Zacks Small-Cap Research

December 23, 2013
Grant Zeng, CFA
312-265-9466
gzeng@zacks.com

scr.zacks.com
111 North Canal Street, Chicago, IL 60606

Applied DNA Sciences (APDN-OTC)

APDN: Highest revenues reported in fiscal 4Q and fiscal year 2013. Businesses continue to grow--Outperform

Current Recommendation	**Outperform**
Prior Recommendation	Neutral
Date of Last Change	08/21/2013
Current Price (12/20/13)	$0.14
Twelve- Month Target Price	**$0.25**

OUTLOOK

We are optimistic about the Company's unique technology and two principle anti-counterfeiting and product authentication solutions: SigNature DNA and BioMaterial Genotyping, which can be used in numerous industries. With an ever booming anti-counterfeiting business worldwide, along with its unique technology and broad range of product offering, the Company is well positioned to grow in the coming years.

APDN reported highest revenues in fiscal 4Q and fiscal 2013. We expect to see further growth of revenue in fiscal 2014 and beyond.

SUMMARY DATA

52-Week High	**$0.29**
52-Week Low	**$0.09**
One-Year Return (%)	**-40.32**
Beta	**1.33**
Average Daily Volume (sh)	**997,150**
Shares Outstanding (mil)	**787**
Market Capitalization ($mil)	**$110**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**3**
Insider Ownership (%)	**23**
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 2011 Estimate	**N/A**
P/E using 2012 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**N/A**
Industry	**Protection-Sfty**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2012	0.52 A	0.52 A	0.53 A	0.29 A	1.85 A
2013	0.32 A	0.34 A	0.64 A	0.73 A	2.04 E
2014	0.85 E	0.95 E	1.05 E	1.15 E	4.00 E
2015					7.50 E

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

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2012	-$0.00 A	-$0.00 A	-$0.00 A	-$0.00 A	-$0.01 A
2013	-$0.00 A	-$0.00 A	-$0.00 A	-$0.00 A	-$0.02 A
2014	-$0.00 E	-$0.00 E	-$0.00 E	-$0.00 E	-$0.01 E
2015					-$0.01 E

Zacks Projected EPS Growth Rate - Next 4 Years % **N/A**

© Copyright 2013, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

- Record revenue reported for fiscal 4Q, and for fiscal 2013
- Business continues to grow since end of fiscal third quarter;
- Balance sheet boosted by recent financing;
- Maintain Outperform rating for APDN shares;

Record Revenue Reported for Fiscal 4Q, and For Fiscal 2013

On December 20, 2013, Applied DNA Sciences (APDN) announced its financial results for the fourth fiscal quarter ending September 30, 2013.

The company once again reported highest revenues in the company's history both for the quarter and for the year-end.

For the fourth quarter, APDN generated $0.73 million in revenue, an increase of 151% from $0.29 million in 4Q12.

Revenues for fiscal year ended September 30, 2013 was $2.04 million, an increased by 10% over last fiscal year's $1.85 million. In fiscal year 2013, APDN had best two quarters in the company's history. Fourth-quarter revenues were $0.73 million and the third quarter revenues were $0.65 million.

The increase in revenues was primarily due to the growth in sales to suppliers of the Defense Logistics Agency (DLA). As of December 12, 2013, APDN entered into agreements with **27 customers** to use its Signature DNA markers in connection with this program. This includes customers in all areas of the supply chain, including prime contractors, authorized distributors, independent distributors and manufacturers. Over **500,000 electronic components** have been marked.

Net loss for 4Q13 was $3.7 million ($0.00 per share), compared to $1.8 million ($0.00 per share) for the 4Q12. For the fiscal year 2013, net loss was $17.7 million ($0.02 per share), compared to net loss of $7.2 million ($0.01 per share) in fiscal 4Q12. Approximately $10 million of this loss is considered to be "non–cash" accounting entries which have no impact on the company's liquidity. Net loss after non-cash expenses was $7.8 million for fiscal 2013.

We are impressed by the strong financial performance for the fiscal fourth quarter and the whole year of 2013. APDN reported record revenue in the company's history.

Since the company has completed the move into new facility, SG&A expenses will stabilize going forward. APDN is positioned to deliver against high demand while continuing necessary product development without additional major expenditures.

