

FINAL TRANSCRIPT

Thomson StreetEventsSM

IMN - Q2 2011 Imation Corp Earnings Conference Call

Event Date/Time: Jul. 26. 2011 / 2:00PM GMT



Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

CORPORATE PARTICIPANTS

Mary Rawlings-Taylor

Imation Corp - Director, Corporate Communications

Mark Lucas

Imation Corp - CEO

Paul Zeller

Imation Corp - VP and CFO

CONFERENCE CALL PARTICIPANTS

Chuck Murphy

Sidoti & Company - Analyst

Mark Miller

Noble Financial Group - Analyst

PRESENTATION

Operator

Good day ladies and gentlemen and welcome to your Imation Analysis Q2 earnings conference call. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session and instructions will follow at that time. (OPERATOR INSTRUCTIONS)

As a reminder, today's conference call is being recorded.

I would now like to introduce your host for today's conference call, Ms. Mary Rawlings-Taylor. You may begin ma'am.

Mary Rawlings-Taylor - *Imation Corp - Director, Corporate Communications*

Thank you, Kevin. Good morning everyone and welcome to our quarter two 2011 earnings conference call. Scott Robinson had to attend a family matter today so I will be your host for today's call where you'll also be hearing from our CEO, Mark Lucas and our CFO, Paul Zeller.

On today's call we will review our second quarter results and also provide information regarding the progress we are making in regard to our strategy. Before I turn the call over to Mark and Paul for their comments, followed by your questions, I want to remind everyone that certain information discussed on this call that does not relate to historical information may be deemed to constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from any projected results. Risk factors that could cause results to differ are outlined in the press release issued today as well as our filings with the SEC.

With that, I'd like to turn the call over to Mark Lucas, Imation's CEO.

Mark Lucas - *Imation Corp - CEO*

Thank you Mary and good morning everyone. As we've discussed the past two quarters, Imation is in the process of a strategic transformation to a technology company focused on driving profitable growth opportunities in data storage, protection, and connectivity.



Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

While this quarter's financial results are not what we need to deliver longer term, we continue to make progress in our strategy implementation. The strategy is designed to return the Company to growth by the end of 2012.

We continue to optimize our traditional storage business which includes magnetic tape and optical. Paul will provide more detail on this in his remarks.

Our secure and scaleable storage business represents a significant profitable growth opportunity. We saw encouraging growth in this business last quarter, driven by our removable hard drive disk and flash offerings. You will note that beginning this quarter we have changed the name of this business from emerging storage to secure and scaleable storage. There is no change to the definition of products within the category. We believe that this new characterization better articulates and more clearly maps to future product lines.

Our consumer electronics and accessories business remains an important future growth opportunity where we are focused on higher gross margin opportunities and as previously stated, we are actively investing in four core technology areas -- secure storage, scaleable storage, wireless and connectivity, and magnetic tape.

One such investment was our June acquisition of the assets of MXI Security, a leader in portable security solutions. These solutions will enhance Imation's ability to meet our global customers' growing needs for information security, compliance, and management.

Our acquisition included MXI's portable security solutions and technologies including its OEM business. MXI has been a key development partner of Imation as we launched our Defender line of secure portable storage devices in 2010 and our new Defender software suite this year.

The MXI team of 40 employees also brings to Imation strong technology skills in secure hardware, software engineering, enterprise security solutions, government validated encrypted USB devices, and cryptology. These skills augment our existing research, development, and engineering organization.

We are also pleased to welcome Lawrence Reusing, former Chief Executive Officer of Memory Experts International and MXI Security, to Imation. He continues to lead our MXI business and is now a member of my Executive Committee.

Our MXI acquisition represents another significant step in Imation's strategy to invest in key technology platforms to address customers' needs for data storage and protection.

In the quarter we also announced the availability of the Imation RDX A8 Hard Disk Storage Library. This scaleable network storage device helps small and medium sized businesses conduct high performance backup, data protection, restoration, and cloud enabling applications. We also see opportunity for the A8 in what we're calling big data applications within those industries that consume large amounts of data such as video production, broadcast, and medical imaging. Our new RDX A8 Library is an exciting offering and represents the type of new solutions Imation intends to bring to the market to address business needs for reliable and scaleable data storage.

