William Blair & Company®

Equity Research

CONSUMER
Energy Retail and Refining

November 09, 2007
Research Note

Ticker:	DK
Market:	NYSE
Price:	$21.55
52-week:	($15-$31)

Stock Rating:
Outperform

Company Profile:
Aggressive Growth

Mark Miller, CFA
(312) 364-8498
mmiller@williamblair.com

Daniel Hofkin
(312) 364-8965
dhofkin@williamblair.com

Eric Walania, CFA
(312) 364-8486
ewalania@williamblair.com

Delek US Holdings, Inc.

Third-Quarter Operating Results In Line; Performance Ahead of Peers

FINANCIAL SUMMARY

Fiscal Year Ends:	December	Dividend/Yield:	$0.15/0.7%
Long-term EPS Growth Rate:	11%	Market Value (mil.):	$1,137

ESTIMATES*

FYE	Q1		Q2		Q3		Q4	Annual	P/E
2006A	$0.33		$0.88		$0.51		$0.22	$1.94	11.1x
2007E	$0.40	A	$1.29	A	$0.38	A	$0.25	$2.30	9.4x
2008E	NA		NA		NA		NA	$2.35	9.2x
Cal2008								$2.35	9.2x
Cal2009								NA	NA

**** Estimates reflect the adoption of FAS 123R.***

INVESTMENT SUMMARY:

- Third-quarter EPS of $0.38, down versus $0.51 last year, were below our $0.40 estimate and the $0.44 consensus. While Delek's operating performance was above our expectations overall, the modest EPS shortfall was attributable to a lower-than-expected contribution from the minority stake in Lion Oil; meanwhile, a $0.01 to $0.02 interest rate hedging loss was equally offset by a lower-than-projected tax rate.

- Refinery segment profit contribution matched expectations as the stronger-than-projected gross profit per barrel was offset by 3,000 fewer barrels per day (bpd) sold. Delek's profit per barrel held up better than peers in a recently softer market due in part to the refinery's increased utilization of lower-cost sour crude in the feedstock mix.

- Retail segment profits were modestly ahead of our forecast as the 160-basis-point merchandise margin improvement year-to-year (up 90 basis points excluding acquisitions) improved versus the second-quarter trend. While retail gas margins per gallon declined relative to a tough comparison, they were slightly stronger than our projection.

- During October, refining and retail gasoline margins were both below our fourth-quarter projections, although early November trends have improved in both segments. Nevertheless, to reflect the weaker start to the period and modestly lower third-quarter reported EPS, we have reduced our annual EPS estimates by $0.10, to $2.30 in 2007 and $2.35 in 2008.

William Blair & Company, L.L.C.
222 W. Adams St.
Chicago, IL 60606
www.williamblair.com

- Overall, while industry conditions tightened during the third quarter, Delek's operating performance was solid, in our view, and the company's year-to-year performance appears to be stronger than its refinery and retail peers overall. Considering this favorable relative performance, we reiterate our Outperform rating and consider the current 10%-plus discount valuation of the stock (on a blended 2008 EV/EBITDA basis) to be attractive. Also, with a solid balance sheet and strong record of assimilating acquisitions, we believe Delek's opportunity to gather additional scale is enhanced by depressed valuations for many convenience store assets in the marketplace today.

Third-Quarter Operating Performance Solid Overall in Context of Tougher Market Conditions

Refining & Marketing

Within the refining segment (39% of sales; 48% of segment profit in the quarter), gross margin per barrel of $9.49 (net of intercompany marketing fees totaling $0.88 per barrel) was roughly $2.50 per barrel less than the Gulf Coast 5-3-2 industry benchmark, due to backwardation in the oil futures markets. However, Delek's gross margin exceeded our $8.65 per barrel estimate due in part to continued growth in processing lower-priced sour crude (8.7% of the feedstock this quarter, up from 7.0% in the second quarter). On a comparative basis, Delek's gross profit and segment profit per barrel experienced a much smaller year-to-year decline than that of competitors, as table 1 illustrates.