Business Continues to Grow Since End of Fiscal Third Quarter

In the past few months, APDN has taken more steps concerning its SigNature DNA marking and authentication platform and bolstering its plant and staff. The Company continues to make great progress in business development. Personnel have been added, and plant capacity has been increased by over 50%. We believe APDN can stand ready to respond to all industry inquiries.

In the past year, APDN has diversified its customer base. As of September 30, 2013, APDN has increased the number of customers from 34 in fiscal year 2012 to 57 in fiscal 2013, which covers all of its vertical markets ranging from contracts connected with the Defense Logistics Agency, cash-in-transit, textiles, food packaging and a variety of other products. In the past quarter, the company has added 9 new customers to its component-marking program alone.

Over the last fiscal year, APDN has made investments in new hires to its management team as well as facility expansion and purchase of necessary equipment to increase its production efficiency. This investment has laid the foundation to build and handle its business and increase in customer volume. These investments have already begun to pay off.

Following are the major business developments in the past few months.

On Dec. 17, 2013, Applied DNA Sciences announced the success of a large-scale trial of its new SigNature T anti-counterfeiting platform to assure identity and originality of textiles and apparel. The trial, in collaboration with one of the world's foremost textile organizations, displayed the capacity of the APDN platform for use in protecting massive international cotton crops from counterfeiting and dilution.

The announcement was the second involving the use of the company's new SigNature T platform for textiles and apparel. The first, announced last week, revealed an agreement between the APDN and Supima, the industry association promoting luxury America Pima Cotton. This trial is separate from the Supima project, and took place on foreign soil. Both parties agreed not to reveal the location of the trial at this time.

In the trial, an uncopyable SigNature DNA mark of authenticity was applied to five tons of the finest Extra Long Staple (ELS) cotton. APDN scientists were able to detect the difference between real and fake in every test at each major step of the cotton logistics chain, from ginning, through roving, through finished product. The APDN mark survived despite aggressive processing, industrial washing, and other harsh treatments and stresses.

The SigNature T platform has been made possible by a proprietary (patent pending) breakthrough technology, recently developed by the company to identify textile raw materials as well as finished products.

On Dec. 11, 2013, APDN announced that it has entered into an agreement and started working in collaboration with **Supima**, a non-profit trade association of the American Pima cotton growers. The collaboration is based on usage of APDN's New SigNature T platform to mark, identify, and protect 100% U.S. grown American Pima, one of the most desirable luxury cotton fibers in the world, from counterfeiting and blending.

Work has already begun on the effort, starting on November 18, 2013, with the SigNature T marking of millions of kilograms (kgs) of cotton at a major cotton grower. The work should continue through the end of February, with nearly 50 million kgs of American Pima or Extra Long Staple (ELS) cotton in a steady manufacturing run.

The non-profit Supima organization is composed of Pima growers from the states of Arizona, California, New Mexico and Texas. Supima strives to improve the quality of American Pima, including the assurance to its member companies and consumers that cotton with the registered trademark Supima(R) label is geniune.

Now that the work of protecting some of the American Pima raw cotton fiber by applying the Signature T mark has commenced, users of American Pima will start to be able to prove its identity and originality using a forensic lab test. The marker has been tested and proven to resist all manner of washings, chemical treatments, heat, dying, and other threats. It is a permanent, unique and uncopyable marker of authenticity for Supima.

On Dec 5, 2013, APDN announced the launch of a new **turnkey program** for electronics, military, commercial, and aerospace contractors called the Counterfeit Prevention Authentication Program (CPA Program). The program empowers end-users to verify the originality or provenance of parts which have been marked by their suppliers with APDN's SigNature® DNA.

The CPA Program provides an accessible and immediate action for companies whose suppliers are currently marking with SigNature DNA. Dozens of companies are already using the platform and over 500,000 electronic parts have already been marked. These SigNature DNA-marked parts are now circulating in the electronics supply chain, providing end-users with unprecedented ability to identify parts or gain valuable traceability data.

On Dec 4, 2013, APDN announced the signing of **three new customers** who will be using SigNature® DNA to mark electronics supplied to the US Defense Logistics Agency (DLA). Suppliers of a certain category of electronics are required to use APDN's SigNature DNA when providing these electronics to the Agency.