We had a few wins also in our security storage business including our Defender line and our new MXI Security offerings. Several large U.S. government agencies have engaged in a pilot program for MXI Security Stealth Zone secure portable computing solution to address telework and remote employee work initiatives. This technology will be utilized to enable government workers to convert unsecured computers into fully trusted workstations, writing a secure desktop environment utilizing MXI's high security USB drives.

Also in secure storage we have recently signed on a major Japanese OEM partner to supply MXI security offerings for that company's Asian market.



Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

Before I turn the call over to Paul to talk more about our quarter's financials I want to note that this month Imation celebrates 15 years as a standalone Company. For those of you who have followed Imation you know that we have gone through enormous change in those 15 years and our new strategic transformation represents another chapter for the Company.

In addition to investing in new technologies to reach new markets we also continue to invest in refreshing our skill sets at all levels of the organization. This includes our Executive Team. Earlier I mentioned our new MXI leader, Lawrence Reusing, as one example. Additionally, we recently welcomed John Breedlove as our new General Counsel, Vice President, and Corporate Secretary. John brings extensive experience in mergers and acquisitions, an important addition as we move forward in our strategy.

We also welcomed Ian Williams as Vice President of Global Marketing and Product Management. Ian is a data storage industry veteran most recently with drive maker, Seagate.

So far in 2011 we have added more than 125 new hires to Imation, spanning technical, marketing, operational, and executive positions worldwide. We are bringing in top level talent with deep industry experience to augment our core team. As we begin our sixteenth year we are confident we are implementing the right strategies and building an industry leading global team to help drive our future success.

Now, I'd like to turn the call over to Paul who will provide more financial detail on the quarter. Paul?

Paul Zeller - Imation Corp - VP and CFO

Thanks Mark and good morning everyone. I'll be providing you some additional color on our results and I'll begin with a few comments about our top line. As I do, I'd like to specifically address some of the important trends in our business.

We've stated that we need to slow our overall decline rate as a company with a keen focus on driving growth in secure and scalable storage and in electronics and accessories in order to offset the declines coming from our traditional storage category which as you know is optical and tape media.

We continue to see positive momentum towards this objective with our revenue decline rate moderating to 8.9% compared to decline rates in the 11% to 15% range in the last four quarters. While this is progress, we clearly need more over time.

To achieve our long term goal of returning to growth by the end of next year we will need to see improvements in our traditional storage decline rates but even more importantly, we need to see accelerating growth in our growth categories and I'll address our progress in each of these areas.

First, in terms of traditional storage we've seen our decline rate moderate from about 16% for full year 2010 to 15% in the first quarter this year to now 10.5% in the second quarter just ended.

Our decline rate in optical at 16% in Q2 was better than first quarter's 19% decline. We continue to expect this category to decline at least in the mid-teens level. Declines were highest in the U.S. and Europe with growth in Asia but the real improvement in our traditional storage trends came from our magnetic tape business which has seen a significant recovery over the last several years, from the 30% decline rates we saw in 2009 to the mid-teens declines we saw last year to the 8% decline we saw in first quarter and now this quarter where we saw slight growth in our tape business for the first time in a long time. Magnetic tape was up about 1% versus last year.

We're benefiting from a couple of factors. First, we've seen some share gains due to transitional manufacturing issues from our Japanese competition. We believe this benefit could be transitory in nature, however. The second and more lasting benefit is



Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

that we're seeing some resurgence in general in the tape market. Tape remains well positioned in the archive space. Longer term we'd expect tape to decline but maybe more in the single digit range which is better than we had been seeing.

Now let me move into our growth categories. Secure and scaleable storage grew 13% in the second quarter and that's despite some further rationalization of our lower margin external hard disk business. We saw 19% growth in flash products and 35% growth in RDX, our renewable hard disk business. We're focused on driving growth in this category both organically and inorganically. As Mark mentioned, during the second quarter we completed the acquisition of MXI and we expect to see more benefit from this acquisition as we go forward.

