

August 4, 2011

### Stock Rating:

**OUTPERFORM**

12-18 mo. Price Target \$16.00  
GNOM - NASDAQ \$7.71

3-5 Yr. EPS Gr. Rate	NM
52-Wk Range	\$18.55-\$6.60
Shares Outstanding	26.0M
Float	13.9M
Market Capitalization	\$200.6M
Avg. Daily Trading Volume	313,650
Dividend/Div Yield	NM/NM
Fiscal Year Ends	Dec
Book Value	\$2.41
2011E ROE	NM
LT Debt	\$7.5M
Preferred	NM
Common Equity	\$63M
Convertible Available	No

EPS Diluted	Q1	Q2	Q3	Q4	Year	Mult.
2010A	(51.15)	(13.92)	(21.87)	(0.69)	(13.60)	NM
2011E	(0.48)A	(0.56)A	(0.60)	(0.53)	(2.17)	NM
Prior (E)	--	(0.53)	(0.51)	(0.33)	(1.84)	NM
2012E	--	--	--	--	(1.30)	NM
Prior (E)	--	--	--	--	(0.66)	NM

Revenue (\$/mil)	Q1	Q2	Q3	Q4	Year	Mult.
2010A	0.3	1.1	4.2	3.8	9.4	25.1x
2011E	6.8A	5.9A	3.6	8.6	24.9	9.5x
Prior (E)	--	8.1	9.3	13.1	37.4	6.3x
2012E	--	--	--	--	49.9	4.7x
Prior (E)	--	--	--	--	90.0	2.6x

### HEALTHCARE/LIFE SCIENCE TOOLS & DIAGNOSTICS

## Complete Genomics, Inc.

### Look to the Backlog

#### SUMMARY

Rapid price erosion contributed to lower than expected 2Q11 results. More importantly, we are comfortable with the future outlook supported by the two large July contract signings with the National Cancer Institute (NCI) and the Inova Translational Medicine Institute, totaling 2,700 genomes for \$14M. We are most encouraged by the contracts' ~\$5,200 ASP, despite intra-quarter price discounting from ILMN (~\$4k/genome on 5/9/11) indicating, in our opinion, a choice for quality over price. We have adjusted our model to reflect current pricing and are consequently lowering our PT to \$16 from \$18.50. We see GNOM shares as oversold and are confident buyers on the weakness. We reiterate our Outperform.

#### KEY POINTS

- **Rapid ASP decline impacts 2Q revenue.** On the quarter, GNOM's 2Q ASP came in below expectations with an ASP/genome of ~\$6,200 vs. our \$9,000/genome forecast. We expect a more gradual pace of price erosion going forward as the backlog grows and in light of the two large July contracts adding 2,700 genomes at ~\$5,200/genome.
- **Shipment variability.** Given GNOM's nascent nature, lumpiness in timing and quantity of sample arrivals is to be expected. Specifically, management indicated that the order of 615 genomes from the Institute of Systems Biology has arrived slowly, with fewer than 100 genomes sequenced to date, hence the sequential decline to over 600 genomes shipped in 3Q.
- **Hotly contested contract wins point to bright future.** 2H11 backlog growth should improve especially with the NCI and Inova deals. We are encouraged by the ASP (~\$5,200/genome) especially in the face of pricing pressure from ILMN (\$4k/genome). We see the Inova contract as a leading indicator of GNOM's clinical potential.
- **CLIA certification key for future growth.** As sequencing interest extends beyond academic research into the clinic, CLIA certification's importance will become an important business driver. GNOM indicated that they are aggressively pursuing certification and expects to be CLIA certified by mid-2012.
- **Adjusting estimates.** We adjusting our sales estimate to reflect more rapid price declines, and now forecast 2011 revenue of \$24.9M (4,065 genomes) and 2012 revenue of \$49.9M (13,500 genomes). Our model calls for a loss per share of \$2.17 and \$1.30 in 2011 and 2012, respectively.

#### Stock Price Performance



#### Company Description

Complete Genomics is a life sciences tools company that has developed and commercialized what is arguably the most powerful DNA sequencing platform in the industry. GNOM operates on a service model, offering its NGS technology as an innovative, end-to-end, outsourced service to provide customers with data that is immediately ready to be used for genome-based research.

