RJ INSIGHT

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INDUSTRIAL PRODUCTS & SERVICES

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Infrastructure & Construction

Time to Change Horses: Tweaking our Ratings and Targets on the Contractors Following Impressive Run (by Some)

Event

We are recalibrating our views on the contractors following the significant outperformance of their stocks relative to the market and other sub-segments of our Infrastructure and Construction (I&C) coverage universe (see Exhibit 1).

Action

We are upgrading Aecon to STRONG BUY from OUTPERFORM because we believe the market has yet to fully price into the stock the company's recent contract awards, a strong pipeline of civil construction work and some positive news from the oil sands. At the same time we are downgrading Churchill Corp. to MARKET PERFORM from OUTPERFORM, and Bird Construction Income Fund to OUTPERFORM from STRONG BUY, primarily due to recent share price strength. As we roll our valuations forward to 2010, our targets on these three stocks and OUTPERFORM-rated Seacliff, also inch higher. For North American Energy Partners, our OUTPERFORM rating and $8.00 target price remain unchanged.

Analysis

In the past few months, a growing number of public sector jobs have been handed out to our contractors (Appendix A)—suggesting to us that Canada's infrastructure stimulus funding is being put to work at last. The same cannot be said of the United States, where perhaps as little as $4 bln to $6 bln worth of construction stimulus projects have hit steel mill order books, according to industry sources. The strength observed in Canada, combined with a return in investors' risk appetite, has helped propel the valuations of the construction group back to historical norms, and to what we feel are reasonable levels (see Appendices B and C). However, we remain wary of the challenges plaguing private sector construction (residential, commercial and industrial) and the more competitive bidding environment these have created for contractors. This leads us to believe that while Aecon, Bird, Churchill and Seacliff are well positioned strategically to grow their respective backlogs (given the scale and breadth of their operations, their proven management teams and their healthy financial positions), margins are poised to soften in the foreseeable future. It is clear to us that Canada remains a far a better place than the United States for a contractor to operate, and that investors should allocate capital accordingly. What we are saying, however, is that the stars are no longer fully aligned like they were a few years back (when we published our Nov-28-07 compendium report titled *'Nation Building'*). From where we sit, we opine our contractors will be producing mid-cycle earnings in 2010.

SECTOR SUMMARY

COMPANY / TICKER	CUR	PRICE	RETURN	RATING / TARGET
Aecon Group				**STRONG BUY 1 ↑**
ARE-TSX	C	$11.38	47%	$16.50 ↑
Bird Construction Income Fund				**OUTPERFORM 2 ↓**
BDT.UN-TSX	C	$32.33	23%	$38.00 ↑
Churchill Corp.				**MARKET PERFORM 3 ↓**
CUQ-TSX	C	$17.79	7%	$19.00 ↑
North American Energy Partners				**OUTPERFORM 2 =**
NOA-TSX	C	$6.19	29%	$8.00 =
Seacliff Construction Corp.				**OUTPERFORM 2 =**
SDC-TSX	C	$9.78	20%	$11.75 ↑

Target return includes dividend/distribution
Sources: Raymond James Ltd., Thomson One

Exhibit 1: Infrastructure and Construction Coverage Universe 3Q09, YTD and LTM returns

