with the negatively charged macromolecule to be transported across the skin.
- The second part of the peptide is a Protein Transduction Domain, or PTD, which is responsible for delivering the macromolecule to the target site. There are two identical PTDs at each end of the peptide.

We believe our TransMTS® peptide technology could be applied to a range of active ingredient molecules. We have begun to leverage our TransMTS® platform to develop additional products through partnering arrangements and may use our technology platform to develop additional proprietary products.

Our Proprietary Botulinum Toxin-Peptide Complex

Our proprietary botulinum toxin-peptide complex has two components that contribute to overall activity. First, our TransMTS® peptide provides the mechanism of delivery across the skin and restricts the toxin molecule to the target site. Second, the botulinum toxin type A provides the mechanism of pharmacologic action and is responsible for the drug effects demonstrated in our clinical trials.

RT001 Botulinum Toxin-Peptide Complex

In RT001, our proprietary peptide, RTP004, carries and releases botulinum toxin to a defined depth of penetration targeting the mid-dermis, which is an appropriate depth of skin penetration for the treatment of crow's feet lines, hyperhidrosis, migraine headache, pain syndromes and other conditions.

Our nonclinical and clinical data show that the absorption enhancer peptide is necessary for the botulinum toxin to cross the skin and have pharmacologic effect. Our data also show that the peptide alone does not have pharmacologic action and that the botulinum toxin molecule without the peptide cannot cross the skin to achieve its effect.

RT001 is applied to the skin as a clear gel. The gel is temperature-triggered so that it is liquid at ambient temperature and forms a gel as it warms upon contact with the skin. RT001 quickly reaches a viscosity sufficient to remain in place in the defined treatment area.

RT001 Mechanism for Delivery of Botulinum Toxin

The absorption enhancer peptide has two pathways for the delivery of the botulinum toxin. The first pathway is energy independent and can occur in non-living cells, such as the stratum corneum, which is the outermost layer of the skin. This pathway allows the molecule to bind and traverse the stratum corneum where the molecule "shuttles" across the surface of the lipid layers in a process called "lipid rafting."

The second pathway is energy dependent and can only occur across living cells. It is an active process where transcytosis, the process by which molecules are transported across the interior of a cell, takes the molecule from one side of the cell to another. The peptide triggers the cell to fold around the peptide, carrying the target molecule with it. This pathway releases RT001 on either side of the cell. When returned to the original side, no net change occurs; but when returned to the opposite side, the contents have crossed the cell. The result is a net flow of RT001 from high to low concentration across the cells.

Administration of RT001 on the Skin

The proprietary apparatus for delivering RT001 to multiple locations was developed to provide for simple storage, reconstitution and ease of applying RT001 to the skin with minimal training.

Botulinum toxin is not stable in liquid form; therefore it must be lyophilized, or freeze-dried, for refrigerated storage and distribution. Injectable botulinum toxin products are distributed as lyophilized powders in sealed vials. Before they can be injected into a patient, the products must be reconstituted by a trained healthcare provider by drawing a precisely measured volume of saline solution into a syringe through a needle, and then transferring it into the botulinum toxin vial through the needle.

We designed our proprietary apparatus in collaboration with Duoject Medical Systems, Inc., or Duoject, a supplier of medical devices and provider of design and development services, with over 25 years of developing medical devices for drug reconstitution and delivery. The design of our apparatus has several features focused on safety and ease-of-use, and is covered by pending patents.

We plan to only supply RT001 within this reconstitution, activation and application, or RAA, device. This single-use administration apparatus contains a vial of our lyophilized drug product and a vial of diluent for reconstitution. The vial of drug product is protected within the RAA device to reduce potential for misuse as an injectable, and to eliminate the potential for needle stick injuries as could occur when reconstituting currently available injectable botulinum toxin products. The pre-filled amounts of drug product and diluent ensure accurate preparation of the intended concentration and dosage for treatment. We believe this will eliminate confusion that is associated with the preparation of injectable botulinum toxin products.

Once reconstituted, the RAA device allows for storage of the dose within the RAA device for up to eight hours, and then provides a means to easily administer the dose of RT001. RT001 is spread over the treatment area with a gloved finger, where it remains in place for 30 minutes and is then removed by a series of gentle cleansing wipes, deactivated and disposed. The entire application process is a simple procedure which requires minimal time to prepare and apply by physician or medical staff.

RT002 Mechanism of Action

RT002 utilizes our proprietary botulinum toxin-peptide complex in a saline-based formulation. In RT002, the RTP004 peptide interacts with both extracellular structures and cell surface receptors in the targeted muscle. This interaction restricts the toxin molecule to the target site and reduces unwanted spread to other neighboring muscles. We believe that by limiting the spread of RT002 to neighboring muscles, RT002 is likely to be tolerated at higher doses than Botox ® Cosmetic. Additionally, at doses where the spread of Botox ® Cosmetic and RT002 were compared, RT002 appeared to be more targeted with longer duration in our preclinical studies. Nonclinical and clinical data taken together suggest that RT002 may provide longer duration of effect at the target muscle and reduce spread to untargeted muscles.

Our Strategy

Our objective is to be a leading provider of botulinum toxin products across multiple aesthetic and therapeutic indications in both topical and injectable dose forms and to expand the market for botulinum toxin products. To achieve this objective, we plan to develop and commercialize two proprietary, patent-protected product candidates: RT001, our topical botulinum toxin, and RT002, our injectable botulinum toxin.

Key elements of our strategy are:

- *Advance RT002 Clinical Development.* In late 2014, we initiated BELMONT, a Phase 2 active comparator against the market leader, BOTOX® Cosmetic, for the treatment of glabellar lines. We are also currently exploring indications in muscle movement disorders, which account for approximately half of neurotoxin therapeutic sales globally, along with other therapeutic uses. We plan to provide information on the selected movement disorder indication of our clinical trial design and anticipate reporting the related clinical results in the second half of 2015.
- *Complete Development And Seek Regulatory Approval for RT001 .* We are in the advanced stages of our development process of RT001 for the treatment of crow's feet lines. We expect to report results from the first of two U.S. Phase 3 pivotal clinical trials in the second half of 2015 and plan to initiate an additional Phase 3 trial in the United States and a trial in Europe subsequently. We expect to file for regulatory approvals for the treatment of crow's feet lines in the United States and Europe. We chose to focus on these markets not only because of their size and growth potential but also because, in the United States and Europe, the market can be easily accessed by a specialty sales force.
- *Assess And Prioritize Future Therapeutic Indications for RT001 .* We have conducted clinical trials evaluating RT001 in underarm hyperhidrosis and migraine headache. We expect to initiate a Phase 2 clinical study using topical RT001 for the treatment of hyperhidrosis in mid-2015 and report preliminary efficacy results from this trial in the second half of 2015. In the future, we expect to continue developing RT001 for therapeutic indications where injection-based botulinum toxin dose forms are poorly tolerated, or have higher risk of adverse events. We believe that the commercial potential of RT001 in therapeutic indications could be substantial given the number of indications that we could pursue and the significant advantages of a painless, topical approach.
- *Build Our Own Sales And Marketing Capabilities To Commercialize RT001 and RT002 in North America.* If RT001 is approved for the treatment of crow's feet lines or RT002 is approved for the treatment of glabellar lines by the FDA, we intend to build our own sales force and commercial organization to launch in North America. Specifically, we plan to build a specialty sales force to target key physicians who perform the majority of aesthetic procedures, including dermatologists, plastic surgeons, facial plastic surgeons, and oculo-plastic surgeons.
- *Expand The Global Market For Botulinum Toxin Products .* We believe RT001 can expand the overall botulinum toxin market beyond the current patient base by bringing in new patients who would prefer a needle-free approach to treatment and a more tolerable procedure. RT001's profile may also make it preferable for aesthetic indications where the risk of toxin spreading to adjacent muscles can cause undesired outcomes such as bruising, droopy eye and unwanted frozen face. We believe RT002 also has the ability to expand the botulinum toxin market by appealing to patients who seek a longer lasting effect.
- *Establish Selective Strategic Partnerships To Maximize The Commercial Potential Of Our Product Candidates and TransMTS® Delivery Technology Platform .* Outside of North America, we plan to evaluate whether to commercialize our product candidates on our own or in collaboration with potential partners and distributors. Specifically, assuming regulatory approval of RT001 and RT002 outside of the United States, we will evaluate whether to build in-house commercial capabilities in one or more foreign countries or to seek commercialization partners to maximize the profitability of RT001 and RT002. Additionally, the TransMTS® peptide delivery technology platform can be used for molecules other than botulinum toxin. We plan on opportunistically partnering or licensing the technology to develop this capability.

- *Maximize The Value Of Our Botulinum Toxin Cell Line And Manufacturing Assets* . We have developed an integrated manufacturing, analytics, research and development facility that is capable of producing proprietary forms of botulinum toxin combined with TransMTS® peptide for Revance and any future partners.

Manufacturing and Operations

We have established capabilities for the production of botulinum toxin type A, including bulk drug substance and both topical and injectable finished drug product. Botulinum toxin is regulated as a Select Agent under authority of the Centers for Disease Control and Detection, or CDC, and as such requires that we perform our operations in compliance with CDC regulations. We have invested in constructing the appropriate facilities to accommodate our production activities and are in good standing under our Select Agent license. We have assembled a team of experienced individuals in the technical disciplines of chemistry, biology and engineering and have appropriately equipped laboratory space to support ongoing research and development efforts in our botulinum toxin product development platform. We have the ability to manufacture our own botulinum toxin product to support our clinical trial programs and eventually, our commercial production. We believe that having direct control over our manufacturing processes, from drug substance to finished product, will enable us to develop additional pharmaceutical product configurations effectively and with a competitive cost structure.

We manufacture and perform testing for both bulk drug substance and finished dose forms of drug product to support our topical RT001 and our injectable RT002 product candidates. The additional components required for our topical RT001 dose form, the peptide, diluent and delivery apparatus, are all manufactured by third parties under contract with us. See the section entitled “Outsourced Components” below for additional information.

Drug Substance

The manufacture of the drug substance for RT001 and RT002 is based on microbial fermentation followed by product recovery and purification steps. The process is entirely free of animal and human-derived materials and depends on standard raw materials available commercially. The process is already scaled to support all future commercial demands. Bulk drug substance is stable when stored for extended periods, which allows us to establish reserves of drug substance and allows periodic drug substance production to replenish inventories as needed.

Drug Product

Manufacture of topical and injectable dose forms to support RT001 and RT002 is currently performed at our pilot fill-finish facility. The manufacturing process consists of bulk compounding, liquid fill and freeze-drying to support acceptable shelf-life duration. We are building a larger capacity fill-finish line dedicated to the topical non-aseptic dose form which will be installed and validated to support our regulatory license applications and future commercial demand for RT001. Further scale-up of RT002 drug product manufacturing will be performed to meet anticipated commercial demand. The RT001 botulinum toxin and diluent has shown stability to date that will support commercial launch.

Outsourced Components

We contract with third parties for the manufacture of the additional components required for RT001 topical dose form, which includes the manufacture of bulk peptide through American Peptide Company, Inc., or American Peptide, diluent through Hospira Worldwide, Inc., or Hospira, and our delivery apparatus through Duoject.

Our agreement with List Biological Laboratories, Inc., or List Laboratories, a developer of botulinum toxin, includes certain milestone payments related to the clinical development of our botulinum toxin products and the toxin manufacturing process. There is a royalty with an effective rate ranging from low-to-mid single-digit percentages of future sales of botulinum toxin. Our agreement with List Laboratories will remain in effect until expiration of our royalty obligations and may be terminated earlier on mutual agreement or because of a material breach by either party.

Our agreement with Hospira includes product development services and manufacture and supply services and requires that we provide Hospira with advance forecasts of our product needs. This agreement also includes minimum purchase requirements once we have commercialized our products. Our agreement with Hospira will remain in effect for seven years, subject to extensions, after we commercialize our products and may be terminated earlier by either party following advance notice and good faith consultation.

Our agreement with Duoject includes development work and manufacture and supply services. This agreement also includes a royalty of less than one percent of future sales of products which include the delivery apparatus, in the event we do

not use Duoject to manufacture the delivery apparatus. Our agreement with Duoject will remain in effect until the later of April 30, 2020 or the expiration of the last patent issued to us for the delivery apparatus and may be terminated earlier because of a material breach by either party.

Our agreement with American Peptide includes development, manufacture and supply of peptide in accordance with certain specifications. This agreement also includes certain quality control and inspection provisions through which we can ensure the satisfactory quality of our peptide. Our agreement with American Peptide will remain in effect until May 20, 2020 and may be terminated earlier by either party following advance notice or a material breach by either party.

Competition

We expect to enter highly competitive pharmaceutical and medical device markets. Successful competitors in the pharmaceutical and medical device markets have the ability to effectively discover, develop, test and obtain regulatory approvals for products, as well as the ability to effectively commercialize, market and promote approved products, including communicating the effectiveness, safety and value of products to actual and prospective customers and medical staff. Numerous companies are engaged in the development, manufacture and marketing of health care products competitive with those that we are developing. While we are unaware of any potentially competitive topical products that may reach the market before RT001 for the treatment of crow's feet lines, it is possible that such a potentially competitive topical product is being developed.

Many of our competitors have substantially greater manufacturing, financial, research and development, personnel and marketing resources than we do. Our competitors may also have more experience and expertise in obtaining marketing approvals from the FDA and other regulatory authorities. In addition to product development, testing, approval and promotion, other competitive factors in the pharmaceutical and medical device industries include industry consolidation, product quality and price, product technology, reputation, customer service and access to technical information. As a result, our competitors may be able to develop competing or superior technologies and processes, and compete more aggressively and sustain that competition over a longer period of time than we could. Our technologies and products may be rendered obsolete or uneconomical by technological advances or entirely different approaches developed by one or more of our competitors. As more companies develop new intellectual property in our markets, the possibility of a competitor acquiring patent or other rights that may limit our products or potential products increases, which could lead to litigation.

Upon marketing approval, the first expected use of our products will be in aesthetic medicine, followed by potential use to treat excessive sweating, migraine headache and other therapeutic conditions. The technologies with which we expect to compete directly are injectable and topical neuromodulators, and to a lesser extent, dermal fillers.

Injectable and Topical Neuromodulators

Our primary competitors in the pharmaceutical market are companies offering injectable dose forms of botulinum toxin, including:

- BOTOX® and BOTOX Cosmetic®, marketed by Allergan, Inc., since its original approval by the FDA in 1989, has been approved for multiple indications, including glabellar lines, crow's feet lines and hyperhidrosis.
- Myobloc®, a neuromodulator currently marketed by US WorldMeds and approved by the FDA in 2000.
- Dysport®, an injectable botulinum toxin for the treatment of cervical dystonia and glabellar lines, which is marketed by Ipsen Ltd., or Ipsen, and Galderma, a Nestle company. Galderma acquired rights to market the product in the United States and Canada from Valeant Pharmaceuticals International, Inc. in 2014. Dysport® was approved by the FDA in 2009. Ipsen had previously received marketing authorization for a cosmetic indication for Dysport® in Germany in 2006 and, in 2007, Ipsen granted Galderma an exclusive development and marketing license for Dysport® for cosmetic indications in the European Union, Russia, Eastern Europe and the Middle East, and first rights of negotiation for other countries around the world, except the United States, Canada and Japan. In 2008, Galderma became Ipsen's sole distributor for Dysport® in Brazil, Argentina and Paraguay. In 2009, the health authorities of 15 European Union countries approved Dysport® for glabellar lines under the trade name Azzalure®. In 2011, Ipsen and Syntaxin engaged in a research collaboration agreement to develop native and engineered formats of botulinum toxin.
- Xeomin®, marketed by Merz Pharma, or Merz, and approved by the FDA in 2010 for cervical dystonia and blepharospasm in adults previously treated with Botox®. In the third quarter of 2011, Xeomin® was approved by the FDA and in Korea for glabellar lines. Xeomin® is also currently approved for therapeutic indications in most countries in the European Union as well as Canada and certain countries in Latin America and Asia. Bocouture®

(rebranded from Xeomin®), marketed by Merz and received approval for glabellar lines in Germany in 2009. In 2010, Bocouture® was approved in significant markets within the European Union. Xeomin® is also approved for glabellar lines in Argentina and Mexico.

We are aware of competing neuromodulators currently being developed and commercialized in Asia, South America and other markets. These lightly regulated markets may not require adherence to the FDA's cGMPs or the regulatory requirements of the European Medicines Agency or other regulatory agencies in countries that are members of the Organization for Economic Cooperation and Development. While these products are unlikely to meet stringent U.S. regulatory standards, the companies operating in these markets may be able to produce products at a lower cost than United States and European manufacturers. In addition to the injectable botulinum toxin dose forms, we are aware that other companies are developing topical neuromodulators for cosmetic and therapeutics indications and are conducting clinical trials for acne and facial aesthetic and hyperhidrosis.

Aesthetic Medicine

We anticipate that the first use of our products will be in the professional facial aesthetic medicine market which includes neurotoxins and dermal fillers, as well as polymer-based injectables. These and other products experience indirect competition from procedures, such as laser treatments, face lifts, chemical peels, fat injections and cold therapy. In the United States, dermal filler products, including Allergan's Juvéderm® Ultra and Ultra Plus, compete with Galderma's products Restylane® and Perlane™. In 2010, the FDA approved Allergan's Juvéderm® Ultra XC and Ultra Plus XC products containing lidocaine as well as new formulations of Galderma's Restylane® and Perlane™ also containing lidocaine and Restylane® without lidocaine for lips. Additional competitors in the filler category include Radiesse®, a calcium hydroxylapatite from BioForm, which was acquired by Merz in 2010, Sculptra® from Valeant Pharmaceuticals, Inc., and Belotero Balance® from Merz. Internationally, competitive products include Q-Med's range of Restylane® and Perlane™ products, as well as products from Anteis, Filoraga, Teoxane, Galderma and a large number of other hyaluronic acid, bioceramic, protein and other polymer-based dermal fillers.

Sales and Marketing

We currently have limited marketing capabilities and no sales organization. Assuming successful completion of clinical trials and receipt of marketing approval for RT001 for treatment of crow's feet lines or for RT002 for treatment of glabellar lines, by the FDA, we plan to launch in North America with our own sales force and commercial organization. Specifically, we would access the North American market through a focused, specialized sales force that targets the core physicians (dermatologists, plastic surgeons, facial plastic surgeons and oculo-plastic surgeons) who perform the majority of the cosmetic procedures. Assuming approval to market in the United States, we will focus our initial marketing of RT001 and RT002 on these core specialties.

After European approval to market, we anticipate marketing RT001 and RT002 through either our own commercial infrastructure or a combination of our own infrastructure and that of our possible future partners. For future uses of RT001 and RT002 outside of aesthetic medicine, we are evaluating launching on our own or through partner relationships.

Strategic Partnering

We plan to focus our efforts on developing and commercializing RT001 and RT002 in North America. We intend to seek partners to fund development of our products outside of specialty medicine and outside of North America to maximize the commercial potential of our product candidates and delivery technology.

We also plan to leverage our TransMTS® technology platform outside of our core focus in botulinum toxin by partnering with other companies. For example, in June 2013 we entered into an exclusive technology evaluation agreement with the Procter & Gamble Company to co-develop a peptide and explore applications of the TransMTS® delivery technology in two classes of over-the-counter cosmetic compounds. If successful, this partnership would enable us to receive royalty revenue.

Intellectual Property

Our success depends in large part on our ability to obtain and maintain intellectual property protection for our drug candidates, novel biological discoveries, and drug development technology and other know-how, to operate without infringing on the proprietary or intellectual property rights of others and to prevent others from infringing our proprietary and intellectual property rights. We seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development and implementation of our business. We also rely on know-how, copyright, trademarks and trade secret laws, continuing technological innovation

and potential in-licensing opportunities to develop and maintain our proprietary position. Such protection is also maintained using confidential disclosure agreements. Protection of our technologies is important for us to offer our customers proprietary services and products unavailable from our competitors, and to exclude our competitors from practicing technology that we have developed. If competitors in our industry have access to the same technology, our competitive position may be adversely affected.

It is possible that our current patents, or patents which we may later acquire, may be successfully challenged or invalidated in whole or in part. It is also possible that we may not obtain issued patents from our pending patent applications or other inventions we seek to protect. Due to uncertainties inherent in prosecuting patent applications, sometimes patent applications are rejected and we subsequently abandon them. It is also possible that we may develop proprietary products or technologies in the future that are not patentable or that the patents of others will limit or altogether preclude our ability to do business. In addition, any patent issued to us may provide us with little or no competitive advantage, in which case we may abandon such patent or license it to another entity. For more information, please see “Item 1A. Risk Factors — Risks Related to our Intellectual Property.”

As of February 25, 2015, we held approximately 97 issued patents and approximately 151 pending patent applications, including foreign counterparts of U.S. patents and applications. Twelve of our patents are issued in the United States, with the rest issued in Australia, Canada, China, various countries in Europe, Hong Kong, Israel, Japan, Malaysia, Mexico, New Zealand, Singapore and South Africa. In addition, we have pending patent applications in the United States as well as in Australia, Brazil, Canada, China, Europe, Hong Kong, Israel, India, Japan, Korea, Mexico, New Zealand, Singapore and Taiwan. The earliest that any of our patents will expire is July 20, 2021 for U.S. Patent No. 7,807,780. Because approval for RT001 is still pending before the FDA, one of these patents, or a later granted Revance patent, may be eligible for a patent term extension of up to five years, provided the total period of market exclusivity based on the extended patent does not exceed 14 years. For more information, please see “Business — Government Regulation — U.S. Patent Term Restoration and Marketing Exclusivity.”

We will continue to pursue additional patent protection as well as take appropriate measures to obtain and maintain proprietary protection for our innovative technologies.

Our registered and pending U.S. trademarks include REVANCE ® , TRANSMTS ® , MOTISTE, XOTIKIS and JANTYNG.

Government Regulation

Product Approval Process in the United States

In the United States, the FDA regulates drugs and biologic products under the Federal Food, Drug and Cosmetic Act, or FDCA, its implementing regulations, and other laws, including, in the case of biologics, the Public Health Service Act. Our product candidates, RT001 and RT002, are subject to regulation by the FDA as a biologic. Biologics require the submission of a BLA to the FDA and approval of the BLA by the FDA before marketing in the United States.

The process of obtaining regulatory approvals for commercial sale and distribution and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U. S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial civil or criminal sanctions. These sanctions could include the FDA’s refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, imposition of a clinical hold on clinical trials, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. The process required by the FDA before a biologic may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies performed in accordance with the FDA’s current good laboratory practices, or GLP, regulations;
- submission to the FDA of an IND which must become effective before human clinical trials in the United States may begin;
- approval by an independent review board, or IRB, at each clinical trial site before each trial may be initiated;

- performance of adequate and well-controlled human clinical trials in accordance with the FDA’s current good clinical practices, or GCP, regulations to establish the safety and efficacy of the product candidate for its intended use;
- submission to the FDA of a BLA;
- satisfactory completion of an FDA inspection, if the FDA deems it as a requirement, of the manufacturing facility or facilities where the product is produced to assess compliance with the FDA’s current good manufacturing practice standards, or cGMP, regulations to assure that the facilities, methods and controls are adequate to preserve the product’s identity, strength, quality and purity, as well as compliance with applicable Quality System Regulations, or QSR, for devices;
- potential audits by the FDA of the nonclinical and clinical trial sites that generated the data in support of the BLA;
- review of the BLA by an external advisory committee to the FDA, whose recommendations are not binding on the FDA; and
- FDA review and approval of the BLA prior to any commercial marketing or sale.

Preclinical Studies

Before testing any compounds with potential therapeutic value in humans, the product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, stability and formulation, as well as animal studies to assess the potential toxicity and activity of the product candidate. The conduct of the preclinical tests must comply with federal regulations and requirements including GLPs. The sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions about the conduct of the clinical trial, including concerns that human research subjects will be exposed to unreasonable health risks. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA may also impose clinical holds on a product candidate at any time before or during clinical trials due to safety concerns or non-compliance, or for other reasons.

Clinical Trials

Clinical trials involve the administration of the product candidate to human patients under the supervision of qualified investigators, generally physicians not employed by or under the clinical trial sponsor’s control. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety and effectiveness. Each protocol must be submitted to the FDA as part of the IND. Clinical trials must be conducted in accordance with GCPs. Further, each clinical trial must be reviewed and approved by an IRB at or servicing each institution at which the clinical trial will be conducted. An IRB is charged with protecting the welfare and rights of clinical trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the form and content of the informed consent that must be signed by each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- *Phase 1.* The product candidate is initially introduced into a limited population of healthy human subjects and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion. In the case of some products for some diseases, or when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients with the disease or condition for which the product candidate is intended to gain an early indication of its effectiveness.
- *Phase 2.* The product candidate is evaluated in a limited patient population, but larger than in Phase 1, to identify possible adverse events and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted indications and to assess dosage tolerance, optimal dosage and dosing schedule.
- *Phase 3.* Clinical trials are undertaken to further evaluate dosage, and provide substantial evidence of clinical efficacy and safety in an expanded patient population, such as several hundred to several thousand, at geographically dispersed clinical trial sites. Phase 3 clinical trials are typically conducted when Phase 2 clinical trials demonstrate that a dose range of the product candidate is effective and has an acceptable safety profile. These trials typically have at least 2 groups of patients who, in a blinded fashion, receive either the product or a placebo. Phase 3 clinical trials are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of a BLA.

IND sponsors may dispute FDA decisions concerning clinical development. For example, we engaged in the Formal Dispute Resolution process with the FDA for the proposed indication, primary endpoint assessment and primary endpoint measurement of RT001 for crow's feet lines. In May 2012, we received a determination that the End-of-Phase 2 had been reached for the indication of lateral canthal lines.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication to further assess the biologic's safety and effectiveness after BLA approval. Phase 4 trials can be initiated by the drug sponsor or as a condition of BLA approval by the FDA.

Annual progress reports detailing the results of the clinical trials must be submitted to the FDA and written IND safety reports must be promptly submitted to the FDA and the investigators for serious and unexpected adverse events or any finding from tests in laboratory animals that suggests a significant risk for human subjects.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the biologic and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final biologic product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests, proposed labeling and other relevant information are submitted to the FDA in the form of a BLA requesting approval to market the product for one or more specified indications. The submission of a BLA is subject to the payment of substantial user fees.

Once the FDA receives a BLA, it has 60 days to review the BLA to determine if it is substantially complete and the data is readable, before it accepts the BLA for filing. Once the submission is accepted for filing, the FDA begins an in-depth review of the BLA. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act, or PDUFA, the FDA has twelve months from submission in which to complete its initial review of a standard BLA and make a decision on the application, and eight months from submission for a priority BLA, and such deadline is referred to as the PDUFA date. The FDA does not always meet its PDUFA dates for either standard or priority BLAs. The review process and the PDUFA date may be extended by three months if the FDA requests or the BLA sponsor otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA date.

After the BLA submission is accepted for filing, the FDA reviews the BLA to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality and purity. The FDA may refer applications for novel drug or biological products or drug or biological products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. During the approval process, the FDA also will determine whether a Risk Evaluation and Mitigation Strategies, or REMS, is necessary to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS; the FDA will not approve the BLA without an approved REMS, if required. A REMS can substantially increase the costs of obtaining approval.

Before approving a BLA, the FDA can inspect the facilities at which the product is manufactured. The FDA will not approve the BLA unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving a BLA, the FDA will typically inspect one or more clinical sites to assure that the clinical trials were conducted in compliance with GCP requirements. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional clinical testing or information before a BLA can be approved.

The FDA will issue a complete response letter if the agency decides not to approve the BLA. The complete response letter describes all of the specific deficiencies in the BLA identified by the FDA. The deficiencies identified may be minor, for

example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. If a complete response letter is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post marketing studies, sometimes referred to as Phase 4 testing, which involves clinical trials designed to further assess drug safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. After approval, certain changes to the approved biologic, such as adding new indications, manufacturing changes or additional labeling claims, are subject to further FDA review and approval. Depending on the nature of the change proposed, a BLA supplement must be filed and approved before the change may be implemented. For many proposed post-approval changes to a BLA, the FDA has up to 180 days to review the application. As with new BLAs, the review process is often significantly extended by the FDA requests for additional information or clarification.

Post-Approval Requirements

Any biologic products for which we or our collaborators receive FDA approvals are subject to continuing regulation by the FDA, including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, complying with certain electronic records and signature requirements and complying with FDA promotion and advertising requirements, which include, among others, restrictions on direct-to-consumer advertising, promoting biologics for uses or in patient populations that are not described in the product's approved labeling, known as "off-label use," industry-sponsored scientific and educational activities, and promotional activities involving the internet. The FDA closely regulates the post-approval marketing and promotion of biologics, and although physicians may prescribe legally available drugs for off-label uses, manufacturers may not market or promote such off-label uses. Failure to comply with these or other FDA requirements can subject a manufacturer to possible legal or regulatory action, such as warning letters, suspension of manufacturing, seizure of product, injunctive action, mandated corrective advertising or communications with healthcare professionals, possible civil or criminal penalties or other negative consequences, including adverse publicity.

We currently manufacture our own clinical drug supplies to support both of our product candidates and plan to do so on a commercial scale if our product candidates are approved. In addition, we also contract with third party manufacturers for certain components necessary to produce RT001 in clinical quantities and expect to continue to do so to support commercial scale production if RT001 is approved. Our future collaborators may also utilize third parties for some or all of a product we are developing with such collaborator. We and our third party manufacturers are required to comply with applicable FDA manufacturing requirements contained in the FDA's cGMP regulations. cGMP regulations require among other things, quality control and quality assurance as well as the corresponding maintenance of records and documentation. Drug manufacturers and other entities involved in the manufacture and distribution of approved biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic inspections by the FDA and certain state agencies for compliance with cGMP and other laws. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of our biologic product candidate, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of a BLA plus the time between the submission date of a BLA and the approval of that application. Only one patent applicable to an approved product is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The United States Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may intend to apply for restoration of patent term for one of our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant BLA.

Market exclusivity provisions under the FDCA can also delay the submission or the approval of certain applications of other companies seeking to reference another company's BLA. Specifically, the Biologics Price Competition and Innovation Act of 2009, or BPCIA, established an abbreviated pathway for the approval of biosimilar and interchangeable biological products. The new abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable" based on their similarity to existing brand product. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until twelve years after the original branded product was approved under a BLA. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator BLA holder. The BPCIA is complex and is only beginning to be interpreted and implemented by the FDA. As a result, its ultimate impact, implementation and meaning are subject to uncertainty.

Product Approval Process Outside the United States

In addition to regulations in the United States, we will be subject to a variety of foreign regulations governing manufacturing, clinical trials, commercial sales and distribution of our future products. Whether or not we obtain FDA approval for a product candidate, we must obtain approval of the product by the comparable regulatory authorities of foreign countries before commencing clinical trials or marketing in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country.

Under European Union regulatory systems, marketing authorizations may be submitted either under a centralized, decentralized or mutual recognition procedure. The centralized procedure provides for the grant of a single marketing authorization that is valid for all European Union member states. The decentralized procedure includes selecting one "reference member state," or RMS, and submitting to more than one member state at the same time. The RMS National Competent Authority conducts a detailed review and prepares an assessment report, to which concerned member states provide comment. The mutual recognition procedure provides for mutual recognition of national approval decisions. Under this procedure, the holder of a national marketing authorization may submit an application to the remaining member states post-initial approval. Within 90 days of receiving the applications and assessment report, each member state must decide whether to recognize approval.

Federal and State Fraud and Abuse and Data Privacy and Security Laws and Regulations

In addition to FDA restrictions on marketing of pharmaceutical products, federal and state fraud and abuse laws restrict certain business practices in the biopharmaceutical industry. These laws include anti-kickback and false claims statutes. We will be subject to these laws and regulations once we begin to directly commercialize our products.

The federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce, or in return for, purchasing, leasing, ordering or arranging for the purchase, lease or order of any item or service reimbursable under Medicare, Medicaid or other federal healthcare programs. The term "remuneration" has been broadly interpreted to include anything of value, including for example, gifts, discounts, the furnishing of supplies or equipment, credit arrangements, payments of cash, waivers of payment, ownership interests and providing anything at less than its fair market value. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on one hand prescribers, purchasers and formulary managers on the other. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and our practices may not in all cases meet all of the criteria for statutory exemptions or safe harbor protection. Practices that involve remuneration that may be alleged to be intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the statute has been violated. The reach of the Anti-Kickback Statute was also broadened by the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the ACA, which, among other things, amends the intent requirement of the federal Anti-Kickback Statute. Pursuant to the statutory amendment, a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation. In addition, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act or the civil monetary penalties statute, which imposes penalties against any person who is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent. The federal transparency requirements under ACA require certain manufacturers of drugs, devices, biologics and

medical supplies to annually report to the Department of Health and Human Services information related to payments and other transfers of value to physicians and teaching hospitals and physician ownership and investment interests.

The federal False Claims Act prohibits any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government. Pharmaceutical and other healthcare companies have been prosecuted under these laws for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of the companies' marketing of the product for unapproved, and thus non-reimbursable, uses. Also, many states have similar fraud and abuse statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor.

In addition, we may be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. The Health Insurance Portability and Accountability Act, or HIPAA, as amended by the Health Information Technology and Clinical Health Act, or HITECH, and its implementing regulations, imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH makes HIPAA's privacy and security standards directly applicable to "business associates," those independent contractors or agents of covered entities that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of available statutory and regulatory exemptions, it is possible that some of our business activities now and in the future could be subject to challenge under one or more of such laws. If our operations are found to be in violation of any of the federal and state laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including criminal and significant civil monetary penalties, damages, fines, imprisonment, exclusion of products from reimbursement under government programs and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. To the extent that any of our products are sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-marketing requirements, including safety surveillance, anti-fraud and abuse laws and implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals.

Environment, Health and Safety

We are voluntarily assessing and publicly reporting our greenhouse gas emissions and water usage, and have begun to take action to reduce such emissions and usage. For example we have established employee commuter programs, evaluated the energy efficiency of our buildings and installed low-flow water fixtures. Various laws and regulations have been implemented or are under consideration to mitigate the effects of climate change caused by greenhouse gas emissions. For example, the California Air Resources Board is in the process of drafting regulations to meet state emissions targets. Based on current information and subject to the finalization of the proposed regulations, we believe that our primary risk related to climate change is the risk of increased energy costs. However, because we are not an energy intensive business, we do not anticipate being subject to a cap and trade system or any other mitigation measures that would likely be material to our capital expenditures, results of operations or competitive position.

We are also subject to other federal, state and local regulations regarding workplace safety and protection of the environment. We use hazardous materials, chemicals, viruses and various radioactive compounds in our research and development activities and cannot eliminate the risk of accidental contamination or injury from these materials. Certain misuse or accidents involving these materials could lead to significant litigation, fines and penalties. We have implemented proactive programs to reduce and minimize the risk of hazardous materials incidents.

Research and Development

Conducting research and development is central to our business model. We have invested and expect to continue to invest significant time and capital in our research and development operations. Our research and development expenses were \$33.4 million and \$27.8 million during the years ended December 31, 2014 and 2013, respectively. We plan to increase our research

and development expenses for the foreseeable future to initiate and complete clinical trials and other associated programs relating to RT001 for the treatment of crow's feet lines and therapeutic indications such as hyperhidrosis, and to initiate and complete additional clinical trials and associated programs related to RT002 for the treatment of glabellar lines and therapeutic indications in areas such as muscle movement disorders.

Employees

As of December 31, 2014, we had 83 full-time employees. Of these employees, 62 employees were engaged in research and development and 21 employees were engaged in finance, human resources, facilities, information technology, general management, and administration activities. We plan to continue to expand our research and development activities. To support this growth, we will need to expand managerial, research and development, operations, finance and other functions. None of our employees are represented by a labor union, and we consider our employee relations to be good.

Other Information

We were incorporated in Delaware on August 10, 1999 under the name Essentia Biosystems, Inc. We commenced operations in June 2002 and, in April 2005, changed our name to Revance Therapeutics, Inc. Our principal executive offices are located at 7555 Gateway Boulevard, Newark, California 94560, and our telephone number is (510) 742-3400. Our website address is <http://www.revance.com>. The information contained in, or that can be accessed through, our website is not part of this Form 10-K.

We file electronically with the SEC, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. We make available on our website at www.revance.com (under "Investors-Financials & Filings"), free of charge, copies of these reports as soon as reasonably practicable after filing these reports with, or furnishing them to, the SEC.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of our initial public offering in February 2014, (b) in which we have total annual gross revenue of at least \$1.0 billion, or (c) in which we are deemed to be a large accelerated filer, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. References herein to "emerging growth company" shall have the meaning associated with it in the JOBS Act.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as all other information included in this Form 10-K, including our consolidated financial statements, the notes thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," before you decide to purchase shares of our common stock. If any of the following risks actually occurs, our business, prospects, financial condition and operating results could be materially harmed. As a result, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and stock price.

Risks Related to Our Business and Strategy

We are substantially dependent on the clinical and commercial success of our product candidates, primarily our topical product candidate RT001 and our injectable product candidate RT002.

To date, we have invested most of our efforts and financial resources in the research and development of RT001, our topical formulation of botulinum toxin. We are in a Phase 3 development program for RT001 for the treatment of crow's feet lines. In October 2014, we initiated an open-label study designed to confirm successful transfer of the production of our topical RT001 drug product to our manufacturing facility. Following a comprehensive analysis of the data obtained in such study, we plan to commence and complete in the first half of 2015 a new open-label study using RT001. In addition, we also expect to initiate a Phase 2 clinical study using topical RT001 for the treatment of hyperhidrosis in mid-2015. To date, we have conducted sixteen clinical trials for RT001, with a total of over 1,500 subjects, for the treatment of crow's feet lines.

We have also invested in the research and development of an injectable form of botulinum toxin, RT002. Based on the results of our Phase 1/2 study of RT002 for the treatment of moderate to severe glabellar (frown) lines, we initiated BELMONT, a Phase 2 active comparator trial against the market leader BOTOX® Cosmetic in late 2014. We are also exploring therapeutic indications such as muscle movement disorders, which account for a large proportion of neurotoxin therapeutic sales globally, using RT002.

Our near-term prospects, including our ability to finance our company and generate revenue, will depend heavily on the successful development, regulatory approval and commercialization of RT001 and RT002, as well as any future product candidates. The clinical and commercial success of our product candidates will depend on a number of factors, including the following:

- timely completion of, or need to conduct additional, clinical trials, including our clinical trials for RT001, RT002 and any future product candidates, which may be significantly slower or cost more than we currently anticipate and will depend substantially upon the number and design of such trials and the accurate and satisfactory performance of third party contractors;
- our ability to demonstrate the effectiveness and duration of effect of our product on a consistent basis as compared to existing or future therapies;
- our ability to demonstrate to the satisfaction of the United States Food and Drug Administration, or FDA, the safety and efficacy of RT001, RT002 or any future product candidates through clinical trials;
- whether we are required by the FDA or other similar foreign regulatory agencies to conduct additional clinical trials to support the approval of RT001, RT002 or any future product candidates;
- the acceptance of parameters for regulatory approval, including our proposed indication, primary endpoint assessment and primary endpoint measurement relating to our lead indications of RT001;
- our success in educating physicians and patients about the benefits, administration and use of RT001, RT002 or any future product candidates, if approved;
- the prevalence and severity of adverse events experienced with our product candidates or future approved products;
- the timely receipt of necessary marketing approvals from the FDA and similar foreign regulatory authorities;
- the ability to raise additional capital on acceptable terms and in the time frames necessary to achieve our goals;
- achieving and maintaining compliance with all regulatory requirements applicable to RT001, RT002 or any future product candidates or approved products;
- the availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing treatments;
- the effectiveness of our own or our future potential strategic collaborators' marketing, sales and distribution strategy and operations;
- our ability to manufacture clinical trial supplies of RT001, RT002 or any future product candidates and to develop, validate and maintain a commercially viable manufacturing process that is compliant with current good manufacturing practices, or cGMP;
- our ability to successfully commercialize RT001, RT002 or any future product candidates, if approved for marketing and sale, whether alone or in collaboration with others;
- our ability to enforce our intellectual property rights in and to RT001, RT002 or any future product candidates;
- our ability to avoid third party patent interference or intellectual property infringement claims;
- acceptance of RT001, RT002 or any future product candidates, if approved, as safe and effective by patients and the medical community; and
- a continued acceptable safety profile of RT001, RT002 or any future product candidates following approval.

If we do not achieve one or more of these factors, many of which are beyond our control, in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates. Accordingly, we cannot assure you that we will be able to generate sufficient revenue through the sale of RT001, RT002 or any future product candidate to continue our business.

We may be unable to obtain regulatory approval for RT001, RT002 or future product candidates under applicable regulatory requirements. The denial or delay of any such approval would delay commercialization and have a material adverse effect on our potential to generate revenue, our business and our results of operations.

To gain approval to market a biologic product such as RT001 and RT002, we must provide the FDA and foreign regulatory authorities with data that adequately demonstrate the safety, purity and potency of the product for the intended indication applied for in a Biologics License Application, or BLA, or other respective regulatory filing. The development of biologic products is a long, expensive and uncertain process, and delay or failure can occur at any stage of any of our clinical trials. A number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in clinical trials, including in Phase 3 development, even after promising results in earlier preclinical studies or clinical trials. These setbacks have been caused by, among other things, findings made while clinical trials were underway and safety or efficacy observations made in clinical trials, including previously unreported adverse events. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and the results of clinical trials by other parties may not be indicative of the results in trials we may conduct. In particular, we have conducted two positive Phase 2b controlled clinical trials of RT001, in which RT001 met the primary efficacy and all secondary endpoints. We have also conducted one open label, Phase 2b safety trial, which demonstrated that sequential applications of RT001 were safe and well tolerated, even at an accelerated frequency. However, we have conducted one Phase 3 clinical efficacy trial using a modified diluent formulation, the results of which were inconsistent with our previous Phase 2b clinical trials and which did not show improvement from baseline in either the placebo or RT001 group. In October 2014, we conducted an open-label clinical trial designed to test the efficacy of our topical RT001 drug product. The efficacy analysis from the 43 patients enrolled in the open-label trial showed clinically meaningful efficacy measured by the one-point investigator's global assessment, or IGA, and the one-point patient severity assessment, or PSA, as well as in the aggregate for the composite one-point assessment. The two-point response rates for the individual IGA and composite IGA and PSA assessments, however, did not meet the endpoints for the patients enrolled in the trial. Following a comprehensive analysis of the data obtained in such trial, we determined that the preliminary composite results were not adequate to move forward with our Phase 3 pivotal trial at such time. We plan to commence and complete in the first half of 2015 an open-label trial using RT001 drug product manufactured in our facility. If any of our clinical trials do not demonstrate the safety and efficacy to our satisfaction, or to the satisfaction of the FDA, the timing and our ability to obtain regulatory approval for RT001 could be materially and adversely affected.

Our topical product candidate RT001 is currently in Phase 3 development, and our injectable product candidate RT002 is in Phase 2 development. Our business currently depends substantially on their successful development, regulatory approval and commercialization. We currently have no drug or biologic products approved for sale, and we may never obtain regulatory approval to commercialize RT001 or RT002. The research, testing, manufacturing, labeling, approval, sale, marketing and distribution of drug and biologic products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, and such regulations differ from country to country. We are not permitted to market RT001 or RT002 in the United States until we receive approval of a BLA from the FDA. We are also not permitted to market RT001 or RT002 in any foreign countries until we receive the requisite approval from the regulatory authorities of such countries.

The FDA or any foreign regulatory bodies can delay, limit or deny approval of our product candidates, including RT001 and RT002, for many reasons, including:

- our inability to demonstrate to the satisfaction of the FDA or the applicable foreign regulatory body that RT001, RT002 or any future product candidates are safe and effective for the requested indication;
- the FDA's or the applicable foreign regulatory agency's disagreement with our trial protocol or the interpretation of data from preclinical studies or clinical trials;
- our inability to demonstrate that clinical and other benefits of RT001, RT002 or any future product candidates outweigh any safety or other perceived risks;
- the FDA's or the applicable foreign regulatory agency's requirement for additional preclinical or clinical studies;
- the FDA's or the applicable foreign regulatory agency's non-approval of the formulation, labeling or the specifications of RT001, RT002 or any future product candidates;
- the FDA's or the applicable foreign regulatory agency's failure to approve our manufacturing processes or facilities, or the manufacturing processes or facilities of third party manufacturers with which we contract; or
- the potential for approval policies or regulations of the FDA or the applicable foreign regulatory agencies to significantly change in a manner rendering our clinical data insufficient for approval.

Of the large number of drugs, including biologics, in development, only a small percentage successfully complete the FDA or other regulatory approval processes and are commercialized. We do not plan to conduct our U.S. Phase 3 clinical trials for RT001 under a Special Protocol Assessment, or SPA. In the absence of an agreed SPA, there can be no assurance that the FDA will agree with our Phase 3 clinical trial protocol.

Further, after our Phase 2 clinical trials, we used the FDA's Formal Dispute Resolution process to obtain confirmation from the FDA that our proposed indication, primary endpoint assessment and primary endpoint measurement were acceptable

for continued clinical trials. At the end of this process, the FDA indicated that the final indication would depend on the patient populations studied, the data collected, and the interpretation of the data during the BLA review process. The FDA also indicated its expectation for demonstration of botulinum toxin effect mechanism of action of RT001 to be assessed at maximum contraction, or "at smile", to inform its analysis of the risk benefit of RT001. Our clinical development program for RT001 measures effect "at smile" as an additional assessment endpoint to demonstrate botulinum toxin's effect on relaxation of muscle at maximum contraction. However, age-related crow's feet lines of the upper face are the lines visible "at rest" and the primary endpoint of our clinical development program measures the efficacy of RT001 by a 2-point composite of physician and patient scales "at rest."

In August 2014, the FDA issued a Draft Guidance prepared by the Division of Dermatology and Dental Products of the FDA entitled "Upper Facial Lines: Developing Botulinum Toxin Drug Products". The Draft Guidance, among other things, recommends assessing the primary endpoint measurement for efficacy at maximum contraction, recommends defining treatment success as a score of 0 or 1 and at least a two grade reduction on both investigator and subject assessments, and recommends that review of photographs at maximum contraction by a masked independent committee be a required secondary efficacy measurement. We responded to the FDA's request for public comment on the non-binding Draft Guidance on October 30, 2014 and our response was filed as an exhibit to our Current Report on Form 8-K filed with the SEC on November 4, 2014. We do not know when the guidance will be finalized, if at all, or the recommendations that will be contained therein. Even if final guidance is issued by the FDA, industry may pursue approval using an alternative approach if the approach satisfies the requirements of the applicable statutes and regulations. After consultation with our regulatory consultants, and based in part on the outcome of our Formal Dispute Resolution and related written confirmation from the FDA that we could proceed with Phase 3 development, we plan to complete our RT001 clinical trials using our current primary endpoint assessment by a 2-point composite of investigator and patient assessments "at rest" supplemented by our additional assessment "at smile" to demonstrate the mechanism of action is a botulinum toxin effect.

While the FDA provided written confirmation that our proposed indication, primary endpoint assessment and primary endpoint measurement were acceptable for Phase 3 clinical trials, the FDA has not confirmed that our proposed indication, primary endpoint assessment and primary endpoint measurement are acceptable for regulatory approval. Further, while we did obtain written confirmation with respect to these aspects of our Phase 3 clinical trial designs, there is no assurance that the FDA will approve our BLA for RT001, will agree that the benefits of RT001 outweigh its risks or will not raise new concerns regarding our clinical trial designs.

Even if we eventually complete clinical testing and receive approval of any regulatory filing for RT001, RT002 or any future product candidates, the FDA or the applicable foreign regulatory agency may grant approval contingent on the performance of costly additional post-approval clinical trials. The FDA or the applicable foreign regulatory agency also may approve RT001, RT002 or any future product candidates for a more limited indication or a narrower patient population than we originally requested, and the FDA or applicable foreign regulatory agency may not approve the labeling that we believe is necessary or desirable for the successful commercialization of our product candidates. Any delay in obtaining, or inability to obtain, applicable regulatory approval for any of our product candidates and RT001, in particular, would delay or prevent commercialization of RT001 and would materially adversely impact our business, results of operations and prospects.

We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product development, other operations or commercialization efforts.

Since our inception, most of our resources have been dedicated to the preclinical and clinical development of our topical product candidate, RT001. In particular, our U.S. clinical programs for RT001 and RT002 will require substantial funds to complete. We have recorded net losses of \$62.9 million, \$52.4 million and \$58.3 million for the years ended December 31, 2014, 2013 and 2012, respectively, had an accumulated deficit through December 31, 2014 of \$258.8 million and had a working capital surplus of \$162.5 million as of December 31, 2014, primarily as a result of our initial public offering and our follow-on public offering. We have funded our operations primarily through the sale and issuance of convertible preferred stock, common stock, notes payable and convertible notes. As of December 31, 2014, we had capital resources consisting of cash and cash equivalents of \$171.0 million. On February 6, 2014, we sold 6,900,000 shares of common stock at \$16.00 per share for aggregate net proceeds of \$98.6 million in our initial public offering, or IPO, after underwriting discounts, commissions, and other offering expenses. On June 19, 2014, we sold 4,600,000 shares of common stock at \$30.50 per share for aggregate net proceeds of \$131.3 million in our follow-on public offering, after underwriting discounts, commissions, and other offering expenses. We believe that we will continue to expend substantial resources for the foreseeable future for the clinical development of RT001, RT002 and development of any other indications and product candidates we may choose to pursue. These expenditures will include costs associated with research and development, conducting preclinical studies and clinical trials, and manufacturing and supply as well as marketing and selling any products approved for sale. In addition, other

unanticipated costs may arise. Because the outcome of any clinical trial is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of RT001, RT002 and any future product candidates.

We believe that our existing cash and cash equivalents, including the net proceeds from our IPO and follow-on public offering will allow us to fund our operating plan through at least the next 12 months. However, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional capital sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations. Such financings may result in dilution to stockholders, imposition of debt covenants and repayment obligations or other restrictions that may affect our business. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Our future capital requirements depend on many factors, including:

- the results of our clinical trials for RT001 and RT002;
- the timing of, and the costs involved in, obtaining regulatory approvals for RT001, RT002 or any future product candidates;
- the number and characteristics of any additional product candidates we develop or acquire;
- the scope, progress, results and costs of researching and developing RT001, RT002 or any future product candidates, and conducting preclinical and clinical trials;
- the cost of commercialization activities if RT001, RT002 or any future product candidates are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing RT001, RT002 or any future product candidates and any products we successfully commercialize and maintaining our related facilities;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the terms of and timing such arrangements;
- the degree and rate of market acceptance of any future approved products;
- the emergence, approval, availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing products or treatments;
- any product liability or other lawsuits related to our products;
- the expenses needed to attract and retain skilled personnel;
- the costs associated with being a public company;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, future approved products, if any.

Additional capital may not be available when needed, on terms that are acceptable to us or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials, research, development, manufacturing, sales, marketing or other commercial activities for RT001, RT002 or any future product candidate.

If we raise additional capital through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish certain valuable rights to our product candidates, technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable to us. If we raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted and the terms of any new equity securities may have a preference over our common stock. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt or making capital expenditures or specified financial ratios, any of which could restrict our ability to commercialize our product candidates or operate as a business.

