Zacks Small-Cap Research

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Grant Zeng, CFA
312-265-9466
gzeng@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Threshold Pharm (THLD-NASDAQ)

THLD: Exited 2Q15 with a strong balance sheet; pipeline progress well–Outperform

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	04/27/2014
Current Price (07/29/15)	$4.15
Target Price	**$9.50**

OUTLOOK

Threshold is a late development stage biopharmaceutical company focused on developing hypoxia targeted cancer therapy. The Company's lead prodrug candidate EVOFOSFAMIDE is in a series of clinical trials including two Phase III clinical trials for soft tissue sarcoma and pancreatic cancer respectively. Two Phase II trials will be initiated for TH-4000.

We model EVOFOSFAMIDE to be approved by the FDA in late 2016 or early 2017 for soft tissue sarcoma. The Company will be cash flow positive in 2018. Balance sheet remains strong.

We rate Threshold Outperform based on its strong fundamentals.

SUMMARY DATA

52-Week High	**$5.03**
52-Week Low	**$2.70**
One-Year Return (%)	**-0.95**
Beta	**2.99**
Average Daily Volume (sh)	**563,327**
Shares Outstanding (mil)	**71**
Market Capitalization ($mil)	**$296**
Short Interest Ratio (days)	**7.33**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2014 Estimate	**N/A**
P/E using 2015 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**N/A**
Industry	**Med-Biomed/Gene**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	3.7 A	3.7 A	3.7 A	3.7 A	14.7 A
2015	3.7 A	3.7 A	3.7 E	3.7 E	14.7 E
2016					25.0 E
2017					57.0 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.14 A	-$0.12 A	-$0.13 A	-$0.09 A	-$0.48 A
2015	-$0.17 A	-$0.12 A	-$0.12 E	-$0.13 E	-$0.54 E
2016					-$0.48 E
2017					-$0.20 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW

Update on 2Q15 Financials

On July 30, Threshold reported financial results for the second quarter of 2015.

The company recorded $3.68 million in revenue in 2Q15, as compared to $3.68 million for 2Q14. Both revenues were recognized from the amortization of $110 million in upfront and milestone payments earned in 2013 and 2012 from Threshold's partner German Merck KGaA.

R&D expenses for 2Q15 were $10.1 million, compared to $8.7 million for the first quarter of 2014. This increase was expected since the company has increased its clinical development expenses. Second quarter R&D expenses were also impacted by the reimbursement from Merck KGaA related to their 70% share of total development expenses for **evofosfamide** (previously known as TH-302).

G&A expenses for 2Q15 were $2.5 million, same as those for 2Q14.

The company incurred $1.9 million in non-cash stock-based compensation expense for the second quarter of 2015 versus $1.5 million for the second quarter of 2014.

Net loss for 2Q15 was $8.3 million ($0.11 per share), as compared to a net loss of $0.8 million ($0.01 per share) for the second quarter of 2014. GAAP net loss for 2Q15 included an operating loss of $8.9 million and non-cash income of $0.6 million, while GAAP net loss for 2Q14 included an operating loss of $7.5 million and non-cash income of $6.7 million.

On an adjusted basis, non-GAAP net loss was $8.3 million ($0.11 per share) for 2Q15, as compared to $7.4 million ($0.12 per share) for 2Q14.

As of June 30, 2015, Threshold had $67.0 million in cash, cash equivalents and marketable securities.

Threshold has a collaboration agreement with Merck KGaA worth **total of $550 million** in terms of upfront and milestone payments. To date Threshold has received upfront and milestone payments of $110 million. The Company can earn additional potential milestone payments of up to $440 million, comprised of $100 million in development and regulatory milestones and $340 million in sales-based milestones.

We welcome this non-dilutive financing which benefits all of its shareholders. We estimate current cash balance combined with the potential payment from Merck KGaA could last into 2017 when the Company's EVOFOSFAMIDE could be approved for soft tissue sarcoma.

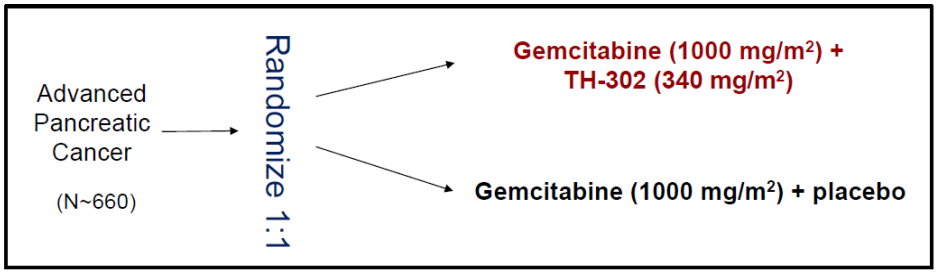
***Update on* Evofosfamide (TH-302)**

Top Line Data from Phase III MAESTRO Study of EVOFOSFAMIDE Expected in 2016

In Nov, 2014, Threshold's partner Merck KGaA completed target enrollment of 660 patients in the global **Phase III MAESTRO** study.