Table 1
US Refining Margin Comparison

	Gross Profit per Barrel			Segment Profit per Barrel		
Company	**3Q07**	**3Q06**	**Yr/Yr**	**3Q07**	**3Q06**	**Yr/Yr**
Delek US	$9.49	$10.58	**-$1.09**	$5.57	$7.19	**-$1.62**
Alon	$10.90	$14.78	**-$3.88**	$3.08	$7.29	**-$4.21**
Valero	$9.94	$13.17	**-$3.23**	$5.98	$9.78	**-$3.80**
Tesoro	$8.03	$12.38	**-$4.35**	$3.59	$8.09	**-$4.50**
Western	$9.61	$12.79	**-$3.18**	$4.45	$9.10	**-$4.65**

Source: Company reports, William Blair & Co. estimates

Despite refining margins coming in ahead of our expectations, refining segment profits of $26.8 million only matched our forecast due to lower-than-expected product sales. During the quarter, Delek discovered moderate damage to two separate units at the Tyler refinery caused by "power blinks" during the summer. The unplanned maintenance resulted in lower sales volumes (with about 3,000 barrels per day of intermediates put into inventory) and higher operating costs ($3.93 per barrel—about $0.50 higher than our estimate for the quarter).

In the energy marketing segment (15% of sales; 14% of segment profits), sales of $165 million were as expected, but segment profits of $7.7 million modestly exceeded our $7.1 million projection.

Retail

In the retail division (45% of sales; 38% of segment profits), total merchandise sales rose 26%, driven by weighted average store growth of 30% and a comp-store sales increase of 1.8%, the latter matching our projections. Merchandise gross margins increased an impressive 160 basis points year-to-year to 31.9% of sales, due to the continued growth in private label (1.7% of sales, up from 1.5% in the second quarter) and the inclusion of the recently acquired Calfee stores. Excluding Calfee, gross margin was still up a strong 90 basis points, to 31.2% of sales, which is at the high end of the company's goal of improving gross margin by 50 to 100 basis points on a year-to-year basis.

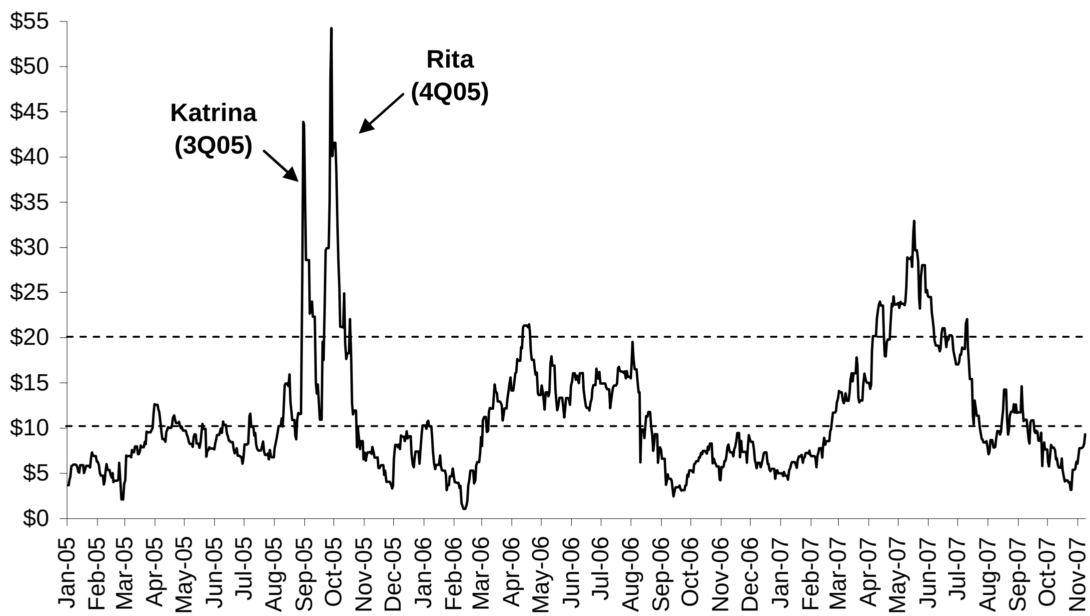
Meanwhile, retail gasoline sales rose 32%, driven by growth in the store base, but were partly offset by a 0.2% decline in comp-store gallons sold. More important, the gasoline gross margin of 15.2 cents per gallon was better than our 14.5 cent forecast, and we perceive the result to be more favorable than that of regional industry peers. Consequently, total retail segment profit from both merchandise and gasoline totaled $21.2 million, comfortably exceeding our $19.9 million estimate.