Even if our product candidates receive regulatory approval, they may fail to achieve the broad degree of physician adoption and use necessary for commercial success.

The commercial success of RT001, RT002 and any future product candidates, if approved, will depend significantly on the broad adoption and use of the resulting product by physicians for approved indications, including, in the case of RT001, the treatment of lateral canthal lines, or crow's feet lines, and hyperhidrosis, in the case of RT002, the treatment of glabellar lines,

and other aesthetic and therapeutic indications that we may seek to pursue. The degree and rate of physician adoption of RT001, RT002 and any future product candidates, if approved, will depend on a number of factors, including:

- the effectiveness and duration of effect of our product as compared to existing therapies;
- physician willingness to adopt a new therapy to treat crow's feet lines, hyperhidrosis, glabellar lines or other therapeutic indications;
- overcoming any biases physicians or patients may have toward injectable procedures for the treatment of crow's feet lines, hyperhidrosis or other indications;
- patient satisfaction with the results and administration of our product and overall treatment experience;
- patient demand for the treatment of crow's feet lines, hyperhidrosis, glabellar lines or other therapeutic indications; and
- the revenue and profitability that our product will offer a physician as compared to alternative therapies.

If RT001, RT002 or any future product candidates are approved for use but fail to achieve the broad degree of physician adoption necessary for commercial success, our operating results and financial condition will be adversely affected.

Our product candidates, if approved, will face significant competition and our failure to effectively compete may prevent us from achieving significant market penetration and expansion.

We expect to enter highly competitive pharmaceutical and medical device markets. Successful competitors in the pharmaceutical and medical device markets have the ability to effectively discover, obtain patents, develop, test and obtain regulatory approvals for products, as well as the ability to effectively commercialize, market and promote approved products, including communicating the effectiveness, safety and value of products to actual and prospective customers and medical staff. Numerous companies are engaged in the development, patenting, manufacture and marketing of health care products competitive with those that we are developing. Many of these potential competitors are large, experienced companies that enjoy significant competitive advantages, such as substantially greater financial, research and development, manufacturing, personnel and marketing resources, greater brand recognition and more experience and expertise in obtaining marketing approvals from the FDA and other regulatory authorities.

Upon marketing approval, the first expected use of our products will be in aesthetic medicine. The aesthetic product market, and the facial aesthetic market in particular, is highly competitive and dynamic, and is characterized by rapid and substantial technological development and product innovations. This market is also characterized by competitors obtaining patents to protect what they consider to be their intellectual property. We are seeking regulatory approval of RT001 for the treatment of crow's feet lines and RT002 for the treatment of glabellar lines.

We anticipate that RT001, if approved for the treatment of crow's feet lines, will face significant competition from other facial aesthetic products, including injectable botulinum toxins and dermal fillers. If approved, RT001 may also compete with unapproved and off-label treatments. We anticipate that RT002, if approved, will also face significant competition from existing injectable botulinum toxins and dermal fillers, as well as unapproved and off-label treatments. Further, if approved, in the future we may face competition for both RT001 and RT002 from biosimilar products and products noted based upon botulinum toxin. To compete successfully in the aesthetic market, we will have to demonstrate that the reduction of crow's feet lines with RT001 or the treatment of glabellar lines with RT002 is a worthwhile aesthetic treatment and is a superior alternative to existing therapies. Competing in the aesthetic market could result in price-cutting, reduced profit margins and limited market share, any of which would harm our business, financial condition and results of operations.

Due to less stringent regulatory requirements, there are many more aesthetic products and procedures available for use in international markets than are approved for use in the United States. There are also fewer limitations on the claims that our competitors in international markets can make about the effectiveness of their products and the manner in which they can market them. As a result, we face more competition in these markets than in the United States.

We currently make our RT001 clinical drug product exclusively in one manufacturing facility and our RT002 clinical drug product in the same and one other external facility. We plan to utilize certain of these facilities in the future to support commercial production if our product candidates are approved. If these or any future facility or our equipment were damaged or destroyed, or if we experience a significant disruption in our operations for any reason, our ability to continue to operate our business would be materially harmed.

We currently manufacture our own clinical drug product to support RT001 exclusively in a single facility and plan to utilize this facility in the future to support commercial production if our product candidate is approved. The drug product to

support RT002 clinical trials is manufactured in the same facility, as well as in an external manufacturing facility. We expect that additional manufacturing capacity would need to be established in the future to support commercial production of RT002 if this product candidate is approved. If these or any future facility were to be damaged, destroyed or otherwise unable to operate, whether due to earthquakes, fire, floods, hurricanes, storms, tornadoes, other natural disasters, employee malfeasance, terrorist acts, power outages or otherwise, or if performance of our manufacturing facilities is disrupted for any other reason, such an event could delay our clinical trials or, if our product candidates are approved, jeopardize our ability to manufacture our products as promptly as our customers expect or possibly at all. If we experience delays in achieving our development objectives, or if we are unable to manufacture an approved product within a timeframe that meets our customers' expectations, our business, prospects, financial results and reputation could be materially harmed.

Currently, we maintain insurance coverage totaling \$27.7 million against damage to our property and equipment, \$2.0 million in general liability coverage, a \$9.0 million umbrella policy, and an additional \$30.0 million to cover business interruption and research and development restoration expenses, subject to deductibles and other limitations. If we have underestimated our insurance needs with respect to an interruption, or if an interruption is not subject to coverage under our insurance policies, we may not be able to cover our losses.

Impairment in the carrying value of long-lived assets could negatively affect our operating results.

We have invested a significant amount of capital to build a larger capacity fill/finish line dedicated to the manufacture of our topical product candidate RT001 and to support our regulatory license applications. Under generally accepted accounting principles, long-lived assets, such as our fill/finish line, are required to be reviewed for impairment whenever adverse events or changes in circumstances indicate a possible impairment. If business conditions or other factors indicate that the carrying value of the asset may not be recoverable, we may be required to record non-cash impairment charges. Additionally, if the carrying value of our capital equipment exceeds current fair value as determined based on the discounted future cash flows of the related product, the capital equipment would be considered impaired and would be reduced to fair value by a non-cash charge to earnings, which could negatively affect our operating results. Events and conditions that could result in impairment in the value of our long-lived assets include adverse clinical trial results, unfavorable changes in competitive landscape, adverse changes in the regulatory environment, or other factors leading to reduction in expected long-term sales or profitability.

We have a limited operating history and have incurred significant losses since our inception and we anticipate that we will continue to incur losses for the foreseeable future. We have only two product candidates in clinical trials and no commercial sales, which, together with our limited operating history, make it difficult to assess our future viability.

We are a clinical-stage specialty biopharmaceutical company with a limited operating history. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. We are not profitable and have incurred losses in each year since we commenced operations in 2002. We have only a limited operating history upon which you can evaluate our business and prospects. In addition, we have limited experience and have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical industry. To date, we have not obtained any regulatory approvals for any of our product candidates or generated any revenue from product sales relating to RT001 or RT002. We continue to incur significant research and development and other expenses related to our ongoing clinical trials and operations. We have recorded net losses of \$62.9 million, \$52.4 million and \$58.3 million for the years ended December 31, 2014, 2013 and 2012, respectively, had an accumulated deficit through December 31, 2014 of \$258.8 million and had a working capital surplus of \$162.5 million as of December 31, 2014, primarily as a result of our initial public offering and our follow-on public offering. In February 2014, we closed our IPO. The net proceeds from the sale of the shares in our IPO and our follow-on public offering, after deducting the underwriters' discount, commissions, and other offering expenses related to the IPO and follow-on offering were approximately \$98.6 million and \$131.3 million, respectively. Our capital requirements to implement our business strategy are substantial, including our capital requirements to develop and commercialize RT001 and RT002. We believe that our currently available capital is sufficient to fund our operations through at least the next 12 months. Given our desired clinical development plans for the next 12 months, our financial statements do not reflect an uncertainty about our ability to continue as a going concern. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should we be unable to continue as a going concern.

We expect to continue to incur losses for the foreseeable future, and we anticipate these losses will increase as we continue our development of, and seek regulatory approvals for, RT001 and RT002, and begin to commercialize RT001 and RT002. Our ability to achieve revenue and profitability is dependent on our ability to complete the development of our product candidates, obtain necessary regulatory approvals and manufacture, market and commercialize our products successfully. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our prior losses,

combined with expected future losses, may adversely affect the market price of our common stock and our ability to raise capital and continue operations.

Even if RT001, RT002 or any future product candidates obtain regulatory approval, they may never achieve market acceptance or commercial success.

Even if we obtain FDA or other regulatory approvals, RT001, RT002 or any future product candidates may not achieve market acceptance among physicians and patients, and may not be commercially successful.

The degree and rate of market acceptance of RT001, RT002 or any future product candidates for which we receive approval depends on a number of factors, including:

- the safety and efficacy of the product as demonstrated in clinical trials;
- the clinical indications for which the product is approved;
- acceptance by physicians, major operators of clinics and patients of the product as a safe and effective treatment;
- proper training and administration of our products by physicians and medical staff;
- the potential and perceived advantages of our products over alternative treatments;
- the cost of treatment in relation to alternative treatments and willingness to pay for our products, if approved, on the part of physicians and patients;
- the willingness of patients to pay for RT001, RT002 and other aesthetic treatments in general, relative to other discretionary items, especially during economically challenging times;
- the willingness of third party payors to reimburse physicians for RT001, RT002 and any future products we may commercialize;
- relative convenience and ease of administration;
- the prevalence and severity of adverse events; and
- the effectiveness of our sales and marketing efforts.

Any failure by our product candidates that obtain regulatory approval to achieve market acceptance or commercial success would materially adversely affect our results of operations and delay, prevent or limit our ability to generate revenue and continue our business.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Furthermore, we rely on contract research organizations, or CROs, and clinical trial sites to ensure the proper and timely conduct of our clinical trials. While we have agreements governing the committed activities of our CROs, we have limited influence over their actual performance. A failure of one or more of our clinical trials can occur at any time during the clinical trial process. The results of preclinical studies and clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. For example, the positive results generated to date in clinical trials for RT001 do not ensure that later clinical trials, including our Phase 3 clinical trials for the treatment of crow's feet lines, will demonstrate similar results. Product candidates in later stages of clinical trials may fail to show the desired safety profile and efficacy despite having progressed through preclinical studies and initial clinical trials. In particular, we have conducted two positive Phase 2b clinical trials of RT001, in which RT001 met the primary efficacy and all secondary endpoints. We have also conducted one open-label, Phase 2b safety study, which demonstrated that sequential applications of RT001 were safe and well-tolerated, even at an accelerated frequency. However, we have conducted one Phase 3 clinical efficacy trial using a modified diluent formulation, the results of which were inconsistent with our previous Phase 2b clinical trials and which did not show improvement from baseline in either the placebo or RT001 group. In October 2014, we conducted an open-label clinical trial designed to test the efficacy of our topical RT001 drug product. The efficacy analysis from the 43 patients enrolled in the open-label trial showed clinically meaningful efficacy measured by the one-point investigator's global assessment, or IGA, and the one-point patient severity assessment, or PSA, as well as in the aggregate for the composite one-point assessment. The two-point response rates for the individual IGA and composite IGA and PSA assessments, however, did not meet the endpoints for the patients enrolled in the trial. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier clinical trials, and we cannot be certain that we will not face similar setbacks. Even if our clinical trials are completed, the results may not be sufficient to obtain regulatory approval for our product candidates.

We have in the past and may in the future experience delays in our ongoing clinical trials, and we do not know whether future clinical trials, if any, will begin on time, need to be redesigned, enroll an adequate number of patients on time or be completed on schedule, if at all. Clinical trials can be delayed or aborted for a variety of reasons, including delay or failure to:

- obtain regulatory approval to commence a trial;
- reach agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtain institutional review board, or IRB, approval at each site;
- recruit suitable patients to participate in a trial;
- have patients complete a trial or return for post-treatment follow-up;
- ensure clinical sites observe trial protocol or continue to participate in a trial;
- address any patient safety concerns that arise during the course of a trial;
- address any conflicts with new or existing laws or regulations;
- add a sufficient number of clinical trial sites; or
- manufacture sufficient quantities of product candidate for use in clinical trials.

Patient enrollment is a significant factor in the timing of clinical trials and is affected by many factors, including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by the data safety monitoring board, for such trial or by the FDA or other regulatory authorities. Such authorities may suspend or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates may be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may significantly harm our business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We have no experience manufacturing our product candidates at full commercial scale. If our product candidates are approved, we will face certain risks associated with scaling up our manufacturing capabilities to support commercial production.

We have developed an integrated manufacturing, research and development facility located at our corporate headquarters. We manufacture drug substance and finished dose forms of drug product at this facility that we use for research and development purposes and for clinical trials of our product candidates. We do not have experience in manufacturing our product candidates at commercial scale. To meet our strategic objectives, which contemplate internally manufacturing a significant portion of our drug substance and finished dose form at full commercial scale, if our product candidates are approved, we may need to expand our manufacturing facilities, add manufacturing personnel and ensure that validated processes are consistently implemented in our facilities. For example, we are building a larger capacity fill-finish line dedicated to our topical product candidate RT001 and to support our regulatory license applications, if approved. In addition, we expect to further scale up our RT002 drug product manufacturing. The upgrade and expansion of our facilities will require additional regulatory approvals. In addition, it will be costly and time-consuming to expand our facilities and recruit necessary additional personnel. If we are unable to expand our manufacturing facilities in compliance with regulatory requirements or to hire additional necessary manufacturing personnel, we may encounter delays or additional costs in achieving our research, development and commercialization objectives, including in obtaining regulatory approvals of our product candidates, which could materially damage our business and financial position.

We currently contract with third party manufacturers for certain components necessary to produce RT001 for clinical trials and expect to continue to do so to support commercial scale production if RT001 is approved. This increases the risk that we will not have sufficient quantities of RT001 or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We currently rely on third-party manufacturers for certain components necessary to produce RT001 for our clinical trials, including the bulk peptide, diluent and the delivery apparatus and expect to continue to rely on these or other manufacturers to support our commercial requirements if RT001 is approved. Some of our contracts with our manufacturers contain minimum order and pricing provisions and provide for early termination based on regulatory approval milestones.

Reliance on third-party manufacturers entails additional risks, including reliance on the third party for regulatory compliance and quality assurance, the possible breach of the manufacturing agreement by the third party, and the possible termination or nonrenewal of the agreement by the third-party at a time that is costly or inconvenient for us. In addition, third- party manufacturers may not be able to comply with cGMP or Quality System Regulation, or QSR, or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of RT001, RT002 or any other product candidates or products that we may develop. Any failure or refusal to supply the components for RT001, RT002 or any other product candidates or products that we may develop could delay, prevent or impair our clinical development or commercialization efforts.

We depend on single-source suppliers for the raw materials necessary to produce our product candidates. The loss of these suppliers, or their failure to supply us with these raw materials, would materially and adversely affect our business.

We and our manufacturers purchase the materials necessary to produce RT001 and RT002 for our clinical trials from single-source third party suppliers. There are a limited number of suppliers for the raw materials that we use to manufacture our product candidates and we may need to assess alternate suppliers to prevent a possible disruption of the manufacture of the materials necessary to produce our product candidates for our clinical trials, and if approved, ultimately for commercial sale. In particular, we outsource the manufacture of bulk peptide through American Peptide Company, Inc., the diluent through Hospira Worldwide, Inc. and our delivery apparatus through Duoject Medical Systems, Inc. We do not have any control over the process or timing of the acquisition of raw materials by our manufacturers. Although we generally do not begin a clinical trial unless we believe we have a sufficient supply of a product candidate to complete the clinical trial, any significant delay in the supply of RT001, RT002 or any future product candidates, or the raw material components thereof, for an ongoing clinical trial due to the need to replace a third party supplier could considerably delay completion of our clinical trials, product testing and potential regulatory approval of RT001, RT002 or any future product candidates. If we or our manufacturers are unable to purchase these raw materials on acceptable terms, at sufficient quality levels, or in adequate quantities, if at all, the development of RT001, RT002 and any future product candidates, or the commercial launch of any approved products, would be delayed or there would be a shortage in supply, which would impair our ability to meet our development objectives for our product candidates or generate revenues from the sale of any approved products.

Furthermore, if there is a disruption to our or our third party suppliers' relevant operations, we will have no other means of producing RT001, RT002 or any future product candidates until they restore the affected facilities or we or they procure alternative facilities. Additionally, any damage to or destruction of our or our third party or suppliers' facilities or equipment may significantly impair our ability to manufacture our product candidates on a timely basis.

We or the third parties upon whom we depend may be adversely affected by earthquakes or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our corporate headquarters and other facilities, including our sole manufacturing facility, are located in the San Francisco Bay Area, which in the past has experienced severe earthquakes. We do not carry earthquake insurance. Earthquakes or other natural disasters could severely disrupt our operations, and have a material adverse effect on our business, results of operations, financial condition and prospects.

If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as our manufacturing facility, enterprise financial systems or manufacturing resource planning and enterprise quality systems, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. In particular, because we manufacture botulinum toxin in our facilities, we would be required to obtain further clearance and approval by state, federal or other

applicable authorities to continue or resume manufacturing activities. The disaster recovery and business continuity plans we have in place currently are limited and may not be adequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which, particularly when taken together with our lack of earthquake insurance, could have a material adverse effect on our business.

Furthermore, integral parties in our supply chain are geographically concentrated and operating from single sites, increasing their vulnerability to natural disasters or other sudden, unforeseen and severe adverse events. If such an event were to affect our supply chain, it could have a material adverse effect on our business.

We rely on third parties and consultants to conduct all our preclinical studies and clinical trials. If these third parties or consultants do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain regulatory approval for or commercialize RT001, RT002 or any future product candidates.

We do not have the ability to independently conduct preclinical studies or clinical trials. We rely on medical institutions, clinical investigators, contract laboratories, collaborative partners and other third parties, such as CROs, to conduct clinical trials on our product candidates. The third parties with whom we contract for execution of our clinical trials play a significant role in the conduct of these trials and the subsequent collection and analysis of data. However, these third parties are not our employees, and except for contractual duties and obligations, we have limited ability to control the amount or timing of resources that they devote to our programs. Although we rely on these third parties to conduct our preclinical studies and clinical trials, we remain responsible for ensuring that each of our preclinical studies and clinical trials is conducted in accordance with its investigational plan and protocol. Moreover, the FDA and foreign regulatory authorities require us to comply with regulations and standards, commonly referred to as good clinical practice, or GCPs, for conducting, monitoring, recording and reporting the results of clinical trials to ensure that the data and results are scientifically credible and accurate, and that the trial subjects are adequately informed of the potential risks of participating in clinical trials. We also rely on consultants to assist in the execution, including data collection and analysis, of our clinical trials.

In addition, the execution of preclinical studies and clinical trials, and the subsequent compilation and analysis of the data produced, requires coordination among various parties. In order for these functions to be carried out effectively and efficiently, it is imperative that these parties communicate and coordinate with one another. Moreover, these third parties may also have relationships with other commercial entities, some of which may compete with us. These third parties may terminate their agreements with us upon as little as 30 days' prior written notice of a material breach by us that is not cured within 30 days. Many of these agreements may also be terminated by such third parties under certain other circumstances, including our insolvency or our failure to comply with applicable laws. In general, these agreements require such third parties to reasonably cooperate with us at our expense for an orderly winding down of services of such third parties under the agreements. If the third parties or consultants conducting our clinical trials do not perform their contractual duties or obligations, experience work stoppages, do not meet expected deadlines, terminate their agreements with us or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical trial protocols or GCP, or for any other reason, we may need to conduct additional clinical trials or enter into new arrangements with alternative third parties, which could be difficult, costly or impossible, and our clinical trials may be extended, delayed or terminated or may need to be repeated. If any of the foregoing were to occur, we may not be able to obtain, or may be delayed in obtaining, regulatory approval for and will not be able to, or may be delayed in our efforts to, successfully commercialize the product candidate being tested in such trials.

Our ability to market RT001, if approved, will be limited initially to use for the treatment of crow's feet lines, and if we want to expand the indications for which we may market RT001 or seek regulatory approval for RT002, we will need to obtain additional regulatory approvals, which may not be granted.

We plan to seek regulatory approval for RT001 in the United States and Europe for the treatment of crow's feet lines. If RT001 is approved, the applicable regulatory agency will restrict our ability to market or advertise RT001 for other indications, which could limit physician and patient adoption. We may attempt to develop, promote and commercialize new treatment indications and protocols for RT001, as well as seek regulatory approval for RT002, in the future, but we cannot predict when or if we will receive the clearances required to do so. In addition, we would be required to conduct additional clinical trials or studies to support approvals for additional indications, which would be time consuming and expensive, and may produce results that do not support regulatory approvals. If we do not obtain additional regulatory approvals, our ability to expand our business will be limited.

If RT001 and/or RT002 is approved for marketing, and we are found to have improperly promoted off-label uses, or if physicians misuse our products or use our products off-label, we may become subject to prohibitions on the sale or

marketing of our products, significant fines, penalties, and sanctions, product liability claims, and our image and reputation within the industry and marketplace could be harmed.

The FDA and other regulatory agencies strictly regulate the marketing and promotional claims that are made about drug products, such as RT001 and RT002, if approved. In particular, a product may not be promoted for uses or indications that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. For example, if we receive marketing approval for RT001 for the treatment of crow's feet lines, the first indication we are pursuing, we cannot prevent physicians from using our RT001 products on their patients in a manner that is inconsistent with the approved label, potentially including for the treatment of other aesthetic or therapeutic indications. If we are found to have promoted such off-label uses, we may receive warning letters and become subject to significant liability, which would materially harm our business. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. If we become the target of such an investigation or prosecution based on our marketing and promotional practices, we could face similar sanctions, which would materially harm our business. In addition, management's attention could be diverted from our business operations, significant legal expenses could be incurred, and our reputation could be damaged. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. If we are deemed by the FDA to have engaged in the promotion of our products for off-label use, we could be subject to FDA prohibitions on the sale or marketing of our products or significant fines and penalties, and the imposition of these sanctions could also affect our reputation and position within the industry.

Physicians may also misuse our products or use improper techniques, potentially leading to adverse results, side effects or injury, which may lead to product liability claims. If our products are misused or used with improper technique, we may become subject to costly litigation by our customers or their patients. Product liability claims could divert management's attention from our core business, be expensive to defend, and result in sizable damage awards against us that may not be covered by insurance. Furthermore, the use of our products for indications other than those cleared by the FDA may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and patients.

Any of these events could harm our business and results of operations and cause our stock price to decline.

Even if RT001, RT002 or any future product candidate is approved for commercialization, if there is not sufficient patient demand for such procedures, our financial results and future prospects will be harmed.

Treatment of crow's feet lines with RT001 and glabellar lines with RT002, are elective procedures, the cost of which must be borne by the patient, and we do not expect it to be reimbursable through government or private health insurance. The decision by a patient to elect to undergo the treatment of crow's feet lines with RT001, the treatment of glabellar lines with RT002 or the treatment of other aesthetic indications we may pursue may be influenced by a number of factors, including:

- the success of any sales and marketing programs that we, or any third parties we engage, undertake, and as to which we have limited experience;
- the extent to which physicians recommend RT001 or RT002 to their patients;
- the extent to which RT001 or RT002 satisfies patient expectations;
- our ability to properly train physicians in the use of RT001 or RT002 such that their patients do not experience excessive discomfort during treatment or adverse side effects;
- the cost, safety and effectiveness of RT001 or RT002 versus other aesthetic treatments;
- consumer sentiment about the benefits and risks of aesthetic procedures generally and RT001 or RT002 in particular;
- the success of any direct-to-consumer marketing efforts we may initiate; and
- general consumer confidence, which may be impacted by economic and political conditions.

Our business, financial results and future prospects will be materially harmed if we cannot generate sufficient demand for RT001, or for RT002 or any other future product candidate, once approved.

We are subject to uncertainty relating to reimbursement policies which, if not favorable for RT001, RT002 or any future product candidates, could hinder or prevent their commercial success.

Our ability to commercialize RT001, RT002, or any future product candidates for therapeutic indications such as hyperhidrosis will depend in part on the coverage and reimbursement levels set by governmental authorities, private health insurers and other third party payors. As a threshold for coverage and reimbursement, third party payors generally require that

drug products have been approved for marketing by the FDA. Third party payors also are increasingly challenging the effectiveness of and prices charged for medical products and services. We may not obtain adequate third party coverage or reimbursement for RT001, RT002 or any future product candidates, or we may be required to sell them at a discount.

We expect that private insurers will consider the efficacy, cost effectiveness and safety of RT001 and RT002 in determining whether to approve reimbursement for RT001 and RT002 and at what level. Obtaining these approvals can be a time consuming and expensive process. Our business would be materially adversely affected if we do not receive approval for reimbursement of RT001 or RT002 from private insurers on a timely or satisfactory basis. Our business could also be adversely affected if private insurers, including managed care organizations, the Medicare program or other reimbursing bodies or payors limit the indications for which RT001 or RT002 will be reimbursed to a smaller set than we believe they are effective in treating.

In some foreign countries, particularly Canada and European countries, the pricing of prescription pharmaceuticals is subject to strict governmental control. In these countries, pricing negotiations with governmental authorities can take six to 12 months or longer after the receipt of regulatory approval and product launch. To obtain favorable reimbursement for the indications sought or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our products, including RT001 or RT002, to other available therapies. If reimbursement for our product is unavailable in any country in which reimbursement is sought, limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be materially harmed.

We currently have limited marketing capabilities and no sales organization. If we are unable to establish sales and marketing capabilities on our own or through third parties, we will be unable to successfully commercialize RT001, RT002 or any other future product candidates, if approved, or generate product revenue.

We currently have limited marketing capabilities and no sales organization. To commercialize RT001, RT002 or any other future product candidates, if approved, in the United States, Europe and other jurisdictions we seek to enter, we must build our marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If RT001 or RT002 receives regulatory approval, we expect to market RT001 or RT002, as applicable, through an internal specialized sales force and in Europe through either our internal sales force or a combination of our internal sales force and distributors or partners, which will be expensive and time consuming. We have no prior experience in the marketing, sale and distribution of pharmaceutical products and there are significant risks involved in building and managing a sales organization, including our ability to hire, retain and incentivize qualified individuals, generate sufficient sales leads, provide adequate training to sales and marketing personnel and effectively manage a geographically dispersed sales and marketing team. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of these products. We may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize RT001, RT002 or any future product candidates. If we are not successful in commercializing RT001, RT002 or any future product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we would incur significant additional losses.

To establish our sales and marketing infrastructure and expand our manufacturing capabilities, we will need to increase the size of our organization, and we may experience difficulties in managing this growth.

As of December 31, 2014, we had 83 full-time employees. We will need to continue to expand our managerial, operational, finance and other resources to manage our operations and clinical trials, continue our development activities and commercialize RT001, RT002 or any other product candidates, if approved. Our management and personnel, systems and facilities currently in place may not be adequate to support this future growth. Our need to effectively execute our growth strategy requires that we:

- manage our clinical trials and manufacturing operations effectively;
- identify, recruit, retain, incentivize and integrate additional employees;
- manage our internal development efforts effectively while carrying out our contractual obligations to third parties; and
- continue to improve our operational, financial and management controls, reporting systems and procedures.

Due to our limited financial resources and our limited experience in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The physical expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our development and strategic objectives, or disrupt our operations.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of any future products we develop.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk if we commercialize any products. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products. Even a successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for RT001, RT002 or any future product candidates or products we develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants or cancellation of clinical trials;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- regulatory investigations, product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue; and
- the inability to commercialize any products we develop.

Our inability to obtain and maintain sufficient product liability insurance at an acceptable cost and scope of coverage to protect against potential product liability claims could prevent or inhibit the commercialization of RT001, RT002 or any future products we develop. We currently carry product liability insurance covering our clinical trials in the amount of \$5.0 million in the aggregate. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions and deductibles, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Moreover, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses. If and when we obtain approval for marketing RT001 or RT002, we intend to expand our insurance coverage to include the sale of RT001 or RT002, as applicable; however, we may be unable to obtain this liability insurance on commercially reasonable terms.

If we fail to attract and keep senior management and key scientific personnel, we may be unable to successfully develop RT001, RT002 or any future product candidates, conduct our clinical trials and commercialize RT001, RT002 or any future products we develop.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We believe that our future success is highly dependent upon the contributions of our senior management, particularly our President and Chief Executive Officer, as well as our senior scientists and other members of our senior management team. The loss of services of any of these individuals could delay or prevent the successful development of our product pipeline, completion of our planned clinical trials or the commercialization of RT001, RT002 or any future products we develop.

Although we have not historically experienced unique difficulties attracting and retaining qualified employees, we could experience such problems in the future. For example, competition for qualified personnel in the biotechnology and pharmaceuticals field is intense due to the limited number of individuals who possess the skills and experience required by our industry. We will need to hire additional personnel as we expand our clinical development and commercial activities. We may not be able to attract and retain quality personnel on acceptable terms, or at all. In addition, to the extent we hire personnel from

competitors, we may be subject to allegations that they have been improperly solicited or that they have divulged proprietary or other confidential information, or that their former employers own their research output.

If we are not successful in discovering, developing, acquiring and commercializing additional product candidates, our ability to expand our business and achieve our strategic objectives would be impaired.

Although a substantial amount of our effort will focus on the continued clinical testing and potential approval of RT001 and RT002, a key element of our strategy is to discover, develop and commercialize a portfolio of botulinum toxin products to serve both the aesthetic and therapeutic markets. We are seeking to do so through our internal research programs and may explore strategic collaborations for the development or acquisition of new products. While our two product candidates, RT001 and RT002, are each in the clinical development stage, all of our other potential product candidates remain in the discovery stage. Research programs to identify product candidates require substantial technical, financial and human resources, whether or not any product candidates are ultimately identified. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for many reasons, including the following:

- the research methodology used may not be successful in identifying potential product candidates;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all;
- a product candidate may not be accepted as safe and effective by patients, the medical community or third party payors, if applicable; and
- intellectual property rights of third parties may potentially block our entry into certain markets, or make such entry economically impracticable.

If we fail to develop and successfully commercialize other product candidates, our business and future prospects may be harmed and our business will be more vulnerable to any problems that we encounter in developing and commercializing RT001 and RT002.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified members of our board of directors.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Dodd-Frank Act, the NASDAQ listing rules and other applicable securities rules and regulations. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and increase demand on our systems and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. Although we have hired additional employees to comply with these requirements, we may need to hire more employees in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

As a public company that is subject to these rules and regulations we may find it is more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors and qualified executive officers.

Our business involves the use of hazardous materials and we and our third party manufacturers and suppliers must comply with environmental laws and regulations, which can be expensive and restrict how we do business.

Our research and development and manufacturing activities and our third party manufacturers' and suppliers' activities involve the controlled storage, use and disposal of hazardous materials owned by us, including botulinum toxin type A, a key component of our product candidates, and other hazardous compounds. We and our manufacturers and suppliers are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. We are licensed with the CDC, and with the California Department of Health, Food and Drug Branch for use of botulinum toxin and to manufacture both the active pharmaceutical ingredient, or API, and the finished product in topical and injectable dose forms. In some cases, these hazardous materials and various wastes resulting from their use are stored at our and our manufacturers' facilities pending their use and disposal. We cannot eliminate the risk of contamination, which could cause an interruption of our commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Although we believe that the safety procedures utilized by us and our third party manufacturers for handling and disposing of these materials generally comply with the standards prescribed by these laws and regulations, we cannot guarantee that this is the case or eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages and such liability could exceed our resources and state or federal or other applicable authorities may curtail our use of certain materials and interrupt our business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance.

We may use third party collaborators to help us develop, validate or commercialize any new products, and our ability to commercialize such products could be impaired or delayed if these collaborations are unsuccessful.

We may license or selectively pursue strategic collaborations for the development, validation and commercialization of RT001, RT002 and any future product candidates. In any third party collaboration, we would be dependent upon the success of the collaborators in performing their responsibilities and their continued cooperation. Our collaborators may not cooperate with us or perform their obligations under our agreements with them. We cannot control the amount and timing of our collaborators' resources that will be devoted to performing their responsibilities under our agreements with them. Our collaborators may choose to pursue alternative technologies in preference to those being developed in collaboration with us. The development, validation and commercialization of our product candidates will be delayed if collaborators fail to conduct their responsibilities in a timely manner or in accordance with applicable regulatory requirements or if they breach or terminate their collaboration agreements with us. Disputes with our collaborators could also impair our reputation or result in development delays, decreased revenues and litigation expenses.

Unfavorable global economic conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. Furthermore, the market for aesthetic medical procedures may be particularly vulnerable to unfavorable economic conditions. We do not expect RT001 for the treatment of crow's feet lines or RT002 for the treatment of glabellar lines to be reimbursed by any government or third party payor and, as a result, demand for the first indications of each of our product candidates will be tied to discretionary spending levels of our targeted patient population. The recent global financial crisis caused extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including weakened demand for RT001, RT002 or any future product candidates, if approved, and our ability to raise additional capital when needed on acceptable terms, if at all. This is particularly true in Europe, which is undergoing a continued severe economic crisis. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Risks Related to Our Intellectual Property

If our efforts to protect our intellectual property related to RT001, RT002 or any future product candidates are not adequate, we may not be able to compete effectively in our market.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to RT001, RT002 and our development programs. Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, eroding our competitive position in our market.

The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. This uncertainty includes changes to the patent laws through either legislative action to change statutory patent law or court action that may reinterpret existing law in ways affecting the scope or validity of issued patents. The patent applications that we own or license may fail to result in issued patents in the United States or foreign countries. Competitors in the field of cosmetics and botulinum toxin have created a substantial amount of prior art, including scientific publications, patents and patent applications. Our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our technology and the prior art allow our technology to be patentable over the prior art. Even if the patents do successfully issue, third parties may challenge the validity, enforceability or scope of such issued patents or any other issued patents we own or license, which may result in such patents being narrowed, invalidated or held unenforceable. For example, patents granted by the European Patent Office may be opposed by any person within nine months from the publication of their grant. Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property or prevent others from designing around our claims. In addition, recent changes to the patent laws of the United States provide additional procedures for third parties to challenge the validity of issued patents based on patent applications filed after March 15, 2013. If the breadth or strength of protection provided by the patents and patent applications we hold or pursue with respect to RT001, RT002 or any future product candidates is challenged, then it could threaten our ability to commercialize RT001, RT002 or any future product candidates, and could threaten our ability to prevent competitive products from being marketed. Further, if we encounter delays in our clinical trials, the period of time during which we could market RT001, RT002 or any future product candidates under patent protection would be reduced. Since patent applications in the United States and most other countries are confidential for a period of time after filing, we cannot be certain that we were the first to either (i) file any patent application related to our product candidates or (ii) invent any of the inventions claimed in our patents or patent applications. Furthermore, for applications filed before March 16, 2013, or patents issuing from such applications, an interference proceeding can be provoked by a third party, or instituted by the United States Patent and Trademark Office, or USPTO, to determine who was the first to invent any of the subject matter covered by the patent claims of our applications and patents. As of March 16, 2013, the United States transitioned to a “first-to-file” system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention. A third party that files a patent application in the USPTO before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by the third party.

The change to “first-to-file” from “first-to-invent” is one of the changes to the patent laws of the United States resulting from the Leahy-Smith America Invents Act signed into law on September 16, 2011. Among some of the other changes to the patent laws are changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal court necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action.

Even where laws provide protection, costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and the outcome of such litigation would be uncertain. Moreover, any actions we may bring to enforce our intellectual property against our competitors could provoke them to bring counterclaims against us, and some of our competitors have substantially greater intellectual property portfolios than we have.

We also rely on trade secret protection and confidentiality agreements to protect proprietary know-how that may not be patentable, processes for which patents may be difficult to obtain or enforce and any other elements of our product development processes that involve proprietary know-how, information or technology that is not covered by patents.

In an effort to protect our trade secrets and other confidential information, we require our employees, consultants, collaborators and advisors to execute confidentiality agreements upon the commencement of their relationships with us. These

agreements require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. These agreements, however, may not provide us with adequate protection against improper use or disclosure of confidential information, and these agreements may be breached. Adequate remedies may not exist in the event of unauthorized use or disclosure of our confidential information. A breach of confidentiality could significantly affect our competitive position. In addition, in some situations, these agreements may conflict with, or be subject to, the rights of third parties with whom our employees, consultants, collaborators or advisors have previous employment or consulting relationships. To the extent that our employees, consultants or contractors use any intellectual property owned by others in their work for us, disputes may arise as to the rights in any related or resulting know-how and inventions. Also, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets and other confidential information.

If we infringe or are alleged to infringe intellectual property rights of third parties, our business could be harmed.

Our research, development and commercialization activities may infringe or otherwise violate or be claimed to infringe or otherwise violate patents owned or controlled by other parties. Competitors in the field of cosmetics and botulinum toxin have developed large portfolios of patents and patent applications in fields relating to our business. For example, there are patents held by third parties that relate to the treatment with botulinum toxin-based products for indications we are currently developing. There may also be patent applications that have been filed but not published that, when issued as patents, could be asserted against us. These third parties could bring claims against us that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us, we could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit.

As a result of patent infringement claims, or to avoid potential claims, we may choose or be required to seek licenses from third parties. These licenses may not be available on acceptable terms, or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us might be nonexclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations, if, as a result of actual or threatened patent infringement claims, we are unable to enter into licenses on acceptable terms.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical industry. In addition to infringement claims against us, we may become a party to other patent litigation and other proceedings, including interference, derivation or post-grant proceedings declared or granted by the USPTO and similar proceedings in foreign countries, regarding intellectual property rights with respect to our current or future products. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Patent litigation and other proceedings may also absorb significant management time. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition or results of operations.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property or the patents of our licensors, which could be expensive and time consuming.

Competitors may infringe our intellectual property, including our patents or the patents of our licensors. As a result, we may be required to file infringement claims to stop third party infringement or unauthorized use. This can be expensive, particularly for a company of our size, and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patent claims do not cover its technology or that the factors necessary to grant an injunction against an infringer are not satisfied.

An adverse determination of any litigation or other proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

Interference, derivation or other proceedings brought at the USPTO may be necessary to determine the priority or patentability of inventions with respect to our patent applications or those of our licensors or collaborators. Litigation or USPTO proceedings brought by us may fail or may be invoked against us by third parties. Even if we are successful, domestic or foreign litigation or USPTO or foreign patent office proceedings may result in substantial costs and distraction to our

management. We may not be able, alone or with our licensors or collaborators, to prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or other proceedings, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation or proceedings. In addition, during the course of this kind of litigation or proceedings, there could be public announcements of the results of hearings, motions or other interim proceedings or developments or public access to related documents. If investors perceive these results to be negative, the market price for our common stock could be significantly harmed.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States and in some cases may even force us to grant a compulsory license to competitors or other third parties. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

In addition, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in domestic and foreign intellectual property laws.

Risks Related to Government Regulation

Our business and products are subject to extensive government regulation.

We are subject to extensive, complex, costly and evolving regulation by federal and state governmental authorities in the United States, principally by the FDA, the U.S. Drug Enforcement Administration, or DEA, the Centers for Disease Control and Prevention, or CDC, and foreign regulatory authorities. Failure to comply with all applicable regulatory requirements, including those promulgated under the Federal Food, Drug, and Cosmetic Act, or FFDC, the Public Health Service Act, or PHSA, and Controlled Substances Act, may subject us to operating restrictions and criminal prosecution, monetary penalties and other disciplinary actions, including, sanctions, warning letters, product seizures, recalls, fines, injunctions, suspension, revocation of approvals, or exclusion from future participation in the Medicare and Medicaid programs.

After our products receive regulatory approval or clearance, we, and our direct and indirect suppliers, remain subject to the periodic inspection of our plants and facilities, review of production processes, and testing of our products to confirm that we are in compliance with all applicable regulations. Adverse findings during regulatory inspections may result in the implementation of Risk Evaluation and Mitigation Strategies, or REMS, programs, completion of government mandated clinical trials, and government enforcement action relating to labeling, advertising, marketing and promotion, as well as regulations governing manufacturing controls noted above.

The regulatory approval process is highly uncertain and we may not obtain regulatory approval for the commercialization of RT001, RT002 or any future product candidates.

The research, testing, manufacturing, labeling, approval, selling, import, export, marketing and distribution of drug and biologic products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, which regulations differ from country to country. Neither we nor any collaboration partner is permitted to market RT001, RT002 or any future product candidates in the United States until we receive approval of a BLA from the FDA. We have not submitted an application or obtained marketing approval for RT001 or RT002 anywhere in the world. Obtaining regulatory approval of a BLA can be a lengthy, expensive and uncertain process. In addition, failure to comply with FDA and other applicable United States and foreign regulatory requirements may subject us to administrative or judicially imposed sanctions or other actions, including:

- warning letters;
- civil and criminal penalties;
- injunctions;
- withdrawal of approved products;
- product seizure or detention;
- product recalls;
- total or partial suspension of production; and
- refusal to approve pending BLAs or supplements to approved BLAs.

Prior to obtaining approval to commercialize a product candidate in the United States or abroad, we or our collaborators must demonstrate with substantial evidence from well controlled clinical trials, and to the satisfaction of the FDA or other foreign regulatory agencies, that such product candidates are safe and effective for their intended uses. Results from preclinical studies and clinical trials can be interpreted in different ways. Even if we and our collaborator believe the preclinical or clinical data for our product candidates are promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. Administering product candidates to humans may produce undesirable side effects, which could interrupt, delay or halt clinical trials and result in the FDA or other regulatory authorities denying approval of a product candidate for any or all targeted indications.

Regulatory approval of a BLA or BLA supplement is not guaranteed, and the approval process is expensive and may take several years. The FDA also has substantial discretion in the approval process. Despite the time and expense expended, failure can occur at any stage, and we could encounter problems that cause us to abandon or repeat clinical trials, or perform additional preclinical studies and clinical trials. The number of preclinical studies and clinical trials that will be required for FDA approval varies depending on the product candidate, the disease or condition that the product candidate is designed to address and the regulations applicable to any particular product candidate. The FDA can delay, limit or deny approval of a product candidate for many reasons, including the following:

- a product candidate may not be deemed safe, effective, pure or potent;
- FDA officials may not find the data from preclinical studies and clinical trials sufficient;
- the FDA might not approve our third party manufacturers' processes or facilities; or
- the FDA may change its approval policies or adopt new regulations.

If RT001, RT002 or any future product candidates fail to demonstrate safety and efficacy in clinical trials or do not gain approval, our business and results of operations will be materially and adversely harmed.

Even if we receive regulatory approval for RT001, RT002 or any future product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense, limit or delay regulatory approval and subject us to penalties if we fail to comply with applicable regulatory requirements.

Once regulatory approval has been granted, RT001, RT002, or any approved product will be subject to continual regulatory review by the FDA and/or non-U.S. regulatory authorities. Additionally, any product candidates, if approved, will be subject to extensive and ongoing regulatory requirements, including labeling and other restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Any regulatory approvals that we or our collaborators receive for RT001, RT002 or any future product candidates may also be subject to limitations on the approved indications for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product candidate. In addition, if the applicable regulatory agency approves RT001, RT002 or any future product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP and GCP for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with RT001, RT002 or any future product candidates, including adverse events of unanticipated severity or frequency, or with our third party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our strategic collaborators, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

Our ongoing regulatory requirements may also change from time to time, potentially harming or making costlier our commercialization efforts. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or other countries. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

If we fail to obtain regulatory approvals in foreign jurisdictions for RT001, RT002 or any future product candidates, we will be unable to market our products outside of the United States.

In addition to regulations in the United States, we will be subject to a variety of foreign regulations governing manufacturing, clinical trials, commercial sales and distribution of our future products. Whether or not we obtain FDA approval for a product candidate, we must obtain approval of the product by the comparable regulatory authorities of foreign countries before commencing clinical trials or marketing in those countries. The approval procedures vary among countries and can involve additional clinical testing, and the time required to obtain approval may differ from that required to obtain FDA approval. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other foreign countries or by the FDA. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not be able to file for regulatory approvals or to do so on a timely basis, and even if we do file, we may not receive necessary approvals to commercialize our products in markets outside of the United States.

If approved, RT001, RT002 or any future products may cause or contribute to adverse medical events that we are required to report to regulatory agencies and if we fail to do so, we could be subject to sanctions that would materially harm our business.

Some participants in our clinical trials have reported adverse events after being treated with RT001. If we are successful in commercializing RT001 or any other products, FDA and foreign regulatory agency regulations require that we report certain information about adverse medical events if those products may have caused or contributed to those adverse events. The timing of our obligation to report would be triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events we become aware of within the prescribed timeframe. We may also fail to appreciate that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our products. If we fail to comply with our reporting obligations, the FDA or a foreign regulatory agency could take action including criminal prosecution, the imposition of civil monetary penalties, seizure of our products, or delay in approval or clearance of future products.

We may in the future be subject to various U.S. federal and state laws pertaining to health care fraud and abuse, including anti-kickback, self-referral, false claims and fraud laws, and any violations by us of such laws could result in fines or other penalties.

While we do not expect that RT001, if approved for the treatment of crow's feet lines, or RT002, if approved for the treatment of glabellar lines, will subject us to the various U.S. federal and state laws intended to prevent health care fraud and abuse, we may in the future become subject to such laws. The federal anti-kickback statute prohibits the offer, receipt, or payment of remuneration in exchange for or to induce the referral of patients or the use of products or services that would be paid for in whole or part by Medicare, Medicaid or other federal health care programs. Remuneration has been broadly defined to include anything of value, including cash, improper discounts, and free or reduced price items and services. Many states have similar laws that apply to their state health care programs as well as private payors. Violations of the anti-kickback laws can result in exclusion from federal health care programs and substantial civil and criminal penalties.

The federal False Claims Act, or FCA, imposes liability on persons who, among other things, present or cause to be presented false or fraudulent claims for payment by a federal health care program. The FCA has been used to prosecute persons submitting claims for payment that are inaccurate or fraudulent, that are for services not provided as claimed, or for services that are not medically necessary. The FCA includes a whistleblower provision that allows individuals to bring actions on behalf of the federal government and share a portion of the recovery of successful claims. If our marketing or other arrangements were determined to violate anti-kickback or related laws, including the FCA, then our revenues could be adversely affected, which would likely harm our business, financial condition, and results of operations.

State and federal authorities have aggressively targeted medical technology companies for alleged violations of these anti-fraud statutes, based on improper research or consulting contracts with doctors, certain marketing arrangements that rely on volume-based pricing, off-label marketing schemes, and other improper promotional practices. Companies targeted in such prosecutions have paid substantial fines in the hundreds of millions of dollars or more, have been forced to implement extensive corrective action plans, and have often become subject to consent decrees severely restricting the manner in which they conduct their business. If we become the target of such an investigation or prosecution based on our contractual relationships with providers or institutions, or our marketing and promotional practices, we could face similar sanctions, which would materially harm our business.

Also, the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We cannot assure you that our internal control policies and procedures will protect us from reckless or negligent acts committed by our employees, future distributors, partners, collaborators or agents. Violations of these laws, or allegations of such violations, could result in fines, penalties or prosecution and have a negative impact on our business, results of operations and reputation.

Legislative or regulatory healthcare reforms in the United States may make it more difficult and costly for us to obtain regulatory clearance or approval of RT001, RT002 or any future product candidates and to produce, market, and distribute our products after clearance or approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory clearance or approval, manufacture, and marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products, as discussed in more detail in the risk factors in Part I, Item 1A of this Form 10-K entitled "We may be unable to obtain regulatory approval for RT001, RT002 or future product candidates under applicable regulatory requirements. The denial or delay of such approval would delay commercialization and have a material adverse effect on our potential to generate revenue, our business and our results of operations." Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of RT001, RT002 or any future product candidates. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require:

- changes to manufacturing methods;
- recall, replacement, or discontinuance of one or more of our products; and
- additional recordkeeping.

Each of these would likely entail substantial time and cost and could materially harm our business and our financial results. In addition, delays in receipt of or failure to receive regulatory clearances or approvals for any future products would harm our business, financial condition, and results of operations.

Risks Related to the Ownership of Our Common Stock

The trading price of our common stock is volatile, and purchasers of our common stock could incur substantial losses.

The trading price of our common stock is highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. The stock markets in general and the markets for pharmaceutical biopharmaceutical and biotechnology stocks in particular have experienced extreme volatility that may have been for reasons that are related or unrelated to the operating performance of the issuer. The market price for our common stock may be influenced by many factors, including:

- regulatory or legal developments in the United States and foreign countries;
- results from or delays in clinical trials of our product candidates, including our Phase 3 clinical program for RT001 and our Phase 2 clinical program for RT002;
- announcements of regulatory approval or disapproval of RT001, RT002 or any future product candidates;
- FDA or other U.S. or foreign regulatory actions or guidance affecting us or our industry;
- introductions and announcements of new products by us, any commercialization partners or our competitors, and the timing of these introductions and announcements;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- announcements by us or our competitors of significant acquisitions, licenses, strategic partnerships, joint ventures or capital commitments;
- market conditions in the pharmaceutical and biopharmaceutical sectors and issuance of securities analysts' reports or recommendations;
- quarterly variations in our results of operations or those of our future competitors;
- changes in financial estimates or guidance, including our ability to meet our future revenue and operating profit or loss estimates or guidance;
- sales of substantial amounts of our stock by insiders and large stockholders, or the expectation that such sales might occur;
- general economic, industry and market conditions;
- additions or departures of key personnel;
- intellectual property, product liability or other litigation against us;
- expiration or termination of our potential relationships with customers and strategic partners; and
- the other factors described in this "Risk Factors" section.

These broad market fluctuations may adversely affect the trading price or liquidity of our common stock. In addition, in the past, stockholders have initiated class action lawsuits against pharmaceutical companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management's attention and resources.

If securities or industry analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline.

As a smaller company, it may be difficult for us to attract or retain the interest of equity research analysts. A lack of research coverage may adversely affect the liquidity of and market price of our common stock. We will not have any control of the equity research analysts or the content and opinions included in their reports. The price of our stock could decline if one or more equity research analysts downgrade our stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of our company, or fails to publish reports on us regularly, demand for our stock could decrease, which in turn could cause our stock price or trading volume to decline.

Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly.

Substantially all of our existing stockholders were subject to lock-up agreements with the underwriters of our IPO that restricted the stockholders' ability to transfer shares of our common stock through August 4, 2014, which was 180 days from the date of our IPO. In connection with our follow-on public offering, we, all of our directors and executive officers and certain of our other stockholders, agreed to extend these lock-up restrictions through September 16, 2014, which was 90 days after the date of our follow-on public offering, other than with respect to 25,000 shares held by one of our executive officers which is subject to the restrictions described above for an additional period ending 60 days after the date of our follow-on public offering. Subject to certain limitations, on August 5, 2014, approximately 3,242,899 shares became eligible for sale upon the expiration of the IPO lock-up period. On September 17, 2014, an additional 8,545,523 shares became eligible for sale, also subject to certain limitations, upon expiration of the subsequent follow-on lock-up period. Shares issued or issuable upon exercise of options and warrants vested as of the expiration of applicable lock-up period were also eligible for sale upon such expiration. Sales of stock by these stockholders could have a material adverse effect on the trading price of our common stock.

As of December 31, 2014, certain holders of approximately 10,068,447 shares of our common stock, including shares issuable upon the exercise of outstanding warrants, are entitled to certain rights with respect to the registration of their shares under the Securities Act of 1933, as amended, or the Securities Act, subject to the lock-up arrangements described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by our affiliates as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

Provisions in our corporate charter documents and under Delaware law could discourage takeover attempts and lead to management entrenchment, and the market price of our common stock may be lower as a result.

