Zacks Small-Cap Research

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Rainmaker Systems Inc. (RMKR-NASDAQ)

RMKR: Initiating Coverage- OUTPERFORM

Current Recommendation	**Outperform**
Prior Recommendation	Neutral
Date of Last Change	08/01/2012
Current Price (08/02/12)	$0.99
Six- Month Target Price	**$2.00**

OUTLOOK

Rainmaker Systems, provides business-to-business (B2B) e-Commerce solutions. The Company's solutions, which are offered on a global basis, drive online sales and renewal for products, subscriptions and training for large companies in the computer hardware, software and information services industries. Rainmaker's three primary solutions (Transact, Renew and Educate) are designed to deliver maximum revenue in its client's mid-market. The transformation of the business model from telesales to e-Commerce should drive margin expansion and growth. We see value in the shares.

SUMMARY DATA

52-Week High	**$1.20**
52-Week Low	**$0.43**
One-Year Return (%)	**-22.94**
Beta	**1.84**
Average Daily Volume (sh)	**76,038**
Shares Outstanding (mil)	**27**
Market Capitalization ($mil)	**$23**
Short Interest Ratio (days)	**0.25**
Institutional Ownership (%)	**25**
Insider Ownership (%)	**10**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-15.8**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2012 Estimate	**N/A**
P/E using 2013 Estimate	**24.8**
Zacks Rank	**3**

Risk Level	**High,**
Type of Stock	**Small-Growth**
Industry	**Comp-Services**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2010	15 A	9 A	9 A	9 A	42.8 A
2011	9 A	9 A	10 A	10 A	37.0 A
2012	6 A	7 A	8 E	8 E	28.8 E
2013					34.0 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2010	$0.02 A	-$0.18 A	-$0.20 A	-$0.13 A	-$0.49 A
2011	-$0.14 A	-$0.16 A	-$0.10 A	-$0.08 A	-$0.43 A
2012	-$0.05 A	-$0.03 A	-$0.03 E	-$0.01 E	-$0.12 E
2013					$0.04 E

2012 reflects the effect of discontinued operations

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KEY POINTS

- Business to Business (B2B) e-commerce market place is much different than B2C. Transactions can be complex often involving several decision makers.
- Rainmaker can launch a global B2B store in less than 30 days with global online delivery and live agents for sales assistance.
- Rainmaker targets the Mid-market technology B2B segment, which is underserved and a bigger opportunity than B2C. The Software industry market is estimated at $250 billion.
- 55% of the current pipeline is for the e-commerce side of the business. e-Commerce offers margins of 50-80% versus Telesales where margins range from 10-30%

OVERVIEW

Rainmaker Systems, Inc., headquartered out of Campbell, California, provides business-to-business (B2B) e-Commerce solutions. The Company's solutions, which are offered on a global basis, drive online sales and renewal for products, subscriptions and training for large companies in the computer hardware and software and information services industries.

Rainmaker's three primary solutions (Transact, Renew and Educate) are designed to deliver maximum revenue in its clients' mid-market.

The Company's Transact solution allows Rainmaker's clients to sell more of their products and maintenance contracts directly to customers or through their channel partners while the Renew solution maximizes client's renewal rates, subscriptions and other contracts as well as increases the lifetime value of their customers.

The Educate solution generates increased client revenue through the selling of training programs to client customers.

Rainmaker's SaaS (Service as a Solution) solution combines cloud-based e-Commerce sales enhanced by global sales agents to deliver maximum revenue and increase customer satisfaction as well as supports multiple currencies and language capabilities.

Regardless of how complicated the client configuration or pricing, Rainmaker's e-Commerce solution allows products to be bought in the same way business buyers expect to buy online, delivering an "app store" like experience to business customers.

The Company performs services for customers out of offices in the United States, Canada, the United Kingdom, and the Philippines.



B2B versus B2C

With the rise of the internet in the past decade it was a natural that online shopping would take a greater and greater piece of the consumer dollar. On-line shopping offers easy comparability of products from your own home. Consumers only need an on-line connection, a credit card, and a place for the product to be delivered. This one size fits all "vending machine" model helped push the business to consumer (B2C) market place in the US from $40 billion in 2000 to $145 billion by 2009.