On Dec 3, 2013, APDN announced the availability of an additional version of its SigNature® DNA mark for electronic components, for use exclusively by authorized distributors. Each SigNature DNA authorized distributor would be given a unique mark, specifically identifying that authorized distributor, to be applied to incoming components, or legacy inventory before shipment per customer request. From that point forward, the marked components will be absolutely identifiable as sourced from the authorized channel.

Company officials pointed out that the new mark will enable all participants in a supply-chain to distinguish the authorized-sourced parts as those which are at an extremely low risk of being counterfeit. Taken as a whole, the SigNature DNA marking platform is a truly holistic system: able to provide tools to monitor parts at all levels of risk as they arrive at different nodes in the supply chain.

The authorized channel is clearly the premier source of supply as companies incorporate risk mitigation protocols. Because authorized distributors have a direct link to the manufacturers of the parts, they are the first choice, when possible, for procurement of electronic components. The additional version of the SigNature DNA mark underscores APDN's commitment to this critical sector.

On Nov 14, 2013, Applied DNA Sciences issued an update concerning the 2013 Electrical and Electronics Industry Outreach Forum, sponsored by the US Defense Logistics Agency (DLA) in Columbus, Ohio on October 24, 2013.

The conference included a briefing by DLA about SigNature® DNA Marking of Microcircuits. DLA is exploring SigNature DNA marking, along with other technologies as a possible solution to mitigate counterfeits in high risk items.

Currently there is a requirement for SigNature DNA marking of all Federal Supply Class (FSC) 5962 microcircuits supplied to DLA. DLA procures 93% of electrical and electronic parts procured in support of the DOD services. These commodities are of various sizes, shapes and substrates and represent a meaningful volume of parts procured by DLA. Applied DNA is poised to support DLA in its determination to safeguard any commodities necessary to ensure readiness for the warfighter.

On Oct 15, 2013, APDN announced it has signed a ten-year option agreement with one of the top four U.S. defense contractors (Prime) to purchase SigNature DNA® marking technology. The international aerospace and defense company currently intends to apply APDN’s unique SigNature DNA mark on FSC 5962 microcircuits in support of US Defense Logistics Agency acquisition requirement.

As a global leader, this defense contractor provides key defense systems to the Defense Logistics Agency, as well as a wide variety of advanced systems to military services and other government and private sector customers.

This company is a high-tech leader and supports military services such as: Navy, Army, Air Force, and the Missile Defense Agency, as well as non-military end users such as NASA and the Department of Homeland Security.

The signing brings the number of companies using SigNature DNA marking for DLA to 23, including two primes, one original equipment manufacturer (OEM), thirteen distributors, two authorized distributors, and the five OCMs.

On Nov 13, 2013, Applied DNA Sciences announced that **Brink's**, a leading global security solutions provider, has purchased a unique SigNature® DNA mark capable of deployment by Brink's in various worldwide operations.

The first Brink's SigNature DNA application will use the unique Brink's mark to protect cash and high-value items using a security tape for loss prevention purposes. Materials and support for the application will also come from The Label Printers, a leading custom label and packaging corporation globally.

SigNature DNA marks may be used in a variety of applications such as APDN's DNA Fog product, designed to repel and identify intruders into large areas such as warehouses, as well as evidentiary marking on individual items such as jewelry, protection of ATMs, and cash transport.

Based in Richmond, Virginia, Brink's is a global leader in security-related services for banks, financial institutions, retailers, government agencies, mints, jewelers, and a variety of other commercial and governmental customers. The SigNature DNA mark is relevant to many of these Brink's businesses, such as protection of high value items in transit, antitheft applications in banks and cash depots, and protection of cargo.

On Oct 8, 2013, Applied DNA announced that in collaboration with Nissha Printing Company, headquartered in Kyoto, Japan, the company is expanding SigNature® DNA-based inkjet solutions for new customers in areas that include, food, apparel, cosmetics, pharmaceutics, electronics, automotive and security driven businesses.