David Ferreiro, Ph.D.  
212-667-8163  
David.Ferreiro@opco.com

Steven Lichtman  
212-667-8160  
Steven.Lichtman@opco.com

Rosemary Liu  
212-667-8251  
Rosemary.Liu@opco.com

Oppenheimer & Co. Inc. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. See "Important Disclosures and Certifications" section at the end of this report for important disclosures, including potential conflicts of interest. See "Price Target Calculation" and "Key Risks to Price Target" sections at the end of this report, where applicable.

# GNOM's Future Outlook

## Genomes Sequenced

We expect GNOM's business and the outsourcing sequencing service model to grow. With the NHGRI budget focusing significantly on sequencing and its translation into the clinic, we continue to model double digit growth for GNOM's sequencing business despite funding headwinds. Sequencing is a priority for future scientific and medical discovery/innovation and is therefore more sheltered than other technologies and experimental systems. Additionally, as core center capacity continues to be constrained by long wait lists and the whole genome sequencing remains a complicated experiment, we believe GNOM will represent an attractive model for many researchers seeking viable alternatives.

Looking forward, we model total genomes sequenced to grow from 4,065 in 2011 to 200,000 by 2016. This represents annualized revenue of \$25M in 2011 and over \$200M in 2016.

### Exhibit 1: Genomes Sequenced

	2010	2011E	2012E	2013E	2014E	2015E	2016E
Genomes Sequenced	825	4,065	13,500	30,000	55,000	100,000	200,000
Cost per Genome	\$11.2	\$6.1	\$3.7	\$2.7	\$2.2	\$1.6	\$1.0
<b>Total Service Revenue (\$000s)</b>	<b>\$9,261</b>	<b>\$24,740</b>	<b>\$49,883</b>	<b>\$81,638</b>	<b>\$119,138</b>	<b>\$156,638</b>	<b>\$206,638</b>
<i>Growth</i>			101.6%	63.7%	45.9%	31.5%	31.9%

Source: Oppenheimer & Co. Estimates.

A key variable during early stage growth for GNOM is the size of their order backlog. With a turn around time of 67 days and a capacity to run 600 genomes per month (increasing to between 800 and 1200 by 4Q11), it is important that GNOM continues to book new contracts to ensure its future business. It is for this reason that we are encouraged by GNOM's recent announcement of a combined 2,700 genome booking (~\$14M), coming from both the NCI and Inova Translational Medical Institute. Both are important deals for differing reasons. NCI was a hotly contested government contract with award assignment akin to winning first place in a high profile competition. Inova on the other hand is the first industry contract awarded to a non-academic provider with a focus on translating sequencing data into clinically applicable outcomes.

For 2011, we model a backlog of 6,775 genomes growing to 13,275 genomes by 2012. It is important to point out that with time backlog grows and then eventually shrinks, as we expect GNOM's technologic advances and capacity increases will lead to a much more fluid backlog.

