

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 8-K**

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 19, 2012

**PIXELWORKS, INC.**

(Exact name of registrant as specified in its charter)

**OREGON**  
(State or other jurisdiction of  
incorporation)

**000-30269**  
(Commission File Number)

**91-1761992**  
(I.R.S. Employer  
Identification No.)

**224 Airport Parkway, Suite 400**  
**San Jose, CA 95110**  
**(408) 200-9200**  
(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On April 19, 2012, Pixelworks, Inc. (the "Company") issued a press release announcing financial results for the three month period ended March 31, 2012 and held a conference call to discuss the Company's financial results. The press release and conference call contain forward-looking statements regarding the Company, and include cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

The press release issued April 19, 2012 is furnished herewith as Exhibit 99.1, to this Report and a copy of the Company's conference call script announcing these financial results is furnished herewith as Exhibit 99.2. The information in this Item 2.02, including Exhibits 99.1 and 99.2, is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liability of that Section, nor shall such information be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit 99.1 Press Release issued by Pixelworks, Inc. dated April 19, 2012.

Exhibit 99.2 Pixelworks, Inc. First Quarter Results Conference Call Script dated April 19, 2012.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PIXELWORKS, INC.**

(Registrant)

Dated: April 19, 2012

/s/ Steven L. Moore

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Steven L. Moore  
*Vice President, Chief Financial  
Officer, Secretary and Treasurer*



## Pixelworks Reports First Quarter 2012 Financial Results

**SAN JOSE, Calif., April 19, 2012** -- Pixelworks, Inc. (NASDAQ:PXLW), an innovative provider of powerful video and pixel processing technology, today announced financial results for the first quarter ended March 31, 2012.

First quarter 2012 revenue was \$14.3 million, compared to \$16.8 million reported in the fourth quarter of 2011 and \$14.7 million in the first quarter of 2011. The sequential decrease was primarily driven by expected weaker demand in the digital projection and advanced TV markets, partially offset by licensing revenue recorded during the quarter.

On a GAAP basis, gross profit margin in the first quarter of 2012 was 54.5%, up from 47.1% in the fourth quarter of 2011 and 44.7% in the first quarter of 2011, driven by a shift in product mix as well as licensing revenue recognized during the quarter. First quarter 2012 GAAP operating expenses were \$9.1 million, compared with \$9.5 million in the previous quarter and \$9.8 million in the first quarter of 2011. For the first quarter of 2012, the Company recorded a GAAP net loss of \$0.6 million, or \$0.04 per share, compared to a GAAP net loss of \$2.0 million, or \$0.11 per share, in the fourth quarter of 2011 and GAAP net loss of \$1.5 million, or \$0.11 per share, in the first quarter of 2011.

On a non-GAAP basis, first quarter 2012 gross profit margin was 55.7%, up from 48.0% in the fourth quarter of 2011 and 45.5% in the first quarter of 2011. First quarter 2012 operating expenses on a non-GAAP basis were \$8.6 million, compared to \$9.0 million in the previous quarter and \$9.4 million in the first quarter of 2011. On a non-GAAP basis, net loss in the first quarter of 2012 was \$0.1 million, or \$0.01 per share, compared with a net loss of \$1.3 million, or \$0.07 per share, in the fourth quarter of 2011 and net loss of \$2.8 million, or \$0.20 per share, in the first quarter of 2011.

“Despite the challenges of seasonality compounded by supply disruptions and an industry wide inventory correction, we were able to exceed our guidance for Q1 2012,” said Bruce Walicek, President and CEO of Pixelworks. “With the introduction of our Topaz products for the projector market and further validation of our advanced video technology, leading display partners are recognizing that Pixelworks is the technology leader in advanced video.”

The Company will discuss the details of its business outlook for the second quarter of 2012 during its conference call scheduled for today, April 19, 2012, at 2:00 p.m. Pacific Time.

### Conference Call Information

Pixelworks will host a conference call today at 2:00 p.m. Pacific Time, which can be accessed by calling 800-573-4754 and using passcode 26286303. A Web broadcast of the call can be accessed by visiting the Company's investor page at [www.pixelworks.com](http://www.pixelworks.com). For those unable to listen to the live Web broadcast, it will be archived for 30 days. A replay of the conference call will also be available through Thursday, April 26, 2012, and can be accessed by calling 888-286-8010 and using passcode 44566614.

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## **About Pixelworks, Inc.**

Pixelworks, headquartered in San Jose, California, is an innovative designer, developer and marketer of video and pixel processing technology, semiconductors and software for high-end digital video applications. At design centers in Shanghai and San Jose, Pixelworks engineers push pixel performance to new levels for leading manufacturers of consumer electronics and professional displays worldwide.