While often lumped together in the same breath as B2C, the Business to Business (B2B) e-Commerce market place is a much different entity. Transactions can be complex involving several decision makers, channels, and complex technical specifications. That complexity often pushes the B2B buyers to consult a sales agent before committing several thousand dollars.

A successful B2B E-Commerce platform should include

- Multi-Channel Functionality
- Banded pricing
- Offer the ability to communicate with a sales agent

A Backdrop of Growth

Market Research firm Gartner has predicted that by 2017, chief marketing officers will spend more on information technology than the chief information officers. In part, that is because marketing already represents more spending than does traditional information technology, though it is not yet true that marketing IT spending is as large as overall organization information technology spending.
In 2011 B2B and B2C marketing budgets as a percentage of revenue were almost three times as high (10 percent) as IT budgets (3.6 percent), according to Gartner.

Gartner also said 2012 IT budgets are expected to grow 4.7 percent, while all marketing budgets, in general, are predicted to grow nine percent, and high tech marketing budgets, more specifically, are expected to increase 11 percent.

2010 U.S. Census data shows estimates for business to business (B2B) revenue transacted online—not through electronic data interchange (EDI)—at approximately US$300 billion. Compare that with almost $200 billion in retail transactions, and the B2B commerce story suddenly becomes more interesting.

According to a 2011 B2B online survey—the adoption among B2B entities of e-commerce has just begun, with only 25 percent of the B2B companies represented having an e-commerce site and significantly less than that having a site that is current. B2B e-commerce transactions are also more complex. Most involve more than two decision-makers, but 28 percent have five or more decision-makers involved in the process.

Three key observations stood out from the 2012 survey data:

- The B2B online catalog and direct sales force continue to be key channels used by customers for decision-making—but mobile jumped more than 10 percent in 2012 to the #3 spot. When asked which top three available channels customers use most to make decisions, respondents highlighted the online catalog as the #1 tool used (93 percent), followed closely by the direct sales channel (70 percent), with mobile Web jumping more than 10 percent, to 24.5 percent, from 2011 as the third-most-influential channel in B2B e-commerce.

- Key retail tools and best practices for influencing revenue in the last 12 months continued to be personalization, the online catalog, and search engine optimization (SEO)—with mobile jumping again, more than 20 percent, to the #4 spot, just below paid search advertising. As in 2011, the top three retail tools or practices influencing B2B revenue most were identified as personalization capabilities (69 percent in 2012, versus 68 percent in 2011), the online catalog (64 percent in both 2012 and 2011), and SEO (58 percent in 2012, versus 60 percent in 2011). The biggest change—again—was mobile, which lagged in second-to-last place in 2011, with barely 5 percent, but jumped to more than 26 percent in 2012.

- B2B e-commerce organizations still have a laser focus on boosting SEO, developing robust product content, and maintaining consistency across channels but take a more strategic view of mobile. The majority of the respondents in the 2012 survey (37 percent to 40 percent each) identified SEO, leveraging product content and data across channels, and developing and managing more-robust product information as the top areas of focus for 2012. This was nearly identical to the 2011 responses. What stands out is that mobile outpaced conversion rates, self-service, portals, and offer targeting—jumping from a meager 5 percent in 2011 to 35 percent in 2012.

Mobile, Not Surprisingly, Is a Key B2B Trend

In 2010 and 2011, B2B businesses all came to terms with the fact that their customers were changing and that daily, at-home experiences with various consumer technologies—from checking stocks to grocery shopping—would rapidly change customer expectations of their B2B experiences online. From simply researching large purchases through user reviews and video demonstrations (if only to conduct the final transaction in-store) to multichannel information consumption (simultaneously reading user reviews of a product while physically in a store aisle), as the chart below illustrates, 80 percent of the surveyed B2B professionals (versus 70 percent in 2011) agreed or strongly agreed that their customers' expectations mirror at-home consumer practices.

Opportunity

Rainmaker's goal is to target the mid-market technology B2B segment ,which is underserved and a bigger opportunity than B2C. The Software industry market is estimated at $250 billion. Consumer 'app-stores' are setting expectations for business buyers. They are researching on manufacturer's sites. Research shows 68% of B2B buyers get their product information from Manufacturer's (suppliers) websites vs. 18% from offline events/ seminars.