Certain provisions in our amended and restated certificate of incorporation and amended and restated bylaws may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control was considered favorable by you and other stockholders. For example, our board of directors has the authority to issue up to 5,000,000 shares of preferred stock. Our board of directors can fix the price, rights, preferences, privileges, and restrictions of the preferred stock without any further vote or action by our stockholders. The issuance of shares of preferred stock may delay or prevent a change in control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders may be adversely affected. An issuance of shares of preferred stock may result in the loss of voting control to other stockholders.

Our charter documents also contain other provisions that could have an anti-takeover effect, including:

- only one of our three classes of directors will be elected each year;
- no cumulative voting in the election of directors;
- the ability of our board of directors to issue shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- the exclusive right of our board of directors to elect a director to fill a vacancy or newly created directorship;
- stockholders will not be permitted to take actions by written consent;
- stockholders cannot call a special meeting of stockholders;
- stockholders must give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- the ability of our board of directors, by a majority vote, to amend the bylaws; and
- the requirement for the affirmative vote of at least 66 2/3% or more of the outstanding common stock to amend many of the provisions described above.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which regulates corporate acquisitions. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for

our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that certain investors are willing to pay for our stock.

Our amended and restated certificate of incorporation also provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders.

Insiders have substantial control over us, which could limit your ability to influence the outcome of key transactions, including a change of control.

As of January 31, 2015, our directors, executive officers and each of our stockholders who own greater than 5% of our outstanding common stock and their affiliates, in the aggregate, beneficially owned approximately 47.5% of our common stock. As a result, these stockholders, if acting together, would be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may have interests that differ from yours and may vote in a way with which you disagree and that may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might affect the market price of our common stock.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law.

In addition, as permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws and our indemnification agreements that we have entered into with our directors and officers provide that:

- We will indemnify our directors and officers for serving us in those capacities, or for serving other business enterprises at our request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful.
- We may, in our discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law.
- We are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification.
- We will not be obligated pursuant to our amended and restated bylaws to indemnify a person with respect to proceedings initiated by that person against us or our other indemnitees, except with respect to proceedings authorized by our board of directors or brought to enforce a right to indemnification.
- The rights conferred in our amended and restated bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons.
- We may not retroactively amend our amended and restated bylaw provisions to reduce our indemnification obligations to directors, officers, employees and agents.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gains.

We have not declared or paid cash dividends on our common stock to date. We currently intend to retain our future earnings, if any, to fund the development and growth of our business. In addition, the terms of any existing or future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

We are an “emerging growth company,” and if we decide to comply only with reduced disclosure requirements applicable to emerging growth companies, our common stock could be less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act and, for as long as we continue to be an “emerging growth company,” we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies,” including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We will remain an “emerging growth company” until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the closing of our IPO, (b) in which we have total annual gross revenues of over \$1.0 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the JOBS Act, emerging growth companies that become public can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters is located in Newark, California, where we occupy approximately 90,000 square feet of office, laboratory and manufacturing space. The current term of our lease expires in January 2025. We have an option to extend the lease for two additional terms of seven years, which would extend our lease through January 2039. We believe that our current facilities are adequate for our needs and for the immediate future and that, should it be needed, additional space can be leased to accommodate any future growth.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation relating to claims arising out of our operations. We are not currently involved in any known legal proceedings. We may, however, be involved in material legal proceedings in the future. Such matters are subject to uncertainty and there can be no assurance that such legal proceedings will not have a material adverse effect on our business, results of operations, financial position or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock has been trading on The Nasdaq Global Market under the symbol “RVNC” since our IPO on February 6, 2014. Prior to this date, there was no public market for our common stock. On March 2, 2015, the closing price of our common stock as reported on the NASDAQ Global Market was \$15.72 per share. The following table sets forth the high and low sales prices per share of our common stock on the NASDAQ Global Market for the quarterly periods indicated.

	High	Low
2014		
First Quarter (from February 6, 2014 to March 31, 2014)	\$ 39.86	\$ 21.00
Second Quarter	\$ 36.98	\$ 25.06
Third Quarter	\$ 34.01	\$ 18.82
Fourth Quarter	\$ 21.14	\$ 14.02

Holders of Records

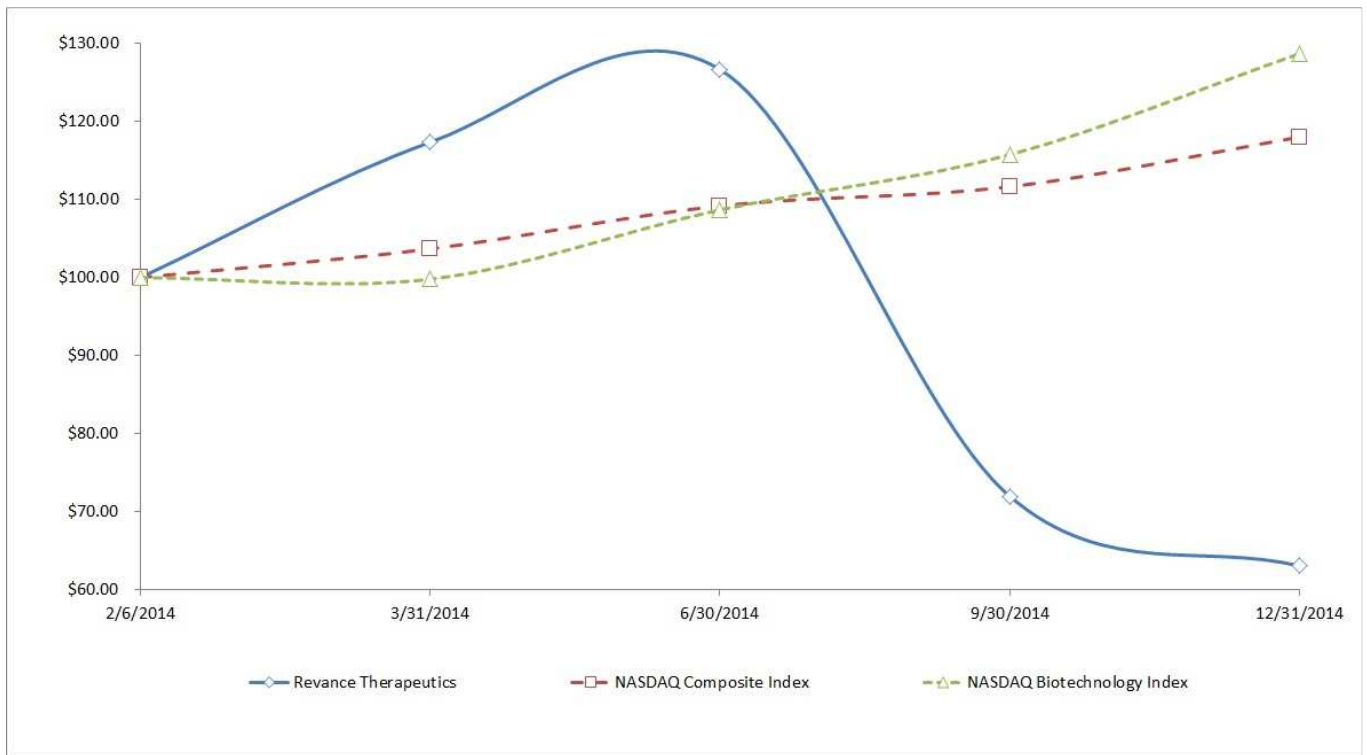
As of March 2, 2015, there were approximately 65 holders of record of our common stock.

Dividend Policy

We have never declared or paid any cash dividend on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors and will be dependent on a number of factors, including our earnings, capital requirements, overall financial conditions, business prospects, contractual restrictions and other factors our board of directors may deem relevant. Our loan and security agreement with Hercules prohibits the payment of dividends.

Stock Price Performance Graph

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.



This graph compares, for the period ended December 31, 2014, the cumulative total return on our common stock, the NASDAQ Biotechnology Index (NBI) and the NASDAQ Composite Index (CCMP). The graph assumes \$100 was invested on February 6, 2014, in our common stock, the NBI and CCMP, and assumes the reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

Company/Index	2/6/2014	3/31/2014	6/30/2014	9/30/2014	12/31/2014
Revanche Therapeutics, Inc.	\$100.00	\$117.32	\$126.63	\$71.99	\$63.09
NASDAQ Biotechnology Index	\$100.00	\$99.80	\$108.67	\$115.72	\$128.67
NASDAQ Composite Index	\$100.00	\$103.67	\$109.18	\$111.62	\$117.98

Recent Sales of Unregistered Securities

On December 20, 2014, pursuant to that certain First Amendment to Loan and Lease Agreement entered into on December 17, 2014 with Essex Capital Corporation, we issued to Essex Capital a warrant to purchase up to 44,753 shares of our common stock at an exercise price of \$14.40 per share. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the warrant, a copy of which is filed as an exhibit hereto.

The issuance of the security described in the above paragraph was deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act or Regulation D promulgated thereunder as transactions by an issuer not involving a public offering. The recipient of the security acquired it for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the security. The recipient of the security was an accredited or sophisticated person and had adequate access, through employment, business or other relationships, to information about us.

Use of Proceeds

On February 5, 2014, our registration statement on Form S-1 (File No. 333-193154) was declared effective for our IPO, pursuant to which we sold 6,900,000 shares of common stock at a public offering price of \$16.00 per share for an aggregate gross offering proceeds of \$110.4 million. As a result of the IPO, we received net proceeds of \$98.6 million, after deducting underwriting discounts, commissions and other offering expenses. On June 18, 2014 our registration statement on Form S-1 (File No. 333-196582) was declared effective for our follow-on public offering pursuant to which we sold 4,600,000 shares of common stock at a price of \$30.50 per share for aggregate gross proceeds of \$140.3 million. As a result of the follow-on public offering, we received net proceeds of \$131.3 million, after deducting underwriting discounts, commissions, and other offering expenses. None of the expenses associated with the IPO and follow-on offering were paid to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b) on February 6, 2014, or from our follow-on public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) on June 19, 2014.

ITEM 6. SELECTED FINANCIAL DATA

The information set forth below for the four years ended December 31, 2014 is not necessarily indicative of results of future operations, and should be read in conjunction with Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, and the consolidated financial statements and related notes thereto included in Item 8, *Consolidated Financial Statements and Supplementary Data*, of this Form 10-K to fully understand the factors that may affect the comparability of the information presented below.

SELECTED CONSOLIDATED FINANCIAL DATA **(In thousands, except share and per share data)**

	Year Ended December 31,			
	2014	2013	2012	2011
Consolidated Statements of Operations Data:				
Revenue	\$ 383	\$ 617	\$ 717	\$ 557
Total operating expenses	\$ 52,433	\$ 38,842	\$ 43,903	\$ 28,290
Loss from operations	\$ (52,050)	\$ (38,225)	\$ (43,186)	\$ (27,738)
Interest expense	\$ (10,672)	\$ (15,164)	\$ (28,959)	\$ (17,790)
Net and comprehensive loss	\$ (62,917)	\$ (52,448)	\$ (58,259)	\$ (44,863)
Net income (loss) attributable to common stockholders:				
Basic ⁽¹⁾	\$ (62,917)	\$ 258	\$ (58,259)	\$ (44,863)
Diluted ⁽¹⁾	\$ (62,917)	\$ 1,083	\$ (58,259)	\$ (44,863)
Net income (loss) per share attributable to common stockholders:				
Basic ⁽¹⁾	\$ (3.24)	\$ 1.17	\$ (290.48)	\$ (226.06)
Diluted ⁽¹⁾	\$ (3.24)	\$ 1.05	\$ (290.48)	\$ (226.06)
Weighted-average number of shares used in computing net income (loss) per share attributable to common stockholders:				
Basic ⁽¹⁾	19,391,523	220,220	200,560	198,456
Diluted ⁽¹⁾	19,391,523	1,029,150	200,560	198,456

(1) Net income per share for all periods presented reflects the one-for-fifteen reverse stock split effected on February 3, 2014.

	As of December 31,			
	2014	2013	2012	2011
Consolidated Balance Sheet Data:				
Cash and cash equivalents	\$ 171,032	\$ 3,914	\$ 4,083	\$ 29,621
Working capital surplus (deficit)	\$ 162,495	\$ (42,747)	\$ (112,530)	\$ 21,264
Total assets	\$ 192,469	\$ 22,645	\$ 13,423	\$ 39,928
Capital lease, net of current portion	\$ —	\$ —	\$ 5	\$ 944
Convertible notes, net of current portion	\$ —	\$ —	\$ —	\$ 45,062
Note payable, net of current portion	\$ 2,635	\$ 10,702	\$ 10,995	\$ 18,430
Financing obligation, net of current portion	\$ 598	\$ —	\$ —	\$ —
Convertible preferred stock	\$ —	\$ 123,982	\$ 95,433	\$ 95,433
Deficit accumulated during the development stage	\$ (258,797)	\$ (195,880)	\$ (218,326)	\$ (160,067)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand our results of operations and financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, our audited Consolidated Financial Statements and the accompanying notes to the Consolidated Financial Statements and other disclosures included in this Annual Report on this Form 10-K (including the disclosures under "Item 1A. Risk Factors"). Our Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles and are presented in U.S. dollars.

Overview

Revance Therapeutics, Inc. is a clinical-stage specialty biopharmaceutical company focused on the development, manufacturing and commercialization of novel botulinum toxin products for multiple aesthetic and therapeutic indications. We

are leveraging our proprietary portfolio of botulinum toxin type A compounds combined with our patented TransMTS® peptide delivery system to address unmet needs in large and growing neurotoxin markets. Our proprietary TransMTS technology enables delivery of botulinum toxin type A through two novel dose formulations, topical product candidate RT001 and injectable product candidate RT002. We are pursuing clinical development for RT001 and RT002 in a broad spectrum of aesthetic and therapeutic indications. We hold worldwide rights for all indications of RT001, RT002 and our TransMTS technology platform.

RT001 has the potential to be the first commercially available non-injectable dose form. We are studying topical RT001 for aesthetic indications, such as crow's feet lines (wrinkles around the eyes, also known as lateral canthal lines) and therapeutic indications such as hyperhidrosis (excessive sweating). RT002 is a novel, injectable formulation of botulinum toxin designed to be more targeted and longer lasting than currently available injectable botulinum toxin type products. We are studying injectable RT002 for aesthetic indications, such as glabellar (frown) lines and therapeutic uses, such as muscle movement disorders. Both products would have the potential to expand into additional aesthetic and therapeutic indications in the future.

We are developing and plan to commercialize RT001 for indications where topical application provides a meaningful advantage over injectable administration. We are evaluating RT001 in a broad clinical program that includes aesthetic indications such as lateral canthal lines and therapeutic indications such as hyperhidrosis and chronic migraine headache. RT001 has the potential to be the first approved non-injectable botulinum toxin product for the treatment of crow's feet lines. RT001's primary advantages include painless topical administration, ease of use and limited dependence on administration technique by physicians and medical staff. We believe these advantages should improve the experience of patients undergoing botulinum toxin procedures and make RT001 more suitable for many more indications than currently approved injectable botulinum toxin products.

The first indications we are pursuing are in the field of dermatology. If approved, we believe RT001 can expand the overall botulinum toxin aesthetic market by appealing to new patients who would prefer a needle-free approach to treatment. The aesthetic dermatology market is attractive because we believe that patients in this market tend to be open to trying new products and are willing to pay for aesthetic procedures out of pocket, reducing reliance on reimbursement. We are focused on this market not only because of its size and growth potential but also because, in the United States and Europe, this market can be easily accessed by a specialty sales force and distributor network.

We are in a Phase 3 development program of RT001 in North America for the treatment of crow's feet lines. Following the successful completion of an open label clinical trial designed to test the efficacy of our RT001 drug product in the first half of 2015, we expect to commence a pivotal Phase 3 clinical trial of RT001 and report efficacy data from this Phase 3 study in the second half of 2015. To date, we have conducted sixteen clinical trials with RT001 for the treatment of crow's feet lines, with a total of over 1,500 subjects.

We are also developing RT001 for therapeutic applications where botulinum toxin has shown efficacy and that are particularly well suited for needle-free treatments. We have successfully completed initial Phase 2 clinical trials for the treatment of primary axillary, or underarm, hyperhidrosis, and for the prevention of chronic migraine headache. We expect to initiate and report results of an additional clinical trial for the treatment of hyperhidrosis in the second half of 2015.

We are developing RT002, an injectable formulation of botulinum toxin type A, for indications where deeper delivery of the botulinum toxin is required and a longer lasting effect is desired. We believe RT002 can provide more targeted delivery of botulinum toxin to intended treatment sites while reducing the unwanted spread of botulinum toxin to adjacent areas. We believe, and our preclinical and clinical studies indicate, that this targeted delivery, enabled by our proprietary peptide technology, may permit safe administration of higher doses of botulinum toxin and can result in longer lasting effect. We have demonstrated these properties in preclinical studies and have tested RT002 in a four-cohort, dose escalating, open-label Phase 1/2 clinical trial outside of the United States for the treatment of glabellar lines, the vertical lines between the eyebrows and above the nose. Data from this clinical trial indicated that RT002 is well-tolerated and efficacious at all four doses. We also reported duration of effect of seven months from the last cohort of this trial, the only one where duration of effect was measured. Based upon the results to date, we are further developing RT002 for the treatment of glabellar lines and have initiated BELMONT, a Phase 2 active comparator clinical trial against the market leader BOTOX® Cosmetic. In addition, we plan to study RT002 in therapeutic indications already approved for botulinum toxin, such as muscle movement disorders, which account for a large proportion of neurotoxin therapeutic sales globally, along with other therapeutic uses.

Since commencing operations in 2002, we have devoted substantially all our efforts identifying and developing product candidates for the aesthetic and therapeutic markets, recruiting personnel and raising capital. We have devoted predominantly all of our resources to the preclinical and clinical development of, and manufacturing capabilities for, RT001 and RT002. We have retained all rights to develop and commercialize RT001 and RT002 worldwide. We have not filed for approval with the U.S. Food and Drug Administration, or FDA, for the commercialization of RT001 or RT002 and we have not generated any revenue from product sales for RT001 or RT002.

Through December 31, 2014, we have funded substantially all of our operations through the sale and issuance of our common stock, preferred stock, venture debt and convertible debt. On June 19, 2014, we completed a follow-on public offering, pursuant to which we issued 4,600,000 shares of common stock at \$30.50 per share, including the exercise of the underwriters' over-allotment option to purchase 600,000 additional shares of common stock, and received net proceeds of \$131.3 million, after underwriting discounts, commissions and other offering expenses. On February 6, 2014, we completed our initial public offering, or IPO, for sale of 6,900,000 shares of common stock at \$16.00 per share, including the exercise of the underwriters' overallotment option to purchase an additional 900,000 shares of common stock, for net proceeds of \$98.6 million, after underwriting discounts, commissions and other offering expenses. We also raised \$23.7 million through the issuance of convertible notes in the fourth quarter of 2013 and in January 2014.

We have never been profitable and, as of December 31, 2014, had an accumulated deficit of \$258.8 million. We incurred net losses of \$62.9 million, \$52.4 million and \$58.3 million in the years ended December 31, 2014, 2013, and 2012, respectively. As of December 31, 2014, we had cash and cash equivalents of \$171.0 million. We expect to continue to incur net operating losses for at least the next several years as we advance RT001 and RT002 through clinical development, seek regulatory approval, prepare for and, if approved, proceed to commercialization. We have the ability to manufacture our own botulinum toxin type A product to support our clinical trials and eventually, our commercial production. Additionally, we currently utilize third party clinical research organizations, or CROs, to carry out our clinical development and we do not yet have a sales organization. We will need substantial additional funding to support our operating activities, especially as we approach anticipated regulatory approval in the United States and other territories and begin to establish our sales capabilities. Adequate funding may not be available to us on acceptable terms, or at all. Our failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on our business, results of operations, and financial condition.

Medicis Settlement

In October 2012, we entered into a settlement and termination agreement with Medicis Pharmaceutical Corporation, or Medicis, through which we reacquired from Medicis rights in all territories for RT001 and RT002. The agreement terminated our license agreement with Medicis and required that we make payments to them of up to \$25.0 million, comprised of (i) an upfront payment of \$7.0 million, which we made in November 2012, (ii) payments of \$14.0 million from a portion of specified types of cash proceeds received by us, an aggregate of \$6.9 million of which we paid in 2013 and \$7.1 million in February 2014, and (iii) a payment of \$4.0 million upon the achievement of specified regulatory milestones. The Medicis settlement also impacted our deferred revenue, research and development expenses, our stockholders' deficit and liabilities due to derivatives derived from the settlement payments, which are discussed below and in Note 4 of our consolidated financial statements included elsewhere in this Form 10-K.

Initial Public Offering

In February 2014, we completed our IPO, pursuant to which we issued 6,900,000 shares of common stock at \$16.00 per share, including the exercise of the underwriters' over-allotment option to purchase 900,000 additional shares of common stock, and received net proceeds of \$98.6 million, after underwriting discounts, commissions and other offering expenses. In addition, in connection with the completion of our IPO, all convertible preferred stock converted into common stock.

Follow-On Public Offering

In June 2014, we completed a follow-on public offering, pursuant to which we issued 4,600,000 shares of common stock at \$30.50 per share, including the exercise of the underwriters' over-allotment option to purchase 600,000 additional shares of common stock, and received net proceeds of \$131.3 million, after underwriting discounts, commissions and other offering expenses.

Results of Operations

Revenue

During the years ended December 31, 2014 , 2013 and 2012 , we recognized revenue from license and royalty agreements. We did not have any product revenue during the years ended December 31, 2014 , 2013 , and 2012 .

We recognized royalty revenue during the years ended December 31, 2014 , 2013 , and 2012 related to the Relastin asset purchase and royalty agreement. The Relastin royalty agreement provides for minimum royalty payment of \$0.3 million per year, to be paid quarterly for up to 15 years from the execution date. The royalty agreement also provided for one-time payments upon achievement of certain milestones. In the year ended December 31, 2013, we received a one-time milestone payment of \$150,000. The acquirer may terminate the royalty agreement with 90 days' notice with the rights to the Relastin product line reverting back to us. We do not currently have any plans for the future of Relastin as our focus has been primarily on the development of RT001 and RT002.

Our license revenue has historically been derived through nonrefundable technology license fees for our RT001 and RT002 product candidates. In the years ended December 31, 2014 and 2013, we recognized license revenue of \$0.1 million and \$0.2 million, respectively, pursuant to an exclusive technology evaluation agreement, whereby we received an upfront payment in the amount of \$0.3 million, which was initially recorded as deferred revenue and recognized over the estimated performance period. During the year ended December 31, 2012, our license revenue was derived from an arrangement with Medicis whereby, prior to our settlement with them, we had granted them specified rights to RT002 in return for an upfront payment. Medicis was acquired by Valeant Pharmaceuticals International, Inc. in December 2012. The upfront payment was deferred and recognized over the estimated performance period; however, we did not recognize any license revenue from the agreement with Medicis during the year ended December 31, 2013 as the prior license agreement was discontinued in connection with the Medicis legal settlement in October 2012.

Costs and Operating Expenses

Our cost and operating expenses consist of research and development expenses and sales, general and administrative expenses. The largest component of our operating expenses is our personnel costs, which consist primarily of wages, benefits and bonuses as well as related stock-based compensation. We expect our cash expenditures to increase in the near term to initiate and complete clinical trials and other associated programs relating to RT001 for the treatment of crow's feet lines, initiate and complete clinical trials using RT001 for the treatment of hyperhidrosis, and to initiate and complete additional clinical trials and associated programs related to RT002 for the treatment of glabellar lines and indications in muscle movement and other disorders.

Research and Development Expenses

We recognize research and development expenses as they are incurred. Since our inception, we have focused on our clinical development programs and the related research and development. We have been developing RT001 and RT002 since 2002 and we typically use our employees, consultants and infrastructure resources across both programs. Our research and development expenses consist primarily of:

- salaries and related expenses for personnel in research and development functions, including expenses related to stock-based compensation granted to such personnel;
- expenses related to the initiation and completion of clinical trials for RT001 and RT002, including expenses related to production of clinical supplies;
- fees paid to clinical consultants, clinical trial sites and vendors, including CROs in conjunction with implementing and monitoring our preclinical and clinical trials and acquiring and evaluating preclinical and clinical trial data, including all related fees, such as for investigator grants, patient screening fees, laboratory work and statistical compilation and analysis;
- the fair value of technology rights reacquired as part of our settlement with Medicis;
- other consulting fees paid to third parties;
- expenses related to production of clinical supplies, including fees paid to contract manufacturers;
- expenses related to establishment of our own manufacturing facilities;
- expenses related to license fees and milestone payments under in-licensing agreements;
- expenses related to compliance with drug development regulatory requirements in the United States, the European Union and other foreign jurisdictions; and
- depreciation and other allocated expenses.

For the years ended December 31, 2014 , 2013 , and 2012 , costs associated with our manufacturing, quality and regulatory efforts for both RT001 and RT002 development have been our largest research and development related expenses, totaling \$28.0 million, or 83.7%, \$20.3 million, or 73.0%, and \$30.3 million, or 92.6%, of research and development expenses in 2014 , 2013 , and 2012 , respectively. These costs do not include clinical costs associated with the development of RT001 and RT002. We believe that the strict allocation of costs by product candidate would not be meaningful. As such, we generally do not track these costs by product candidate.

Clinical costs associated with the development of RT001 and RT002, including clinical trials of RT001 for the treatment of crow's feet lines and clinical trials of RT002 for the improvement of glabellar lines, totaled \$5.4 million, or 16.3%, \$7.5 million, or 27.0%, and \$2.4 million, or 7.33% of research and development expenses in 2014 , 2013 , and 2012 , respectively.

Our research and development expenditures are subject to numerous uncertainties primarily related to the timing and cost needed to complete our respective projects. Further, the development timelines, the probability of success and development expenses can differ materially from expectations and the completion of clinical trials may take several years or more depending on the type, complexity, novelty and intended use of a product candidate. Accordingly, the cost of clinical trials may vary significantly over the life of a project as a result of differences arising during clinical development. We expect our research and development expenses to increase as we continue our clinical development of RT001 for the treatment of crow's feet lines and our clinical development of RT002 for the treatment of glabellar lines, or if the FDA requires us to conduct additional clinical trials for approval and as we enter into clinical trials for RT001 for hyperhidrosis and therapeutic indications for RT002.

Sales, General and Administrative Expenses

Sales, general and administrative expenses consist primarily of personnel costs, including stock-based compensation, for employees in our commercial, administration, finance and business development functions. Other significant expenses include professional fees for accounting and legal services, including legal services associated with obtaining and maintaining patents. We expect that our sales, general and administrative expenses will increase with the continued development of, and if approved, the commercialization of RT001 and RT002.

Other Income (Expense)

Interest Income

Interest income consists primarily of interest income earned on our cash and cash equivalents and money market fund balances. We expect interest income to vary each reporting period depending on our average cash and cash equivalents and money market fund balances during the period and market interest rates. To date, our interest income has not been significant in any individual period.

Interest Expense

Interest expense primarily consists of the interest charges associated with our convertible notes, notes payable, financing obligations, capital lease obligations, and capitalized interest. Notes payable under our term loan agreement with Hercules bore interest at a rate which is the greater of (i) 9.85% per annum or (ii) 9.85% per annum plus the difference of the prime rate less 3.25%. The interest charge on our convertible notes and capital lease obligations is fixed at the inception of the related transaction based on the incremental borrowing rate in effect on such date. Our interest expense also includes cash and non-cash components with the non-cash components consisting of (i) interest recognized from the amortization of debt issuance costs, which were capitalized on the Condensed Consolidated Balance Sheets, that are generally derived from cash payments related to the issuance of convertible notes and notes payable, (ii) interest recognized from the amortization of debt discounts, which were capitalized on the Condensed Consolidated Balance Sheets, derived from the issuance of warrants and derivatives issued in conjunction with convertible notes and notes payable, (iii) interest recognized on the 2011 convertible notes, or 2011 Notes, which was not paid but instead converted into shares of convertible preferred stock, (iv) interest recognized on the 2013 convertible notes, or 2013 Notes, which was not paid but instead converted into shares of common stock, (v) interest capitalized for assets constructed for use in operations, (vi) interest related to the extinguishment of debt, which is classified as a gain or loss on debt extinguishments, and (vii) effective interest recognized on the financing obligation. The capitalized amounts related to the debt issuance costs and debt discounts are generally amortized to interest expense over the term of the related debt instruments.

Upon the conversion of the 2013 Notes into shares of common stock, we recognized non-cash interest expense of \$9.6 million related to the 2013 Notes, including amortization of warrant-related debt discount of approximately \$0.4 million up to the date of conversion, amortization of the derivative-related debt discount of \$0.6 million up to the date of conversion, accrued interest of \$0.3 million up to the date of conversion and a loss on extinguishment of \$8.3 million upon conversion of the 2013 Notes into common stock. Additionally, our notes payable with Hercules matured and were fully paid off as of March 2015.

Change in Fair Value of Derivative Liabilities Associated with Convertible Notes

Our derivative liabilities associated with 2013 Notes classified as liabilities on our consolidated balance sheets and were remeasured to fair value at each balance sheet date with the corresponding gain or loss from the adjustment recorded in the consolidated statements of operations and comprehensive loss. We recorded the derivative liabilities as a debt discount that was being amortized using the effective interest method over the term of the 2013 Notes. The amortization of this debt discount was accelerated upon the completion of our IPO with the corresponding expense recorded in our Consolidated Statement of Operations and Comprehensive Loss. See Note 8 to our consolidated financial statements included elsewhere in this Form 10-K.

Change in Fair Value of Derivative Liabilities Associated with the Medicis Settlement

Our outstanding derivative liabilities associated with the Medicis settlement are classified as liabilities on our consolidated balance sheet. These liabilities will be reduced as the related payments are made under the settlement agreement and the remaining liabilities will be subsequently remeasured to fair value at each balance sheet date with the corresponding gain or loss from the adjustment recorded in the Consolidated Statement of Operations and Comprehensive Loss. Upon the completion of our IPO in February 2014, we paid \$7.1 million in settlement of our remaining obligation under the Proceeds Sharing Arrangement of the October 2012 Medicis settlement. We will continue to record adjustments to the fair value of the Medicis settlement derivative liability until the Product Approval Payment has been paid.

Change in Fair Value of Common Stock Warrant Liability

Common stock warrants issued in connection with the 2013 Notes were classified as liabilities on our consolidated balance sheet and require remeasurement at each balance sheet date. Upon the completion of our IPO, these common stock warrants liabilities were remeasured to fair value and settled in conjunction with the cashless net exercise of these warrants. See Note 5 to our consolidated financial statements included elsewhere in this Form 10-K.

Change in Fair Value of Convertible Preferred Stock Warrant Liability

Our previously outstanding convertible preferred stock warrants were classified as liabilities on our consolidated balance sheets at fair value as they were contingently redeemable because they may obligate us to transfer assets to the holders at a future date under certain circumstances, such as a deemed liquidation event. The convertible preferred stock warrants were remeasured to fair value at each balance sheet date with the corresponding gain or loss from the adjustment recorded in the Consolidated Statement of Operations and Comprehensive Loss. Upon the IPO in February 2014, these preferred stock warrants were remeasured to fair value and converted into common stock warrants with the corresponding liability reclassified to additional paid in capital.

In February 2014, two holders of preferred stock warrants exercised their put options to sell 22,856 warrants at an exercise price equal to the average fair value of our stock price for 5 days preceding the exercise. We recorded a loss on cash settlement of \$1.4 million as a result of this exercise, which was offset by a gain on fair value remeasurement of \$0.1 million through the date of settlement.

In connection with our IPO in February 2014, the remaining warrants to purchase 173,975 shares of convertible preferred stock were converted into warrants to purchase 173,975 shares of common stock. In May 2014, a holder of warrants exercised a warrant to purchase 20,066 shares of common stock. In December 2014, the Company issued Essex Capital a warrant to purchase 44,753 shares of common stock in connection with the First Amendment to the Loan and Lease Agreement

Other Expense, net

Other income (expense), net is comprised of miscellaneous tax and other expense items.

Income Taxes

Since inception, we have incurred net losses and have not recorded any U.S. federal or state income tax and the tax benefits of our operating losses have been fully offset by valuation allowances.

Results of Operations

The following tables provide our consolidated statements of operations data for the years ended December 31, 2014, 2013, and 2012 which was derived from our audited consolidated financial statements as included elsewhere in this Form 10-K.

	Year Ended December 31,		
	2014	2013	2012
(In thousands)			
Consolidated Statements of Operations Data:			
Revenue	\$ 383	\$ 617	\$ 717
Operating expenses:			
Research and development ⁽¹⁾	33,390	27,831	32,708
Sales, general and administrative ⁽¹⁾	19,043	11,011	11,195
Total operating expenses	52,433	38,842	43,903
Loss from operations	(52,050)	(38,225)	(43,186)
Interest income	44	2	7
Interest expense	(10,672)	(15,164)	(28,959)
Change in fair value of derivative liabilities associated with convertible notes	4,032	2,660	13,860
Change in fair value of derivative liabilities associated with the Medicis settlement	(320)	47	—
Change in fair value of common stock warrant liability	(2,151)	(621)	—
Change in fair value of convertible preferred stock warrant liability	(210)	(743)	125
Loss on settlement of preferred stock warrant	(1,356)	—	—
Other income (expense), net	(234)	(404)	(106)
Loss before income taxes	(62,917)	(52,448)	(58,259)
Benefit from income taxes	—	—	—
Net loss	\$ (62,917)	\$ (52,448)	\$ (58,259)

(1) Results above include stock-based compensation as follows:

	Year Ended December 31,		
	2014	2013	2012
(In thousands)			
Stock-Based Compensation:			
Research and development	\$ 2,357	\$ 194	\$ 48
Sales, general and administrative	4,173	354	31
Total stock-based compensation	\$ 6,530	\$ 548	\$ 79

Results of Operations for the Years Ended December 31, 2014, 2013, and 2012

The following table presents our revenue for the periods indicated and related changes from the prior period:

Revenue

	Years Ended December 31,			2014 vs. 2013	2013 vs. 2012
	2014	2013	2012	%	%
(In thousands, except percentages)					
Relastin Product	\$ —	\$ 150	\$ —	(100)%	N/A
Relastin Royalty	300	300	300	— %	— %
License	83	167	417	(50)%	(60)%
Total revenue	<u>\$ 383</u>	<u>\$ 617</u>	<u>\$ 717</u>	(38)%	(14)%

Our total revenue for the year ended December 31, 2014 decreased by 38% , compared to the same period in 2013 , due to a decrease in license revenue and the relastin product milestone revenue. Our total revenue for the year ended December 31, 2013 decreased by 14% , compared to the same period in 2012 , due to a decrease in license revenue offset by an increase in royalty revenue.

Our license revenue decreased to \$0.2 million for the year ended December 31, 2013 from \$0.4 million for the year ended December 31, 2012. The decrease was due to the termination of a license agreement for RT002 as a result of the Medicis settlement in October 2012. Prior to the termination of the Medicis license agreement, we were recognizing license revenue of \$0.5 million per year through the amortization of an upfront payment made by Medicis during the year ended December 31, 2009, which was initially recorded as deferred revenue. As a result of the termination of the Medicis license agreement, we no longer recognize any license revenue from the 2009 Medicis license agreement for RT002. This decrease was partially offset by \$0.2 million of revenue recognized pursuant to an exclusive technology evaluation agreement whereby we received an upfront payment of \$0.3 million which was initially recorded as deferred revenue and recognized over the estimated performance period. During the year ended December 31, 2014, the remaining \$0.1 million of the upfront payment related to the exclusive technology evaluation agreement was recognized.

In August 2011, we entered into an agreement to sell the business related to our Relastin product line, to Precision Dermatology, Inc., or PDI. In consideration for this sale, we received an upfront payment of \$0.05 million and the right to receive royalties and milestone payments based on future sales of Relastin products by PDI. In accordance with the agreement, we expect to receive royalties equal to at least \$0.3 million per year per the minimum royalty requirements included within the agreement or an amount equal to the actual royalty based sales of Relastin if greater than the minimum royalty requirements for a period up to fifteen years from the date of the agreement. We recognized the annual minimum royalty payment on a pro rata basis in the amount of \$0.3 million for each of the years ended December 31, 2014 , 2013 and 2012 as set forth in the Relastin asset purchase agreement. Under the Relastin asset purchase agreement, we also recognized \$150,000 in revenue in the year ended December 31, 2013 for achievement of a one-time milestone. With the divestiture of Relastin, our primary focus has been on the development of RT001 and RT002.

Operating Expenses

	Year Ended December 31,			2014 vs. 2013	2013 vs. 2012
	2014	2013	2012	%	%
(In thousands, except percentages)					
Research and development	\$ 33,390	\$ 27,831	\$ 32,708	20%	(15)%
Sales, general and administrative	19,043	11,011	11,195	73%	(2)%
Total operating expenses	<u>\$ 52,433</u>	<u>\$ 38,842</u>	<u>\$ 43,903</u>	35%	(12)%

Research and Development Expenses

Research and development expenses for the year ended December 31, 2014 increased by 20% , compared to the same period in 2013 , primarily due to increased costs related to personnel, stock-based compensation, rent, quality control testing, the manufacturing facility, and leasing equipment to support product development activities.

Research and development expenses for the year ended December 31, 2013 decreased by 15%, compared to the same period in 2012, primarily due to one-time costs incurred in connection with the reacquisition of the RT001 and RT002 technology rights from Medicis in October 2012, offset by increased clinical research organization (CRO) costs.

Our research and development expenses fluctuate as projects transition from one development phase to the next. Depending on the stage of completion and level of effort related to each development phase undertaken, we may reflect variations in our research and development expense. We expense both internal and external research and development expenses as they are incurred. We typically share employees, consultants and infrastructure resources between the RT001 and RT002 programs.

Stock-based compensation for research and development was \$2.4 million , \$0.2 million , and \$0.05 million for the years ended December 31, 2014 , 2013 , and 2012 , respectively.

Sales, General and Administrative Expenses

Sales, general and administrative expenses for the year ended December 31, 2014 increased by 73% , compared to the same period in 2013 , primarily due to increased costs related to personnel and administrative costs related to the operation of a public company. Following the IPO in February 2014, we incurred higher charges related to stock-based compensation, professional fees for accounting and tax services, marketing, legal costs and insurance premiums.

Sales, general and administrative expenses for the year ended December 31, 2013 decreased by 2%, compared to the same period in 2012, primarily due to a decrease in professional fees relating to the Medicis litigation during the year ended December 31, 2012.

Stock-based compensation for sales, general, and administration was \$4.2 million , \$0.4 million , and \$0.03 million for the years ended December 31, 2014 , 2013 , and 2012 , respectively.

Other Expense

	Years Ended December 31,			2014 vs. 2013	2013 vs. 2012
	2014	2013	2012	%	%
(In thousands, except percentages)					
Interest income	\$ 44	\$ 2	\$ 7	2,100 %	(71)%
Interest expense	(10,672)	(15,164)	(28,959)	(30)%	(48)%
Change in fair value of derivative liabilities associated with convertible notes	4,032	2,660	13,860	52 %	(81)%
Change in fair value of derivative liabilities associated with the Medicis settlement	(320)	47	—	(781)%	N/A
Change in fair value of common stock warrant liability	(2,151)	(621)	—	246 %	N/A
Change in fair value of convertible preferred stock warrant liability	(210)	(743)	125	(72)%	(694)%
Loss on settlement of preferred stock warrant	(1,356)	—	—	N/A	N/A
Other expense, net	(234)	(404)	(106)	(42)%	281 %
Total other expense	\$ (10,867)	\$ (14,223)	\$ (15,073)	(24)%	(6)%

Our total other expense for the year ended December 31, 2014 decreased by 24% , compared to the same period in 2013 , primarily due to a decrease in interest expense, which is described below, a decrease in the fair value of the Medicis derivative liabilities, and conversion of preferred stock warrants into equity based common stock warrants, which are no longer required to be re-measured to fair value at each balance sheet date offset by an increase due to the loss on settlement of preferred stock warrants and an increase in the fair value of the derivative liabilities associated with convertible notes.

Our total other expense for the year ended December 31, 2013 decreased by 6%, compared to the same period in 2012, primarily due to decreases in interest expense, which is described below, the fair value of the derivative liabilities associated with convertible notes, and the fair value of the convertible preferred stock warrant liability. The decrease in the fair value of the derivative liabilities associated with convertible notes was driven by conversion of the then-outstanding convertible notes into Series E-4 convertible preferred stock in March 2013. We incurred interest charges, including amortization of the related debt discount, on our then-outstanding convertible notes and notes payable. In addition, we accrued and charged to interest

expense an amount equal to 150% of the aggregate amount of the outstanding principal and accrued interest which the holders of these convertible notes were entitled to receive if the notes would have been paid upon maturity in May 2013. Upon the conversion of these convertible notes in March 2013, we ceased accruing interest. During the fourth quarter of the year ended December 31, 2013, we issued convertible promissory notes, or 2013 Notes, in the amount of \$19.4 million in aggregate. The 2013 Notes had conversion and redemption features related to the conversion of the notes which were determined to be embedded derivatives requiring bifurcation and separate accounting. The derivative liability required periodic remeasurements to fair value while the derivative was still outstanding and accordingly, we recognized remeasurement gains for the 2013 Notes during the year ended December 31, 2013 of \$0.9 million.

The interest expense by cash and non-cash components is as follows:

	Years Ended December 31,			2014 vs. 2013	2013 vs. 2012
	2014	2013	2012	%	%
(In thousands, except percentages)					
Interest expense					
Cash related interest expense ⁽¹⁾	\$ (1,182)	\$ (1,590)	\$ (2,302)	(26)%	(31)%
Non-cash interest expense					
Non-cash interest expense — debt issuance costs	(203)	(490)	(300)	(59)%	63 %
Non-cash interest expense — warrant and derivative related debt discounts	(650)	(4,128)	(7,427)	(84)%	(44)%
Non-cash interest expense — convertible notes	(1,250)	(9,409)	(18,930)	(87)%	(50)%
Loss on extinguishment of 2013 Notes	(8,331)	—	—	N/A	N/A
Non-cash interest expense - financing obligation	(28)	—	—	N/A	N/A
Capitalized interest expense ⁽²⁾	972	453	—	115 %	N/A
Total non-cash interest expense	\$ (9,490)	\$ (13,574)	\$ (26,657)	(30)%	(49)%
Total interest expense	\$ (10,672)	\$ (15,164)	\$ (28,959)	(30)%	(48)%

(1) Cash related interest expense included interest payments to the Hercules Facility and Essex Capital Facility.

(2) Interest expense capitalized pursuant to *Accounting Standards Codification Topic 835, Interest*.

Interest expense for the year ended December 31, 2014 decreased by 30% , compared to the same period in 2013 , primarily due to capitalization of interest expense for construction-in-progress, lower weighted average of debt outstanding, and a gain on the fair value re-measurement for warrants related to the common stock warrant conversion offset by an increase in interest expense related to effective interest from our financing obligation.

Interest expense for the year ended December 31, 2013 decreased by 48% , compared to the same period in 2012, primarily due a gain from the re-measurement of the derivative liabilities associated with the 2011 convertible notes, a gain from the re-measurement of the derivative liabilities associated with the Medicis settlement, and loss from the re-measurement of the convertible preferred stock warrant liability. These decreases were offset by a loss from the re-measurement of the common stock warrant liability, which was due to an increase in the fair value of the common stock warrants issued in connection with the 2013 Notes and capitalized interest for construction-in-progress.

Income Taxes

There was no provision or benefit from income taxes during the years ended December 31, 2014 , 2013 and 2012 .

Liquidity and Capital Resources

As of December 31, 2014, cash and cash equivalents totaled \$171.0 million, an increase of \$167.1 million, from December 31, 2013. In January 2014, we drew down on additional \$2.5 million under the short term notes for the Essex Capital Facility and issued promissory notes for \$4.3 million. In connection with our IPO, on February 6, 2014, we sold 6,900,000 shares of common stock at \$16.00 per share for aggregate net proceeds of \$98.6 million. In connection with our follow-on public offering, on June 19, 2014, we sold 4,600,000 shares of common stock at \$30.50 per share for aggregate net proceeds of \$131.3 million.

Since our inception, we have incurred losses from operations and negative cash flows from our operations. For the year ended December 31, 2014, we had a net loss of \$62.9 million, which includes non-cash interest expenses of \$9.5 million related to loss on extinguishment of the 2013 Notes, amortization of debt issuance costs, warrants and derivatives issued in conjunction with our previously outstanding debt instruments, and effective interest for our financing obligation offset by \$1.0 million of capitalized interest expense. For the year ended December 31, 2014, we used \$55.1 million of cash to fund operating activities. As of December 31, 2014, we had a working capital surplus of \$162.5 million and an accumulated deficit of \$258.8 million. We believe that our existing cash and cash equivalents, including net proceeds from our IPO of \$98.6 million, net proceeds from our follow-on public offering of \$131.3 million, and existing Essex Capital credit facility will allow us to fund our current operating plan through at least the next 12 months.

Historically, we have financed our operations primarily through sale of common stock, private placements of our convertible preferred stock, and the proceeds received from our debt financings. Since 2012, we have received net cash proceeds of (i) \$98.6 million from our IPO, (ii) \$131.3 million from our follow-on public offering, (iii) \$23.7 million from sale of the 2013 Notes, (iv) \$36.4 million from sale of Series E-5 convertible preferred stock, and (v) \$5.0 million from a capital lease loan.

In December 2013, we entered into the Essex Capital Facility to finance the construction and installation of equipment to be manufactured by IMA Life and Seidenader for use in our manufacturing facility. Under this facility, Essex Capital provided us a series of short-term notes aggregating to \$10.8 million during the construction period that was expected to last through 2014. In December 2013 and January 2014, we drew down \$2.5 million under short-term notes pursuant to the Essex Capital Facility for an aggregate amount totaling \$5.0 million. On May 28, 2014, upon completion of the installation and acceptance of the Seidenader equipment, we sold the equipment back to Essex Capital for a purchase price equal to the principal and any accrued interest then outstanding on the notes issued to finance such equipment. We then leased back the equipment for a thirty-six month lease term. At the end of the lease term, we will have the option to purchase the equipment at 10% of the original equipment cost. The short-term notes to be issued under the Essex Capital Facility are secured by all of our tangible assets, excluding intellectual property.

In December 2014, we entered into the First Amendment to the Loan and Lease Agreement with Essex Capital. Under the terms of this Amendment, we repaid the outstanding debt balance of \$3.9 million. In February 2015, we executed the Second Amendment to the Loan and Lease Agreement to extend the term of the facility to no later than April 15, 2015 and increase the purchase price of the IMA Life equipment by \$0.1 million to approximately \$9.8 million. Concurrently with this sale, we will lease the IMA Life equipment from Essex Capital for a fixed monthly payment to be paid monthly over three years. At the end of the lease, we will have the option to purchase the leased equipment for 10% of the original purchase amount.

We have no current source of revenue to sustain our present activities, and we do not expect to generate product revenue until, and unless, the FDA or other regulatory authorities approve RT001 or RT002 and we begin commercializing them. Accordingly, our ability to continue as a going concern will require us to obtain additional financing to fund our operations. The sale of additional equity securities could result in additional dilution to our stockholders and those securities may have rights senior to those of our common stock. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all.

Cash Flows

We derived the following summary of our consolidated cash flows for the periods indicated from our audited consolidated financial statements included elsewhere in this Form 10-K (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Net cash used in operating activities	\$ (55,073)	\$ (47,758)	\$ (38,914)
Net cash used in investing activities	(6,900)	(6,402)	(244)
Net cash provided by financing activities	229,091	53,991	13,620

Cash Flows from Operating Activities

Our cash used in operating activities is primarily driven by personnel-related expenditures, manufacturing costs, clinical development costs, and costs related to our facilities. Our cash flows from operating activities will continue to be affected principally by our working capital requirements and the extent to which we increase spending on personnel and research and development activities as our business grows.

Cash used in operating activities of \$55.1 million during the year ended December 31, 2014 resulted in part from our net loss of \$62.9 million, non-cash adjustments for the revaluation of derivative liabilities associated with our convertible notes of \$4.0 million, and capitalized interest of \$1.0 million offset by loss on extinguishment of our 2013 Notes of \$8.3 million, revaluation of common stock warrant liability of \$2.2 million, loss on extinguishment of warrant liability upon exercise of put option by warrant holder of \$1.4 million, amortization of debt discounts of \$1.3 million, revaluation of convertible preferred stock warrant liability of \$0.2 million, stock-based compensation expense of \$6.5 million, depreciation expense of \$2.1 million, issuance of common stock warrants of \$0.4 million, revaluation of derivative liability associated with Medicis settlement of \$0.3 million, and interest upon issuance of the 2013 Notes and Essex Notes of \$0.3 million. The \$10.2 million decrease in our net operating assets and liabilities was primarily due to payments made under the Medicis settlement totaling \$7.1 million and decreases in prepaid and other current assets, other non-current assets, accounts payable, and deferred revenue by \$6.1 million offset by an increase in accruals and other current liabilities and deferred rent by \$3.0 million.

Cash used in operating activities of \$47.8 million during the year ended December 31, 2013 resulted in part from our net loss of \$52.4 million and derivative liabilities recognized as a result of non-cash adjustments for the revaluation of derivative liabilities associated with our convertible notes of \$2.7 million offset by the accrual of interest on our convertible notes of \$9.2 million, convertible preferred stock warrant modification remeasurement adjustment of \$1.2 million, amortization of discount on debt and capital leases of \$4.1 million, and depreciation and amortization of our property and equipment of \$1.9 million. The \$9.8 million increase in our net operating assets and liabilities was primarily a result of the reduction in the derivative liabilities associated with the Medicis settlement due to the payment of \$6.9 million during the period, the decrease of other non-current assets of \$2.6 million and the decrease of accruals and other current liabilities of \$3.9 million, however, these increases were partially offset by increases in accounts payable of \$3.2 million related to the growth in our operations during the year. Property and equipment purchases included in accounts payable and accruals and other current liabilities was \$2.3 million and deferred IPO costs included in accounts payable and accruals and other current liabilities were \$2.5 million as of December 31, 2013.

Cash used in operating activities of \$38.9 million during the year ended December 31, 2012 resulted in part from our net loss of \$58.3 million and non-cash adjustments for the modification of the Series C-3 convertible preferred stock of \$3.2 million associated with the Medicis settlement and the revaluation of derivative liabilities associated with convertible notes of \$13.9 million that were partially offset by non-cash adjustments for depreciation and amortization of our property and equipment of \$1.8 million, the recognition of derivative liabilities associated with the Medicis settlement of \$15.3 million, the amortization of the discount and issuance costs on our outstanding debt and capital leases of \$7.7 million and interest accrued on our convertible notes of \$18.8 million. The \$7.1 million decrease in our net operating assets and liabilities was primarily a result of the decrease in deferred revenue of \$10.5 million as a result of this revenue stream being eliminated as a result of the Medicis settlement and a \$1.1 million decrease in prepaid expenses and other current assets due primarily to the timing of the related payments. These decreases were partially offset by increases in accruals and other current liabilities of \$3.0 million and accounts payable of \$1.0 million related to the growth in our operations during the year.