As a reminder, in **December 2012,** Merck KGaA initiated the global pivotal **Phase III MAESTRO** clinical trial assessing the efficacy and safety of EVOFOSFAMIDE in combination with gemcitabine in patients with previously untreated, locally advanced unresectable or metastatic pancreatic adenocarcinoma. MAESTRO stands for EVOFOSFAMIDE in the treatment of MetastAtic or unrESectable pancreaTic adenocaRcinOma.

The MAESTRO trial is a randomized, placebo-controlled, international, multi-center, double-blind Phase III clinical trial of EVOFOSFAMIDE plus gemcitabine compared with placebo plus gemcitabine and is expected to enroll **660 patients**. The primary efficacy endpoint is overall survival; the secondary endpoints include efficacy measured by progression-free survival, overall response rate and disease control rate, as well as assessments of safety and tolerability, pharmacokinetics and biomarkers. The study is being conducted under an **SPA** with the FDA. The study design was also discussed with the European Medicines Agency (EMA) during a scientific advice procedure.



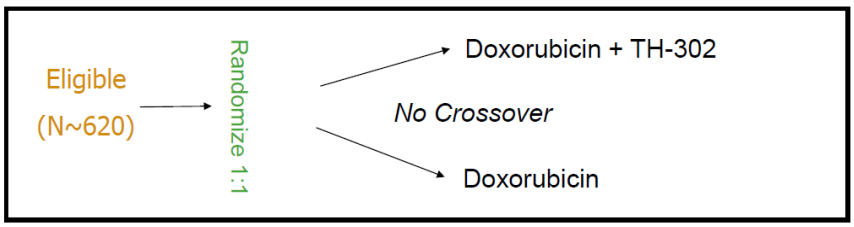
Patients	Metastatic or locally advanced unresectable pancreatic cancer
Primary Endpoint	Overall survival (OS)
Secondary Endpoints	Overall response rate, progression free survival, CA19-9, QOL, pain, safety

The MAESTRO trial of EVOFOSFAMIDE is one of the two pivotal Phase III trials of EVOFOSFAMIDE. The other one is Phase III trial for previously untreated patients with metastatic or locally advanced unresectable soft tissue sarcoma. Both trials have completed enrollment. Top line data from MAESTRO are expected to be available in 2016.

Phase III EVOFOSFAMIDE in Soft Tissue Sarcoma Continues After Interim Analysis

In September, 2014, the Independent Data Monitoring Committee (IDMC) completed the planned interim efficacy and safety analyses of unblinded data for the pivotal **Phase III** clinical trial of EVOFOSFAMIDE **(TH-302)** in combination with doxorubicin versus doxorubicin alone in patients with locally advanced unresectable or metastatic soft tissue sarcoma (STS).

Based on their analyses, the IDMC recommended that the trial should continue as planned to its natural conclusion. This is in line with our expectations.



Patients	Metastatic or locally advanced unresectable front-line soft tissue sarcoma
Primary Endpoint	Overall survival (OS); 85% power to detect 33% improvement (434 events)
Secondary Endpoints	Overall response rate, progression free survival, duration of response, QOL

Threshold initiated the **pivotal TH-CR-406 trial** in partnership with the Sarcoma Alliance for Research through Collaboration (SARC) in September 2011. CR-406 trial is an international, randomized, pivotal **Phase III** trial enrolling patients with metastatic or locally advanced unresectable **soft tissue sarcoma (STS)** who have not previously received chemotherapy outside the adjuvant or neoadjuvant setting. The

trial is designed to evaluate the efficacy and safety of EVOFOSFAMIDE **in combination with doxorubicin**, compared to doxorubicin alone. The study is under a Special Protocol Assessment (SPA) with the FDA.

The primary endpoint is overall survival; secondary endpoints include efficacy measured by progression-free survival, overall response rate, overall survival at 6 and 12 months, progression free rate at 3 months and progression-free rate at 6 months, duration of response, stable disease or better rate, change in Eastern Cooperative Oncology Group or ECOG and performance status, as well as assessments of safety and tolerability, pharmacokinetics and biomarkers. The FDA and the European Commission have granted EVOFOSFAMIDE **orphan drug** designation for the treatment of soft tissue sarcoma.

In December 2013, Threshold completed the target enrollment of **620 patients**. The enrollment achievement triggered a milestone payment of $12.5 million from Merck KGaA.

The Company projected the pre-specified number of events (n=434 deaths) required to trigger the primary efficacy analysis would occur in the **latter half of 2015**. We expect overall survival data will be available in **1Q16.** The FDA approval could be in late 2016 or early 2017.

Sarcomas are a group of aggressive cancers of connective tissues of the body. Currently, there are only limited treatment options for sarcomas. **Soft tissue sarcomas** are usually treated with surgery, chemotherapy and radiation or in combination of these modalities.

Doxorubicin and **ifosfamide** are the most commonly used chemotherapeutic agents in patients with advanced soft tissue sarcoma, but response rates are generally low and toxicity can be significant. Doxorubicin is the only approved front line therapy with an overall survival rate of approximately 8 months to 12 months, and an overall response rate of approximately 15% to 25%. The most serious toxicity for doxorubicin is the cumulative cardiotoxicity which usually limits the use of doxorubicin.

