

Reported Earnings & Revenues vs. Expectations and Relative Price Impact of Surprise

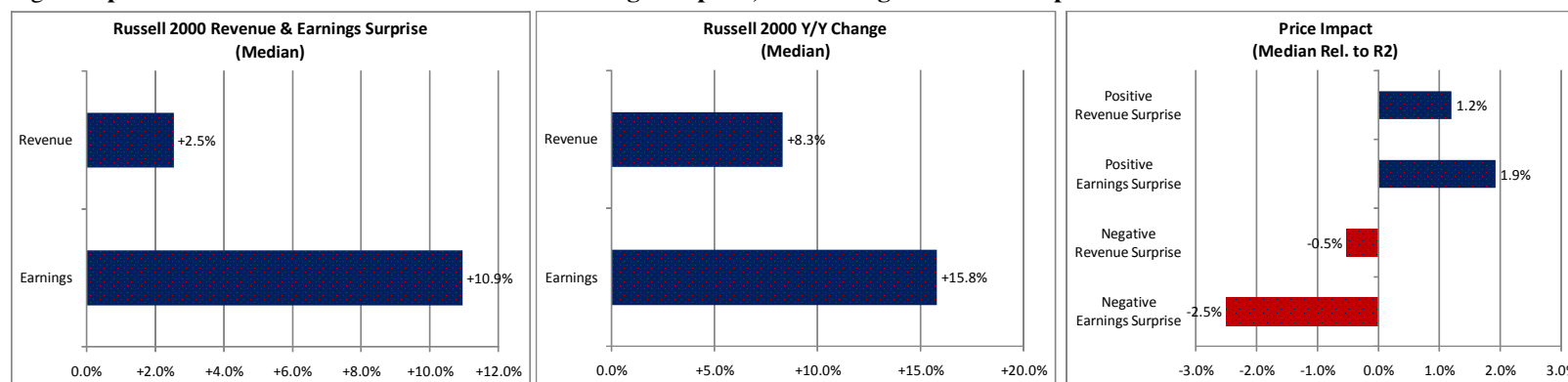
7/23/2010

Earnings Surprise & Signaling: Analyzing Reported Earnings versus Expectations and the Resulting Stock Price Impact

Top 2Q10 Small-Cap "Must Knows" from this week's report:

- **Very early results show companies posting strong positive revenue and earnings surprise.** With only 74 R2000 companies in our universe having reported since 6/30, early results point to a good quarter, with the median company posting +2.5% revenue surprise and +11% earnings surprise.
- **Financials represent greatest portion of early reporters.** Of the 74 reporting companies that meet our criteria (i.e., having both revenue and EPS estimates), 30 are from the Financials sector. Discretionary and Industrials together account for another 22.
- **Earnings misses being penalized more than beats are being rewarded.** Investors may be expecting good things as companies missing on earnings are down -2.5% relative to the index 2 days after reporting, compared to the +1.9% relative performance for those beating on earnings.
- **Y/Y growth is strong and appears to be accelerating.** +15.8% median y/y earnings growth is nearly twice the +8.3% posting in 1Q10. Both the strong surprise and y/y growth figures can expect to come down as lower quality companies tend to report later in the earnings season.
- Stocks reporting between 6/30 and 7/19 posting the largest, **positive** price impact: GBX, TXI, IGTE, ASTE, CBK, ADTN, RCRC, HCSG, MEI, ICUI, HELE
- Stocks reporting between 6/30 and 7/19 posting the largest, **negative** price impact: VCBI, MUSA, XRTX, LAB, HITK, STBA, PETS, FLIC, FFIC, MMR

Fig 1. Reported Russell 2000 Stocks' Revenue & Earnings Surprise, Y/Y Change and Price Impact

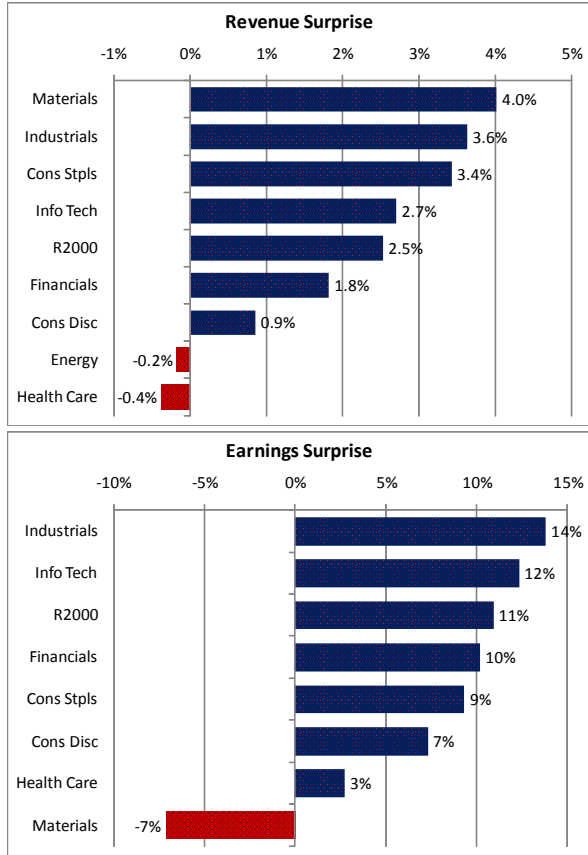


Source: Furey Research Partners and FactSet

2Q10 Earnings Surprise & Signaling report. This represents the first (and very early) iteration of our 2Q10 Earnings Surprise & Signaling (ESS) report. As of July 19, 74 Russell 2000 (R2000) companies that meet our criteria (i.e., having both revenue and EPS estimates) had reported earnings, representing less than 5% of the total R2000 index. Historical tables for median R2000 revenue and earnings growth and net margins can be found in the Appendix. The ESS report gauges what is discounted in stocks and sectors based on stock price relative performance two days prior and two days post a release, as well as upon revenue and earnings surprise. Its most powerful insights occur when there are large positive or negative surprises and the stocks or sectors perform differently than the surprise would suggest.