Consolidated Results
Delek US reported third-quarter EPS of $0.38, down from last year's $0.51. This EPS result was $0.02 light of our $0.40 estimate and $0.06 below the $0.44 consensus forecast. From an operating standpoint, third-quarter results were modestly above our expectations, as total segment profit of $55.7 million at Delek was more than $2 million greater than our forecast. Corporate overhead and depreciation and amortization were above our estimate, although total operating income was still $0.5 million above our projection.

Below the operating line, Delek's minority stake in Lion Oil generated less income than we anticipated, largely due to that company's exposure to the asphalt market. Significant levels of asphalt production go into inventory this time of year, so it has been difficult to pass through price increases commensurate with the price increase in oil. We continue to believe our estimate of $0.35 annual EPS accretion from Lion Oil is reasonable going forward, as either asphalt prices rise sufficiently in the periods of seasonally higher demand, or industry production levels fall, in which case the spread between sweet and sour crude would likely widen again (as it has recently), resulting in improved refining margins at Delek's Tyler refinery.

Fourth-Quarter Margins: A Weak Start in October, but Improving in November
While refining margins are normally at their lowest level of the year in the fourth quarter, they have been even weaker than anticipated thus far during the first six weeks of Delek's fourth quarter. The refining gross margin benchmark for Delek (the Gulf Coast 5-3-2 crack spread) averaged $5.65 per barrel for October. However, within the last week or so, crack spreads have improved significantly and are now over $9.00 per barrel, mainly due to an increase in wholesale gasoline and diesel prices. Our estimate for the 5-3-2 crack spread for the rest of the quarter remains $8.15, but due to the weak start to the period, our assumption is $7.45 per barrel overall for the fourth quarter versus our original projection of $8.15.

Figure 1
5-3-2 Crack Spread (Daily Close; $/Barrel)



Source: Bloomberg, William Blair & Company, L.L.C. estimates

On the retail side, gasoline gross margins in the Southeast started off solidly during the first two weeks of October, but were weaker during the second half of the month. Independent data from OPIS shows that retail gas prices in the Southeast have jumped approximately $0.20 in the past week to $3.00 per gallon, which suggests some margin relief could be on the way for convenience store operators.

Nevertheless, we have trimmed our fourth-quarter retail gasoline profit per gallon forecast to $0.150 from $0.167 previously. Note that Delek and other c-store operators will be lapping depressed margins in the December quarter (gas margins were only $0.089 last year in Delek's fourth quarter), so profitability in the retail segment should still be up sharply year-to-year in the current period.

Reducing Annual EPS Estimates by $0.10
Due to the lower-than-expected October margins noted above, as well as continued backwardation in the oil futures markets (please see our October 9 note for more details on how backwardation negatively affects Delek's refining division), we are reducing our annual EPS estimates by $0.10 each, to $2.30 in 2007 and $2.35 for 2008. Our revised 2007 and 2008 EBITDA forecast is now $230 million and $248 million, respectively, down from our prior estimates of $234 million and $253 million.

Recent Pullback Presents Another Buying Opportunity; Reiterate Outperform Rating
For most of this year, Delek's stock had appreciated more than its refining and retail competitors. As a result, the significant EV/EBITDA valuation gap that had existed since its IPO in May 2006 had disappeared by midsummer. However, with the stock pullback in recent months, shares once again trade at an attractive discount relative to its peers on a blended 2008 EV/EBITDA basis (table 2). Given Delek's solid operating performance in the third quarter relative to its peers, this disparity appears to be unwarranted. Thus, we reiterate our Outperform rating and recommend investors take advantage of the recent pullback in the stock.

