

# FINAL TRANSCRIPT

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

## **CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call**

**Event Date/Time: May. 21. 2009 / 8:00AM ET**

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

## CORPORATE PARTICIPANTS

**Jimmy Xia**

*ChinaEdu Corporation - IR Manager*

**Julia Huang**

*ChinaEdu Corporation - Chairman and CEO*

**Shawn Ding**

*ChinaEdu Corporation - President and COO*

**Lily Liu**

*ChinaEdu Corporation - CFO*

## CONFERENCE CALL PARTICIPANTS

**Mark Zgutowicz**

*Piper Jaffray - Analyst*

**Jeff Lee**

*Signal Hill - Analyst*

**Echo He**

*Oppenheimer - Analyst*

## PRESENTATION

**Operator**

Welcome to the ChinaEdu first quarter 2009 Financial Results Conference Call. At this time, all participants are in a listen-only mode. Following management's prepared remarks, we'll hold a Q&A session. As a reminder, this conference is being recorded May 21st, 2009. I would now like to turn the conference over to ChinaEdu's Investor Relations Manager, Mr. Jimmy Xia. Please go ahead, sir.

---

**Jimmy Xia** - *ChinaEdu Corporation - IR Manager*

Thank you. Good morning and good evening. Thank you for participating in today's call. Joining me today are Ms. Julia Huang, Chairman and CEO, Mr. Shawn Ding, President and COO, and Ms. Lily Liu, CFO.

After the close of the US markets on Wednesday, ChinaEdu issued a press release announcing its 2009 first quarter financial results, which is available on the Company's IR webpage at [www.ir.chinaedu.net](http://www.ir.chinaedu.net). This call is also being broadcast live over the Internet and a copy of the press release that will be used for today's call is also available on the Company's website.

Before the management's presentation, I would like to refer to the Safe Harbor statement in connection with today's conference call. This call may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including certain plans, expectations, goals and projections which are subject to numerous assumptions, risks and uncertainties. Forward-looking statements involve known and unknown risks, uncertainties and contingencies, many of which are beyond our control, which may cause actual results, levels of activity, performance or achievements to differ materially from any future results, level of activities, performance or achievements expressed or implied by such forward-looking statements.

The Company's actual results could differ materially from those contained in the forward-looking statements due to a number of factors, including those described under the heading Risk Factors, in the Company's final prospectus, filed with the SEC and in documents subsequently filed by the Company for time to time with the SEC. Unless required by law, the Company undertakes

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

I would now like to turn the call over to ChinaEdu's Chairman and CEO, Ms. Julia Huang. Following our remarks, we will be happy to take your questions. Julia?

---

**Julia Huang** - ChinaEdu Corporation - Chairman and CEO

Thank you. Good morning and good evening. Thank you for joining us today. Having gone through the last few turbulent months within financial markets, ChinaEdu has again proved that we are more than capable of planning, executing and delivering. We continue to have growth in our learning center network and also we continue to develop courseware and technology developments for online education.

Our Anqing School's Phase II construction is on track for fall recruitment. With that, I am pleased to report continued strong execution results in our top-line growth for first quarter of 2009.

Our net revenue for online degree program was RMB66 million. This represents solid growth of 20% in the first quarter of 2009, compared to the first quarter of 2008. This increase in revenue is mainly due to the 118,000 revenue students for our online degree programs. Our overall net revenue in the first quarter of 2009 grew by 17% to RMB81 million, compared to first quarter of 2008. Our adjusted EBITDA margin in the first quarter of 2009 improved to nearly 32%, compared to 26% in first quarter 2008. Despite a decline in gross margins, our adjusted EBITDA margin increased as the result of strong operating results year-over-year.

And our GAAP net income attributable to ChinaEdu increased to RMB9.6 million, compared to RMB2.1 million year-over-year. Our diluted GAAP EPS was \$0.03 in the quarter, versus \$0.01 in 2008. Our diluted GAAP earnings per ADR was \$0.09, versus \$0.03 in the same period in 2008. This is significantly improved from first quarter 2008 due to better operating results, as well as reduced share count from the share buyback program.