Cash Flows from Investing Activities

Cash used in investing activities was \$6.9 million for the year ended December 31, 2014 consisting of \$7.0 million in purchases of property and equipment which were partially offset by a reduction of our restricted cash of \$0.1 million.

Cash used in investing activities was \$6.4 million for the year ended December 31, 2013 consisting of \$6.5 million due to purchases of property and equipment which were partially offset by our restricted cash of \$0.1 million.

Cash used in investing activities was \$0.2 million for the year ended December 31, 2012 consisting of \$0.3 million in purchases of property and equipment which were partially offset by a reduction of our restricted cash of \$0.1 million.

Cash Flows from Financing Activities

Cash provided by financing activities was \$229.1 million for the year ended December 31, 2014 primarily comprised of proceeds of \$234.6 million from issuance of common stock, after deducting underwriting discounts and commissions, proceeds of \$6.7 million from issuance of convertible notes and note payable, and proceeds from exercise of stock options and ESPP of \$1.8 million . These increases were partially offset by principal payments on our notes payable of \$12.3 million , principal payments on our financing obligation and capital leases of \$0.2 million , and payments to settle warrants of \$1.4 million .

Cash provided by financing activities was \$54.0 million for the year ended December 31, 2013 primarily comprised of net proceeds received from the issuance of our Series E-5 convertible preferred stock in the amount of \$40.6 million and proceeds from issuance of convertible notes and notes payable of \$21.9 million which were partially offset by repayments of \$7.6 million on our outstanding debt and capital lease obligations.

Cash provided by financing activities was \$13.6 million for the year ended December 31, 2012 primarily comprised of net proceeds received from the issuance of convertible notes in the amount of \$18.2 million which were partially offset by repayments of \$4.6 million on our outstanding debt and capital lease obligations.

Operating and Capital Expenditure Requirements

We have not achieved profitability on a quarterly or annual basis since our inception and we expect to continue to incur net losses for the foreseeable future. We expect our cash expenditures to increase in the near term to initiate and complete clinical trials and other associated programs relating to the RT001 for the treatment of crow's feet lines and hyperhidrosis and to initiate and complete additional clinical trials and associated programs related to RT002 for the treatment of glabellar lines and indications in muscle movement disorders. We believe that our existing capital resources, the net proceeds from our IPO, and net proceeds from our follow-on public offering will be sufficient to fund our operations for at least the next 12 months. However, we anticipate that we will need to raise substantial additional financing in the future to fund our operations. In order to meet these additional cash requirements, we may seek to sell additional equity or convertible debt securities that may result in dilution to our stockholders. If we raise additional funds through the issuance of convertible debt securities, these securities could have rights senior to those of our common stock and could contain covenants that restrict our operations. There can be no assurance that we will be able to obtain additional equity or debt financing on terms acceptable to us, if at all. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring debt, making capital expenditures or declaring dividends. Our failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on our business, results of operations, and financial condition.

If adequate funds are not available to us on a timely basis, or at all, we may be required to terminate or delay clinical trials or other development activities for RT001, RT002 and any future product candidates, or delay our establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates, if we obtain marketing approval. We may elect to raise additional funds even before we need them if the conditions for raising capital are favorable. Our future capital requirements depend on many factors, including:

- the results of our clinical trials for RT001 and RT002;
- the timing of, and the costs involved in, obtaining regulatory approvals for RT001, RT002 or any future product candidates;
- the number and characteristics of any additional product candidates we develop or acquire;
- the scope, progress, results and costs of researching and developing RT001, RT002 or any future product candidates, and conducting preclinical and clinical trials;
- the cost of commercialization activities if RT001, RT002 or any future product candidates are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing RT001, RT002 or any future product candidates and any products we successfully commercialize;

- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the terms of and timing such arrangements;
- the degree and rate of market acceptance of any future approved products;
- the emergence, availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing treatments;
- any product liability or other lawsuits related to our products;
- the expenses needed to attract and retain skilled personnel;
- the costs associated with being a public company;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, future approved products, if any.

Please see “Item 1A. Risk Factors” for additional risks associated with our substantial capital requirements.

We have not generated revenue from RT001 or RT002 and we do not know when, or if, we will generate such revenue. We do not expect to generate significant revenue unless or until we obtain marketing approval of, and commercialize RT001 or RT002. We expect our continuing operating losses to result in increases in cash used in operations over the next several years.

We have based our estimates of future capital requirements on a number of assumptions that may prove to be wrong, and changing circumstances beyond our control may cause us to consume capital more rapidly than we currently anticipate. For example, our ongoing clinical trials of RT001 and RT002 may encounter technical or other difficulties that could increase our development costs more than we currently expect or the FDA may require us to conduct additional clinical trials prior to approving RT001 or RT002. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical trials beyond 2015.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of these consolidated financial statements requires our management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the applicable periods. We base our estimates, assumptions and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported. We evaluate our estimates, assumptions and judgments on an ongoing basis.

The critical accounting estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

We recognize revenue when the following criteria are met: persuasive evidence of a sales arrangement exists; delivery has occurred; the price is fixed or determinable; and collectability is reasonably assured. We recognized revenue from license and royalty agreements as follows.

We recognized royalty revenue related to the Relastin asset purchase and royalty agreement, as discussed in Results of Operations above. The Relastin royalty agreement provides for minimum royalty payment of \$0.3 million per year, to be paid quarterly for up to 15 years from the execution date; however, the royalty agreement may be terminated with 90 days’ notice with the rights to the Relastin product line reverting to us. We recognize Relastin royalty revenue based upon minimum royalty

requirements per the asset purchase and royalty agreement. Accordingly, under the Relastin asset purchase agreement, we also recognized \$150,000 in revenue in the year ended December 31, 2013 for achievement of a one-time milestone.

During the years ended December 31, 2014 and 2013, we recognized license revenue pursuant to an exclusive technology evaluation agreement, whereby we received an upfront payment in the amount of \$0.3 million, which was initially recorded as deferred revenue and recognized over the estimated performance period of 9 months.

During the year ended December 31, 2012, we recognized license revenue from a license agreement with Medicis whereby they were granted exclusive rights to RT002. As part of this license agreement, we received an upfront payment which was deferred and recognized over the estimated performance period, which was estimated as the remaining life of the underlying patent at the inception of the license agreement. We did not recognize any license revenues from the agreement with Medicis during the year ended December 31, 2013 as the prior license agreement was discontinued in connection with the Medicis settlement in October 2012.

Clinical Trial Accruals

Clinical trial costs are charged to research and development as incurred. We accrue for expenses resulting from obligations under contracts with clinical research organizations, or CROs, and consultants, and under clinical site agreements in connection with conducting clinical trials. The financial terms of these contracts are subject to negotiations, which vary from contract to contract and may result in payment flows that do not match the periods over which materials or services are provided under such contracts. Our objective is to reflect the appropriate trial expense in the consolidated financial statements by matching the appropriate expenses with the period in which services and efforts are expended. In the event advance payments are made to a CRO, the payments will be recorded as a prepaid asset which will be amortized in accordance with the contractual terms. In addition to pass-through costs, we incur costs in clinical trials in three distinct phases as follows:

- (i) Start-up Phase — This phase includes the initial set-up of the clinical trial and usually occurs within a few months after the contract has been executed and includes costs which are expensed ratably over the start-up phase. Start-up phase activities include study initiation, site recruitment, regulatory applications, investigator meetings, screening, preparation, pre-study visits and training.
- (ii) Site and Study Management Phase — This phase includes medical and safety monitoring, and patient administration and data management. These costs are usually calculated on a per patient basis and expensed ratably over the treatment period beginning on the date that the patient enrolls.
- (iii) Close Down and Reporting Phase — This phase includes analyzing the data obtained and reporting results, which occurs after patients have ceased treatment and the database of information collected is locked. These costs are expensed ratably over the close down and reporting phase.

The CRO contracts generally include pass-through fees including, but not limited to, regulatory expenses, investigator fees, travel costs and other miscellaneous costs, including shipping and printing fees. We determine accrual estimates through reports from and discussion with clinical personnel and outside services providers as to the progress or state of completion of trials, or the services completed. We estimate accrued expenses as of each balance sheet date in the consolidated financial statements based on the facts and circumstances known at that time. Our clinical trial accrual is dependent, in part, upon the receipt of timely and accurate reporting from the CROs and other third party vendors. As of December 31, 2014, there have not been any material adjustments to our estimated accrued expenses.

Stock-Based Compensation

We recognize compensation costs related to stock options granted to employees based on the estimated fair value of the awards on the date of grant, net of estimated forfeitures, using the Black-Scholes option-pricing model. The grant date fair value of the stock-based awards is recognized over the requisite service period, which is generally the vesting period of the respective awards. Stock-based compensation expenses are classified in the Consolidated Statements of Operations and Comprehensive Loss based on the functional area to which the related recipients belong.

The estimated grant date fair values of the option awards granted to employees during the years ended December 31, 2014, 2013, and 2012 were calculated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2014	2013	2012
Expected term (in years)	6.0	6.0	5.9
Expected volatility	57.4%	59.1%	56.9%
Risk-free interest rate	1.9%	1.3%	0.8%
Dividend rate	0.0%	0.0%	0.0%

The Black-Scholes option-pricing model requires the use of highly subjective and complex assumptions that determine the fair value of options. These assumptions are as follows:

- *Expected term* — The expected term represents the period that our options are expected to be outstanding.
- *Expected volatility* — Because our common stock has only been publicly traded for a short time, the expected volatility was derived from the average historic volatilities of several unrelated public companies within our industry that we considered to be comparable to our business over a period equivalent to the expected term of the option.
- *Risk-free interest rate* — The risk-free interest rate is based on the U.S. Treasury constant maturity rates approximately equal to the option's expected term.
- *Dividend rate* — The expected dividend was assumed to be zero as we have never paid dividends and have no current plans to do so.

In addition to the assumptions used in the Black-Scholes option-pricing model, we must also estimate a forfeiture rate to calculate the stock-based compensation for our options. Our forfeiture rate is based on an analysis of our actual forfeitures. We will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. Quarterly changes in the estimated forfeiture rate can have a significant impact on our stock-based compensation as the cumulative effect of adjusting the rate is recognized in the period in which we change the forfeiture estimate. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, we make an adjustment that will result in a decrease to the stock-based compensation recognized in our consolidated financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, we make an adjustment that will result in an increase to the stock-based compensation recognized in our consolidated financial statements.

We will continue to use judgment in evaluating the expected term, expected volatility and forfeiture rate related to our stock-based compensation calculations on a prospective basis. As we continue to accumulate additional data related to our common stock, we may make refinements to the estimates of our expected terms, expected volatility and forfeiture rates that could materially impact our future stock-based compensation.

Warrant Liabilities

We issued freestanding warrants to purchase shares of common stock and convertible preferred stock in connection with certain debt and lease transactions. Prior to the completion of our IPO, we accounted for warrants to purchase shares of our common stock and convertible preferred stock as liabilities at fair value because these warrants obligated us to transfer assets to the holders at a future date under certain circumstances, such as change of control. We remeasured these common stock and preferred stock warrants to current fair value at each balance sheet date, and any change of fair value was recognized as a change in fair value of the warrant liability in our Consolidated Statements of Operations and Comprehensive Loss. Common stock warrants classified as equity at inception are recorded to additional paid-in capital at fair value upon issuance.

The warrants are recorded at fair value using the Black-Scholes option pricing model. The fair value of the previously outstanding common stock warrants was remeasured as of each period end using a Black-Scholes option-pricing model with the following assumptions:

	As of December 31, 2013
Remaining contractual term (in years)	7.0
Expected volatility	57%
Risk-free interest rate	1.3%
Expected dividend rate	0%

The fair value of the previously outstanding convertible preferred stock warrants was remeasured as of each period end using a Black-Scholes option-pricing model with the following assumptions:

	February 5, 2014 Upon conversion	As of December 31, 2013
Remaining contractual term (in years)	5.9	6.5
Expected volatility	55%	59%
Risk-free interest rate	1.8%	2.1%
Expected dividend rate	0%	0%

These assumptions are subjective and the fair value of these warrants may have differed significantly had we used different assumptions. In February 2014, the common stock warrants were net exercised in connection with our IPO and the warrants to purchase preferred stock converted into warrants to purchase common stock.

Derivative Liabilities

As of December 31, 2014 and 2013, the following derivative liabilities were outstanding (in thousands):

	As of December 31,	
	2014	2013
	(In thousands)	
Derivative liabilities associated with the convertible notes	\$ —	\$ 4,890
Derivative liabilities associated with Medicis settlement — Proceed sharing payment	—	6,684
Derivative liabilities associated with Medicis settlement — Product approval payment	1,541	1,610
Total fair value of outstanding derivatives	<u>\$ 1,541</u>	<u>\$ 13,184</u>

Derivatives Liabilities Associated with the 2011 Convertible Notes

During the years ended December 31, 2012 and 2011, we issued convertible notes in the aggregate amount of \$63.3 million (Note 8). The convertible notes had conversion and redemption features related to the conversion of the notes. These conversion and redemption features were determined to be embedded derivatives requiring bifurcation and separate accounting. Accordingly, we recorded a derivative liability, which was remeasured to fair value as of each balance sheet date, with the related remeasurement adjustments recognized as a change in fair value of derivative liabilities in the Consolidated Statements of Operations and Comprehensive Loss. The derivative liability required periodic remeasurements to fair value while the derivative was still outstanding and, accordingly, we recognized remeasurement gains for this instrument during the year ended December 31, 2012 of \$13.9 million and recognized the remaining liability of \$1.8 million at the time of conversion of the notes into preferred stock in March 2013. The remeasurement adjustments were reflected in the Consolidated Statements of Operations and Comprehensive Loss.

The related convertible notes converted into shares of Series E convertible preferred stock March 2013. Immediately prior to the conversion, we determined the fair value of the embedded derivatives to be approximately zero as the execution of a qualified financing approached certainty. Accordingly, the derivative liabilities associated with these convertible notes were no longer outstanding as of December 31, 2013.

Derivative Liabilities Associated with 2013 Convertible Notes

During the fourth quarter of 2013, we issued 2013 Notes in the amount of \$19.4 million in aggregate (Note 8). The 2013 Notes had conversion and redemption features related to the conversion of the notes which were determined to be embedded derivatives requiring bifurcation and separate accounting. Accordingly, we recorded a derivative liability of \$5.8 million associated with the 2013 Notes during the year ended December 31, 2013. The fair value of these derivative instruments was recognized as an additional discount and as a derivative liability on the consolidated balance sheets upon issuance of the respective convertible notes. The derivative liability required periodic remeasurements to fair value while the derivative was outstanding and accordingly, we recognized remeasurement gains for the 2013 Notes during the year ended December 31, 2013 of \$0.9 million.

Prior to conversion, the fair value of the derivative liabilities associated with convertible notes was determined upon issuance in 2013 as of December 31, 2013 using “Monte Carlo” valuation methodology with the following weighted-average assumptions:

	As of December 31, 2013	As of Issuance
Expected term (in years)	0.8	0.9
Discount rate	—	—
Weighted-average scenario probabilities:		
Maturity	5%	5%
Qualified financing	5.0%	20.0%
Initial public offering	80.0%	60.0%
Change in control	10.0%	15.0%

Derivatives Associated with the Medicis Settlement

In October 2012, we entered into a settlement and termination agreement with Medicis. The terms of the settlement provided for the reacquisition of the rights related to all territories of RT001 and RT002 from Medicis and for consideration payable by us to Medicis of up to \$25.0 million, comprised of (i) an upfront payment of \$7.0 million, which was paid in November 2012, (ii) a Proceeds Sharing Arrangement Payment of \$14.0 million due upon specified capital raising achievements by us, of which \$6.9 million was paid in the second quarter of 2013 and the remaining \$7.1 million was paid in the first quarter of 2014, and (iii) \$4.0 million to be paid upon the achievement of specified regulatory milestones by us, or Product Approval Payment.

We determined that the settlement provisions related to (ii) and (iii) above were derivative instruments that required fair value accounting at the time of settlement and fair value re-measurements on a periodic basis going forward. Accordingly, we recorded derivative liabilities on the balance sheet based on their respective fair values on the settlement date. These derivative liabilities will be reduced as the related payments are made under the settlement agreement. The remaining liabilities will be subsequently re-measured to fair value as of each balance sheet date with the related re-measurement adjustments recognized in the Consolidated Statements of Operations and Comprehensive Loss.

As of December 31, 2013, the fair value of the Proceeds Sharing Arrangement Payment derivative was re-measured to fair value of \$6.7 million, which was determined using an option pricing model with the following assumptions: 0.1-0.5 years, risk-free rate of 0.01% — 0.10% and volatility of 37.0%-47.5%. This valuation was heavily weighted toward an initial public offering being the most likely outcome for our business at the time of issuance. During the year ended December 31, 2013, we made payments in the amount of \$6.9 million against the Proceeds Sharing Arrangement Payment. Upon the completion of our IPO, we paid \$7.1 million under the Medicis settlement for our remaining obligation under the Proceeds Sharing Arrangement Payment. At the settlement date, the derivative liability was re-measured to the fair value of the obligation due, or \$7.1 million.

The fair value of the Product Approval Payment derivative was initially determined by estimating the timing and probability of the related approval and multiplying the payment amount by this probability percentage and a discount factor assuming a term of two years and a risk free rate of 0.25%. As of December 31, 2013, the fair value of the Product Approval Payment derivative of \$1.6 million was determined by updating the estimate of the timing and probability of the related approval and a discount factor assuming a term of 3.25 years, a risk-free rate of 0.9% and a credit risk adjustment of 6%. As of December 31, 2014, we determined the fair value of its liability for the Product Approval Payment was \$1.5 million, which was measured by assuming a term of 3.5 years, a risk-free rate of 1.2% and a credit risk adjustment of 6.5%. Our assumption for

the expected term is based on an expected Biologics License Application, or BLA, approval in mid-2018. The primary drivers of any fair value movements for the Product Approval Payment derivative are the estimated probability of the related approval and the credit risk adjustment. If the probability estimate increases (decreases) and the credit risk adjustment decreases (increases), the fair value of the derivative will increase (decrease).

We will record adjustments to the fair value of the derivative liabilities associated with the Medicis settlement until the Product Approval Payment has been paid. At that time, the Product Approval Payment derivative will be adjusted to fair value one last time immediately prior to settlement.

Impairment of Long-Lived Assets

We assess the impairment of long-lived assets, such as property and equipment subject to depreciation and amortization, when events or changes in circumstances indicate that their carrying amount may not be recoverable. Among the factors and circumstances we considered in determining recoverability are: (i) a significant adverse change in the extent to which, or manner in which, a long-lived asset is being used or in its physical condition; (ii) a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action or assessment by a regulator; (iii) an accumulation of costs significantly in excess of the amount originally expected for the acquisition; and (iv) current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There have been no indicators of impairment, and we did not record any impairment losses during the years ended December 31, 2014, 2013 and 2012.

Income Taxes

We are subject to income taxes in the United States, and we use estimates in determining our provision for income taxes. We use the asset and liability method of accounting for income taxes. Under this method, we calculate deferred tax asset or liability account balances at the balance sheet date using current tax laws and rates in effect for the year in which the differences are expected to affect our taxable income.

We estimate actual current tax exposure together with assessing temporary differences resulting from differences in accounting for reporting purposes and tax purposes for certain items, such as accruals and allowances not currently deductible for tax purposes. These temporary differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheets. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in our consolidated statements of operations and comprehensive loss become deductible expenses under applicable income tax laws or when net operating loss or credit carryforwards are utilized. Accordingly, realization of our deferred tax assets is dependent on future taxable income against which these deductions, losses and credit carryforwards can be utilized.

We must assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, establish a valuation allowance.

As of December 31, 2014, we had net operating loss carryforwards available to reduce future taxable income, if any, for Federal, California, and New Jersey income tax purposes of \$247.1 million, \$158.3 million, and \$174.8 million, respectively. If not utilized, the Federal net operating loss carryforward begin expiring in 2020, the California net operating loss carryforwards began expiring in 2010, and the New Jersey state net operating loss carryforwards begin expiring in 2030. The Company recognizes excess tax benefits associated with the exercise of stock options directly to stockholders' equity only when realized. The net operating loss related deferred tax assets do not include excess tax benefits from employee stock option exercises. As of December 31, 2014, the net operating loss reported as a deferred tax asset does not include approximately \$2.1 million attributable to excess stock option deductions. The Company follows with or without method to determine when such net operating loss has been realized.

As of December 31, 2014, we also had research and development credit carryforwards of \$0.4 million and \$4.8 million available to reduce future taxable income, if any, for Federal and California state income tax purposes, respectively. If not utilized, the Federal credit carryforwards will begin expiring in 2023 and the California credit carryforwards have no expiration date.

In general, if we experience a greater than 50 percentage point aggregate change in ownership over a three-year period (a Section 382 ownership change), utilization of our pre-change NOL carryforwards are subject to an annual limitation under Section 382 of the Internal Revenue Code (California and New Jersey have similar laws). The annual limitation generally is determined by multiplying the value of the Company's stock at the time of such ownership change (subject to certain adjustments) by the applicable long-term tax-exempt rate. Such limitations may result in expiration of a portion of the NOL carryforwards before utilization. We determined that an ownership change occurred on April 7, 2004, but that all carryforwards can be utilized prior to the expiration. Our ability to use our remaining NOL carryforwards may be further limited if we experience a Section 382 ownership change in connection with the IPO or as a result of future changes in its stock ownership.

There was no impact on the provision (benefit) for income taxes or the deferred tax assets as a result of the extinguishment of debt and extinguishment of preferred stock and related conversion, which occurred in March 2013.

Interest Expense

Interest expense, includes cash and non-cash components with the non-cash components consisting of (i) interest recognized from the amortization of debt issuance costs, which were capitalized on the Consolidated Balance Sheets, that are generally derived from cash payments related to the issuance of convertible notes and notes payable, (ii) interest recognized from the amortization of debt discounts, which were capitalized on the Consolidated Balance Sheets, derived from the issuance of warrants and derivatives issued in conjunction with convertible notes and notes payable, (iii) interest recognized on the 2011 convertible notes, or 2011 Notes, which was not paid but instead converted into shares of convertible preferred stock, (iv) interest recognized on the 2013 Notes, which was not paid but instead converted into shares of common stock, (v) interest capitalized for assets constructed for use in operations, (vi) interest related to the extinguishment of debt, which is classified as a gain or loss on debt extinguishments, and (vii) effective interest recognized on the financing obligation. The capitalized amounts related to the debt issuance costs and debt discounts are generally amortized to interest expense over the term of the related debt instruments.

JOBS Act

We are an "emerging growth company," as defined in the JOBS Act and, for as long as we continue to be an "emerging growth company," we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We will remain an "emerging growth company" until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the closing of our IPO, (b) in which we have total annual gross revenues of over \$1.0 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

Under the JOBS Act, emerging growth companies that become public can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Contractual Obligations

Our contractual commitments will have an impact on our future liquidity. The following table, which summarizes our contractual obligations as of December 31, 2014, represents material expected or contractually committed future obligations, with terms in excess of one year. We believe that we will be able to fund these obligations through cash generated funding activities and from our existing cash balances.

Contractual Obligations:	Payments Due by Period				
	Total	Year 1	Years 2 to 3	Years 4 to 5	More than 5 Years
	(In thousands)				
Operating lease obligations ⁽¹⁾	\$ 53,618	\$ 5,070	\$ 10,616	\$ 11,341	\$ 26,591
Other long-term liabilities reflected on our balance sheet under GAAP ⁽²⁾	987	423	564	—	—
Total	\$ 54,605	\$ 5,493	\$ 11,180	\$ 11,341	\$ 26,591

(1) Operating lease agreements represent our obligations to make payments under non-cancelable lease agreements for our facilities.

(2) Other long-term liabilities reflected on our balance sheet under GAAP represents our financing obligation to make lease payments under the Loan and Lease Agreement with Essex Capital.

This table does not include any milestone payments, which may become payable to third parties under license agreements, as the timing and likelihood of such payments are not known.

This table does not include a liability for unrecognized tax benefits related to various federal and state income tax matters of \$1.3 million at December 31, 2014. The timing of the settlement of these amounts was not reasonably estimable at December 31, 2014. We do not expect payment of amounts related to the unrecognized tax benefits within the next twelve months.

Off-Balance Sheet Arrangements

As of December 31, 2014, we did not have any off-balance sheet arrangements or any relationships with any entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent Accounting Pronouncements

Refer to "Recent Accounting Pronouncements" in Note 2 to our consolidated financial statements included elsewhere in this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates. We do not hold or issue financial instruments for trading purposes.

Interest Rate Sensitivity

Our exposure to market risk for changes in interest rates relates primarily to our cash and cash equivalents. We had cash and cash equivalents of \$171.0 million and \$3.9 million as of December 31, 2014 and 2013, respectively. Our cash and cash equivalents are held in deposit and money market fund accounts. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of the interest rates in the United States. However, because of the short-term nature of the instruments in our portfolio, a sudden change in market interest rates would not be expected to have a material impact on our consolidated financial statements.

We also had fixed interest rate notes payable which were collateralized by substantially all of our assets, excluding our intellectual property. Because of the fixed interest rate, a hypothetical 100 basis points change in interest rates had no impact on our borrowing or results of operations.

Foreign Exchange

Our operations are primarily conducted in the United States using the U.S. Dollar. However, we conduct limited operations in foreign countries, primarily for clinical and regulatory services, whereby settlement of our obligations are denominated in the local currency. Transactional exposure arises when transactions occur in currencies other than the U.S. Dollar. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction with the resulting liabilities being translated into the U.S. Dollar at exchange rates prevailing at the balance sheet date. The resulting gains and losses, which were insignificant for the years ended December 31, 2014, 2013 and 2012, are included in other expense in the consolidated statements of operations and comprehensive loss. We do not use currency forward exchange contracts to offset the related effect on the underlying transactions denominated in a foreign currency.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are set forth beginning on page F-3 of this Annual Report on this Form 10-K and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We are responsible for maintaining disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Disclosure controls and procedures are controls and other procedures designed to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Based on our management's evaluation (with the participation of our principal executive officer and our principal financial officer) of our disclosure controls and procedures as required by Rule 13a-15 under the Exchange Act, our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures were effective to achieve their stated purpose as of December 31, 2014, the end of the period covered by this report.

(b) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, or GAAP. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of

December 31, 2014 based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on our evaluation under the criteria set forth in Internal Control - Integrated Framework issued by the COSO, our management concluded our internal control over financial reporting was effective as of December 31, 2014 .

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On March 4, 2015, we entered into an at the market issuance, or ATM, Sales Agreement, or the Agreement, with Cowen and Company, LLC, or Cowen, under which we may offer and sell, from time to time and at our sole discretion, shares of our common stock having an aggregate offering price of up to \$50,000,000 through Cowen as our sales agent. The issuance and sale of these shares by us under the Agreement, if any, is subject to the effectiveness of our registration statement on Form S-3, to be filed with the Securities and Exchange Commission on March 4, 2015. We make no assurances as to if or whether the registration statement will become effective or, if it does become effective, as to the continued effectiveness of the registration statement.

Cowen may sell the common stock by any method permitted by law deemed to be an “at the market” offering as defined in Rule 415 of the Securities Act, including without limitation sales made by means of ordinary brokers’ transactions on The NASDAQ Global Market or otherwise at market prices prevailing at the time of sale, in block transactions, or as otherwise directed by us. Cowen will use commercially reasonable efforts to sell the common stock from time to time, based upon our instructions (including any price, time or size limits or other customary parameters or conditions we may impose). We will pay Cowen a commission of up to 3.0% of the gross sales proceeds of any common stock sold through Cowen under the Agreement. We have also provided Cowen with customary indemnification rights.

We are not obligated to make any sales of common stock under the Agreement. The offering of shares of our common stock pursuant to the Agreement will terminate upon the earlier of (i) the sale of all common stock subject to the Agreement, or (ii) termination of the Agreement in accordance with its terms.

The foregoing description of the Agreement is not complete and is qualified in its entirety by reference to the full text of the Agreement, a copy of which is filed herewith as Exhibit 10.42 and is incorporated herein by reference.

This Annual Report on Form 10-K shall not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein, nor shall there be any offer, solicitation, or sale of the securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Board of Directors

Our board of directors currently consists of ten members. In accordance with our amended and restated certificate of incorporation, our board of directors is divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. The term of Class I directors will expire at the annual meeting of stockholders to be held in 2015; the term of Class II directors will expire at the annual meeting of stockholders to be held in 2016; and the term of Class III directors will expire at the annual meeting of stockholders to be held in 2017.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that the authorized number of directors may be changed only by resolution approved by a majority of our board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

The following is a brief biography of each member of our board of directors, as of March 4, 2015, with each biography including information regarding the experiences, qualifications, attributes or skills that caused our board of directors to determine that each member of our board of directors should serve as a director as of the date of this Form 10-K.

Class I Directors

Angus C. Russell, age 59, has served as a director and Chairman of the Board of our company since March 2014. Mr. Russell was Chief Executive Officer of Shire plc, or Shire, a biopharmaceutical company, from June 2008 until April 2013, and as a member of its board of directors from 1999 until 2013. From December 1999 to June 2008, Mr. Russell served as Chief Financial Officer of Shire. Prior to joining Shire, Mr. Russell served at AstraZeneca plc, a pharmaceutical and biologics company, most recently as VP of Corporate Finance. Mr. Russell is a former Non-Executive Director of the City of London Investment Trust plc. Mr. Russell is a Chartered Accountant and is a Fellow of the Association of Corporate Treasurers. Mr. Russell has served on the Board of Directors at Mallinckrodt since August 2014. Our board of directors believes that Mr. Russell's financial expertise, experience at multiple public pharmaceutical companies and his expertise in the development and commercialization of specialty pharmaceutical products make him qualified to serve on our board of directors.

Phyllis Gardner, M.D., age 64, has served as a director of our company since December 2006. Dr. Gardner has spent over 35 years in academia, medicine and industry. She served at Essex Woodlands Health Ventures, a venture capital firm that focuses on the healthcare industry, from June 1999 to 2014, in various capacities including as an adjunct Partner. Dr. Gardner has served on the board of directors of several public and private companies. She began her academic medical career at Stanford University, where she has held several positions including Senior Associate Dean for Education and Student Affairs and remains today as Professor of Medicine. From 1994 to 1996, she took a leave of absence from Stanford University to serve as Principal Scientist, Vice President of Research and Head of ALZA Technology Institute, a major drug delivery company. Dr. Gardner holds a B.S. from the University of Illinois and an M.D. from Harvard University. Our board of directors believes that Dr. Gardner's private equity experience, operating experience and significant experience serving as a director of our company and other healthcare companies make her qualified to serve on our board of directors.

James Glasheen, Ph.D., age 47, has served as a director of our company since April 2004. Since 2002, Dr. Glasheen has served as a general partner with Technology Partners, a venture capital firm that focuses on clean tech and life science companies. Prior to his work at Technology Partners, he served as Managing Director of CIT Venture Capital. From 1996 to 2000, he was a leader within McKinsey & Company's Pharmaceutical and Medical Products Practice. Dr. Glasheen also serves as an advisor to the National Science Foundation's (NSF) SBIR program in Washington D.C. Dr. Glasheen currently serves as a member of the board of directors of several privately-held biotechnology, consumer medical and medical device companies. Dr. Glasheen holds a B.S. from Duke University and an M.A. and Ph.D. from Harvard University. Our board of directors believes that Dr. Glasheen's experiences with facilitating the growth of venture-backed companies, his experiences with McKinsey & Company and his consumer medical company expertise, together with his historical perspective on our company, make him qualified to serve on our board of directors.

Philip J. Vickers, Ph.D., age 55, has served as a director of our company since February 2015. Dr. Vickers has over 25 years in the pharmaceutical industry experience. Since 2011, he has been serving as Global Head of Research and Development at Shire where he is responsible for overseeing preclinical research and development, clinical research, regulatory affairs, and medical affairs. He oversees the organization's growing product portfolio and plays a key role in developing and executing Shire's global business strategy. Dr. Vickers is a member of Shire's Executive and Pipeline Committees. Prior to Shire, he was Chief Scientific Officer and President at Resolvix Pharmaceuticals, or Resolvix, a biopharmaceutical company, from 2009 and 2011 where he was a member of the board of directors, with accountability for all preclinical and clinical research, as well as partnering with investors, external business development partners, and establishing external collaborations. Prior to Resolvix, he served in various capacities with international biopharmaceutical companies including Boehringer-Ingelheim Pharmaceuticals Inc., Pfizer and Merck Frosst Centre. Dr. Vickers holds a Ph.D. in Biochemistry from the University of Toronto, and a Bachelor of Science degree in Applied Biochemistry from the University of Salford, Manchester. He was also a Visiting Fellow at the National Cancer Institute in Bethesda, Maryland. Our board of directors believes that Dr. Vickers' experience at multiple pharmaceutical companies and his expertise in the development and commercialization of pharmaceutical products make him qualified to serve on our board of directors.

Class II Directors

Ronald W. Eastman, age 62, has served as a director of our company since December 2009. He has been a managing director at Essex Woodlands Health Ventures, a venture capital firm that focuses on the healthcare industry since October 2006. From 2002 to 2006, Mr. Eastman was the Chief Executive Officer of Rinat Neuroscience Corporation, a biotech company spun out of Genentech, Inc. Mr. Eastman currently serves on the boards of directors of several privately held life sciences companies. Mr. Eastman holds a B.A. from Williams College and an M.B.A. from Columbia University. In addition, through his service as a director on numerous corporate boards, Mr. Eastman has extensive and valuable corporate governance, board oversight and transactional experience. Our board of directors believes that such experience allows Mr. Eastman to make valuable contributions to our board of directors.

Jonathan Tunnicliffe, age 49, has served as a director of our company since May 2011. He is currently a Partner of NovaQuest Capital Management, L.L.C., an investment firm that focuses on the biopharmaceutical sector, a position he has held since November 2010. From 2000 until 2010, he was global head of due diligence for the NQ business unit of Quintiles Transnational, a contract research company. Mr. Tunnicliffe was previously a founding member and Director of Operations of a specialized clinical research organization, S-Cubed Inc. In Mr. Tunnicliffe's earlier career, he was a medical statistician at SmithKline and French (now Glaxo SmithKline) and at the University of Sheffield. Mr. Tunnicliffe holds a B.Sc. in Mathematical Statistics from the University of Liverpool, a Master of Science in Medical Statistics from the University of Newcastle-upon-Tyne and an M.B.A. from Sheffield Hallam University. He also holds a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing in the United Kingdom. Our board of directors believes that Mr. Tunnicliffe's operating experience, combined with his prior board positions, make him qualified to serve on our board of directors.

Ronald Wooten, age 55, has served as a director of our company since October 2013. Mr. Wooten has been a partner of NovaQuest Capital Management, L.L.C., an investment firm that focuses on the biopharmaceutical sector, since its inception in November 2010, and has been the head of the investment committee of the General Partner of NovaQuest Pharma Opportunities Fund III. From 2000 until November 2010, he was president for the NovaQuest business unit of Quintiles Inc., a contract research company. Mr. Wooten was previously Executive Vice President of Quintiles and served on its board of directors from January 2008 to November 2010. Mr. Wooten's previous experience includes nine years with First Union Securities, where he served as a Managing Director of Investment Banking. Mr. Wooten holds a B.A. degree in Chemistry from the University of North Carolina at Chapel Hill and an M.B.A. from Boston University. Our board of directors believes that Mr. Wooten's operating experience, combined with his prior board positions, make him qualified to serve on our board of directors.

Class III Directors

L. Daniel Browne, age 53, is one of our co-founders and has served as our President and Chief Executive Officer and a member of our board of directors since we commenced operations in 2002. Mr. Browne served as President and Chief Executive Officer of Neomend, Inc., a medical technology and biomaterials company, from 2001 to 2003. From 1997 through 2000, Mr. Browne served as President of Prograft Medical Inc., a medical technology company. Previously, Mr. Browne served for more than 16 years in leadership positions in product development, sales and marketing and business development in the Gore Medical Products Division of W.L. Gore & Associates, Inc., a global technology company, lastly as Business Leader in the Medical Products Division. Mr. Browne holds a B.S. from the University of Hawaii in Cell and Molecular Biology and an M.B.A. from Pepperdine University. Our board of directors believes that Mr. Browne is qualified to serve on our board of directors based on his management perspective of the company, including our strategic opportunities and challenges and his track record of new product development, sales and marketing and value creation, each of which relates to our commercial opportunities.

Robert Byrnes, age 70, has served as a director of our company since August 2004. Mr. Byrnes has spent over forty years in the medical device and biotechnology industries. From October 1997 until October 2002, and from January 2005 to the present, Mr. Byrnes has served as the President and Chief Executive Officer of Roan, Inc., an advisory service for healthcare organizations. From November 2002 to January 2005, he served as the President and Chief Executive Officer of Thermoage, Inc., a medical device company focused on the non-invasive tissue tightening. Mr. Byrnes has also served as Chairman and Chief Executive Officer of Tokos Medical Corporation, a health care services company, President of Caremark, Inc., a home healthcare service company, and Vice President of Marketing and Business Development for Genentech, Inc., a biotechnology company. Mr. Byrnes holds a B.S. in Pharmacy from Ferris State University and an M.B.A. degree in Marketing and Finance from Loyola University, Chicago. Our board of directors believes that Mr. Byrnes's operating experience, combined with his prior board positions, make him qualified to serve on our board of directors.

Mark A. Prygocki, Sr., age 48, has served as a director of our company since May 2014. Mr. Prygocki worked at Medicis Pharmaceutical Corporation, or Medicis, a biopharmaceutical company, for more than 20 years and served as President from July 2010 to December 2012. Prior to that, Mr. Prygocki held several senior-level positions at Medicis, including Chief Operating Officer, Executive Vice President, and Chief Financial Officer and Treasurer. Mr. Prygocki’s previous experience includes work at Citigroup, an investment banking firm, in the regulatory reporting division. Prior to that, Mr. Prygocki spent several years in the audit department of Ernst & Young, LLP. Mr. Prygocki currently serves on the Board of Directors of Clarus Therapeutics, Inc. as well as Chairman of its audit committee. He is certified by the Arizona State Board of Accountancy and the New York Society of CPAs. Mr. Prygocki serves on the board of Whispering Hope Ranch Foundation, a non-profit organization that assists children with special needs. Mr. Prygocki holds a B.S. in accounting from Pace University. Our board of directors believes that Mr. Prygocki’s operating experience and financial expertise, combined with his prior board positions, make him qualified to serve on our board of directors.

Executive Officers

The following table sets forth information concerning our executive officers as of March 4, 2015:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Executive Officers		
L. Daniel Browne	53	President, Chief Executive Officer and Director
Arthur P. Bertolino, M.D., Ph.D.	60	Executive Vice President and Chief Medical Officer
Curtis Ruegg, Ph.D.	52	Executive Vice President, Technical Operations
Lauren P. Silvernail	56	Executive Vice President, Corporate Development and Chief Financial Officer
Jacob Waugh, M.D.	44	Chief Scientific Officer

L. Daniel Browne. Mr. Browne’s biography is included above under the section titled “— Board of Directors — Class III Directors.”

Arthur P. Bertolino, M.D., Ph.D. has served as our Executive Vice President and Chief Medical Officer since September 2014. Prior to his current position, Dr. Bertolino led clinical programs at Novartis AG, or Novartis, Pfizer Inc. and Peplin Operations Pty Ltd, or Peplin (now part of LEO Pharma A/S), each a biopharmaceutical company. He served in various capacities with these companies, including Vice President, Autoimmunity/Immunology/Dermatology of Novartis from 2008 to 2013, and he contributed to development and approval of Ilaris® and Picato®, as well other innovative drugs. He is a Board Certified dermatologist with over 13 years of biotech/pharma drug development experience. He received his clinical and scientific training at Johns Hopkins and NYU and business training at the Ross School of Business of the University of Michigan.

Curtis Ruegg, Ph.D. has served as our Executive Vice President, Technical Operations since September 2006. Previously, Dr. Ruegg has held management and research and development positions at CoTherix, Inc., a biopharmaceutical company, from 2004 to 2006. From 2002 to 2004, Dr. Ruegg was Vice President of Preclinical and Process Development at InterMune, Inc., a biotechnology company. From 1999 to 2001, Dr. Ruegg was Vice President of Research and Development at AP Cells, Inc., a medical product supply company. From 1993 to 1998, Dr. Ruegg served as Group Leader and Senior Scientist at Dendreon Corporation, a biotechnology company. Dr. Ruegg is a member of the American Association of Immunologists and the American Association for the Advancement of Science. Dr. Ruegg holds a B.S. in toxicology from the University of California, Davis and a Ph.D. in pharmacology from Johns Hopkins University School of Medicine.

Lauren P. Silvernail has served as our Chief Financial Officer and Executive Vice President, Corporate Development since March 2013. From 2003 to 2012, Ms. Silvernail was Chief Financial Officer and Vice President of Corporate Development at ISTA Pharmaceuticals, Inc., a pharmaceutical research and development company. During her tenure at ISTA, revenues grew to more than \$160 million and headcount increased to more than 340 employees by the time ISTA was purchased by Bausch & Lomb in June 2012. From 1995 to 2003, Ms. Silvernail served in various operating and corporate development positions with Allergan, Inc., a pharmaceutical company, including Vice President, Business Development. Prior to joining Allergan, Inc., Ms. Silvernail worked at Glenwood Ventures, an investment firm, as a General Partner. Ms. Silvernail holds a B.A. in Biophysics from the University of California, Berkeley and an M.B.A. from the Anderson Graduate School of Management at the University of California, Los Angeles.

Jacob Waugh, M.D. is one of our co-founders and has served as our Chief Scientific Officer since June 2002. From 1997 to 2004, Dr. Waugh served on staff at the Stanford University School of Medicine. He has authored over 30 research manuscripts and publications in the field of tissue engineering, molecular and cell biology, and gene therapy. He has served as an expert referee for numerous medical and scientific journals. He has eleven patents granted in the United States and numerous additional patent applications. Dr. Waugh received his B.S. from Rice University and M.D. from the Baylor College of Medicine.

Governance and Board Composition

Board Committees . Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee. Our board of directors may establish other committees to facilitate the management of our business. The composition and functions of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee . Our audit committee currently consists of Messrs. Byrnes and Prygocki and Dr. Glasheen. Our board of directors has determined that all current members of our audit committee satisfy the independence requirements under the NASDAQ listing rules and Rule 10A-3(b)(1) of the Exchange Act. Each member of the audit committee meets the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. The chair of our audit committee is Mark A. Prygocki, Sr. Our board of directors has determined that each of Messrs. Byrnes and Prygocki is an “audit committee financial expert” within the meaning of the SEC regulations. Our board of directors has determined that the composition of our audit committee meets the criteria for independence under, and the functioning of our audit committee complies with, the applicable requirements of the Sarbanes-Oxley Act, applicable requirements of the NASDAQ listing rules and SEC rules and regulations. We intend to continue to evaluate the requirements applicable to us and comply with future requirements to the extent that they become applicable to our audit committee. The principal duties and responsibilities of our audit committee include:

- appointing and retaining an independent registered public accounting firm to serve as independent auditor to audit our consolidated financial statements, overseeing the independent auditor’s work and determining the independent auditor’s compensation;
- approving in advance all audit services and non-audit services to be provided to us by our independent auditor;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls, auditing or compliance matters, as well as for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- reviewing and discussing with management and our independent auditor the results of the annual audit and the independent auditor’s review of our quarterly consolidated financial statements; and
- conferring with management and our independent auditor about the scope, adequacy and effectiveness of our internal accounting controls, the objectivity of our financial reporting and our accounting policies and practices.

Director Nominations. The nominating and corporate governance committee of the board of directors, to date, has not adopted a formal policy with regard to the consideration of director candidates recommended by stockholders and will consider director candidates recommended by stockholders on a case-by-case basis, as appropriate. Stockholders wishing to recommend individuals for consideration by the nominating and corporate governance committee may do so by delivering a written recommendation to our Secretary at 7555 Gateway Boulevard, Newark, California 94560 and providing the candidate’s name, biographical data and qualifications and a document indicating the candidate’s willingness to serve if elected. The nominating and corporate governance committee does not intend to alter the manner in which it evaluates candidates based on whether the candidate was recommended by a stockholder or not. To date, the nominating and corporate governance committee has not received any such nominations nor has it rejected a director nominee from a stockholder or stockholders holding more than 5% of our voting stock.

Code of Business Conduct . Our board of directors adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers, including our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions and agents and representatives, including directors and consultants. The full text of our Code of Business Conduct and Ethics is posted on our website at www.revance.com. We intend to disclose future amendments to certain provisions of our Code of Business Conduct and Ethics, or waivers of such provisions applicable to any

principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and our directors, on our website identified above.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of our company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To the best of our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2014, all of our officers, directors and greater than ten percent beneficial owners complied with all Section 16(a) filing requirements applicable to them.

ITEM 11. EXECUTIVE COMPENSATION

Our named executive officers, or NEOs, consisting of our principal executive officer and the next two most highly compensated executive officers during 2014, are:

- L. Daniel Browne, President and Chief Executive Officer;
- Arthur P. Bertolino, M.D., Ph.D., Executive Vice President and Chief Medical Officer; and
- Jacob Waugh, M.D., Chief Scientific Officer.

Summary Compensation Table

The following table sets forth all of the compensation awarded to, earned by or paid to our NEOs during 2014 and 2013.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary(\$)</u>	<u>Bonus(\$)</u>	<u>Stock Awards</u>	<u>Option Awards(\$)⁽²⁾</u>	<u>Nonequity Incentive Plan Compensation⁽¹⁾</u>	<u>All Other Compensation(\$)</u>	<u>Total(\$)</u>
L. Daniel Browne	2014	\$452,352	\$—	\$3,093,120	\$5,207,855	\$158,323	\$44,003 ⁽⁵⁾	\$8,955,653
President and Chief Executive Officer	2013	\$384,387	\$—	\$—	\$1,759,189	\$60,540	\$—	\$2,204,116
Arthur P. Bertolino, M.D., Ph.D.	2014	\$129,182 ⁽³⁾	\$50,000 ⁽⁴⁾	\$904,444	\$1,477,236	\$35,249	\$—	\$2,596,110
Executive Vice President and Chief Medical Officer								
Jacob Waugh, M.D.	2014	\$358,435	\$—	\$805,500	\$968,330	\$111,115	\$34,997 ⁽⁶⁾	\$2,278,377
Chief Scientific Officer and Medical Director	2013	\$343,460	\$—		\$912,717	\$38,639	\$—	\$1,294,816

(1) Amounts shown in this column represent cash bonus awards granted to our NEOs under our annual incentive plan. Such bonuses are tied to achievement against financial goals that are set in the first quarter of the applicable fiscal year, with payouts determined after the close of the year and primarily based on our level of achievement against those goals. In previous years, the company reported these amounts under the “Bonus” column, but following additional review, we have determined that these amounts qualify to be reported as non-equity incentive plan compensation.

(2) The dollar amounts in this column represent the aggregate grant date fair value of all option awards granted during the indicated year. These amounts have been calculated in accordance with FASB ASC Topic 718, or ASC 718, using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. For a discussion of valuation assumptions, see Note 14 to our financial statements and the discussion under “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Stock-

Based Compensation” included elsewhere in this Form 10-K. These amounts do not necessarily correspond to the actual value that may be recognized from the option awards by the NEOs.

- (3) Dr. Bertolino's annual base salary for 2014 was \$392,000. The amount shown reflects the salary earned from his date of hire in August 2014 through December 31, 2014.
- (4) Represents a signing bonus of \$50,000 paid in 2014. An additional \$100,000 signing bonus will be paid in installments in 2015.
- (5) Includes payout of \$43,494 for excess vacation and \$509 in other taxable benefits.
- (6) Includes payout of \$34,464 for excess vacation and \$533 in other taxable benefits.

Outstanding Equity Awards at December 31, 2014

The following table provides information regarding outstanding equity awards held by each of our NEOs as of December 31, 2014.

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares that Have Not Vested	Market Value of Shares That Have Not Vested
L. Daniel Browne	20,000	—	\$ 2.55	4/29/2018	—	—
	36,666	—	\$ 2.55	7/20/2020	—	—
	118,255 ⁽¹⁾	180,495	\$ 8.70	5/26/2023	—	—
	24,895 ⁽²⁾	74,688	\$ 9.15	12/16/2023	—	—
	43,137 ⁽³⁾	252,663	\$ 32.22	5/18/2024	—	—
	—	—	—	—	96,000 ⁽⁴⁾	\$1,626,240
Arthur P. Bertolino, M.D., Ph.D.	—	118,125 ⁽⁶⁾	\$ 22.97	9/1/2024	—	—
	—	—	—	—	39,375 ⁽⁵⁾	\$667,013
Jacob Waugh, M.D.		93,646			—	—
	12,917 ⁽¹⁾		\$ 8.70	5/26/2023	—	—
	4,305 ⁽²⁾	38,750	\$ 9.15	12/16/2023	—	—
	8,020 ⁽³⁾	46,980	\$ 32.22	5/18/2024	—	—
	—	—	—	—	25,000 ⁽⁴⁾	\$423,500

- (1) This option began vesting on May 27, 2013. The shares subject to the stock option vest over a four year period, with one-forty-eighth of the shares vesting each month, subject to providing continued service to us through each vesting date.
- (2) This option began vesting on December 17, 2013. The shares subject to the stock option vest over a four year period, with one-forty-eighth of the shares vesting each month, subject to providing continued service to us through each vesting date.
- (3) This option began vesting on May 19, 2014. The shares subject to the stock option vest over a four year period, with one-forty-eighth of the shares vesting each month, subject to providing continued service to us through each vesting date.
- (4) This restricted stock award began vesting on May 19, 2014. The shares subject to the stock award vest over a three year period, with one-third of the shares vesting each year, subject to providing continued service to us through each vesting date.
- (5) This restricted stock award began vesting on September 2, 2014. The shares subject to the stock award vest over a four year period, with one-fourth of the shares vesting each year, subject to providing continued service to us through each vesting date.
- (6) This option began vesting on September 2, 2014. The shares subject to the stock option vest over a four year period, with one fourth of the shares vesting on the first anniversary of the grant date and one-forty-eighth of the shares vesting each month thereafter, subject to providing continued service to us through each vesting date.

Executive Employment Arrangements

We have entered into employment agreements with each of our named executive officers; these agreements have no specific term of employment and provide for at-will employment. Each employment agreement provides the NEO with an annual base salary and target bonus opportunity, eligibility for employee benefits offered to our other employees, as well as eligibility under our Executive Severance Plan, described below. The target annual bonus opportunity (expressed as a percentage of base salary) for Mr. Browne was 50% for 2014 and was increased to 55% for 2015; for Dr. Waugh, was 40% for 2014 and was increased to 45% for 2015; and for Dr. Bertolino, was 35% for 2014 and was increased to 40% for 2015.

Severance and Change of Control Benefits

Each of our NEOs is eligible for our Executive Severance Plan, which provides severance benefits in the event of certain qualifying terminations of employment, subject to the executive's execution of a waiver and release of claims in favor of the company.

Under the Severance Plan, upon an involuntary termination of a participant other than for cause, and where such termination is not within 12 months following a change of control, the benefits provided under the Severance Plan consist of: (i) salary continuation payments for 15 months in the case of our chief executive officer, and for nine months in the case of the other named executive officers; and (ii) payment by us of COBRA premiums for the participant and his eligible dependents for a period of up to 15 months in the case of our chief executive officer, and up to nine months in the case of the other NEOs.