Table 2
Convenience Store & Refinery Valuation Comparisons

		Recent	% Chg	Market	Calendar EPS		**P/E**		L/T EPS		**EV/EBITDA**		DIV	Net Debt/
	Ticker	Price	YTD	Cap (mln)	2007E	2008E	2007	**2008**	Growth	EV	2007	**2008**	Yield	Capital
C-Stores														
The Pantry^	PTRY	$25.85	-45%	$594	$1.95	$2.90	13.3	**8.9**	15%	$1,711	6.9	**5.9**	NA	75%
Casey's	CASY	$27.72	18%	$1,409	$1.62	$1.65	17.1	**16.8**	11%	$1,513	7.3	**6.8**	NA	15%
Susser	SUSS	$22.78	27%	$382	$0.53	$0.70	43.0	**32.5**	18%	$745	na	**6.9**	NA	69%
Couche-Tard*	ATD-SVB	$20.11	-8%	$4,186	$1.12	$1.33	17.9	**15.2**	13%	$4,862	8.5	**7.5**	NA	35%
C-Store Mean			**-2%**				**22.8**	**18.4**	**14%**		**7.6**	**6.8**		
Refineries														
Tesoro	TSO	$54.90	67%	$7,664	$5.38	$5.86	10.2	**9.4**	NA	$9,100	5.7	**5.0**	0.7%	32%
Frontier	FTO	$46.38	61%	$4,959	$4.49	$3.50	10.3	**13.3**	NA	$4,676	5.7	**6.8**	0.4%	-37%
Valero	VLO	$68.34	34%	$38,544	$8.35	$8.29	8.2	**8.2**	NA	$42,349	4.8	**4.9**	0.7%	17%
Alon	ALJ	$33.44	27%	$1,564	$3.55	$3.61	9.4	**9.3**	NA	$1,948	4.5	**5.2**	0.5%	47%
Western	WNR	$30.84	21%	$2,087	$4.61	$3.39	6.7	**9.1**	NA	$3,121	5.6	**6.1**	0.8%	57%
Refinery Mean			**42%**				**9.0**	**9.8**	NA		**5.2**	**5.6**	**0.6%**	
Delek US	DK	$21.55	31%	$1,171	$2.30	$2.35	9.4	**9.2**	11%	$1,349	5.9	**5.4**	0.7%	25%
S&P 500		1,456.57	3%	---	$94.79	$102.48	**15.4**	**14.2**	8%					
70% Refining & Energy Distribution / 30% Retail "Blend"							13.1	12.4			5.9	6.0		

2008 EV/EBITDA blended multiple implies Delek stock at ***$23.93***
11% *premium to Delek's current stock price.*

^ The Pantry's calendar EPS: $3.91 actual for fiscal 2006, and estimates of $1.25 and $2.80 for fiscal 2007 and 2008, respectively; September fiscal year-end.
* Alimentation Couche-Tard estimates in US dollars, based on current spot exchange rate.
Source: William Blair & Company, L.L.C. estimates for Delek US and The Pantry; First Call for all other companies and the S&P 500.

In addition, we believe Delek remains in a strong position to pursue acquisitions, particularly as valuations for many c-store chains are depressed by the weak gas margins experienced by the industry over the past year. At quarter-end, Delek had cash balance of $165 million versus total debt of $344 million, and the company's net-debt-to-capital was 25%, below most of its refining and convenience store retailing peers.