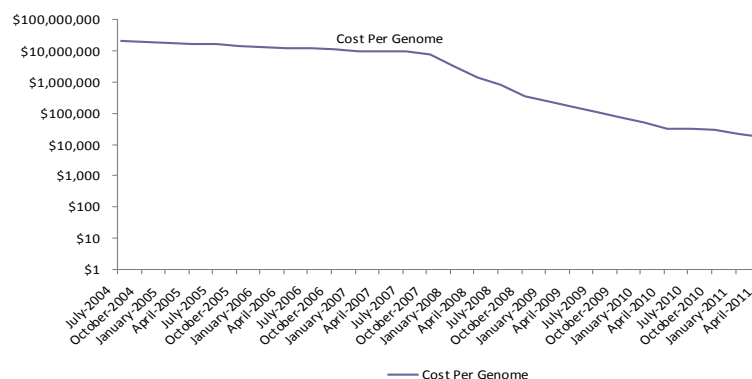
### Exhibit 2: GNOM's Backlog

	2010	2011E	2012E	2013E	2014E	2015E	2016E
Genome Backlog	1,050	6,775	13,275	18,275	13,275	13,275	13,275
Additions		9,790	20,000	35,000	50,000	100,000	200,000
Subtractions		4,065	13,500	30,000	55,000	100,000	200,000
Starting Backlog Value		\$11,000	\$29,708	\$39,825	\$45,688	\$26,550	\$19,913
Additions		\$43,448	\$60,000	\$87,500	\$100,000	\$150,000	\$200,000
Subtractions		\$24,740	\$49,883	\$81,638	\$119,138	\$156,638	\$206,638
<b>Ending Backlog Value (\$000's)</b>	<b>\$11,000</b>	<b>\$29,708</b>	<b>\$39,825</b>	<b>\$45,688</b>	<b>\$26,550</b>	<b>\$19,913</b>	<b>\$13,275</b>
Additions ASP/Genome		\$4.4	\$3.0	\$2.5	\$2.0	\$1.5	\$1.0
<b>Backlog ASP/Genome (\$000s)</b>	<b>\$10.5</b>	<b>\$4.4</b>	<b>\$3.0</b>	<b>\$2.5</b>	<b>\$2.0</b>	<b>\$1.5</b>	<b>\$1.0</b>
% Growth Backlog		545.2%	95.9%	37.7%	-27.4%	0.0%	0.0%
% Growth Backlog (\$s)		170.1%	34.1%	14.7%	-41.9%	-25.0%	-33.3%

Source: Oppenheimer & Co. Estimates.

Concurrent with our survey and channel checks, driving future business growth will be a decrease in ASP/genome. Historically, the cost per genome has been falling at astounding rates, with technological advances happening at speeds mostly unprecedented in almost all industries. Costs have fallen so precipitously, from well over \$10M/genome in 2004, that now scientists are looking to its clinical utility. Below is a historical graph of price decreases per genome.

**Exhibit 3: Total WGS Market (2011E-2016E)**

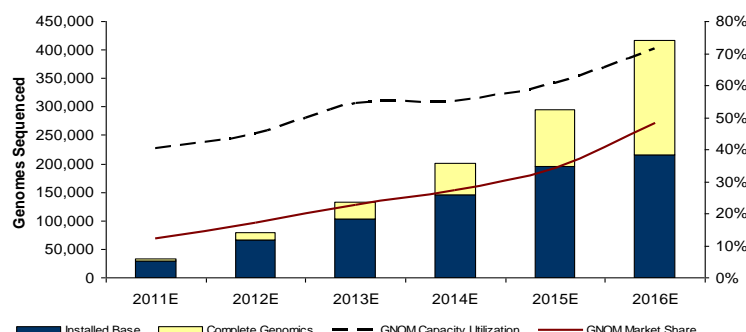


Source: NHGRI Statistics

Perhaps most important is the bifurcation that is occurring between core genome sequencing cost and service model sequencing cost. As of the April 2011 data point in Exhibit 3, cost per genome is \$16,712. In contrast, GNOM is able to deliver genomes at \$5,000/genome for contracts smaller than 50 orders, \$4,000 per genome for contracts greater than 50 and price becomes negotiable for exceptionally large orders. Moreover, GNOM's technologic advancements should drive further price declines. The company's next generation system (expected in mid-2012) should drop consumable costs by a factor of 10, allowing for even greater future price compression. This underscores the importance of the service model in driving wider adoption of sequencing service, as the outsourced businesses are likely more able to drive price reductions than their core competitors.

Specifically, we expect the sequencing inflection point for more widespread adoption to be reached when ASP near the highly touted and publicized \$1,000/genome; a landmark we think GNOM will be first to. Based on our assumptions from Exhibit 1, we expect GNOM to reach this threshold sometime within 2014. We model GNOM increasing market penetration into the whole genome sequencing market in concordance with ratable price declines.

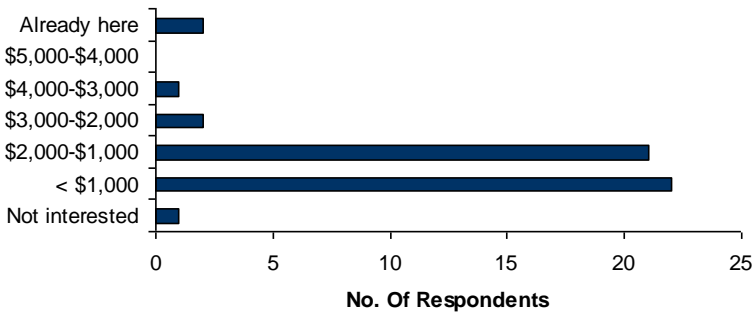
**Exhibit 4: Total WGS Market (2011E-2016E)**



Source: Oppenheimer & Co. Estimates.