For more information, please visit the Company's Web site at [www.pixelworks.com](http://www.pixelworks.com).

Note: Pixelworks and the Pixelworks logo are registered trademarks of Pixelworks, Inc.

## **Non-GAAP Financial Measures**

*This earnings release makes reference to non-GAAP gross profit margins, non-GAAP operating expenses, non-GAAP net loss and non-GAAP net loss per share which excludes stock-based compensation expense, gain on sale of patents, gain on the sale of marketable securities and additional amortization of a non-cancelable prepaid royalty, all of which are required under GAAP. The press release also reconciles GAAP net loss and adjusted EBITDA which Pixelworks defines as GAAP net income (loss) before interest expense and other, net, income tax provision, depreciation and amortization, as well as the specific items listed above. The Company believes these non-GAAP measures provide a meaningful perspective on the Company's core operating results and underlying cash flow dynamics, but cautions investors to consider these measures in addition to, not as a substitute for, its consolidated financial results as presented in accordance with GAAP. A reconciliation between GAAP and non-GAAP financial measures is included in this earnings release which is available in the investor relations section of the Company's website.*

## **Safe Harbor Statement**

*This release contains statements, including, without limitation, the statements in Bruce Walicek's quote that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are forward-looking statements for purposes of this release, including any projections of revenue or other financial items or any statements regarding the plans and objectives of management for future operations. Such statements are based on management's current expectations, estimates and projections about the Company's business. These statements are not guarantees of future performance and involve numerous risks, uncertainties and assumptions that are difficult to predict. Actual results could vary materially from those contained in forward looking statements due to many factors, including, without limitation: our ability to deliver new products in a timely fashion; our new product yield rates; changes in estimated product costs; product mix; supply of products from third-party foundries; failure or difficulty in achieving design wins; timely customer transition to new product designs; competitive factors, such as rival chip architectures, introduction or traction by competing designs, or pricing pressures; the success of our products in expanded markets; current global economic challenges; levels of inventory at distributors and customers; changes in the digital display and projection markets; changes in customer ordering patterns or lead times; seasonality in the consumer electronics market; our efforts to achieve profitability from operations; insufficient, excess or obsolete inventory and variations in inventory valuation; the outcome of any litigation related to our intellectual property rights; and our lower cash position as a result of our debt repurchases. More information regarding potential factors that could affect the Company's financial results and could cause actual results to differ materially is included from time to time in the Company's Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the year ended December 31, 2011 and subsequent SEC filings.*

*The forward-looking statements contained in this release speak as of the date of this release, and we do not undertake any obligation to update any such statements, whether as a result of new information, future events or otherwise.*

- Financial Tables Follow -

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**PIXELWORKS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Revenue, net	\$ 14,330	\$ 16,828	\$ 14,700
Cost of revenue (1)	6,521	8,908	8,128
Gross profit	7,809	7,920	6,572
Operating expenses:			
Research and development (2)	5,093	5,375	5,995
Selling, general and administrative (3)	4,019	4,134	3,834
Total operating expenses	9,112	9,509	9,829
Loss from operations	(1,303)	(1,589)	(3,257)
Interest expense and other, net	(98)	(89)	(166)
Gain on sale of patents	—	—	1,600
Gain on sale of marketable securities	—	—	264
Total other income (expense), net	(98)	(89)	1,698
Loss before income taxes	(1,401)	(1,678)	(1,559)
Provision (benefit) for income taxes	(763)	279	(91)
Net loss	\$ (638)	\$ (1,957)	\$ (1,468)
Net loss per share - basic and diluted	\$ (0.04)	\$ (0.11)	\$ (0.11)
Weighted average shares outstanding - basic and diluted	18,029	17,944	13,569

(1) Includes:

Additional amortization of non-cancelable prepaid royalty	\$ 132	\$ 120	\$ 86
Stock-based compensation	39	36	27
(2) Includes stock-based compensation	222	221	201
(3) Includes stock-based compensation	241	266	247