Well Rounded Revenue Base



Transformation of the Business Model
Rainmaker has two primary business lines; Telesales and e commerce.
In February 2005, Rainmaker bought Sunset Direct, which gave the firm a telesales presence. Telesales is the generation of sales leads, or lead generation, for clients. Sunset Direct provided the firm with new clients for its service contract sales solution.

Through two separate acquisitions in October 2009, (e-Commerce technology of Grow Commerce) and January of 2010 (Optima Consulting Partners Limited) Rainmaker assembled its e-Commerce platform. Grow Commerce provided hosting of fan club and membership websites that offered monthly subscriptions and the ability for fee-based downloading of music, videos and other items, while Optima was primarily a B2B lead development provider.

After acquiring and building the business lines, the firm receives revenue four different ways,

- The online sale of client's products to their SMB customers.
- The sale of service contracts and maintenance renewals.
- Lead development and other telesales services.
- Software subscriptions for hosted internet sales of web-based training.

The Transformation of the business model from the majority of sales coming from telesales to e-Commerce should transform the company's margin and growth characteristics to that of a high margin/ high growth profile. Management has targeted a 70-30 mix with 70% coming from e-Commerce. e-Commerce enjoys significantly higher margins, stickier revenues, and longer contracts (e-Commerce contracts typically 1 to 3 years, telesales contracts are typically 3 months to 1 year). The transformation will also serve to decrease Rainmaker's reliance on a low number of clients for revenue.

	% Current Revenue	Current Pipeline	Gross Margin Range
e-Commerce	30%	55%	50-80%
Telesales	70%	45%	10-30%

Rainmaker is experiencing increased pipeline activity on the e-Commerce side of the business while the firm's Lead Development business remains solid. Recent client wins will help drive sequential revenue growth as well as margin growth.

Rainmaker's Competitive Advantage
Most importantly the technology is e-Commerce built for B2B, rather than modified from B2C or built in the "vending machine" model. Open architecture allows the technology to integrate among the company web infrastructure and mobile applications. The cloud-based selling platform allows a quick rollout to worldwide markets. This includes support for different languages, currencies and local payment methods. Another benefit is the ability to handle complex options such as heavy volume or unique product configurations. Finally, it includes the ability for the client to control on-line downloads and expiration periods, insuring the firm gets paid again in a certain period.

Lets look at a typical example of a B2B build out. Rainmaker had a software client that had been using a typical B2C on-line store for its North American B2B business lines. The store was losing out on significant sales because the site did not cater to its business clients who needed multiple licenses and sales support before purchasing. Rainmaker rolled the store into its B2B model with volume licenses and a cloud based selling platform and the site saw a 30% increase in revenue.

Recently, Rainmaker reported that it signed a number of new and renewal service agreements, with a new customer and two existing clients, as well as a $5 million credit facility.

On July 25, The Company filed an 8-K, Entry into a Material Definitive Agreement, with the U.S. Securities and Exchange Commission. The agreement reported that Rainmaker finalized the renewal of a material Statement of Work (SOW), under its Vendor Services Agreement (VSA) with Microsoft Corporation. Under the VSA, Rainmaker will provide global telesales and chat sales services to Microsoft.

The SOW covers geographies in the Americas, EMEA and the Asia-Pacific region and will drive global trial subscription sales to business customers for certain Microsoft cloud based products. The three year term of the SOW has an annual revenue value of approximately $5 million.

Similarly, in mid-July, Rainmaker signed a one year agreement for telesales services with a new client. The new client, Demandforce, is a leading SaaS provider of automated marketing and customer communications.

Likewise, in late June, Rainmaker reported the signing of a new three-year agreement with an existing major software provider client to provide B2B telesales services for the client's full product line within Latin America. The agreement will have a total value of $7 million over its full term.

Finally, in late July, the Company announced that it has entered into a $5 million loan and security agreement with Comerica Bank. The maximum amount of credit available under the new credit facility is composed of a $3 million 36 month term loan and a $2 million 18 month revolving line of credit.

INDUSTRY OUTLOOK

The outlook for the Software Industry is positive. Most industry insiders point to single digit growth rates in IT. 2012 promises to be a better year than 2011, but mildly. According to the OnForce Confidence Index for IT Field Services, 40 percent of IT field techs expect a positive effect on their business in the next six months. The question, however, is how much of a positive effect, and if this growth will continue or plateau.

