

Edgar Filing: PAID INC - Form 10-Q

PAID INC  
Form 10-Q  
May 08, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

COMMISSION FILE NUMBER 0-28720

PAID, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE  
(State or Other Jurisdiction of  
Incorporation or Organization)

73-1479833  
(I.R.S. Employer  
Identification No.)

4 Brussels Street, Worcester, Massachusetts 01610  
(Address of Principal Executive Offices) (Zip Code)

(508) 791-6710  
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated Filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 30, 2009, the issuer had outstanding 255,909,348 shares of its Common Stock, par value \$.001 per share.

# Edgar Filing: PAID INC - Form 10-Q

Paid, Inc.  
Form 10-Q  
For the Three Months ended March 31, 2009

## TABLE OF CONTENTS

### Part I - Financial Information

Item 1.	Financial Statements	
	Balance Sheets	
	March 31, 2009 (unaudited) and December 31, 2008.....	3
	Statements of Operations	
	Three months ended March 31, 2009 and 2008 (unaudited).....	4
	Statements of Cash Flows	
	Three months ended March 31, 2009 and 2008 (unaudited).....	5
	Statements of Changes in Shareholders' Equity	
	Three months ended March 31, 2009 (unaudited).....	6
	Notes to Financial Statements	
	Three months ended March 31, 2009 and 2008.....	7-15
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	16
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.....	19
Item 4.	Controls and Procedures.....	20

### Part II - Other Information

Item 1.	Legal Proceedings.....	21
Item 1A.	Risk Factors.....	21
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds .....	21
Item 3.	Defaults Upon Senior Securities.....	21
Item 4.	Submission of Matters to a Vote of Security Holders.....	21
Item 5.	Other Information .....	21
Item 6.	Exhibits .....	21
	Signatures.....	22

Edgar Filing: PAID INC - Form 10-Q

ITEM 1. FINANCIAL STATEMENTS

PAID, INC.  
BALANCE SHEETS

ASSETS	March 31, 2009 ----- (Unaudited)	December 31, 2008 ----- (Audited)
Current assets:		
Cash and cash equivalents	\$ 59,231	\$ 106,948
Accounts receivable, net	27,944	1,425
Inventories, net	1,024,679	1,016,938
Prepaid expenses and other current assets	473,225	404,876
Due from employees and others	42,497	42,497
	-----	-----
Total current assets	1,627,576	1,572,684
Property and equipment, net	26,479	30,967
Intangible asset, net	9,653	9,888
	-----	-----
Total assets	\$ 1,663,708 =====	\$ 1,613,539 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 47,500	\$ --
Accounts payable	528,192	399,383
Accrued expenses	513,370	495,139
Deferred revenues	250,850	119,700
	-----	-----
Total current liabilities	1,339,912	1,014,222
	-----	-----
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.001 par value, 350,000,000 shares authorized; 254,523,996 and 251,369,046 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	254,524	251,369
Additional paid-in capital	36,952,635	36,392,504
Accumulated deficit	(36,883,363)	(36,044,556)
	-----	-----
Total shareholders' equity	323,796	599,317
	-----	-----
Total liabilities and shareholders' equity	\$ 1,663,708 =====	\$ 1,613,539 =====

See accompanying notes to financial statements

Edgar Filing: PAID INC - Form 10-Q

-2-

PAID, INC.  
 STATEMENTS OF OPERATIONS  
 FOR THE THREE MONTHS ENDED MARCH 31,  
 (Unaudited)

	2009	2008
	-----	-----
Revenues	326,866	\$ 253,972
Cost of revenues	137,149	86,789
	-----	-----
Gross profit	189,717	167,183
	-----	-----
Operating expenses:		
Selling, general, and administrative expenses	949,767	940,683
Website development costs	76,261	88,228
	-----	-----
Total operating expenses	1,026,028	1,028,911
	-----	-----
Loss from operations	(836,311)	(861,728)
	-----	-----
Other income (expense):		
Interest expense	(2,500)	--
Other income	4	580
	-----	-----
Total other income (expense), net	(2,496)	580
	-----	-----
Loss before income taxes	(838,807)	(861,148)
Provision for income taxes	--	--
	-----	-----
Net loss	\$ (838,807)	\$ (861,148)
	=====	=====
Loss per share (basic and diluted)	\$ (0.00)	\$ (0.00)
	=====	=====
Weighted average shares	252,826,173	235,012,192
	=====	=====