For a period of 12 months following a change in control, if we involuntarily terminate a participant for any reason other than cause, or the participant resigns for "good reason" (each as defined in the Severance Plan), then the benefits provided by the Severance Plan will consist of: (i) a lump sum payment equal to the sum of the participant's monthly base salary and monthly annual target bonus, multiplied by 21 in the case of our chief executive officer, and by 12 in the case of the other NEOs; (ii) payment of COBRA premiums for the named executive officer and his eligible dependents for a period of up to 21 months in the case of our chief executive officer, and up to 12 months in the case of the other NEOs; and (iii) accelerated vesting of all unvested stock options then held by the NEO.

Under the Severance Plan, a "change of control" is defined the same way it is under our 2014 Equity Incentive Plan.

If any of the benefits provided under the Severance Plan would constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, or the Code, such that the payments would become subject to the excise tax imposed by Section 4999 of the Code, then the payments will either be paid in full to the participant, or reduced so that a smaller amount or no portion of such benefits will be subject to the excise tax, whichever provides the greater after-tax benefit to the participant.

Employee Benefit Plans

401(k) Plan

We sponsor a 401(k) retirement plan in which our named executive officers participate on the same basis as our other U.S. employees. No matching or other company contributions were made under this plan in our fiscal 2014.

Pension Benefits

We do not maintain a defined benefit pension plan for any of our employees.

Nonqualified Deferred Compensation

We do not maintain a plan providing nonqualified deferred compensation for any of our employees.

Non-Employee Director Compensation

The compensation provided to our non-employee directors in 2014 is enumerated in the table below. Mr. Browne, who is also one of our employees, did not and will not receive any compensation for his services as a director.

2014 Director Compensation Table

In December 2013, our board of directors approved a non-employee director compensation policy that became effective upon the completion of our IPO.

Under this policy, we pay each of our non-employee directors a cash retainer for service on the board of directors and for service on each committee on which the director is a member. The chairman of each committee receives a higher retainer for such service. These retainers are payable in arrears in four equal quarterly installments on the last day of each quarter, provided that the amount of such payment will be prorated for any portion of such quarter that the director is not serving on our board of directors. The retainers paid to non-employee directors for service on the board of directors and for service on each committee of the board of directors on which the director is a member are as follows:

	Member Annual Service Retainer	Chairman Additional Annual Service Retainer
Board of Directors	\$ 39,500	\$ 24,500
Audit Committee	7,500	12,500
Compensation Committee	5,000	7,250
Nominating and Corporate Governance Committee	4,500	3,500

In addition, under our director compensation policy, each non-employee director serving on our board of directors upon the completion of our IPO have received, and each non-employee director elected to our board of directors after the completion of our IPO received, an option to purchase 18,000 shares of our common stock. These options will vest on the one year anniversary of the grant date, subject to the director's continued service as a director. Further, on the date of each annual meeting of stockholders held, each non-employee director that continues to serve as a non-employee member on our board of directors will receive an option to purchase 8,000 shares of our common stock. The exercise price of these options will equal the fair market value of our common stock on the date of grant, and these options will vest on the one year anniversary of the grant date, subject to the director's continued service as a director. This policy is intended to provide a total compensation package that enables us to attract and retain qualified and experienced individuals to serve as directors and to align our directors' interests with those of our stockholders.

The following table sets forth a summary of the compensation received during the year ended December 31, 2014:

Name	Fees Earned or Paid in Cash (\$)	Stock Options (\$)*	Total (\$)
Robert Byrnes	60,657.97	274,984.20 ⁽¹⁾	335,642.17
Ronald W. Eastman	48,395.60	122,215.20 ⁽²⁾	170,610.80
Phyllis Gardner, M.D.	40,050.00	122,215.20 ⁽³⁾	162,265.20
James Glasheen, Ph.D.	42,300.00	122,215.20 ⁽⁴⁾	164,515.20
Mark A. Prygocki	37,923.08	289,359.00 ⁽⁵⁾	327,282.08
Angus C. Russell	58,074.73	273,523.59 ⁽⁶⁾	331,598.32
Jonathan Tunnicliffe	37,658.70	122,215.20 ⁽⁷⁾	159,873.90
Philip J. Vickers, Ph.D.	-	- ⁽⁸⁾	-
Ronald Wooten	36,800.00	122,215.20 ⁽⁹⁾	159,015.20

* The dollar amounts in this column represent the grant date fair value of the stock option award. These amounts have been calculated in accordance with ASC 718 using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. For a discussion of valuation assumptions, see Note 14 to our financial statements and the discussion under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Stock-Based Compensation" included elsewhere in this Form 10-K. These amounts do not necessarily correspond to the actual value that may be recognized from the option awards by the applicable directors.

- (1) As of December 31, 2014, Mr. Byrnes had options to purchase 42,332 shares of our common stock.
- (2) As of December 31, 2014, Mr. Eastman had options to purchase 8,000 shares of our common stock.
- (3) As of December 31, 2014, Dr. Gardner had options to purchase 13,333 shares of our common stock.
- (4) As of December 31, 2014, Dr. Glasheen had options to purchase 8,000 shares of our common stock.
- (5) Mr. Prygocki joined our board of directors in May 2014. As of December 31, 2014, Mr. Prygocki had options to purchase 18,000 shares of our common stock.

- (6) Mr. Russell joined our board of directors in March 2014. As of December 31, 2014, Mr. Russell had options to purchase 18,000 shares of our common stock.
- (7) As of December 31, 2014, Mr. Tunnicliffe had options to purchase 8,000 shares of our common stock.
- (8) Dr. Vickers joined our board of directors in February 2015. As of December 31, 2014, Dr. Vickers did not have any equity award from us.
- (9) As of December 31, 2014, Mr. Wooten had options to purchase 8,000 shares of our common stock.

Directors have been and will continue to be reimbursed for expenses directly related to their activities as directors, including attendance at board and committee meetings. Directors are also entitled to the protection provided by their indemnification agreements and the indemnification provisions in our certificate of incorporation and bylaws.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2014, Mr. Byrnes, Dr. Gardner, Mr. Eastman and Mr. Tunnicliffe served on the compensation committee, with Mr. Byrnes serving as its chair. Mr. Eastman and Mr. Tunnicliffe stepped down from the committee as of May 4, 2014 and October 8, 2014, respectively, and the committee currently consists of Mr. Byrnes and Dr. Gardner. None of Mr. Byrnes, Dr. Gardner, Mr. Eastman and Mr. Tunnicliffe is currently or has been at any time one of our employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table provides certain information with respect to our equity compensation plans in effect as of December 31, 2014.

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b) ⁽³⁾	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders: ⁽¹⁾	1,818,323	\$ 17.90	266,295 ⁽⁴⁾
Equity compensation plans not approved by security holders: ⁽²⁾	140,125	\$ 22.52	141,500
Total	1,958,448	\$ 18.23	407,795

- (1) Includes securities issuable under the 2002 Equity Incentive Plan, the 2012 Equity Incentive Plan, the 2014 Equity Incentive Plan, or the 2014 plan, and the 2014 Employee Stock Purchase Plan, or the 2014 ESPP.
- (2) Includes securities issuable under the 2014 Inducement Plan adopted exclusively for grants of awards to individuals that were not previously our employees or directors, as an inducement material to the individual’s entry into employment with us within the meaning of Rule 5635(c)(4) of the NASDAQ Listing Rules.
- (3) The weighted average exercise price excludes restricted stock awards which have no exercise price.
- (4) Includes (i) 91,634 shares of common stock available for issuance under our 2014 plan and (ii) 174,661 shares of common stock available for issuance under our 2014 ESPP. The number of shares of our common stock reserved for issuance under the 2014 plan automatically increases on January 1st of each year, starting on January 1, 2015 and continuing through January 1, 2024, by 4% of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year, or such lesser number of shares of common stock as determined by our board of directors. The maximum number of shares that may be issued pursuant to the exercise of incentive stock options under the 2014 plan is 2,000,000 shares. The number of shares of our common stock reserved under the 2014 ESPP for issuance automatically increases on January 1st each year, starting January 1, 2015 and continuing through January 1, 2024, in an amount equal to the lower of (i) 1% of the total number of shares of our common stock

outstanding on December 31 of the preceding calendar year, and (ii) 300,000 shares of common stock, or such lesser number of shares of common stock as determined by our board of directors. If a purchase right granted under our 2014 ESPP terminates without having been exercised, the shares of our common stock not purchased under such purchase right will be available for issuance under our 2014 ESPP.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the ownership of our common stock as of January 31, 2015 by: (i) each director; (ii) each named executive officer; (iii) all of our executive officers and directors as a group; and (iv) all those known by us to be beneficial owners of more than five percent of our common stock. We are aware that one or more institutional investors purchased a number of shares of our common stock in amounts representing in excess of five percent of our common stock as of January 31, 2015, and as a result, one or more of such institutional investors may continue to beneficially own in excess of five percent of our common stock as of January 31, 2015. However, as of the date of this Form 10-K, other than as disclosed below, we are not aware of any filings made with the SEC with respect to the beneficial ownership of our common stock by such institutional investors and we were otherwise unable to verify the beneficial ownership of our common stock by any such institutional investor as of the date of this Form 10-K.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Shares of common stock issuable under options or warrants that are exercisable within 60 days after January 31, 2015, are deemed beneficially owned and such shares are used in computing the percentage ownership of the person holding the options or warrants but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. The percentage of beneficial ownership is based on 23,919,032 shares of our common stock outstanding as of January 31, 2015.

The information contained in the following table is not necessarily indicative of beneficial ownership for any other purpose and the inclusion of any shares in the table does not constitute an admission of beneficial ownership of those shares.

Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and dispositive power with respect to their shares of common stock, except to the extent authority is shared by spouses under community property laws. Unless otherwise indicated below, the address of each beneficial owner listed in the table below is c/o Revance Therapeutics, Inc., 7555 Gateway Blvd., Newark, CA 94560.

<u>Name of Beneficial Owner</u>	<u>Beneficial Ownership</u>	
	<u>Number of Shares</u>	<u>Percentage of Total</u>
Named Executive Officers and Directors:		
L. Daniel Browne ⁽¹⁾	514,409	2.12%
Arthur P. Bertolino ⁽²⁾	46,887	*
Jacob Waugh, M.D. ⁽³⁾	144,063	*
Robert Byrnes ⁽⁴⁾	29,664	*
Ronald W. Eastman ⁽⁵⁾	4,134,962	17.29%
Phyllis Gardner, M.D. ⁽⁶⁾	5,333	*
James Glasheen, Ph.D. ⁽⁷⁾	726,014	3.04%
Mark A. Prygocki	-	-
Angus C. Russell ⁽⁸⁾	18,000	*
Jonathan Tunnicliffe ⁽⁹⁾	3,096,650	12.95%
Philip J. Vickers, Ph.D.	-	-
Ronald Wooten ⁽⁹⁾	3,096,650	12.95%
Directors and officers as a group (total of 14 persons) ⁽¹⁰⁾	8,883,875	36.25%
Greater than 5% Stockholders:		
Entities affiliated with Essex VIII ⁽⁵⁾	4,134,962	17.29%
Entities affiliated with NovaQuest ⁽⁹⁾	3,096,650	12.95%
Entities affiliated with Franklin Resources ⁽¹¹⁾	2,754,139	11.51%

* Represents beneficial ownership of less than 1% of the outstanding common stock

- (1) Consists of 217,395 shares of common stock and 296,605 shares of common stock underlying options that are vested and exercisable within 60 days of January 31, 2015 and 409 shares of common stock held by the Dan and Brenda Browne Living Trust. Mr. Browne is a Trustee of the Dan and Brenda Browne Living Trust.
- (2) Consists of 45,453 shares of common stock and 1,434 shares of common stock underlying options that are vested and exercisable within 60 days of January 31, 2015.
- (3) Consists of 31,544 shares of common stock and 112,519 shares of common stock underlying options that are vested and exercisable within 60 days of January 31, 2015.
- (4) Consists of 2,666 shares of common stock and 26,998 shares of common stock underlying options that are vested and exercisable within 60 days of January 31, 2015.
- (5) Consists of 3,747,332 shares of common stock held by Essex Woodlands Health Ventures Fund VIII, L.P. (“Essex Fund VIII”); 270,172 shares of common stock held by Essex Woodlands Health Ventures Fund VIII-A, L.P. (“Essex Fund VIII-A”) and 117,458 shares of common stock held by Essex Woodlands Health Ventures Fund VIII-B, L.P. (“Essex Fund VIII-B”). Essex Woodlands Health Ventures VIII, LLC, the general partner of Essex Fund VIII, Essex Fund VIII-A and Essex Fund VIII-B, may be deemed to have sole power to vote and sole power to dispose of shares directly owned by Essex Fund VIII, Essex Fund VIII-A and Essex Fund VIII-B. Ron Eastman, one of our directors, is a managing member of Essex Woodlands Health Ventures VIII, LLC and may be deemed to have shared voting power and shared power to dispose of the shares held by Essex Fund VIII, Essex Fund VIII-A and Essex Fund VIII-B. The address for Essex VIII is 335 Bryant Street, Palo Alto, California 94301.
- (6) Consists of 5,333 shares of common stock underlying options that are vested and exercisable within 60 days of January 31, 2015.
- (7) Consists of 16,852 shares of common stock held by Technology Partners Affiliates VII, L.P. (“TPA”) and 709,162 shares of common stock held by Technology Partners Fund VII, L.P. (“TPF”). TP Management VII, L.L.C., the general partner of TPA and TPF, may be deemed to have sole power to vote and sole power to dispose of shares directly owned by TPA and TPF. James Glasheen, one of our directors, is a managing member of TP Management VII, L.L.C. and may be deemed to have shared voting power and shared power to dispose of the shares held by TPA and TPF. The address for Technology Partners is 550 University Avenue, Palo Alto, California 94301.
- (8) Consists of 18,000 shares of common stock underlying options that are vested and exercisable within 60 days of January 31, 2015.
- (9) Consists of 3,096,650 shares of common stock held by NovaQuest Pharma Opportunities Fund III, L.P. (“NovaQuest”). NQ HCIF General Partner, L.P., as the general partner of NovaQuest (the “NovaQuest GP”), has the power to vote and dispose of shares directly owned by NovaQuest, and NQ HCIF GP Ltd., as the general partner of the NovaQuest GP (the “NovaQuest GP Ltd.”), has the power to direct the NovaQuest GP as to such voting and disposition. Decisions with respect to the voting and disposition of the shares held by NovaQuest are made by an investment committee of the NovaQuest GP Ltd., on which Jonathan Tunncliffe and Ronald Wooten, two of our directors, each serve. Ronald Wooten also serves on the board of directors of the NovaQuest GP Ltd. Pursuant to these positions, Jonathan Tunncliffe and Ronald Wooten may be deemed to have shared voting power and shared power to dispose of the shares held by NovaQuest. The NovaQuest GP, the NovaQuest GP Ltd., the investment committee, Mr. Tunncliffe and Mr. Wooten each disclaims beneficial ownership of the shares held by NovaQuest except to the extent of his or its pecuniary interest therein. The address for each of the foregoing persons and entities is 4208 Six Forks Road, Suite 920, Raleigh, North Carolina 27609.
- (10) Includes shares beneficially owned by all current executive officers and directors of the company. Consists of 8,297,969 shares of common stock and 585,906 shares of common stock underlying options that are vested and exercisable within 60 days of January 31, 2015.
- (11) The indicated ownership is based on a Schedule 13G filed with the SEC by the reporting persons on January 9, 2015, reporting beneficial ownership as of December 31, 2014. According to the Schedule 13G, the reporting persons beneficially own a total of 2,754,139 shares of Common Stock held by Franklin Resources, Inc. (“FRI”), Franklin Advisers, Inc., Charles B. Johnson and Rupert H. Johnson, Jr. The Schedule 13G filed by the reporting persons provides information only as of December 31, 2014, and, consequently, the beneficial ownership of the above-mentioned reporting persons may have changed between December 31, 2014 and January 31, 2015.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The following is a summary of transactions since January 1, 2014 in which (i) we have been a participant, (ii) the amount involved exceeded or will exceed \$120,000, and (iii) any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of their immediate family or person sharing their household, had or will have a direct or indirect material interest, other than compensation arrangements which are described under “Item 11. Executive Compensation.”

Issuances of Notes and Warrants Pursuant to Note and Warrant Purchase Agreement

Pursuant to that certain Note and Warrant Purchase Agreement, dated October 8, 2013, as amended, we issued secured subordinated convertible promissory notes, or the 2013 Notes, and warrants to purchase our common stock in an aggregate principal amount of \$23.65 million. The outstanding principal amount balance and any accrued interest through October 7, 2014 on the 2013 Notes converted into 1,637,846 shares of common stock at the closing of our IPO at a conversion price equal to the IPO price of \$16.00 per share.

The following table summarizes the participation in the 2013 convertible note financing by our executive officers, directors and holders of more than 5% of our capital stock and their affiliated entities during the year ended December 31, 2014:

<u>Name</u>	<u>Aggregate Principal Amount of 2013 Notes Purchased in 2014</u>	
Funds affiliated with Essex VIII ⁽¹⁾	\$	2,000,000
Funds affiliated with NovaQuest ⁽²⁾	\$	2,000,000

- (1) Ronald W. Eastman, a member of our board of directors, is a managing director of Essex Woodlands Health Ventures VIII, LLC, the general partner of Essex Woodlands Health Ventures Fund VIII, L.P., Essex Woodlands Health Ventures Fund VIII-A, L.P. and Essex Woodlands Health Ventures Fund VIII-B, L.P.
- (2) Jonathan Tunnicliffe and Ronald Wooten, each a member of our board of directors, are both affiliated with NQ HCIF General Partner, L.P., the general partner of NovaQuest Pharma Opportunities Fund III, L.P.

Other Transactions with our Executive Officers, Directors, Key Employees and Significant Stockholders

Stockholder Agreements. In February 2014, in connection with our IPO, we entered into an Amended and Restated Investor Rights Agreement, or the Rights Agreement, which provides certain registration rights to the holders of 10,068,447 shares of our common stock. The following executive officers, directors and holders of more than 5% of our capital stock and their affiliates are parties to the Rights Agreement:

- Entities affiliated with Essex VIII;
- Entities affiliated with NovaQuest;
- Entities affiliated with Technology Partners;
- Jacob Waugh, M.D.; and
- L. Daniel Browne and affiliated entities

Indemnification Agreements. We have entered, or will enter, into an indemnification agreement with each of our directors and executive officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law. For a description of these indemnification agreements, see the section entitled “Executive Compensation — Limitations on Liability and Indemnification Matters.”

Policies and Procedures for Related Party Transactions. Following our IPO, all future transactions between us and our officers, directors, principal stockholders and their affiliates are subject to approval by the audit committee, or a similar committee consisting of entirely independent directors, according to the terms of our written Related-Person Transactions Policy and Code of Business Conduct and Ethics.

All of the related party transactions described in this section occurred prior to the adoption of this policy and as such, these transactions were not subject to the approval and review procedures set forth in this policy. However, these transactions were reviewed and approved by our board of directors.

Director Independence

Our board of directors undertook a review of the independence of the directors and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our board of directors determined that all of our directors except for Mr. Browne, our

President and Chief Executive Officer, representing nine of our ten directors, are “independent directors” as defined under NASDAQ listing rules and the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Paid to the Independent Registered Public Accounting Firm

The following table presents fees for professional audit services and other services rendered to our company by PricewaterhouseCoopers, or PwC, for the fiscal years ended December 31, 2014 and 2013.

	2014	2013
Audit Fees ⁽¹⁾	\$ 1,266,360	\$ 1,510,688

(1) Audit Fees consist of professional services rendered in connection with the audit of our consolidated financial statements and review of our quarterly consolidated financial statements. Fees for fiscal 2014 and 2013 also include fees associated with our IPO completed in February 2014, which included review of our quarterly consolidated financial information included in our registration statement on Form S-1 filed with the SEC, as well as delivery of comfort letters, consents and review of documents filed with the SEC. Fees for fiscal 2014 also include fees associated with our follow on offering completed in June 2014, which included delivery of comfort letters, consents and review of documents filed with the SEC.

Auditor Independence

In 2014, there were no other professional services provided by PwC that would have required the audit committee to consider their compatibility with maintaining the independence of PwC.

Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Consistent with requirements of the SEC and the Public Company Oversight Board, or PCAOB, regarding auditor independence, our audit committee is responsible for the appointment, compensation and oversight of the work of our independent registered public accounting firm. In recognition of this responsibility, our audit committee has established a policy for the pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services.

Before engagement of the independent registered public accounting firm for the next year’s audit, the independent registered public accounting firm submits a detailed description of services expected to be rendered during that year for each of the following categories of services to the audit committee for approval:

- *Audit services* . Audit services include work performed for the audit of our financial statements and the review of financial statements included in our quarterly reports, as well as work that is normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings.
- *Audit-related services* . Audit-related services are for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not covered above under “audit services.”
- *Tax services* . Tax services include all services performed by the independent registered public accounting firm’s tax personnel for tax compliance, tax advice and tax planning.
- *Other services* . Other services are those services not described in the other categories.

The audit committee pre-approves particular services or categories of services on a case-by-case basis. The fees are budgeted, and the audit committee requires the independent registered public accounting firm and management to report actual fees versus budgeted fees periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not

contemplated in the original pre-approval. In those instances, the services must be pre-approved by the audit committee before the independent registered public accounting firm is engaged.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on this Form 10-K:

(1) Financial Statements. The financial statements required by this item are set forth beginning at F-1 of this Annual Report on this Form 10-K and are incorporated herein by reference.

(2) Financial Statement Schedules. See index to Consolidated Financial Statements on page F-1. All other schedules have been omitted because they are not required or are not applicable.

(3) Exhibits. The documents listed in the Exhibit Index of this Form 10-K are incorporated by reference or are filed with this report, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

REVANCE THERAPEUTICS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Financial Statements:	
Consolidated Balance Sheets	F-3
Consolidated Statement of Operations and Comprehensive Loss	F-4
Consolidated Statements of Changes in Convertible Preferred Stock and of Stockholders' Equity (Deficit)	F-5
Consolidated Statements of Cash Flows	F-12
Notes to Consolidated Financial Statements	F-14

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Revance Therapeutics, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive loss, of changes in convertible preferred stock and stockholders' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Revance Therapeutics, Inc. and its subsidiary at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

San Jose, California
March 4, 2015

REVANCE THERAPEUTICS, INC.

Consolidated Balance Sheets
(In thousands, except share and per share amounts)

REVANCE THERAPEUTICS, INC.

	As of December 31,	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 171,032	\$ 3,914
Restricted cash, current portion	75	75
Prepaid expenses and other current assets	1,624	825
Total current assets	172,731	4,814
Property and equipment, net	19,274	14,315
Restricted cash, net of current portion	435	510
Other non-current assets	29	3,006
TOTAL ASSETS	\$ 192,469	\$ 22,645
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 3,149	\$ 5,526
Accruals and other current liabilities	4,145	4,161
Deferred revenue, current portion	—	83
Derivative liabilities associated with convertible notes, current portion	—	4,890
Derivative liabilities associated with Medicis settlement, current portion	—	6,684
Financing obligation, current portion	307	—
Convertible notes, current portion	—	12,157
Notes payable, current portion and discount	2,635	10,702
Common stock warrant liability	—	3,358
Total current liabilities	10,236	47,561
Convertible preferred stock warrant liability	—	1,233
Financing obligation, net of current portion	598	—
Note payable, net of current portion and discount	—	2,632
Derivative liabilities associated with Medicis settlement, net of current portion	1,541	1,610
Deferred rent	3,725	3,176
TOTAL LIABILITIES	16,100	56,212
Commitments and Contingencies (Note 10)		
Convertible preferred stock, par value \$0.001 per share — 5,000,000 and 145,010,269 shares authorized as of December 31, 2014 and 2013, respectively; 0 and 8,689,999 shares issued and outstanding as of December 31, 2014 and 2013, respectively (aggregate liquidation preference of \$0 and \$215,264 as of December 31, 2014 and 2013, respectively)	—	123,982
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, par value \$0.001 per share — 95,000,000 and 224,000,000 shares authorized as of December 31, 2014 and 2013, respectively; 23,774,465 and 260,789 shares issued and outstanding as of December 31, 2014 and 2013, respectively	24	—
Additional paid-in capital	435,142	38,331
Accumulated deficit	(258,797)	(195,880)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	176,369	(157,549)
TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 192,469	\$ 22,645

The accompanying notes are an integral part of these consolidated financial statements.

REVANCE THERAPEUTICS, INC.

Consolidated Statement of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)

	Year Ended December 31,		
	2014	2013	2012
Revenue	\$ 383	\$ 617	\$ 717
Operating expenses:			
Research and development	33,390	27,831	32,708
Sales, general and administrative	19,043	11,011	11,195
Total operating expenses	52,433	38,842	43,903
Loss from operations	(52,050)	(38,225)	(43,186)
Interest income	44	2	7
Interest expense	(10,672)	(15,164)	(28,959)
Change in fair value of derivative liabilities associated with the convertible notes	4,032	2,660	13,860
Changes in fair value of derivative liabilities associated with Medicis settlement	(320)	47	—
Change in fair value of common stock warrant liability	(2,151)	(621)	—
Change in fair value of convertible preferred stock warrant liability	(210)	(743)	125
Loss on settlement of preferred stock warrant	(1,356)	—	—
Other expense, net	(234)	(404)	(106)
Net and comprehensive loss	\$ (62,917)	\$ (52,448)	\$ (58,259)
Net income (loss) attributable to common stockholders (Note 15):			
Basic	\$ (62,917)	\$ 258	\$ (58,259)
Diluted	\$ (62,917)	\$ 1,083	\$ (58,259)
Net income (loss) per share attributable to common stockholders:			
Basic	\$ (3.24)	\$ 1.17	\$ (290.48)
Diluted	\$ (3.24)	\$ 1.05	\$ (290.48)
Weighted-average number of shares used in computing net income (loss) per share attributable to common stockholders:			
Basic	19,391,523	220,220	200,560
Diluted	19,391,523	1,029,150	200,560

The accompanying notes are an integral part of these consolidated financial statements.

REVANCE THERAPEUTICS, INC.

Consolidated Statements of Changes in Convertible Preferred Stock and of Stockholders' Equity (Deficit)

(In thousands, except share and per share amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance — December 31, 2011	1,517,381	95,433	198,499	—	4,585	—	(160,067)	(155,482)
Stock-based compensation expense related to stock options	—	—	—	—	79	—	—	79
Issuance of common stock warrants in connection with convertible notes (September through December)	—	—	—	—	153	—	—	153
Exercise of stock options at \$2.55 per share	—	—	2,530	—	6	—	—	6
Exercise of common stock warrants at \$0.15 per share	—	—	2,995	—	1	—	—	1
Series C-3 convertible preferred stock modification	—	—	—	—	(3,225)	—	—	(3,225)
Net loss	—	—	—	—	—	—	(58,259)	(58,259)
Balance — December 31, 2012	1,517,381	95,433	204,024	—	1,599	—	(218,326)	(216,727)
Stock-based compensation expense related to stock options	—	—	—	—	548	—	—	548
Conversion of Series A and B convertible preferred stock into Series E-1 convertible preferred stock	—	(11,256)	—	—	—	—	11,256	11,256

REVANCE THERAPEUTICS, INC.

Consolidated Statements of Changes in Convertible Preferred Stock and of Stockholders' Equity (Deficit)
— (Continued)
(In thousands, except share and per share amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Conversion of Series C convertible preferred stock into Series E-2 convertible preferred stock	—	(39,000)	—	—	—	—	39,000	39,000
Conversion of Series D convertible preferred stock into Series E-3 convertible preferred stock	607,476	(24,638)	—	—	—	—	24,638	24,638
Conversion of 2011 Notes into Series E-4 convertible preferred stock	4,748,484	66,954	—	—	32,008	—	—	32,008
Issuance of Series E-5 convertible preferred stock for cash at \$22.50 per share in February through May 2013, net of issuance costs of \$132	1,810,441	36,375	—	—	—	—	—	—
Issuance of Series E-5 convertible preferred stock as a deemed dividend	7,911	177	—	—	(177)	—	—	(177)
Issuance of common stock warrants in connection with Series E-5 convertible preferred stock financing	—	—	—	—	4,272	—	—	4,272
Expiration of note payable from stockholder, Series E-1	(1,694)	(63)	—	—	63	—	—	63
Exercise of stock options at \$2.55 per share	—	—	4,284	—	11	—	—	11
Exercise of common stock warrants at \$0.15 per share	—	—	52,481	—	7	—	—	7
Net loss	—	—	—	—	—	—	(52,448)	(52,448)

REVANCE THERAPEUTICS, INC.

Consolidated Statements of Changes in Convertible Preferred Stock and of Stockholders' Equity (Deficit)
— (Continued)
(In thousands, except share and per share amounts)

	Convertible Preferred Stock		Common Stock		Additional	Other	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Income (Loss)		
Balance — December 31, 2013	8,689,999	123,982	260,789	—	38,331	—	(195,880)	(157,549)
Issuance of common stock relating to employee stock purchase plan	—	—	25,339	—	349	—	—	349
Stock-based compensation expense related to stock options, restricted stock awards, and employee stock purchase plan	—	—	—	—	6,513	—	—	6,513
Conversion of preferred stock to common stock in connection with initial public offering	(8,689,999)	(123,982)	8,689,999	9	123,972	—	—	123,981
Conversion of preferred stock warrants to common stock warrants in connection with initial public offering	—	—	—	—	1,441	—	—	1,441
Issuance of common stock in connection with initial public offering, net of underwriting discounts, commissions and issuance costs of \$11,800	—	—	6,900,000	7	98,637	—	—	98,644
Issuance of common stock upon conversion of 2013 convertible notes in connection with initial public offering	—	—	1,637,846	2	26,204	—	—	26,206
Issuance of common stock upon net exercise of common stock warrants and related extinguishment of warrant liability in connection with initial public offering	—	—	1,158,443	1	6,489	—	—	6,490

REVANCE THERAPEUTICS, INC.

Consolidated Statements of Changes in Convertible Preferred Stock and of Stockholders' Equity (Deficit)
— (Continued)
(In thousands, except share and per share amounts)

	Convertible Preferred		Common Stock		Additional Paid-In Capital	Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Stock		Shares	Amount				
	Shares	Amount						
Issuance of common stock in connection with follow on offering, net of underwriting discounts, commissions and issuance costs of \$9,000	—	—	4,600,000	5	131,330	—	—	131,335
Issuance of common stock upon net exercise of warrant	—	—	10,613	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	239,000	—	1,422	—	—	1,422
Issuance of restricted stock awards, net of repurchase	—	—	251,325	—	—	—	—	—
Issuance of common stock warrants	—	—	—	—	379	—	—	379
Issuance of common stock at \$15.45 per share for services rendered	—	—	1,111	—	17	—	—	17
Termination of repurchase rights related to vesting of common stock issued pursuant to early exercises	—	—	—	—	58	—	—	58
Net loss	—	—	—	—	—	—	(62,917)	(62,917)
Balance — December 31, 2014	—	\$ —	23,774,465	\$ 24	\$435,142	\$ —	\$(258,797)	\$ 176,369

The accompanying notes are an integral part of these consolidated financial statements.

REVANCE THERAPEUTICS, INC.

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (62,917)	\$ (52,448)	\$ (58,259)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	2,051	1,881	1,777
Amortization of discount on debt and capital leases	1,250	4,128	7,427
Amortization of debt issuance cost	203	217	300
Revaluation of derivative liabilities associated with convertible notes	(4,032)	(2,660)	(13,860)
Revaluation of derivative liabilities associated with the Medicis settlement	320	(47)	—
Revaluation of common stock warrant liability	2,151	621	—
Revaluation of convertible preferred stock warrant liability	210	(425)	(125)
Extinguishment of warrant liability upon exercise of put option by warrant holder	1,356	—	—
Convertible preferred stock warrant modification remeasurement adjustment	—	1,168	—
Loss on extinguishment of 2013 Notes	8,331	—	—
Stock-based compensation expense	6,530	548	79
Interest on convertible notes converted to convertible preferred stock	—	9,220	18,830
Interest for 2013 Notes and Essex Notes upon issuance, non-cash	271	273	—
Capitalized interest	(972)	(453)	—
Fair value of common stock warrants issued	379	—	—
Effective interest on financing obligation	28	—	—
Modification of Series C-3 convertible preferred stock in accordance with Medicis settlement agreement	—	—	(3,225)
Derivative liabilities recognized as result of Medicis settlement agreement	—	—	15,268
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	(999)	422	(1,125)
Other non-current assets	(1,621)	(2,770)	257
Accounts payable	(3,399)	3,193	1,028
Accruals and other current liabilities	2,394	(3,915)	2,976
Payments against Medicis liabilities	(7,073)	(6,927)	—
Deferred rent	549	133	238
Deferred revenue	(83)	83	(10,500)
Net cash used in operating activities	(55,073)	(47,758)	(38,914)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(6,975)	(6,477)	(319)
Change in restricted cash	75	75	75
Net cash used in investing activities	(6,900)	(6,402)	(244)

REVANCE THERAPEUTICS, INC.

Consolidated Statements of Cash Flows — (Continued)
(In thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common stock, net of deferred follow-on public offering costs	131,880	—	—
Proceeds from issuance of common stock, net of deferred initial public offering costs	102,672	—	—
Proceeds from issuance of convertible notes and notes payable	6,750	21,903	18,170
Principal payments made on capital leases and financing obligation	(228)	(982)	(1,154)
Principal payments made on notes payable	(12,316)	(7,594)	(3,403)
Proceeds from the exercise of stock options and employee stock purchase plan	1,771	11	6
Payments to settle warrants	(1,438)	—	—
Proceeds from the exercise of common stock warrants	—	7	1
Proceeds from issuance of convertible preferred stock, net	—	40,646	—
Net cash provided by financing activities	229,091	53,991	13,620
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	167,118	(169)	(25,538)
CASH AND CASH EQUIVALENTS — Beginning of period	3,914	4,083	29,621
CASH AND CASH EQUIVALENTS — End of period	\$ 171,032	\$ 3,914	\$ 4,083
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	\$ 1,182	\$ 1,590	\$ 2,302
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:			
Conversion of Series E-1, E-2, E-3, E-4 and E-5 preferred stock into common stock	\$ 123,982	\$ —	\$ —
Conversion of 2013 Notes into common stock	\$ 26,206	\$ —	\$ —
Issuance of common stock upon net exercise of common stock warrants in connection with IPO	\$ 6,490	\$ —	\$ —
Fair value in excess of debt host for derivative liabilities associated with convertible notes	\$ 1,050	\$ 5,750	\$ 2,255
Deferred initial public offering costs	\$ 4,028	\$ 2,490	\$ —
Deferred follow-on public offering costs	\$ 546	\$ —	\$ —
Conversion of preferred stock warrants to common stock warrants	\$ 1,441	\$ —	\$ —
Conversion of Essex Notes into financing obligations	\$ 1,095	\$ —	\$ —
Termination of stock option repurchase right	\$ 58	\$ —	\$ —
Capital contribution on the extinguishment of the prior convertible preferred stock	\$ —	\$ 74,894	\$ —
Capital contribution on the extinguishment of the 2011 Notes	\$ —	\$ 32,008	\$ —
Deemed dividend on issuance of Series E-5 convertible preferred stock	\$ —	\$ 177	\$ —
Issuance of common stock warrants in connection with Series E-5 convertible preferred stock financing	\$ —	\$ 4,272	\$ 153
Issuance of common stock warrants in connection with the 2013 Notes	\$ 981	\$ 2,737	\$ —
Property and equipment purchases included in accounts payable and accruals and other current liabilities	\$ 1,348	\$ 2,285	\$ —
Issuance of convertible preferred stock warrants	\$ 80	\$ 139	\$ —
Fair value of common stock warrants issued	\$ 379	\$ —	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements December 31, 2014 and 2013

1. The Company and Basis of Presentation

Revance Therapeutics, Inc., or the Company, was incorporated in Delaware on August 10, 1999 under the name Essentia Biosystems, Inc. The Company commenced operations in June 2002 and on April 19, 2005, changed its name to Revance Therapeutics, Inc. The Company is a clinical-stage specialty biopharmaceutical company focused on the development, manufacturing and commercialization of novel botulinum toxin products for multiple aesthetic and therapeutic indications. The Company is leveraging its proprietary portfolio of botulinum toxin type A compounds, combined with its patented TransMTS® peptide delivery system to address unmet needs in large and growing neurotoxin markets. The Company's proprietary TransMTS technology enables delivery of botulinum toxin type A through two novel dose formulations, topical product candidate RT001 and injectable product candidate RT002. The Company is pursuing clinical development for RT001 and RT002 in a broad spectrum of aesthetic and therapeutic indications. The Company holds worldwide rights for all indications of RT001, RT002 and our TransMTS technology platform.

Since commencing operations in 2002, the Company has devoted substantially all of its efforts to identifying and developing product candidates for the aesthetics and therapeutic pharmaceutical markets, recruiting personnel and raising capital. The Company has devoted predominantly all of its resources to preclinical, clinical, and manufacturing development of RT001 and RT002. The Company has never been profitable and has not yet commenced commercial operations.

Since the Company's inception, the Company has incurred losses and negative cash flows from operations. The Company has not generated significant revenue from product sales to date and will continue to incur significant research and development and other expenses related to its ongoing operations. The Company has recorded net losses of \$62.9 million, \$52.4 million and \$58.3 million for the years ended December 31, 2014, 2013 and 2012. As of December 31, 2014, the Company had a working capital surplus of \$162.5 million and an accumulated deficit of \$258.8 million. The Company has funded its operations primarily through the sale and issuance of common stock, convertible preferred stock, notes payable, and convertible notes. As of December 31, 2014, the Company had capital resources consisting of cash and cash equivalents of \$171.0 million. The Company believes that its existing cash and cash equivalents will allow the Company to fund its operating plan through at least the next 12 months.

Initial Public Offering

In February 2014, the Company completed its initial public offering, or IPO, pursuant to which the Company issued 6,900,000 shares of common stock at \$16.00 per share, including the exercise of the underwriters' over-allotment option to purchase 900,000 additional shares of common stock, and received net proceeds of \$98.6 million, after underwriting discounts, commissions and other offering expenses. In addition, in connection with the completion of the Company's IPO, all convertible preferred stock converted into common stock.

Follow-On Public Offering

In June 2014, the Company completed a follow-on public offering, pursuant to which the Company issued 4,600,000 shares of common stock at \$30.50 per share, including the exercise of the underwriters' over-allotment option to purchase 600,000 additional shares of common stock, and received net proceeds of \$131.3 million, after underwriting discounts, commissions and other offering expenses.

Reverse Stock Split

In January 2014, the Company's Board of Directors and stockholders approved an amended and restated certificate of incorporation effecting a 1-for-15 reverse stock split of the Company's issued and outstanding shares of common stock and convertible preferred stock that was effective on February 3, 2014. The par value of the common and convertible preferred stock was not adjusted as a result of the reverse stock split. All issued and outstanding share and per share amounts included in the accompanying financial statements have been retroactively adjusted to reflect this reverse stock split.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Company include the Company's accounts and those of its wholly-owned subsidiary, Revance Therapeutics Limited, and have been prepared in conformity with accounting principles generally accepted

Notes to Consolidated Financial Statements — (Continued)

in the United States of America, or US GAAP. All significant intercompany transactions and balances have been eliminated during consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such management estimates include the fair value of common stock, stock-based compensation, fair value of convertible preferred stock and warrants, fair value of derivatives, and the valuation of deferred tax assets. The Company bases its estimates on historical experience and also on assumptions that it believes are reasonable, however, actual results could significantly differ from those estimates.

Risks and Uncertainties

The product candidates developed by the Company require approvals from the U.S. Food and Drug Administration (FDA) or foreign regulatory agencies prior to commercial sales. There can be no assurance that the Company's current and future product candidates will meet desired efficacy and safety requirements to obtain the necessary approvals. If the Company is denied approval or approval is delayed, it may have a material adverse impact on the Company's business and its consolidated financial statements.

The Company is subject to risks common to companies in the development stage including, but not limited to, dependency on the clinical and commercial success of its product candidates, ability to obtain regulatory approval of its product candidates, the need for substantial additional financing to achieve its goals, uncertainty of board adoption of its approved products, if any, by physicians and consumers, significant competition and untested manufacturing capabilities.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. Under the Company's Investment Policy, the Company limits its credit exposure by investing in highly liquid funds with high credit quality. The Company's cash and cash equivalents are held in the United States of America. Such deposits may, at times, exceed federally insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents.

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. Cash and cash equivalents include deposit and money market funds.

Restricted Cash

Deposits of \$510,000 and \$585,000 were restricted from withdrawal as of December 31, 2014 and 2013. The restriction is related to securing the Company's facility lease and expires in 2025 in accordance with the operating lease agreement, as amended. The restrictions on these balances are being released at a rate of \$75,000 per year until the balance is \$400,000 and then remain at that limit until the end of the lease. These balances are included in restricted cash on the accompanying consolidated balance sheets.

Fair Value of Financial Instruments

The Company uses fair value measurements to record fair value adjustments to certain financial and non-financial assets and liabilities to determine fair value disclosures. The accounting standards define fair value, establish a framework for measuring fair value, and require disclosures about fair value measurements. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the principal or most advantageous market in which the Company would transact are considered along with assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. The accounting standard for fair value establishes a fair value hierarchy based on three levels of inputs, the

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

first two of which are considered observable and the last unobservable, that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1	—	Observable inputs, such as quoted prices in active markets for identical assets or liabilities.
Level 2	—	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	—	Valuations based on unobservable inputs to the valuation methodology and including data about assumptions market participants would use in pricing the asset or liability based on the best information available under the circumstances.

Property and Equipment, Net

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Computer equipment and lab equipment is depreciated over 3 and 5 years, respectively. Prior to 2014, furniture and fixtures were depreciated over 7 years, however, the Company revised its estimate to 5 years for all assets in this category beginning in 2014. Additionally, prior to 2014, manufacturing equipment was depreciated over 5 years, however, the Company revised its estimate to 7 years for all assets in this category beginning in 2014. Repairs and maintenance that do not extend the life or improve an asset are expensed in the period incurred.

Leasehold improvements are amortized over the lesser of 15 years or the term of the lease. Repairs and maintenance are charged to operations as incurred. When assets are retired or otherwise disposed of, the costs and accumulated depreciation are removed from the consolidated balance sheets and any resulting gain or loss is reflected in the consolidated statements of operations and comprehensive loss in the period realized.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for indications of possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amounts to the future undiscounted cash flows, attributable to these assets. Should impairment exist, the impairment would be measured by the amount by which the carrying amount of the assets exceeds the projected discounted future cash flows arising from those assets. There have been no such impairments of long-lived assets as of and for the years ended December 31, 2014, 2013, and 2012.

Clinical Trial Accruals

Clinical trial costs are charged to research and development expense as incurred. The Company accrues for expenses resulting from obligations under contracts with clinical research organizations (CROs) and consultants, and under clinical site agreements in connection with conducting clinical trials. The financial terms of these contracts are subject to negotiations, which vary from contract to contract and may result in payment flows that do not match the periods over which materials or services are provided to the Company under such contracts. The Company's objective is to reflect the appropriate expense in the consolidated financial statements by matching the appropriate expenses with the period in which services and efforts are expended. In the event advance payments are made to a CRO, the payments will be recorded as a prepaid asset which will be amortized in accordance with the contractual terms. In addition to pass-through costs, the Company incurs costs in clinical trials in three distinct phases as follows:

- (i) Start-up Phase — This phase includes the initial set-up of the clinical trial and usually occurs within a few months after the contract has been executed and includes costs which are expensed ratably over the start-up phase. Start-up

Notes to Consolidated Financial Statements — (Continued)

phase activities include study initiation, site recruitment, regulatory applications, investigator meetings, screening, preparation, pre-study visits and training.

- (ii) Site and Study Management Phase — This phase includes medical and safety monitoring, and patient administration and data management. These costs are usually calculated on a per patient basis and expensed ratably over the treatment period beginning on the date that the patient enrolls.
- (iii) Close Down and Reporting Phase — This phase includes analyzing the data obtained and reporting results, which occurs after patients have ceased treatment and the database of information collected is locked. These costs are expensed ratably over the close down and reporting phase.

The CRO contracts generally include pass-through fees including, but not limited to, regulatory expenses, investigator fees, travel costs and other miscellaneous costs, including shipping and printing fees. The Company determines accrual estimates through reports from and discussion with clinical personnel and outside services providers as to the progress or state of completion of trials, or the services completed. The Company estimates accrued expenses as of each balance sheet date in the consolidated financial statements based on the facts and circumstances known to the Company at that time. The Company's clinical trial accrual is dependent, in part, upon the receipt of timely and accurate reporting from the CROs and other third party vendors.

Revenue

The Company recognizes revenue when the following criteria are met: persuasive evidence of a sales arrangement exists; delivery has occurred; the price is fixed or determinable; and collectability is reasonably assured.

In August 2011, the Company entered into an asset purchase and royalty agreement for the sale of the Relastin product line for \$0.05 million and royalties on future sales of Relastin. Accordingly, under the Relastin asset purchase agreement, the Company recognized royalty revenue of \$0.3 million during each of the years ended December 31, 2014, 2013, and 2012 and \$0.2 million in milestone revenue in the year ended December 31, 2013 for achievement of a one-time milestone.

License revenue during the years ended December 31, 2014, 2013, and 2012 resulted from a nonrefundable technology license fee which was deferred and recognized over the estimated period of performance. The Company estimated the performance period as the remaining life of the underlying patent at the inception of the license agreement, which was periodically reevaluated. License revenue for the year ended December 31, 2014 resulted from a nonrefundable technology access fee pursuant to an exclusive technology evaluation agreement. The Company received an upfront payment of \$0.3 million, which was deferred and recognized over the estimated performance period.

Research and Development Expenditures

Research and development costs are charged to operations as incurred. Research and development costs include, but are not limited to, payroll and personnel expenses, clinical trial supplies, fees for clinical trial services, consulting costs and allocated overhead, including rent, equipment, depreciation and utilities. Research and development costs during the year ended December 31, 2012 also included the fair value of technology rights returned to the Company as a result of the Medicis settlement (Note 4).

Income Taxes

The Company accounts for income taxes under the asset and liability method. The Company estimates actual current tax exposure together with assessing temporary differences resulting from differences in accounting for reporting purposes and tax purposes for certain items, such as accruals and allowances not currently deductible for tax purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheets. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in the Company's consolidated statements of operations and comprehensive loss become deductible expenses under applicable income tax laws or when net operating loss or credit carryforwards are utilized. Accordingly, realization of the Company's deferred tax assets is dependent on future taxable income against which these deductions, losses and credits can be utilized.

The Company must assess the likelihood that the Company's deferred tax assets will be recovered from future taxable income, and to the extent the Company believes that recovery is not likely, the Company establishes a valuation allowance.

Notes to Consolidated Financial Statements — (Continued)

Based on the available evidence, the Company is unable, at this time, to support the determination that it is more likely than not that its deferred tax assets will be utilized in the future. Accordingly, the Company recorded a full valuation allowance as of December 31, 2014 and 2013. The Company intends to maintain valuation allowances until sufficient evidence exists to support its reversal.

Stock-Based Compensation

The Company has equity incentive plans under which various types of equity-based awards, including incentive stock options, nonqualified stock options, and restricted stock awards, may be granted to employees and nonemployee consultants. The Company also has an inducement plan under which various types of equity-based awards, including nonqualified stock options and restricted stock awards, may be granted to new employees.

For stock options granted to employees, the Company recognizes compensation expense for all stock-based awards based on the grant-date estimated fair values, net of an estimated forfeiture rate. For restricted stock awards to employees, the fair value is based on the closing price of the Company's common stock on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service period. The fair value of stock options is determined using the Black-Scholes option pricing model. The Company estimates its forfeiture rate based on an analysis of its actual forfeitures and will continue to evaluate the adequacy of the forfeiture rate assumption based on actual forfeitures, analysis of employee turnover, and other related factors.

Stock-based compensation expense related to stock options granted to nonemployees is recognized based on the fair value of the stock options, determined using the Black-Scholes option pricing model, as they are earned. The awards vest over the time period the Company expects to receive services from the nonemployee.

Warrants

The Company has issued freestanding warrants to purchase shares of common stock and convertible preferred stock in connection with certain debt and lease transactions. The warrants are recorded at fair value using the Black-Scholes option pricing model.

Common Stock Warrants

Prior to completion of the IPO, the Company accounted for warrants to purchase shares of its common stock in connection with the 2013 Notes as liabilities at fair value because these warrants may have obligated the Company to transfer assets to the holders at a future date under certain circumstances, such as change of control. The Company remeasured these warrants to current fair value at each balance sheet date, with changes in fair value recognized as a change in fair value of the warrant liability on the consolidated statements of operations and comprehensive loss. Upon completion of the IPO, these warrant liabilities were remeasured to fair value and settled in conjunction with a cashless net exercise of these warrants. Common stock warrants classified as equity at inception are recorded to additional paid-in capital at fair value upon issuance.

Convertible Preferred Stock Warrants

The Company accounted for previously outstanding warrants to purchase shares of its convertible preferred stock that are contingently redeemable as liabilities at their estimated fair value because these warrants obligated the Company to transfer assets to the holders at a future date under certain circumstances, such as a deemed liquidation event. The warrants were subject to remeasurement to fair value at each balance sheet date, with changes in fair value recognized as change in fair value of convertible preferred stock warrant liability on the consolidated statements of operations and comprehensive loss. Upon completion of the IPO, the convertible preferred stock warrants converted into equity-classified warrants to purchase shares of common stock.

Derivative Liabilities

The Company bifurcated and separately accounted for derivative instruments related to redemption and conversion features embedded within previously outstanding convertible notes and other derivative instruments related to payment provisions underlying the Medicis settlement. These derivatives are accounted for as liabilities, which will be remeasured to fair value as of each balance sheet date, with changes in fair value recognized in the Consolidated Statements of Operations and

Notes to Consolidated Financial Statements — (Continued)

Comprehensive Loss. The derivative liabilities associated with the 2013 Convertible Notes are no longer outstanding due to the conversion of the related convertible notes upon the IPO in February 2014. The Company will continue to record adjustments to the fair value of the derivative liabilities associated with the Medicis settlement until the related settlement payments have been paid.

Comprehensive Loss

Comprehensive loss is defined as a change in equity of a business enterprise during a period, resulting from transactions from non-owner sources. There have been no material items qualifying as other comprehensive loss and, therefore, for all periods presented, the Company's comprehensive loss was the same as its reported net loss.

Net Income (Loss) per Share Attributable to Common Stockholders

The Company calculates its basic and diluted net income (loss) per share attributable to common stockholders in conformity with the two-class method required for companies with participating securities. Under the two-class method, the Company determines whether it has net income attributable to common stockholders, which includes the results of operations, capital contributions and deemed dividends less current period convertible preferred stock non-cumulative dividends. If it is determined that the Company does have net income attributable to common stockholders during a period, the related undistributed earnings are then allocated between common stock and the convertible preferred stock based on the weighted average number of shares outstanding during the period to determine the numerator for the basic net income per share attributable to common stockholders. In computing diluted net income attributable to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive securities to determine the numerator for the diluted net income per share attributable to common stockholders. The Company's basic net income (loss) per share attributable to common stockholders is calculated by dividing the net income (loss) by the weighted average number of shares of common stock outstanding for the period. The diluted net income (loss) per share attributable to common stockholders is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. The diluted net income (loss) per share attributable to common stockholders also includes vested restricted stock awards and, if the effect is not anti-dilutive, unvested restricted stock awards. For purposes of this calculation, options to purchase common stock, restricted stock, and common stock warrants are considered common stock equivalents.

