

# FINAL TRANSCRIPT

**Thomson StreetEvents<sup>SM</sup>**

## **MDZ - Q3 2007 MDS Inc. Earnings Conference Call**

Event Date/Time: Sep. 06. 2007 / 9:00AM ET

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

## CORPORATE PARTICIPANTS

**Sharon Mathers**

*MDS, Inc. - SVP IR & External Communications*

**Stephen DeFalco**

*MDS, Inc. - President & CEO*

**Doug Prince**

*MDS, Inc. - CFO*

## CONFERENCE CALL PARTICIPANTS

**Douglas Miehme**

*RBC Capital Markets - Analyst*

**Lennox Gibbs**

*TD Securities - Analyst*

**John Maletic**

*Scotia Capital - Analyst*

**Alex Alvarez**

*Goldman Sachs - Analyst*

**Joseph Walewicz**

*CIBC World Markets - Analyst*

**Hari Sambasivam**

*Merrill Lynch - Analyst*

**Maher Yaghi**

*Desjardins Securities - Analyst*

**Brian Bapty**

*Raymond James - Analyst*

**Greg Bowlin**

*Jefferies & Co - Analyst*

## PRESENTATION

**Operator**

Good morning, ladies and gentlemen, welcome to the MDS third quarter results conference call.

I would now like to turn the meeting over to Ms. Sharon Mathers, Senior Vice President of Investor Relations and External Communications. Please go ahead, Ms. Mathers.

---

**Sharon Mathers** - *MDS, Inc. - SVP IR & External Communications*

Thank you and good morning, everyone, and thanks for joining us today. Our third quarter results were issued this morning along with our MD&A and financial statement. If you have not been able to get a copy of these documents, they are posted on our website at mdsinc.com. We're also webcasting this event live on our website where you'll find a Power Point presentation highlighting the details of the call, as well. The archived version will remain on our website after the call today. Joining me this morning are Stephen DeFalco, President and CEO of MDS, and Doug Prince, Executive Vice President of Finance and CFO. Stephen will begin the call with his perspective on the third quarter and Doug will follow with the financial and operating highlights. Prior to our Q&A session, we will turn it back to Stephen for a few closing comments. During the call we will be

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

making forward-looking statements about MDS's businesses. These statements are subject to risks and uncertainties that could cause actual results to differ materially.

Some of these risks are disclosed in the MD&A portion of the Company's annual report and in the annual information form filed with the relevant securities regulators as well as posted on our website. Let me remind everyone that our consolidated statements of income, financial position, comprehensive income, and cash flow are all calculated on a GAAP basis. All financial measures today originate from these statements. In addition to standard GAAP measures, we also make reference to selected non-GAAP financial measures that we believe provide meaningful information to investors. Both GAAP and non-GAAP measures referenced here today are used by management to assess the performance of the business and as a basis for management compensation. To help our readers gain a clear understanding of our non-GAAP measures, such as adjusted EBITDA and adjusted earnings per share, we provide detailed reconciliations between GAAP and non-GAAP measures in our financial statements.

As we discuss the results of our operations, we also isolate variances that relate to changes in exchange rates and acquisitions and divestitures. We use the non-GAAP term organic to describe the results that are presented this way. To isolate the effect of currency movements, we eliminate the impact of foreign currency hedging activities in both activities and recalculate the base figures for the prior period using exchange rates that were in effect for the current period. We believe the use of these organic measures provides management and our investors with an enhanced understanding of the underlying performance of our businesses. Finally, all figures in our financial statements, MD&A, Q3 presentation and our discussion this morning are in U.S. dollars unless otherwise stated. And now I'll turn it over to Stephen DeFalco.

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

Thank you, Sharon. Good morning, everyone. Thank you for joining us on the call today. Q3 was our first full quarter as a pure play life sciences Company and I am pleased and encouraged by our performance. Reported record revenues of \$321 million, up 24%. Increased adjusted EBITDA to \$56 million, over two and a half times where we were a year ago. And delivered adjusted earnings per share of \$0.14 up from \$0.01 last year. Strong operating performance was delivered across MDS. Record performance at Molecular Devices was \$55 million in revenue and \$15 million of adjusted EBITDA. We believe we are well on our way to meet or exceed the targets for this acquisition. Strong 9% revenue growth at Sciex. Also for the quarter MDS Pharma Services continued on a steady course and delivered its fourth quarter of improved sequential profitability. And last but not least, MDS Nordion increased adjusted EBITDA by 10% sequentially. This is down year-over-year against tough comps last year.

As you know, new products and services are the life blood for life sciences companies and we had a strong showing on this front. During the quarter we made a number of announcements. So we add speed and flexibility to microplate washing for bioanalytical assays, we introduced a new AquaMax family of microplate washers. To improve food safety, we launched a first commercially available method to simultaneously test for food contaminants, melamine and cyanuric acids. To advance cardiology research, we announced a new collaboration with the University of Ottawa Heart Institute to establish a molecular imaging center of excellence. The new center will support cardiology research in the areas of early disease deduction and treatment assessment. To increase the scope of our development and regulatory services in Europe, we hired industry experts to expand our capabilities in Europe and offer increased support for our clients in that region.

Turning to business unit performance, I'll start with MDS Pharma Services. I am pleased to say that Pharma Services continues to show steady, sustainable progress. And, as I mentioned earlier, reported its fourth consecutive quarter of improved sequential profitability. For the quarter, revenues increased 4% year-over-year and adjusted EBITDA of \$4 million compares to a loss of \$10 million in Q3 of '06. Our late stage business continued to drive top-line growth reporting a 12% year-over-year increase this quarter. We are encouraged by the return of some bioanalytical and Phase I customers this quarter. We are rebuilding our customer relationships and working to win them back. I am optimistic that this trend will continue over the next several quarters. Profit improvement initiatives at Pharma Services are well on track. We expect to realize target savings of approximately \$30 million in 2008 as we continue to optimize our global footprint and implement operational enhancements to better serve our customers and to improve our financial performance.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

Let me now provide you with a brief update on activities at our Montreal site. Our team in Montreal made significant headway in helping our generic bioanalytical clients complete audits required by the FDA. We believe that substantially all of the site audit work for these ANDA submissions has now been completed. We are now supporting our clients' follow-up questions as they complete their analysis and finalize their reports. The FDA appears to be clearing products based on this audit work. We are aware of at least 10 products that have been cleared as a result of this audit activity in Montreal. With respect to innovative studies or NDAs, we have supported clients in responding to the FDA's request for information on work done at our two Quebec sites. Based on that work, the FDA has recently required action similar to ANDA third-party audits for a limited number of studies. We are currently supporting these NDA sponsors in a review of those studies, which we expect will continue through the fourth quarter.