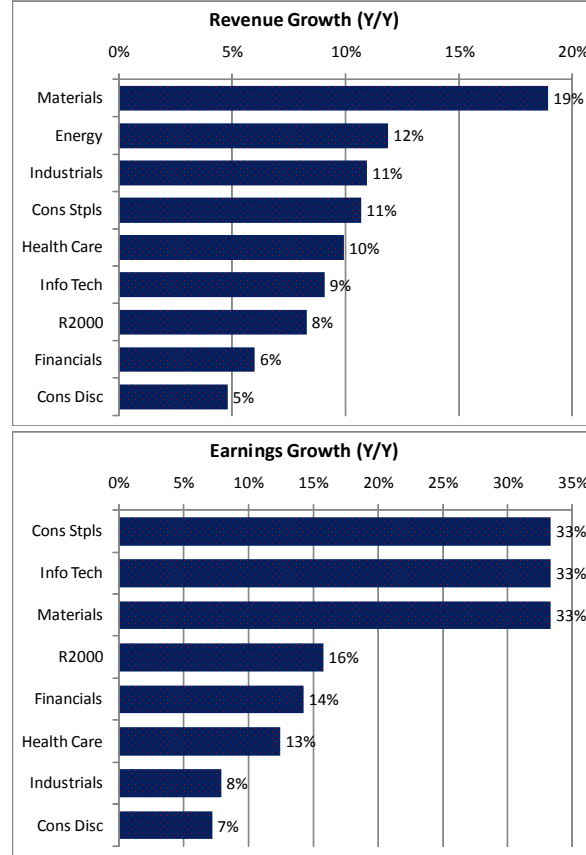
“Reported Earnings versus Expectations and Price Impact of Surprise”

Fig 2. Revenue & Earnings Surprise (Median)



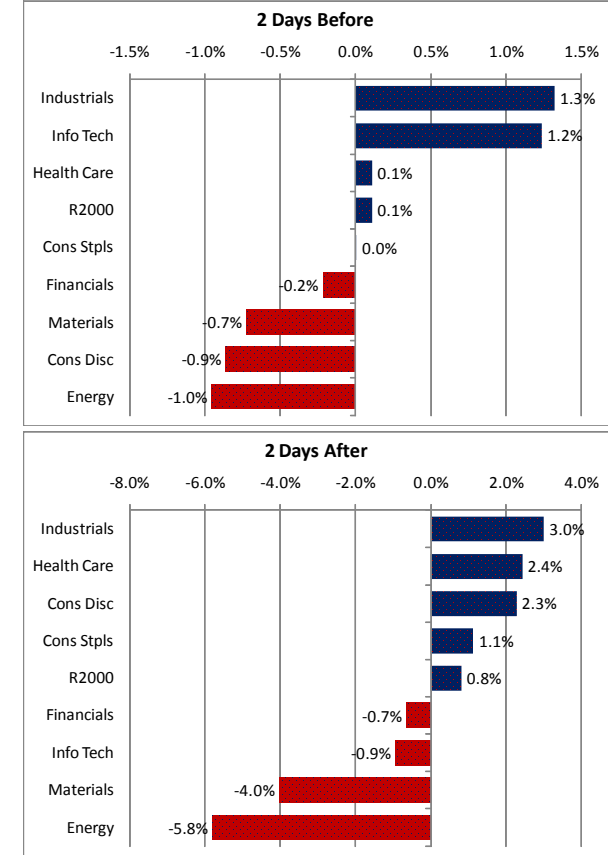
Source: Furey Research Partners and FactSet

Fig 3. Revenue & Earnings Growth (Median)



Source: Furey Research Partners and FactSet

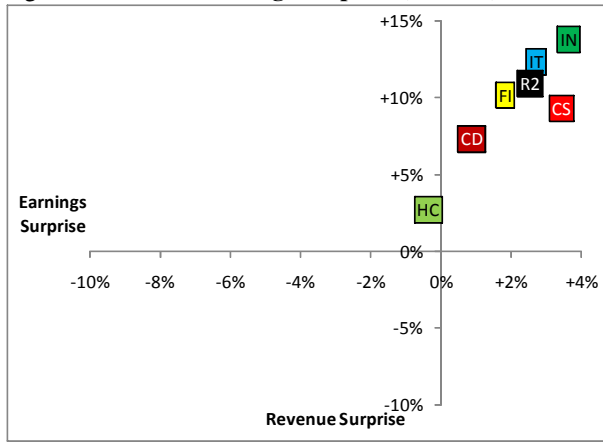
Fig 4. Price Impact (Median)



Source: Furey Research Partners and FactSet

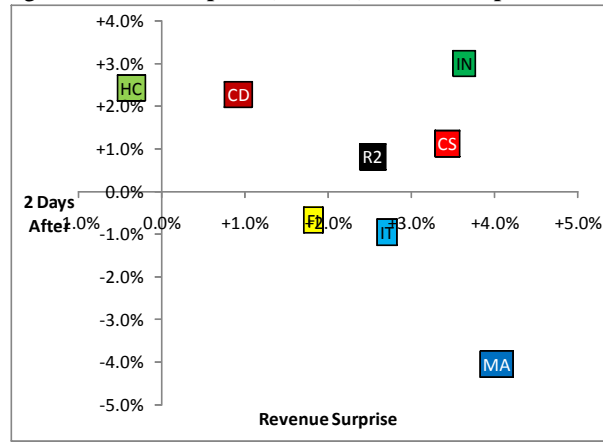
“Reported Earnings versus Expectations and Price Impact of Surprise”

Fig 5. Revenue & Earnings Surprise (Median)



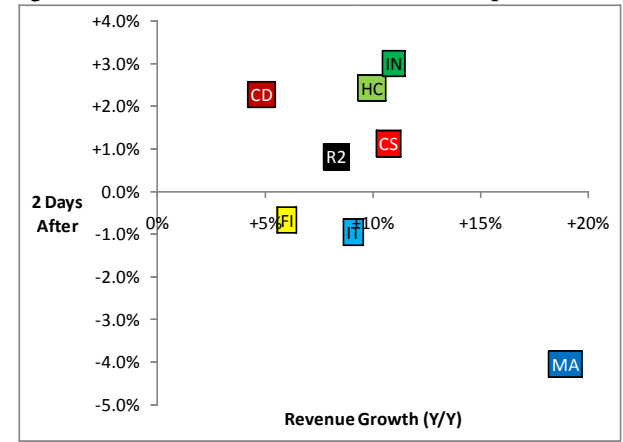
Source: Furey Research Partners and FactSet