Our CE and accessory revenues were down 22% in the second quarter. This entire decline was driven by video products and legacy optical storage cases. Both of these declines were expected. In video we've intentionally exited this low margin category over the last year plus. Revenues are now just about zero. In terms of optical cases, we're seeing significant declines in this mature category as expected.

Within the CE and accessory category we saw strong revenue performance in electronic accessories and in the XtremeMac audio though our traditional audio revenues were down year over year.

From a segment standpoint, our Americas segment revenues, revenue declines accelerated in the quarter, down 21% versus Q2 last year. This was driven by continuing declines in traditional storage as well as video CE products. Europe revenue comparisons improved from recent quarters. Europe was down just 0.5% versus last year compared to decline rates of 20% to 30% in recent quarters. We saw strong growth in flash products as well as magnetic tape, offset by continuing declines in optical.

Currency exchange rates were also a significant positive factor in our year over year comparisons in Europe.

North Asia revenues increased 9.7%. The most significant increases came from magnetic tape and flash products. However, almost every category was up year over year including optical and consumer electronics. Currencies also benefited North Asia comparisons.

South Asia revenues were up 0.8%, coming from magnetic tape and CE and accessories.

On a worldwide basis, our roughly 9% decline in total revenues came from about an eight point impact from lower volumes, a seven point impact from price erosion, offset by a 6% positive impact from currency exchange rate changes.

Stepping back and looking at our Q2 revenue performance, we saw some continuing impact on year over year comparisons from product rationalization actions, most notably in video and external hard disk. We saw some positive signs in terms of new product growth. We need more but it's good to see momentum building in some key categories like RDX and CE accessories.

Currency has come around to be a nice positive with the weakening of the dollar and finally, we saw improvement in our traditional storage decline rates driven by magnetic tape.

Our gross margins in the quarter were 16.7% to sales. That is up 0.2% from last year's second quarter. We continue to deliver improved margins in both secure and scaleable storage as well as electronics and accessories. Both categories were improved versus last year as well as versus last quarter.

Secure and scaleable gross margins were 13.7% to sales. That is up a full five points from last year's second quarter. Though still on a small base, we were encouraged by the 45% gross margins we've delivered in our secure storage business. That is Imation Defender combined with the one month of the MXI acquisition.

RDX margins were also strong and up both against last quarter and last year.



Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

In electronics and accessories, our margins improved to nearly 15% with our strongest margins continuing to come from the accessories side of the business where we saw margins of just over 20%. These margin improvements in our growth categories are encouraging and are core to our continuing transformation.

Our traditional storage margins were at 18% and down about 0.8% from second quarter last year. As we signaled last quarter, we saw margin pressure in optical as our supplier costs began creeping up late last quarter and continued this quarter.

Both polycarbonate and silver, important raw materials for optical disks, have seen market increases in the past. We have begun instituting price increases with our customers and are looking at various ways to mitigate these impacts. Partially offsetting the impact from these supplier cost increases, we will receive some benefits from the reversal of certain optical levy accruals in Europe and while we anticipate these levy benefits to continue in the coming quarters, we also expect supplier cost pressure to continue. In light of this we'll stay very focused on driving continued price increases with our customers.

Our research, development, and engineering expenses totaled \$5 million in the second quarter. That is up \$1.1 million from a year ago, reflecting our planned increased investments in technical skills in support of our strategy. Our RD&A headcount has increased 60 in the first half of 2011 including technical skills acquired with MXI.

Selling, general and admin expenses totaled \$47.9 million. That is down \$3.6 million from last year's second quarter and down \$2.3 million from last quarter. SG&A was benefited by a \$2.7 million reversal of a bad debt reserve associated with a customer in Asia.

We recorded \$10.7 million in special charges in the second quarter. The largest component, about \$7 million, was associated with our decision to take down our Camarillo, California manufacturing building we had exited several years ago. We have concluded over time that we can obtain a greater value for this excess real estate by marketing the associated 27 acres as bare land and thus we made that decision and had the charge.