We have responded to questions from European regulators and are working to help them assess any impact on European submissions. We believe a significant portion of the work done will be relevant in supporting their assessments. Although this has always been a single site issue in one line of business, it has been a difficult period for everyone at MDS and our clients. With this winding down, we are now at the stage where the Pharma Services team is focused on our customers and strengthening the business. MDS Nordion. For the third quarter MDS Nordion revenues was \$76 million, down 4% from last year. Adjusted EBITDA was \$23 million, up from Q2 but down versus difficult comps last year. This was a solid quarter despite tough comps from last year and a particularly challenging foreign exchange environment. During the quarter, we saw continued growth in TheraSphere, our microsphere technology to treat liver cancer.

I'm encouraged by the demand for this product, particularly in Europe where TheraSphere has been added to treatment formularies in a number of European countries so that doctors can be reimbursed when they prescribe this treatment. Moving on to Analytical Technologies. Analytical Technologies' revenue for the quarter increased 92% to \$127 million from \$66 million last year. Excluding results from the newly acquired Molecular Devices, revenues increased 9% year-over-year. Adjusted EBITDA was \$36 million, up 140% year-over-year, excluding Molecular Devices EBITDA would have been up 40%. Strong performance was driven by growth in small molecule markets, strength in our core LC/MS and ELAN DRC product lines. Mass spectrometry end-user growth for the quarter, as reported to us by our joint venture partner, was 10%. Molecular Devices has been a strong contributor with 16% revenue growth and strong EBITDA since we acquired it.

Integration is going well and I expect that we will meet or exceed the revenue and adjusted EBITDA targets of \$190 million and \$45 million to \$50 million in EBITDA in our first full year of ownership. I am very pleased with the strong performance at MDS Analytical Technology. It is a real credit to the team as they integrate the business, continue to introduce new products, and strengthen our strong relationships with customers. Q3 was a solid quarter, one marked with continued improvements and steady progress across all our business. I will now turn it over to Doug Prince, our Chief Financial Officer, to provide the financial details for the quarter.

---

**Doug Prince - MDS, Inc. - CFO**

Thank you, Stephen. In addition to the GAAP financial results included in the press release, we also provide commentary on items that impact the comparability of our results. For the third quarter of 2007, adjusted financial results exclude charges related to restructuring initiatives, interest rate swaps, and acquisition-related expense. In addition, we also refer to organic results, which exclude the impact of foreign exchange, acquisitions, and divestitures. Where appropriate, I will describe the impact of each item on year-over-year performance. Additional details, including reconciling tables, can be found in our MD&A and financial statements. For MDS, to recap briefly, our third quarter 2007 revenue grew by 24% on a reported basis and 3% organically. GAAP operating income was \$13 million versus \$5 million last year. Adjusted EBITDA was \$56 million compared to \$21 million last year, up 167% as reported and up nearly threefold organically.

Reconciling items between GAAP operating income and adjusted EBITDA in Q3 '07 include -- \$28 million in depreciation and amortization, including \$9 million related to the Molecular Devices acquisition; \$11 million of purchase accounting and integration costs associated with the Molecular Devices acquisition; \$3 million of costs related to ongoing restructuring activities; and \$1

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

million mark-to-market loss related to interest rate swaps. Reconciling items for the similar period in 2006 included -- \$16 million in depreciation and amortization; a \$2 million gain from the sale of the agricultural testing business; and \$2 million of restructuring costs. Our reported gross margin, which is revenues less cost of revenues, was up 760 basis points to 40.2%. Year-over-year improvement was driven by productivity in all of our businesses, plus the inclusion of Molecular Devices. SG&A for the quarter was \$74 million or 23% of revenues and compares to \$61 million and 24% last year. The change in SG&A expenditures was primarily due to the addition of Molecular Devices this year.

In the third quarter, we spent \$21 million on R&D activities of which we expensed \$9 million. This compares to \$13 million spent and \$5 million expensed last year. The majority of the increase in R&D spending comes from the addition of Molecular Devices. Our effective tax rate this quarter was 27%. This lower rate is largely due to improved performance of certain foreign operations, which has enabled us to use tax loss carryforward. Our projected effective tax rate going forward remains in the 34% to 36% range. On a reported basis our GAAP earnings per share from continuing operations were \$0.07 in Q3 '07 versus \$0.02 last year. Following the adjustments described earlier, our adjusted earnings per share increased to \$0.14 compared to \$0.01 last year. Moving on to business unit results.

For Pharma Services, our revenues of \$118 million were up versus \$113 million last year, up 4% on a reported basis and 3% organically. Revenue growth was driven by continued strength in our late stage business, which reported 12% growth. This was partially offset by continued declines in our early stage business. Our backlog averaged \$420 million this quarter, up 5% from last year, but down sequentially following the late Q2 cancellation we mentioned last quarter. GAAP operating income was a loss of \$5 million in Q3 '07 versus a loss of \$16 million last year, an improvement of \$11 million. Adjusted EBITDA of \$4 million was up \$14 million compared to a loss of \$10 million last year and up \$1 million from Q2. The reconciling items between GAAP operating income and adjusted EBITDA in Q3 were \$8 million in depreciation and amortization and \$1 million in restructuring costs for ongoing lease expense.