William Blair & Company

222 West Adams Street
Chicago, Illinois 60606
www.williamblair.com

Delek U.S. Holdings, Inc. (DK) — **Rating: Outperform**

November 9, 2007: $21.50 ($15 - $31) — **Company Profile: Aggressive Growth**

(dollars in millions, except per share)

Fiscal Year Ends December	2004	2005	1Q06	2Q06	3Q06	4Q06	2006	1Q07	2Q07	3Q07	4Q07E	2007E	2008E
Merchandise Revenues	$261.2	$292.4	$72.8	$82.4	$90.8	$84.6	$330.6	$81.8	$111.8	$114.6	$104.9	$413.1	$462.6
Gasoline Revenues	596.7	808.6	224.8	283.2	311.0	245.9	1,065.0	249.2	374.6	367.8	402.1	1,393.7	1,597.1
Retail Revenues	857.9	1,101.0	297.6	365.6	401.8	330.5	1,395.6	331.0	486.4	482.4	507.0	1,806.8	2,059.7
Refinery Revenues	0.0	930.9	362.0	454.1	424.5	349.7	1,590.2	353.9	435.2	419.2	520.3	1,728.6	1,774.4
Marketing Revenues	0.0	0.0	0.0	0.0	94.4	127.5	221.9	120.7	181.2	164.5	175.2	641.6	716.7
Total Revenues	**857.9**	**2,031.9**	**659.8**	**819.6**	**920.9**	**807.5**	**3,207.7**	**805.6**	**1,102.8**	**1,066.1**	**1,202.6**	**4,177.0**	**4,550.8**
Merchandise Gross Profit	76.9	87.0	22.2	25.4	27.5	26.1	101.2	26.6	35.3	36.6	34.0	132.5	150.9
Gasoline Gross Profit	50.1	57.8	11.2	16.0	22.2	9.9	59.3	12.9	20.4	20.0	19.6	73.0	85.4
Retail Gross Profit	127.1	144.8	33.4	41.4	49.7	35.9	160.5	39.5	55.7	56.6	53.7	205.5	236.3
Refinery Gross Profit	0.0	155.4	43.0	84.8	53.7	41.2	222.8	53.7	113.4	45.7	38.1	250.9	223.4
Marketing Gross Profit	0.0	0.0	0.0	0.0	-0.8	6.9	6.1	6.1	9.6	7.9	7.6	31.2	27.2
Total Gross Profit	**127.1**	**300.2**	**76.4**	**126.2**	**103.4**	**83.3**	**389.4**	**99.3**	**178.7**	**110.2**	**99.4**	**487.6**	**487.0**
Retail Segment Profit	47.0	57.6	10.5	15.3	22.5	9.3	57.7	11.9	18.5	21.2	19.3	70.9	91.3
Refinery Segment Profit	0.0	119.5	25.3	67.6	36.5	23.8	153.2	36.0	95.1	26.8	19.0	176.9	152.7
Marketing Segment Profit	0.0	0.0	0.0	0.0	-1.0	7.1	5.3	5.9	9.3	7.7	7.4	30.3	26.1
Total Segment Profit	**47.0**	**177.1**	**35.8**	**83.0**	**58.0**	**40.2**	**216.2**	**53.8**	**122.9**	**55.7**	**45.7**	**278.1**	**270.1**
General & Administrative Expenses	15.1	23.5	7.0	10.2	10.0	11.0	38.2	12.2	13.8	14.0	14.0	54.0	55.8
Depreciation & Amortization	12.4	16.1	4.4	4.7	5.7	8.0	22.8	7.0	8.0	8.4	8.9	32.3	33.5
Operating Income	**19.5**	**127.6**	**24.4**	**68.0**	**42.9**	**19.9**	**155.2**	**34.5**	**101.0**	**33.3**	**23.2**	**191.8**	**180.9**