		Share Price Performance			52 Week	
Company	**Ticker**	**YTD**	**3Q09**	**LTM**	**High**	**Low**
CONSTRUCTION						
Aecon Group	ARE	3%	2%	8%	$12.93	$5.69
Bird Construction Income Fund	BDT.UN	62%	32%	27%	$33.05	$13.04
Churchill Corp.	CUQ	147%	48%	94%	$18.37	$4.45
North American Energy Partners	NOA	51%	-8%	-36%	$7.30	$2.00
Seacliff Construction Corp	SDC	58%	32%	45%	$10.49	$3.85
		64%	**21%**	**27%**		
ENGINEERING						
Genivar Income Fund	GNV.UN	1%	1%	15%	$27.98	$16.50
IBI Income Fund	IBG.UN	23%	14%	-13%	$18.70	$9.50
SNC-Lavalin	SNC	17%	13%	33%	$50.34	$26.00
Stantec Inc.	STN	-12%	-4%	9%	$31.14	$16.35
		7%	**6%**	**11%**		
ENGINEERED PRODUCTS						
Armtec Infrastructure Income Fund	ARF.UN	12%	13%	-3%	$22.10	$11.84
Canam Group	CAM	5%	6%	-2%	$8.12	$3.73
GLV Inc.	GLV'A	10%	18%	17%	$9.00	$3.76
ZCL Composites	ZCL	-14%	3%	-43%	$7.20	$3.11
		3%	**10%**	**-8%**		
EQUIPMENT DISTRIBUTORS						
Finning International	FTT	10%	-5%	-19%	$21.95	$10.10
Ritchie Bros.	RBA	7%	5%	6%	$26.81	$13.99
Rocky Mountain Dealerships	RME	64%	36%	-45%	$12.35	$3.01
Toromont Industries	TIH	-1%	-4%	-5%	$27.81	$19.03
Wajax Income Fund	WJX.UN	-18%	10%	-38%	$32.21	$10.95
		12%	**9%**	**-20%**		
GROUP AVERAGE		**24%**	**12%**	**3%**		
S&P/TSX Industrial Index		**12%**	**11%**	**1%**	96.44	58.60
S&P/TSX Composite		**23%**	**10%**	**2%**	11,072	7,567

Aecon, Bird, Churchill, North American and Seacliff have produced average gains of 21% for 3Q09 and 64% year-to-date. This represents a significant outperformance relative to the market and other sub-segments of our I&C coverage universe.

Source: Thomson One, Raymond James Ltd.

Aecon Group

We are raising our target on Aecon to STRONG BUY from OUTPERFORM and upping our target from $14.50 to $16.50. We base this upgrade on the following considerations: (i) the contractor is in the running for several large scale-projects that fall outside the area of expertise or the geographic reach of the other four contractors we follow—including the Waneta Expansion Project in British Columbia and the Windsor-Essex Parkway and Highway 407 expansion in Ontario; (ii) there are several more building contracts yet to be awarded in Ontario and for which the company has pre-qualified—leading us to believe Aecon's lowest-margin division is poised to produce better results in the foreseeable future; (iii) Suncor (SU-TSX, MARKET PERFORM, price: $35.35) is plotting to restart its expansion plans in the oil sands; (iv) the recent convertible debt offering has alleviated fears of a dilutive equity issue (the conversion premium was set at a whopping 70%), and (v) the stock price is materially underperforming those of its peers so far in 2009 (refer back to Exhibit 1). On the last point, we note that Aecon is currently trading in line with the Canadian peer group EV/EBITDA and P/E averages (see Appendix B) whereas we feel it should command a premium in light of the stock's greater liquidity and the breadth, scope and reach of its operations. Our new $16.50 target is predicated on a sum-of-parts analysis where value the core construction business at approximately $13.15 per share (up from $11.00 previously) using target multiples that slightly exceed the construction industry's historical averages (see Exhibit 2 and Appendix C), and Aecon concession investments at $3.35 per share (down from $3.50 previously due to the recent appreciation of the loonie against the greenback).

Exhibit 2: Aecon Group Valuation

Target Value of Core Construction Business

	2010E	
	Value	Value per Share
EV/EBITDA Analysis		
EBITDA Core Business	118,673	$2.06
Target multiple	5.5x	
Enterprise value	652,702	$11.33
Net (debt) cash position	86,725	$1.51
Adjustments for non-recourse debt, restricted cash, and cash held by Build Finance SPVs and Quiport	59,120	$1.03
Target value excluding concessions	798,547	$13.86
P/BV Analysis		
Shareholders' Equity	525,440	$9.12
Investment in Cross Israel Highway concession	(32,685)	($0.57)
Investment in Quito International Airport concession	(39,647)	($0.69)
Book value of core business	453,108	$7.87
Target multiple	1.7x	
Target equity value	792,707	$13.76
P/E Analysis		
EPS Core Business		$0.88
Target multiple		13.5x
Target equity value		$11.85
Average of EV/EBITDA, P/E and P/B Analysis		**$13.16**
Target Value including Concessions		
Average of EV/EBITDA, P/E and P/B Analysis		$13.16
Cross Israel Highway	99,221	$1.72
Quito Airport Concession	93,311	$1.62
Target value including concessions	985,239	**$16.50**

Source: Raymond James Ltd.