Adjustments in the third quarter last year included \$7 million in depreciation and amortization, a gain of \$2 million resulting from the sale of the agricultural testing business and \$1 million in restructuring cost. As a reminder, the costs associated with the FDA third party audits are now being netted against the \$61 million provision that we recorded in Q2. During the quarter, we spent \$5 million of this reserve. We expect our spending rate to increase in Q4 and continue into 2008. As of today, we expect the remaining provision will be sufficient to cover all future costs. In terms of Q3 restructuring, Pharma Services continued resizing of the Montreal facility and completed the transfer of bioanalytical operations in Europe from Sittingbourne, UK to Zurich, Switzerland. During the quarter, we utilized \$5 million of the \$26 million Pharma restructuring provision established in Q2. Fourth quarter restructuring activities will include the transfer of preclinical operations from Montreal to Bothell, Washington, and central lab operations from Hamburg, Germany to Baillet-en-France.

Moving on to MDS Nordion. Nordion reported revenues of \$76 million versus \$79 million last year, down 4% as reported and down 4% organic. Excluding the benefit of a \$2 million cancellation payment in 2006, Nordion revenues were essentially flat year-over-year as stronger medical isotope revenues offset declines in cobalt therapy unit sales. GAAP operating income was \$19 million in Q3 versus \$21 million last year. Nordion's adjusted EBITDA of \$23 million compares to \$25 million in Q3 of last year. This is down 8% reported and flat on an organic basis. Other than \$4 million in depreciation and amortization in both years, there were no additional adjusting items. Both GAAP operating income and adjusted EBITDA were \$2 million lower as foreign exchange and the 2006 cancellation payment offset our 2007 productivity gains at Nordion. For Analytical Technologies revenues were \$127 million compared to \$66 million last year.

For the quarter Molecular Devices contributed \$55 million in revenues, which represents an increase of 16% compared to the same three month period in 2006. The Sciex business grew reported revenues by 9% and organic revenues by 11%. Reported end user revenues also grew by 10% versus prior year. Analytical Technologies reported GAAP operating income of \$10 million in Q3, level with last year. Adjusted EBITDA was \$36 million in Q3 compared to \$15 million last year with Molecular Devices contributing \$15 million in their first full quarter with MDS. On an organic basis, adjusted EBITDA for the Sciex business was up 73%. This improvement is driven by strong 2007 revenue and cost performance against a relatively weak quarter last year.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

Q3 2007 reconciling items between GAAP operating income and adjusted EBITDA included \$15 million in depreciation and amortization plus \$11 million of Molecular Devices purchase accounting and integration expense. The only reconciling item in the prior year was \$5 million in depreciation and amortization expense. Turning now to the balance sheet and cash flow. We ended Q3 with \$314 million in cash and short-term investments. Our businesses contributed \$9 million of operating cash flow in Q3, with improved EBITDA performance partially offset by cash outflows for restructuring and FDA related costs. Our Q3 capital expenditures totaled \$28 million compared to \$17 million last year. The largest expenditure in Q3 was \$13 million for the land purchased in Phoenix, Arizona for Pharma Services' 300-bed expansion. In Q3, we also invested \$3 million for Nordion's capacity addition in Belgium for production of GlucoTrace, a PET imaging agent.

We also assessed our risk relative to developments in the investment markets. At the present time less than 5% of our cash investments are invested in asset-backed commercial paper. Given our limited exposure, we do not expect any significant impact on our liquidity. Overall we expect our operating cash flows to remain strong during the balance of the year and throughout 2008. That concludes the financial highlights for the quarter. And with that, I will turn it back Stephen for closing remarks.

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

Thank you, Doug. We are seeing great results from our strategic initiatives and repositioning efforts that we began two years ago. Q3 marked our first full quarter as a global life sciences Company and our first full quarter with Molecular Devices. MDS has now launched a steady flow of new products and services that are being well-received by our customers. Our operating discipline improves each quarter and showing steady progress in our financial results. We are driving hard to exit 2007 on a strong trajectory that positions us well in 2008 and beyond. Thank you for joining us this morning. I'll turn it back to Sharon for question and answer.

---

**Sharon Mathers** - MDS, Inc. - SVP IR & External Communications

Thanks, Stephen. Operator, before I ask you to open the lines up for Q&A, I'd like to ask each of you to limit yourselves to one primary and one follow-up question before you queue up again for follow-up. Now, operator, please open the lines for questions.

---

## QUESTIONS AND ANSWERS

**Operator**

Thank you, Ms. Mathers. (OPERATOR INSTRUCTIONS) The first question is from Douglas Miehme from RBC Capital Markets. Please go ahead.

---

**Douglas Miehme** - RBC Capital Markets - Analyst

Good morning. My question just has to do with Pharma Services. It looks like everything pretty much was in line this quarter with a particularly strong analytical side of things. But just wondering with respect to the restructuring that took place in Q2 and the charges taken then, I was anticipating perhaps a little bit better numbers coming out on an EBITDA basis for that group this quarter. In your text you talk about things getting considerably better as you go into Q4. Is it simply a timing issue? And maybe you can just provide a bit more information on that item? Thanks.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

**Stephen DeFalco** - MDS, Inc. - President & CEO

Thank you, Doug. Thank you for joining us this morning. We're happy with the good sequential improvement. I think we're going to see in Pharma Services some quarters where we can make big steps and some quarters where we're going to make smaller steps. I think Q3 here was a pretty difficult FX environment for us. So we had to overcome all of that and still deliver here on improving the profile in that business. And so I think we'll have it go the other way for us in other quarters as we kind of roll up here. All indicators seem to be moving in the right direction. I think the work-up in Montreal is really winding down. I think the attention of that team is on winning profitable business and executing on it and really narrowing our footprint there. We are making fairly [subsizable] investments and a number of big size. We're getting rid of a lot of, we think, of non-core sites. So I think you will see more of the benefit of restructuring in Q4 and then as we roll into '08.