Another recent report by CompTIA , "IT Industry Outlook 2012," also predicts growth in 2012, though of only about 4.5 percent worldwide, with the U.S. market forecast slightly lower at 4.0 percent. The lack of true growth means that IT firms have concerns for 2012.

Looking a bit deeper in to the survey, VARs and IT service providers are most concerned about the possibility of a stalled recovery, with 62 percent concerned that the market will paralyze with a lack of spending. 47 percent of VARs and IT service providers are concerned about pressure on margins on sales in 2012. Downward margin pressure will most likely be felt in IT hardware. However, IT industry executives are most bullish on growth in IT services and software, which is a good sign for IT service providers.

The OnForce Confidence Index for IT Field Services shows that 65 percent of IT service providers have no plans to change their rates in 2012, but a solid 28 percent are planning to increase them. What is unclear is if these IT service providers are planning to increase them out of optimism or out of necessity.

Long-term growth prospects are still modestly above average. In addition, several of the group's top companies possess stellar fundamentals, including high profit margins, pristine balance sheets and cash flow well in excess of capital requirements.

*Source ChannelPro

INDUSTRY POSITION

The B2B marketplace is quite competitive, and highly fragmented. The firm competes on the basis of sales and marketing expertise, product performance and reliability, return on investment, and cost. Rainmaker competes with internal departments as well as departments and firms offering substitutes, but the closest B2B competitor remains Digital River.

	Rainmaker	Digital River	Internal
B2B Business Process	✓	⚠	⚠
Easy Global Tax, Customs, Languages	✓	✓	✗
Client Control SaaS + Open API	✓	✗	✓
30-Day Go Live with SaaS	✓	⚠	✗
Low Cost To Implement	✓	✗	✗
Renewals Expertise Extending the Customer Lifetime Value	✓	✗	⚠

Several of the firms that Rainmaker competes with have greater resources. Digital River for example has a $583 million market cap and a cash balance of $700 million.

RECENT NEWS

On July 31, 2012, Rainmaker Systems reported financial results for its second quarter and six months, ended June 30, 2012. The Company's solid second quarter resulted in a $427,000 or 6.6 percent increase in year over year revenues to $6.895 million which compares to revenues of $6.468 million for the three months ended June 30, 2011.

Sequentially, revenues improved 7 percent from $6.4 million during the first quarter of 2012.

Gross margin for the three months ended June 30, 2012 improved to 44 percent from 43 percent for the first quarter of 2012 and the second quarter of 2011.

Furthermore, the Company achieved an approximately 90% reduction in quarterly adjusted EBITDA loss year-over-year, from $1.7 million to $191,000.

Rainmaker's net loss from continuing operations for the quarter was $901,000, a $1.894 million improvement over net loss from continuing operations of $2.795 million for the quarter ended June 30, 2011.

Based on a weighted average number of basic and diluted common shares of 27.049 million shares, basic and diluted net loss per share from continuing operations for the second quarter resulted in net loss of $0.03 per basic and diluted share during the second quarter of fiscal 2012. This compared to a basic and diluted net loss per share from continuing operations of $0.13 on a weighted average number of basic and diluted shares of 21.251 million shares during the three months ended June 30, 2011.

For the six months ended June 30, 2012, year over year revenues improved by 9.1 percent or $1.103 million to $13.296 million from $12.193 million for the first half of 2011.

Gross margin for the six months improved to 43.5 percent compared to gross margin of 41.3 percent for the six months ended June 30, 2011.

Rainmaker's net loss from continuing operations for the six months was $2.1 million, a $3.919 million improvement over net loss from continuing operations of $6.019 million for the first half of 2011.

Based on a weighted average number of basic and diluted common shares of 26.929 million shares, basic and diluted net loss per share from continuing operations for the first half resulted in net loss of $0.08 per basic and diluted share during the first half of fiscal 2012. This compared to a basic and diluted net loss per share from continuing operations of $0.29 on a weighted average number of basic and diluted shares of 21.099 million shares during the first half of 2011.