Fig 6. Revenue Surprise (Median) & Price Impact



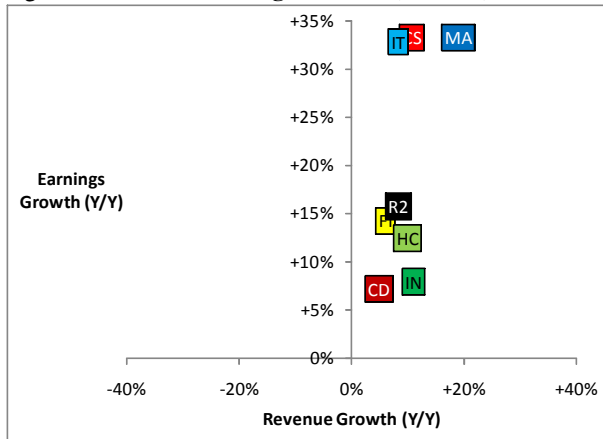
Source: Furey Research Partners and FactSet

Fig 7. Revenue Growth (Median) & Price Impact



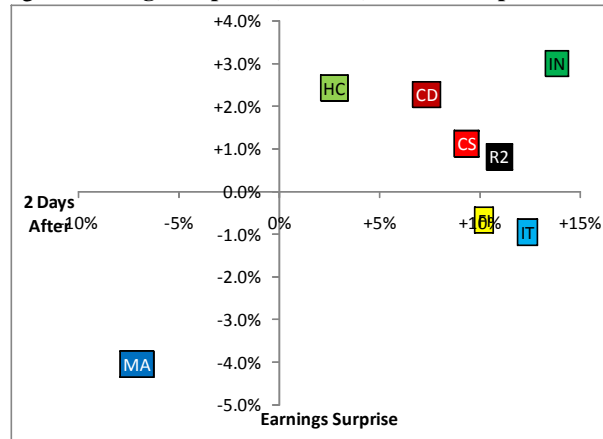
Source: Furey Research Partners and FactSet

Fig 8. Revenue & Earnings Growth (Median)



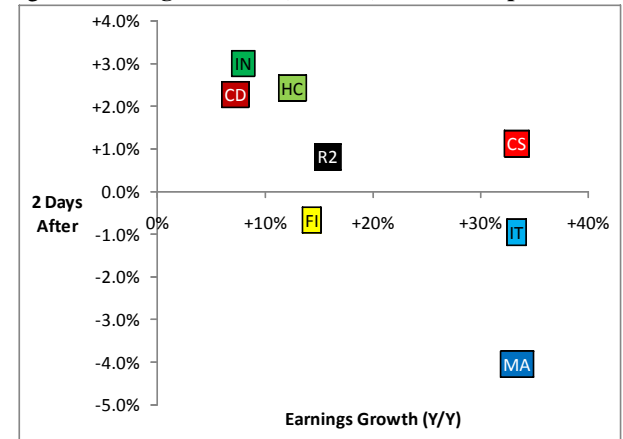
Source: Furey Research Partners and FactSet

Fig 9. Earnings Surprise (Median) & Price Impact



Source: Furey Research Partners and FactSet

Fig 10. Earnings Growth (Median) & Price Impact



Source: Furey Research Partners and FactSet

Fig 11. Earnings and Revenue Summary by Sector

Sector	# Co. Rptd.*	% Co. Rptd.*	Earnings						Revenue						Price Impact Relative to Russell 2000			
			Surprise Ratio		Magnitude of Surprise		YoY Change		Surprise Ratio		Magnitude of Surprise		YoY Change		2 Days Before		2 Days After	
			At / Above	Below	Average	Median	Average	Median	At / Above	Below	Average	Median	Average	Median	Average	Median	Average	Median
Consumer Discretionary	10	3.4%	80%	20%	+17%	+7%	+14%	+7%	50%	50%	+0%	+1%	+10%	+5%	-0.5%	-0.9%	+2.9%	+2.3%
Consumer Staples	5	7.1%	60%	40%	+7%	+9%	+34%	+33%	80%	20%	+3%	+3%	+11%	+11%	+0.2%	+0.0%	+2.2%	+1.1%
Energy	1	0.9%	0%	100%	NM	NM	NM	NM	0%	100%	-0%	-0%	+12%	+12%	-1.0%	-1.0%	-5.8%	-5.8%
Financials	30	7.1%	70%	30%	+89%	+10%	+18%	+14%	60%	40%	-2%	+2%	+6%	+6%	+0.1%	-0.2%	-1.8%	-0.7%
Health Care	6	2.0%	50%	50%	+8%	+3%	+14%	+13%	50%	50%	-5%	-0%	+2%	+10%	+0.4%	+0.1%	+0.3%	+2.4%
Industrials	12	4.0%	67%	33%	+15%	+14%	+7%	+8%	83%	17%	+4%	+4%	+8%	+11%	+1.9%	+1.3%	+5.0%	+3.0%
Information Technology	7	2.0%	71%	29%	+142%	+12%	+39%	+33%	57%	43%	+3%	+3%	+31%	+9%	+1.7%	+1.2%	+2.1%	-0.9%
Materials	3	3.8%	67%	33%	-7%	-7%	+33%	+33%	67%	33%	+6%	+4%	+19%	+19%	+3.0%	-0.7%	-0.3%	-4.0%
Telecommunication Services	0	0.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Utilities	0	0.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Total	74	3.7%	68%	32%	+56%	+11%	+18%	+16%	62%	38%	+0%	+3%	+10%	+8%	+0.6%	+0.1%	+0.8%	+0.8%

Source: Furey Research Partners and FactSet; *Includes companies reporting between 6/30/2010 and 7/19/2010 and having both EPS and Sales Estimates