Interest Expense

Interest expense, includes cash and non-cash components with the non-cash components consisting of (i) interest recognized from the amortization of debt issuance costs, which were capitalized on the Consolidated Balance Sheets, that are generally derived from cash payments related to the issuance of convertible notes and notes payable, (ii) interest recognized from the amortization of debt discounts, which were capitalized on the Consolidated Balance Sheets, derived from the issuance of warrants and derivatives issued in conjunction with convertible notes and notes payable, (iii) interest recognized on the 2011 convertible notes, or 2011 Notes, which was not paid but instead converted into shares of convertible preferred stock, (iv) interest recognized on the 2013 convertible notes, or 2013 Notes, which was not paid but instead converted into shares of common stock, (v) interest capitalized for assets constructed for use in operations, (vi) interest related to the extinguishment of debt, which is classified as a gain or loss on debt extinguishments, and (vii) effective interest recognized on the financing obligation. The capitalized amounts related to the debt issuance costs and debt discounts are generally amortized to interest expense over the term of the related debt instruments.

Recent Accounting Pronouncements

In August 2014, the FASB issued Accounting Standard Update No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40)*, which will require management to assess an entity's ability to continue as a going concern at each annual and interim period. Related footnote disclosures will be required if conditions give rise to substantial doubt about an entity's ability to continue as a going concern within one year of the report issuance date. If conditions do not give rise to substantial doubt, no disclosures will be required specific to going concern uncertainties. The guidance defines substantial doubt using a likelihood threshold of "probable" similar to the current use of that term in U.S. GAAP for loss contingencies and provides example indicators. The guidance is effective for reporting periods ending after December 15, 2016, and early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on the Company's financial statements.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

In June 2014, the FASB issued Accounting Standard Update No. 2014-10, *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation*, which removes the distinction between development stage entities and other reporting entities, eliminates the exception provided to development stage entities for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk, and clarifies disclosure requirements related to risks and uncertainties. The changes eliminate the requirements for development stage entities to (1) present inception-to-date information on the statements of operations, cash flows, and stockholders' equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that the prior years it had been in the development stage. The Company evaluated the new guidance and adopted the new standard early, beginning with the quarterly period ended June 30, 2014.

3. License Agreements

In June 2013, the Company entered into an exclusive technology evaluation agreement with the Procter and Gamble Company to co-develop and explore applications of the TransMTS® delivery technology in two classes of over-the-counter cosmetic compounds. In connection with this agreement, the Company recognized license revenue of \$0.1 million during the year ended December 31, 2014, and the Company received an upfront payment in the amount of \$0.3 million, which was initially recorded as deferred revenue and is being recognized over the estimated performance period of 9 months. The Company recognized total license revenue of \$0.1 million, \$0.2 million, and \$0.4 million during the years ended December 31, 2014, 2013, and 2012.

In July 2009, the Company and Medicis Pharmaceutical Corporation, or Medicis, entered into a license agreement (License Agreement) granting Medicis worldwide aesthetic and dermatological rights to the Company's investigational, injectable botulinum toxin type A product candidate in exchange for an upfront payment of \$10.0 million plus additional milestone payments. Medicis was subsequently acquired by Valeant Pharmaceuticals International, Inc. in December 2012. The Company recognized these payments in the prior years as license revenue over the estimated performance period which was estimated as the remaining life of the underlying patent at the inception of the license agreement.

In February 2007, the Company entered into a license and service agreement and a manufacturing and supply agreement with List Biological Laboratories, Inc. (List Laboratories), a developer of botulinum toxin. The agreement, as amended in April 2009, included certain milestone payments for the preparation of botulinum toxin and the development of the toxin manufacturing process as well as royalties from future sales of botulinum toxin. The Company expensed research and development costs associated with manufacturing for RT001 of \$2.0 million for the year ended December 31, 2012 with no such costs in December 31, 2014 and 2013.

4. Medicis Settlement

In October 2012, the Company entered into a settlement and termination agreement with Medicis. The terms of the settlement provided for the reacquisition of the rights related to all territories of RT001 and RT002 from Medicis and for consideration payable by the Company to Medicis of up to \$25.0 million, comprised of (i) an upfront payment of \$7.0 million, which was paid in 2012, (ii) a Proceeds Sharing Arrangement Payment of \$14.0 million due upon specified capital raising achievements by the Company, of which \$6.9 million was paid in 2013 and the remaining \$7.1 million was paid in 2014, and (iii) \$4.0 million to be paid upon the achievement of specified regulatory milestones by the Company, or Product Approval Payment. Beginning on the third anniversary of the Settlement Date, any unpaid amount will begin to accrue interest at a rate of 8% per annum.

The Company determined that the settlement provisions related to the Proceeds Sharing Arrangement Payment in (ii) above and Product Approval Payment in (iii) above were derivative instruments that require fair value accounting as a liability and periodic fair value remeasurements until settled.

As of December 31, 2013, the Proceeds Sharing Arrangement Payment derivative was remeasured to fair value. The fair value of the Proceeds Sharing Arrangement Payment derivative as of December 31, 2013 of \$6.7 million was determined using an option pricing model with the following assumption: expected term of 0.1 - 0.5 years, risk-free rate of 0.01% — 0.10% and volatility of 37.00% — 47.50%. Upon the completion of our IPO, we paid \$7.1 million in settlement of our remaining obligation for the Proceeds Sharing Arrangement Payment. At the settlement date, the derivative liability was remeasured to the

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

fair value of the obligation due, or \$7.1 million, and the Company recorded \$0.3 million to remeasure the fair value of the derivative for the remaining obligation through the date of settlement, or February 13, 2014.

The fair value of the Product Approval Payment derivative as of December 31, 2013 in the amount of \$1.6 million was determined by updating the estimate of the timing and probability of the related approval and a discount factor assuming a term of 3.25 years, a risk-free rate of 0.9% and a credit risk adjustment of 6.0%. As of December 31, 2014, the Company determined the fair value of its liability for the Product Approval Payment was \$1.5 million, which was measured by assuming a term of 3.5 years, a risk-free rate of 1.2% and a credit risk adjustment of 6.5%. The Company's assumption for the expected term is based on an expected Biologics License Application, or BLA, approval in mid-2018. The Company did not make any payments under the Product Approval Payment during the year ended December 31, 2014.

As a result of the fair value measurements during the year ended December 31, 2014 and 2013, the Company recognized \$0.3 million aggregate loss and \$0.05 million aggregate gain, respectively.

5. Fair Value Measurements

The Company measures and reports certain financial instruments as assets and liabilities at fair value on a recurring basis. These liabilities, consisting of derivative liabilities associated with convertible notes, derivative liabilities associated with the Medicis settlement, common stock warrant liabilities, and convertible preferred stock warrant liabilities, are considered Level 3 instruments. The fair value of these instruments was as follows (in thousands):

	December 31, 2014			
	Fair Value	Level 1	Level 2	Level 3
Assets				
Money market funds	\$ 166,038	\$ 166,038	\$ —	\$ —
Total assets measured at fair value	\$ 166,038	\$ 166,038	\$ —	\$ —

As of December 31, 2013, the Company did not hold any assets that were measured at fair value on a recurring basis.

	As of December 31, 2014			
	Fair Value	Level 1	Level 2	Level 3
Liabilities				
Derivative liabilities associated with the Medicis settlement	\$ 1,541	\$ —	\$ —	\$ 1,541
Total liabilities measured at fair value	\$ 1,541	\$ —	\$ —	\$ 1,541

	As of December 31, 2013			
	Fair Value	Level 1	Level 2	Level 3
Liabilities				
Derivative liabilities associated with convertible notes	\$ 4,890	\$ —	\$ —	\$ 4,890
Derivative liabilities associated with the Medicis settlement	8,294	—	—	8,294
Common stock warrant liability	3,358	—	—	3,358
Convertible preferred stock warrant liability	1,233	—	—	1,233
Total liabilities measured at fair value	\$ 17,775	\$ —	\$ —	\$ 17,775

The Company did not transfer any assets or liabilities measured at fair value on a recurring basis to or from Level 1 and Level 2 during the years ended December 31, 2014 and 2013.

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial instruments as follows (in thousands):

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

	Derivative Liability Associated with Convertible Notes	Derivative Liability Associated with the Medicis Settlement	Common Stock Warrant Liability	Convertible Preferred Stock Warrant Liability
Fair value as of December 31, 2012	\$ 1,800	\$ 15,268	\$ —	\$ 351
Fair value of financial instruments issued	5,750	—	2,737	139
Payments against Medicis liabilities	—	(6,927)	—	—
Modification remeasurement	—	—	—	1,168
Change in fair value	(2,660)	(47)	621	(425)
Fair value as of December 31, 2013	4,890	8,294	3,358	1,233
Fair value of financial instruments issued	1,050	—	981	80
Cash payments against Medicis liabilities	—	(7,073)	—	—
Change in fair value	(4,032)	320	2,151	210
Extinguishment of warrant liability upon exercise of put option by warrant holder	—	—	—	(82)
Balance upon conversion	(1,908)	—	(6,490)	(1,441)
Fair value as of December 31, 2014	\$ —	\$ 1,541	\$ —	\$ —

Level 3 instruments consist of the Company's derivative liabilities related to convertible notes, derivative liabilities related to the Medicis settlement, common stock warrant liabilities, and convertible preferred stock warrant liabilities.

The fair value of the derivative liabilities associated with the convertible notes was measured using the Monte Carlo valuation methodology (Note 8). Inputs used to determine estimated fair value of these derivative instruments include the probability estimates of potential settlement scenarios for the convertible notes, a present value discount rate and an estimate of the expected timing of settlement. The significant unobservable inputs used in the fair value measurement of the derivatives associated with the convertible notes are the scenario probabilities and the discount rate estimated at the valuation date. Generally, increases or decreases in the discount rate would result in a directionally opposite impact to the fair value measurement of this derivative instrument. Also, changes in the probability scenarios would have had varying impacts depending on the weighting of each specific scenario. As discussed further in Note 8, heavier weighting towards a change in control, a private investment in public equity transaction or IPO would result in an increase in fair value of this derivative instrument. The fair value upon the IPO took into account a 100% weighting towards the IPO scenario.

The fair value of one of the derivative liabilities resulting from the Medicis litigation settlement, specifically the previously outstanding liability for the derivative related to the Proceeds Sharing Arrangement Payment (Note 4), was measured using an option pricing model (Note 8). Inputs used to determine estimated fair value of this derivative include the equity value of the Company, expected timing of the respective settlement payments, a risk-free interest rate and the expected volatility. The significant unobservable inputs used in the fair value measurement of the Proceeds Sharing Arrangement Payment derivative are the equity value of the Company and the expected timing of the payments at the valuation date. Generally, increases or decreases in these unobservable inputs would result in a directionally similar impact to the fair value measurement of this derivative instrument. The Company settled the remaining obligation under the Proceeds Sharing Arrangement upon the IPO, and remeasured the liability to the value of the remaining Proceeds Sharing Arrangement Payment of \$7.1 million.

The fair value of the remaining derivative liability resulting from the Medicis litigation settlement, specifically the derivative related to the Product Approval Payment (Note 4), was determined by estimating the timing and probability of the related regulatory approval and multiplying the payment amount by this probability percentage and a discount factor based primarily on the estimated timing of the payment and a credit risk adjustment (Note 4). The significant unobservable inputs used in the fair value measurement of the Product Approval Payment derivative are the expected timing and probability of the payments at the valuation date and the credit risk adjustment.

The fair values of the outstanding common stock warrants and previously outstanding convertible preferred stock warrants were measured using the Black-Scholes option-pricing model (Note 13). Inputs used to determine estimated fair value

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

of the warrant liabilities include the estimated fair value of the underlying stock at the valuation date, the estimated term of the warrants, risk-free interest rates, expected dividends and the expected volatility of the underlying stock. The significant unobservable inputs used in the fair value measurement of the convertible preferred stock warrant liability are the fair value of the underlying stock at the valuation date and the estimated term of the warrants.

6. Balance Sheet Components*Property and Equipment, net*

Property and equipment, net consists of the following (in thousands):

	As of December 31,	
	2014	2013
Research equipment	\$ 10,914	\$ 9,045
Computer equipment	477	496
Furniture and fixtures	534	451
Leasehold improvements	3,833	3,632
Construction in progress	13,422	8,880
Total property and equipment	29,180	22,504
Less: accumulated depreciation and amortization	(9,906)	(8,189)
Property and equipment, net	\$ 19,274	\$ 14,315

Depreciation expense was \$2.1 million , \$1.9 million , and \$1.8 million for the years ended December 31, 2014 , 2013 and 2012 , respectively.

As of December 31, 2014 , the Company had obligations to make future payments to certain vendors that become due and payable during the construction of its manufacturing facilities in Newark, California. The arrangement was accounted for as construction-in-progress and the outstanding obligations as of December 31, 2014 and 2013 were \$0.5 million and \$1.8 million , respectively. The Company capitalized interest costs in the amount of \$1.0 million and \$0.5 million within construction-in-progress during the years ended December 31, 2014 and 2013 , respectively. The Company did not capitalize interest costs during the year ended December 31, 2012 .

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	As of December 31,	
	2014	2013
Prepaid expenses	\$ 1,085	\$ 531
Accounts receivable	300	225
Other current assets	239	69
Total prepaid expenses and other current assets	\$ 1,624	\$ 825

Accruals and Other Current Liabilities

Accruals and other current liabilities consist of the following (in thousands):

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

	As of December 31,	
	2014	2013
Accrued compensation	\$ 2,088	\$ 689
Accrued professional service fees	577	367
Accrued manufacturing and quality control costs	361	—
Accrued clinical trial expenses	322	169
Accrued fixed assets	266	—
Accrued construction-in-progress obligations	60	1,757
Accrued interest on notes payable	23	478
Accrued initial public offering costs	—	506
Other current liabilities	448	195
Total accruals and other current liabilities	\$ 4,145	\$ 4,161

Other Non-Current Assets

Other non-current assets consist of the following (in thousands):

	As of December 31,	
	2014	2013
Deferred initial public offering costs	\$ —	\$ 2,812
Unamortized debt issuance costs	—	194
Prepaid expenses, non-current	\$ 29	\$ —
Total other non-current assets	\$ 29	\$ 3,006

7. Notes Payable***Hercules Notes Payable***

In September 2011, the Company entered into a loan and security agreement with Hercules Technology Growth Capital for \$22.0 million, referred to as the Hercules Notes Payable. From the proceeds of the Hercules Notes Payable, the Company used \$7.0 million to fully repay the principal and accrued interest due under two secured promissory notes, or Venture Debt, with two venture debt lenders. At the time of the Venture Debt repayment, the remaining unamortized debt discount of \$579,000 was written-off to interest expense.

The Hercules Notes Payable, which matures in March 2015, is collateralized by all assets of the Company, and bears interest at the greater of (i) 9.85% per annum or (ii) 9.85% per annum plus the difference of the prime rate less 3.25% per annum and contains covenants that require, among other things, that the Company seek consent from Hercules prior to certain corporate changes and provide certain unaudited financial information within 45 days after the end of each quarter. Starting in July 2012, the loan is to be repaid in 33 equal monthly payments of principal and interest of \$0.8 million plus an end of term payment of \$0.5 million if the loan is prepaid, or \$0.4 million if paid upon maturity. The loan also allows for prepayment at any time with a premium ranging from 1% to 4% of \$15.0 million, depending on when the prepayment occurs.

In connection with the Hercules Notes Payable, the Company issued warrants to purchase 17,977 shares of Series D convertible preferred stock at \$66.75 per share, which converted to warrants to purchase common stock upon the Company's IPO. The fair value of the warrants of \$0.1 million was recorded as a debt discount and is amortized to interest expense using the straight-line method over the loan term. The Company recognized interest expense of \$0.04 million, \$0.1 million and \$0.04 million from the amortization of the warrant related debt discount for the years ended December 31, 2014, 2013 and 2012, respectively. The unamortized debt discount balance was \$0.01 million and \$0.04 million as of December 31, 2014 and 2013, respectively. The Company incurred \$0.5 million of debt issuance costs in connection with the Hercules Notes Payable which is also being amortized to interest expense over the term of the borrowings. The Company recognized interest expense of \$0.2 million from the amortization of the debt issuance costs during each of the years ended December 31, 2014, 2013 and 2012,

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

respectively. The unamortized debt issuance costs balances were \$0.04 million and \$0.2 million as of December 31, 2014 and 2013 , respectively.

As of December 31, 2014 , future principal payments under the Hercules Notes Payable are as follows (in thousands):

<u>Year Ending December 31,</u>	
2015	2,641
Total principal payments	2,641
Less: debt discount	(6)
Less: current portion	(2,635)
Long-term portion of notes payable	<u>\$ —</u>

The Company made principal and interest payments on the Hercules Notes Payable of \$9.2 million during each of the years ended December 31, 2014 and 2013 , respectively. As of December 31, 2014, the outstanding Hercules Notes Payable balance was \$2.6 million .

Essex Capital Notes

On December 20, 2013, the Company signed a Loan and Lease Agreement to borrow up to \$10.8 million in the form of Secured Promissory Notes from Essex Capital, or the Essex Notes, to finance the completion and installation of the Company's RT001 commercial fill/finish line, or the Fill/Finish Line. Under the Loan and Lease Agreement, with the issuance of each Note the Company will issue warrants to purchase its capital stock. The Essex Notes incurred interest at 11.5% until the completion of the IPO in February 2014. Subsequent to the IPO, the notes incurred interest at 10.375% per annum. In December 2013, the Company drew down \$2.5 million under short-term notes pursuant to the Essex Capital Facility, and an additional \$2.5 million in January 2014 under short-term notes. In May 2014, pursuant to the terms of this agreement, the Company sold equipment to Essex Capital, resulting in partial settlement of the outstanding loan balance by \$1.1 million . Pursuant to the Loan and Lease Agreement, the Company sold and leased the equipment back from Essex Capital. This transaction does not qualify for sale-leaseback accounting due to the Company's continuing involvement. Therefore, the Company accounted for this transaction as a financing obligation using the effective interest rate method. As of December 31, 2014 , the aggregate total future minimum lease payments under the financing obligation were as follows (in thousands):

<u>Year Ending December 31,</u>	
2015	423
2016	423
2017	141
Total payments	<u>987</u>

On December 17, 2014, the Company entered into the First Amendment to the Loan and Lease Agreement with Essex Capital. Under the terms of this Amendment, the Company agreed to repay the outstanding debt balance of \$3.9 million and issue a warrant to purchase 44,753 shares of common stock. In February 2015, the Company executed the Second Amendment to the Loan and Lease Agreement, under which the term of the facility was extended to April 15, 2015 and the purchase price of the equipment was increased by \$0.1 million to approximately \$9.8 million . Concurrently with this sale, the Company will lease the IMA Life equipment from Essex Capital for a fixed monthly payment to be paid monthly over 3 years. At the end of the lease the Company will have the option to purchase the leased equipment for 10% of the original purchase amount.

In connection with the Essex Notes, the Company issued warrants to purchase 12,345 shares of Series E-5 convertible preferred stock in both December 2013 and January 2014. Subsequent to the February 2014 IPO, the previously issued warrants to purchase shares of Series E-5 convertible preferred stock converted into warrants to purchase shares of common stock. The fair value of the warrants at the issuance date of \$0.2 million and debt issuance costs totaling \$0.03 million were recorded as discount on debt, and will be amortized to interest expense using the straight-line method over the loan term. The Company

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

recognized interest expense \$0.2 million and \$0.004 million for the amortization of the warrant related debt discount for the years ended December 31, 2014 and 2013, respectively. The unamortized debt discount balance was \$0 million and \$0.2 million as of December 31, 2014 and 2013, respectively.

Additionally, the Company made interest payments on the Essex Notes in the amount of \$0.4 million and \$0 million for the years ended December 31, 2014 and 2013, respectively. In December 2014, the Company repaid the Essex Notes principal balance of \$3.9 million in full.

8. Convertible Notes, Warrants, and Related Derivatives*2011 Convertible Notes and Common Stock Warrants*

In January 2011, the Company entered into a convertible promissory note agreement, or the 2011 Notes to borrow up to \$15.0 million in 3 installments in the form of convertible debt. In May 2011, the Company amended the credit facility to modify the maturity date of the initial three installments and borrowed an additional amount of \$30.0 million from new investors. Between September and December 2012, the Company completed three additional installments of 2011 Notes in the amount of \$18.2 million. Of the 2011 Notes issued, an aggregate of \$40.6 million were issued to related parties of which \$30.9 million were issued to existing stockholders with holdings of 5% or more of the outstanding equity of the Company at the time of issuance. These holders were determined to be related parties because they include holders of convertible preferred stock and board members who can influence the conversion or redemption of the 2011 Notes.

In conjunction with a Series E-5 convertible preferred stock offering in the year ended December 31, 2013, the Company, with the consent of at least 75% of the Convertible Note holders, amended the Note and Warrant Purchase Agreement under which the 2011 Notes were issued to allow for the conversion of 2011 Notes into 4,748,484 shares of Series E-4 convertible preferred stock. The outstanding principal and accrued interest of the 2011 Notes of \$71.0 million were converted at a price equal to 66 2/3% of the Series E-5 offering price of \$22.425 per share per the terms of the 2011 Notes. The modification of the 2011 Notes was treated as an extinguishment of debt, in which the resulting issuances of Series E-4 convertible preferred stock was recorded at its estimated fair value on the date of the extinguishment. The difference in the estimated fair value of the Series E-4 convertible preferred stock and the carrying values of the outstanding principal, accrued interest and the remaining debt issuance costs related to the 2011 Notes was recorded as a capital contribution in the amount of \$32.0 million which was recognized to additional paid-in capital during the year ended December 31, 2013. The Company recognized the capital contribution as such because, immediately prior to the conversion, substantially all of the holders of the 2011 Notes were holders of the Company's outstanding capital stock. In addition, the Company remeasured the embedded derivative to its fair value of approximately zero immediately prior to the conversion of the 2011 Notes in March 2013, as the execution of a qualified financing approached certainty, resulting in a gain of \$1.8 million. As of the date of conversion, the Company was in compliance with all covenants in the 2011 Notes.

In connection with the issuance of the 2011 Notes, the Company incurred debt issuance costs of \$43,000 during the year ended December 31, 2012. These amounts were recorded as a deferred charge to be amortized to interest expense over the terms of the borrowings. The Company recognized interest expense from the amortization of the debt issuance costs of \$62,000 and \$145,000 during the years ended December 31, 2013 and 2012, respectively. The unamortized debt issuance costs balance was \$103,000 as of December 31, 2012. There was no unamortized debt issuance cost balance or interest expense as of December 31, 2014 as the 2011 Notes were no longer outstanding.

Also, in connection with the issuance of the 2011 Notes, the Company issued warrants to purchase 77,521 shares of common stock and with a fair value of \$153,000 during the year ended December 31, 2012, with an exercise price of \$0.15 per share. The relative fair value of the warrants was recorded as debt discount which was amortized to interest expense over the loan term. The Company recognized interest expense of \$214,000 and \$260,000 from the amortization of the warrant related debt discounts during the years ended December 31, 2013 and 2012, respectively. There was no unamortized warrant related debt discount balance as of December 31, 2014 and 2013 as the 2011 Notes were no longer outstanding.

Also, in connection with the 2011 Notes, the Company determined that the conversion and redemption features were embedded derivatives requiring bifurcation and separate accounting. The fair value of the derivative liabilities associated with the 2011 Notes at the time of issuance was recognized as an additional debt discount and was amortized to interest expense over the term of the 2011 Notes. The Company recognized interest expense of \$2.8 million and \$7.1 million from the amortization of the derivative liability related debt discounts during the years ended December 31, 2013 and 2012, respectively. In the year

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

ended December 31, 2013, the 2011 Notes converted into shares of Series E-4 convertible preferred stock. Immediately prior to the conversion, the Company determined that the fair value of the derivative liabilities associated with the convertible notes were reduced to zero. There was no unamortized derivative related debt discount balances as of December 31, 2014 and 2013 as the 2011 Notes were no longer outstanding.

2013 Convertible Notes, Common Stock Warrants, and Related Derivatives

In October 2013, the Company entered into a convertible promissory note and warrant agreement, referred to as the 2013 Notes, to borrow up to \$30.0 million. The Company borrowed \$19.4 million in the fourth quarter of 2013. In January 2014, the Company issued an additional \$4.3 million in 2013 Notes. The 2013 Notes bear interest at 12% per annum and mature in October 2014. In February 2014, in connection with the Company's IPO, the 2013 Notes with a principal amount, accrued interest through the date of the IPO, remaining interest due through October 7, 2014, and derivative liability totaling \$26.2 million converted into 1,637,846 shares of the Company's common stock.

In connection with the issuance of the 2013 Notes, the Company issued warrants to purchase 409,450 shares of common stock. As of December 31, 2013, the fair value of these warrants of \$2.7 million was classified as a liability and recorded as a debt discount that will be amortized to interest expense using the straight-line method over the loan term. The Company recognized interest expense of \$1.3 million for the amortization of the warrant and embedded derivative related debt discount for the year ended December 31, 2013. In February 2014, in connection with the Company's IPO, these warrants were net exercised for 405,594 shares of common stock.

Additionally, the 2013 Notes had conversion and redemption features which were determined to be embedded derivatives, requiring bifurcation and separate fair value accounting. Accordingly, the Company recorded an embedded derivative liability of \$5.8 million associated with the 2013 Notes on the date of issuance. The fair value of these derivative instruments was recognized as an additional discount and as a derivative liability on the consolidated balance sheets upon issuance of the respective convertible notes. The derivative liability required periodic remeasurements to fair value while the derivative was still outstanding and accordingly, the Company recognized remeasurement gains for the 2013 Notes during the years ended December 31, 2014 and 2013 of \$4.0 million and \$0.9 million, respectively. Immediately prior to the conversion, the Company determined that the fair value of the derivative liabilities associated with the convertible notes was reduced to \$1.9 million, the value of interest due to note holders from the date of the IPO through the maturity date of the loan in October 2014.

Prior to conversion, the fair value of the derivative liabilities associated with convertible notes was determined upon issuance and at December 31, 2013 using "Monte Carlo" simulation with the following weighted-average assumptions:

	As of December 31, 2013	As of Issuance
Expected term (in years)	0.8	0.9
Discount rate	16.5%	15.0%
Weighted-average scenario probabilities:		
Maturity	5.0%	5.0%
Qualified financing	5.0%	20.0%
Initial public offering	80.0%	60.0%
Change in control	10.0%	15.0%

Upon the conversion of the 2013 Notes into shares of common stock, the Company applied extinguishment accounting resulting in a loss of \$8.3 million. As of the date of conversion, the Company was in compliance with all covenants in the 2013 Notes.

During the year ended December 31, 2014, the Company recognized non-cash interest expense of \$9.6 million related to the 2013 Notes, including amortization of warrant-related debt discount of approximately \$0.4 million up to the date of conversion, amortization of the derivative-related debt discount of \$0.6 million up to the date of conversion, accrued interest of \$0.3 million up to the date of conversion and a loss on extinguishment of \$8.3 million upon conversion of the 2013 Notes into common stock. The unamortized debt discount balance was \$7.2 million as of December 31, 2013.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

9. Interest Expense

Interest expense, includes cash and non-cash components with the non-cash components consisting of (i) interest recognized from the amortization of debt issuance costs, which were capitalized on the Condensed Consolidated Balance Sheets, that are generally derived from cash payments related to the issuance of convertible notes and notes payable, (ii) interest recognized from the amortization of debt discounts, which were capitalized on the Condensed Consolidated Balance Sheets, derived from the issuance of warrants and derivatives issued in conjunction with convertible notes and notes payable, (iii) interest recognized on the 2011 convertible notes, or 2011 Notes, which was not paid but instead converted into shares of convertible preferred stock, (iv) interest recognized on the 2013 convertible notes, or 2013 Notes, which was not paid but instead converted into shares of common stock, (v) interest capitalized for assets constructed for use in operations, (vi) interest related to the extinguishment of debt, which is classified as a gain or loss on debt extinguishments, and (vii) effective interest recognized on the financing obligation. The capitalized amounts related to the debt issuance costs and debt discounts are generally amortized to interest expense over the term of the related debt instruments.

The interest expense by cash and non-cash components is as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Interest expense			
Cash related interest expense (1)	\$ (1,182)	\$ (1,590)	\$ (2,302)
Non-cash interest expense			
Non-cash interest expense — debt issuance costs	(203)	(490)	(300)
Non-cash interest expense — warrant and derivative related debt discounts	(650)	(4,128)	(7,427)
Non-cash interest expense — convertible notes	(1,250)	(9,409)	(18,930)
Loss on extinguishment of 2013 Notes	(8,331)	—	—
Effective interest on financing obligation	(28)	—	—
Capitalized interest expense (2)	972	453	—
Total non-cash interest expense	(9,490)	(13,574)	(26,657)
Total interest expense	\$ (10,672)	\$ (15,164)	\$ (28,959)

(1) Cash related interest expense included interest payments to Hercules Notes Payable and Essex Notes.

(2) Interest expense capitalized pursuant to Accounting Standards Codification Topic 835, Interest.

10. Commitments and Contingencies***Facility Lease***

In January 2010, the Company entered into a non-cancelable facility lease that requires monthly payments through January 2022. This facility will be used for research, manufacturing, and administrative functions.

In February 2014, the Company extended the term of the Lease by thirty-six (36) months to January 2025. As part of this agreement, the Lessor shall provide the Company with a tenant improvement allowance during 2014 in an amount not to exceed \$3.0 million . Under the terms of the lease agreement, the Company will make total rent payments of \$72.8 million for a period of 15 years commencing in January 2010 which was determined to be an operating lease. The payments escalate over the term of the lease with the exception of a decrease in payments at the beginning of 2022, however, the Company recognizes the expense on a straight-line basis over the life of the lease.

Rent expense for the years ended December 31, 2014 , 2013 and 2012 was \$5.2 million , \$4.4 million , and \$4.4 million . As of December 31, 2014 , the aggregate total future minimum lease payments under non-cancelable operating leases were as follows (in thousands):

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

Year Ending December 31,

2015	\$	5,070
2016		5,222
2017		5,394
2018		5,578
2019 and thereafter		32,354
Total payments	\$	<u>53,618</u>

Other Milestone-Based Commitments

The Company has one remaining obligation to make a future milestone payment to List Laboratories that becomes due and payable on the achievement of a certain regulatory milestone. The Company is obligated to pay royalties to List Laboratories on future sales of botulinum toxin products.

Purchase Commitments

The Company has certain commitments from outstanding purchase orders primarily related to clinical trial development and other costs related to the Company's manufacturing facility. These agreements, which total \$15.1 million, are cancellable at any time with the Company required to pay all costs incurred through the cancellation date.

Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. The Company is not subject to any current pending legal matters or claims that would have a material adverse effect on its financial position, results of operations or cash flows.

Indemnification

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claim by any third party with respect to its technology. The term of these indemnification agreements is generally perpetual after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable because it involves claims that may be made against the Company in the future, but have not yet been made. The Company has not incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct of the individual.

No amounts associated with such indemnifications have been recorded to date.

11. Common Stock

As of December 31, 2014, the Company was authorized to issue up to 95,000,000 shares of par value \$0.001 per share common stock.

As of December 31, 2014 and 2013, the Company had no shares and 3,333 shares of common stock subject to repurchase. The Company has also issued shares of common stock as a result of stock option exercises throughout its existence. Common stockholders are entitled to dividends when and if declared by the Board of Directors subject to the prior rights of the preferred stockholders. The holder of each share of common stock is entitled to one vote. The common stockholders voting as a class are entitled to elect one member to the Company's Board of Directors. As of December 31, 2014, no dividends have been declared.

The Company had reserved shares of common stock, on an as if converted basis, for issuance as follows:

	As of December 31,	
	2014	2013
Issuances under stock incentive plans	91,634	202,562
Issuances upon exercise of common stock warrants	198,662	760,087
Issuances under employee stock purchase plan	174,661	—
Issuances under inducement plan	141,500	—
Conversion of convertible preferred stock	—	8,689,999
Issuances upon exercise of convertible preferred stock warrants	—	184,486
	606,457	9,837,134

12. Convertible Preferred Stock

Upon completion of the Company's IPO in February 2014, the shares of convertible preferred stock were converted into 8,689,999 shares of common stock at a ratio of 1 :1. As of December 31, 2014 , there was no preferred stock outstanding.

As December 31, 2013 , outstanding convertible preferred stock was comprised of the following (in thousands, except share and per share amounts):

	Shares Authorized	Shares Issued and Outstanding	Liquidation Value per Share	Liquidation Value
Series E-1	5,834,206	387,241	\$ 22.425	\$ 8,684
Series E-2	8,914,007	585,559	22.425	13,131
Series E-3	17,710,373	1,150,341	22.425	25,797
Series E-4	72,551,683	4,748,468	22.425	106,485
Series E-5	40,000,000	1,818,390	33.637	61,167
	145,010,269	8,689,999		\$ 215,264

During the year ended December 31, 2013 , the Company raised \$40.8 million through the issuance of 1,818,390 shares of Series E-5 convertible preferred stock at a price of \$22.425 per share. In addition, the Company issued approximately 4.7 million shares of Series E-4 convertible preferred stock with the conversion of the outstanding principal and accrued interest of the 2011 Notes (Note 8). Also in March 2013, in conjunction with the Series E-5 preferred stock financing, the Company's previously outstanding convertible preferred stock was exchanged for shares of Series E convertible preferred stock as follows: (i) Series A and B convertible preferred stock converted into Series E-1 convertible preferred stock on a 1-for-1 basis, (ii) Series C convertible preferred stock converted into Series E-2 convertible preferred stock on a 1-for-1 basis, and (iii) Series D convertible preferred stock converted into Series E-3 convertible preferred stock on a 1-for-2.119 basis. Upon the exchange of the prior series of convertible preferred stock into the respective Series E convertible preferred stock, all outstanding shares of Series A, B-1, B-2, C-1, C-2, C-3 and D convertible preferred stock were surrendered and canceled. The exchange of the prior shares of convertible preferred stock into the respective series of Series E convertible preferred stock was accounted for as a preferred stock extinguishment. As a result of the preferred stock extinguishment and the related conversion, the Company recognized a capital contribution of \$74.9 million as a benefit to net income per share attributable to common stockholders during the year ended December 31, 2013 . The \$74.9 million capital contribution was calculated based on the difference between the fair value of the newly issued shares of Series E convertible preferred stock as a result of the exchange and the carrying value of the previously outstanding shares of Series A, B-1, B-2, C-1, C-2, C-3 and D convertible preferred stock. The fair value of the Series E convertible preferred stock was estimated by the Company's Board of Directors with assistance from a third party valuation that utilized methodologies and assumptions consistent with the March 31, 2013 common stock valuation. The March 31, 2013 valuation was prepared on a minority, non-marketable interest basis. The Company's aggregate enterprise value was determined using the income approach and a form of market approach under the probability weighted expected return method or the PWERM. Under the PWERM market-based approach, all of the shares of Company's convertible preferred stock are assumed to convert automatically upon the closing of an initial public offering. The elimination of economic rights and preferences between each of the classes of Series E convertible preferred stock in connection with an initial public offering results in fair values that are equal across each class of shares. The Series E-1, E-2, E-3, E-4 and E-5 convertible preferred stock were valued at \$15.00 per share prior to any discount for lack of marketability.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

Under the income approach, the value of each security is conditioned upon its respective rights and restrictions, including liquidation preference, ranking, and conversion rights, such that shares of Series E-1, E-2, E-3 and E-4 convertible preferred stock are valued less than shares of Series E-5 convertible preferred stock. The Series E-5 convertible preferred stock was valued at \$33.60 per share prior to any discount for lack of marketability, while the Series E-4, E-3, E-2, and E-1 convertible preferred stock were valued at \$12.60 , \$1.95 , \$1.05 , and \$0.75 per share prior to any discount for lack of marketability based on the change of control scenarios considered in the March 31, 2013 valuation. The resulting convertible preferred stock fair values were then weighted by estimating a 60% probability to the fair value determined under the PWERM market-based approach and a 40% probability to the fair value determined under the income approach. The outcome of this weighted-average Series E-5 convertible preferred stock value was concluded to be \$22.50 per share, which reconciles to the Series E-5 convertible preferred stock issue price. The same weighting was applied to all of the other convertible preferred stock securities to derive their concluded values, all of which were below the concluded value for the Series E-5 convertible preferred stock.

The Series E-5 preferred stock financing occurred in multiple closings during the year ended December 31, 2013 . Included in the first closing in February 2013 was a \$2.1 million forward purchase commitment by the purchaser to buy an additional 93,333 shares of Series E-5 convertible preferred stock. This commitment was determined to be a liability since it embodied an obligation that could have required settlement by transfer of assets if the underlying convertible preferred stock was redeemed. The fair value of the liability upon issuance was not significant and the commitment was settled during the March 2013 closings. The purchasers in the first closing, who paid a higher per share price than the purchasers in the second closing, were provided with an additional 7,911 shares of Series E-5 convertible preferred stock to bring their per share equal to the per share price paid by the purchasers in the March 2013 closings. The fair value of the additional share issuance was recognized as a deemed dividend of \$177,000 during the year ended December 31, 2013 . The capital contribution for the extinguishment of the prior convertible preferred stock and the deemed dividend for the additional share issuance only impact the net income per share attributable to common stockholders for the period (Note 15).

The Company recorded the convertible preferred stock at fair value on the dates of issuance. The Company classifies the convertible preferred stock outside of stockholders' equity (deficit) (as Mezzanine) because the shares contain liquidation features that are not solely within the Company's control. For the year ended December 31, 2013 , the Company did not adjust the carrying values of the convertible preferred stock to the deemed redemption values of such shares since a liquidation event was not probable. Subsequent adjustments to increase the carrying values to the ultimate redemption values will be made only when it becomes probable that such a liquidation event will occur.

13. Warrants

As of December 31, 2014, the Company had no convertible preferred stock warrants outstanding.

As of December 31, 2013 , the following convertible preferred stock warrants were outstanding (in thousands, except share and per share amounts):

	Number of Shares Underlying Warrants	Exercise Price Per Share	Fair Value as of December 31, 2013
Series E-3	30,338	\$ 31.50	\$ 103
Series E-4	88,292	14.95	574
Series E-5	65,856	22.02	556
	184,486		\$ 1,233

In March 2013 in conjunction with the Series E-5 preferred stock financing, the Company's previously outstanding warrants to purchase convertible preferred stock were exchanged for warrants to purchase shares of Series E convertible preferred stock as follows: (i) the underlying shares of Series C-2 convertible preferred stock converted into Series E-2 convertible preferred stock on a 1-for- 1 basis, (ii) the underlying shares of Series C-3 convertible preferred stock converted into Series E-2 convertible preferred stock on a 1-for-1 basis, and (iii) the underlying shares of Series D convertible preferred stock converted into either Series E-3 convertible preferred stock on a 1-for- 2.119 basis, Series E-4 convertible preferred stock on a 1-for- 4.465 basis or Series E-5 convertible preferred stock on a 1-for- 2.977 basis. In addition, the exercise price of most of the new Series E convertible preferred stock warrants was also adjusted in accordance with the terms of the exchange agreement.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

Upon the exchange, the prior warrants to purchase Series C-2, C-3 and D shares of convertible preferred stock were surrendered and cancelled. The exchange of warrants was accounted for as a modification. The modification resulted in an adjustment to the fair value of the warrants of \$1.2 million during the year ended December 31, 2013 which was recognized in the statements of operations as a change in the fair value of the convertible preferred stock warrant liability. In July 2013, the Series E-2 warrants expired unexercised.

In January 2014, in connection with the Company's issuance of notes payable to Essex Capital (Note 7), the Company issued warrants to purchase 12,345 shares of Series E-5 convertible preferred stock. As of December 31, 2013, the fair value of the Essex Capital warrants was \$0.1 million, which was recorded as a discount on debt and was amortized to interest expense over the term of the loan. The Company accounted for these warrants as a liability in the financial statements because the underlying instrument into which the warrants were exercisable, Series E-5 convertible preferred stock, contain deemed liquidation provisions that are outside of the Company's control. Upon completion of the initial public offering, the convertible preferred stock warrants converted into equity-classified warrants to purchase shares of common stock.

In February 2014, two holders of preferred stock warrants exercised their put options to sell 22,856 warrants at an exercise price equal to the average fair value of the Company's stock price for 5 days preceding the exercise. The Company recorded a loss on cash settlement of \$1.4 million as a result of this exercise.

Upon completion of the IPO, all outstanding warrants to purchase Series E convertible preferred stock, excluding the 22,856 warrants that were exercised, converted into 173,975 warrants to purchase common stock at prices ranging from \$14.95 per share to \$31.50 per share, expiring in 2018 through 2021.

The fair value of the outstanding convertible preferred stock warrants was remeasured as of December 31, 2013 using a Black-Scholes option-pricing model with the following assumptions:

	<u>As of December 31,</u> <u>2013</u>
Remaining contractual term (in years)	6.5
Expected volatility	58.8%
Risk-free interest rate	2.1%
Expected dividend rate	0.0%

Fair Value of Common Stock and Convertible Preferred Stock. The fair value of the shares of the convertible preferred stock underlying the preferred stock warrants has historically been determined by the Board of Directors. Because there has been no public market for the Company's convertible preferred stock, the Board of Directors has determined fair value of the convertible preferred stock at each balance sheet date by considering a number of objective and subjective factors including valuation of comparable companies, sales of convertible preferred stock to unrelated third parties, operating and financial performance, the lack of liquidity of capital stock, and general and industry specific economic outlook, amongst other factors. The fair value of the shares of common stock is based on the Company's stock price.

Remaining Contractual Term. The Company derived the remaining contractual term based on the time from the balance sheet date until the preferred stock warrant's expiration date.

Expected Volatility. Since the Company was a private entity with no historical data regarding the volatility of its preferred stock, the expected volatility used is based on volatility of a group of similar entities. In evaluating similarity, the Company considered factors such as industry, stage of life cycle and size.

Risk-Free Interest Rate. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with remaining terms similar to the remaining contractual term of the warrants.

Expected Dividend Rate. The Company has never paid any dividends and does not plan to pay dividends in the foreseeable future, and, therefore, used an expected dividend rate of zero in the valuation model.

As of December 31, 2014, the Company had 198,662 warrants to purchase common stock outstanding with exercise prices ranging from \$14.40 to \$31.50.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

In connection with the issuance of the Series E-5 convertible preferred stock during the year ended December 31, 2013, the Company also issued to the purchasers fully vested warrants to purchase an aggregate of 545,492 shares of common stock with an exercise price of \$0.15 per share and a contractual term of 7 years. The fair value was determined to be \$4.7 million upon issuance. The fair value of the warrants upon issuance was determined using a Black-Scholes option-pricing model with the following assumptions: expected volatility of 57.1%, contractual term of 7 years and risk-free rate of 1.3%. The fair value of the common stock warrants was recorded to additional paid-in capital upon issuance. During the year ended December 31, 2013, warrants to purchase 52,481 shares of common stock were exercised, while the other warrants from this arrangement remained outstanding as of December 31, 2013.

Pursuant to the 2013 Note and Warrant Purchase Agreement, dated October 8, 2013, as amended, the Company issued secured subordinated convertible promissory notes, or the 2013 notes, and warrants to purchase common stock, or the 2013 warrants, in an aggregate principal amount of \$19.4 million during the fourth quarter of 2013. The fair value of the warrants of \$2.7 million was classified as a liability and recorded as a discount on debt and will be amortized to interest expense over the loan term. The Company accounts for these warrants as a liability in the financial statements because the number of common stock shares issuable under the common stock warrants is not fixed until exercise. The Company recorded a loss of \$0.4 million and \$0.6 million due to the change in fair value of these warrants for the years ended December 31, 2014 and 2013.

In January 2014, the Company issued warrants to purchase 72,248 shares of common stock in connection with the issuance of the most recent round of the 2013 Notes (Note 8). In February 2014, following the completion of the Company's IPO, all outstanding common stock warrants net exercised into 1,158,443 shares of common stock. In May 2014, warrants to purchase 20,066 shares of common stock were net exercised into 10,613 shares of common stock. In December 2014, the Company issued Essex Capital 44,753 common stock warrants with an exercise price of \$14.40 in connection with the First Amendment to the Loan and Lease Agreement as discussed in Note 7. The fair value was determined to be \$0.4 million upon issuance. The fair value of the warrants upon issuance was determined using a Black-Scholes option-pricing model with the following assumptions: expected volatility of 53%, contractual term of 4 years and risk-free rate of 1.4%. The fair value of the common stock warrants was recorded to additional paid-in capital upon issuance.

14. Stock Option Plan

Equity Incentive Plans

In December 2012, the Company terminated the 2002 Equity Incentive Plan, or the 2002 Plan, and the stockholders approved the 2012 Equity Incentive Plan, or the 2012 Plan. Shares underlying any outstanding stock awards or stock option grants previously awarded remain subject to the terms of the 2002 Plan. Any shares available for grant or any shares canceled or forfeited prior to vesting or exercise subsequent to the termination of the 2002 Plan become available for use under the 2012 Plan. Upon the effectiveness of the 2012 Plan, the Company ceased granting any equity awards under the 2002 Plan.

The 2012 Plan provides for the granting of stock options to employees, consultants and advisors of the Company. Options granted under the Plan may be either incentive stock options or nonqualified stock options. Incentive stock options (ISO) may be granted only to Company employees, including officers and directors who are also employees. Nonqualified stock options (NSO) may be granted to Company employees, consultants and advisors. As of December 31, 2012, the Company has reserved 339,302 shares of common stock for issuance under the 2012 Plan. The amount reserved under the 2012 Plan was increased by the Board during the year ended December 31, 2013 so that there were 202,558 shares of common stock reserved for issuance under the 2012 Plan as of December 31, 2013. Options under the 2012 Plan may be granted for periods of up to 10 years and at prices no less than 85% of the estimated fair value of the shares on the date of grant as determined by the Board of Directors, provided, however, that (i) the exercise price of an ISO and NSO shall not be less than 100% and 85% of the estimated fair value of the shares on the date of grant, and (ii) the exercise price of an ISO and NSO granted to a greater than 10% stockholder shall not be less than 110% of the estimated fair value of the shares on the date of grant. Options granted under the 2012 Plan generally vest over 4 years at a rate of 25% upon the first anniversary of the issuance date and monthly thereafter.

On January 22, 2014, the Company's Board of Directors authorized the adoption of the 2014 Equity Incentive Plan, or 2014 EIP, which became effective after adoption and approval by the Company's stockholders on January 23, 2014. Initially, the aggregate number of shares of common stock that may be issued pursuant to stock awards under the 2014 EIP will not exceed 1,000,000 shares. The number of shares of common stock reserved for issuance under the Company's 2014 EIP will automatically increase on January 1 of each year, beginning on January 1, 2015, and continuing through and including January 1, 2024, by 4% of the total number of shares of the Company's capital stock outstanding on December 31 of the

Notes to Consolidated Financial Statements — (Continued)

preceding calendar year or a lesser number of shares determined by the Company's board of directors. The maximum number of shares that may be issued upon the exercise of ISOs under the Company's 2014 EIP is 2,000,000 shares. The 2014 EIP provides for the grant of incentive stock options, or ISOs, nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based stock awards, and other forms of equity compensation, all of which may be granted to employees, including officers, non-employee directors and consultants of the Company and its affiliates. Additionally, the 2014 EIP provides for the grant of performance cash awards. ISOs may be granted only to employees. All other awards may be granted to employees, including officers, and to non-employee directors and consultants. Under the 2014 EIP, options may be granted with different vesting terms from time to time, but not to exceed 10 years from the date of grant. Upon the effectiveness of the 2014 Plan, the Company ceased granting any equity awards under the 2012 Plan and any cancelled or forfeited shares under the 2012 and 2002 Plan will be retired.

2014 Inducement Plan

On August 26, 2014, the Company's Board of Directors authorized the adoption of the 2014 Inducement Plan, or 2014 IN, which became effective immediately. Stockholder approval of the 2014 IN was not required pursuant to Rule 5635 (c)(4) of the NASDAQ Listing Rules. The 2014 IN reserves 325,000 shares of common stock and provides for the grant of NSOs that will be used exclusively for grants to individuals that were not previously employees or directors of the Company, as an inducement material to the individual's entry into employment with the Company. Under the 2014 IN, options may be granted with different vesting terms from time to time, but not to exceed 10 years from the date of grant.

Under the 2014 EIP and the 2014 IN plan, restricted stock awards typically vest annually over 3 or 4 years, while options typically vest over four years, either with 25% of the total grant vesting on the first anniversary of the option grant date and 1/36th of the remaining grant vesting each month thereafter or 1/48th vesting monthly.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

The following summary of stock option and restricted stock award activity, excluding 2014 IN, for the periods presented is as follows:

	Number of Shares Available for Grant	Number of Shares Underlying Outstanding Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
	(In thousands)				
Balance as of December 31, 2011	24,281	317,551	\$ 3.45	—	\$ —
Options granted	(10,266)	10,266	1.35		
Options exercised	—	(2,530)	2.55		
Options cancelled/forfeited	18,970	(18,970)	2.70		
Balance as of December 31, 2012	32,985	306,317	3.45		
Additional shares reserved	1,080,661	—	—		
Options granted	(992,213)	992,213	8.80		
Options exercised	—	(4,340)	2.55		
Options cancelled/forfeited	81,125	(81,125)	6.42		
Balance as of December 31, 2013	202,558	1,213,065	7.65		
Additional shares reserved	1,000,000	—	—		
Options granted	(728,349)	728,349	30.21		
Awards granted	(212,450)	212,450	—		
Options exercised	—	(238,999)	5.96		
Options cancelled/forfeited	14,600	(14,600)	26.89		
Awards forfeited	4,500	(4,500)	—		
Shares cancelled/retired under 2002/2012 plans	(189,225)	(9,617)	—		
Balance as of December 31, 2014	91,634	1,886,148	\$ 17.90	8.6	\$ 8,645
Vested and expected to vest as of December 31, 2014		1,809,590	\$ 17.94	8.6	\$ 8,573
Exercisable as of December 31, 2014		497,855	\$ 11.29	7.4	\$ 4,011

The intrinsic values of outstanding, vested and exercisable options were determined by multiplying the number of shares by the difference in exercise price of the options and the fair value of the common stock as of December 31, 2014 of \$16.94 per share.