See accompanying notes to consolidated financial statements

-3-

Edgar Filing: PAID INC - Form 10-Q

PAID, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE THREE MONTHS ENDED MARCH 31,  
 (Unaudited)

	2009 ----	2008 ----
Operating activities:		
Net loss	\$ (838,807)	\$ (861,148)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,723	23,359
Share based compensation	113,000	113,000
Intrinsic value of stock options awarded to professionals and consultants in payment of fees for services provided	450,286	278,391
Intrinsic value of stock options awarded to employees in payment of compensation	--	2,308
Changes in assets and liabilities:		
Accounts receivable	(26,519)	--
Inventories	(7,741)	(20,306)
Prepaid expense and other current assets	(68,349)	(29,359)
Accounts payable	128,809	166,939
Accrued expenses	18,231	(19,082)
Deferred revenue	131,150	2,933
	-----	-----
Net cash used in operating activities	(95,217)	(342,965)
	-----	-----
Investing activities:		
Property and equipment additions	--	(8,230)
	-----	-----
Financing activities:		
Net proceeds of notes and loans payable	47,500	50,000
Proceeds from assignment of call options	--	103,245
Proceeds from exercise of stock options	--	20,500
	-----	-----
Net cash provided by financing activities	47,500	173,745
	-----	-----
Net increase in cash and cash equivalents	(47,717)	(177,450)
Cash and cash equivalents, beginning	106,948	264,811
	-----	-----
Cash and cash equivalents, ending	\$ 59,231	\$ 87,361
	=====	=====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for:

Edgar Filing: PAID INC - Form 10-Q

Income taxes	\$	--	\$	--
	=====		=====	
Interest	\$	--	\$	--
	=====		=====	

See accompanying notes to financial statements

-4-

PAID, INC.  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2009  
(Unaudited)

	Common stock		Additional Paid-in Capital
	Shares	Amount	
Balance, December 31, 2008	251,369,046	\$ 251,369	\$ 36,392,504
Issuance of common stock pursuant to exercise of stock options granted to professionals and consultants	3,154,950	3,155	447,131
Share based compensation related to issuance of incentive stock options	--	--	113,000
Net loss	--	--	--
Balance, March 31, 2009	254,523,996	\$ 254,524	\$ 36,952,635

See accompanying notes to financial statements

-5-

PAID, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2009 AND 2008

Note 1. Organization and Significant Accounting Policies

Paid, Inc. (the "Company") provides businesses and clients with marketing, management, merchandising, auction management, website hosting, and authentication and consignment services for the entertainment, sports and collectible industries. The Company offers celebrities, musical artists and athletes official web sites and fan-club services including e-commerce, VIP ticketing, fan club management, fan experiences, storefronts, articles, polls, message boards, contests, biographies and custom features. The Company also sells merchandise for celebrities, through official fan websites, on tour or at retail.

## Edgar Filing: PAID INC - Form 10-Q

### General

The Company has prepared the financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements and should be read in conjunction with the Company's audited financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2008 that was filed on March 16, 2009.

In the opinion of management, the Company has prepared the accompanying financial statements on the same basis as its audited financial statements, and these financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of the interim periods presented. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full year 2009.