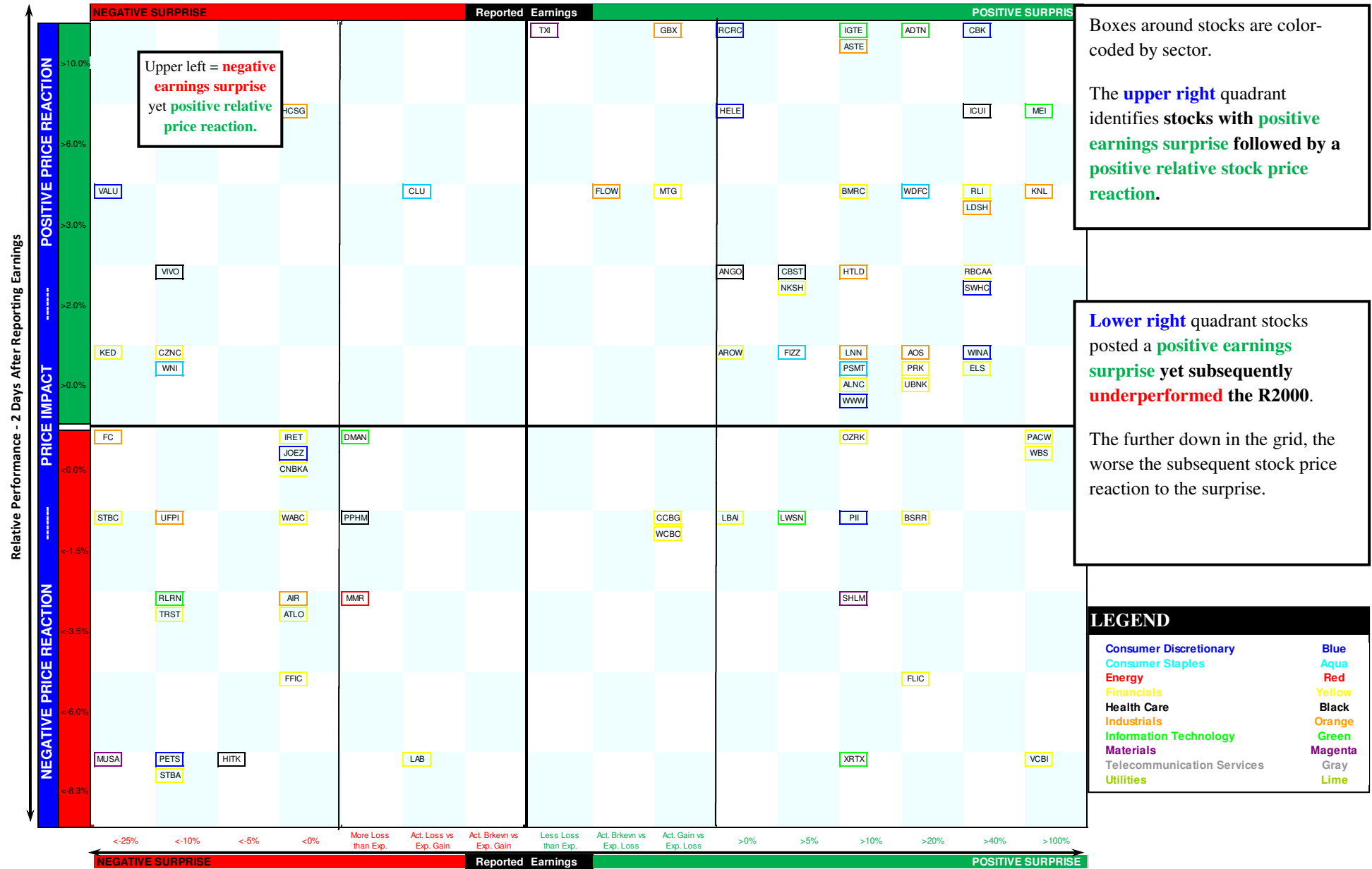
Fig 12. Earnings and Revenue Summary by Quality Characteristics

Quality Metric	# Co. Rptd.*	% Co. Rptd.*	Earnings						Revenue						Price Impact Relative to Russell 2000			
			Surprise Ratio		Magnitude of Surprise		YoY Change		Surprise Ratio		Magnitude of Surprise		YoY Change		2 Days Before		2 Days After	
			At / Above	Below	Average	Median	Average	Median	At / Above	Below	Average	Median	Average	Median	Average	Median	Average	Median
Market Cap < \$250mm	28	5.1%	61%	39%	+14%	+4%	+16%	+13%	54%	46%	-5%	+1%	+5%	+7%	+0.2%	-0.5%	+0.1%	+0.1%
Market Cap >= \$250mm	46	3.2%	72%	28%	+76%	+12%	+19%	+16%	67%	33%	+3%	+3%	+12%	+9%	+0.8%	+0.2%	+1.2%	+1.0%
Price < \$10.00	19	2.9%	58%	42%	+83%	+1%	-3%	+13%	68%	32%	-3%	+2%	+7%	+8%	+0.6%	-0.1%	-0.6%	-0.9%
Price >= \$10.00	55	4.1%	71%	29%	+50%	+13%	+20%	+16%	60%	40%	+1%	+3%	+11%	+9%	+0.6%	+0.2%	+1.2%	+1.1%
Negative ROIC	17	2.7%	47%	53%	+236%	-22%	-41%	-41%	53%	47%	-5%	+3%	+3%	+2%	+0.8%	-1.0%	-1.9%	-1.5%
Low ROIC (0% to 5%)	13	2.7%	77%	23%	+18%	+6%	+27%	+23%	69%	31%	+3%	+2%	+5%	+5%	+0.3%	+0.4%	+3.5%	+0.8%
Moderate ROIC (5% to 10%)	14	3.7%	86%	14%	+79%	+18%	+21%	+18%	57%	43%	+2%	+1%	+6%	+5%	+2.0%	+1.8%	-0.7%	-0.0%
High ROIC (Above 10%)	29	6.9%	69%	31%	+11%	+7%	+19%	+14%	66%	34%	+1%	+2%	+17%	+12%	-0.1%	-0.0%	+1.7%	+1.9%
Low P/E (Below 10x)	6	3.6%	67%	33%	+17%	+8%	+25%	+21%	83%	17%	+4%	+4%	+23%	+6%	+0.0%	-0.5%	-1.3%	+1.1%
Moderate P/E (10x to 25x)	39	5.8%	72%	28%	+34%	+13%	+19%	+15%	59%	41%	+1%	+2%	+9%	+8%	+0.7%	+0.2%	+0.8%	+1.0%
High P/E (Above 25x)	10	1.9%	80%	20%	+23%	+11%	+31%	+20%	80%	20%	+5%	+3%	+15%	+12%	+0.4%	+0.5%	+4.4%	+2.5%
Loss Making	16	2.6%	56%	44%	+327%	+49%	-52%	-52%	56%	44%	-4%	+4%	+3%	+2%	+0.8%	-1.0%	+0.1%	-1.2%
Total	74	3.7%	68%	32%	+56%	+11%	+18%	+16%	62%	38%	+0%	+3%	+10%	+8%	+0.6%	+0.1%	+0.8%	+0.8%

Source: Furey Research Partners and FactSet; *Includes companies reporting between 6/30/2010 and 7/19/2010 and having both EPS and Sales Estimates

“Reported Earnings versus Expectations and Price Impact of Surprise”

Fig 13. R2000 Stocks by **Earnings Surprise** (horizontal axis) vs. **Relative Price Reaction** (vertical axis)