**Douglas Miehlm** - RBC Capital Markets - Analyst

Okay. That's excellent. And then just as a follow-up, just with respect to the backlog, I did notice there were a couple of numbers in the release, one was 410 and one was 420. Can you just walk me through that relative to where we were? I know that you lost a contract, but there was some language in the text simply about maybe some further contract losses or something? So I'm just trying to reconcile the 410 and 420, thanks.

**Doug Prince** - MDS, Inc. - CFO

Thank you, Doug. This is Doug Prince. Our ending backlog for the quarter was 410, the average for the quarter was 420. We've consistently reported the average in all of our numbers. This continues to be working through, again, the different portions of the business executing well. And there's some timing differences on when the large contracts come in. So, again, a little bit of lumpiness in the numbers, but we're still very pleased with the ongoing performance. And as previously mentioned, we're seeing increased numbers invitations to bid on new contracts in our early stage businesses. So hopefully that trend will continue, you will see more wins, and start to see the backlog accelerate faster.

**Douglas Miehlm** - RBC Capital Markets - Analyst

Excellent. Okay. Thank you.

**Operator**

Thank you. The next question is from Lennox Gibbs from TD Securities. Please go ahead.

**Lennox Gibbs** - TD Securities - Analyst

Good morning, thank you. Molecular Devices, it looks to be about an \$8 million to \$10 million GAAP up in Molecular Devices results over the early 2006 run rate. And it's certainly huge departure from the flat growth profile that that piece previously had. What has changed in that business and what exactly is driving the step up? Maybe if you could speak to some of the individual product groups. And then secondly, do you think that the \$55 million run rate you saw in the quarter is sustainable or are we more likely to see some of the quarter to quarter fluxuations that are more typical of that business in the 2006 and pre-2006 period?

**Stephen DeFalco** - MDS, Inc. - President & CEO

Thanks for joining us, Lennox. Let's step back a second. The theory of the case on the acquisition was Molecular Devices fit very well strategically with MDS. And fundamentally was a company with great technology but was subscale to be a publicly traded

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

company. So when they were publicly traded, they had a lot of their financial resources going into things like supporting the overhead of a publicly traded company versus having those investments going into business development capability in the R&D pipeline. So I would say that we're very pleased with the step up in performance. I would say -- I would put it to a couple of factors. One is Andy Boorn is running a world class integration. And so there hasn't been a disruption in the Molecular Devices sales force at all. If anything, I think they're very energized to be part of MDS.

And I visited a number of the clients and I have ridden with a number of the salespeople and they feel very supported. We're putting the money in the right R&D. It's a happy sales force, if you would. Second is a lot of the new products that come on the market. And a little bit in '06, the old team got caught between product cycles and we've done a very good job of making sure those products hit the market at the right time and are well received by customers. So I think there's a little bump there. Market conditions are pretty good here in '07. And so I would say across the markets we sell into in Analytical Technologies, markets are a little more buoyant than the one before.

We've probably, I don't know what the exact count is, but we probably launched six new products here since it's under our ownership. I think that reports to the growth. I think on the profitability side, you see in the benefit here of the integration. And so we're taking out overhead costs and we're moving products to Asia. And in the meantime, we're putting greater investments in the R&D pipelines and business development, but we're also allowed -- we're also able to take some of that to the bottom-line.

---

**Lennox Gibbs** - TD Securities - Analyst

Okay. And just with respect to sustainability, do you think that \$55 million is a good number to use, because previously the company, I guess, there was a lot of quarter to quarter fluctuation. How should we look at that?

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

Look, we don't want to have the quarter to quarter fluctuations they had in '06 and think that we have some better operating prophecies, but quite frankly it's early days, Lennox. We're still learning. We're here the first full quarter of operation. And so let's put a couple of numbers up there and then we'll be able to -- we'll all better judge the trend. Everything we see we like right now.

---

**Lennox Gibbs** - TD Securities - Analyst

Is there anything else you can say in terms of the specific products that are driving some of the growth? I guess I was under the impression that some of the products or the majority of the new products were launched just in June. I guess I may be missing some earlier ones.

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

Yes. But there was a bunch of products that were launched right prior to the acquisition. We're getting traction on them. And quite frankly, we always thought that that was a business with real good technology. We did a lot of customer research prior to doing the acquisition and the products were quite well-respected. And so we're seeing strength more or less across the product line there. I could mention a bunch of them, but it's not really a standout performance. It's more or less good solid performance across most of the products.

---

**Lennox Gibbs** - TD Securities - Analyst

Thanks very much.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

**Stephen DeFalco** - MDS, Inc. - President & CEO

Thank you, Lennox.

**Operator**

Thank you. The next question is from John Maletic from Scotia Capital . Please go ahead.

**John Maletic** - Scotia Capital - Analyst

Hi, good morning. Just a follow-up question on the Pharma Services restructuring and the timing there. I noticed that you've taken a relatively small portion of that reserve that was put out in the second quarter. Can we take that to mean that there's still quite a bit more to be done on that restructuring and it could spill over into '08?

**Stephen DeFalco** - MDS, Inc. - President & CEO

So, John, are you referring to the FDA provision or the restructuring?

**John Maletic** - Scotia Capital - Analyst

No, the restructuring.

**Stephen DeFalco** - MDS, Inc. - President & CEO

So, okay, now that I know. Be more specific, I'm sorry, with your question.

**John Maletic** - Scotia Capital - Analyst

Oh, I just wanted to know if we've seen the bulk of the restructuring in Pharma Services or is there still quite a bit more to come in the fourth quarter and then going into '08?

**Stephen DeFalco** - MDS, Inc. - President & CEO

Meaning are we going to be taking new charges or are you going to be seeing more -- ?

**John Maletic** - Scotia Capital - Analyst

No, are we going to be seeing more site closures, headcount reductions in that line.