The remaining \$3.7 million of charges in Q2 related to our previously disclosed restructuring program as well as acquisition related costs.

Our operating loss for the quarter including those charges was \$9.3 million and if we exclude the special charges, it was an operating profit of \$1.4 million. With the \$9 million in depreciation and amortization this then represents EBITDA of \$10.4 million excluding charges.

Non-operating expense was \$2.5 million for the second quarter, down \$400,000 from same quarter last year. Our income tax provision for the second quarter was \$700,000 on a pre-tax loss of \$11.8 million. We maintained a valuation allowance related to U.S. deferred taxes and therefore, we were not able to record a tax benefit for our U.S. losses. The \$700,000 provision represents tax expense on income outside the U.S.

On a per share basis we recorded a loss of \$0.33 and if we exclude the various charges I mentioned earlier, there was a loss per share of \$0.05.

We ended June with \$257.8 million of cash and equivalents. That is down \$27.7 million from last quarter. There were a number of factors in the quarter in addition to typical operating cash flows. Those included funding of the MXI acquisition, cash spending on restructuring, and share repurchases.

In summary, we were pleased to see some progress as we implement our strategy. The growth we're seeing in certain Q categories, most notably in secure and scalable storage, is encouraging as is the continuing improvements quarter by quarter in our margins in both this category as well as CE and accessories.

With that, we'd be pleased to take your questions. Thank you.



Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS) Our first question comes from Chuck Murphy with Sidoti & Company.

Chuck Murphy - Sidoti & Company - Analyst

A few questions for you, first could you just kind of give us an update on how you plan to attack the secure storage market in terms of who you're going to be teaming up with and how you get to that customer?

Mark Lucas - Imation Corp - CEO

Yes, I'd be happy to, Chuck. The overall secure market really goes across all our customers so what we're looking to do is actually several different things.

One is to leverage MXI's customer base. They work with MacAfee. They work with several government agencies in supplying secure media, flash drives and so forth and they're also working on secure portable desktop so we will be able to provide those products to their customers and expand that into small and medium sized businesses through our VAR, or Value Added Reseller network as well as our distribution partners.

In addition to that we want to take the secure technology of MXI and expand that to provide security across all our storage products. We're looking at ways right now to create an umbrella product offering to our customers that will provide privacy, security, encryption and so forth, across a variety of different products.

Chuck Murphy - Sidoti & Company - Analyst

How does the sales process work? Are you kind of hitting at any roadblock to them adopting it? What the next step that you need to see happen for mass adoption to occur?

Mark Lucas - Imation Corp - CEO

We're actually seeing a huge pipeline increase. We're working with security and software overlays in what they call central management software which allows companies to control the devices remotely. The selling cycle is a bit longer than just selling a widget or a piece of media so you have to go in and partner with our customers to build solutions.

We are in the process of doing that. We have hired a lot of salespeople who are experts in that area. The MXI people already have expertise there and we actually have a fairly significant pipeline of customers we're working with right now that we expect to come into fruition in the next six to 18 months.

Chuck Murphy - Sidoti & Company - Analyst

Okay and then question for Paul, earlier on you said something about reversal of a bad debt reserve reducing SG&A by \$2.7 million. Was that this quarter of last year that you were referring to?

Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

Paul Zeller - *Imation Corp - VP and CFO*

Chuck, that was this quarter.

Chuck Murphy - *Sidoti & Company - Analyst*

Okay so if I normalized SG&A, would it be more like 50?

Paul Zeller - *Imation Corp - VP and CFO*

Yes, you'd add that \$2.7 million. It was a credit to SG&A, exactly.

Chuck Murphy - *Sidoti & Company - Analyst*

Alright and then another accounting related question. What was the Camarillo facility on the books at before and what is it now?

Paul Zeller - *Imation Corp - VP and CFO*

\$7 million and zero.

Chuck Murphy - *Sidoti & Company - Analyst*

Okay.