Operating Margin	**2.3%**	**6.3%**	**3.7%**	**8.3%**	**4.7%**	**2.5%**	**4.8%**	**4.3%**	**9.2%**	**3.1%**	**1.9%**	**4.6%**	**4.0%**
Interest Exp., Hedging & Other, Net	-9.0	-26.4	-4.9	-3.9	-4.4	-5.0	-18.2	-5.8	-4.7	-6.0	-4.0	-20.5	6.0
Pretax Income	10.5	101.2	19.5	64.1	38.5	14.9	137.0	28.7	96.3	27.3	19.2	171.3	186.9
Income Taxes	3.7	35.4	6.6	21.9	12.2	3.4	44.0	7.8	29.1	6.9	5.5	49.3	57.7
Tax Rate	35.0%	35.0%	33.9%	34.1%	31.6%	22.4%	32.1%	27.2%	30.2%	25.3%	28.9%	28.8%	30.8%
Net Income	6.8	65.8	12.9	42.2	26.3	11.6	93.0	20.9	67.2	20.4	13.6	122.0	129.3
Diluted EPS	**$0.17**	**$1.67**	**$0.33**	**$0.88**	**$0.51**	**$0.22**	**$1.94**	**$0.40**	**$1.29**	**$0.38**	**$0.25**	**$2.30**	**$2.35**
Diluted Shares Outstanding	39.4	39.4	39.4	48.1	52.0	52.1	47.9	52.2	52.3	53.2	54.3	53.0	55.1
Retail EBITDA	NA	$42.6	NA	NA	NA	NA	$41.7	NA	NA	NA	NA	$52.4	$72.3
Refining EBITDA	NA	$101.1	NA	NA	NA	NA	$131.5	NA	NA	NA	NA	$148.8	$151.1
Marketing EBITDA	NA	$0.0	NA	NA	NA	NA	$4.8	NA	NA	NA	NA	$29.3	$24.9
Total EBITDA	NA	$143.7	$28.8	$72.7	$48.6	$27.9	$178.0	$41.5	$109.0	$41.7	$32.0	$230.5	$248.4
Retail Operating Metrics													
Store Count (Period End)	331	349	349	349	392	394	394	395	502	501	505	505	512
Merchandise Comp-Sales Growth	4.0%	1.4%	5.2%	4.0%	1.7%	1.1%	2.9%	1.7%	1.3%	1.8%	2.0%	1.7%	2.5%
Merchandise Gross Margin	29.5%	29.8%	30.5%	30.8%	30.3%	30.8%	30.6%	32.5%	31.6%	31.9%	32.4%	32.1%	32.6%
Retail Gas Comp-Store Gallon Growth	-0.7%	0.9%	1.7%	0.3%	5.5%	-7.5%	-0.2%	-0.3%	-0.7%	-0.2%	1.9%	0.2%	1.3%
Retail Gas Gross Profit/Gallon	15.5%	$0.165	$0.119	$0.161	$0.207	$0.089	$0.145	$0.123	$0.158	$0.152	$0.150	$0.147	$0.155
Refining Operating Metrics													
Gulf Coast 5-3-2 Crack Spread / Barrel	---	$12.44	$8.13	$15.38	$10.29	$6.76	$10.16	$9.85	$23.10	$12.02	$7.45	$13.10	$11.50
Delek's Refinery Gross Profit / Barrel	---	$12.31	$8.81	$16.34	$10.58	$8.06	$10.99	$10.67	$23.17	$9.50	$7.15	$12.51	$11.36
Delek's Gross Profit / Brl as % of 5-3-2	---	98%	108%	106%	103%	119%	106%	108%	100%	79%	96%	96%	99%
Operating Expenses / Barrel	---	$3.64	$3.61	$3.31	$3.39	$3.42	$3.46	$3.52	$3.73	$3.93	$3.59	$3.69	$3.60
Consolidated Metrics													
EBITDA Growth	NA	NA	NA	NA	NA	NA	24%	44%	50%	-14%	15%	29%	8%
Diluted EPS Growth	7%	863%	280%	400%	-48%	-49%	16%	23%	47%	-24%	13%	19%	2%