**Stephen DeFalco** - MDS, Inc. - President & CEO

Not above and beyond what's kind of announced and is being executed already. So, no, we're actually making some fairly sizable investments in the going forward sites. I think most of the site announcements that we've done are kind of out there and taken care of. We haven't completed all of those and give a pretty good explanation in our MD&A. You'll see the spending for that

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

ramping up in Q4. And that's just kind of timing of the charges and quite frankly the way we take care of people in these kind of situations.

**John Maletic** - Scotia Capital - Analyst

I guess what I'm getting at is there an inflection point that we can anticipate at some point, say in Q4 in early '08, where the bulk of this work done is done and we start to see a more significant bump-up in this margin?

**Stephen DeFalco** - MDS, Inc. - President & CEO

I think you can continue to see good, steady progress. Again, as I would say, a little bit of a FX headwind on us in this quarter and so we intend to continue to have that accelerate here in Q4 and beyond.

**John Maletic** - Scotia Capital - Analyst

Okay. And just a follow-up on the statement that was made as to the hiring of some consultants in some specific areas, including Phase II and Phase IV clinical work. Can we take this to be an indication of where you're looking to perhaps expand or improve services? Or are you still really focused on the early stage sort of preclinical work, toxicology and pharmacology?

**Stephen DeFalco** - MDS, Inc. - President & CEO

It's not an either or question, we're building all of those businesses. The hiring we did was in our DRS product line and that's really geared towards our biotech clients where we work very closely with them and more or less manage the molecule for them and manage that molecule across all series of our businesses. And so we've expanded those services now in Europe to work with a bunch of European biotechs. It's actually -- it's the one offering we have that spans the entire early and late stage spectrum. And we track, if you would, the influenced revenue across all of our businesses as that molecule moves from preclinical work through the clinic and then into Phase II through IV for approval.

**John Maletic** - Scotia Capital - Analyst

Okay. Thanks.

**Operator**

Thank you. The next question is from Alex Alvarez from Goldman Sachs. Please go ahead.

**Alex Alvarez** - Goldman Sachs - Analyst

Good morning. Stephen, it seems that during the quarter only a handful of additional generics customers actually reached out to you regarding the FDA request. I was just curious in terms of the other 15% or so of customers remain out there as to why you think they haven't reached out to you and if there's sort of any limit here in terms of the timing perspective by which they have to communicate their intentions to you?

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

**Stephen DeFalco** - MDS, Inc. - President & CEO

On generic customers, I would say basically we're done with the site work. And we've contacted all the customers and we've contacted them several times and we've a little bit sent a letter out that said last call, guys. We need you to kind of step up. And so I think we're kind of done. There's always -- one of the things that for us has always been difficult is reconciling less because the FDA never gave an exact list of clients and so we can base it based on our contacts. But no, I think that we're quickly coming to a close here on the generic work.

**Alex Alvarez** - Goldman Sachs - Analyst

Okay. And then in terms of the customers that have decided to repeat the study, I think last time, last quarter you said that was about 6% of the total. Has that changed materially?

**Stephen DeFalco** - MDS, Inc. - President & CEO

No.

**Alex Alvarez** - Goldman Sachs - Analyst

And in terms of the opportunities that you're seeing to bid on work for early stage stuff, to what extent is that sort of customers kind of coming back and trying to see whether you've in fact improved your operations? And what kind of success rate have you started to see with those bidding opportunities?

**Stephen DeFalco** - MDS, Inc. - President & CEO

Yes, so we've kind of tracked -- first of all, I would say we haven't had problems with all our customers. This is really sites in our Quebec area. So it's bioanalytical Montreal. And -- but that was a pretty big site for us back in '05. We look at sort of who were the top 10 Phase I customers there and the top 10 ECR customers and most of those top 10 haven't worked with us during this period and you've seen that in our revenue decline. We're pretty encouraged because about a third of them on both sides came back to us here in Q3 and placed work with us in mostly in our other facilities. So in Lincoln, in Zurich, or one of our other Phase 1 sites like Neptune or Lincoln, Nebraska, or Phoenix, Arizona. And so Q3 for me was in some ways it's not a financial measure, but for some ways it's probably the best indicator for me that we're starting to put this behind us as the customers are starting to come back and place work with us again. And as we look in our kind of Q4 pipeline of opportunities, we see more and more of that happening. So I think we're starting to have it come back piece by piece and we'll see how quick we can get it all back to us.

**Alex Alvarez** - Goldman Sachs - Analyst

And what's been kind of the strategy to convince them to place work there again? Is it more senior management attention to them or interaction with the customers? Is pricing playing any kind of role here? What's kind of been your game plan to regain those customers?

**Stephen DeFalco** - MDS, Inc. - President & CEO

I would say the first part of that game plan is their perception of how we treated them during this period. I would say over the past two years, customers are quite pleased with MDS's behavior during this period, how we've handled ourselves, our professionalism, working with them, and I think fully cooperating so that we can kind of get this all behind us. That's actually created a reasonable amount of good will. I think the second part of that is really a lot of those only use that site. And so we

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

needed to introduce them to our capabilities. And we have great capabilities in Lincoln, Nebraska, and we certainly have great capabilities in Zurich and Phoenix, Arizona. For some of them, it was a matter of going out with material that just said, hi, can we tell you a lot about this site, the track record of this site, the people, the expertise, the capabilities? And I think inform them.

And yes, I have been spending more time with our big customers, as well as I know David Spaight is spending a tremendous amount of time. So there's been a certain amount of senior selling and sitting across the table from folks, eye to eye assuring them. We don't use price because we think at the end of the day that's not the right motivator. And we use a lot of expertise. Quite frankly, most of those went out and used someone else's services during this period of time and not all of them are happy with those services. So opens the door for us to kind of get that work back. And we also talk a lot about the changes we've made based on our quality leadership program and changes in our SOPs and our procedures. And so they know that we probably have now the most modern set of SOPs, well, we think in the industry based on our learning. We'll see step by step.

---

**Alex Alvarez** - Goldman Sachs - Analyst

All right, great. Thanks for the detail.