Paul Zeller - *Imation Corp - VP and CFO*

Essentially, we took it down to bare ground and as I said, I just think that we're going to be better able to monetize that excess real estate as land and we had tried for awhile to try to find that perfect buyer who might want the building and the space and it was just clear that one, that buyer wasn't around and two, it was probably inhibiting our ability to broaden the spectrum of people that might be interested in that. We knew it was a clean facility and it is but any time there is a building there, even if someone didn't want it, there are always worries about is there environmental or some other issue and so we took care of that and took the write-down.

Chuck Murphy - *Sidoti & Company - Analyst*

Okay and in terms of electronics and accessories sales for the quarter, correct me if I'm wrong. Historically, Q2 has been a little bit better than Q1. I was wondering if there was something unusual in the air, I guess something to pay attention to?

Paul Zeller - *Imation Corp - VP and CFO*

There was still several millions of dollars of video, mostly DVD and Blu-ray, revenues in first quarter and it was literally almost zero in second quarter so that was one impact. We had some good things in the quarter but we were a little soft in traditional audio in the quarter as well. All in all I think we are looking for better quarters in CE and accessory than we saw in second quarter.

Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

Mark Lucas - *Imation Corp - CEO*

Chuck, I think one of the really important things that we're pleased with is the continuing improvement in gross margin. Remember, if we go back 18 months ago our CE and accessories was single digit gross margins and now we're up at 15% and we've committed to continue to make them grow. The CE marketplace in the U.S., Europe and around the world continues to be soft. If you look at NPD data it's actually going down, still going down quarter over quarter so when we see our growth in XtremeMac and our growth in electronic accessories and our growth in gross margin we are actually very, very pleased with that.

Chuck Murphy - *Sidoti & Company - Analyst*

Alright and if I can just ask one last one, I think Paul, you may have mentioned something about there being a 45% gross margin in secure storage?

Paul Zeller - *Imation Corp - VP and CFO*

We've always talked about that being kind of a 35% plus, maybe even 40% opportunity and with MXI in the fold we think it's actually even north of that.

Chuck Murphy - *Sidoti & Company - Analyst*

Are you saying that's what it is today or what it could be in the future?

Paul Zeller - *Imation Corp - VP and CFO*

What it was in the second quarter for us, in and around 45%.

Chuck Murphy - *Sidoti & Company - Analyst*

Okay and that's the secure side of secure and scaleable?

Paul Zeller - *Imation Corp - VP and CFO*

Correct, and it's not a large base yet because it's our emerging Defender business and one month of the acquisition of MXI but it's just an indication that if we can grow out that business to some greater scale, the kind of opportunity there exists to improve margins for the Company.

Chuck Murphy - *Sidoti & Company - Analyst*

So it's safe to assume then that of secure and scaleable that it's predominately scaleable today.

Paul Zeller - *Imation Corp - VP and CFO*

Yes there is a lot of flash revenue still in that business and RDX and then security so our objective over time is to increase the percentage and the content of that category towards the more differentiated product like RDX and other scaleable surge offerings and the security offerings we've been talking about.

Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

Today, the majority is still flash drives and external hard disks that are not that differentiated and that's why the margins are still down south of 15%. Obviously, the new stuff we're adding is far, far in excess of that.

Chuck Murphy - *Sidoti & Company - Analyst*

Alright, thank you.

Operator

Our next question comes from Mark Miller with Noble Financial.

Mark Miller - *Noble Financial Group - Analyst*

Just wanted to talk about two geographic regions -- first of all, Japan, 3M is out today talking about some issues they had in Japan and the events there. Was that any impact on your last quarter?

Mark Lucas - *Imation Corp - CEO*

Actually, we did very well in terms of mitigating any potential issues in Japan. There was some disruption of supply chain and trucking and logistics in Japan but our relationship with TDK remained strong. Their factories were not affected by it. Our offices were not affected by it so we were able to get back up and running pretty quickly. The effect of the natural disaster in Japan was fairly minimal for us directly. Where, Paul I think referenced a little bit on magnetic tape is that it did affect a Sony magnetic tape facility in Japan and as a result, they were out of market for some point in time and we picked up some share as well as some of our competitors.