Bird Construction Income Fund

The Fund's status as a preferred contractor to global P3 sponsors and the Canadian military was in display again last week. On Friday, Bird announced that it has landed an $86 mln fixed-price job for the construction of a new maintenance hangar at Canadian Forces Base (CFB) Trenton, in Ontario. We are confident that this project will be delivered profitably because we believe the firm has always been disciplined when approaching bids and typically thrives in a fixed-price environment. This helps explain why we have long viewed Bird as one of the safest ways to invest in the Canadian construction sector. But since everything has a price, we feel it is prudent to lower our rating on the units to OUTPERFORM from STRONG BUY in light of their recent run-up. At the same time our target price moves up from up from $35.00 to $38.00. The latter is based on the weighted average of the following two outcomes: (i) an EV/EBITDA analysis where we value the units at $38.74 using the construction sector's historical average of 5.1x to our 2010 estimates, and (ii) a P/E approach in which we derive a target of $37.42 using a multiple of 12.1x (which also corresponds to the industry's historical average) on Bird's tax-effected earnings (see Exhibit 3).

Exhibit 3: Bird Construction Income Fund Valuation

Year End Dec 31; $000s	**2010E**		
EV/EBITDA analysis:			
EBITDA	62,278		
Target multiple	5.1x		
Target enterprise value	317,618		
Estimated net cash position at Dec-2010	226,668		
Target equity value	544,286		
Number shares outstanding (mln)	14.1		
Target Price	**$38.74**		
P/E analysis:			
Earnings before income taxes (EBT)	62,978	**$38.08**	*Average of EV/EBITDA and P/E Analysis*
Corporate income tax (estimated at 31%)	19,523		
Net income	43,455		
EPS (tax effected)	$3.09		
Target multiple	12.1x		
Target Price	**$37.42**		

Source: Raymond James Ltd.

The Churchill Corp.

The company's crown jewel, Stuart Olson, continues to impress us. It has not only delivered healthy margin work year-to-date, but also won a slew of contracts—including the Fort St. John Hospital, a distribution centre for Wal-Mart (WMT-NYSE), a utilities plant as part of the Edmonton Airport expansion and a defense infrastructure project at CFB Esquimalt. We believe the resilience of this division, combined with the announced sale of Churchill's underperforming Triton business for estimated net proceeds of $20 mln, has been the primary force catapulting the stock price 147% higher so far in 2009 (well ahead of any other I&C stocks under our coverage). Not surprisingly, this stellar performance is compelling us today to downgrade the stock to MARKET PERFORM from OUTPERFORM and favour other construction stocks (read: Aecon). But we still feel there is enough momentum behind the stock to drive it a tad higher over the next few months—hence our target price increase from $18.00 to $19.00. We apply the construction sector's historical EV/EBITDA, P/E and P/B multiples of 5.1x, 12.1 and 1.5x respectively to our 2010 forecasts to derive three separate values for Churchill, then average the outcomes to get to our $19.00 (see Exhibit 4).

Exhibit 4: Churchill Corp. Valuation

Year End Dec 31; $000s	2010E	
EV/EBITDA Analysis:		
EBITDA, excl. interest income	46,273	
Target multiple	5.1x	
Target enterprise value	235,992	
Estimated net cash position at Dec-2010	185,310	
Target equity value	421,302	
Number of diluted shares outstanding (thousands)	18,000	
Target Price	**$23.41**	
P/E Analysis		
EPS	$1.70	
Target multiple	12.1x	
Target Price	**$20.54**	**$19.12** *Average of EV/EBITDA, P/E and P/B Analysis*
P/B Analysis:		
Estimated book value per share at Dec-2010	$8.94	
Target multiple	1.5x	
Target Price	**$13.41**	

Source: Raymond James Ltd.