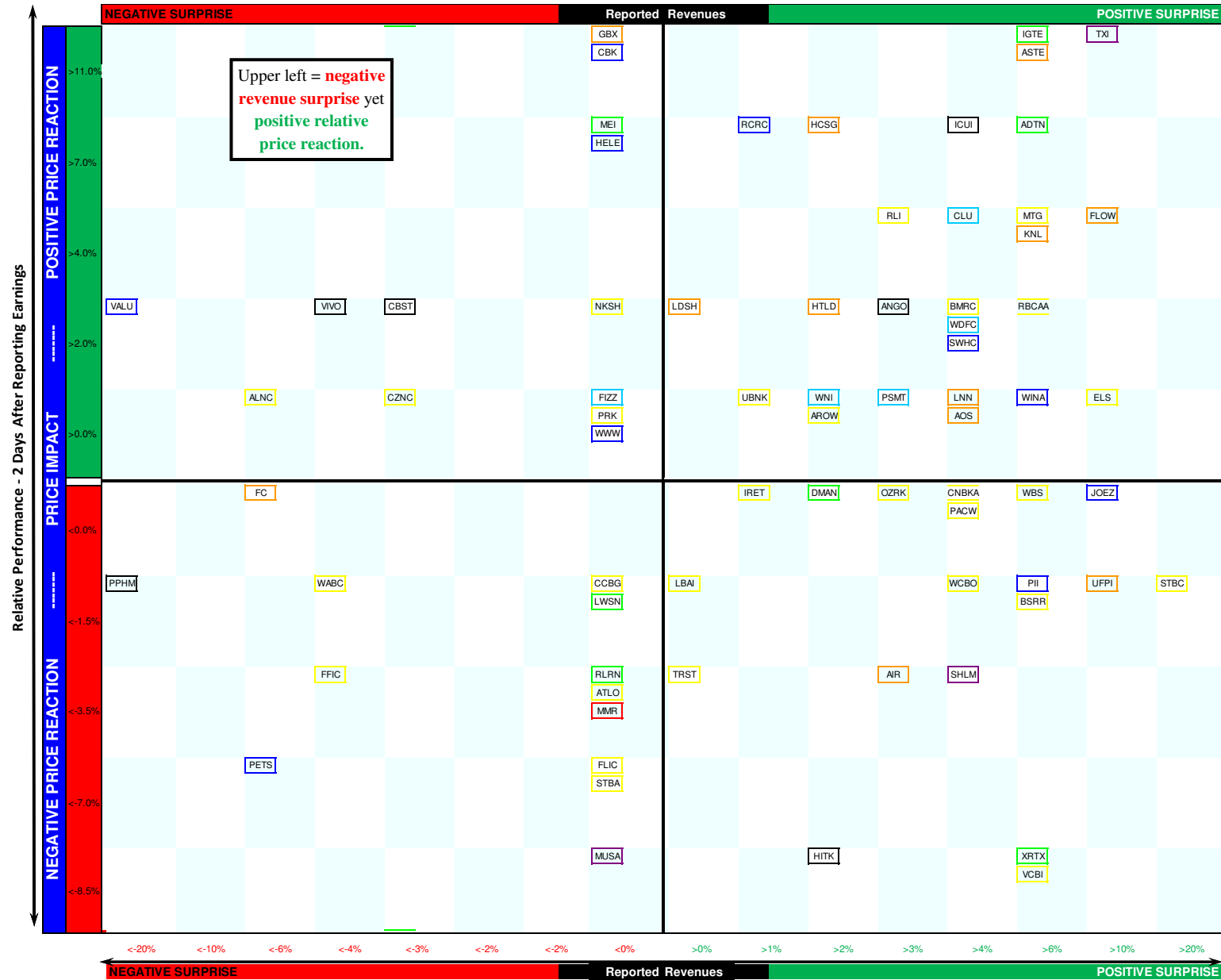
Source: Furey Research Partners and FactSet.



jfurey@fureyresearch.com

“Reported Earnings versus Expectations and Price Impact of Surprise”

Fig 14. R2000 Stocks by Revenue Surprise (horizontal axis) vs. Relative Price Reaction (vertical axis)



Boxes around stocks are color-coded by sector.

The **upper right** quadrant identifies **stocks with positive revenue surprise followed by a positive relative stock price reaction.**

Lower right quadrant stocks posted a **positive revenue surprise yet subsequently underperformed the R2000.**

The further down in the grid, the worse the subsequent stock price reaction to the surprise.

LEGEND	
Consumer Discretionary	Blue
Consumer Staples	Aqua
Energy	Red
Financials	Yellow
Health Care	Black
Industrials	Orange
Information Technology	Green
Materials	Magenta
Telecommunication Services	Gray
Utilities	Lime

Fig 15. Consumer Discretionary

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
CBK	Christopher & Banks	Spc Retl	06/30/10	\$6.19	\$222	58.8%	-1.4%	NM	4.9%	-2.8%	14.3%
RCRC	RC2	Leisure Equip	07/19/10	\$14.82	\$319	3.7%	2.0%	-20.0%	-1.1%	-1.2%	10.2%
HELE	Helen of Troy	Hhold Drbls	07/07/10	\$22.08	\$677	3.5%	-0.7%	25.5%	11.3%	-1.3%	7.0%
VALU	Value Line	Media	07/15/10	\$15.30	\$153	-39.6%	-20.0%	-30.6%	-6.3%	3.8%	3.2%
SWHC	Smith & Wesson Holding	Leisure Equip	06/30/10	\$4.09	\$244	81.8%	5.9%	-42.9%	4.3%	-0.5%	2.7%
WINA	Winmark	Spc Retl	07/13/10	\$34.08	\$171	48.5%	6.0%	104.5%	11.8%	-1.9%	1.9%
WWW	Wolverine World Wide	Txtl App & Lux	07/14/10	\$27.07	\$1,342	17.2%	-0.3%	44.4%	4.8%	0.2%	0.4%
JOEZ	Joe's Jeans	Txtl App & Lux	07/15/10	\$2.07	\$130	0.0%	12.0%	NM	50.7%	-5.5%	-0.5%
PII	Polaris Industries	Leisure Equip	07/19/10	\$59.94	\$1,985	10.9%	6.4%	41.5%	24.6%	3.7%	-1.5%
PETS	PetMed Express	Inet Retl	07/18/10	\$17.62	\$406	-15.0%	-8.3%	-11.1%	-3.6%	0.7%	-8.4%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