Mark Miller - *Noble Financial Group - Analyst*

Next about Europe, I know it's seasonally weak this quarter but I'm just wondering, did you see any weakening as the quarter went on? I know Philips has cited some weakening in Europe and I'm just wondering how linear Europe was during the quarter.

Mark Lucas - *Imation Corp - CEO*

I don't think there were any unique trends across the months in the quarter. Europe particularly was strong this quarter. Both Europe and North Asia had a pretty nice tailwind from stronger local currencies vis-a-vis the dollar and that certainly helped us both in Europe and in Japan so no, I don't think there was anything unique in terms of what we saw within the months of the quarter.

Mark Miller - *Noble Financial Group - Analyst*

China last month initiated some very large increases in rare earth materials. You mentioned silver pricing hit you in optical. Any other exposure there to some of the things that have gone on in the metals market?

Mark Lucas - *Imation Corp - CEO*

Actually, the biggest effect on us is polycarbonate prices which is petroleum based. It went up significantly and that's about 50% to 60% of the cost of an optical disk so that is the most significant one that has gone up yet we are experiencing labor cost

Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

increases in China. There are raw material increases across all our product lines but we are attempting to mitigate them through other efficiencies and price increases where appropriate.

Mark Miller - Noble Financial Group - Analyst

Just two other questions, one would be the R&D hiring, where that's focused and then if you can give us a little more color on how cash was managed during the quarter.

Mark Lucas - Imation Corp - CEO

I'll do the labor side of that. The majority of the RD&E hiring was in secure and scaleable storage. With MXI we picked up about 30 technical side people. We've added several people. We've added software people, encryption people. We've added people on the scaleable side to help us in RDX and then as you look across the organization, outside of RD&E we've hired salespeople to help us with securities offerings and scaleable storage offerings and outside the U.S. too, across the world as well as some of the other cross functional areas.

Paul, do you want to talk about cash?

Paul Zeller - Imation Corp - VP and CFO

Sure. Mark, the cash flows from operations, we delivered about \$4 million and that had to cover some restructuring cash and so I think overall, given the type of quarter typically as we attended to some level of working capital build in anticipation of the stronger second half, that wasn't a bad result. We had other impacts in the quarter. We repurchased about 500,000 shares. That was about \$4.5 million and obviously, the acquisition of MXI being the largest piece of the overall cash story but in terms of cash from operations, I think it was a solid quarter. I'd like to see us do better as we move to the future but all in all, it was reasonably good and that's on a relatively low earnings reality but as you know, we had that embedded DNA in our earnings so there is a bit of cash richness to that first dollar of earnings that allows us, even in a softer quarter like Q2 was, to deliver cash.

Mark Miller - Noble Financial Group - Analyst

Have you paid fully for MXI and if not, what are the total charges for MXI this quarter in terms of cash?

Paul Zeller - Imation Corp - VP and CFO

We're going to have more details later and you'll see more specifics. We're not disclosing the terms at this time but that's certainly something we'll get into a bit more later. There are some, as in a lot of these transactions, contingent consideration and earn-outs that could occur down the road a ways and like most deals, those are payments we would love to make because of the trajectory of the business that would be reflective of a successful payout.

Mark Miller - Noble Financial Group - Analyst

Thank you.

Operator

(OPERATOR INSTRUCTIONS) I'm not showing any further questions at this time.

Jul. 26. 2011 / 2:00PM, IMN - Q2 2011 Imation Corp Earnings Conference Call

Mark Lucas - *Imation Corp - CEO*

Okay, thank you and in summary, Imation's Management Team and our employees are committed to implementing the strategies required to transform the Company. We are making good progress on our strategy and we have much work ahead. I remain confident that we will successfully execute our strategy, our vision, and build long term value for shareholders, employees and customers. Thank you for joining us today.

Operator

Ladies and gentlemen this does conclude today's presentation. You may now disconnect.

DISCLAIMER

Thomson Reuters 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 REUTERS 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.

©2011, Thomson Reuters. All Rights Reserved.