According to the American Cancer Society, about 12,020 new soft tissue sarcomas will be diagnosed and about 4,740 patients are expected to die of soft tissue sarcomas in the US in 2014.

Evofosfamide had been grant **fast track designation** from the FDA for both soft tissue sarcoma and pancreatic cancer.

Update on Ongoing Phase I/II Trial of EVOFOSFAMIDE for MM

Recently, Threshold Pharmaceuticals (THLD) presented updated preliminary data from the **Phase II component** of an ongoing Phase I/II trial of **EVOFOSFAMIDE** (TH-302) in combination with bortezomib (Velcade®) and low-dose dexamethasone (EBorD)for the treatment of patients with relapsed/refractory multiple myeloma **(MM)** at different scientific meetings including ASCO and the 56th ASH Annual Meeting.

Background

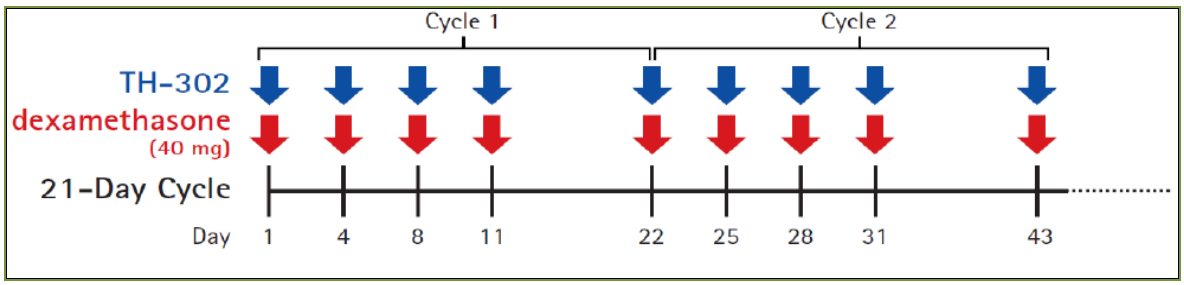
In March 2012, Threshold initiated a **Phase I/II** (the 408 trial) open label clinical trial of EVOFOSFAMIDE with **relapsed/refractory multiple myeloma**.

The study has three parts:

- The first part is designed to establish the maximum tolerated dose of EVOFOSFAMIDE **in combination with dexamethasone**; completed;
- This MTD of EVOFOSFAMIDE will be further evaluated in combination with dexamethasone in additional patients in the second part of the study; ongoing;

- Lastly, the combination of EVOFOSFAMIDE and dexamethasone with **Velcade**® (bortezomib, a proteasome inhibitor currently used to treat patients with multiple myeloma) will be investigated, initiated in July 2014.

The dose of EVOFOSFAMIDE administered in the dose escalation portion of the study was 240, 340, or 480 mg/m^2 given on days 1, 4, 8, and 11 of a 21-day cycle, with 40 mg dexamethasone given on the same days as EVOFOSFAMIDE.



The first part dose escalation of the Phase I/II trial has been completed. **14 patients** received therapy. These patients were heavily pretreated having received 3 to 11 prior treatments (median of 6.5) and all having received a regimen containing bortezomib, an immunomodulatory agent lenalidomide and/or thalidomide, and an alkylating agent. Patients received one to 19 cycles (median of 4 cycles) of therapy with EVOFOSFAMIDE and dexamethasone. **The maximum tolerated dose** was determined to be **340 mg/m^2** EVOFOSFAMIDE. The most frequent Grade 3/4 side effects were thrombocytopenia, leukopenia, anemia, and neutropenia.

Updated Data from Phase II Portion in Multiple Myeloma at ASCO

A total of 18 patients were included in the ASCO presentation. Preliminary results suggested anti-myeloma activity of EBorD therapy. A clinical **benefit rate of 29%** (one complete response, two partial responses, and one minimal response) was observed in 14 patients treated at the recommended Phase II dose of evofosfamide (340 mg/m^2) in EBorD. Objective responses were observed in heavily pretreated patients (median of 8 prior systemic therapy regimens) including prior treatment with bortezomib (median of 3 prior bortezomib-containing regimens). Eleven patients achieved stable disease (SD). Three patients had progressive disease (PD).

Preliminary safety and tolerability results from the 18 patients included in the ASCO presentation support further investigation of evofosfamide in patients with relapsed/refractory multiple myeloma. The most common Grade 3/4 hematological adverse events were thrombocytopenia (reported in 11 patients), anemia (reported in 6 patients), and neutropenia (reported in 4 patients). Nausea (reported in 8 patients; one Grade 3/4) and fatigue (reported in 7 patients; one Grade 3/4) were the most common non-hematological adverse events. Eleven serious adverse events (SAEs) were reported in 9 patients. The only SAE occurring in more than one patient were two events of colitis. Neither event was considered related to evofosfamide. Five SAEs were considered as related to evofosfamide: bronchiolitis, melena, pneumonia, thrombocytopenia and viral infection. Skin toxicity and mucosal toxicities were not dose limiting. Rash was reported in five patients; stomatitis, skin lesion, pruritus and skin hyperpigmentation were each reported in one patient; none of these were Grade 3 or higher. No patients discontinued treatment due to an adverse event. There were no deaths related to study drug.