Rainmaker's cash and equivalents for the second quarter ended June 30, 2012, equaled $6.032 million while working capital deficit totaled $33,000. This compares to $8.490 million of cash and equivalents and a working capital deficit of $502,000 for the period ended December 31, 2011.

Similarly, the Company recently announced that it has entered into a $5 million loan and security agreement with Comerica Bank.

The maximum amount of credit available under the new credit facility is composed of a $3 million 36 month term loan and a $2 million 18 month revolving line of credit.

Furthermore, the Company completed its planned $5 million cost reduction program and management expects the full benefit of the program in the third quarter.

Likewise, the program is expected to significantly reduce Rainmaker's operating cash flow break-even point and significantly contribute toward further reducing net loss as the Company moves closer to profitability.

Similarly, Rainmaker has made a strategic decision to sell its Manila facilities and subcontract back a certain percentage of existing business and future business to the acquirer.

The transaction would give the Company an immediate increase in gross margin, a positive cash impact and a strategic partnership. Rainmaker currently has three interested parties and hopes to make an announcement during the third quarter.

It should be noted that recently the Company signed a number of agreements including a new multi-year agreement with Comcast totaling an estimated $10 million over its full term, a three-year, $15 million renewal with Microsoft, a new three-year, $7 million agreement with a major software client, a two-year, $2 million agreement with a major software client as well as a new client, Demandforce.

Management believes the Company is positioned for continued growth as new contracts ramp in third quarter. Similarly, management continues to expect sequential quarterly revenue growth for the remainder of the year and continues to anticipate achieving a return to positive cash flow in the third quarter of 2012.

Finally, the Company reported that it is searching for a seasoned software and services executive for the chief executive officer's position. Michael Silton, founder and Chief Executive Officer, will continue as CEO until such time as the new CEO joins the Company and will continue as chairman of the board of directors.

VALUATION

Rainmaker remains well positioned to achieve solid revenue growth and operating leverage as a B2B grows given the company's competitive advantage led by innovation. The firm has four things that separate it from the pack in our opinion.

- A technologically superior product.
- A growth platform in B2B software that looks to be larger than the size of the B2C market.
- Growing margins as e-Commerce takes the lead from Telesales.
- The ability to shed non-core assets to strengthen the balance sheet.

We valued the firm with a combination of a valuation model and our two-stage growth model. Both assume the firm captures a modest piece of the B2B market for 10 years then settles down and looks more like the overall economy. The valuation model is essentially a price to sales model valued at year 5 and discounted back to the present day.

Assumptions

- The firm is expected to grow at a higher growth rate in the first period.

- The growth rate will drop at the end of the first period to the stable growth rate.

Rationale for using the Model
As the e-Commerce business ramps up to a higher percentage of total revenues we expect the firm to grow margins and earnings at a higher rate than the overall industry. As These products mature and the firm faces more competition we expect the growth rate to level off.

Weakness of the Model
As you add more layers to the model it is more sensitive to the assumptions you make. The growth may look more "lumpy" than we have it in the model.

Output
We used the following inputs:

- A 10-year period with an earnings growth rate of 8.5% and a discount rate of 12.75%.
- A continuing period assumed to go on forever, with earnings growing at 5% and a discount rate of 10.00%.

With these inputs we arrive at a target price of $2.00.

Our price target of $2.00 per share is the average of our valuation model and our two stage model. We would add shares at these levels.

Potential Long-Term Model

	Q3 YTD 2011	Long-term Model
Revenue[1]	100%	100%
Gross Profit[1]	34%	50-55%
Technology & Development	20%	10-12%
Sales & Marketing	11%	10-11%
General & Administrative	22%	8-9%
Depreciation	9%	7-8%
Total Expenses	62%	35-40%
Operating Income/ (Loss) [2]	(28%)	15-20%

*1 excluding discontinued Ops.

*2 excluding stock based comp.

RISKS

- A small number of clients will continue to account for a significant portion of revenue for the foreseeable future. The loss of any of significant clients may cause a significant decrease in revenue.

- The firm's business model is based on getting buy in from potential clients. A second downturn or an extended period of zero growth could hurt future cash flows.