North American Energy Partners

North American continues to be a somewhat anomalous contractor in our group. With most (~75%) of its revenue coming from the oil sands and only marginal exposure to public infrastructure, it is indeed quite different than the other players that we follow. North American's stock price performance also stands out in the group—insofar as it has underperformed its peers over the past three months and missed much of the latest sector rally (although year-to-date, it is still a good performer, up 51%). We surmise that its shares' most recent 'stall' is due to more subdued investor sentiment towards the oil sands growth, at least relative to public works. While we ourselves remain more bullish in the near term on the latter segment of the construction market, we also still believe in the long-term growth of Alberta's oil sands. We explored this specific opportunity earlier this year in our 62 page Apr-22-09 report titled *'Sifting Through the Oil Sands: What the Future Holds for Alberta's Greatest Resource Play,'* price: $4.40. Suffice it to say here that the story has thus far unfolded very much as we expected. All existing projects in the oil sands are still producing, costs have been falling, confidence is recovering, and some projects are starting to come back. We still expect the SAGD segment of the market to be revived faster than the mining projects. That said, we were encouraged (though not surprised) to see the Kearl project get the official green light a few months ago, and we believe all the other mining projects will be developed over time. As the leading mining contractor in Fort McMurray, this represents an enormous long-term growth opportunity for North American Energy Partners, in our view. In the more immediate term, we expect the company's revenues to be down year-over-year, although its profitability will be supported by its lucrative mine maintenance contracts. We also view the potential 'take out' characteristics of the company, in addition to its current valuation profile, as an attractive source of downside protection to investors who buy the stock now. As a result, we maintain our OUTPERFORM rating. Our unrevised target price is $8.00, which is equal to ~5.5x F10E EV/EBITDA (see Exhibit 5). This represents a premium to the current peer group averages.

Exhibit 5: North American Energy Partners Valuation

Year End March 31; $000s

	2010E
EV/EBITDA analysis:	
EBITDA	98,572
Target multiple	5.5
Target enterprise value	539,581
Estimated net debt position at y/e	245,505
Target equity value	294,076
Number of diluted shares outstanding	36,741
Target Price	**$8.00**

Source: Raymond James Ltd.

Seacliff Construction

We are maintaining our OUTPERFORM rating on the Vancouver-based firm while increasing our target price from $10.00 to $11.75. As with Churchill, we settle on our target by applying the construction industry's historical EV/EBITDA, P/E and P/B multiples to our financial forecasts for 2010, then averaging the three resulting outcomes (see Exhibit 6). It is worth noting that we previously used slightly lower multiples to derive our target to reflect the company's small capitalization and the stock's illiquidity. However, today we argue this discount is no longer warranted based on Seacliff's attractiveness as a takeover target to either a large global firm or one of its Canadian peers. These, we believe, may find it compelling to have instant access to Canem's dominant position in the electrical contracting field and/or Dominion's design-build expertise. Although Seacliff has not benefited from the same positive news flow as Aecon, Bird and Churchill of late, we feel it is only a matter of time before its two divisions land more public sector work.

Exhibit 6: Seacliff Construction Valuation

Year End Dec 31; $000s	2010E		
EV/EBITDA Analysis:			
EBITDA	30,733		
Target multiple	5.1x		
Target enterprise value	156,737		
Estimated net cash position at Dec-2010	153,871		
Target equity value	310,608		
Number of shares outstanding (mln)	21.5		
Target Price ($)	**$14.46**		
P/E Analysis:			
EPS	$0.95		
Target multiple	12.1x		
Target Price	**$11.45**	**$11.75**	***Average of EV/EBITDA, P/E and P/B Analysis***
P/B Analysis:			
Book value per share	$6.23		
Target multiple	1.5x		
Target Price	**$9.34**		

Source: Raymond James Ltd.