We think these initial responses to EBorD therapy are encouraging given that these patients had progressive disease despite having received multiple types of treatment prior to enrollment in this study. We are also pleased with the initial safety and tolerability assessments of the TBorD regimen.

There are few treatment options for patients with advanced multiple myeloma that stop responding to bortezomib and lenalidomide, and responses to subsequent salvage therapy have historically been

extremely low. The preliminary results suggest that the combination of EVOFOSFAMIDE with dexamethasone is active in some heavily pretreated patients who have failed conventional therapy.

Update on Tarloxotinib Bromide (TH-4000)

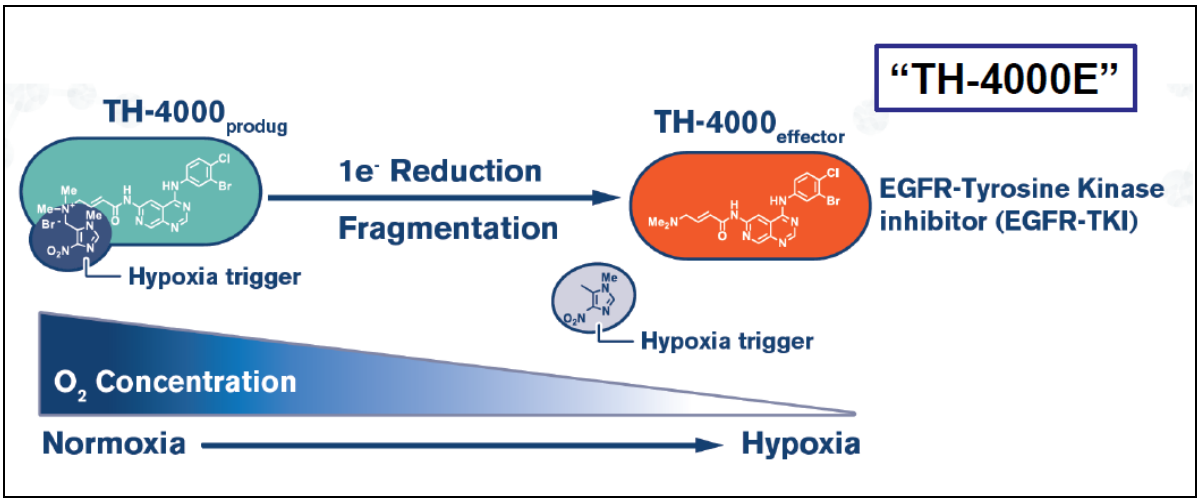
The Background of TH-4000

In September, 2014, Threshold licensed **TH-4000** (formerly known as PR610 or Hypoxin**)** from the University of Auckland of New Zealand.

TH-4000 is a hypoxia-targeted epidermal growth factor receptor (EGFR) tyrosine-kinase inhibitor (TKI). In hypoxic tumors, TH-4000 will selectively release a potent, picomolar, irreversible EGFR-TKI.

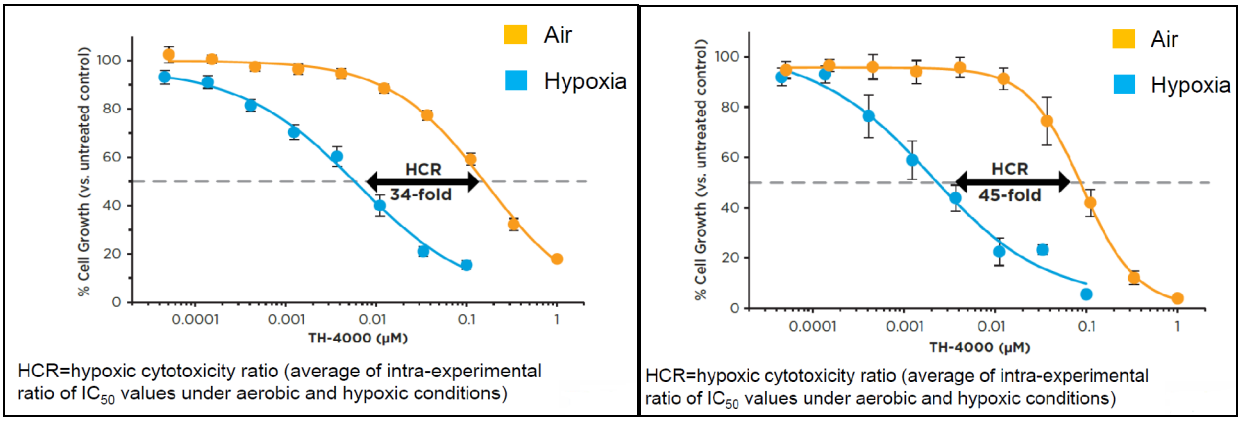
TH-4000 is a small molecule prodrug that releases the potent EGFR-TKI via reductases under hypoxic conditions which exist in most cancer cells. When TH-4000 enters the tumor cells, it diffuses to the hypoxic zone, in which the TH-4000 effector (TH-4000E) is selectively activated and blocks hypoxia-induced EGFR signaling and tumor cell survival.