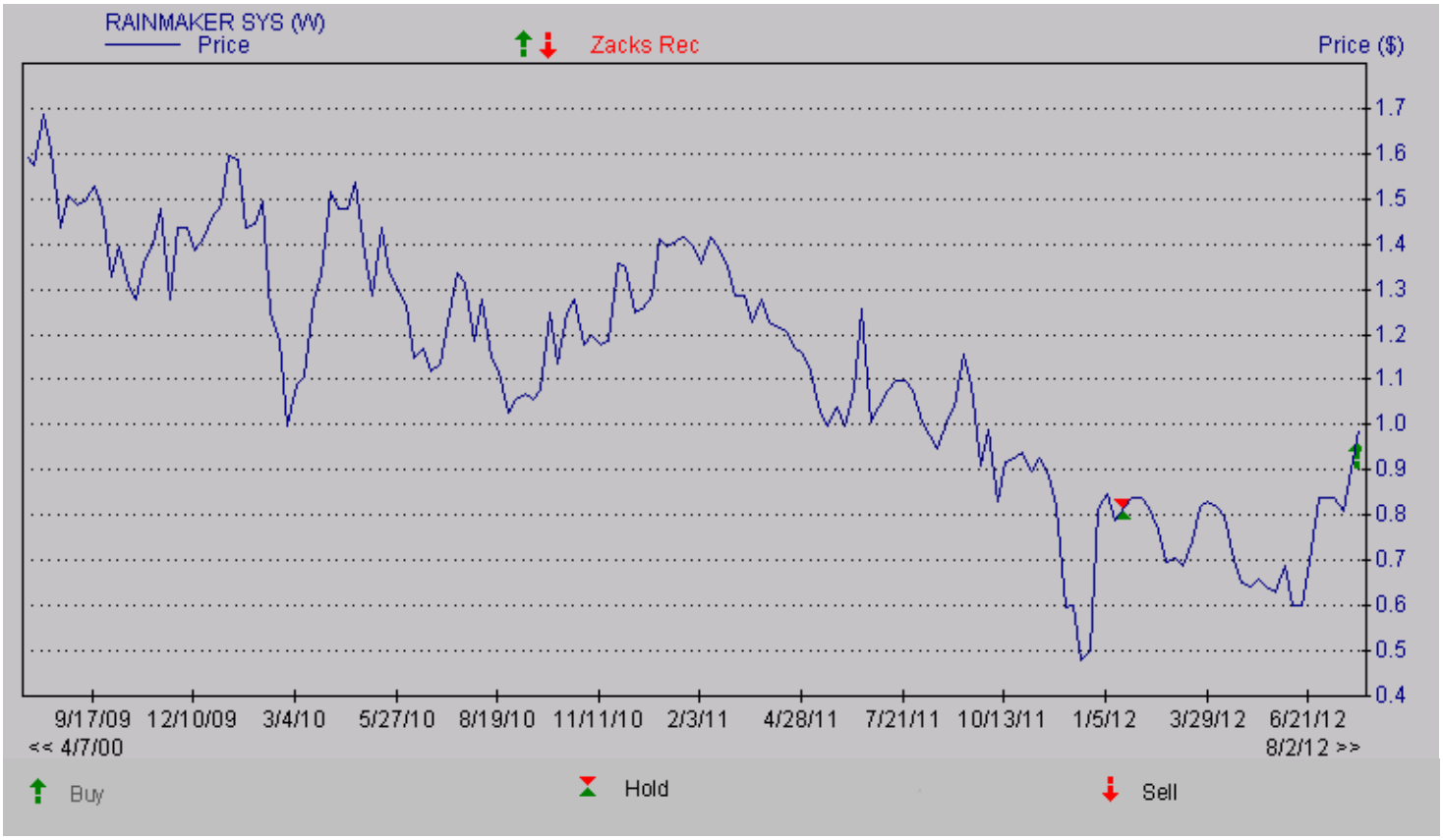
- Rainmaker competes with several well healed firms that have a stronger financial position and more resources.