Our adjusted net income increased significantly, to RMB13.4 million in the first quarter 2009 from RMB2.8 million in first quarter 2008, due to improved income from operations. Our diluted adjusted earnings per ADR attributable to ChinaEdu was \$0.12 in first quarter 2009, versus \$0.03 in first quarter 2008. This was primarily driven by strong operating expenses control and income tax benefit. Let's now turn to Shawn Ding, our President and COO, for business and operational highlights, followed by Lily Liu, our CFO, for more financial highlights. Shawn?

---

**Shawn Ding** - ChinaEdu Corporation - President and COO

Thank you, Julia. I would like to welcome all of you who are joining us today. To start, I would like to reiterate that in the past quarter we are very much focused on further strengthening our online programs. Now let's look at slide five. We have, as Julia mentioned, continued to expand our learning center network. At the end of the quarter, we had 29 franchise learning centers and 20 proprietary learning centers, making a total 49 learning centers. Comparing to what we had a year ago, we have certainly come a very long way since our first learning center was set up.

The first quarter was a very important season for recruiting. The spring recruiting season started at the end of last year and will end in the middle of the second quarter, so the first quarter was very important to us, even though we had the Chinese New Year in the first quarter. From what we can tell, everything was well on track and we look forward in seeing the results shortly. We also continue to invest in courseware development for selected collaborative alliances.

These upgrades will yield greater service offerings to our students and will also result in a strong foundation for future growth. We have continued to make progress in service, products and technology of our online degree programs. We believe these

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

efforts will yield substantial organic growth. We have also continued our effort in developing our online business. Now let's turn to slide six.

The 101 Online Tutoring business is making strides in both cash receipts and revenue compared to the same period in 2008. We continued to make updates to our sales channels, product development and increasing the level of service to our students. The results are positive for the effort we have put into 101 Online and we hope to see additional results in future quarters. The development stage for the Yo-Yo Bear product is also well on their way.

As Julia just reported, the construction of our private school is well on track. The Phase II construction at the Anqing School is near completion and we are very confident that we'll be ready for the fall recruitment and we'll be ready for increasing the capacity for hosting more students, for the fall semester.

As for our international curriculum business, we are continuing our efforts in signing new Chinese school partnerships. With our prior expertise for international curriculum, I hope to see a new wave of successful Chinese high school partners.

To conclude my remarks, I would like to share with our investors that in 2009, ChinaEdu will continue to pursue additional growth and opportunities in online education. We continue to follow the set of initiatives that we had set out.

That is, number one, increase business development efforts in the online education. Number two, we will continue to improve operational efficiency, development technology and products and raise the quality of products and services. Number three, we will continue the expansion of our learning center network. Now Lily will review some of the key financial information for the quarter. Lily?

---

**Lily Liu** - *ChinaEdu Corporation - CFO*

Thank you, Shawn. Now I'd like to give a more detailed review of our financials for the quarter. Page eight. As mentioned by Julia in the financial highlights section, net revenue for online degree programs grew 20% from first quarter in 2008 compared to this quarter, driven by strong enrollment growth in the fall of 2008. Our total net revenue grew by 17%, which I will review by each business line on the next page.

Page nine shows the breakdown of net revenue for the rest of the three business lines. As expected and explained in detail in previous earnings releases, our international curriculums net revenue continued to register a decline. However, for both online tutoring and the private school segment, net revenue grew year-over-year. For our 101 Online Tutoring business, cash receipts for the quarter grew healthily, and in terms of recognized GAAP revenue it grew by 10% compared to the first quarter of last year.

For the private school segment, net revenue continues to benefit from the new campus built for Anqing School. Currently, Phase II construction for this new campus is on track for completion by this year's fall enrollment. Page 10, on gross margins. Our total gross margin declined from 65% in the first quarter of 2008 to 60% this quarter, primarily driven by declines in gross margin for the online degree programs and 101 Online Tutoring segments.

For the online degree programs, gross margin declined from 72% last year, compared to 65% this quarter, mainly due to continued expansion of our learning centers network. As mentioned by Shawn, the number of learning centers increased from 37 at the end of 2008 to 49 at the end of the first quarter. Most of the new learning centers are franchised learning centers.

In this quarter, we will still only reflect cash received in the fall of 2008 enrollment. All the centers are currently in the process of 2009 spring semester enrollment. For the 101 Online Tutoring program, gross margin declined in this quarter primarily due to the increased staff and investment in Yo-Yo Bear product. Lastly, although revenue for the international curriculum program declined, we have implemented a tight cost control, which contributed to an increase in the gross margin for the segment.