EGFR signaling is involved in the growth and spread of certain tumor types including non-small cell lung cancer (NSCLC) and head and neck cancer (H&N). Clinical studies indicate that mutant EGFR-positive NSCLC with wild-type EGFR present (heterozygous) is associated with reduced response rates, progression free survival and overall survival outcomes on conventional EGFR-TKIs. In H&N cancer, wild-type EGFR signaling drives tumor growth. Both types of tumors are known to be hypoxic; thus, hypoxia-induced activation of wild-type EGFR signaling may be a mechanism of current EGFR-TKI resistance.



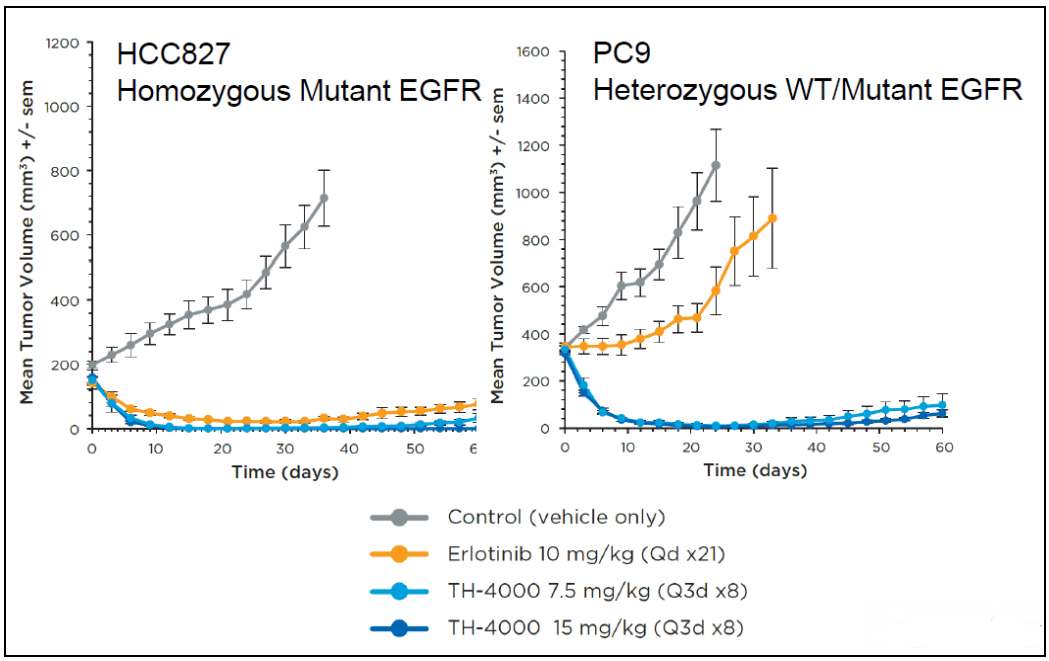
Preclinical Studies of TH-4000 for Cancers

At the AACR meeting, Threshold presented that in both PC9 and HCC827 **NSCLC cell lines**, TH-4000 shows hypoxia-selective anti-proliferative activity.



HCC827 Cells PC9 Cells

In both HCC827 (homozygous mutant EGFR) and the PC9 (heterozygous WT/Mutant EGFR) **xenograft model** of NSCLC, TH-4000 was more active than the conventional EGFR-TKI erlotinib, but this difference was more significant in the PC9 model. A single dose of TH-4000 (equivalent to 20 mg/m^2 in humans) showed prolonged prodrug residency and EGFR shutdown in tumor tissue for a week.



In addition, while treatment with erlotinib alone resulted in only modest benefit, treatment with TH-4000, resulted in 9/9 complete responses, suggesting an ability to prevent or overcome resistance to TKI treatment. Furthermore, the PC9 model was determined to be only 8% hypoxic, suggesting that the complete responses observed with TH-4000 were due to the ability of TH-4000, once hypoxia-activated, to diffuse into the surrounding normoxic tumor tissue.

Preclinical data presented also demonstrated that TH-4000 is highly active against WT EGFR-driven tumors, whereas approved EGFR-TKIs are substantially less active. It is believed the 'masked' design of TH-4000 allows WT EGFR signaling in tumor tissue to be targeted via hypoxia while sparing normal tissue signaling in the skin and GI tract, providing a potential therapeutic window.