### Liquidity

The Company's independent registered public accounting firm has issued a going concern opinion on the Company's financial statements for the year ended December 31, 2008. The Company may need an infusion of additional capital to fund anticipated operating costs over the next 12 months. Management anticipates growth in revenues and gross profits for the remainder of 2009 from its celebrity services products and websites, and similar services to other entities; including memberships, fan experiences and ticketing, appearances, website development and hosting, and merchandise sales from both existing and new clients. Subject to the discussion below, management believes that the Company has sufficient cash resources to fund operations during the next 12 months. These resources include call options, expiring on May 9, 2010, for approximately 435,000 shares of common stock, which, once assigned by the Company, can generate between \$35,000 and \$117,000 (based solely upon the 52 week high and low closing prices of the Company's common stock) of cash. In addition, management continues to explore opportunities to monetize its patent #7324968 issued for real-time calculation of shipping costs. However, there can be no assurance that assignment of the call options can be concluded on reasonably acceptable terms, or that the Company will be successful in monetizing its patent. Management continues to seek alternative sources of capital to support operations. Finally, world economic conditions, in particular those in the United States, are likely to impact sales of fan experiences and the availability of financing.

### Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

-6-

### Inventories

Inventories consist of collectible merchandise for sale and are stated at the lower of average cost or market on a first-in, first-out (FIFO) method. When a purchase contains multiple copies of the same item, they are stated at average cost.

On a periodic basis management reviews inventories on hand to ascertain if any

## Edgar Filing: PAID INC - Form 10-Q

is slow moving or obsolete. In connection with this review, at both March 31, 2009 and December 31, 2008 the Company provided for reserves totaling \$475,000.

### Website Development Costs

The Company accounts for website development costs in accordance with the provisions of EITF 00-2, "Accounting for Web Site Development Costs", which requires that costs incurred in planning, maintaining, and operating stages that do not add functionality to the site be charged to operations as incurred. External costs incurred in the site application and infrastructure development stage and graphic development are capitalized. Such capitalized costs are included in "Property and equipment." During the three months ended March 31, 2009 and 2008 no website development costs were capitalized.

### Revenue Recognition

The Company generates revenue from sales of fan experiences, from fan club membership fees, from sales of its purchased inventories, and from web hosting services.

Fan experiences sales include tickets and related experiences at concerts and other events conducted by performing artists. Revenues associated with these fan experiences are generally reported gross, rather than net, following the criteria of EITF 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent", and are deferred until the related event has been concluded, at which time the revenues and related direct costs are recognized.

Fan club membership fees are recognized ratably over the term of the related membership, generally one year.

For sales of merchandise owned and warehoused by the Company, the Company is responsible for conducting the sale, billing the customer, shipping the merchandise to the customer, processing customer returns and collecting accounts receivable. The Company recognizes revenue upon verification of the credit card transaction and shipment of the merchandise, discharging all obligations of the Company with respect to the transaction.

The Company provides web hosting services in conjunction with two types of arrangements - cash and receipt of publicly recognized autographs on merchandise. Revenue is recognized on a monthly basis as the services are provided under both arrangements. The amounts of revenues related to arrangements settled in other than cash are determined based upon management's estimate of the fair value of the service provided or the fair value of the autographs received, depending upon which measure is most reliable.

### Shipping and Handling fees and costs

All amounts billed to customers in sales transactions related to shipping and handling represent revenues earned and are reported as revenues. Costs incurred by the Company for shipping and handling totaling \$30,200 and \$20,300 during the three months ended March 31, 2009 and 2008, respectively, are reported as a component of selling, general and administrative expenses.

-7-

### Advertising costs

Advertising costs, totaling approximately \$7,200 in 2009 and \$15,300 in 2008, are charged to expense when incurred.



## Edgar Filing: PAID INC - Form 10-Q

### Segment reporting

The Company has determined that it has only one discreet operating segment consisting of activities surrounding the sale of fan experiences, fan club memberships, and merchandise associated with its relationships with performing artists and publicly recognized people.

### Concentrations

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and cash equivalents with high credit quality institutions.

Approximately 38% and 74% of the Company's revenues for 2009 and 2008, respectively, were generated from fan experiences and sales of merchandise related to one performing artist, Aerosmith.

### Share Based Compensation

The Company accounts for share-based compensation in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) 123(R), Share-Based Payment. Under the provisions of SFAS 123(R), share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant).