Supporting our conclusion that ASP is one of sequencing’s gating factors is data from our 2Q genomics survey. 82% of respondents are planning to dedicate future budget to sequencing. With 92% of them not owning their own machine, 62% planning to do whole human genome sequencing, 90% having heard of outsourcing services and 57% considering using these services, we think outsourcing services will become ever more prevalent in the future. Additionally, 88% of respondents believe that the tipping point for widespread sequencing is in the \$2,000-\$1,000 range, in agreement with our hypothesis.

**Exhibit 5. Cost/genome where researchers do whole genome sequencing without reservations**



Source: Oppenheimer Genomics Survey

## Complete Genomics Quarterly Income Statement (\$MMs except per share data)

	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11	2Q11	3Q11E	4Q1E	2011E
System Sales	0.62	0.34	1.09	4.16	3.80	9.39	6.83	5.87	3.61	8.63	24.94
<b>Total Revenue</b>	<b>0.62</b>	<b>0.34</b>	<b>1.09</b>	<b>4.16</b>	<b>3.80</b>	<b>9.39</b>	<b>6.83</b>	<b>5.87</b>	<b>3.61</b>	<b>8.63</b>	<b>24.94</b>
COGS	5.03	4.08	4.91	6.01	4.90	19.90	6.58	6.12	7.30	9.22	29.23
General and Administrative	4.95	3.10	1.76	2.33	2.15	9.35	2.78	3.47	3.07	3.37	12.68
Sales and Marketing	1.80	1.23	1.31	1.59	1.98	6.11	2.70	3.14	3.97	4.32	14.12
R&D	22.42	6.17	4.93	4.95	5.64	21.69	6.81	8.03	8.12	8.20	31.16
<b>Operating Income</b>	<b>(33.59)</b>	<b>(14.24)</b>	<b>(11.82)</b>	<b>(10.72)</b>	<b>(10.87)</b>	<b>(47.65)</b>	<b>(12.04)</b>	<b>(14.89)</b>	<b>(18.85)</b>	<b>(16.47)</b>	<b>(62.25)</b>
Interest Expense	(3.47)	(0.31)	(0.83)	(0.91)	(0.78)	(2.83)	(0.34)	(0.81)	(0.80)	(0.80)	(2.75)
Other, net	1.10	0.21	0.03	(9.23)	1.39	(7.61)	(0.08)	(0.26)	0.00	0.00	(0.26)
<b>Pre-Tax Income</b>	<b>(35.95)</b>	<b>(14.34)</b>	<b>(12.63)</b>	<b>(20.86)</b>	<b>(10.26)</b>	<b>(58.09)</b>	<b>(12.46)</b>	<b>(15.96)</b>	<b>(19.65)</b>	<b>(17.27)</b>	<b>(65.35)</b>
Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tax Rate	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	0.0%
<b>Net Income</b>	<b>(35.95)</b>	<b>(14.34)</b>	<b>(12.63)</b>	<b>(20.86)</b>	<b>(10.26)</b>	<b>(58.09)</b>	<b>(12.46)</b>	<b>(15.96)</b>	<b>(19.65)</b>	<b>(17.27)</b>	<b>(65.35)</b>
<b>Non-GAAP EPS</b>	<b>(\$386.56)</b>	<b>(\$51.15)</b>	<b>(13.92)</b>	<b>(\$21.87)</b>	<b>(\$0.69)</b>	<b>(\$13.60)</b>	<b>(\$0.48)</b>	<b>(\$0.56)</b>	<b>(\$0.60)</b>	<b>(\$0.53)</b>	<b>(\$2.17)</b>
Avg. Shares Out. - Fully Dil.	0.1	0.3	0.9	1.0	14.8	4.3	26.0	28.3	32.6	32.8	29.9
<b>Margin Analysis</b>	<b>2009</b>	<b>1Q10</b>	<b>2Q10</b>	<b>3Q10</b>	<b>4Q10</b>	<b>2010</b>	<b>1Q11</b>	<b>2Q11</b>	<b>3Q11E</b>	<b>4Q1E</b>	<b>2011E</b>
COGS	NM	NM	NM	144.4%	128.9%	NM	96.3%	104.4%	202.3%	106.8%	117.2%
Gross Margin	NM	NM	NM	-44.4%	-28.9%	NM	3.7%	-4.4%	-102.3%	-6.8%	-17.2%
General and Administrative	NM	NM	NM	NM	NM	NM	40.7%	59.1%	85.0%	39.0%	50.9%
Sales and Marketing	NM	NM	NM	NM	NM	NM	39.5%	53.5%	110.0%	50.0%	56.6%
R&D	NM	NM	NM	NM	NM	NM	99.6%	136.9%	225.0%	95.0%	124.9%
Operating Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Net Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
<b>Growth Analysis</b>	<b>2009</b>	<b>1Q10</b>	<b>2Q10</b>	<b>3Q10</b>	<b>4Q10</b>	<b>2010</b>	<b>1Q11</b>	<b>2Q11E</b>	<b>3Q11E</b>	<b>4Q1E</b>	<b>2011E</b>
Revenue	NM	NM	NM	NM	NM	NM	NM	438.6%	-13.3%	127.0%	165.6%
COGS	NM	NM	NM	NM	NM	NM	NM	24.7%	21.6%	88.1%	46.9%
Selling and Marketing	NM	NM	NM	NM	NM	NM	NM	96.7%	31.7%	56.4%	35.7%
Selling, General and Administrative	NM	NM	NM	NM	NM	NM	NM	62.9%	63.9%	45.4%	43.6%
Operating Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM

Source: Oppenheimer Estimates, Company Reports

## Investment Thesis

GNOM has developed a proprietary, innovative sequencing platform including robust bioinformatics tools in order to provide researchers with a complete outsourced human genome sequencing service. Initial data provided by GNOM and early users have demonstrated the company has produced high quality sequence data, validating the platform. Despite a rapidly expanding installed base of NGS instruments we believe demand from the research community and later from the clinical community will continue to outpace the total market sequencing capacity, thus creating an important niche for service providers like GNOM. Our \$16.00 target price assumes a WACC of 11.76% and a 2.0% terminal growth on an estimated EBITDA of \$160M in 2022.

## Price Target Calculation

We value GNOM by a discounted cash flow (DCF) analysis. Our \$16.00 target price (down from \$18.50) assumes a WACC of 11.76% and a terminal growth rate of 2.0% on an estimated EBITDA of \$160M in 2022.

## Key Risks to Price Target

These include: 1) competition from the high throughput NGS installed base, 2) uncertainty over research funding, 3) technology obsolescence, 4) competition from other service providers, 5) the clinical market perhaps taking time to develop, and 6) financing risk.

## Important Disclosures and Certifications

**Analyst Certification** - The author certifies that this research report accurately states his/her personal views about the subject securities, which are reflected in the ratings as well as in the substance of this report. The author certifies that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