Mark Miller, CFA (312) 364-8498, mmiller@williamblair.com

William Blair & Company, L.L.C. was a manager or co-manager of a public offering of equity securities within the prior 12 months.

Additional information is available upon request.

Current Rating Distribution (as of 10/31/07)

Coverage Universe	Percent	Inv. Banking Relationships*	Percent
Outperform (Buy)	59	Outperform (Buy)	12
Market Perform (Hold)	40	Market Perform (Hold)	5
Underperform (Sell)	1	Underperform (Sell)	1

*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

Mark Miller attests that 1) all of the views expressed in this research report accurately reflect his/her personal views about any and all of the securities and companies covered by this report, and 2) no part of his/her compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views expressed by him/her in this report.

Stock Rating: William Blair & Company, L.L.C. uses a three-point system to rate stocks. Individual ratings reflect the expected performance of the stock relative to the broader market over the next 12 months. The assessment of expected performance is a function of near-term company fundamentals, industry outlook, confidence in earnings estimates, valuation, and other factors. Outperform (O) – stock expected to outperform the broader market over the next 12 months; Market Perform (M) – stock expected to perform approximately in line with the broader market over the next 12 months; Underperform (U) – stock expected to underperform the broader market over the next 12 months; Not Rated (NR) – the stock is currently not rated.

Company Profile: The William Blair research philosophy is focused on quality growth companies. Growth companies by their nature tend to be more volatile than the overall stock market. Company profile is a fundamental assessment, over a longer-term horizon, of the business risk of the company relative to the broader William Blair universe. Factors assessed include: 1) durability and strength of franchise (management strength and track record, market leadership, distinctive capabilities); 2) financial profile (earnings growth rate/consistency, cash flow generation, return on investment, balance sheet, accounting); 3) other factors such as sector or industry conditions, economic environment, confidence in long-term growth prospects, etc. Established Growth (E) – Fundamental risk is lower relative to the broader William Blair universe; Core Growth (C) – Fundamental risk is approximately in line with the broader William Blair universe; Aggressive Growth (A) – Fundamental risk is higher relative to the broader William Blair universe.

The ratings and company profile assessments reflect the opinion of the individual analyst and are subject to change at any time.

The compensation of the research analyst is based on a variety of factors, including performance of his or her stock recommendations; contributions to all of the firm's departments, including asset management, corporate finance, institutional sales, and retail brokerage; firm profitability; and competitive factors.

THIS IS NOT IN ANY SENSE A SOLICITATION OR OFFER OF THE PURCHASE OR SALE OF SECURITIES. THE FACTUAL STATEMENTS HEREIN HAVE BEEN TAKEN FROM SOURCES WE BELIEVE TO BE RELIABLE, BUT SUCH STATEMENTS ARE MADE WITHOUT ANY REPRESENTATION AS TO ACCURACY OR COMPLETENESS OR OTHERWISE. OPINIONS EXPRESSED ARE OUR OWN UNLESS OTHERWISE STATED. FROM TIME TO TIME, WILLIAM BLAIR & COMPANY, L.L.C. OR ITS AFFILIATES MAY BUY AND SELL THE SECURITIES REFERRED TO HEREIN, MAY MAKE A MARKET THEREIN AND MAY HAVE A LONG OR SHORT POSITION THEREIN. PRICES SHOWN ARE APPROXIMATE. THIS MATERIAL HAS BEEN APPROVED FOR DISTRIBUTION IN THE UNITED KINGDOM BY WILLIAM BLAIR INTERNATIONAL, LIMITED, REGULATED BY THE FINANCIAL SERVICES AUTHORITY (FSA), AND IS DIRECTED AT, AND IS ONLY MADE AVAILABLE TO, AUTHORIZED PERSONS AND OTHER PERSONS FALLING WITHIN COB 3.2.5(1)(b) OF THE FSA HANDBOOK, AND MAY NOT BE PASSED ON TO PRIVATE CUSTOMERS IN THE UNITED KINGDOM. ANY UNAUTHORIZED USE IS PROHIBITED. "WILLIAM BLAIR & COMPANY" AND "WILLIAM BLAIR & COMPANY (SCRIPT)" ARE REGISTERED TRADEMARKS OF WILLIAM BLAIR & COMPANY, L.L.C.

Please contact us at 1-800-621-0687 or consult http://www.williamblair.com/pages/eqresearch_coverage.asp for all disclosures.

William Blair & Company®

Investment Banking ▪ Asset Management ▪ Equity Research ▪ Institutional & Private Brokerage ▪ Private Capital

William Blair & Company, L.L.C.   222 West Adams Street   Chicago, Illinois 60606   312.236.1600   www.williamblair.com

CHICAGO   BOSTON   LONDON   NEW YORK   SAN FRANCISCO   SHANGHAI   TOKYO   ZURICH