---

**Operator**

Thank you. The next question is from Joseph Walewicz from CIBC World Markets. Please go ahead.

---

**Joseph Walewicz** - CIBC World Markets - Analyst

Yes, good morning. Just back on the analytical instruments side or Analytical Technologies, specifically on Sciex, actually, a very good quarter there, as well. I'm just wondering if you could comment on just the strength in the EBITDA margins that we're seeing coming out of that business and how much of an impact we're seeing just on the shift of some of your manufacturing to Asia. And maybe I'll just wait for a follow-up, thanks.

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

Yes, thanks. Joe, thank you for your compliment. It was a great quarter for our mass spec business. And to some degree -- let me temper that back just one notch, which is if you just go back to Q2, Q2 had tough optics versus the year before, Q3 here we got a little bit easier optics versus the year before. So I would say look a little bit at a longer trend line. But the uptick in profitability there was tremendous. And particularly in this FX environment. That is a business that is probably for us the most unbalanced from a FX point of view. And so, yes, we are seeing, first of all, good growth, but good margin expansion driven by now we make most of our triple-quad products in Singapore, obviously all of the supply chain isn't there yet, but all of the assembly work is there.

And so the plan is coming together nicely around that business. I think the markets are good to us and certainly the new products we've announced have helped to buoy us. Yes, a bunch of things came together. But I would also say you probably combine Q2 and Q3 and look at that broad performance. We like what we're seeing there.

---

**Joseph Walewicz** - CIBC World Markets - Analyst

Okay. Just a follow-up. Molecular Devices, really what we're looking at there on the margin side almost doubling versus the prior year's run rate on the EBITDA margin side. Just wondering, it seems fairly early to be getting such dramatic improvements. And I guess my question is is this the bulk of it? Should we be expecting further improvements? It seems pretty dramatic already. I just wondering if you could comment on that. Thanks.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

**Stephen DeFalco** - MDS, Inc. - President & CEO

Yes, thanks. We're very pleased with where we are sitting here in Q3. And the performance of that business, I think, particularly the way that team has rallied and as we told you, we retained a lot of talent and they were very excited to be a part of our organization. And at the end of the day, that momentum and enthusiasm is probably what you're seeing in those numbers as well as anything. In the early days of an acquisition like that, you get the quick savings from things like taking out the public company costs, which you can do the day of the closing. And so we're getting a little bit of a lift there, as you look at some of the SG&A numbers and other things. I think then as you roll forward, we'll start to get more and more of the benefit of moving product to Asia. That very early days now.

And that you'll see accelerating throughout 2008 and beyond. I think we're getting a good bump here from growth. And as you know, those products have pretty good gross margin, sales force is excited, they got a lot of new things in the bag, the markets are pretty good. We're expanding the sales force across Asia and Europe, which is something they can never really afford to do. And so some of that is Q3, but some of that we think is good legs that we'll have over the next 18 months to really globalize that business, which was always the plan.

**Joseph Walewicz** - CIBC World Markets - Analyst

All right. Great. Thanks, guys.

**Operator**

Thank you. The next question is from Hari Sambasivam from Merrill Lynch. Please go ahead.

**Hari Sambasivam** - Merrill Lynch - Analyst

Yes, thank you. Stephen, just a quick question on the book-to-bill, which remains challenging at this point in time. Could you give us a sense of where your late stage book-to-bill is in comparison to that sort of 0.7 number that you have for the quarter? And I guess the question that I am wondering is that how quickly should we anticipate a recovery in this number? Or should we be bracing for some, I would say, challenging sort of revenue numbers going forward, maybe a little bit of reduction going forward in maybe Q4 or Q1 if the book-to-bill stays where it is? So that's the first part. Second part I wanted to ask about Nordion. Just wanted to ask a little bit about where the -- what is happening to the maple reactors? If I can recall right, you've got a sort of a timing issue in 2008 at which point you maybe take another look at how AECL is performing. Could you give us a sense of what that timing is and when you decide whether AECL is in fact performing to your performance criteria that you agreed to with them?

**Stephen DeFalco** - MDS, Inc. - President & CEO

Great, thank you, Hari. The late-stage business has been a, we think, a great turn around for us and good momentum and good solid growth there. We like it. We have definitely repositioned that business. And we have repositioned that business from bidding on every contract to being very specific about the work that we want to win, the margins we want to win it at, and the clients we want to serve. And so our backlog growth is good year-over-year. Other people in the industry are putting up better sequential numbers, but we're very, very happy with the quality of that backlog and the profitability to that backlog. And so that team, I think, good focus plan, good execution, and you said bracing for something, I think the other way around, which is I think that we see that as a good sustainable story going forward. And quite frankly, a sustainable growth rate. In a people based business, some of these growth rates, they're not sustainable. We want to build it in a high quality way, good customer satisfaction. There was just a Center Watt survey, we came in the top five in North America.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

We're very happy with those kind of things as we build that in a quality way. On the maple reactor front, so the first thing I'll kind of remind everyone is quite frankly we're somewhat indifferent to when the maple reactors come online as long as they come online before we have any issues with the NRU. The NRU is performing very well. A matter of fact, it is by far the most reliable facility in the industry over the past 18 months. In general there, things are kind of good. We have dialogue with AECL daily on a shipment basis and monthly on a project basis on that reactor and kind of look at a lot of those milestones. The due date on maple come online is October 2008. I think there's still some more experimentation to be done and some more fixes and engineering work to take place there. And we're in good dialogue with AECL. But I remind everybody, this is now on their nickel, not on ours. In the meantime, I think together with them we've distinguished ourselves serving the clients around the world on all of the cardiac imaging needs.

---

**Hari Sambasivam** - Merrill Lynch - Analyst

That's great, thank you very much.

---

**Operator**

Thank you. The next question is from Maher Yaghi from Desjardins Securities. Please go ahead.