Risks

General and Specialized Contactors (ARE, BDT.UN, CUQ and NOA)—Potential risks adversely impacting the general contractors in our universe include: (i) an inability to accurately estimate project costs as a result of both raw material and labour cost inflation—an issue particularly relevant to projects with long time horizons; (ii) an inability to attract and retain skilled labour—an issue that has been well documented in western Canada, for example; (iii) work stoppages resulting from labour strikes: (iv) the financial strength (or lack thereof) of suppliers and customers along the value chain may adversely impact a company's ability to collect receivables, potentially leading to the recognition of bad debt expense; (v) quality of work performed by the subcontractors; (vi) inclement weather; and (vii) financial penalties should a contract fail to be completed according to the contract specifications. The recently announced hike in royalty rates imposed on Alberta's energy sector also has the potential to threaten some of the more marginal industrial projects planned in the oil sands. While we view the probability of curtailments in planned industrial project spending as low, we nonetheless must highlight it as a potential risk to the general contractors active in this space.

Appendix A: Recent Contract Announcements

Date	Company	Award Description	Location	Estimated Value	Sector
October	Bird Construction	Construction of a new maintenance hangar at CFB Trenton, Ontario.	Trenton, ON	$84.7 mln	Institutional
September	Aecon/Turner JV	Construction management for an 110,000 square foot expansion of an existing Data Centre facility.	Markham, ON	$29 mln	Commercial
September	Aecon	Design-build contract for a new chemical engineering building at the University of Waterloo.	Waterloo, ON	$38 mln	Institutional
September	Aecon	Reconstruction of the Carbonneau Bridge in St- Félicien near Roberval, Lac St-Jean.	Quebec	$46.7 mln	Institutional
September	Aecon	Construction of a new Social Science building and the renovation of Vanier Hall at the University of Ottawa.	Ottawa, ON	$79 mln	Institutional
September	Churchill Corp.	Defense infrastructure project at Canadian Forces Base Esquimalt (CFB Esquimalt) in British Columbia awarded to Stuart Olson.	Victoria, BC	$47 mln	Institutional
September	Aecon	Redevelopment project for the Queenston-Lewiston border crossing plaza.	Negara Falls, ON	$52 mln	Institutional
August	Bird Construction	Construction of an industrial building for the Potash Corporation of Saskatchewan.	Saskatchewan	$90 to $95 mln	Industrial
August	Bird Construction	Design-build construction contract for two schools located in Rexton and Moncton, New Brunswick.	New Brunswick	$37 to $42 mln	Institutional
July	Bird Construction	Construction management for the UBC Earth Systems Sciences Building at the University of British Columbia in Vancouver.	Vancouver, BC	$54 mln	Institutional
July	Bird Construction	Construction of the Northern Rockies Regional Recreation Center in the town of Fort Nelson.	Fort Nelson, BC	$41 mln	Institutional
July	Bird Construction	Construction of high voltage test facility for Manitoba Hydro.	Winnipeg, MB	$19 mln	Institutional
July	Bird Construction	Renovation to the Osgoode Hall Law School at York University.	Toronto, ON	$35 mln	Institutional
July	Bird Construction	Construction of an building located at an oil sands plant near Fort McMurray, Alberta.	Fort McMurray, AB	$22 mln	Industrial
July	Churchill Corp.	Construction management contract on SFU's Shrum Science - Chemical Building renewal project.	Vancouver, BC	$25 mln	Institutional
July	Churchill Corp./Acconia	Financial close reached on a P3 project for the Fort St. John Hospital and Residential Care Facility.	Vancouver, BC	$125 mln	Institutional