Certain tumor types are addicted to EGFR signaling and current EGFR-TKI therapies are ineffective in shutting down that signaling due to dose-limiting toxicities of rash and diarrhea. Therefore, a molecularly-

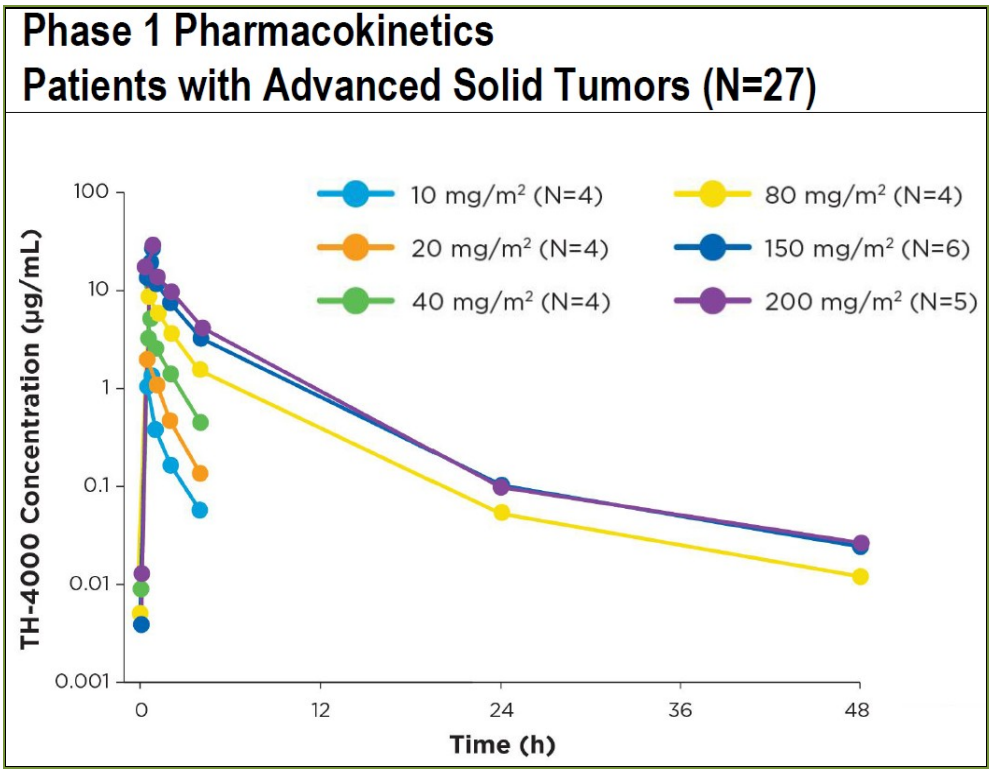
targeted, hypoxia-activated irreversible EGFR-TKI such as TH-4000 may deliver greater efficacy with fewer side effects than currently available treatments.

Phase I Clinical Studies of TH-4000 for Cancers

Threshold also presented data from a previous **Phase I** clinical trial of patients with advanced solid tumors.

The completed Phase I trial enrolled 27 patients with advanced solid tumors. TH-4000 was administered as a 1-hour weekly intravenous infusion.

The maximum tolerated dose of TH-4000 was established at 150 mg/m^2. The most common treatment-related adverse events were dose-dependent and included rash, QT prolongation, nausea, infusion reaction, vomiting, diarrhea and fatigue.



Two Phase II Clinical Trials Will be Initiated in 2015

Both preclinical and Phase I clinical data presented at AACR and at the Analyst and Investor Day support further clinical development of TH-4000 in patients with tumors that are not candidates for conventional EGFR-TKI therapy.

Based on the data, Threshold expects to initiate two **Phase II** proof-of-concept studies:

- in patients with EGFR-positive, T790M-negative non-small cell lung cancer (NSCLC) after conventional EGFR-TKI therapy has failed
- and in patients with head and neck cancer in 2015.

The primary objective is overall response rate. Secondary objectives include safety and tolerability, PK and pharmacodynamic relationships, duration of response, PFS and OS.

We believe both indications represent significant unmet medical needs. The license of TH-4000 is a natural expansion of the Company's clinical pipeline, which diversify its clinical risks in our view.

Valuation Very Attractive

We maintain our Outperform rating for Threshold (THLD) shares and reiterate our 12-month price target of $9.50.

Threshold is a late development stage biopharmaceutical company focused on developing and commercializing **hypoxia based therapeutics** for cancer treatment based on its **prodrug platform technology**.

The Company's lead drug candidate is **EVOFOSFAMIDE**, a prodrug which can be taken by cancer cells and released in the microenvironment of tumor hypoxia. Evofosfamide is in a series of clinical trials targeting a variety of cancer indications either alone or in combination with other cancer therapeutics. The most advanced are two ongoing **Phase III clinical trials** for soft tissue sarcoma and for pancreatic cancer, respectively.

Both Phase III trials have completed the target enrollment. An interim efficacy and safety analysis for soft tissue sarcoma trial has concluded and suggests the trial continue to its natural conclusion. Overall survival data for the Phase III soft tissue sarcoma are expected to be available in 1Q16. We estimate EVOFOSFAMIDE could be approved by the FDA in **late 2016 or early 2017**.

Data for the Phase III trial of EVOFOSFAMIDE in combination with gemcitabine in pancreatic cancer patients is expected to be available in 2016.

In addition to the two Phase III trials, Evofosfamide is in more than 10 Phase I/II clinical trials targeting different cancer indications.

Threshold has a collaboration agreement with Merck KGaA to co-develop EVOFOSFAMIDE worth **total of $550 million** in terms of upfront and milestone payments. This agreement is a major de-risk factor for Threshold in our view. This non-dilutive financing not only boosts Threshold's balance sheet, but more importantly validates its technology and clinical programs.