Marketed as CustomerQ, Nissha uses SigNature DNA-based ink with its inkjet printing systems to help secure the fresh fish supply chain for the Ōita Fisheries Co-operative. In essence, each fish is weighed and measured at the central distribution center, and assigned its own unique product label that certifies the origin, expiration and the shipment information. The Ōita fish label is automatically linked to a central database that enables the food supplier, retailer as well as the end consumer to verify the original product information at the point of sale.

Due to the successful launch of CustomerQ DNA ink, Nissha is expanding its reach to new customers in new markets to help keep products safe from interference, and to provide fast, thorough product tracking and traceability in the event of a product recall. CustomerQ DNA ink is more advanced than conventional inkjet inks.

Balance sheet boosted by recent financing

On Jul 22, 2013, APDN announced that it has entered into a Securities Purchase Agreement with an institutional accredited investor, Crede CG III, Ltd. to provide $7.5 million in financing.

Crede is an existing shareholder of the Company. At the initial closing, the Company received gross proceeds of $2,000,000 in exchange for restricted common stock priced at $0.187/share.

Pursuant to the Agreement, the investor is obligated to invest an additional $5,500,000 in the Company on the date a registration statement providing for the resale of the securities issued is declared effective by the Securities and Exchange Commission. This closing will be done at $1,000 per share of preferred stock with a conversion price the lesser of market value or $0.187/share. The investor is limited to 9.9% ownership at any given point in time. The investor is in a "passive" position and will not occupy a Board position. The preferred stock is subject to conversion into common stock at the Company's option following the effectiveness of the registration statement and automatically converts after one year.

Warrants issued as a part of this financing could contribute up to an additional $9.75 million in funds to the company if exercised for cash. The Warrants also have a cashless exercise feature. Warrants would be exercised at a strike price equal to $0.2431 per share which is a 30% premium to the original purchase price of $0.187/share.

This financing comes at an excellent time. It greatly boosted balance sheet of the Company. This financing will allow APDN to continue to scale its operations and broaden its product line to meet the demand of a growing number of contracts in electronics and other verticals, continue to hire top sales, operational, and scientific talent, leverage valuable assets acquired from RedWeb Technologies, and further expand the company's market share in Europe.

APDN exited the fiscal year with $6.36 million in cash in comparison to $724,782 in the prior year. The company will have sufficient capital resources along with its projected revenues to meet projected cash flow requirements for the next twelve months according to our financial model.

APDN is at a crucial stage in the development of Applied DNA Sciences. The strong balance sheet will enhance its capacity to respond to growth opportunities.

Valuation is Attractive Now

We maintain our Outperform rating for APDN shares and reiterate our 12-month price target of $0.25 per share.

Apparently, first half of the fiscal year 2013 financials were disappointing. Revenue for the first two fiscal quarters was down 39% and 34%, respectively. But as we pointed in our previous report we believe revenue will resume growth in the second half of this fiscal year due to the focused marketing efforts management has put in place.

This was exactly the case for the second half of 2013. APDN reported record sales of $0.64 million and $0.73 million for the fiscal third quarter and fourth quarter respectively, an increase of 22% and 151% year over year respectively. We believe this trend will continue in fiscal 2014. Revenue for fiscal 2013 crossed the mark of $2.0 million.

Business continues to grow in the last few months. Balances sheet has been boosted by recent financing. All this foundation will generate positive impact on the operations of the Company in our view.

We remain optimistic about APDN’s prospect. APDN’s fundamentals remain strong. The Company’s technology is unique and has competitive advantages over its peers. The Company is well positioned to boost its top line and bottom line in the coming years. According to our long term financial model, the Company’s revenue will grow at a compound annual growth rate (CAGR) of 87% in the four fiscal years from 2013 to 2017. The Company will break even in fiscal 2016, and become profitable in fiscal 2017 with net income of $8.5 million or EPS of $0.01 per share.

APDN is a high growth company. In terms of valuation, we think the Company should trade at a P/E of 45x. We apply a P/E of 45x to our estimated EPS of $0.01 in fiscal 2017, discounted at 20% for 3 years, we get our price target of $0.25 per share. This values the company at about $197 million in market cap, which is reasonable in our view. As long as the Company can execute its growth strategy correctly, we believe value should be generated for investors.

But Cash burn is still our chief concern at this time.