**PIXELWORKS, INC.**  
**RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL INFORMATION \***  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 2011
<b>Reconciliation of GAAP and non-GAAP gross profit</b>			
GAAP gross profit	\$ 7,809	\$ 7,920	\$ 6,572
Additional amortization of non-cancelable prepaid royalty	132	120	86
Stock-based compensation	39	36	27
Total reconciling items included in cost of revenue	171	156	113
Non-GAAP gross profit	\$ 7,980	\$ 8,076	\$ 6,685
Non-GAAP gross profit margin	55.7%	48.0%	45.5%
<b>Reconciliation of GAAP and non-GAAP operating expenses</b>			
GAAP operating expenses	\$ 9,112	\$ 9,509	\$ 9,829
Reconciling item included in research and development:			
Stock-based compensation	222	221	201
Reconciling item included in selling, general and administrative:			
Stock-based compensation	241	266	247
Total reconciling items included in operating expenses	463	487	448
Non-GAAP operating expenses	\$ 8,649	\$ 9,022	\$ 9,381
<b>Reconciliation of GAAP and non-GAAP net loss</b>			
GAAP net loss	\$ (638)	\$ (1,957)	\$ (1,468)
Reconciling items included in cost of revenue	171	156	113
Reconciling items included in operating expenses	463	487	448
Gain on sale of patents	—	—	(1,600)
Gain on sale of marketable securities	—	—	(264)
Tax effect of non-GAAP adjustments	(144)	7	(4)
Non-GAAP net loss	\$ (148)	\$ (1,307)	\$ (2,775)
Non-GAAP net loss per share - basic and diluted	\$ (0.01)	\$ (0.07)	\$ (0.20)
Non-GAAP weighted average shares outstanding - basic and diluted	18,029	17,944	13,569

\* Our non-GAAP gross profit, non-GAAP operating expenses, non-GAAP net loss and non-GAAP net loss per share differs from GAAP gross profit, GAAP operating expenses, GAAP net loss and GAAP net loss per share due to the exclusion of gain on the sale of patents, gain on the sale of marketable securities, stock-based compensation expense and additional amortization of a non-cancelable prepaid royalty. Pixelworks' management believes the presentation of non-GAAP gross profit, non-GAAP operating expenses, non-GAAP net loss and non-GAAP net loss per share provides useful information to investors regarding Pixelworks' results of operations by allowing investors to better evaluate underlying cash flow dynamics. Pixelworks' management also uses each of these non-GAAP measures internally to better evaluate underlying cash flow dynamics. Pixelworks, however, cautions investors to consider these non-GAAP financial measures in addition to, and not as a substitute for, our GAAP financial measures.

**PIXELWORKS, INC.**  
**RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL INFORMATION \***  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 2011
<b>Reconciliation of GAAP net loss and adjusted EBITDA</b>			
GAAP net loss	\$ (638)	\$ (1,957)	\$ (1,468)
Stock-based compensation	502	523	475
Additional amortization of non-cancelable prepaid royalty	132	120	86
Gain on sale of patents	—	—	(1,600)
Gain on sale of marketable securities	—	—	(264)
Tax effect of non-GAAP adjustments	(144)	7	(4)
Non-GAAP net loss	\$ (148)	\$ (1,307)	\$ (2,775)
<b>EBITDA adjustments:</b>			
Depreciation and amortization	\$ 1,172	\$ 1,314	\$ 1,254
Interest expense and other, net	98	89	166
Non-GAAP provision (benefit) for income taxes	(619)	272	(87)
Adjusted EBITDA	<u>\$ 503</u>	<u>\$ 368</u>	<u>\$ (1,442)</u>

\* Adjusted EBITDA differs from GAAP net loss due to the exclusion of gain on the sale of patents, gain on the sale of marketable securities, stock-based compensation expense, additional amortization of a non-cancelable prepaid royalty, interest expense and other, net, income tax provision (benefit) and depreciation and amortization. Pixelworks' management believes the presentation of adjusted EBITDA provides useful information to investors regarding Pixelworks' results of operations by allowing investors to better evaluate underlying cash flow dynamics and core operating results and are used by Pixelworks' management for these purposes. Pixelworks, however, cautions investors to consider these non-GAAP financial measures in addition to, and not as a substitute for, our GAAP financial measures.



**PIXELWORKS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands)  
(Unaudited)

	March 31, 2012	December 31, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,647	\$ 15,092
Accounts receivable, net	6,654	4,557
Inventories	3,139	4,107
Prepaid expenses and other current assets	2,466	2,341
Total current assets	23,906	26,097
Property and equipment, net	6,606	7,366
Other assets, net	2,570	2,914
Total assets	\$ 33,082	\$ 36,377
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,580	\$ 4,428
Accrued liabilities and current portion of long-term liabilities	8,197	8,247
Current portion of income taxes payable	165	212
Total current liabilities	10,942	12,887
Long-term liabilities, net of current portion	1,974	2,467
Income taxes payable, net of current portion	2,358	3,223
Total liabilities	15,274	18,577
Shareholders' equity	17,808	17,800
Total liabilities and shareholders' equity	\$ 33,082	\$ 36,377

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**Pixelworks, Inc. Q1 2012 Conference Call  
April 19, 2012**

**Steven Moore - CFO**

Good afternoon and thank you for joining us. This is Steve Moore, Chief Financial Officer of Pixelworks. With me today is Bruce Walicek, President and CEO. The purpose of today's conference call is to supplement the information provided in our press release issued earlier today announcing the Company's financial results for the first quarter ended March 31, 2012.