---

**Maher Yaghi** - Desjardins Securities - Analyst

Yes, thanks for taking my questions. I want to go back to Analytical division, which posted very strong numbers. I go back to the EBITDA margins that you posted this quarter of 28% after the adjustment for the inventory. Stephen, do you think that EBITDA margin is sustainable going forward? Specifically, the adjusted EBITDA margin that we're looking at this quarter?

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

Yes, we were quite pleased, good strong performance. I usually guide for that business prior to the acquisition of sort of 25% EBITDA margins. And that's kind of [crawls] through the cycle. And then the question was with the acquisition a lot of people will worry that that was likely to go down. I think I would still guide to the 25-ish. And we'll get a better sense at how it performs over the cycle here when we've got a couple more Qs under our belts. We're very happy with this quarter. We're happy with the trajectory of the product development. We're happy with the trajectory of the manufacturing. I'm very happy with the integration of the team. We've got good, strong, execution both at the Sciex business and at the Molecular Devices business, which over time is going to be an irrelevant statement, because at this point, they're performing like one team. There's an Analytical Technologies team at this point is more and more what we see every quarter. So I would probably still guide to 25.

---

**Maher Yaghi** - Desjardins Securities - Analyst

Okay, great. And just a follow-up on the CRO, can you tell us what was your cancellation rate or how much backlog was canceled during the quarter?

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

We don't get into those specific details on the backlog. And as you know, there's volatility in that backlog because Phase II through IV compounds fail. And that's why the testing is done on them. We'd rather keep it at the average backlog number, [make some falls, head of statements], we think that's more helpful for our shareholders.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

**Maher Yaghi** - *Desjardins Securities - Analyst*

My question was being more related to the decline in the backlog. And I'm trying to understand, you're talking previously that you feel well about this backlog and the quality of the backlog. When do you think we will start to see increases in your backlog? It seems that this decline came from multiple places because you ended last quarter at a higher backlog rate than you ended this quarter at 410. So can you just tell us why do you see that your cancellation rate could be lower going forward and why do you think your backlog is going to go up?

**Stephen DeFalco** - *MDS, Inc. - President & CEO*

Yes, so one is that it's up versus last year, but you're right, it is down sequentially. Again, we have that business development team. There's a new leader in that business, Dr. [James Pucci], and he's doing a great job. And he's also hired a number of new BD folks and they take a little time to get up to speed. So I can get -- I feel good about the trajectory they're on in terms of business wins. It's very difficult to predict the cancellations. And so you could have any time have a cancellation based on a drug getting a third through the trial and people stopping the trial. And so I see the pipeline of opportunities, I think it's building nicely, I'm not trying to build it at a hockey stick kind of rate. I'm trying to build it on a sustainable rate, make sure we're doing good quality work. We are recruiting the right people and we are executing well on our projects. I think that's the sustainable way to build that business. So don't predict going forward any big hockey stick inflection. I think predict good, steady progress and again the BD stuff will pick up, cancellations a little harder to predict.

**Maher Yaghi** - *Desjardins Securities - Analyst*

And finally, just one last question on your earnings. When do you suspect that MDS will begin to post clean EPS numbers very much so close to what your reported EPS numbers? Basically, the adjustments that we're seeing continuing every quarter, when do you think we will see MDS reporting EPS without these adjustments going forward?

**Stephen DeFalco** - *MDS, Inc. - President & CEO*

Well, first of all, Maher, I would take exception to the word clean. I think our financials are very clean and very well described. When I joined MDS two and a half years ago, a lot of shareholders were complaining because they didn't feel our disclosure was sufficient. And so we have gone through a lot of steps, listening to them and to improve our disclosure. And in every case, where we have sort of an adjusted EPS, we have a table that reconciles one to the other and so investors can see clearly what's going on in terms of operating performance versus what's going on with different financial transactions as we've done what we said we were going to do, focused a portfolio on a global life sciences company, divest a number of businesses, begin acquiring in the core in going forward.

So I don't think a difference between adjusted EPS and reported EPS is any measure of cleanliness. I think the question is, do investors have the disclosure to see the strength in the operating performance versus, if you would, things going on in the financial transaction side or the FX side? I think we're going to continue to give good, strong disclosure that allows investors to see and get that information.

**Maher Yaghi** - *Desjardins Securities - Analyst*

Okay. Thank you.

**Operator**

Thank you. The next question is from Brian Bapty from Raymond James. Please go ahead.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

**Brian Bapty** - *Raymond James - Analyst*

Hi, guys, most of my questions have been answered. Just a quick CapEx question. Your CapEx did tick up, obviously \$13 million of property acquisitions is a lot of it. But they did tick up irregardless. Just more of a nuance, is this -- you have been very constrained in CapEx in the past, at least the past number of quarters, do you see some acceleration here that may continue? Is this more of a bit of a buildout now that you've done a lot of restructuring? I am just trying to get a read on whether or not this is going to accelerate through the end of the year into next year?

**Stephen DeFalco** - *MDS, Inc. - President & CEO*

First of all, I wouldn't say constrained. We are very disciplined in our CapEx and are really making sure that our CapEx goes into places where it drives growth. The uptick that you see is really building out our Phoenix facility in Arizona. We're building out what will be the premier Phase I facility in North America, a brand new purposely built for Phase I facility in a great market. Obviously the Phoenix market is a great place to do that kind of work. That's what you're seeing accelerating here. I guess I turn to Doug to say kind of for the course of the year, CapEx, I think we're about where we were guiding for us, right?

**Doug Prince** - *MDS, Inc. - CFO*

Yes, I'd say an average rate for the quarter is \$15 million to \$20 million. And occasionally we'll see some lumpiness with a major investment. It's not going to be that significant up or down. This quarter we had \$13 million, that was the land purchase. And again, they'll be continuing buildout of that facility in fourth quarter. But it will come down to a more sustained rate.

**Stephen DeFalco** - *MDS, Inc. - President & CEO*

Yes. But we guide to sort of \$50 million to \$60 million a year.