Since APDN will break even in fiscal 2016 and become profitable in fiscal 2017, the Company still needs to raise funds for its operation until positive cash flow can be generated in 2017.

We remind investors that any equity or convertible note financing will dilute the Company's current shareholder base and reduce its per share value. Actually, we have noticed that the Company's shares outstanding have increased dramatically from 135 million in fiscal 2007 to current 786.5 million at the end of Sep 2013. And we expect this trend will continue in the next few years when the Company continues to issue new shares or new convertible notes to fund its operations.

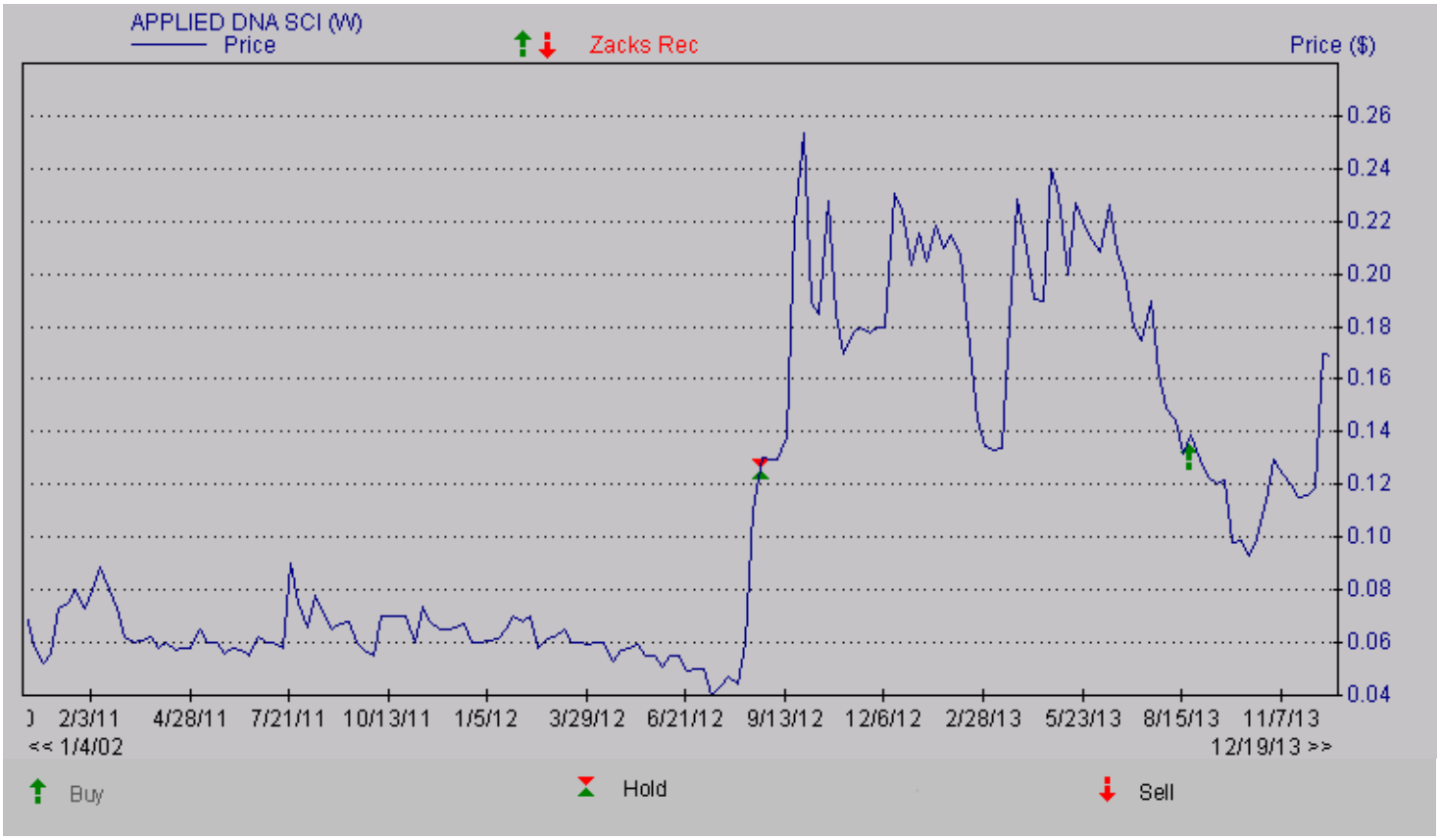
PROJECTED INCOME STATEMENT

	2010 (Sep)	2011 (Sep)	2012 (Sep)	2013 (SEP)					2014E (Sep)					2015E (Sep)	2016E (Sep)	2017E (Sep)
$ in million except per share data	FYA	FYA	FYA	Q1	Q2	Q3	Q4	FYA	Q1	Q2	Q3	Q4	FYE	FYE	FYE	FYE
Total Revenues	**$0.52**	**$0.97**	**$1.85**	**$0.32**	**$0.34**	**$0.64**	**$0.73**	**$2.04**	**$0.85**	**$0.95**	**$1.05**	**$1.15**	**$4.00**	**$7.50**	**$15.00**	**$25.00**
YOY Growth	*76.1%*	*86.3%*	*91.5%*	*-38.5%*	*-33.5%*	*22.0%*	*150.7%*	*9.8%*	*167.6%*	*175.7%*	*62.8%*	*57.7%*	*96.4%*	*87.5%*	*100.0%*	*66.7%*
CoGS	0.06	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	0.00
Gross Income	**0.46**	**0.97**	**1.85**	**0.32**	**0.34**	**0.64**	**0.73**	**2.04**	**0.85**	**0.95**	**1.05**	**1.15**	**4.00**	**7.50**	**15.00**	**25.00**
Gross Margin	*87.9%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
SG&A	$7.1	$8.4	$7.6	$2.5	$2.8	$3.2	$2.7	$11.2	$2.8	$2.9	$3.0	$3.1	$11.8	$12.5	$13.0	$14.0
% SG&A	*1370.8%*	*866.0%*	*410.6%*	*793.6%*	*799.3%*	*502.6%*	*367.9%*	*550.0%*	*323.5%*	*305.3%*	*285.7%*	*269.6%*	*293.8%*	*166.7%*	*86.7%*	*56.0%*
R&D	$0.08	$0.27	$0.43	$0.15	$0.18	$0.18	$0.18	$0.69	$0.18	$0.18	$0.19	$0.20	$0.75	$0.90	$1.10	$1.25
% R&D	*14.6%*	*27.8%*	*23.3%*	*46.5%*	*51.2%*	*28.7%*	*25.1%*	*34.0%*	*21.2%*	*18.9%*	*18.1%*	*17.4%*	*18.8%*	*12.0%*	*7.3%*	*5.0%*
Other	$0.4	$0.4	$0.3	$0.0	$0.0	$0.1	$0.2	$0.3	$0.1	$0.1	$0.1	$0.1	$0.4	$0.3	$0.3	$0.3
% Other	*71.5%*	*37.9%*	*16.9%*	*6.6%*	*6.3%*	*9.7%*	*29.6%*	*15.8%*	*11.8%*	*10.5%*	*9.5%*	*8.7%*	*10.0%*	*4.0%*	*2.0%*	*1.2%*