PROJECTED INCOME STATEMENT & BALANCE SHEET

INCOME STATEMENT ($ Millions)	Jun-11 Q2 11	Sep-11 Q3 11	Dec-11 Q4 11	Mar-12 Q1 12	Jun-12 Q2 12	Sep-12 Q3 12 E	FY 2009	FY 2010	FY 2011	FY 2012 E	FY 2013 E
REVENUE											
Net Revenue	**9.09**	**9.61**	**9.53**	**6.40**	**6.90**	**7.50**	**47.8**	**42.8**	**37.0**	**28.8**	**34.0**
Sequential Growth		*6%*	*-1%*	*-33%*	*8%*	*9%*					
OPERATING EXPENSES											
Cost of Revenues	6.1	6.3	6.0	3.6	3.9	4.2	26.4	23.9	24.2	15.9	17.0
% of Revenue	*67%*	*66%*	*63%*	*57%*	*56%*	*56%*	*55%*	*56%*	*65%*	*55%*	*50%*
Gross Profit -	**3**	**3**	**4**	**3**	**3**	**3**	**21.4**	**18.9**	**12.9**	**12.9**	**17.0**
Proforma Gross Margin	*33%*	*34%*	*37%*	*43%*	*44%*	*44%*	*44.8%*	*44.2%*	*34.8%*	*44.7%*	*50.0%*
R&D + Engg	2.3	1.9	1.7	1.6	1.5	1.6	10.4	9.2	7.6	6.3	5.8
% of Revenue	*24.8%*	*20.0%*	*17.3%*	*24.8%*	*22.2%*	*21.1%*	*21.7%*	*21.4%*	*20.4%*	*21.9%*	*17.1%*
SG&A	2.9	3.2	3.3	1.9	1.9	1.9	13.5	14	13	8	8
% of Revenue	*32.4%*	*32.8%*	*34.6%*	*29.8%*	*27.4%*	*25.4%*	*28.2%*	*32.2%*	*34.2%*	*27.5%*	*23.5%*
GW Amort, Restructuring, other	*0.96*	*0.89*	*0.62*	*0.40*	*0.40*	*0.41*	5.59	*4.63*	3.54	*1.60*	*1.75*
% of Revenue											
Total Operating Expenses	6.2	6.0	5.6	3.9	3.8	3.9	29.4	28	24	16	16
% of Revenue	*67.8%*	*62.1%*	*58.4%*	*60.9%*	*55.4%*	*51.9%*	*61.6%*	*64%*	*14%*	*55%*	*46%*
Operating Income -	**-3.2**	**-2.7**	**-2.0**	**-1.1**	**-0.8**	**-0.6**	**-8.0**	**-9**	**-11**	**-3**	**1**
Operating Margin	*-35.2%*	*-27.8%*	*-21.2%*	*-17.6%*	*-11.7%*	*-7.9%*	*-17%*	*-20%*	*4%*	*-10%*	*4%*
NON-OPERATING ITEMS											
Non operating Income/Expense	-0.026	-0.003	0.100	-0.021	-0.028	-0.032	-0.086	-0.995	0.034	-0.105	-0.140
% of Revenue	*-0.29%*	*-0.03%*	*1.05%*	*-0.33%*	*-0.41%*	*-0.43%*	*-0.18%*	*-2.33%*	*0.09%*	*-0.37%*	*-0.41%*
Tax Provision	0.07	0.01	-0.03	0.05	0.07	0.07	0.21	0.28	0.12	0.25	0.27
Effective Tax Rate											
Net Income -	**-3.3**	**-2.7**	**-1.9**	**-1.20**	**-0.90**	**-0.7**	**-8.3**	**-10.0**	**-11.0**	**-3.3**	**1.0**
Net Income Margin	*-36.3%*	*-27.9%*	*-19.9%*	*-18.7%*	*-13.1%*	*-9.2%*	*-17.4%*	*-23.3%*	*3.6%*	*-11.5%*	*3.1%*
Adjustments	**0.00**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0**	**0**	**0.00**	**0.00**	**0**
EARNINGS PER SHARE											
EPS - Basic	-$0.16	-$0.11	-$0.07	-$0.05	-$0.03	-$0.03	-$0.43	-$0.49	-$0.44	-$0.12	$0.04
EPS - Diluted	-$0.16	-$0.11	-$0.07	-$0.05	-$0.03	-$0.03	-$0.43	-$0.49	-$0.44	-$0.12	$0.04

Ken Nagy, CFA Zacks Investment Research 8/2/2012

HISTORICAL ZACKS RECOMMENDATIONS



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