In addition to EVOFOSFAMIDE, Threshold is also developing TH-4000 for cancers, which naturally expand its clinical pipeline.

In terms of valuation, we think Threshold shares are undervalued at current market price. Currently, Threshold shares are trading at about $4.25 per share, which values Threshold at $304 million in terms of market cap based on 71 million outstanding shares. We think this is a discount compared to its peers. Threshold is a late development stage company with its lead candidate EVOFOSFAMIDE to be approved in as early as in late 2016. According to our financial model, we estimate Threshold will become profitable in fiscal 2018 with EPS of $0.24 based on $105 million in revenue. Revenue will grow to $165 million in 2019 with an EPS of $0.79. We think it's appropriate to use 30 x P/E multiple to valuate Threshold. If we use 30 x P/E ratio and EPS of $0.79 for 2019, discounted at 25% for 4 years, we come up with our price target of $9.50 per share. Our price target values Threshold at $675 million in market cap which we think is appropriate.

But keep in mind the **risks** associated with our price target. We assume that EVOFOSFAMIDE will be approved by the FDA in late 2016 or early 2017. There are still some **clinical** and **regulatory** hurdles to overcome by Threshold. If EVOFOSFAMIDE fails to be approved or is delayed for approval by the FDA, the share price could drop dramatically.

Even if EVOFOSFAMIDE is approved by the FDA, there is still commercialization risk for Threshold since the company has no experience in product commercialization.

Another risk we would like to remind investors is that the broad market fluctuation also has impact on the Company's share price. But overall we think Threshold is a risk/award opportunity for investors with a long term investment horizon.