Operating Income	**($7.1)**	**($8.1)**	**($6.5)**	**($2.4)**	**($2.6)**	**($2.8)**	**($2.4)**	**($10.2)**	**($2.2)**	**($2.2)**	**($2.2)**	**($2.3)**	**($8.9)**	**($6.2)**	**$0.6**	**$9.5**
Operating Margin	*-1369.1%*	*-835.3%*	*-350.9%*	*-746.7%*	*-756.8%*	*-440.9%*	*-322.6%*	*-499.7%*	*-256.5%*	*-234.7%*	*-213.3%*	*-195.7%*	*-222.5%*	*-82.7%*	*4.0%*	*37.8%*
Other Net	($0.8)	($2.5)	($0.6)	($6.3)	($0.5)	$0.7	($1.4)	($7.5)	($0.3)	($0.3)	($0.3)	($0.3)	($1.0)	($1.0)	($1.0)	($1.0)
Pre-Tax Income	**($7.9)**	**($10.5)**	**($7.2)**	**($8.7)**	**($3.1)**	**($2.1)**	**($3.7)**	**($17.7)**	**($2.4)**	**($2.5)**	**($2.5)**	**($2.5)**	**($9.9)**	**($7.2)**	**($0.4)**	**$8.5**
Income taxes(benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Reported Net Income	**($7.9)**	**($10.5)**	**($7.2)**	**($8.7)**	**($3.1)**	**($2.1)**	**($3.7)**	**($17.7)**	**($2.4)**	**($2.5)**	**($2.5)**	**($2.5)**	**($9.9)**	**($7.2)**	**($0.4)**	**$8.5**
YOY Growth	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-2212.50%*
Net Margin	*-1521.6%*	*-1089.1%*	*-385.5%*	*-2740.2%*	*-907.6%*	*-331.2%*	*-510.0%*	*-868.6%*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*33.8%*
Shares Out	*300.4*	*376.9*	*576.1*	*649.9*	*680.4*	*721.1*	*763.9*	*703.9*	*786.5*	*796.0*	*806.0*	*825.0*	*803.4*	*870.0*	*940.0*	*1000.0*
Reported EPS	**($0.03)**	**($0.03)**	**($0.01)**	**($0.01)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.03)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.01)**	**($0.01)**	**($0.00)**	**$0.01**
YOY Growth	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-2085.8%*
One time charge	*$0.00*	*$0.00*	*$0.00*	*$6.33*	*$0.00*	*$0.00*	*$0.00*	*$6.33*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Non GAAP Net Income	**($7.9)**	**($10.5)**	**($7.2)**	**($2.4)**	**($3.1)**	**($2.1)**	**($3.7)**	**($11.4)**	**($2.4)**	**($2.5)**	**($2.5)**	**($2.5)**	**($9.9)**	**($7.2)**	**($0.4)**	**$8.5**
Non GAAP EPS	**($0.03)**	**($0.03)**	**($0.01)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.02)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.01)**	**($0.01)**	**($0.00)**	**$0.01**