Before we begin, I would like to remind you that various remarks we make on this call -- including those about our projected future financial results, economic and market trends, and our competitive position -- constitute forward-looking statements. These forward-looking statements and all other statements made on this call that are not historical facts are subject to a number of risks and uncertainties that may cause actual results to differ materially.

All forward-looking statements are based on the Company's beliefs as of today, Thursday, April 19, 2012, and we undertake no obligation to update any such statements to reflect events or circumstances occurring after today. Please refer to today's press release, our Annual Report on Form 10-K for the year ended December 31, 2011, and subsequent SEC filings for a description of factors that could cause forward-looking statements to differ materially from actual results.

Additionally, the Company's press release and management's statements during this conference call will include discussions of certain measures and financial information in GAAP and non-GAAP terms, including gross margin, operating expenses, net loss, and net loss per share. These non-GAAP measures exclude stock-based compensation expense, gain on sale of patents, gain on sale of marketable securities, and additional amortization of a prepaid royalty. We use these non-GAAP measures internally to assess our operating performance. The Company believes these non-GAAP measures provide a meaningful perspective on our core operating results and underlying cash flow dynamics, but we caution investors to consider these measures in addition to, not as a substitute for, nor superior to, the Company's consolidated financial results as presented in accordance with GAAP.

Included in the Company's press release are definitions and reconciliations of GAAP to non-GAAP net loss and GAAP net loss to adjusted EBITDA, which provide additional details.

Bruce will begin today's call with a strategic update on the business, after which I will review our first quarter financial results and discuss our outlook for the second quarter of 2012.

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## **Bruce Walicek - CEO**

Thanks Steve. Good afternoon everyone and thank you for taking the time to join us today. Let me start out by making a few comments and observations about our first quarter 2012, and then Steve will follow with more details on our financial results and our outlook for Q2.

### **Q1 12 Recap**

- Q1 revenues came in at \$14.3M which was above the range of guidance we outlooked on our Q4 2011 conference call.
- This above the range performance was driven by the recognition of a license of our video technology for the TV market during the quarter, which is a positive validation of Pixelwork's leadership position in video.
- Overall TV/Panel products came in at 28% of revs and were down sequentially, but up 59% year over year reflecting the IP license mentioned above.
- Projector products came in at 56% of revs and were down sequentially and year over year reflecting worse than normal seasonality combined with supply chain disruptions due to the flood in Thailand.
- Overall B/B (exclusive of IP licensing) was greater than one, reflecting improving order patterns as customers recovered from the effects of the flood and the industry-wide inventory correction.
- GM came in above the range of guidance @ 55.7% and combined with low end of the range operating expenses, resulted in positive EBITDA for the quarter.

### **PRODUCTS**

- On the product front, in our TV/Panel Product Line:
- We continued to ramp and ship our PA136 Series products, which continued to experience good design win traction.
- As well as the PA138, which is targeted for advanced high end systems and is finding traction in the 1<sup>st</sup> wave of 4Kx2K Ultra Definition Systems.
- Most importantly, we demonstrated the performance and technology of our next generation PA168 to Tier 1 customers which was well received.
- Early next quarter we will sample the PA168 which is targeted for High Resolution TVs, Monitors, Panels, and Projectors, and positions Pixelworks in a leadership position at the high end of the market.
- The PA168 is our 6th generation device with Industry leading Halo-free MEMC performance
  - It integrates Scaling and Frame Rate Conversion, in an expandable architecture to address future needs for higher refresh rates, and higher resolutions
  - And it provides full support for all major 3D formats, significantly improved 2D to 3D conversion performance and support for Multiview capability which enables emerging Glasses free 3D TVs
- Also during the quarter, we closed a significant license for our advanced video technology which combined with our penetration of the Top Tier customer base, confirms Pixelworks' leading position in providing innovative solutions in video processing technology to the market.