Fig 16. Consumer Staples

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
CLU	Cellu Tissue Holdings	Hhold Prod	07/07/10	\$8.05	\$163	Act. Loss vs Exp. Gain	5.6%	NM	NM	3.0%	4.5%
WDFC	WD-40	Hhold Prod	07/07/10	\$33.90	\$562	32.1%	5.2%	34.1%	20.0%	-2.9%	3.3%
PSMT	PriceSmart	Food Stpl Rtl	07/08/10	\$24.54	\$730	13.4%	3.4%	33.3%	13.7%	-0.1%	1.1%
FIZZ	National Beverage	Beverages	07/15/10	\$14.01	\$646	5.3%	-1.2%	33.3%	0.8%	0.0%	1.0%
WNI	Schiff Nutrition Intl	Personal Prod	07/19/10	\$7.94	\$102	-23.1%	2.2%	NM	7.7%	0.8%	1.0%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

Fig 17. Energy

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
MMR	McMoRan Exploration	Oil & Gas	07/18/10	\$10.78	\$996	More Loss than Exp.	-0.2%	NM	11.9%	-1.0%	-5.8%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

Fig 18. Financials

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
MTG	MGIC Investment	Thrft Mrtg Fin	07/19/10	\$7.82	\$1,567	Act. Gain vs Exp. Loss	9.4%	NM	-10.6%	2.3%	5.3%
RLI	RLI	Insurance	07/19/10	\$52.26	\$1,103	48.7%	3.1%	15.2%	6.8%	-0.8%	5.3%
BMRC	Bank of Marin Bancorp	Com Bank	07/18/10	\$30.08	\$158	13.0%	4.8%	5.0%	6.6%	0.6%	3.4%
RBCAA	Republic Bancorp (KY)	Com Bank	07/15/10	\$25.46	\$471	48.1%	9.2%	21.2%	3.9%	1.8%	2.7%
NKSH	National Bankshares	Com Bank	07/15/10	\$23.82	\$165	7.4%	-2.0%	20.8%	12.3%	-3.4%	2.4%
CZNC	Citizens & Northern	Com Bank	07/12/10	\$10.95	\$133	-13.3%	-3.3%	NM	1.8%	-1.3%	1.8%
ELS	Equity Lifestyle Props	REITS	07/19/10	\$49.29	\$1,502	100.0%	15.9%	150.0%	5.1%	1.6%	1.8%
KED	KAYNE ANDERSON	Cap Mrkt	07/15/10	\$15.78	\$161	-30.8%	-49.6%	-50.1%	17.9%	-2.6%	1.1%
ALNC	Alliance Financial	Com Bank	07/13/10	\$29.86	\$139	16.4%	-7.1%	73.0%	-2.8%	0.7%	0.8%
PRK	Park National	Com Bank	07/19/10	\$62.84	\$935	30.2%	-1.2%	-8.5%	-2.7%	-0.6%	0.8%
UBNK	United Financial Bancorp	Thrft Mrtg Fin	07/15/10	\$13.84	\$231	24.6%	2.0%	NM	27.7%	-2.1%	0.8%
AROW	Arrow Financial	Com Bank	07/12/10	\$23.69	\$259	4.0%	2.6%	16.4%	5.4%	-0.6%	0.5%
IRET	Investors Real Estate Tr	REITS	06/30/10	\$8.83	\$662	0.0%	1.7%	NM	2.6%	2.0%	-0.2%
OZRK	Bank of the Ozarks	Com Bank	07/12/10	\$37.05	\$627	13.5%	3.6%	14.3%	-26.5%	2.8%	-0.5%
CNBKA	Century Bancorp	Com Bank	07/12/10	\$21.24	\$75	-2.4%	5.6%	50.0%	-24.6%	1.5%	-0.6%
PACW	PacWest Bancorp	Com Bank	07/14/10	\$21.18	\$748	1772.4%	5.2%	NM	24.3%	4.4%	-0.7%
WBS	Webster Financial	Com Bank	07/15/10	\$18.82	\$1,477	110.8%	8.2%	-51.6%	27.9%	-3.1%	-0.8%
BSRR	Sierra Bancorp	Com Bank	07/19/10	\$11.35	\$132	20.0%	7.1%	-18.5%	-3.6%	3.3%	-1.8%
STBC	State Bancorp	Com Bank	07/19/10	\$9.12	\$152	-55.6%	24.9%	NM	34.6%	-1.0%	-2.3%
WABC	Westamerica Bancorp	Com Bank	07/12/10	\$54.08	\$1,586	-0.1%	-4.3%	6.7%	-8.2%	0.5%	-2.7%
LBAI	Lakeland Bancorp	Com Bank	07/15/10	\$9.14	\$219	1.2%	0.2%	NM	9.1%	-2.0%	-3.1%
CCBG	Capital City Bank Group	Com Bank	07/19/10	\$12.41	\$212	Act. Gain vs Exp. Loss	-1.8%	NM	-6.4%	-1.9%	-3.2%
WCBO	West Coast Bancorp	Com Bank	07/15/10	\$2.65	\$248	Act. Gain vs Exp. Loss	5.7%	NM	9.0%	-1.7%	-3.4%
TRST	TrustCo Bank	Thrft Mrtg Fin	07/19/10	\$5.48	\$421	-18.2%	0.4%	12.5%	18.9%	-0.1%	-3.9%
ATLO	Ames National	Com Bank	07/15/10	\$19.90	\$188	0.0%	0.0%	NM	NM	-0.4%	-4.7%
FFIC	Flushing Financial	Thrft Mrtg Fin	07/19/10	\$12.89	\$402	-3.5%	-4.1%	0.0%	12.4%	2.0%	-6.1%
FLIC	First of Long Island	Com Bank	07/12/10	\$25.66	\$186	25.9%	-0.7%	44.7%	13.4%	1.9%	-7.3%
STBA	S&T Bancorp	Com Bank	07/18/10	\$20.57	\$569	-10.3%	-1.2%	NM	-3.1%	-1.1%	-8.4%
LAB	LaBranche	Cap Mrkt	07/19/10	\$4.10	\$174	Act. Loss vs Exp. Gain	-101.6%	NM	NM	1.8%	-11.9%
VCBI	Virginia Commerce Bancorp	Com Bank	07/18/10	\$6.74	\$182	208.8%	6.7%	NM	9.6%	-1.1%	-18.0%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