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

Page 11, total operating expenses were RMB31.1 million this quarter, which declined slightly compared to RMB32.7 million in the first quarter of 2008. The decline was primarily due to strong expense controls. Our general and admin expenses were RMB19.6 million for the quarter, compared to RMB20.9 million for the first quarter of 2008, due to lower provisional 2009 annual bonuses. Our selling and marketing expenses also declined from RMB4.9 million for the quarter, compared to RMB5.9 million in the first quarter 2008 as we streamlined our general, advertising and promotional activities for the quarter.

On the other hand, R&D expenses increased by 11% to RMB6.6 million this quarter from RMB5.9 million in the first quarter of 2008. As mentioned by both Julia and Shawn, this is a result of continued investments in technology, netting a strong foundation for the Company's future growth and expansion.

Page 12, also as mentioned in the financial highlights section, despite an increase in cost of revenue, strong revenue growth, coupled with well-controlled operating expenses, contributed to our adjusted EBITDA margin expanding from 26% last year to 32% this quarter. Adjustments for the adjusted EBITDA only include share-based compensation this quarter. The expansion of adjusted EBITDA margin was primarily due to better operating results from solid revenue growth and tight operating controls, despite an increase in cost of revenue.

On a similar note, our GAAP income from operations improved from RMB12.8 million in the first quarter 2008 to RMB17.5 million this quarter, resulting in the operating margin expanding from 18% to 22% this quarter. If we add back share-based compensation and amortization, adjusted income from operations improved from RMB15.6 million to RMB21.6 million year-over-year, resulting in adjusted operating margins expanding from 22% last year to 27% this quarter.

Page 13, on net income. Starting from this year, the Company adopted FAS 160, which requires non-controlling interests to be separately presented as a component of shareholders' equity in the financial statements. There is no P&L impact from this adoption, but the presentation has changed from previously on the minority interest line. For our income statements, net income currently presented is equivalent to income before minority interests in previous releases and net income attributable to CEDU currently presented is equivalent to net income in previous releases. Earnings per share, or earnings per ADR, is calculated from earnings attributable to ChinaEdu.

GAAP earnings attributable to ChinaEdu increased from RMB2.1 million in the first quarter of last year to RMB9.6 million this quarter. Adjusted net income attributable to ChinaEdu increased from RMB4.8 million last year to RMB13.4 million this quarter. Again, adjustments this quarter only include share-based compensation and amortization. As a result, adjusted net margin was 16.5% this quarter, compared to only 6.9% in the first quarter of last year. For this quarter, earnings attributable to ChinaEdu improved significantly, primarily due to strong operating results, as we have discussed previously, lower tax expenses and slightly lower non-controlling interests, despite a decrease in interest income.

Diluted earnings per share and diluted earnings per ADR compensation, is also shown on the page. As you can see, earnings per share or per ADS in US dollar terms nearly tripled or quadrupled compared to the same quarter last year, benefiting from strong earnings improvement, as we have discussed, a reduction in share count due to share buybacks, but also keep in mind that we have used different exchange rates for the two comparison periods.

Finally, a quick review of our balance sheet. As before, we have a strong cash balance of approximately \$50 million as of the end of first quarter. Another notable item, on page 14 in our balance sheet, is a significant reduction in accounts receivables and amounts due from related parties, as we collect from our university partners post the fall semester enrollment in 2008.

Also as expected, when cash received in the fall of 2008 was recognized as revenue in the first quarter of 2009, short-term deferred revenue will decline accordingly. Finally, I'd like to give our management guidance for the second quarter total net revenue. Our view is that we would achieve between RMB83 million and RMB87 million in total net revenue for the second quarter, representing a growth of 4% to 9% year-over-year, compared to second quarter of 2008. This concludes our management presentation and I would like to turn it back to Julia.

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions). And our first question comes from the line of Mark Marostica from Piper Jaffray. Mark, you may proceed.

### Mark Zgutowicz - Piper Jaffray - Analyst

Good evening. It's actually Mark Zgutowicz for Marostica. Just a question related to the disparity between the 30% enrollment growth you had with the 20% revenue growth. Just curious what might be driving that. Is that maybe a lower rev per student, or what's driving the lower rev per student there? Is it pricing, course loads? If you could just provide some color there, thanks.