### Potential Conflicts of Interest:

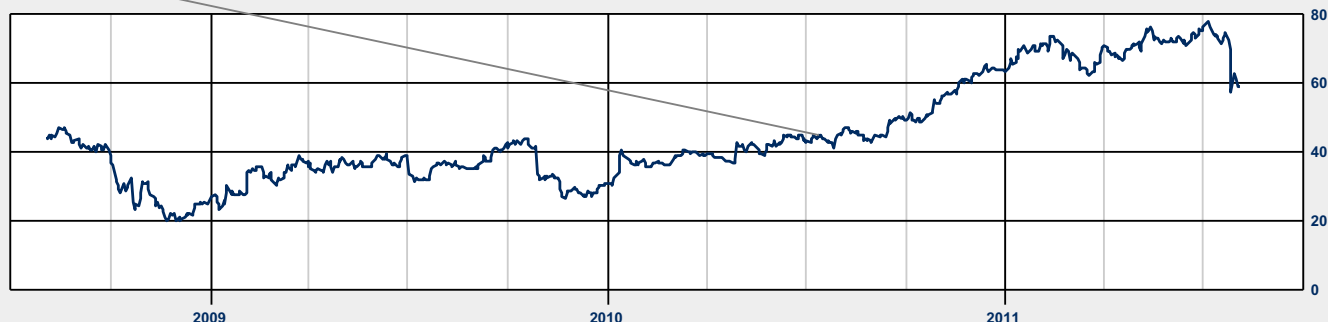
Equity research analysts employed by Oppenheimer & Co. Inc. are compensated from revenues generated by the firm including the Oppenheimer & Co. Inc. Investment Banking Department. Research analysts do not receive compensation based upon revenues from specific investment banking transactions. Oppenheimer & Co. Inc. generally prohibits any research analyst and any member of his or her household from executing trades in the securities of a company that such research analyst covers. Additionally, Oppenheimer & Co. Inc. generally prohibits any research analyst from serving as an officer, director or advisory board member of a company that such analyst covers. In addition to 1% ownership positions in covered companies that are required to be specifically disclosed in this report, Oppenheimer & Co. Inc. may have a long position of less than 1% or a short position or deal as principal in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. Recipients of this report are advised that any or all of the foregoing arrangements, as well as more specific disclosures set forth below, may at times give rise to potential conflicts of interest.

## Important Disclosure Footnotes for Companies Mentioned in this Report that Are Covered by Oppenheimer & Co. Inc:

### Stock Prices as of August 4, 2011

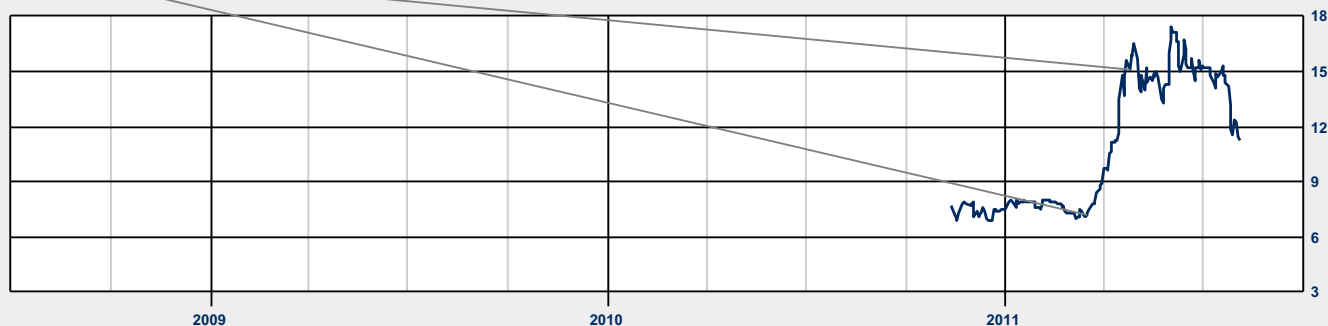
Illumina, Inc. (ILMN - Nasdaq, 54.50, PERFORM)

## Rating and Price Target History for: Illumina, Inc. (ILMN) as of 08-03-2011

07/13/10  
I:P:NA

Created by BlueMatrix

## Rating and Price Target History for: Complete Genomics, Inc. (GNOM) as of 08-03-2011

03/16/11  
I:O:\$1304/25/11  
O:\$18.5

Created by BlueMatrix

All price targets displayed in the chart above are for a 12- to 18-month period. Prior to March 30, 2004, Oppenheimer & Co. Inc. used 6-, 12-, 12- to 18-, and 12- to 24-month price targets and ranges. For more information about target price histories, please write to Oppenheimer & Co. Inc., 300 Madison Avenue, New York, NY 10017, Attention: Equity Research Department, Business Manager.

## Oppenheimer &amp; Co. Inc. Rating System as of January 14th, 2008:

**Outperform(O)** - Stock expected to outperform the S&P 500 within the next 12-18 months.

**Perform (P)** - Stock expected to perform in line with the S&P 500 within the next 12-18 months.

**Underperform (U)** - Stock expected to underperform the S&P 500 within the next 12-18 months.

**Not Rated (NR)** - Oppenheimer & Co. Inc. does not maintain coverage of the stock or is restricted from doing so due to a potential conflict of interest.