Fig 19. Health Care

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
ICUI	ICU Medical	HC Equip	07/19/10	\$34.37	\$509	52.0%	5.7%	47.4%	29.0%	3.7%	7.7%
ANGO	AngioDynamics	HC Equip	07/15/10	\$15.44	\$382	2.7%	3.7%	25.0%	14.1%	0.4%	2.9%
CBST	Cubist Pharmaceuticals	Biotech	07/15/10	\$21.60	\$1,271	7.1%	-3.5%	12.5%	18.5%	0.0%	2.8%
VIVO	Meridian Bioscience	HC Equip	07/19/10	\$18.02	\$732	-12.2%	-4.8%	-23.8%	-11.5%	0.2%	2.1%
PPHM	Peregrine Pharmaceuticals	Biotech	07/14/10	\$1.90	\$103	More Loss than Exp.	-32.6%	NM	-43.8%	-1.4%	-3.2%
HITK	Hi-Tech Pharamcal	Pharma	07/12/10	\$22.61	\$280	-8.5%	2.8%	11.1%	5.8%	-0.3%	-10.5%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

“Reported Earnings versus Expectations and Price Impact of Surprise”

Fig 20. Industrials

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
GBX	Greenbrier	Machinery	07/07/10	\$10.79	\$231	Act. Gain vs Exp. Loss	-1.2%	NM	-13.5%	2.7%	23.0%
ASTE	Astec Industries	Machinery	07/19/10	\$26.61	\$601	15.1%	6.5%	32.4%	10.8%	-0.4%	14.6%
HCSG	Healthcare Services Group	Cmrcl Srvc	07/13/10	\$20.21	\$885	-0.8%	2.1%	11.1%	12.9%	1.2%	9.9%
FLOW	Flow International	Machinery	07/01/10	\$2.39	\$112	Act. Brkevn vs Exp. Loss	10.3%	NM	11.1%	6.2%	5.6%
KNL	Knoll	Cmrcl Srvc	07/15/10	\$12.82	\$603	109.5%	8.2%	4.8%	-4.9%	0.0%	5.0%
LDSH	Ladish	Spc & Def	07/19/10	\$25.51	\$401	50.0%	0.1%	NM	17.4%	6.7%	3.8%
HTLD	Heartland Express	Road & Rail	07/19/10	\$15.14	\$1,373	12.6%	2.4%	-5.3%	8.9%	0.6%	2.2%
LNN	Lindsay Corp	Machinery	06/30/10	\$31.69	\$396	19.6%	4.9%	19.0%	18.3%	-1.7%	1.9%
AOS	AO Smith Corp	Building Prod	07/19/10	\$51.92	\$1,316	26.4%	4.1%	54.4%	14.8%	1.0%	1.3%
FC	Franklin Covey	Prof. Services	07/01/10	\$6.62	\$112	-61.5%	-7.7%	NM	-0.5%	3.2%	-1.5%
UFPI	Universal Forest Products	Building Prod	07/14/10	\$32.62	\$632	-21.6%	10.2%	-15.7%	24.0%	2.3%	-1.6%
AIR	AAR	Spc & Def	07/13/10	\$17.91	\$699	-1.3%	3.2%	-40.8%	0.2%	1.4%	-3.7%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

Fig 21. Information Technology

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
IGTE	iGate	IT Services	07/13/10	\$14.17	\$783	13.2%	9.3%	81.8%	42.7%	3.7%	15.2%
ADTN	ADTRAN	Com Equip	07/13/10	\$28.86	\$1,794	27.1%	9.1%	46.7%	23.7%	-1.0%	10.5%
MEI	Methode Electronics	Elec Instrmt	06/30/10	\$9.74	\$363	800.0%	-0.8%	NM	7.5%	2.2%	8.4%
DMAN	DemandTec	Software	06/30/10	\$6.75	\$203	More Loss than Exp.	2.7%	NM	-7.7%	6.5%	-0.9%
LWSN	Lawson Software	Software	07/08/10	\$7.62	\$1,232	9.1%	-0.7%	20.0%	5.8%	-0.3%	-3.3%
RLRN	Renaissance Learning	Software	07/19/10	\$14.53	\$426	-11.8%	-1.8%	7.1%	9.1%	1.2%	-3.5%
XRTX	Xyratex	Comp & Perph	06/30/10	\$14.15	\$427	11.5%	6.0%	NM	134.1%	-0.7%	-11.9%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

Fig 22. Materials

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
TXI	Texas Industries	Cnstrct Mat	07/19/10	\$28.41	\$789	Less Loss than Exp.	15.6%	NM	-3.3%	-1.1%	17.0%
SHLM	A Schulman	Chemicals	07/08/10	\$20.71	\$652	17.1%	4.0%	33.3%	41.2%	10.8%	-4.0%
MUSA	Metals USA Holdings	Mining	07/19/10	\$14.03	\$359	-31.3%	-1.8%	NM	NM	-0.7%	-14.0%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

“Reported Earnings versus Expectations and Price Impact of Surprise”

Fig 23. Stocks Posting Negative Earnings and Revenue Surprise but Positive Price Impact (2 Days After)

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
VALU	Value Line	Media	07/15/10	\$15.30	\$153	-39.6%	-20.0%	-30.6%	-6.3%	3.8%	3.2%
VIVO	Meridian Bioscience	HC Equip	07/19/10	\$18.02	\$732	-12.2%	-4.8%	-23.8%	-11.5%	0.2%	2.1%
CZNC	Citizens & Northern	Com Bank	07/12/10	\$10.95	\$133	-13.3%	-3.3%	NM	1.8%	-1.3%	1.8%
KED	KAYNE ANDERSON	Cap Mrkt	07/15/10	\$15.78	\$161	-30.8%	-49.6%	-50.1%	17.9%	-2.6%	1.1%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