### Lily Liu - ChinaEdu Corporation - CFO

It's actually none of those factors. Tuition per student is the same. First quarter revenue recognition is actually pretty straightforward, as it's done in the same method as last year. The discrepancy or the difference between the enrollment growth and the revenue growth is mainly due to the structure of our university partners. Five out of the nine university partners are structured as collaborative alliances, so the income statements are consolidated, versus the other four are only presented -- their net share is presented as net revenue on our income statement, so you will see our revenue growth is always going to be slightly lower than our enrollment growth.

### Mark Zgutowicz - Piper Jaffray - Analyst

Okay, and then on the gross margin question, or item, you provided some good color there. I'm just curious when you start to -- or would expect to see positive year-over-year compares? Are we still a couple quarters out there, or what would you surmise there?

### Lily Liu - ChinaEdu Corporation - CFO

As we mentioned before, I think we're expecting our learning centers network to break even by the end of this year, so I think it's still probably going to be a couple quarters where our gross margin will be lagging compared to last year. And also this year, as we increase our investment in courseware development, our gross margin will understandably be lower than last year's. But as the learning centers come up to speed in future years, we're confident that the gross margin will be on par in the future.

### Mark Zgutowicz - Piper Jaffray - Analyst

Okay, great. And then just one final question. On the lower selling and marketing spend, obviously a significant drop there. I'm just curious if that might portend something for learning center growth going forward. Can you just maybe provide a little more clarity on sort of what's behind that? How much of that's just lower ad costs, versus lower unit buys in the quarter?

### Lily Liu - ChinaEdu Corporation - CFO

The sales and marketing expense drop compared to last year, really I think for last year we spent a lot of -- we spent more on I would say general advertising and promotional activities, especially for the learning centers. And in this quarter we actually controlled that quite well, so the marketing is done -- it's less of general advertising, but rather more recruiting-related activities,

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

which is actually considered cost of revenue. So a combination -- it's really a combination of lower -- decreased general advertising expenses compared to last year and a switch -- I would say a switch in the marketing strategy this year.

**Mark Zgutowicz** - Piper Jaffray - Analyst

Okay, so we should expect a similar level there over the next couple of quarters? And would that be as a percent of revenue or in absolute dollars?

**Lily Liu** - ChinaEdu Corporation - CFO

Correct.

**Mark Zgutowicz** - Piper Jaffray - Analyst

Which one? Would it be absolute dollars or would it be as a percentage of revenue?

**Lily Liu** - ChinaEdu Corporation - CFO

As a percentage of revenue.

**Mark Zgutowicz** - Piper Jaffray - Analyst

Great, thanks very much.

**Operator**

And our next question comes from Jeff Lee from Signal Hill. Jeff, you may proceed.

**Jeff Lee** - Signal Hill - Analyst

Thank you. Good evening. Last quarter, you were really conscious about the growth prospects in online enrollments, but it seemed like growth turned out really strong. So were you seeing anything in particular at the time that gave you worries? Did any of these worries come out, come to fruition in the quarter?

**Lily Liu** - ChinaEdu Corporation - CFO

Jeff, I'm sorry. So you're saying that last quarter we seemed less confident?

**Jeff Lee** - Signal Hill - Analyst

Yes, you said that this economic softness sort of had led you to provide very cautious guidance, but it seems that enrollments turned out really strong.

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

**Lily Liu** - ChinaEdu Corporation - CFO

Actually, I would say for the first quarter it's all -- it's pretty much all the cash receipts just being recognized in the first quarter, so that the enrollment growth is the same as last year. Revenue growth there's basically no change from the fourth quarter. I would say that our management guidance for the second quarter is more reflective of our 2009 spring enrollment status or situation.

**Jeff Lee** - Signal Hill - Analyst

Okay.

**Lily Liu** - ChinaEdu Corporation - CFO

I would say we are holding the same view, the same cautious growth view this quarter, as we had mentioned last quarter.

**Jeff Lee** - Signal Hill - Analyst

Right, so that was the next thing I wanted to ask about, is that the Q2 guidance seems pretty cautious and seems to imply that online degree program revenue is going slow down much further than where it's at, but then given the strong enrollments you're posting, why would online degree revenue slow so much?