The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, the expected volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's expected term, and the Company's expected annual dividend yield. The Company believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair values of the Company's stock options. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

### Earnings Per Common Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate to outstanding stock options and warrants. The number of common shares that would be included in the calculation of outstanding options and warrants is determined using the treasury stock method. The assumed conversion of outstanding dilutive stock options and warrants would increase the shares outstanding but would not require an adjustment of income as a result of the conversion. Stock options and warrants applicable to 32,914,625 and 30,636,054 shares at March 31, 2009 and 2008, respectively, have been excluded from the computation of diluted earnings per share because they were antidilutive. Diluted earnings per share have not been presented as a result of the Company's net loss for each year.

-8-

### Recent Accounting Pronouncements

In January 2009, the Company adopted Statement of Financial Accounting Standards

## Edgar Filing: PAID INC - Form 10-Q

("SFAS") No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"), which changes the disclosure requirements for derivative instruments and hedging activities. SFAS 161 requires enhanced disclosures about (a) how an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" and its related interpretations, and (C) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Adoption did not have a material impact on our financial statements.

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141(R), Business Combinations, and SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements. SFAS No. 141(R) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. Adoption did not have a material impact on our financial statements

In April 2008, the FASB issued FSP No. 142-3, "Determination of the Useful Life of Intangible Assets". FSP No. 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets. We adopted FSP No. 142-3 as of January 1, 2009 with no material impact on our financial statements.

In June 2008, the FASB ratified the consensus reached on Emerging Issues Task Force (EITF) Issue No. 07-05, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock". EITF Issue No. 07-05 clarifies the determination of whether an instrument (or an embedded feature) is indexed to an entity's own stock, which would qualify as a scope exception under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". We adopted EITF Issue No. 07-05 as of January 1, 2009 with no material impact on our consolidated financial statements.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments", which provides operational guidance for determining other-than-temporary impairments ("OTTI") for debt securities. FSP No. 115-2 and 124-2 are effective for interim and annual periods ending after June 15, 2009 and will be adopted by the Company beginning in the third quarter of 2009. Although the Company will continue to evaluate the application of FSP No. 115-2 and 124-2, management does not currently believe adoption of this accounting pronouncement will have a material impact on the Company's financial condition or operating results.

### Note 2. Intangible Assets

In January 2008, the United States Patent and Trademark Office issued the Company's patent #7324968 providing the Company with the rights granted to patent holders, including the ability to seek licenses for patent use and to protect the patent from infringement. The Company's patent is for the real-time calculation of shipping costs for items purchased through online auctions using a zip code as a destination location indicator. It includes shipping charge calculations across multiple carriers and accounts for additional characteristics of the item being shipped, such as weight, special packaging or handling, and insurance costs.

The patent is presented net of accumulated amortization of \$6,347 and \$6,112 at March 31, 2009 and December 31, 2008, respectively.

# Edgar Filing: PAID INC - Form 10-Q

-9-

Amortization expense of intangible assets for the three months ended March 31, 2009 and 2008 was \$235.

Estimated future annual amortization expense is \$940 for each year through 2019.

## Note 3. Notes payable

At March 31, 2009 the Company was obligated on two short term, unsecured, notes payable that were repaid on April 17, 2009.

## Note 4. Accrued Expenses

Accrued expenses are comprised of the following:

	March 31,	December 31,
	-----	-----
	2009	2008
	----	----
Payroll and related costs	181,933	130,380
Professional and consulting fees	128,929	232,259
Commissions	184,472	107,963
Other	18,036	24,537
	-----	-----
	\$ 513,370	\$ 495,139
	=====	=====

## Note 5. Common Stock

### Call Option Agreements

In connection with a May 9, 2005 settlement with Leslie Rotman regarding the value paid and the value received in a 2001 transaction the Company received a call option for 2,000,000 shares of the Company's common stock at \$.001 per share. Leslie Rotman is the mother, of Gregory Rotman, President of the Company, and Richard Rotman, CFO/Vice President/Secretary of the Company. The option is assignable by the Company and, as most recently amended, expires on May 9, 2010.