The total intrinsic values of options exercised as of December 31, 2014, 2013 and 2012 of \$2.6 million, \$0.04 million and \$0 were determined by multiplying the number of shares by the difference in exercise price of the options and the fair value of the common stock as of December 31, 2014, 2013, and 2012 of \$16.94, \$11.40 and \$6.90 per share.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

The following table summarizes the stock option activity for the 2014 IN is as follows:

	Number of Shares Available for Grant	Number of Shares Underlying Outstanding Options and Awards	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
	(In thousands)				
Shares reserved	325,000	—	\$ —	0	\$ —
Options granted	(140,125)	140,125	22.52		
Restricted stock awards granted	(43,375)	43,375	—		
Outstanding as of December 31, 2014	<u>141,500</u>	<u>183,500</u>	<u>\$ 22.52</u>	<u>9.7</u>	<u>\$ —</u>
Vested and expected to vest as of December 31, 2014		<u>140,125</u>	<u>\$ 22.52</u>	<u>9.7</u>	<u>\$ —</u>
Exercisable as of December 31, 2014		<u>—</u>	<u>\$ —</u>	<u>0</u>	<u>\$ —</u>

The following table summarizes information with respect to stock options outstanding and currently exercisable as of December 31, 2014 :

<u>Exercise Price</u>	<u>Options Outstanding</u>		<u>Options Exercisable</u>
	<u>Number of Options</u>	<u>Weighted- Average Remaining Contractual Life (In Years)</u>	
\$0.45 - 6.60	141,874	4.49	138,645
\$8.70	627,345	8.36	218,165
\$8.85	3,333	8.76	971
\$9.15	195,930	8.93	42,813
\$15.45 - 22.97	184,308	9.64	14,707
\$24.58 - 31.1	180,833	9.22	12,660
\$32.22	479,300	9.38	69,894
\$32.81 - 33.45	1,800	9.52	—
\$34.00	1,200	9.50	—
\$34.27	2,400	9.32	—
	<u>1,818,323</u>		<u>497,855</u>

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

The following table summarizes information with respect to restricted stock awards outstanding as of December 31, 2014 :

	Number of Awards Available for Grant	Weighted-Average Grant-Date Fair Value	Aggregate Intrinsic Value
			(In thousands)
Outstanding as of December 31, 2013	—	\$ —	\$ —
Granted	255,825	\$ 29.47	
Vested	—	—	
Forfeited	(4,500)	26.89	
Outstanding as of December 31, 2014	251,325	\$ 29.51	\$ 4,257

Stock Options Granted to Employees

During the years ended December 31, 2014 , 2013 and 2012 , the Company granted stock options to employees to purchase shares of common stock with a weighted-average grant date fair value of \$29.31 , \$8.23 and \$1.80 per share. As of December 31, 2014 , 2013 and 2012 , there was total unrecognized compensation cost for outstanding stock options and restricted stock awards of \$19.1 million , \$3.2 million and \$0.03 million to be recognized over a period of approximately 3.0 years , 3.2 years , and 1.8 years , respectively.

The fair value of the employee stock options was estimated using the Black-Scholes option-pricing model the following weighted-average assumptions:

	Year Ended December 31,		
	2014	2013	2012
Expected term (in years)	6.0	6.0	5.9
Expected volatility	57.4%	59.1%	56.9%
Risk-free interest rate	1.9%	1.3%	0.8%
Expected dividend rate	0.0%	0.0%	0.0%

Fair Value of Common Stock . The fair value of the shares of common stock is based on the Company's stock price. Prior to the IPO, the fair value of the shares of common stock underlying the stock options has historically been determined by the Board of Directors. Because there was no public market for the Company's common stock, the Board of Directors has determined fair value of the common stock at the time of grant of the option by considering a number of objective and subjective factors including valuation of comparable companies, sales of convertible preferred stock to unrelated third parties, operating and financial performance, the lack of liquidity of capital stock, and general and industry specific economic outlook, amongst other factors. The fair value of the underlying common stock shall be determined by the Board of Directors until such time as the Company's common stock is listed on an established stock exchange or national market system.

Expected Term . The expected term for employees is based on the simplified method, as the Company's stock options have the following characteristics: (i) granted at-the-money; (ii) exercisability is conditioned upon service through the vesting date; (iii) termination of service prior to vesting results in forfeiture; (iv) limited exercise period following termination of service; and (v) options are non-transferable and non-hedgeable, or "plain vanilla" options, and the Company has limited history of exercise data. The expected term for non-employees is based on the remaining contractual term.

Expected Volatility . Since the Company was a private entity with no historical data regarding the volatility of its common stock, the expected volatility used is based on volatility of a group of similar entities. In evaluating similarity, the Company considered factors such as industry, stage of life cycle and size. The Company will continue to analyze the historical stock price volatility and expected term assumptions as more historical data for the Company's common stock becomes available.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

Risk-Free Interest Rate . The risk-free interest rate is based on U.S. Treasury constant maturity rates with remaining terms similar to the expected term of the options.

Expected Dividend Rate . The Company has never paid any dividends and does not plan to pay dividends in the foreseeable future, and, therefore, used an expected dividend rate of zero in the valuation model.

Forfeitures. The Company is required to estimate forfeitures at the time of grant, and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option forfeitures and record stock based compensation expense only for those awards that are expected to vest. To the extent actual forfeitures differ from the estimates, the difference will be recorded as a cumulative adjustment in the period that the estimates are revised.

Stock Options Granted to Nonemployees

Stock-based compensation expense related to stock options granted to nonemployees is recognized as the stock options are earned. During the years ended December 31, 2014 and 2013, the Company granted options to purchase 13,333 shares and 76,666 shares of common stock to nonemployees with a weighted-average exercise price of \$15.45 and \$8.74 per share.

During the year ended December 31, 2012, the Company did not grant options to purchase shares of common stock to nonemployees; however, grants to non-employee's were made prior to 2012.

Stock-based compensation expense related to stock options granted to nonemployees is recognized as the stock options are earned. The Company believes that the fair value of the stock options is more reliably measurable than the fair value of services received. The fair value of the stock options granted is calculated at each reporting date using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2014	2013	2012
Expected term (in years)	7.3	9.0	6.8
Expected volatility	56.1%	58.8%	57.0%
Risk-free interest rate	2.1%	2.7%	1.2%
Expected dividend rate	0.0%	0.0%	0.0%

2014 Employee Stock Purchase Plan

On January 22, 2014, the Company's board of directors authorized the adoption of the 2014 Employee Stock Purchase Plan, or 2014 ESPP, which became effective after adoption and approval by the Company's stockholders on January 23, 2014. The maximum number of shares of common stock that may be issued under the Company's 2014 ESPP is initially 200,000 shares. The number of shares of common stock reserved for issuance under the Company's 2014 ESPP will automatically increase on January 1 of each year, beginning on January 1 of the year after the closing of our IPO and ending on and including January 1, 2024, by the lesser of (i) 1% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, (ii) 300,000 shares of common stock or (iii) such lesser number of shares of common stock as determined by the Company's board of directors. Shares subject to purchase rights granted under the Company's 2014 ESPP that terminate without having been exercised in full will return to the 2014 ESPP reserve and will not reduce the number of shares available for issuance under the Company's 2014 ESPP. The 2014 ESPP is intended to qualify as an "employee stock purchase plan," or ESPP, under Section 423 of the Internal Revenue Code of 1986 with the purpose of providing employees with an opportunity to purchase the Company's common stock through accumulated payroll deductions. For the year ended December 31, 2014, the Company recorded stock-based compensation expense of \$0.5 million and issued 25,339 shares of common stock to employees under the 2014 ESPP.

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

The fair value of the option component of the shares purchased under the 2014 ESPP was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31, 2014
Expected term (in years)	0.5
Expected volatility	46.8%
Risk-free interest rate	0.1%
Expected dividend rate	—%

Fair Value of Common Stock . The fair value of the shares of common stock is based on the Company's stock price.

Expected Term . The expected term is based on the term of the purchase period under the 2014 ESPP.

Expected Volatility . Since the Company was a private entity with little historical data regarding the volatility of its common stock, the expected volatility used is based on volatility of a group of similar entities. In evaluating similarity, the Company considered factors such as industry, stage of life cycle and size. The Company will continue to analyze the historical stock price volatility and expected term assumptions as more historical data for the Company's common stock becomes available.

Risk-Free Interest Rate . The risk-free interest rate is based on U.S. Treasury constant maturity treasury rates with remaining terms similar to the expected term.

Expected Dividend Rate . The Company has never paid any dividends and does not plan to pay dividends in the foreseeable future, and, therefore, used an expected dividend rate of zero in the valuation model.

Total Stock-Based Compensation

Total stock-based compensation expense related to options granted to employees and nonemployees was allocated as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Research and development	\$ 2,357	\$ 194	\$ 48
Sales, general and administrative	4,173	354	31
Total stock based compensation expense	<u>\$ 6,530</u>	<u>\$ 548</u>	<u>\$ 79</u>

There were no capitalized stock-based compensation costs or recognized stock-based compensation tax benefits during the years ended December 31, 2014 , 2013 , and 2012 .

15. Net Income (Loss) per Share Attributable to Common Stockholders

The following table sets forth the computation of the Company's basic and diluted net income (loss) per share attributable to common stockholders for the years ended December 31, 2014 , 2013 , and 2012 (in thousands, except for share and per share amounts):

	Year Ended December 31,		
	2014	2013	2012
Net loss	\$ (62,917)	\$ (52,448)	\$ (58,259)
Capital contribution on the extinguishment of prior convertible preferred stock	—	74,894	—
Deemed dividend on the issuance of Series E-5 convertible preferred stock	—	(177)	—
Noncumulative dividend on Series E convertible preferred stock	—	(13,878)	—
Undistributed earnings allocated to preferred stockholders	—	(8,133)	—
Net income (loss) attributable to common stockholders, basic	(62,917)	258	(58,259)
Adjustments to net income (loss) for dilutive securities	—	825	—
Net income (loss) attributable to common stockholders, diluted	\$ (62,917)	\$ 1,083	\$ (58,259)
Net income (loss) per share attributable to common stockholders			
Basic	\$ (3.24)	\$ 1.17	\$ (290.48)
Diluted	\$ (3.24)	\$ 1.05	\$ (290.48)
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders:			
Basic	19,391,523	220,220	200,560
Stock options	—	167,655	—
Warrants to purchase common stock	—	641,275	—
Diluted	19,391,523	1,029,150	200,560

The following common stock equivalents were excluded from the computation of diluted net income (loss) per share for the periods presented because including them would have been antidilutive:

	As of December 31,		
	2014	2013	2012
Stock options	1,818,323	—	306,312
Convertible preferred stock	—	8,689,999	1,741,432
Convertible preferred stock warrants	—	184,486	82,262
Common stock warrants	198,662	—	267,166

16. Income Taxes

Since inception, the Company has only generated pretax losses in the United States and has not generated any pretax income or loss outside of the United States. The Company did not record a provision (benefit) for income taxes for the years ended December 31, 2014 and 2013. Significant components of the Company's deferred tax assets as of December 31, 2014 and 2013 consist of the following (in thousands):

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

	Year Ended December 31,	
	2014	2013
Deferred tax assets:		
Net operating loss carryforward	\$ 93,260	\$ 78,169
Accruals and reserves	2,458	1,854
Stock based compensation	1,602	86
Tax credits	2,623	5,760
Fixed and intangible assets	1,771	2,057
Valuation Allowance	(101,714)	(85,488)
Total deferred tax assets	—	2,438
Deferred tax liabilities:		
Debt discount	—	(2,438)
Total deferred tax liabilities	—	(2,438)
Net deferred tax assets	\$ —	\$ —

Reconciliations of the statutory federal income tax (benefit) to the Company's effective tax for the years ended December 31, 2014, 2013, and 2012 are as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Tax (benefit) at statutory federal rate	\$ (21,392)	\$ (17,832)	\$ (19,808)
State Tax (benefit) — net of federal benefit	79	849	(3,398)
Permanent differences	660	3,931	8,887
Debt discount	756	2,888	—
Research and development credits	3,137	(642)	(197)
Other	537	284	51
Change in valuation allowance	16,226	10,522	14,465
Provision for taxes	\$ 3	\$ —	\$ —

A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. The Company has established a valuation allowance to offset deferred tax assets as of December 31, 2014 and 2013 due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets. The valuation allowance for a particular tax jurisdiction shall be allocated between current and non-current deferred tax assets for that tax jurisdiction on a pro-rata basis. Accordingly, the Company has allocated the valuation allowance on a pro-rata basis between current and non-current deferred tax assets. The valuation allowance increased by \$16.2 million and \$10.5 million during the years ended December 31, 2014 and 2013, respectively. The valuation allowance increased primarily due to an increase in the net operating loss carryforwards incurred during the taxable years.

As of December 31, 2014, the Company had net operating loss carryforwards available to reduce future taxable income, if any, for Federal, California, and New Jersey income tax purposes of \$247.1 million, \$158.3 million, and \$174.8 million, respectively. If not utilized, the Federal net operating loss carryforward begin expiring in 2020, the California net operating loss carryforwards began expiring in 2010, and the New Jersey state net operating loss carryforwards begin expiring in 2030. The Company recognizes excess tax benefits associated with the exercise of stock options directly to stockholders' equity only when realized. The net operating loss related deferred tax assets do not include excess tax benefits from employee stock option exercises. As of December 31, 2014, the net operating loss reported as a deferred tax asset does not include approximately \$2.1 million attributable to excess stock option deductions. The Company follows with or without method to determine when such net operating loss has been realized.

As of December 31, 2014, the Company also had research and development credit carryforwards of \$0.4 million and \$4.8 million available to reduce future taxable income, if any, for Federal and California state income tax purposes, respectively. If

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

not utilized, the Federal credit carryforwards will begin expiring in 2023 and the California credit carryforwards have no expiration date.

In general, if the Company experiences a greater than 50 percentage point aggregate change in ownership over a 3-year period (a Section 382 ownership change), utilization of its pre-change NOL carryforwards are subject to an annual limitation under Section 382 of the Internal Revenue Code (California and New Jersey have similar laws). The annual limitation generally is determined by multiplying the value of the Company's stock at the time of such ownership change (subject to certain adjustments) by the applicable long-term tax-exempt rate. Such limitations may result in expiration of a portion of the NOL carryforwards before utilization. The Company determined that an ownership change occurred on April 7, 2004 but that all carryforwards can be utilized prior to the expiration. The Company also determined that an ownership change occurred in February 2014. As a result of the 2014 change, approximately \$1.4 million of federal net operating loss carryforwards and \$4.8 million of federal research and development, or R&D, credits are expected to expire unused. As of December 31, 2014, the Company derecognized \$1.4 million of federal NOLs and \$4.8 million of federal R&D credits. Since the R&D credits for California carry over indefinitely, there was no change to the California R&D credits. In order for the Company to trigger another Section 382 ownership change, the Company would need to experience a greater than 50 percentage point aggregate change in ownership within a three-year period beginning in February 2014. The Company determined that a Section 382 ownership change did not occur upon the June 2014 follow-on public offering.

The ability of the Company to use its remaining NOL carryforwards may be further limited if the Company experiences a Section 382 ownership change in connection with the IPO or as a result of future changes in its stock ownership.

On January 1, 2009, the Company adopted the provisions of FASB's guidance for accounting for uncertain tax positions. The guidance prescribes a comprehensive model for the recognition, measurement, presentation and disclosure in financial statements of any uncertain tax positions that have been taken or expected to be taken on a tax return. The cumulative effect of adopting this guidance did not result in an adjustment to accumulated deficit as of January 1, 2009. No liability related to uncertain tax positions is recorded in the financial statements. It is the Company's policy to include penalties and interest expense related to income taxes as a component of other expense and interest expense as necessary.

The unrecognized tax benefit was \$1.3 million and \$2.3 million at December 31, 2014 and December 31, 2013, respectively. The Company does not expect that its uncertain tax positions will materially change in the next twelve months. No liability related to uncertain tax positions is recorded on the financial statements related to uncertain tax positions. During the year ending December 31, 2014, the amount of unrecognized tax benefits decreased due to limitation of research and development credits for prior periods offset by an increase for additional research and development credits generated during the year. The reversal of the uncertain tax benefits would not impact the Company's effective tax rate to the extent that the Company continues to maintain a full valuation allowance against its deferred tax assets.

The unrecognized tax benefit was as follows (in thousands):

	Unrecognized tax benefits
Balance as of December 31, 2011	\$ 1,912
Additions for current tax positions	100
Balance as of December 31, 2012	2,012
Additions for current tax positions	276
Balance as of December 31, 2013	2,288
Decrease for prior tax positions	(1,216)
Additions for current tax positions	196
Balance as of December 31, 2014	<u>\$ 1,268</u>

The Company does not expect that its uncertain tax positions will materially change in the next twelve months.

The Company files income tax returns in the United States, California, and in New Jersey. The Company is not currently under examination by income tax authorities in federal, state or other jurisdictions. All tax returns will remain open for

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

examination by the federal and state authorities for three and four years, respectively, from the date of utilization of any net operating loss or tax credits.

17. Defined Contribution Plan

The Company sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code covering substantially all employees over the age of 21 years. Contributions made by the Company are voluntary and are determined annually by the Board of Directors on an individual basis subject to the maximum allowable amount under federal tax regulations. The Company has made no contributions to the plan since its inception.

18. Subsequent Events

On January 28, 2015, the Company granted 423,788 stock options and 74,786 restricted stock awards under the 2014 EIP to executive employees. The aggregate grant date fair value is estimated to be \$4.7 million . On January 30, 2015, the Company granted 79,450 stock options and 65,300 restricted stock awards under the 2014 EIP to employees. The aggregate grant date fair value is estimated to be \$1.7 million .

In February 2015, the Company executed the Second Amendment to the Loan and Lease Agreement to extend the term of the facility to no later than April 15, 2015 and increase the purchase price of the IMA Life equipment by \$0.1 million to approximately \$9.8 million . Concurrently with this sale, the Company will lease the IMA Life equipment from Essex Capital for a fixed monthly payment to be paid monthly over 3 years . At the end of the lease, the Company will have the option to purchase the leased equipment for 10% of the original purchase amount.

On February 26, 2015, the Board of Directors of the Company elected Philip J. Vickers, Ph.D. to serve as a member of the Board for the term expiring at the Company's 2015 Annual Meeting of Stockholders and until his successor is duly elected and qualified, or until his earlier death, resignation or removal. On February 26, 2015, Dr. Vickers was also granted an option to purchase 18,000 shares of common stock under the 2014 EIP with an exercise price equal to \$16.46 and an estimated aggregate grant date fair value of \$0.1 million . The option will vest on the one year anniversary of the date of grant, subject to Dr. Vickers' continued service as a director through the vesting date.

On March 4, 2015, the Company entered into an at the market issuance Sales Agreement with Cowen and Company, LLC under which the Company may offer and sell, from time to time and at its sole discretion, shares of its common stock having an aggregate offering price of up to \$50 million . The Company will pay Cowen a commission of up to 3.0% of the gross sales proceeds of any common stock sold through Cowen under the Sales Agreement. The Company has also provided Cowen with customary indemnification rights.

19. Quarterly Results of Operations (Unaudited)

The following amounts are in thousands, except per share amounts:

REVANCE THERAPEUTICS, INC.

Notes to Consolidated Financial Statements — (Continued)

	For the Quarters Ended			
	March 31,	June 30,	September 30,	December 31,
	2014			
Revenue	\$ 158	\$ 75	\$ 75	\$ 75
Net loss	\$ (21,426)	\$ (13,302)	\$ (13,977)	\$ (14,212)
Net income (loss) attributable to common stockholders:				
Basic	\$ (21,426)	\$ (13,302)	\$ (13,977)	\$ (14,212)
Diluted	\$ (21,426)	\$ (13,302)	\$ (13,977)	\$ (14,212)
Net income (loss) per share attributable to common stockholders:				
Basic	\$ (1.93)	\$ (0.69)	\$ (0.60)	\$ (0.60)
Diluted	\$ (1.93)	\$ (0.69)	\$ (0.60)	\$ (0.60)
	2013			
Revenue	\$ 75	\$ 75	\$ 158	\$ 309
Net loss	\$ (21,657)	\$ (11,829)	\$ (8,879)	\$ (10,083)
Net income (loss) attributable to common stockholders:				
Basic	\$ 5,216	\$ (15,750)	\$ (12,789)	\$ (13,987)
Diluted	\$ 13,307	\$ (15,750)	\$ (12,789)	\$ (13,987)
Net income (loss) per share attributable to common stockholders:				
Basic	\$ 25.54	\$ (75.25)	\$ (55.90)	\$ (53.63)
Diluted	\$ 21.00	\$ (75.25)	\$ (55.90)	\$ (47.11)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of California on the 4th day of March, 2015.

REVANCE THERAPEUTICS, INC.

By: /s/ L. Daniel Browne
 L. Daniel Browne
 President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints L. Daniel Browne and Lauren P. Silvernail, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ L. Daniel Browne</u> L. Daniel Browne	President, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	March 4, 2015
<u>/s/ Lauren P. Silvernail</u> Lauren P. Silvernail	Executive Vice President, Corporate Development and Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	March 4, 2015
<u>/s/ Angus C. Russell</u> Angus C. Russell	Director, Chairman	March 4, 2015
<u>/s/ Robert Byrnes</u> Robert Byrnes	Director	March 4, 2015
<u>/s/ Ronald W. Eastman</u> Ronald W. Eastman	Director	March 4, 2015
<u>/s/ Phyllis Gardner</u> Phyllis Gardner, M.D.	Director	March 4, 2015

Table of Contents

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James Glasheen</u> James Glasheen, Ph.D.	Director	March 4, 2015
<u>/s/ Mark A. Prygocki, Sr.</u> Mark A. Prygocki, Sr.	Director	March 4, 2015
<u>/s/ Jonathan Tunncliffe</u> Jonathan Tunncliffe	Director	March 4, 2015
<u>/s/ Philip J. Vickers</u> Philip J. Vickers, Ph.D.	Director	March 4, 2015
<u>/s/ Ronald Wooten</u> Ronald Wooten	Director	March 4, 2015

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	File No.	Incorporated by Reference	Exhibit Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation	8-K	001-36297	3.1	February 11, 2014	
3.2	Amended and Restated Bylaws	S-1	333-193154	3.4	December 31, 2013	
4.1	Amended and Restated Investor Rights Agreement, effective as of February 5, 2014, among Revance Therapeutics, Inc. and certain of its stockholders	S-1/A	333-193154	4.3	January 27, 2014	
4.2	Form of Common Stock Certificate	S-1/A	333-193154	4.4	February 3, 2014	
10.1 *	Revance Therapeutics, Inc. 2002 Equity Incentive Plan	S-1	333-193154	10.1	December 31, 2013	
10.2 *	Form of Stock Option Agreement and Option Grant Notice for Revance Therapeutics, Inc. 2002 Equity Incentive Plan	S-1	333-193154	10.2	December 31, 2013	
10.3 *	Revance Therapeutics, Inc. Amended and Restated 2012 Equity Incentive Plan	S-1	333-193154	10.3	December 31, 2013	
10.4 *	Form of Stock Option Agreement and Option Grant Notice for Revance Therapeutics, Inc. Amended and Restated 2012 Equity Incentive Plan	S-1	333-193154	10.4	December 31, 2013	
10.5 *	Revance Therapeutics, Inc. 2014 Equity Incentive Plan	S-1/A	333-193154	10.5	January 27, 2014	
10.6 *	Form of Restricted Stock Unit Award Agreement and Grant Notice, Stock Option Agreement and Grant Notice, and Restricted Stock Bonus Agreement and Grant Notice for Revance Therapeutics, Inc. 2014 Equity Incentive Plan	10-Q	001-36297	10.6	May 14, 2014	
10.7 *	Revance Therapeutics, Inc. 2014 Employee Stock Purchase Plan	S-1/A	333-193154	10.7	January 27, 2014	
10.8 *	Form of Indemnity Agreement by and between Revance Therapeutics, Inc. and each of its officers and directors	S-1/A	333-193154	10.8	January 27, 2014	
10.9	Lease Agreement dated March 31, 2008 by and between Revance Therapeutics, Inc. and BMR-Gateway Boulevard LLC	S-1	333-193154	10.9	December 31, 2013	
10.10	First Amendment to Office Lease dated April 7, 2008 by and between Revance Therapeutics, Inc. and BMR-Gateway Boulevard LLC	S-1	333-193154	10.1	December 31, 2013	
10.11	Second Amendment to Office Lease and Lease dated May 17, 2010 by and between Revance Therapeutics, Inc. and BMR-Gateway Boulevard LLC	S-1	333-193154	10.11	December 31, 2013	
10.12	Third Amendment to Lease, dated February 26, 2014 by and between Revance Therapeutics, Inc. and BMR-Gateway Boulevard LLC	8-K	001-36297	10.35	March 4, 2014	
10.13	Loan and Security Agreement dated September 20, 2011 between Revance Therapeutics, Inc. and Hercules Technology Growth Capital, Inc.	S-1	333-193154	10.12	December 31, 2013	
10.14	Amendment No. 1 to Loan and Security Agreement dated October 8, 2012 between Revance Therapeutics, Inc. and Hercules Technology Growth Capital, Inc.	S-1	333-193154	10.13	December 31, 2013	

Table of Contents

10.15	Amendment No. 2 to Loan and Security Agreement dated December 17, 2013 between Revance Therapeutics, Inc. and Hercules Technology Growth Capital, Inc.	S-1/A	333-193154	10.14	January 27, 2014
10.16	Settlement and Termination Agreement dated October 8, 2012 between Revance Therapeutics, Inc. and Medicis Pharmaceutical Corporation	S-1	333-193154	10.14	December 31, 2013
10.17+	License and Service Agreement dated February 8, 2007 between Revance Therapeutics, Inc. and List Biological Laboratories, Inc.	S-1	333-193154	10.15	December 31, 2013
10.18+	First Addendum to the License and Service Agreement dated April 21, 2009 between Revance Therapeutics, Inc. and List Biological Laboratories, Inc.	S-1	333-193154	10.16	December 31, 2013
10.19+	Development, Manufacturing and Supply Agreement dated April 30, 2010 between Revance Therapeutics, Inc. and Duoject Medical Systems Inc.	S-1	333-193154	10.17	December 31, 2013
10.20+	Development and Supply Agreement dated December 11, 2009 between Revance Therapeutics, Inc. and Hospira Worldwide, Inc.	S-1	333-193154	10.18	December 31, 2013
10.21+	First Amendment to Development and Supply Agreement dated May 29, 2013 between Revance Therapeutics, Inc. and Hospira Worldwide, Inc.	S-1	333-193154	10.2	December 31, 2013
10.22+	Manufacture and Development Agreement dated May 20, 2013 between Revance Therapeutics, Inc. and American Peptide Company, Inc.	S-1	333-193154	10.19	December 31, 2013
10.23	Loan and Lease Agreement dated as of December 20, 2013 by and between Revance Therapeutics, Inc. and Essex Capital Corporation	S-1	333-193154	10.21	December 31, 2013
10.24	First Amendment to Loan and Lease Agreement, dated December 17, 2014, by and between Revance Therapeutics, Inc. and Essex Capital Corporation	8-K	001-36297	10.1	December 22, 2014
10.25	Second Amendment to Loan and Lease Agreement, dated February 26, 2015, by and between Revance Therapeutics, Inc. and Essex Capital Corporation				X
10.26 *	Revance Therapeutics, Inc. Executive Severance Benefit Plan	S-1	333-193154	10.22	December 31, 2013
10.27*	Revance Therapeutics, Inc. Non-Employee Director Compensation Policy	S-1/A	333-193154	10.24	January 27, 2014
10.28*	Revance Therapeutics, Inc. 2014 Management Bonus Plan	10-K	001-36297	10.26	March 28, 2014
10.29*	Revance Therapeutics, Inc. 2014 Inducement Plan, as amended	10-Q	001-36297	10.1	November 13, 2014
10.30*	Form of Stock Option Agreement and Grant Notice under Revance Therapeutics, Inc. 2014 Inducement Plan	8-K	001-36297	10.38	August 29, 2014
10.31*	Form of Restricted Stock Agreement and Grant Notice under Revance Therapeutics, Inc. 2014 Inducement Plan	8-K	001-36297	10.39	August 29, 2014
10.32*	Executive Employment Agreement dated December 30, 2013 by and between Revance Therapeutics, Inc. and L. Daniel Browne	S-1/A	333-193154	10.25	January 27, 2014

Table of Contents

10.33*	Executive Employment Agreement dated January 13, 2014 by and between Revance Therapeutics, Inc. and Jacob Waugh	S-1/A	333-193154	10.26	January 27, 2014
10.34*	Executive Employment Agreement dated December 31, 2013 by and between Revance Therapeutics, Inc. and Lauren Silvernail	S-1/A	333-193154	10.27	January 27, 2014
10.35*	Executive Employment Agreement dated December 20, 2013 by and between Revance Therapeutics, Inc. and Curtis Ruegg	S-1/A	333-193154	10.28	January 27, 2014
10.36*	Executive Employment Agreement dated September 2, 2014 by and between Revance Therapeutics, Inc. and Arthur P. Bertolino	10-Q	001-36297	10.2	November 13, 2014
10.37*	Offer Letter dated March 3, 2014 by and between Revance Therapeutics, Inc. and Angus C. Russell	10-K	001-36297	10.31	March 28, 2014
10.38	Form of Warrant to Purchase Shares of Stock with Essex Capital Corporation	S-1/A	333-193154	10.31	January 27, 2014
10.39	Form of Warrant to Purchase Shares of Stock with Essex Capital Corporation	S-1/A	333-193154	10.32	January 27, 2014
10.40	Warrant to Purchase Capital Stock, dated December 20, 2014, issued to Essex Capital Corporation				X
10.41	Form of Warrant to Purchase Shares of Stock with Hercules Technology Growth Capital, Inc.	S-1/A	333-193154	10.34	January 27, 2014
10.42	Sales Agreement, dated March 4, 2015, by and between Revance Therapeutics, Inc. and Cowen and Company, LLC				X
21.1	List of Subsidiaries of the Registrant	10-K	001-36297	21.1	March 28, 2014
23.1	Consent of Independent Registered Public Accounting Firm				X
24.1	Power of Attorney (contained in the signature page to this Annual Report on Form 10-K)				X
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) promulgated under the Exchange Act				X
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) promulgated under the Exchange Act				X
32.1†	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2†	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS**	XBRL Instance Document				X
101.SCH**	XBRL Taxonomy Extension Schema Document				X
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB**	XBRL Taxonomy Extension Labels Linkbase Document				X

101.PRE** XBRL Taxonomy Extension Presentation Linkbase
Document

X

- * Indicates a management contract or compensatory plan or arrangement.
- + Confidential treatment has been granted for portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.
- † The certifications attached as Exhibit 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Revance Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.
- ** Users of this data are advised that, pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under these sections.

**SECOND AMENDMENT TO
LOAN AND LEASE AGREEMENT**

This Second Amendment (the “**Second Amendment**”) to Loan and Lease Agreement is entered into as of February 26, 2015 (the “**Second Amendment Effective Date**”) by and between ESSEX CAPITAL CORPORATION (“**Essex**”) and REVANCE THERAPEUTICS, INC. (“**Company**”).

RECITALS

WHEREAS, Company and Essex are parties to that certain Loan and Lease Agreement dated as of December 20, 2013, as amended by the First Amendment dated December 17, 2014 (collectively, the “**Agreement**”);

WHEREAS, Company and Essex now desire to amend the Agreement as stated herein;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Unless otherwise defined, all initially capitalized terms used in this Second Amendment shall be as defined in the Agreement.
2. The parties hereby agree that Section 5 in the First Amendment dated December 17, 2014, is hereby deleted in its entirety and replaced with the following:

“No later than April 15, 2015, Company will sell, and Essex will purchase all of such Ima Life Equipment. The purchase price for the Ima Life Equipment (the “Purchase Price”) shall be equal to the total aggregate agreement amount invoiced to Company by Ima Life and actually paid by Company to Ima Life with respect to such Ima Life Equipment; provided, however, that such Purchase Price shall not exceed \$9,831,047.66. Essex shall pay the Purchase Price by delivering good funds via wire transfer. Except as modified hereby, the terms and conditions of the Agreement shall apply with respect to the sale of the Ima Life Equipment.”
3. The Agreement, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects.
4. In the event of conflict between the terms and conditions of the Agreement and the terms and conditions of this Second Amendment, the terms and conditions relating to the subject matter of this Second Amendment will control.
5. This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the undersigned have executed this Second Amendment as of the Second Amendment Effective Date.

REVANCE THERAPEUTICS, INC.

By: /s/ L. Daniel Browne

Name: L. Daniel Browne

Title: President & CEO

ESSEX CAPITAL CORPORATION

By: /s/ Ralph T. Iannelli

Name: Ralph T. Iannelli

Title: President

THIS WARRANT AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES UNDER THE ACT OR A VALID EXEMPTION THEREFROM.

REVANCE THERAPEUTICS, INC.

WARRANT TO PURCHASE CAPITAL STOCK

No. EPW-03 December 20, 2014

THIS CERTIFIES THAT, for value received, **ESSEX CAPITAL CORPORATION**, with its principal office at 1486 East Valley Road, 2nd Floor, Santa Barbara, California 93108, or assigns (the "Holder"), is entitled to subscribe for and purchase at the Exercise Price (defined below) from Revance Therapeutics, Inc., a Delaware corporation (the "Company"), with its principal office at 7555 Gateway Boulevard, Newark, California 94560, the Exercise Shares (defined below). This Warrant is being issued in connection with that certain Loan and Lease Agreement dated as of December 20, 2013, as amended by the First Amendment to Loan and Lease Agreement dated the date hereof (the "Effective Date") between Holder and Company (as so amended, the "Agreement").

1. DEFINITIONS. As used herein, the following terms shall have the following respective meanings:

(a) "Exercise Period" shall mean the period commencing with the date of this warrant and ending on the Expiration Date, unless terminated earlier in accordance with the terms hereof.

(b) "Exercise Price" shall mean \$14.40 per Exercise Share; provided further that the Exercise Price is subject to further adjustment pursuant to Section 5 below.

(c) "Exercise Shares" shall mean 44,753 shares of Warrant Stock, subject to further adjustment pursuant to Section 5 below.

(d) "Expiration Date" shall mean the fifth anniversary of the Effective Date, subject to early termination pursuant to Section 7 below.

(e) "Investor Rights Agreement" shall mean the Amended and Restated Investor Rights Agreement dated February 5, 2014, among the Company and the investors named therein, as further amended from time to time.

(f) "Warrant Stock" shall mean the Company's Common Stock.

2. EXERCISE OF WARRANT. The rights represented by this Warrant may be exercised in whole or in part at any time during the Exercise Period, by delivery of the following

1.

to the Company at its address set forth above (or at such other address as it may designate by notice in writing to the Holder):

- (a) An executed Notice of Exercise in the form attached hereto;
- (b) Payment of the Exercise Price either (i) in cash or by check, (ii) by cancellation of indebtedness, or (iii) through a net exercise pursuant to Section 2.1 below; and
- (c) This Warrant.

Upon the exercise of the rights represented by this Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates, shall be issued and delivered to the Holder within a reasonable time after the rights represented by this Warrant shall have been so exercised. In the event the Warrant is not exercised in full, the Company, at its expense, will forthwith issue and deliver to or upon the order of the Holder a new Warrant or Warrants of like tenor, in the name of the Holder or as the Holder may request, exercisable for the number of Exercise Shares equal (without giving effect to any adjustment therein) to the total number of such Exercise Shares for which this Warrant is then exercisable minus the number of Exercise Shares (without giving effect to any adjustment therein) for which this Warrant shall have been exercised.

The person or entity in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was surrendered and payment of the Exercise Price was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

2.1 Net Exercise . Notwithstanding any provisions herein to the contrary, if the fair market value of one Exercise Share is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant by payment of cash, the Holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company together with the properly endorsed Notice of Exercise in which event the Company shall issue to the Holder a number of Exercise Shares computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of Exercise Shares to be issued to the Holder

Y = the number of Exercise Shares purchasable under the Warrant or, if only a portion of the Warrant is being exercised, that portion of the Warrant being canceled (at the date of such calculation)

A = the fair market value of one Exercise Share (at the date of such calculation)

B = Exercise Price (as adjusted to the date of such calculation)

For purposes of the above calculation, the fair market value per share shall be determined as follows:

(i) if traded on a securities exchange, the fair market value shall be the average of the closing prices over a five (5) day period ending three (3) days before the day the current fair market value of the securities is being determined;

(ii) if actively traded over-the-counter, the fair market value shall be the average of the closing bid and asked prices quoted on the NASDAQ system (or similar system) over the five (5) day period ending three (3) days before the day the current fair market value of the securities is being determined; or

(iii) if not listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market, the fair market value shall be determined in good faith by the Company's Board of Directors.

2.2 [Intentionally Omitted]

2.3 Automatic Exercise . Notwithstanding anything to the contrary herein, if any portion of this Warrant has not been exercised as of immediately prior to the expiration of the Exercise Period, and the fair market value of one Exercise Share is greater than the Exercise Price as of such time, any such unexercised portion of this Warrant shall automatically be deemed to be exercised in full pursuant to the provisions of Section 2.1 hereof, without any further action on behalf of the Holder, immediately prior to the time this Warrant would otherwise expire pursuant to the terms of this Warrant.

3. COVENANTS OF THE COMPANY.

3.1 Exercise Shares. The Company covenants and agrees that all Exercise Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issuance thereof. The Company further covenants and agrees that the Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of this Warrant, and free from pre-emptive rights, a number of Exercise Shares equal to the total number of Exercise Shares from time to time issuable upon exercise of this Warrant, and, from time to time, will take all steps necessary to amend its Certificate of Incorporation to provide sufficient reserves of Exercise Shares issuable upon exercise of this Warrant.

3.2 [Intentionally Omitted] .

4. REPRESENTATIONS OF HOLDER.

4.1 Acquisition of Warrant for Personal Account. The Holder represents and warrants that it is acquiring the Warrant and the Exercise Shares solely for its account for investment and not with a view to or for sale or distribution of said Warrant or Exercise Shares or any part thereof. The Holder also represents that the entire legal and beneficial interests of the Warrant and Exercise Shares the Holder is acquiring is being acquired for its account only.

4.2 Securities Are Not Registered.

(a) The Holder understands that the Warrant and the Exercise Shares have not been registered under the Securities Act of 1933, as amended (the "Act") on the basis that no distribution or public offering of the stock of the Company is to be effected. The Holder realizes that the basis for the exemption may not be present if, notwithstanding its representations, the Holder has a present intention of acquiring the securities for a fixed or determinable period in the future, selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the securities. The Holder has no such present intention.

(b) The Holder recognizes that the Warrant and the Exercise Shares must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. The Holder recognizes that the Company has no obligation to register the Warrant or the Exercise Shares of the Company, or to comply with any exemption from such registration, except as may be provided for in the Investor Rights Agreement.

(c) The Holder is aware that neither the Warrant nor the Exercise Shares may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met, including, among other things, the availability of certain current public information about the Company, the resale following the required holding period under Rule 144 and the number of shares being sold during any three month period not exceeding specified limitations.

4.3 Disposition of Warrant and Exercise Shares.

(a) The Company and the Holder agree that the Warrant and the Exercise Shares will be subject to any applicable restrictions on transfer set forth in Section 2.1 of the Investor Rights Agreement. No such restrictions shall apply to a transfer, in whole or in part, (i) to an assignee of any Lease executed pursuant to the Agreement, (ii) to up to a total of ten (10) persons or entities that provide financing for any of the Leases (each, a "Funding Party") or (iii) to an Affiliated Entity (as defined in the Investor Rights Agreement) of a Funding Party. Provided, however, neither this Warrant nor any rights hereunder may be assigned, conveyed or transferred, in whole or in part, to any person who does not qualify as an "accredited investor" within the meaning of Regulation D promulgated under the Act.

(b) The Holder understands and agrees that all certificates evidencing the shares to be issued to the Holder may bear the following legend:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF

AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER THE ACT OR A VALID EXEMPTION THEREFROM.

4.4 Accredited Investor Status. The Holder is an “accredited investor” as defined in Regulation D promulgated under the Act.

5. ADJUSTMENT OF EXERCISE PRICE.

5.1 Changes in Securities. In the event of changes in the outstanding Common Stock of the Company by reason of stock dividends, splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, consolidation, merger, liquidations, or the like, the number and class of shares available under the Warrant in the aggregate and the Exercise Price shall be correspondingly adjusted to give the Holder of the Warrant, on exercise for the same aggregate Exercise Price, the total number, class, and kind of shares as the Holder would have owned had the Warrant been exercised prior to the event and had the Holder continued to hold such shares until after the event requiring adjustment; provided, however, that such adjustment shall not be made with respect to, and this Warrant shall terminate if not exercised prior to, the events set forth in Section 7 below. The form of this Warrant need not be changed because of any adjustment in the number of Exercise Shares subject to this Warrant.

5.2 Continuation of Terms. Subject to Section 7, upon any reorganization, consolidation or merger (and any liquidation following any such event) referred to in this Section 5, this Warrant shall continue in full force and effect and the terms hereof shall be applicable to the shares of stock and other securities and property receivable on the exercise of this Warrant after the consummation of such reorganization, consolidation or merger, or the effective date of liquidation following any such event, as the case may be, and shall be binding upon the issuer of any stock or other securities in such event, whether or not such person shall have expressly assumed the terms of this Warrant.

6. FRACTIONAL SHARES. No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Exercise Shares (including fractions) issuable upon exercise of this Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value of an Exercise Share by such fraction.

7. [Intentionally Omitted] .

8. MARKET STAND-OFF AGREEMENT. Holder agrees that the market stand-off agreement in Section 2.11 of the Investor Rights Agreement shall apply to the Warrant and the Exercise Shares.

9. NO STOCKHOLDER RIGHTS. This Warrant in and of itself shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company.

10. LOST, STOLEN, MUTILATED OR DESTROYED WARRANT. If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

11. NOTICES, ETC. All notices and other communications required or permitted hereunder shall be in writing and shall be sent by telex, telegram, express mail or other form of rapid communications, if possible, and if not then such notice or communication shall be mailed by first-class mail, postage prepaid, addressed in each case to the party entitled thereto at the following addresses: (a) if to the Company, to Revance Therapeutics, Inc., Attention: Chief Financial Officer, 7555 Gateway Boulevard, Newark, CA 94560 and (b) if to the Holder, to the address stated herein, or at such other address as one party may furnish to the other in writing. Notice shall be deemed effective on the date dispatched if by personal delivery, telecopy, telex or telegram, two days after mailing if by express mail, or three days after mailing if by first-class mail. In the event of any Acquisition Event, the Company shall provide to the Holder ten (10) days advance notice of such Acquisition Event.

12. ACCEPTANCE. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. AMENDMENT. Any term of this Warrant may be amended or waived with the written consent of the Company and the Holder.

14. GOVERNING LAW. This Warrant and all rights, obligations and liabilities hereunder shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California without giving effect to conflicts of laws principles.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF , the Company has caused this Warrant to be executed by its duly authorized officer as of the first date set forth above.

REVANCE THERAPEUTICS , INC.

By: /s/ L. Daniel Browne

Name: L. Daniel Browne

Title: President and Chief Executive Officer

NOTICE OF EXERCISE

TO: REVANCE THERAPEUTICS, INC.

(1) The undersigned hereby elects to purchase _____ shares of Common Stock of Revance Therapeutics, Inc. (the “*Company*”) pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full.

The undersigned hereby elects to purchase _____ shares of _____ Stock of the Company pursuant to the terms of the net exercise provisions set forth in Section 2.1 of the attached Warrant.

(2) Please issue a certificate or certificates representing said shares of stock in the name of the undersigned or in such other name as is specified below:

(Name) _____

_____ (Address)

(3) The undersigned represents that (i) the aforesaid shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares; (ii) the undersigned is aware of the Company’s business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision regarding its investment in the Company; (iii) undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned’s own interests; (iv) undersigned understands that the shares issuable upon exercise of this Warrant have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), by reason of a specific exemption from the registration provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available; (v) undersigned is aware that the aforesaid shares may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until the undersigned has held the shares for the number of years prescribed by Rule 144; (vi) undersigned agrees not to make any disposition of all or any part of the aforesaid shares unless and until there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with said registration statement, unless an exemption from such registration is then available; and (vii) undersigned agrees to continue to be bound by the terms of the Warrant, including the market stand-off agreement in Section 8.

Date: _____

By: _____

Name: _____

REVANCE THERAPEUTICS, INC.

\$50,000,000

COMMON STOCK
SALES AGREEMENT

March 4, 2015

Cowen and Company, LLC
599 Lexington Avenue
New York, NY 10022

Ladies and Gentlemen:

Revance Therapeutics, Inc., a Delaware corporation (the “**Company**”), confirms its agreement (this “**Agreement**”) with Cowen and Company, LLC (“**Cowen**”), as follows:

1. **Issuance and Sale of Shares**. The Company agrees that, from time to time during the term of this Agreement, on the terms and subject to the conditions set forth herein, it may issue and sell through Cowen, acting as agent and/or principal, shares of the Company’s common stock, par value \$0.001 per share (the “**Common Stock**”), having an aggregate offering price of up to \$50,000,000 (the “**Placement Shares**”). Notwithstanding anything to the contrary contained herein, the parties hereto agree that compliance with the limitation set forth in this **Section 1** on the number of shares of Common Stock issued and sold under this Agreement shall be the sole responsibility of the Company, and Cowen shall have no obligation in connection with such compliance. The issuance and sale of Common Stock through Cowen will be effected pursuant to the Registration Statement (as defined below) to be filed by the Company and after such Registration Statement has been declared effective by the Securities and Exchange Commission (the “**Commission**”), although nothing in this Agreement shall be construed as requiring the Company to use the Registration Statement (as defined below) to issue the Common Stock.

On the date of this Agreement, the Company has filed, or will file, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the “**Securities Act**”), with the Commission a registration statement on Form S-3, including a base prospectus, relating to certain securities, including the Placement Shares, to be issued from time to time by the Company, and which incorporates by reference documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the “**Exchange Act**”). The Company has prepared a prospectus specifically relating to the Placement Shares included as part of such registration statement (the “**Base Prospectus**”). The Company will furnish to Cowen, for use by Cowen, copies of the prospectus included as part of such registration statement relating to the Placement Shares. Except where the context otherwise requires, such registration statement, as amended when it became effective, including all documents filed as part thereof or incorporated by reference therein, and including any information contained in a Prospectus (as defined below) subsequently filed with the Commission pursuant to Rule 424(b) under the Securities Act or deemed

to be a part of such registration statement pursuant to Rule 430B or 462(b) of the Securities Act, is herein called the “**Registration Statement**.” The Base Prospectus, including all documents incorporated therein by reference, included in the Registration Statement, as it may be supplemented by any prospectus supplement, in the form in which such Base Prospectus and/or prospectus supplement have most recently been filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act, together with any “issuer free writing prospectus,” as defined in Rule 433 of the Securities Act (“**Rule 433**”), relating to the Placement Shares that (i) is required to be filed with the Commission by the Company or (ii) is exempt from filing pursuant to Rule 433(d)(5)(i), in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433 (g), is herein called the “**Prospectus**.” Any reference herein to the Registration Statement, the Prospectus or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated by reference therein, and any reference herein to the terms “amend,” “amendment” or “supplement” with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein. For purposes of this Agreement, all references to the Registration Statement, the Prospectus or to any amendment or supplement thereto shall be deemed to include any copy filed with the Commission pursuant to the Electronic Data Gathering Analysis and Retrieval System or any successor thereto (collectively “**EDGAR**”).

2. **Placements**. Each time that the Company wishes to issue and sell the Placement Shares hereunder (each, a “**Placement**”), it will notify Cowen by email notice (or other method mutually agreed to in writing by the parties) (a “**Placement Notice**”) containing the parameters in accordance with which it desires the Placement Shares to be sold, which shall at a minimum include the number of Placement Shares, the time period during which sales are requested to be made, any limitation on the number of Placement Shares that may be sold in any one Trading Day (as defined in **Section 3**) and any minimum price below which sales may not be made, a form of which containing such minimum sales parameters necessary is attached hereto as **Schedule 1**. The Placement Notice shall originate from any of the individuals from the Company set forth on **Schedule 2** attached hereto (with a copy to each of the other individuals from the Company listed on such schedule), and shall be addressed to each of the individuals from Cowen set forth on **Schedule 2**, as such **Schedule 2** may be amended from time to time. The Placement Notice shall be effective upon receipt by Cowen unless and until (i) in accordance with the notice requirements set forth in **Section 4**, Cowen declines to accept the terms contained therein for any reason, in its sole discretion, (ii) the entire amount of the Placement Shares have been sold, (iii) in accordance with the notice requirements set forth in **Section 4**, the Company suspends or terminates the Placement Notice, (iv) the Company issues a subsequent Placement Notice with parameters superseding those on the earlier dated Placement Notice, or (v) this Agreement has been terminated under the provisions of **Section 11**. The amount of any discount, commission or other compensation to be paid by the Company to Cowen in connection with the sale of the Placement Shares shall be calculated in accordance with the terms set forth in **Schedule 3**. It is expressly acknowledged and agreed that neither the Company nor Cowen will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to Cowen and Cowen does not decline such Placement Notice pursuant to the terms set forth above, and then only upon

the terms specified therein and herein. In the event of a conflict between the terms of this Agreement and the terms of a Placement Notice, the terms of the Placement Notice will control.

3. Sale of Placement Shares by Cowen. Subject to the terms and conditions herein set forth, upon the Company's issuance of a Placement Notice, and unless the sale of the Placement Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement, Cowen, for the period specified in the Placement Notice, will use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable state and federal laws, rules and regulations and the rules of The NASDAQ Global Market (" Nasdaq ") to sell such Placement Shares up to the amount specified in such Placement Notice, and otherwise in accordance with the terms of such Placement Notice. Cowen will provide written confirmation to the Company (including by email correspondence to each of the individuals of the Company set forth on Schedule 2 , if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply) no later than the opening of the Trading Day (as defined below) immediately following the Trading Day on which it has made sales of Placement Shares hereunder setting forth the number of Placement Shares sold on such day, the compensation payable by the Company to Cowen pursuant to Section 2 with respect to such sales, and the Net Proceeds (as defined below) payable to the Company, with an itemization of the deductions made by Cowen (as set forth in Section 5(a)) from the gross proceeds that it receives from such sales. Subject to the terms of a Placement Notice, Cowen may sell Placement Shares by any method permitted by law deemed to be an "at the market" offering as defined in Rule 415 of the Securities Act, including without limitation sales made through Nasdaq, on any other existing trading market for the Common Stock or to or through a market maker. If expressly authorized by the Company in a Placement Notice, Cowen may also sell Placement Shares in negotiated transactions. Notwithstanding the provisions of Section 6(nn) , Cowen shall not purchase Placement Shares for its own account as principal unless expressly authorized to do so by the Company in a Placement Notice. The Company acknowledges and agrees that (i) there can be no assurance that Cowen will be successful in selling Placement Shares, and (ii) Cowen will incur no liability or obligation to the Company or any other person or entity if it does not sell Placement Shares for any reason other than a failure by Cowen to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Placement Shares as required under this Section 3 . For the purposes hereof, "Trading Day " means any day on which the Company's Common Stock is purchased and sold on the principal market on which the Common Stock is listed or quoted. During the term of this Agreement, neither Cowen nor any of its affiliates or subsidiaries shall engage in (i) any short sale of any security of the Company, (ii) any sale of any security of the Company that Cowen does not own or any sale which is consummated by the delivery of a security of the Company borrowed by, or for the account of, Cowen or (iii) any market-making, bidding, stabilization or other trading activity with respect to the Common Stock or related derivative securities if such activity described in clauses (i), (ii) or (iii) is prohibited under Regulation M or other anti-manipulation rules under the Securities Act.