#### Oppenheimer & Co. Inc. Rating System prior to January 14th, 2008:

**Buy** - anticipates appreciation of 10% or more within the next 12 months, and/or a total return of 10% including dividend payments, and/or the ability of the shares to perform better than the leading stock market averages or stocks within its particular industry sector.

**Neutral** - anticipates that the shares will trade at or near their current price and generally in line with the leading market averages due to a perceived absence of strong dynamics that would cause volatility either to the upside or downside, and/or will perform less well than higher rated companies within its peer group. Our readers should be aware that when a rating change occurs to Neutral from Buy, aggressive trading accounts might decide to liquidate their positions to employ the funds elsewhere.

**Sell** - anticipates that the shares will depreciate 10% or more in price within the next 12 months, due to fundamental weakness perceived in the company or for valuation reasons, or are expected to perform significantly worse than equities within the peer group.

Distribution of Ratings/IB Services Firmwide				
Rating	IB Serv/Past 12 Mos.			
	Count	Percent	Count	Percent
OUTPERFORM [O]	319	54.50	140	43.89
PERFORM [P]	256	43.80	84	32.81
UNDERPERFORM [U]	10	1.70	2	20.00

Although the investment recommendations within the three-tiered, relative stock rating system utilized by Oppenheimer & Co. Inc. do not correlate to buy, hold and sell recommendations, for the purposes of complying with FINRA rules, Oppenheimer & Co. Inc. has assigned buy ratings to securities rated Outperform, hold ratings to securities rated Perform, and sell ratings to securities rated Underperform.

## Company Specific Disclosures

Oppenheimer & Co. Inc. makes a market in the securities of ILMN and GNOM.

#### Additional Information Available

Please log on to <http://www.opco.com> or write to Oppenheimer & Co. Inc., 300 Madison Avenue, New York, NY 10017, Attention: Equity Research Department, Business Manager.



## Other Disclosures

This report is issued and approved for distribution by Oppenheimer & Co. Inc. Oppenheimer & Co. Inc. transacts Business on all Principal Exchanges and Member SIPC. This report is provided, for informational purposes only, to institutional and retail investor clients of Oppenheimer & Co. Inc. and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. The securities mentioned in this report may not be suitable for all types of investors. This report does not take into account the investment objectives, financial situation or specific needs of any particular client of Oppenheimer & Co. Inc. Recipients should consider this report as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein, if any, as a substitution for the exercise of independent judgment of the merits and risks of investments. The analyst writing the report is not a person or company with actual, implied or apparent authority to act on behalf of any issuer mentioned in the report. Before making an investment decision with respect to any security recommended in this report, the recipient should consider whether such recommendation is appropriate given the recipient's particular investment needs, objectives and financial circumstances. We recommend that investors independently evaluate particular investments and strategies, and encourage investors to seek the advice of a financial advisor. Oppenheimer & Co. Inc. will not treat non-client recipients as its clients solely by virtue of their receiving this report. Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this report. The price of the securities mentioned in this report and the income they produce may fluctuate and/or be adversely affected by exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Oppenheimer & Co. Inc. accepts no liability for any loss arising from the use of information contained in this report, except to the extent that liability may arise under specific statutes or regulations applicable to Oppenheimer & Co. Inc. All information, opinions and statistical data contained in this report were obtained or derived from public sources believed to be reliable, but Oppenheimer & Co. Inc. does not represent that any such information, opinion or statistical data is accurate or complete (with the exception of information contained in the Important Disclosures section of this report provided by Oppenheimer & Co. Inc. or individual research analysts), and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice. Nothing in this report constitutes legal, accounting or tax advice. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice on the tax consequences of investments. As with any investment having potential tax implications, clients should consult with their own independent tax adviser. This report may provide addresses of, or contain hyperlinks to, Internet web sites. Oppenheimer & Co. Inc. has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

This report or any portion hereof may not be reprinted, sold, or redistributed without the written consent of Oppenheimer & Co. Inc. Copyright © Oppenheimer & Co. Inc. 2011.