Source: Company documents

Appendix B: Construction Peer Group Valuation

Company Name	Ticker	Fx	FY END	Market Price	Shares O/S (mln)	Market Cap (mln)	Net Debt (mln)	Ent. Value (mln)	P / E FY-1	P / E FY	P / E FY+1	EV / EBITDA FY-1	EV / EBITDA FY	EV / EBITDA FY+1	Price /Book (x)	Div. Yield (%)
CANADIAN COMPS																
AECON GROUP (construction business only)	ARE.CA	CAD	DEC	$11.38	56.4	$642	$3	$645	7.5	10.6	9.0	4.8	4.4	3.9	1.5	1.8
BIRD CONSTRUCTION INCOME FUND	BDT-U.CA	CAD	DEC	$32.33	14.1	$454	($180)	$275	9.4	9.7	10.5	3.8	4.1	4.4	5.3	5.6
CHURCHILL CORP-A	CUQ.CA	CAD	DEC	$17.79	17.8	$317	($131)	$186	8.8	11.5	10.5	3.4	4.3	4.0	2.7	0.0
FLINT ENERGY SERVICES LTD	FES.CA	CAD	DEC	$11.98	45.5	$545	$192	$737	8.3	13.4	9.4	3.8	5.4	4.6	1.1	--
NORTH AMERICAN ENERGY PARTNERS	NOA.CA	CAD	MAR	$6.19	36.6	$227	$213	$440	4.6	11.8	5.6	3.3	4.5	3.8	1.4	0.0
SEACLIFF CONSTRUCTION CORP.	SDC.CA	CAD	DEC	$9.78	20.9	$204	($101)	$103	8.2	9.8	9.8	2.9	3.3	3.4	1.9	2.0
									7.8	11.1	9.1	3.7	4.3	4.0		
U.S. COMPS																
EMCOR GROUP INC	EME.US	USD	DEC	$23.94	65.9	$1,577	($324)	$1,253	8.6	11.1	13.0	3.5	4.3	5.3	n.m.	--
GRANITE CONSTRUCTION INC	GVA.US	USD	DEC	$29.57	38.7	$1,144	($133)	$1,011	9.2	16.1	14.4	3.3	5.2	4.6	1.5	1.6
HILL INTERNATIONAL INC	HIL.US	USD	DEC	$6.83	38.8	$265	($5)	$260	15.9	14.6	12.5	9.4	8.2	6.9	n.m.	--
TUTOR PERINI CORPORATION	TPC.US	USD	DEC	$19.78	48.5	$960	($242)	$718	5.4	7.2	7.8	3.2	2.7	3.0	0.8	--
QUANTA SERVICES INC	PWR.US	USD	DEC	$20.99	197.7	$4,149	($400)	$3,749	23.9	n.m.	20.0	9.3	11.3	7.8	1.6	--
									12.6	12.2	13.5	5.7	6.3	5.5		
EUROPEAN COMPS																
BILFINGER BERGER	GBF.DE	EUR	JAN	€ 45.25	37.2	€ 1,683	€ 1,753	€ 3,436	8.1	11.2	10.8	8.3	8.7	8.5	1.1	4.6
HOCHTIEF	HOT.DE	EUR	DEC	€ 50.12	70.0	€ 3,508	€ 657	€ 4,166	19.9	20.2	19.0	5.9	5.5	5.5	1.8	2.6
VINCI SA	DG.FR	EUR	DEC	€ 36.90	516.1	€ 19,044	€ 16,029	€ 35,073	11.5	12.5	12.9	7.1	7.3	7.3	2.2	6.3
SKANSKA	SKAB.SE	SEK	DEC	99.30 kr	399.0	39,621 kr	-8,240 kr	31,381 kr	10.1	14.3	16.9	4.9	5.6	6.4	2.1	5.2
									12.4	14.6	14.9	6.5	6.8	6.9		
Blended Group Average									**10.9**	**12.6**	**12.5**	**5.3**	**5.8**	**5.5**		

Notes:

1) Estimates for Aecon, Bird, Churchill, North American and Seacliff are from Raymond James; all other estimates are consensus from Thomson One.

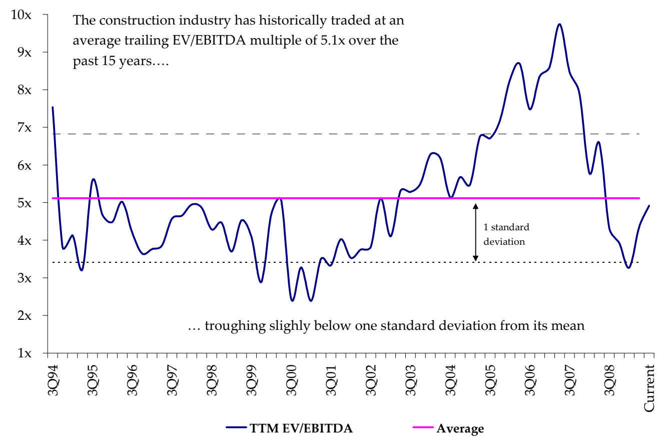
2) Net debt (cash) positions for Aecon, Churchill, Bird Construction and Seacliff exclude non-recourse project debt and restricted cash balances.