4. Suspension of Sales .

(a) The Company or Cowen may, upon notice to the other party in writing (including by email correspondence to each of the individuals of the other party set forth on Schedule 2 , if receipt of such correspondence is actually acknowledged by any of the individuals to whom the

notice is sent, other than via auto-reply) or by telephone (confirmed immediately by verifiable facsimile transmission or email correspondence to each of the individuals of the other party set forth on **Schedule 2**), suspend any sale of Placement Shares; *provided, however*, that such suspension shall not affect or impair either party's obligations with respect to any Placement Shares sold hereunder prior to the receipt of such notice. Each of the Parties agrees that no such notice under this **Section 4** shall be effective against the other unless it is made to one of the individuals named on **Schedule 2** hereto, as such schedule may be amended in writing from time to time.

(b) Notwithstanding any other provision of this Agreement, during any period in which the Company is in possession of material non-public information, the Company and Cowen agree that (i) no sale of Placement Shares will take place, (ii) the Company shall not request the sale of any Placement Shares, and (iii) Cowen shall not be obligated to sell or offer to sell any Placement Shares.

(c) If either Cowen or the Company has reason to believe that the exemptive provisions set forth in Rule 101(c) (1) of Regulation M under the Exchange Act are not satisfied with respect to the Common Stock, it shall promptly notify the other party, and Cowen may, at its sole discretion, suspend sales of the Placement Shares under this Agreement. Cowen shall calculate on a weekly basis the average daily trading volume (as defined by Rule 100 of Regulation M under the Exchange Act) of the Common Stock.

5. Settlement.

(a) Settlement of Placement Shares. Unless otherwise specified in the applicable Placement Notice, settlement for sales of Placement Shares will occur on the third (3rd) Trading Day (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made (each, a "**Settlement Date**" and the first such settlement date, the "**First Delivery Date**"). The amount of proceeds to be delivered to the Company on a Settlement Date against receipt of the Placement Shares sold (the "**Net Proceeds**") will be equal to the aggregate sales price received by Cowen at which such Placement Shares were sold, after deduction for (i) Cowen's commission, discount or other compensation for such sales payable by the Company pursuant to **Section 2** hereof, (ii) any other amounts due and payable by the Company to Cowen hereunder pursuant to **Section 7(g)** (Expenses) hereof, and (iii) any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales.

(b) Delivery of Placement Shares. On or before each Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Placement Shares being sold by crediting Cowen's or its designee's account (provided Cowen shall have given the Company written notice of such designee at least one Trading Day prior to the Settlement Date) at The Depository Trust Company through its Deposit and Withdrawal at Custodian System or by such other means of delivery as may be mutually agreed upon by the parties hereto which in all cases shall be freely tradeable, transferable, registered shares in good deliverable form. On each Settlement Date, Cowen will deliver the related Net Proceeds in same day funds to an account designated by the Company on, or prior to, the Settlement Date. Cowen will be responsible for providing DWAC instructions or instructions for delivery by other means with regard to the transfer of Placement Shares being sold. The Company agrees that if the Company, or its transfer agent (if applicable),

defaults in its obligation to deliver duly authorized Placement Shares on a Settlement Date (other than as a result of a failure by Cowen to provide instructions for delivery), the Company agrees that in addition to and in no way limiting the rights and obligations set forth in Section 9(a) (Indemnification and Contribution) hereto, it will (i) hold Cowen harmless against any loss, claim, damage, or reasonable, documented expense (including reasonable legal fees and expenses), as incurred, arising out of or in connection with such default by the Company and (ii) pay to Cowen (without duplication) any commission, discount, or other compensation to which it would otherwise have been entitled absent such default.

6. Representations and Warranties of the Company . Except as disclosed in the Registration Statement or the Prospectus, the Company represents and warrants to, and agrees with, Cowen that as of the date of this Agreement and as of each Applicable Time (as defined in Section 20(a)), unless otherwise provided:

(a) Compliance with Registration Requirements . The Registration Statement has been filed and will be declared effective by the Commission under the Securities Act prior to the issuance of any Placement Notice by the Company. The Company has complied to the Commission's satisfaction with all requests of the Commission for additional or supplemental information. No stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement is in effect and no proceedings for such purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated or threatened by the Commission. The Company meets the requirements for use of Form S-3 under the Securities Act. The sale of the Placement Shares hereunder meets the requirements of General Instruction I.B.1 of Form S-3.

(b) No Misstatement or Omission . The Registration Statement, when it becomes effective, and the Prospectus, and any amendment or supplement thereto, on the date of such Prospectus when filed will comply or complied and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act. Each of the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendment thereto, at the time it became effective, complied and, as of each of the Settlement Dates, if any, will comply in all material respects with the Securities Act and did not and, as of each of the Settlement Dates, if any, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, as amended or supplemented, as of its date, did not and, as of each of the Settlement Dates, if any, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the two immediately preceding sentences do not apply to statements in or omissions from the Registration Statement, any Rule 462(b) Registration Statement, or any post-effective amendment thereto, or the Prospectus, or any amendments or supplements thereto, made in reliance upon and in conformity with information relating to Cowen furnished to the Company in writing by Cowen expressly for use therein. There are no contracts or other documents required to be described in the Prospectus or to be filed as exhibits to the Registration Statement which have not been described or filed as required.

(c) Exchange Act Compliance . The documents incorporated or deemed to be incorporated by reference in the Prospectus, at the time they were or hereafter are filed with the

Commission, complied and will comply in all material respects with the requirements of the Exchange Act, and, when read together with the other information in the Prospectus, at the Settlement Dates, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Offering Materials Furnished to Cowen. The Company has delivered to Cowen one complete copy of the Registration Statement and a copy of each consent and certificate of experts filed as a part thereof, and conformed copies of the Registration Statement (without exhibits) and the Prospectus, as amended or supplemented, in such quantities and at such places as Cowen has reasonably requested.

(e) Distribution of Offering Material by the Company. The Company has not distributed and will not distribute, prior to the completion of Cowen's distribution of the Placement Shares pursuant to this Agreement, any offering material in connection with the offering and sale of the Placement Shares other than the Prospectus or the Registration Statement or any free writing prospectus (as defined in Rule 405 under the Securities Act) reviewed and consented to by Cowen.

(f) The Sales Agreement. This Agreement has been duly authorized, executed and delivered by, and is a valid and binding agreement of, the Company, enforceable against the Company in accordance with its terms, except as rights to indemnification hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(g) Authorization of the Common Stock. The Placement Shares, when issued and delivered, will be duly authorized for issuance and sale pursuant to this Agreement and, when issued and delivered by the Company against payment therefor to Cowen pursuant to this Agreement, will be duly authorized, validly issued, fully paid and nonassessable.

(h) No Applicable Registration or Other Similar Rights. There are no persons with registration or other similar rights to have any equity or debt securities registered for sale under the Registration Statement or included in the offering contemplated by this Agreement, except for such rights as have been duly waived.

(i) Ineligible Issuer Status. The Company is not an "ineligible issuer" as defined in Rule 405 under the Securities Act, including (x) the Company or any subsidiary of the Company in the preceding three years not having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 under the Securities Act and (y) the Company in the preceding three years not having been the subject of a bankruptcy petition or insolvency or similar proceeding, not having had a registration statement be the subject of a proceeding under Section 8 of the Securities Act and not being the subject of a proceeding under Section 8A of the Securities Act in connection with the offering of the Placement Shares, all as described in Rule 405 under the Securities Act.

(j) Good Standing of the Company. The Company has been duly incorporated and is existing and in good standing under the laws of the State of Delaware, with corporate power

and authority to own its properties and conduct its business as described in the Prospectus; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where any such failure to be so duly qualified or in good standing would not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries, taken as a whole (a “ **Material Adverse Effect** ”).

(k) Subsidiaries . Each subsidiary of the Company has been duly incorporated and is existing and in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and each subsidiary of the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where any such failure to be so duly qualified or in good standing would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; all of the issued and outstanding capital stock of each subsidiary of the Company has been duly authorized and validly issued and is fully paid and nonassessable, and the capital stock of each subsidiary owned by the Company, directly or through subsidiaries, is owned free from liens, encumbrances and defects that would affect the value thereof or interfere with the operation of such subsidiaries or the Company’s exercise of ownership rights with regard thereto.

(l) Capital Stock Matters . All of the outstanding shares of capital stock of the Company have been duly authorized; the authorized equity capitalization of the Company is as set forth in the Prospectus; all outstanding shares of capital stock of the Company are validly issued, fully paid and nonassessable; all outstanding shares of capital stock of the Company conform, and the Placement Shares, when they have been delivered and paid for in accordance with this Agreement, will conform, in all material respects to the information thereof in the Prospectus; the stockholders of the Company have no preemptive rights with respect to the Placement Shares; and none of the outstanding shares of capital stock of the Company have been issued in violation of any preemptive or similar rights of any security holder.

(m) Finder’s Fee . Except as disclosed in the Prospectus, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or Cowen for a brokerage commission, finder’s fee or other like payment in connection with any transactions contemplated by this Agreement.

(n) Absence of Further Requirements . No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental agency or body or any court) is required for the consummation of the transactions contemplated by this Agreement in connection with the offering, issuance and sale of the Placement Shares by the Company, except such as have been obtained, or made and such as may be required under state securities or blue sky laws and from the Financial Industry Regulatory Authority (“ **FINRA** ”).

(o) Title to Property . Except as disclosed in the Prospectus, the Company and its subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, charges, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them and, except as disclosed in the Prospectus, the Company and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them.

(p) Absence of Defaults and Conflicts Resulting from Transaction . The execution, delivery and performance of this Agreement, and the issuance and sale of the Placement Shares will not result in a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, (i) the charter or by-laws of the Company or any of its subsidiaries, (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the properties of the Company or any of its subsidiaries is subject, except as disclosed in the Prospectus and except that in the case of clauses (ii) and (iii), where any such breach, violation or default would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; a “ **Debt Repayment Triggering Event** ” means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(q) Absence of Existing Defaults and Conflicts . Neither the Company nor any of its subsidiaries is in violation of its respective charter or by-laws or in default (or with the giving of notice or lapse of time would be in default) under any existing obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument to which any of them is a party or by which any of them is bound or to which any of the properties of any of them is subject, except such defaults that would not, individually or in the aggregate, result in a Material Adverse Effect.

(r) Possession of Licenses and Permits . The Company and its subsidiaries possess, and are in compliance with the terms of, all certificates, authorizations, franchises, licenses and permits, including, without limitation, from the U.S. Food and Drug Administration (“ **FDA** ”) and equivalent foreign regulatory authorities (“ **Licenses** ”) necessary for the conduct of the business now conducted by them, except as disclosed in the Prospectus and except where the failure to so possess or be in compliance would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, and have not received any notice of proceedings relating to the revocation or modification of any Licenses that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect.

(s) Absence of Labor Dispute . No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent that would reasonably be expected to have a Material Adverse Effect.

(t) Intellectual Property. The Company and its subsidiaries own, possess, have the right to use or can acquire on reasonable terms sufficient trademarks, trade names, patent rights, copyrights, domain names, licenses, trade secrets, inventions, technology, know-how and other intellectual property and similar rights, including registrations and applications for registration thereof (collectively, “ **Intellectual Property Rights** ”) reasonably necessary or material to the conduct of the business now conducted or proposed in the Prospectus to be conducted by them. Except as disclosed in the Prospectus, the expected expiration of any such Intellectual Property Rights would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the Prospectus (i) to the Company’s knowledge, there are no rights of third parties to any of the Intellectual Property Rights owned or purported to be owned by the Company or its subsidiaries (other than Intellectual Property Rights non-exclusive licenses granted by the Company to its partners in the ordinary course of business); (ii) to the Company’s knowledge, there is no infringement, misappropriation, breach, default or other violation, or the occurrence of any event that with notice or the passage of time would constitute any of the foregoing, by any third party of any of the Intellectual Property Rights of the Company or any of its subsidiaries; (iii) there is no pending or, to the Company’s knowledge, threatened action, suit, proceeding or claim by any third party challenging the Company’s or any of its subsidiaries’ rights in or to, or the violation of any of the terms of, any of their Intellectual Property Rights and the Company is unaware of any facts which would form a reasonable basis for any such claim; (iv) there is no pending or, to the Company’s knowledge, threatened action, suit, proceeding or claim by any third party challenging the validity, enforceability or scope of any Intellectual Property Rights of the Company or any of its subsidiaries and the Company is unaware of any facts which would form a reasonable basis for any such claim; (v) there is no pending or, to the Company’s knowledge, threatened action, suit, proceeding or claim by any third party that the Company or any of its subsidiaries infringes, misappropriates or otherwise violates or conflicts with any Intellectual Property Rights or other proprietary rights of any third party and the Company is unaware of any other fact which would form a reasonable basis for any such claim; and (vi) none of the Intellectual Property Rights used or held for use by the Company or any of its subsidiaries in their businesses has been obtained or is being used or held for use by the Company or any of its subsidiaries in violation of any contractual obligation binding on the Company or any of its subsidiaries or in violation of any rights of any third party, except in each case covered by clauses (i) – (vi) such as would not, if determined adversely to the Company or any of its subsidiaries, individually or in the aggregate, have a Material Adverse Effect.

(u) Compliance with Environmental Laws . Except as disclosed in the Prospectus, neither the Company nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, “ **environmental laws** ”), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate have a Material

Adverse Effect; and the Company is not aware of any pending investigation which would reasonably be expected to lead to such a claim.

(v) No Price Stabilization or Manipulation. The Company has not taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Placement Shares.

(w) Statistical and Market-Related Data. Any third-party statistical and market-related data included or incorporated by reference in the Registration Statement or Prospectus are based on or derived from sources that the Company believes to be reliable and accurate.

(x) Internal Controls and Compliance with the Sarbanes-Oxley Act. Except as set forth in the Prospectus, the Company, its subsidiaries and the Company's Board of Directors (the "**Board**") are in compliance with the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley**") and all applicable rules of The NASDAQ Global Market ("**Exchange Rules**"). The Company maintains a system of internal controls, including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting, and legal and regulatory compliance controls (collectively, "**Internal Controls**") that comply with Sarbanes-Oxley, the Securities Act, the Exchange Act, the rules and regulations of the Commission, the auditing principles, rules, standards and practices applicable to auditors of "issuers" (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board ("**PCAOB**") and the Exchange Rules (collectively, the "**Securities Laws**") and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("**GAAP**") and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Internal Controls are overseen by the Audit Committee (the "**Audit Committee**") of the Board in accordance with Exchange Rules. The Company has not publicly disclosed or reported to the Audit Committee or the Board, and within the next 90 days the Company does not reasonably expect to publicly disclose or report to the Audit Committee or the Board, material weakness, change in Internal Controls (that has materially affected or is reasonably likely to materially affect the Company's Internal Controls), or fraud involving management or other employees who have a significant role in Internal Controls (each, an "**Internal Control Event**"), any violation of, or failure to comply with, the Securities Laws, or any other matter which, if determined adversely, would have a Material Adverse Effect.

(y) Absence of Accounting Issues. Except as set forth in the Prospectus, the Audit Committee is not reviewing or investigating, and neither the Company's independent auditors nor its internal auditors have recommended that the Audit Committee review or investigate, (i) adding to, deleting, changing the application of, or changing the Company's disclosure with respect to, any of the Company's material accounting policies; (ii) any matter which could result in a restatement of the Company's financial statements for any annual or interim period during the current or prior three fiscal years; or (iii) except as disclosed to Cowen, any Internal Control Event.

(z) Litigation. Except as disclosed in the Prospectus, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Company, any of its subsidiaries or any of their respective properties that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect, or would materially and adversely affect the ability of the Company to perform its obligations under this Agreement, or which are otherwise material in the context of the sale of the Placement Shares; and no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are threatened or, to the Company's knowledge and except as disclosed to Cowen, contemplated.

(aa) Financial Statements. The financial statements incorporated by reference in the Registration Statement and the Prospectus present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with GAAP applied on a consistent basis.

(bb) No Material Adverse Change in Business. Except as disclosed in the Prospectus, subsequent to the respective dates as of which information is given in the Prospectus: (i) there has been no change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries, taken as a whole, that is material and adverse; (ii) except as disclosed in or contemplated by the Prospectus, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock; and (iii) except as disclosed in or contemplated by the Prospectus, there has been no material adverse change in the capital stock, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company and its subsidiaries.

(cc) Investment Company Act. The Company is not and, after receipt of payment for the Placement Shares and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(dd) Taxes. The Company and each of its subsidiaries have filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement (taking into account applicable extensions) (except where the failure to file would not, individually or in the aggregate, have a Material Adverse Effect) and have paid all taxes required to be paid thereon (except for cases in which the failure to pay would not have a Material Adverse Effect, or, except as currently being contested in good faith and for which reserves required by GAAP have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which has had (nor does the Company nor any of its subsidiaries have any notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company or its subsidiaries and which could reasonably be expected to have) a Material Adverse Effect.

(ee) Insurance. The Company and its subsidiaries are insured by insurers with appropriately rated claims paying abilities against such losses and risks and in such amounts as the Company has reasonably determined are prudent and customary for the businesses in which they are engaged; to the Company's knowledge, all policies of insurance and fidelity or surety bonds insuring the Company or any of its subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect; the Company and its subsidiaries are in compliance with the terms of such policies and instruments in all material respects; and there are no claims by the Company or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; neither the Company nor any such subsidiary has been refused any insurance coverage sought or applied for; and neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as set forth in or contemplated in the Prospectus.

(ff) Independent Accountants. PricewaterhouseCoopers LLP, who have expressed their opinion with respect to the financial statements (which term as used in this Agreement includes the related notes thereto) and supporting schedules filed with the Commission and incorporated by reference as a part of the Registration Statement and the Prospectus, is an independent registered public accounting firm as required by the Securities Act and the Exchange Act.

(gg) Anti-Corruption. Neither the Company nor any of its subsidiaries or affiliates, nor, to the Company's knowledge, any director, officer, or employee, any agent or representative of the Company or of any of its subsidiaries or affiliates, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage; and the Company and its subsidiaries and affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained herein.

(hh) Anti-Money Laundering. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Anti-Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority

or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(ii) Economic Sanctions. (i) Neither the Company nor any of its subsidiaries, nor any director, officer, or employee thereof, nor, to the Company's knowledge, any agent, affiliate or representative of the Company or any of its subsidiaries, is an individual or entity (" **Person** ") that is, or is owned or controlled by a Person that is:

(A) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, " **Sanctions** "), nor

(B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Cuba, Iran, North Korea, Sudan and Syria).

(ii) The Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, agent, advisor, investor or otherwise).

(iii) For the past 5 years, the Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(jj) eXtensible Business Reporting Language. The interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto.

(kk) Regulatory Matters. The Company and its subsidiaries have operated their respective businesses and are currently in compliance with all applicable rules, regulations and policies of the FDA, except where the failure to so operate or be in compliance would not reasonably be expected to have a Material Adverse Effect. Any clinical trials and human studies conducted by the Company and, to the knowledge of the Company, any clinical trials and human studies conducted on behalf of the Company or in which the Company has participated were and, if still pending, are being conducted in accordance with standard medical and scientific research procedures and any applicable rules, regulations and policies of the jurisdiction in which such trials and studies are

being conducted, except where the failure to be so conducted would not reasonably be expected to have a Material Adverse Effect.

(ll) Compliance with Laws. The Company has not been advised, and has no reason to believe, that it and each of its subsidiaries are not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, except where failure to be so in compliance would not result in a Material Adverse Effect.

(mm) No Reliance. The Company has not relied upon Cowen or legal counsel for Cowen for any legal, tax or accounting advice in connection with the offering and sale of the Placement Shares.

(nn) Cowen Purchases. The Company acknowledges and agrees that Cowen has informed the Company that Cowen may, to the extent permitted under the Securities Act and the Exchange Act, purchase and sell shares of Common Stock for its own account while this Agreement is in effect, *provided, that* the Company shall not be deemed to have authorized or consented to any such purchases or sales by Cowen.

Any certificate signed by an officer of the Company and delivered to Cowen or to counsel for Cowen in connection with this Agreement shall be deemed to be a representation and warranty by the Company, as applicable, to Cowen as to the matters set forth therein.

The Company acknowledges that Cowen and, for purposes of the opinions to be delivered pursuant to Section 7 hereof, counsel to the Company and counsel to Cowen, will rely upon the accuracy and truthfulness of the foregoing representations and hereby consents to such reliance.

7. Covenants of the Company. The Company covenants and agrees with Cowen that:

(a) Registration Statement Amendments. After the date of this Agreement and during any period in which a Prospectus relating to any Placement Shares is required to be delivered by Cowen under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), (i) the Company will notify Cowen promptly of the time when any subsequent amendment to the Registration Statement, other than documents incorporated by reference, has been filed with the Commission and/or has become effective or any subsequent supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or for additional information, (ii) the Company will prepare and file with the Commission, promptly upon Cowen's request, any amendments or supplements to the Registration Statement or Prospectus that, in Cowen's reasonable opinion, may be necessary or advisable in connection with the distribution of the Placement Shares by Cowen (*provided, however* , that the failure of Cowen to make such request shall not relieve the Company of any obligation or liability hereunder, or affect Cowen's right to rely on the representations and warranties made by the Company in this Agreement); (iii) the Company will not file any amendment or supplement to the Registration Statement or Prospectus relating to the Placement Shares or a security convertible into the Placement Shares unless a copy thereof has been submitted to Cowen within a reasonable period of time before the filing and Cowen has not reasonably objected thereto (*provided, however* , that the failure of Cowen to make such objection shall not relieve the Company of any obligation or liability hereunder, or affect Cowen's

right to rely on the representations and warranties made by the Company in this Agreement) and the Company will furnish to Cowen at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference into the Registration Statement or Prospectus, except for those documents available via EDGAR; and (iv) the Company will cause each amendment or supplement to the Prospectus, other than documents incorporated by reference, to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Securities Act.

(b) Notice of Commission Stop Orders. The Company will advise Cowen, promptly after it receives notice or obtains knowledge thereof, of the issuance or threatened issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Placement Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will promptly use its commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued.

(c) Delivery of Prospectus; Subsequent Changes. During any period in which a Prospectus relating to the Placement Shares is required to be delivered by Cowen under the Securities Act with respect to a pending sale of the Placement Shares, (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), the Company will comply with all requirements imposed upon it by the Securities Act, as from time to time in force, and to file on or before their respective due dates all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14, 15(d) or any other provision of or under the Exchange Act. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Securities Act, the Company will promptly notify Cowen to suspend the offering of Placement Shares during such period and the Company will promptly amend or supplement the Registration Statement or Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

(d) Listing of Placement Shares. During any period in which the Prospectus relating to the Placement Shares is required to be delivered by Cowen under the Securities Act with respect to a pending sale of the Placement Shares (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), the Company will use its commercially reasonable efforts to cause the Placement Shares to be listed on Nasdaq and to qualify the Placement Shares for sale under the securities laws of such jurisdictions as Cowen reasonably designates and to continue such qualifications in effect so long as required for the distribution of the Placement Shares; *provided, however*, that the Company shall not be required in connection therewith to qualify as a foreign corporation or dealer in securities or file a general consent to service of process in any jurisdiction.

(e) Delivery of Registration Statement and Prospectus. The Company will furnish to Cowen and its counsel (at the expense of the Company) copies of the Registration

Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or Prospectus that are filed with the Commission during any period in which a Prospectus relating to the Placement Shares is required to be delivered under the Securities Act (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as reasonably practicable and in such quantities as Cowen may from time to time reasonably request and, at Cowen's request, will also furnish copies of the Prospectus to each exchange or market on which sales of the Placement Shares may be made; *provided, however*, that the Company shall not be required to furnish any document (other than the Prospectus) to Cowen to the extent such document is available on EDGAR.

(f) Earnings Statement. The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement covering a 12-month period that satisfies the provisions of Section 11(a) and Rule 158 of the Securities Act.

(g) Expenses. The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, in accordance with the provisions of Section 11 hereunder, will pay all expenses incident to the performance of its obligations hereunder, including, but not limited to, expenses relating to (i) the preparation, printing and filing of the Registration Statement and each amendment and supplement thereto, of each Prospectus and of each amendment and supplement thereto, (ii) the preparation, issuance and delivery of the Placement Shares, (iii) the qualification of the Placement Shares under securities laws in accordance with the provisions of Section 7(d) of this Agreement, including filing fees (provided, however, that any fees or disbursements of counsel for Cowen in connection therewith shall be paid by Cowen except as set forth in (vii) and (viii) below), (iv) the printing and delivery to Cowen of copies of the Prospectus and any amendments or supplements thereto, and of this Agreement, (v) the fees and expenses incurred in connection with the listing or qualification of the Placement Shares for trading on Nasdaq, (vi) transfer taxes imposed on the issuance of Placement Shares, (vii) filing fees and expenses, if any, of the Commission and the FINRA Corporate Financing Department (including, with respect to any required review by FINRA, the reasonable fees and expenses of Cowen's counsel in an amount not to exceed \$10,000) and (viii) the Company shall reimburse Cowen for the fees and disbursements of Cowen's counsel in an amount not to exceed \$50,000.

(h) Use of Proceeds. The Company will use the Net Proceeds as described in the Prospectus in the section entitled "Use of Proceeds."

(i) Notice of Other Sales. During the pendency of any Placement Notice given hereunder, and for 5 trading days following the termination of any Placement Notice given hereunder, the Company shall provide Cowen notice as promptly as reasonably possible before it offers to sell, contracts to sell, sells, grants any option to sell or otherwise disposes of any shares of Common Stock (other than Placement Shares offered pursuant to the provisions of this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire Common Stock; *provided*, that such notice shall not be required in connection with the (i) issuance, grant or sale of Common Stock, options to purchase shares of Common Stock or Common Stock issuable upon the exercise of options or other equity awards pursuant to any stock

option, stock bonus or other stock plan or arrangement described in the Prospectus, (ii) the issuance of securities in connection with an acquisition, merger or sale or purchase of assets; (iii) the issuance or sale of Common Stock pursuant to any dividend reinvestment plan that the Company may adopt from time to time provided the implementation of such is disclosed to Cowen in advance; (iv) any shares of common stock issuable upon the exchange, conversion or redemption of securities or the exercise of warrants, options or other rights in effect or outstanding; or (v) any shares of common stock, or securities convertible into or exercisable for common stock, offered and sold in a privately negotiated transaction to vendors, customers, investors, strategic partners or potential strategic partners and otherwise conducted in a manner so as not to be integrated with the offering of common stock hereby.

(j) Change of Circumstances. The Company will, at any time during the pendency of a Placement Notice or sell Placement Shares, advise Cowen promptly after it shall have received notice or obtained knowledge thereof, of any information or fact that would alter or affect in any material respect any opinion, certificate, letter or other document provided to Cowen pursuant to this Agreement.

(k) Due Diligence Cooperation. The Company will cooperate with any reasonable due diligence review conducted by Cowen or its agents in connection with the transactions contemplated hereby, including, without limitation, providing information and making available documents and senior corporate officers, during regular business hours and at the Company's principal offices, as Cowen may reasonably request.

(l) Required Filings Relating to Placement of Placement Shares. The Company agrees that on such dates as the Securities Act shall require, the Company will (i) file a prospectus supplement with the Commission under the applicable paragraph of Rule 424(b) under the Securities Act (each and every filing under Rule 424(b), a "**Filing Date**"), which prospectus supplement will set forth, within the relevant period, the amount of Placement Shares sold through Cowen, the Net Proceeds to the Company and the compensation payable by the Company to Cowen with respect to such Placement Shares, and (ii) deliver such number of copies of each such prospectus supplement to each exchange or market on which such sales were effected as may be required by the rules or regulations of such exchange or market.

(m) Representation Dates; Certificate. On or prior to the First Delivery Date and each time during the term of this Agreement the Company (i) files the Prospectus relating to the Placement Shares or amends or supplements the Registration Statement or the Prospectus relating to the Placement Shares (other than a prospectus supplement filed in accordance with Section 7(l) of this Agreement) by means of a post-effective amendment, sticker, or supplement but not by means of incorporation of document(s) by reference to the Registration Statement or the Prospectus relating to the Placement Shares; (ii) files an annual report on Form 10-K under the Exchange Act following the execution of this Agreement; (iii) files its quarterly reports on Form 10-Q under the Exchange Act; or (iv) files a report on Form 8-K containing amended financial information (other than an earnings release or other information "furnished") under the Exchange Act (each date of filing of one or more of the documents referred to in clauses (i) through (iv) shall be a "**Representation Date**"); the Company shall furnish Cowen (but in the case of clause (iv) above only if (1) a Placement Notice is pending, (2) Cowen reasonably determines that the information contained in such Form

8-K is material to a holder of Common Stock and (3) Cowen requests such certificate within three (3) days after the filing of such Form 8-K with the Commission) with a certificate, in the form attached hereto as Exhibit 7(m) within three (3) Trading Days of any Representation Date if requested by Cowen. The requirement to provide a certificate under this Section 7(m) shall be automatically waived for any Representation Date occurring at a time at which no Placement Notice is pending, which waiver shall continue until the earlier to occur of the date the Company delivers a Placement Notice hereunder (which for such calendar quarter shall be considered a Representation Date) and the next occurring Representation Date; *provided, however*, that such waiver shall not apply for any Representation Date on which the Company files its annual report on Form 10-K. Notwithstanding the foregoing, if the Company subsequently decides to sell Placement Shares following a Representation Date when the Company relied on such waiver and did not provide Cowen with a certificate under this Section 7(m), then before the Company delivers the Placement Notice or Cowen sells any Placement Shares, the Company shall provide Cowen with a certificate, in the form attached hereto as Exhibit 7(m), dated the date of the Placement Notice.

(n) Legal Opinion. On or prior to the First Delivery Date and within three (3) Trading Days of each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(m) for which no waiver is applicable, the Company shall cause to be furnished to Cowen a written opinion or statement of Cooley LLP (“Company Counsel”), or other counsel reasonably satisfactory to Cowen, dated the date that the opinion is required to be delivered, substantially similar to the form attached hereto as Exhibit 7(n)(i) modified, as necessary, to relate to the Registration Statement and the Prospectus as then amended or supplemented; *provided, however*, the Company shall not be required to furnish any such opinion or statement if the Company does not intend to deliver a Placement Notice in such calendar quarter until such time as the Company delivers its next Placement Notice; *provided, further*, that the Company’s obligation to have Company Counsel furnish a negative assurance statement is conditioned upon counsel to Cowen furnishing a negative assurance statement dated as of the same such date; *provided, however*, that in lieu of such opinions for subsequent Representation Dates, counsel may furnish Cowen with a letter (a “Reliance Letter”) to the effect that Cowen may rely on a prior opinion delivered under this Section 7(n) to the same extent as if it were dated the date of such letter (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented at such Representation Date).

(o) Comfort Letter. On or prior to the First Delivery Date and within three (3) Trading Days of each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(m) for which no waiver is applicable, the Company shall cause its independent accountants to furnish Cowen a letter (the “Comfort Letter”), dated the date that the Comfort Letter is delivered, in form and substance satisfactory to Cowen, (i) confirming that they are an independent registered public accounting firm within the meaning of the Securities Act and the PCAOB, (ii) stating, as of such date, the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants’ “comfort letters” to Cowen in connection with registered public offerings (the first such letter, the “Initial Comfort Letter”) and (iii) updating the Initial Comfort Letter with any information that would have been included in the Initial Comfort Letter had it been given on such date and modified as necessary to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter.

(p) Market Activities. The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Common Stock or (ii) sell, bid for, or purchase the Common Stock in violation of Regulation M, or pay anyone any compensation for soliciting purchases of the Placement Shares other than Cowen; provided, however, that the Company may bid for and purchase shares of its common stock in accordance with Rule 10b-18 under the Exchange Act.

(q) Insurance. The Company and its subsidiaries shall maintain, or caused to be maintained, insurance in such amounts and covering such risks as is reasonable and customary for the business for which it is engaged.

(r) Compliance with Laws. The Company and each of its subsidiaries shall maintain, or cause to be maintained, all material environmental permits, licenses and other authorizations required by federal, state and local law in order to conduct their businesses as described in the Prospectus, and the Company and each of its subsidiaries shall conduct their businesses, or cause their businesses to be conducted, in substantial compliance with such permits, licenses and authorizations and with applicable environmental laws, except where the failure to maintain or be in compliance with such permits, licenses and authorizations could not reasonably be expected to result in a Material Adverse Effect.

(s) Investment Company Act. The Company will conduct its affairs in such a manner so as to reasonably ensure that neither it nor its subsidiaries will be or become, at any time prior to the termination of this Agreement, an “investment company,” as such term is defined in the Investment Company Act, assuming no change in the Commission’s current interpretation as to entities that are not considered an investment company.

(t) Securities Act and Exchange Act. The Company will use its best efforts to comply with all requirements imposed upon it by the Securities Act and the Exchange Act as from time to time in force, so far as necessary to permit the continuance of sales of, or dealings in, the Placement Shares as contemplated by the provisions hereof and the Prospectus.

(u) No Offer to Sell. Other than the Prospectus or a free writing prospectus (as defined in Rule 405 under the Securities Act) approved in advance by the Company and Cowen in its capacity as principal or agent hereunder, neither Cowen nor the Company (including its agents and representatives, other than Cowen in its capacity as such) will make, use, prepare, authorize, approve or refer to any written communication (as defined in Rule 405 under the Securities Act), required to be filed with the Commission, that constitutes an offer to sell or solicitation of an offer to buy Common Stock hereunder.

(v) Sarbanes-Oxley Act. The Company and its subsidiaries will use their best efforts to comply with all effective applicable provisions of the Sarbanes-Oxley Act.

8. Conditions to Cowen’s Obligations. The obligations of Cowen hereunder with respect to a Placement will be subject to the continuing accuracy and completeness of the representations and warranties made by the Company herein, to the due performance by the Company of its obligations hereunder, to the completion by Cowen of a due diligence review

satisfactory to Cowen in its reasonable judgment, and to the continuing satisfaction (or waiver by Cowen in its sole discretion) of the following additional conditions:

(a) Registration Statement Effective. The Registration Statement shall have become effective and shall be available for the sale of all Placement Shares contemplated to be issued by any Placement Notice.

(b) No Material Notices. None of the following events shall have occurred and be continuing: (i) receipt by the Company or any of its subsidiaries of any request for additional information from the Commission or any other federal or state governmental authority during the period of effectiveness of the Registration Statement, the response to which would require any post-effective amendments or supplements to the Registration Statement or the Prospectus; (ii) the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Placement Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (iv) the occurrence of any event that makes any material statement made in the Registration Statement or the Prospectus or any material document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, the Prospectus or such documents so that, in the case of the Registration Statement, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and, that in the case of the Prospectus, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) No Misstatement or Material Omission. Cowen shall not have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in Cowen's reasonable opinion is material, or omits to state a fact that in Cowen's opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(d) Material Changes. Except as contemplated in the Prospectus, or disclosed in the Company's reports filed with the Commission, there shall not have been any material adverse change, on a consolidated basis, in the authorized capital stock of the Company or any Material Adverse Effect or any development that could reasonably be expected to result in a Material Adverse Effect.

(e) Company Counsel Legal Opinion. Cowen shall have received the opinions of Company Counsel required to be delivered pursuant Section 7(n) on or before the date on which such delivery of such opinion is required pursuant to Section 7(n).

(f) Cowen Counsel Legal Opinion. Cowen shall have received from Davis Polk & Wardwell LLP, counsel for Cowen, such opinion or opinions, on or before the date on which the delivery of the Company Counsel legal opinion is required pursuant to Section 7(n), with respect

to such matters as Cowen may reasonably require, and the Company shall have furnished to such counsel such documents as they request for enabling them to pass upon such matters.

(g) Comfort Letter. Cowen shall have received the Comfort Letter required to be delivered pursuant to Section 7(o) on or before the date on which such delivery of such Comfort Letter is required pursuant to Section 7(o).

(h) Representation Certificate. Cowen shall have received the certificate required to be delivered pursuant to Section 7(m) on or before the date on which delivery of such certificate is required pursuant to Section 7(m).

(i) Secretary's Certificate. On or prior to the First Delivery Date, Cowen shall have received a certificate, signed on behalf of the Company by its corporate Secretary, in form and substance satisfactory to Cowen and its counsel.

(j) No Suspension. Trading in the Common Stock shall not have been suspended on Nasdaq.

(k) Other Materials. On each date on which the Company is required to deliver a certificate pursuant to Section 7(m), the Company shall have furnished to Cowen such appropriate further information, certificates and documents as Cowen may have reasonably requested. All such opinions, certificates, letters and other documents shall have been in compliance with the provisions hereof. The Company will furnish Cowen with such conformed copies of such opinions, certificates, letters and other documents as Cowen shall have reasonably requested.

(l) Securities Act Filings Made. All filings with the Commission required by Rule 424 under the Securities Act to have been filed prior to the issuance of any Placement Notice hereunder shall have been made within the applicable time period prescribed for such filing by Rule 424.

(m) Approval for Listing. The Placement Shares shall either have been (i) approved for listing on Nasdaq, subject only to notice of issuance, or (ii) the Company shall have filed an application for listing of the Placement Shares on Nasdaq at, or prior to, the issuance of any Placement Notice.

(n) No Termination Event. There shall not have occurred any event that would permit Cowen to terminate this Agreement pursuant to Section 11(a).

9. Indemnification and Contribution.

(a) Company Indemnification. The Company agrees to indemnify and hold harmless Cowen, the directors, officers, partners, employees and agents of Cowen and each person, if any, who (i) controls Cowen within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, or (ii) is controlled by or is under common control with Cowen (a "Cowen Affiliate") from and against any and all losses, claims, liabilities, expenses and damages (including, but not limited to, any and all reasonable investigative, legal and other expenses incurred in connection with, and any and all amounts paid in settlement (in accordance with Section 9(c)) of,

any action, suit or proceeding between any of the indemnified parties and any indemnifying parties or between any indemnified party and any third party, or otherwise, or any claim asserted), as and when incurred, to which Cowen, or any such person, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, liabilities, expenses or damages arise out of or are based, directly or indirectly, on (x) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus or any amendment or supplement to the Registration Statement or the Prospectus or in any free writing prospectus or in any application or other document executed by or on behalf of the Company or based on written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Common Stock under the securities laws thereof or filed with the Commission, or (y) the omission or alleged omission to state in any such document a material fact required to be stated in it or necessary to make the statements in it not misleading; *provided, however*, that this indemnity agreement shall not apply to the extent that such loss, claim, liability, expense or damage arises from the sale of the Placement Shares pursuant to this Agreement and is caused directly or indirectly by an untrue statement or omission made in reliance upon and in conformity with written information relating to Cowen and furnished to the Company by Cowen expressly for inclusion in any document as described in clause (x) of this Section 9(a). This indemnity agreement will be in addition to any liability that the Company might otherwise have.

(b) Cowen Indemnification. Cowen agrees to indemnify and hold harmless the Company and its directors and each officer of the Company that signed the Registration Statement, and each person, if any, who (i) controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or (ii) is controlled by or is under common control with the Company (a “Company Affiliate”) against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 9(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendments thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information relating to Cowen and furnished to the Company by Cowen expressly for inclusion in any document as described in clause (x) of Section 9(a).

(c) Procedure. Any party that proposes to assert the right to be indemnified under this Section 9 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 9, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will not relieve the indemnifying party from (i) any liability that it might have to any indemnified party otherwise than under this Section 9 and (ii) any liability that it may have to any indemnified party under the foregoing provision of this Section 9 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party,

and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any one time for all such indemnified party or parties. All such fees, disbursements and other charges will be reimbursed by the indemnifying party promptly as they are incurred after the indemnifying party receives a written invoice relating to fees, disbursements and other charges in reasonable detail. An indemnifying party will not, in any event, be liable for any settlement of any action or claim effected without its written consent. No indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 9 (whether or not any indemnified party is a party thereto), unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising or that may arise out of such claim, action or proceeding.

(d) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 9 is applicable in accordance with its terms but for any reason is held to be unavailable from the Company or Cowen, the Company and Cowen will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, but after deducting any contribution received by the Company from persons other than Cowen, such as persons who control the Company within the meaning of the Securities Act, officers of the Company who signed the Registration Statement and directors of the Company, who also may be liable for contribution) to which the Company and Cowen may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and Cowen on the other. The relative benefits received by the Company on the one hand and Cowen on the other hand shall be deemed to be in the same proportion as the total Net Proceeds from the sale of the Placement Shares (before deducting expenses) received by the Company bear to the total compensation received by Cowen from the sale of Placement Shares on behalf of the Company. If, but only if, the allocation provided by the foregoing sentence is not permitted by

applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and Cowen, on the other, with respect to the statements or omission that resulted in such loss, claim, liability, expense or damage, or action in respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or Cowen, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and Cowen agree that it would not be just and equitable if contributions pursuant to this Section 9(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense, or damage, or action in respect thereof, referred to above in this Section 9(d) shall be deemed to include, for the purpose of this Section 9(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim to the extent consistent with Section 9(c) hereof. Notwithstanding the foregoing provisions of this Section 9(d), Cowen shall not be required to contribute any amount in excess of the commissions received by it under this Agreement and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 9(d), any person who controls a party to this Agreement within the meaning of the Securities Act, and any officers, directors, partners, employees or agents of Cowen, will have the same rights to contribution as that party, and each officer of the Company who signed the Registration Statement will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 9(d), will notify any such party or parties from whom contribution may be sought, but the omission to so notify will not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 9(d) except to the extent that the failure to so notify such other party materially prejudiced the substantive rights or defenses of the party from whom contribution is sought. Except for a settlement entered into pursuant to the last sentence of Section 9(c) hereof, no party will be liable for contribution with respect to any action or claim settled without its written consent if such consent is required pursuant to Section 9(c) hereof.

10. Representations and Agreements to Survive Delivery. The indemnity and contribution agreements contained in Section 9 of this Agreement and all representations and warranties of the Company herein or in certificates delivered pursuant hereto shall survive, as of their respective dates, regardless of (i) any investigation made by or on behalf of Cowen, any controlling persons, or the Company (or any of their respective officers, directors or controlling persons), (ii) delivery and acceptance of the Placement Shares and payment therefor or (iii) any termination of this Agreement.

11. Termination.

(a) Cowen shall have the right by giving notice as hereinafter specified at any time to terminate this Agreement if (i) any Material Adverse Effect, or any development that could reasonably be expected to result in a Material Adverse Effect, has occurred that, in the reasonable judgment of Cowen, may materially impair the ability of Cowen to sell the Placement Shares hereunder, (ii) the Company shall have failed, refused or been unable to perform any agreement on its part to be performed hereunder; *provided, however*, in the case of any failure of the Company to deliver (or cause another person to deliver) any certification, opinion, or letter required under Sections 7(m), 7(n), or 7(o), Cowen's right to terminate shall not arise unless such failure to deliver (or cause to be delivered) continues for more than thirty (30) days from the date such delivery was required; or (iii) any other condition of Cowen's obligations hereunder is not fulfilled, or (iv), any suspension or limitation of trading in the Placement Shares or in securities generally on Nasdaq shall have occurred. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g) (Expenses), Section 9 (Indemnification and Contribution), Section 10 (Representations and Agreements to Survive Delivery), Section 16 (Applicable Law; Consent to Jurisdiction) and Section 17 (Waiver of Jury Trial) hereof shall remain in full force and effect notwithstanding such termination. If Cowen elects to terminate this Agreement as provided in this Section 11(a), Cowen shall provide the required notice as specified in Section 12 (Notices).

(b) The Company shall have the right, by giving ten (10) days notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(c) Cowen shall have the right, by giving ten (10) days notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(g), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(d) Unless earlier terminated pursuant to this Section 11, this Agreement shall automatically terminate upon the issuance and sale of all of the Placement Shares through Cowen on the terms and subject to the conditions set forth herein; *provided* that the provisions of Section 7(g), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(e) This Agreement shall remain in full force and effect unless terminated pursuant to Sections 11(a), (b), (c), or (d) above or otherwise by mutual agreement of the parties; *provided, however*, that any such termination by mutual agreement shall in all cases be deemed to provide that Section 7(g), Section 9, Section 10, Section 16 and Section 17 shall remain in full force and effect. Upon termination of this Agreement, the Company shall not have any liability to Cowen for any discount, commission or other compensation with respect to any Placement Shares not otherwise sold by Cowen under this Agreement, except with respect to reimbursement of expenses pursuant to Section 7 (g).

(f) Any termination of this Agreement shall be effective on the date specified in such notice of termination; *provided, however*, that such termination shall not be effective until the close of business on the date of receipt of such notice by Cowen or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Placement Shares, such Placement Shares shall settle in accordance with the provisions of this Agreement.

12. Notices. All notices or other communications required or permitted to be given by any party to any other party pursuant to the terms of this Agreement shall be in writing, unless otherwise specified in this Agreement, and if sent to Cowen, shall be delivered to Cowen at Cowen and Company, LLC, 599 Lexington Avenue, New York, NY 10022, fax no. 646-562-1124, Attention: General Counsel; or if sent to the Company, shall be delivered to Revance Therapeutics, Inc., 7555 Gateway Boulevard, Newark, California 94560 fax no. (510) 742-3401, attention: Lauren Silvernail, with a copy to Cooley LLP, fax no. (650) 849-7400, attention: Gordon K. Ho. Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose. Each such notice or other communication shall be deemed given (i) when delivered personally or by verifiable facsimile transmission (with an original to follow) on or before 4:30 p.m., New York City time, on a Business Day (as defined below), or, if such day is not a Business Day on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to a nationally-recognized overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid). For purposes of this Agreement, “ **Business Day** ” shall mean any day on which the NYSE and commercial banks in the City of New York are open for business.

13. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and Cowen and their respective successors and the affiliates, controlling persons, officers and directors referred to in Section 9 hereof. References to any of the parties contained in this Agreement shall be deemed to include the successors and permitted assigns of such party. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party; *provided, however*, that Cowen may assign its rights and obligations hereunder to an affiliate of Cowen without obtaining the Company’s consent.

14. Adjustments for Share Splits. The parties acknowledge and agree that all share-related numbers contained in this Agreement shall be adjusted to take into account any share split, share dividend or similar event effected with respect to the Common Stock.

15. Entire Agreement; Amendment; Severability. This Agreement (including all schedules and exhibits attached hereto and Placement Notices issued pursuant hereto) constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof. Neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by the Company and Cowen. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as written by a court of competent jurisdiction, then such provision shall be given

full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the terms and provisions herein shall be construed as if such invalid, illegal or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties as reflected in this Agreement.

16. Applicable Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the principles of conflicts of laws. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the state and federal courts sitting in the City of New York, borough of Manhattan, for the adjudication of any dispute hereunder or in connection with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof (certified or registered mail, return receipt requested) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

17. Waiver of Jury Trial. The Company and Cowen each hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or any transaction contemplated hereby.

18. Absence of Fiduciary Relationship. The Company acknowledges and agrees that:

(a) Cowen has been retained solely to act as sales agent in connection with the sale of the Common Stock and that no fiduciary, advisory or agency relationship between the Company and Cowen has been created in respect of any of the transactions contemplated by this Agreement, irrespective of whether Cowen has advised or is advising the Company on other matters;

(b) the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) the Company has been advised that Cowen and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that Cowen has no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) the Company waives, to the fullest extent permitted by law, any claims it may have against Cowen, for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that Cowen shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, partners, employees or creditors of the Company.

19. Counterparts . This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile transmission.

20. Definitions . As used in this Agreement, the following term has the meaning set forth below:

(a) “ *Applicable Time* ” means the date of this Agreement, each Representation Date, the date on which a Placement Notice is given, and any date on which Placement Shares are sold hereunder.

[Remainder of Page Intentionally Blank]

If the foregoing correctly sets forth the understanding between the Company and Cowen, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and Cowen.

Very truly yours,

COWEN AND COMPANY, LLC

By: /s/ Grant Miller
Name: Grant Miller
Title: Managing Director

**ACCEPTED as of the date
first-above written:**

REVANCE THERAPEUTICS, INC.

By: /s/ L. Daniel Browne
Name: L. Daniel Browne
Title: President and Chief Executive Officer

FORM OF PLACEMENT NOTICE

From: []
Cc: []
To: []
Subject: Cowen at the Market Offering—Placement Notice

Gentlemen:

Pursuant to the terms and subject to the conditions contained in the Sales Agreement between Revance Therapeutics, Inc. (the “Company”), and Cowen and Company, LLC (“Cowen”) dated March 4, 2015 (the “Agreement”), I hereby request on behalf of the Company that Cowen sell up to [] shares of the Company’s common stock, par value \$0.001 per share, at a minimum market price of \$_____ per share. Sales should begin on the date of this Notice and shall continue until [DATE] [all shares are sold].

SCHEDULE 2

Such individuals as the Board of Directors of the Company may authorize, following authorization of such Placement Notice by the Board of Directors or a duly authorized committee thereof.

Compensation

Cowen shall be paid compensation equal to 3% of the gross proceeds from the sales of Common Stock pursuant to the terms of this Agreement.

Schedule Of Subsidiaries

Name	Jurisdiction of Organization
Revance Therapeutics LTD	England and Wales
<hr/> <small>#86897608v8</small>	

MATTERS TO BE COVERED BY INITIAL OPINION OF

Cooley LLP

[Circulated Separately]

Matters to be covered by Opinion of Cooley LLP

[Circulated Separately]

OFFICER CERTIFICATE

The undersigned, the duly qualified and elected _____, of **Revance Therapeutics, Inc.** (“**Company**”), a Delaware corporation, does hereby certify in such capacity and on behalf of the Company, pursuant to **Section 7(m)** of the Sales Agreement dated March 4, 2015 (the “**Sales Agreement**”) between the Company and Cowen and Company, LLC, that to the best of the knowledge of the undersigned:

(i) The representations and warranties of the Company in **Section 6** of the Sales Agreement (A) to the extent such representations and warranties are subject to qualifications and exceptions contained therein relating to materiality or Material Adverse Effect, are true and correct on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof, except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date, and (B) to the extent such representations and warranties are not subject to any qualifications or exceptions, are true and correct in all material respects as of the date hereof as if made on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date; and

(ii) The Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Sales Agreement at or prior to the date hereof.

By: _____
Name:
Title:

Date: _____

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (Nos. 333- 193963 and 333-198499) of Revance Therapeutics Inc. of our report dated March 4, 2015 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Jose, California

March 4, 2015

CERTIFICATIONS

I, L. Daniel Browne, certify that:

1. I have reviewed this annual report on Form 10-K of Revance Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2015

/s/ L. Daniel Browne

L. Daniel Browne

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, Lauren P. Silvernail, certify that:

1. I have reviewed this annual report on Form 10-K of Revance Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2015

/s/ Lauren P. Silvernail

Lauren P. Silvernail

Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), L. Daniel Browne, Chief Executive Officer of Revance Therapeutics, Inc. (the “Company”), hereby certifies that, to the best of his knowledge:

1. The Company’s Annual Report on Form 10-K for the period ended December 31, 2014 (the “Annual Report”), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof , the undersigned has set his hand hereto as of the 4th day of March, 2015.

/s/ L. Daniel Browne

L. Daniel Browne

President and Chief Executive Officer

“This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Revance Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.”

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Lauren P. Silvernail, Chief Financial Officer of Revance Therapeutics, Inc. (the “Company”), hereby certifies that, to the best of her knowledge:

1. The Company’s Annual Report on Form 10-K for the period ended December 31, 2014 (the “Annual Report”), to which this Certification is attached as Exhibit 32.2, fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof , the undersigned has set her hand hereto as of the 4th day of March, 2015.

/s/ Lauren P. Silvernail

Lauren P. Silvernail

Chief Financial Officer

“This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Revance Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.”