**Brian Bapty** - *Raymond James - Analyst*

And just a follow-on. Obviously you're building out facilities into the U.S. with respect to the CRO. Clearly this is an effective way to hedge your currency exposure, I guess, on a go forward basis. If you were to look geographically, where do you think your highest growth opportunities are in terms of building the business out?

**Stephen DeFalco** - *MDS, Inc. - President & CEO*

Brian, we would never build out a facility to hedge our FX exposure. We would build out a facility to serve the clients in that market and we would manage our FX exposure. So that -- we wouldn't think of it that way as trying to do it for financial reasons. We do it because we've got customers in that market who want to place business there. And so I think that's broadly the statement. Having said that, I would say that we have probably more opportunity to build out and grow in Asia going forward. And so you'll probably see some acceleration in our investments in China and possibly in India here in 2008. And so we have good facilities there. We're building a new central lab in Beijing right as we speak. That lab will open in November. And so good stuff going on. But again, we base it on serving clients.

**Brian Bapty** - *Raymond James - Analyst*

Great. Thanks, guys.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

**Operator**

Thank you. The next question is from Greg Bowlin from Jefferies & Co. Please go ahead.

**Greg Bowlin** - *Jefferies & Co - Analyst*

Good morning, guys. So to ask Hari's previous question a bit differently, your win rate on these higher quality late-stage contracts as a percentage of RPs MDZ has submitted bids, has that improved at all, let's just say, over the last six months?

**Stephen DeFalco** - *MDS, Inc. - President & CEO*

Our win rate on the work that we are targeting is increasing, but we're targeting less work as we're much more focused on what we're trying to win.

**Greg Bowlin** - *Jefferies & Co - Analyst*

Okay. All right. Thanks.

**Stephen DeFalco** - *MDS, Inc. - President & CEO*

Thank you, Greg.

**Operator**

Thank you. (OPERATOR INSTRUCTIONS) The next question is from Lennox Gibbs from TD Securities. Please go ahead.

**Lennox Gibbs** - *TD Securities - Analyst*

Yes, thanks, again. Just with respect to Nordion in the nuclear medicine business, which is obviously heavily weighted to moly and therefore to Cardiolite where the patents expire in just about another four months or so, some of your competitors are predicting a restructuring of the technicia market once those patents expire. Can you share your view as to how you see that market shaking out in that post patent protection period and also give us a sense as to how you believe your moly business could be affected?

**Stephen DeFalco** - *MDS, Inc. - President & CEO*

Great, Lennox. That is the \$64,000 question and there's certainly a lot of commentary going on around it. Let me kind of frame it a little for others on the phone. When you treat a cardiac patient, you mix two materials together, material that Nordion provides, often called the hot cake, with the branded drug, often Cardiolite, sometimes Myoview. And then that's mixed the morning the patient is dosed and so it has a very short life to it. And so they're mixed in a radiopharmacy and they're delivered. What's happening is the branded drug is going generic or may be going generic in January. There's a chance that it will get extended. So I guess as I look at the -- and there is as many opinions on this as there are players. But, Lennox, I come down to kind of fundamentals, which is right now that branded drug is a fairly precious material under the patent protection it has.

I think what's likely is it will go generic, like most things go generic, there'll be a couple of people who enter the market and prices of that will fall. And as you would expect, the profitability of that drug will fall for the people who produce that drug. In the meantime, if you look at the other side of the equation and what we provide, moly is becoming more scarce in the world.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

It's made in three places in the world, all three of those facilities are 1950s cold war facilities that have been [remissioned] for medical purposes. We're the only ones with a plan in place to move towards a modernized fit for purpose facilities when the maple reactors come online. And as you've seen, the market's had a number of supply disruptions over the past 18 months that we've stepped up to as the reliability of those facilities is aging.

And so what we provide, I think, is becoming more scarce and more precious. And certainly as we think the market prices will get reset here in the branded event, we also think the market prices for what we provide will be reset here also. Maybe a little opportunity for elasticity there in terms of how we reset them because of course the patient buys a dose. He doesn't buy the individual components of that dose. And so, I think we're watching, but what we provide works with Cardiolite, works with Myoview and works with all of the generics that are coming on the market. And so it's no real disruption to what we do. If anything, I think it gives us a chance to continue to revalue the product that we provide in that specific technology.

---

**Lennox Gibbs** - TD Securities - Analyst

But is there a scenario in which you see price deterioration extending back to you? Or do you think it kind of stops?

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

No, I think the opposite. I think that price deterioration will definitely take place on the branded drug. I think it gives us an opportunity to have a little elasticity in that equation because of course the customer's buying a dose. And so we think we can continue to increase prices as we have for what we provide because it's becoming more scarce in the world.

---

**Lennox Gibbs** - TD Securities - Analyst

Can you give us a sense as to your exposure just to that, I guess, the cardiolite and mioview indirectly?

---

**Stephen DeFalco** - MDS, Inc. - President & CEO

You roughly know the revenues from Nordion for that business. And we don't disclose them individually, but you roughly know where they are. And we kind of look at that and see obviously as the price falls, as you know, the technique also picks up volume, generally in marginal countries that can't afford the technique. We'll probably see some market expansion too as the prices for that fall. Every dose uses our products. We're looking at this net net as something that's going to be positive for us.

---

**Lennox Gibbs** - TD Securities - Analyst

Thanks very much.

---

**Operator**

Thank you. There are no further questions registered at this time. I'd like to turn the meeting back to Ms. Mathers.

---

**Sharon Mathers** - MDS, Inc. - SVP IR & External Communications

Thank you. Thanks for joining us today. And if you have any follow-up questions, give us a call and we'll be sure to get back to you as quick as we can. Thanks for joining, bye.

Sep. 06. 2007 / 9:00AM, MDZ - Q3 2007 MDS Inc. Earnings Conference Call

**Operator**

Thank you, the conference has now ended. Please disconnect your lines at this time. We thank you for your participation. And have a great day.

**DISCLAIMER**

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2007, Thomson Financial. All Rights Reserved.