As of March 31, 2009 the Company had assigned options to purchase 1,565,000 shares of stock from Leslie Rotman to certain individuals in exchange for \$567,734. The Company did not assign any call options during the three months ended March 31, 2009, while it assigned 260,000 call options during the three months ended March 31, 2008 in exchange for \$103,245. The proceeds from the assignments of these options were added to the paid in capital of the Company. At March 31, 2009, 435,000 call options remain outstanding.

### Warrants

During the year ended December 31, 2005, the Company entered into an Agreement and sold a warrant to purchase common stock ("Warrant") to an investor. The investor has paid the Company \$110,000 in deposits ("Deposits") for the right to acquire up to 2,000,000 shares of unregistered common stock at any time prior to June 2, 2009 at \$.15 per share. If exercised, all Deposits will be applied as partial payment of the exercise price. If the Warrants are not exercised by June 1, 2009 the Deposits will be forfeited. The Deposits have been recorded in Additional Paid in Capital.

## Edgar Filing: PAID INC - Form 10-Q

-10-

During the second and third quarters of 2008, in connection with \$1,100,000 of short term notes payable, the Company granted warrants for 1,100,000 shares of common stock exercisable at \$.25 per share. If not exercised these warrants expire at various dates between April and August 2011.

### Share-based Incentive Plans

At March 31, 2009, the Company had a number of stock option plans that include both incentive and non-qualified options to be granted to certain eligible employees, non-employee directors, or consultants of the Company.

The 1999 Plan ("1999 Plan") provides for the award of non-qualified options for up to 1,000,000 shares. The maximum number of shares currently reserved for issuance is 492,000 shares. The options granted have a ten-year contractual term and vested either immediately or annually over a five-year term. There were no options granted under this plan during the three months ended March 31, 2009 and 2008, and at March 31, 2009 there were 37,000 options outstanding with a weighted average exercise price of \$1.625.

The 2002 Plan ("2002 Plan") provides for the award of qualified and non-qualified options for up to 30,000,000 shares. As of March 31, 2009 there were no shares reserved for issuance. The options granted have a ten-year contractual term and vested either immediately or four years from the date of grant. There were no options granted under this plan during the three months ended March 31, 2009, while during the three months ended March 31, 2008 there were 5,000,000 options granted at an exercise price of \$.415. At March 31, 2009 there were 28,250,000 options outstanding with a weighted average exercise price of \$.107.

The incremental fair value of options granted during the first quarter of 2008 was 1,815,000 which, assuming no forfeiture rate, resulted in \$113,000 being charged to operations during each of the three months ended March 31, 2009 and 2008.

On February 1, 2001 the Company adopted the 2001 Non-Qualified Stock Option Plan (the "2001 Plan") and has filed Registration Statements on Form S-8 to register 100,000,000 shares of its common stock. Under the 2001 Plan, employees and consultants may elect to receive their gross compensation in the form of options, exercisable at \$.001 per share, to acquire the number of shares of the Company's common stock equal to their gross compensation divided by the fair value of the stock on the date of grant. Information with respect to stock options granted under the above plans is as follows:

	Number of shares	Weighted average exercise price per share
Options outstanding at December 31, 2008	1,527,625	\$ .001
Granted	3,154,950	\$ .001
Exercised	(3,154,950)	\$ .001
	-----	
Options outstanding at March 31, 2009	1,527,625	\$ .001
	=====	

A summary of the awards under this plan during the three months ended March 31 is as follows:

Edgar Filing: PAID INC - Form 10-Q

-11-

	Number of Shares -----	Intrinsic Value -----
		2009 -----
Consulting and professional fees	3,154,950 =====	\$ 450,286 =====
		2008 -----
Employee payroll	5,783	\$ 2,308
Consulting and professional fees	966,650 -----	278,393 -----
Total	972,433 =====	\$ 280,701 =====

The maximum number of shares currently reserved for issuance is 4,237,023 shares. The options granted have a ten-year contractual term and vest immediately.

The fair value of the Company's option grants was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2009 -----	2008 -----
Expected term (based upon historical experience)		