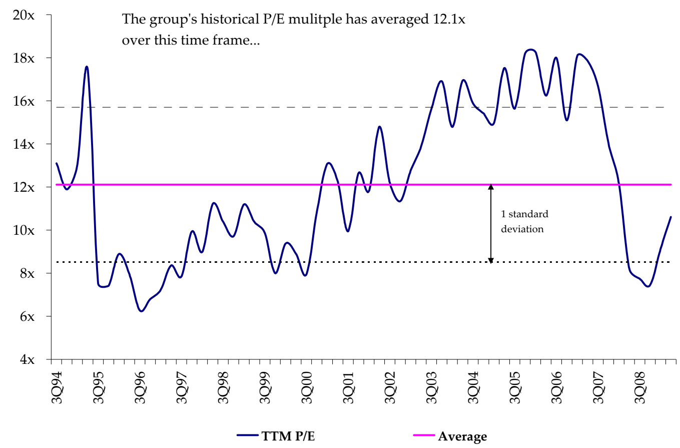
3) P/E calculations for Bird Construction assume earnings are tax effected

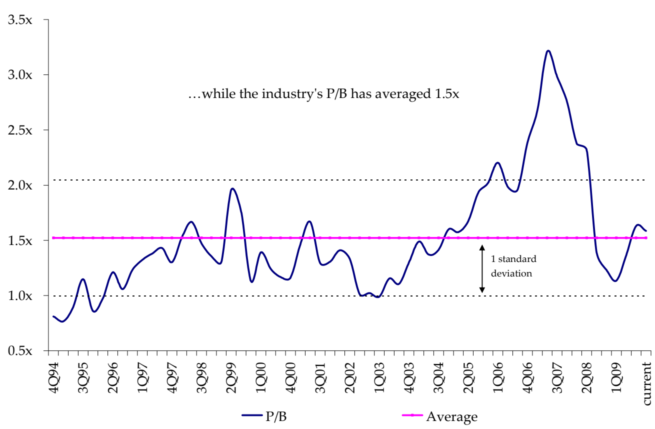
4) P/E and EV/EBITDA calculations for Aecon have been adjusted to reflect the company's interest in the Cross Israel Highway and the Quito International Airport concessions, which we currently estimate at $3.46 per share.

Source: Thomson One, Capital IQ, Raymond James Ltd.

Appendix C: Historical Trailing EV/EBITDA, P/E and P/B Multiples for a Select Group of Contractors







Source: Capital IQ, Raymond James Ltd.

Analyst Certification

The views expressed in this report (which include the actual rating assigned to the company as well as the analytical substance and tone of the report) accurately reflect the personal views of the analyst(s) covering the subject securities. No part of said person's compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Stock Ratings

STRONG BUY 1: the stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months. OUTPERFORM 2: the stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months. MARKET PERFORM 3: the stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities. UNDERPERFORM 4: the stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

Distribution of Ratings

Out of 206 stocks in the Raymond James Ltd. (Canada) coverage universe, the ratings distribution is as follows: Strong Buy and Outperform (Buy, 62%); Market Perform (Hold, 35%); Underperform (Sell, 3%). Within those rating categories, the percentage of rated companies that currently are or have been investment-banking clients of Raymond James Ltd. or its affiliates over the past 12 months is as follows: Strong Buy and Outperform (Buy, 42%); Market Perform (Hold, 31%); Underperform, (Sell, 20%). Note: Data updated monthly.

Risk Factors

Some of the general risk factors that pertain to the projected 6-12 month stock price targets included with our research are as follows: i) changes in industry fundamentals with respect to customer demand or product/service pricing could adversely impact expected revenues and earnings, ii) issues relating to major competitors, customers, suppliers and new product expectations could change investor attitudes toward the sector or this stock, iii) unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation, or iv) external factors that affect global and/or regional economies, interest rates, exchange rates or major segments of the economy could alter investor confidence and investment prospects.

Analyst Compensation

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