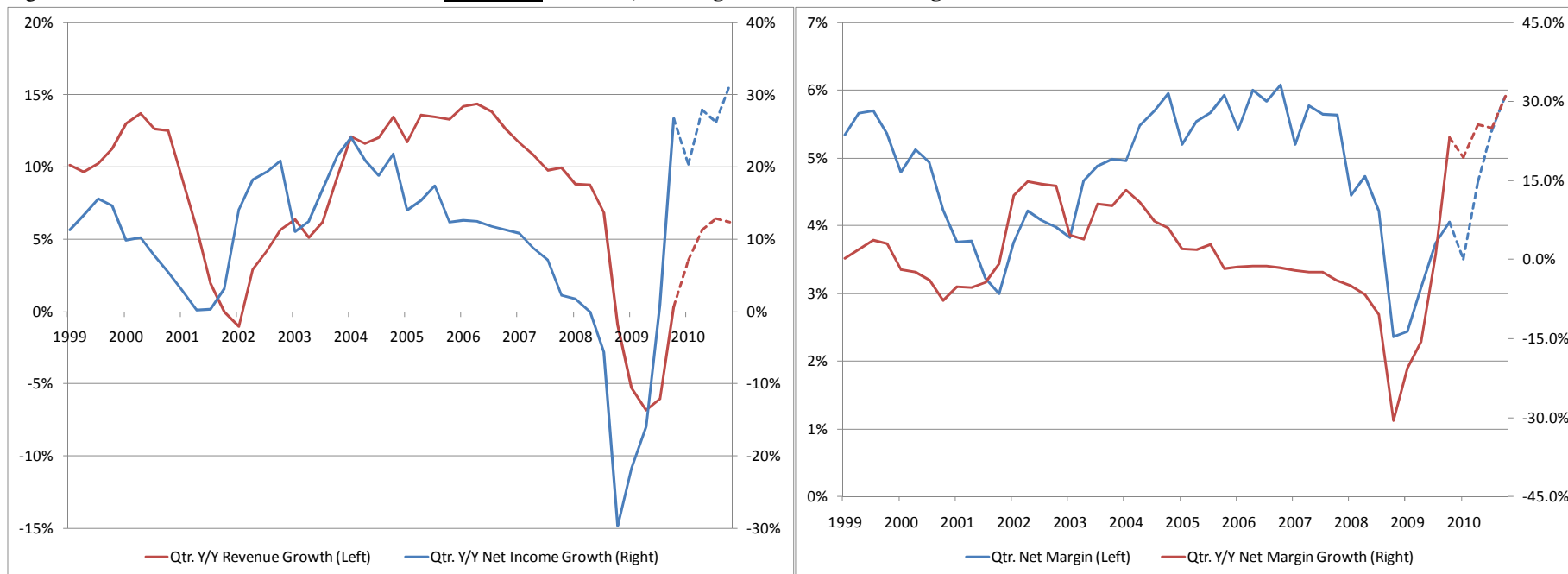
Fig 24. Stocks Posting Positive Earnings and Revenue Surprise but Negative Price Impact (2 Days After)

Ticker	Company	Industry	Report Date	Price	MC (\$m)	Surprise		YoY % Change		Price Chg. from Rpt. Date (Rel. to R2)	
						EPS %	Sales %	EPS	Sales	2 Days Before	2 Days After
IRET	Investors Real Estate Tr	REITS	06/30/10	\$8.83	\$662	0.0%	1.7%	NM	2.6%	2.0%	-0.2%
OZRK	Bank of the Ozarks	Com Bank	07/12/10	\$37.05	\$627	13.5%	3.6%	14.3%	-26.5%	2.8%	-0.5%
JOEZ	Joe's Jeans	Txtl App & Lux	07/15/10	\$2.07	\$130	0.0%	12.0%	NM	50.7%	-5.5%	-0.5%
PACW	PacWest Bancorp	Com Bank	07/14/10	\$21.18	\$748	1772.4%	5.2%	NM	24.3%	4.4%	-0.7%
WBS	Webster Financial	Com Bank	07/15/10	\$18.82	\$1,477	110.8%	8.2%	-51.6%	27.9%	-3.1%	-0.8%
PII	Polaris Industries	Leisure Equip	07/19/10	\$59.94	\$1,985	10.9%	6.4%	41.5%	24.6%	3.7%	-1.5%
BSRR	Sierra Bancorp	Com Bank	07/19/10	\$11.35	\$132	20.0%	7.1%	-18.5%	-3.6%	3.3%	-1.8%
LBAI	Lakeland Bancorp	Com Bank	07/15/10	\$9.14	\$219	1.2%	0.2%	NM	9.1%	-2.0%	-3.1%
WCBO	West Coast Bancorp	Com Bank	07/15/10	\$2.65	\$248	Act. Gain vs Exp. Loss	5.7%	NM	9.0%	-1.7%	-3.4%
SHLM	A Schulman	Chemicals	07/08/10	\$20.71	\$652	17.1%	4.0%	33.3%	41.2%	10.8%	-4.0%
XRTX	Xyratex	Comp & Perph	06/30/10	\$14.15	\$427	11.5%	6.0%	NM	134.1%	-0.7%	-11.9%
VCBI	Virginia Commerce Bancorp	Com Bank	07/18/10	\$6.74	\$182	208.8%	6.7%	NM	9.6%	-1.1%	-18.0%

Source: Furey Research Partners and FactSet; Includes companies reporting between 6/30 and 7/19.

APPENDIX: Historical Quarterly and LTM Median Y/Y Revenue Growth, Earnings Growth and Net Margin for the Russell 2000

Fig 25. Russell 2000 Core Historical Median Quarterly Revenue, Earnings Growth & Net Margin



Source: Furey Research Partners and FactSet; Dashed lines represent estimates

Fig 26. Russell 2000 Core Historical Median LTM Revenue, Earnings Growth & Net Margin



Source: Furey Research Partners and FactSet; Dashed lines represent estimates

Comments from readers and friends:

It goes without saying, I encourage comments and dialogue.

All the Best,

Jim

Furey Research Partners, LLC does not guarantee the accuracy or completeness of this report, nor does Furey Research Partners, LLC assume any liability for any loss that may result from reliance by any person upon such information. The information and opinions contained herein are subject to change without notice and are for general information only.

This research is for our clients only. Any unauthorized use or disclosure is prohibited. Receipt and viewing of this research report constitutes your agreement not to redistribute, retransmit or disclose to others the contents, opinions, conclusion or information contained in this report.

This research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various factors, including regulatory restrictions, may prevent us from doing so. Our reports may be published at irregular intervals as appropriate in the analyst's judgment. Opinions expressed herein reflect the opinion of Furey Research and are subject to change without notice.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations or needs of individual clients. Furey Research, its employees and affiliates are not responsible for any investment decision. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed and a loss of original capital may occur. Certain transactions, including those involving futures, options and other derivatives, give rise to substantial risk and are not suitable for all investors. Fluctuations in exchange rates and other economic factors could have adverse effects on the value or price of, or income derived from, certain investments. Small and micro capitalization securities are often more volatile, less predictable and involve higher risk levels than large capitalization securities. This report is generally targeted toward sophisticated institutional investors who can understand the risks associated with such investments.

Copyright ©2010 Furey Research Partners, LLC.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Furey Research Partners, LLC.

FUREY RESEARCH PARTNERS

jfurey@fureyresearch.com