Source: Company filing and Zacks Investment Research estimates

© Copyright 2013, Zacks Investment Research. All Rights Reserved.

HISTORICAL ZACKS RECOMMENDATIONS



DISCLOSURES

The following disclosures relate to relationships between Zacks Investment Research ("ZIR"), Zacks & Company (ZCO") and Zacks Small-Cap Research ("Zacks SCR") and the issuers covered by the Zacks SCR analysts in the Small-Cap Universe.

ZIR or Zacks SCR Analysts do not hold or trade securities in the issuers which they cover. Each analyst has full discretion on the rating and price target based on their own due diligence. Analysts are paid in part based on the overall profitability of Zacks SCR. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by Zacks SCR for non-investment banking services. No part of analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or blog.

ZIR and Zacks SCR do not make a market in any security nor do they act as dealers in securities. Zacks SCR has never received compensation for investment banking services on the small-cap universe. Zacks SCR does not expect received compensation for investment banking services on the small-cap universe. Zacks SCR has received compensation for non-investment banking services on the small-cap universe, and expects to receive additional compensation for non-investment banking services on the small-cap universe, paid by issuers of securities covered by Zacks SCR. Non-investment banking services include investor relations services and software, financial database analysis, advertising services, brokerage services, advisory services, investment research, and investment management.

Additional information is available upon request. Zacks SCR reports are based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Because of individual objectives, the report should not be construed as advice designed to meet the particular investment needs of any investor. Any opinions expressed by Zacks SCR Analysts are subject to change. Reports are not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned.

ZCO and Zacks SCR are separate legal entities. ZCO is U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corp. This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments through ZCO.

Zacks SCR uses the following rating system for the securities it covers. Buy/Outperform: The analyst expects that the subject company will outperform the broader U.S. equity market over the next one to two quarters. Hold/Neutral: The analyst expects that the company will perform in

© Copyright 2013, Zacks Investment Research. All Rights Reserved.

line with the broader U.S. equity market over the next one to two quarters. Sell/Underperform: The analyst expects the company will underperform the broader U.S. Equity market over the next one to two quarters.

The current distribution of Zacks Ratings is as follows on the 1033 companies covered: Buy/Outperform- 15.8%, Hold/Neutral- 77.5%, Sell/Underperform – 5.7%. Data is as of midnight on the business day immediately prior to this publication.