In our Digital Projection product line:

- We ramped the 1<sup>st</sup> member of the Topaz platform into volume production, the PWC868, which is the 2D networking version of Topaz family.
  - This will be followed into production in the current quarter by the PW878, which is the Industry's first cost-effective 3D display processor that is designed for the business, education and mainstream home theater projector markets.
  - The Topaz family of products covers the full range of the projector market, from entry level 2D education and business projectors, to high end 3D home theater systems.
  - This quarter we introduced the TOPAZ lite version for the sub \$500 segment of the projector market, as well as the next release of our full software suite, which enables the advanced features of the Topaz platform.
  - Design win momentum continues to be strong for this product and during the quarter we received design commitments from Tier 1 customers.
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## **Closing**

In closing:

- As expected, Q1 was a difficult quarter as we dealt with the factors of seasonality, an industry wide inventory correction and the after-effects of the flood in Thailand.
- Although despite these headwinds, we were able to exceed our guidance
- We experienced good design win traction for our PA136 and PA138.
- And we ramped the Topaz PWC868 into volume production, as well as introduced Topaz lite for the sub \$500 projector market.
- And lastly we closed a significant license for our advanced video technology which combined with our penetration of the Top Tier customer base, confirms Pixelworks' leading technology position in video.

Now, I'd now like to turn the call over to Steve to review the financial details of the quarter and our outlook for Q2 2012.

## **Steven Moore - CFO**

Thank you, Bruce.

Revenue in the first quarter 2012 was \$14.3 million, compared to \$16.8 million in the fourth quarter of 2011 and \$14.7 million in the year-ago quarter. Revenue declined sequentially primarily due to expected weaker demand in both the digital projection and advanced TV markets.

The split of our first quarter revenue by market was:

56% digital projection,  
28% TV panel,  
16% embedded video display

As Bruce mentioned, during the quarter we signed a licensing agreement for our current generation advanced video technology. Our achievement of the first milestone of that agreement generated approximately \$2 million of licensing revenue during the first quarter, which is included in our TV market category.

Digital projection revenue, which includes sales targeted at the advanced digital projection market, was down sequentially to approximately \$8.1 million in the first quarter as a result of the previously mentioned inventory correction coupled with typical seasonality.

TV panel revenue, which includes sales targeted at the large screen flat panel display market, declined to \$4 million in Q1. Revenue was down sequentially in our advanced TV product line due primarily to a seasonal decrease in demand.

Embedded video display revenue in Q1 was approximately \$2.2 million.

Non-GAAP gross profit margin was 55.7% in the first quarter, compared to 48% in the previous quarter and 45.5% in the first quarter of 2011. The sequential increase in gross margin was primarily the result of licensing revenue recognized during the quarter as well as a shift in product mix.

Pixelworks' gross margin is subject to variability based on changes in revenue levels, recognition of license revenue, product mix, startup costs, and the timing and execution of manufacturing ramps as well as other factors.

Non-GAAP operating expenses were \$8.6 million in the first quarter, compared to \$9 million in Q4 and \$9.4 million in Q1 2011. Our operating expense levels continue to reflect our commitment to prudent expense management and will continue to vary based on the timing of future development activities.

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Adjusted EBITDA was a positive \$503,000 in Q1, a sequential improvement compared to \$368,000 in the fourth quarter of 2011. A reconciliation of adjusted EBITDA to GAAP net loss may be found in today's press release.

On a non-GAAP basis we recorded a net loss of \$148,000, or a 1 cent loss per share, in the first quarter. This compares with a net loss in Q4 2011 of \$1.3 million, or a 7 cent loss per share and non-GAAP net loss of \$2.8 million, or 20 cents loss per share in the first quarter of 2011.

Moving to the balance sheet, cash and marketable securities ended the quarter at approximately \$11.6 million, versus \$15.1 million at December 31, 2011. Cash was used in Q1 as revenue growth through the quarter created working capital needs. At quarter-end the Company had no long-term debt and a zero balance on its short-term line of credit.

Other balance sheet metrics include day sales outstanding which increased to 42 days at March 31, compared with 24 days at December 31, primarily as the result of certain revenue recognized later in the quarter. Inventory turns were 7.0 times in Q1 compared to 8.0 times at year-end.

#### Guidance

For the second quarter of 2012, we expect revenue to be in the range of \$14 million to \$16 million.

We expect gross profit margin for Q2 to range between 48% to 50% on a non-GAAP basis and 47% to 49% on a GAAP basis.

We expect operating expenses in the second quarter to range between \$8.5 million and \$9.5 million on a non-GAAP basis, and \$9 million to \$10 million on a GAAP basis.

And finally, we expect non-GAAP second quarter 2012 results of between a net loss of 4 cents and 18 cents per share; and on a GAAP basis we expect a net loss per share of between 8 cents and 22 cents.

That concludes my comments. We will now open the call for your questions.