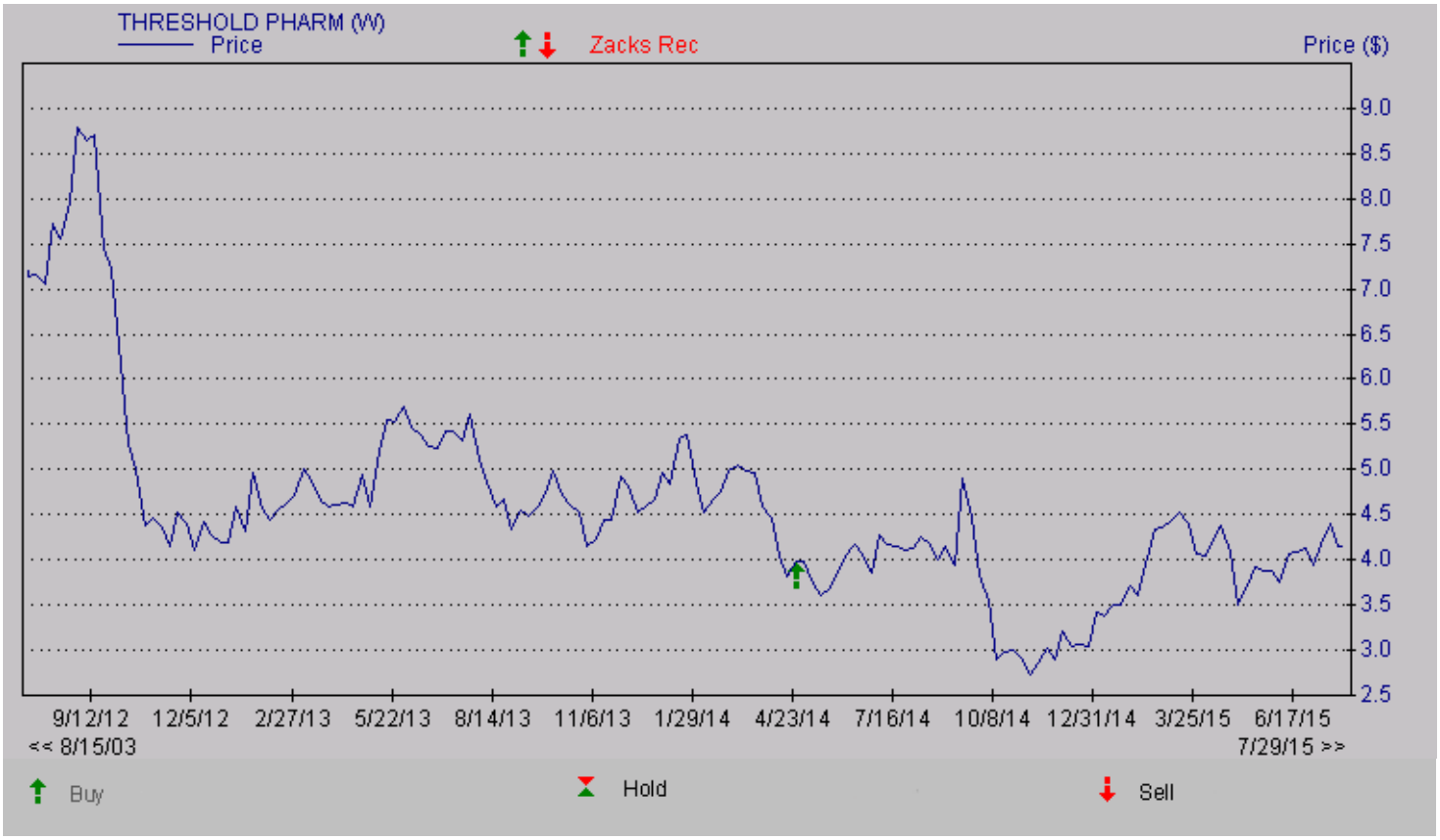
PROJECTED INCOME STATEMENT

	2014A (Dec)					2015E (Dec)					2016E (Dec)	2017E (Dec)	2018E (Dec)	2019E (Dec)
$ in million except per share data	Q1A	Q2A	Q3A	Q4A	FYA	Q1	Q2	Q3	Q4	FYE	FYE	FYE	FYE	FYE
Collaboration revenue	$3.68	$3.68	$3.68	$3.68	$14.72	$3.68	$3.68	$3.68	$3.68	$14.72	$20.00	$22.00	$30.00	$35.00
Product revenue	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$5.00	$35.00	$75.00	$130.00
Total Revenues	**$3.68**	**$3.68**	**$3.68**	**$3.68**	**$14.72**	**$3.68**	**$3.68**	**$3.68**	**$3.68**	**$14.72**	**$25.00**	**$57.00**	**105.00**	**$165.00**
YOY Growth	26.0%	15.7%	15.7%	14.6%	17.8%	0.0%	0.0%	0.0%	0.0%	0.0%	69.8%	128.0%	84.2%	57.1%
CoGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75	5.25	11.25	19.50
Gross Income	**$3.68**	**$3.68**	**$3.68**	**$3.68**	**$14.72**	**$3.68**	**$3.68**	**$3.68**	**$3.68**	**$14.72**	**$24.25**	**$51.75**	**$93.75**	**$145.50**
Gross Margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	90.8%	89.3%	88.2%
R&D	$9.65	$8.66	$8.91	$8.61	$35.83	$10.68	$10.14	$10.00	$10.50	$41.32	$46.00	$51.00	$57.00	$62.00
% R&D	262.2%	235.4%	242.0%	233.9%	243.4%	290.1%	275.6%	271.7%	285.3%	280.7%	184.0%	89.5%	54.3%	37.6%
SG&A	$2.63	$2.48	$2.41	$2.62	$10.14	$2.62	$2.48	$2.50	$2.60	$10.20	$14.00	$16.00	$18.00	$20.00
%SG&A	72%	67%	65%	71%	69%	71%	67%	68%	71%	69%	56%	28%	17%	12%
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Operating Income	**($8.6)**	**($7.5)**	**($7.6)**	**($7.6)**	**($31.3)**	**($9.6)**	**($8.9)**	**($8.8)**	**($9.4)**	**($36.8)**	**($35.8)**	**($15.3)**	**$18.8**	**$63.5**
Operating Margin	-	-	-	-	-	-	-	-	-	-	-	-	-	38.48%
Other Net	$1.5	$6.7	($0.3)	$1.6	$9.5	($1.5)	$0.6	$0.0	$0.0	($0.9)	$0.0	$0.0	$0.0	$0.0
Pre-Tax Income	**($7.1)**	**($0.8)**	**($7.9)**	**($6.0)**	**($21.8)**	**($11.2)**	**($8.3)**	**($8.8)**	**($9.4)**	**($37.7)**	**($35.8)**	**($15.3)**	**$18.8**	**$63.5**
Income taxes(benefit)	$0.0	$0.0	($0.2)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reported Net Income	**($7.1)**	**($0.8)**	**($7.7)**	**($6.0)**	**($21.8)**	**($11.2)**	**($8.3)**	**($8.8)**	**($9.4)**	**($37.7)**	**($35.8)**	**($15.3)**	**$18.8**	**$63.5**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Margin	-	-	-	-	-	-	-	-	-	-	-			
Diluted Shares Out	61.3	63.0	61.5	63.5	62.3	66.7	72.8	73.0	73.2	71.4	74.0	75.0	78.0	80.0
Reported EPS	**($0.12)**	**($0.01)**	**($0.13)**	**($0.09)**	**($0.35)**	**($0.17)**	**($0.11)**	**($0.12)**	**($0.13)**	**($0.53)**	**($0.48)**	**($0.20)**	**$0.24**	**$0.79**
One time charge	*($1.50)*	*($6.67)*	*$0.00*	*$0.00*	*($8.16)*	*$0.00*	*($0.60)*	*$0.00*	*$0.00*	*-$0.60*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Non GAAP Net Income	**($8.6)**	**($7.4)**	**($7.7)**	**($6.0)**	**($30.0)**	**($11.2)**	**($8.9)**	**($8.8)**	**($9.4)**	**($38.3)**	**($35.8)**	**($15.3)**	**$18.8**	**$63.5**
Non GAAP EPS	**($0.14)**	**($0.12)**	**($0.13)**	**($0.09)**	**($0.48)**	**($0.17)**	**($0.12)**	**($0.12)**	**($0.13)**	**($0.54)**	**($0.48)**	**($0.20)**	**$0.24**	**$0.79**

Source: company filings and Zacks estimates

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