**Lily Liu** - ChinaEdu Corporation - CFO

Well, we're actually expecting a lower enrollment growth in the spring of 2009 compared to the fall of 2008, precisely due to concerns over the economic condition.

**Jeff Lee** - Signal Hill - Analyst

Okay. And can you provide any more color on sort of what sort of concerns you're seeing from students? Is it a case that just you have various adults that don't want to spend the tuition money, given this sort of soft economy, or are there other factors that you're seeing out there?

**Julia Huang** - ChinaEdu Corporation - Chairman and CEO

Jeff, this is Julia. We don't expect any tuition decrease. Also, we don't see a significant negative impact on our enrollment, as well, because we're in the process of closing our spring enrollment, although some of the schools are still in the process of collecting fees.

But it seems like we're okay, because last year, 2008, we had a strong spring enrollment, very strong spring enrollment, so this year, with our existing schools, although we will have growth, but not as significant growth as we experienced last year.

**Jeff Lee** - Signal Hill - Analyst

Okay, that makes sense. Then, on expenses, can you talk a little bit about all these expenses dropped quite a bit sequentially on G&A, selling and marketing and R&D, is this sustainable? You already talked about selling and marketing, but what about G&A and R&D? Can we expect these to go back up on a sequentially basis in absolute terms, or stay about the same?

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

**Lily Liu** - ChinaEdu Corporation - CFO

Jeff, I think the -- we usually look at it not on a sequential basis, but on a year-over-year basis, because our operations do have certain seasonality patterns in it. For the fourth quarter, it tends to be the higher cost and expenses quarter, as is the year end, but for the first quarter it usually tends to be slightly lower.

**Jeff Lee** - Signal Hill - Analyst

Okay, sure. Well, I'm looking at the seasonality of like the G&A line last year. It held pretty steady from Q1 to Q2. I mean, is that in line with your expectations for this year for G&A?

**Lily Liu** - ChinaEdu Corporation - CFO

Yes, for G&A, I would say for Q1 to Q2, it should remain rather stable. I would say generally speaking for sales and marketing, R&D and cost, it tends to be second half is bottom heavy for the year, so second half heavy.

**Jeff Lee** - Signal Hill - Analyst

Okay, great, thank you. And then I wanted to ask about the gross margin on the online degree program line. If you look at the seasonality of last year, gross margins -- I guess actually just in general, for the seasonality for cost of revenues, online degree programs for the whole year, do you expect that seasonality to hold for 2009 or were there very specific reasons why that jumped around in sort of all four quarters last year?

**Lily Liu** - ChinaEdu Corporation - CFO

I would say the cost of revenue seasonality, again, tends to be bottom heavy, or second half of year heavy, especially, for example, for our online degree programs, there tends to be more courseware development in the second half of the year and also for 101 Online Tutoring, second half of the year tends to be the more active season, so there's higher cost of revenues. So that pattern should hold. However, this year, I think we're actually investing in additional courseware developments, so I would expect that courseware cost of revenue or gross margins to be slightly depressed compared to last year.

**Jeff Lee** - Signal Hill - Analyst

Okay, great, and then can you go over what are your tax rate expectations for the rest of this year and then for next year?

**Lily Liu** - ChinaEdu Corporation - CFO

In terms of tax rates, the effective tax rate, as mentioned on -- as you can see on the slide, for the first quarter was approximately 15%. It should hold at around about 15% for the rest of the year.

**Jeff Lee** - Signal Hill - Analyst

Okay, and that's the expectation for 2010 also?

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

**Lily Liu** - ChinaEdu Corporation - CFO

Well, for 2010, our beneficial tax rate or our new and high-tech enterprise status is reviewed on a yearly basis and obviously we're hoping that we'll pass the inspection and continue to receive the beneficial tax rate, but there is uncertainty.

**Jeff Lee** - Signal Hill - Analyst

Okay, so if you do receive the stats again, would it be the same level?

**Lily Liu** - ChinaEdu Corporation - CFO

Right, correct.

**Jeff Lee** - Signal Hill - Analyst

Okay, great. Thank you very much. That's all my questions.

**Operator**

(Operator Instructions). And our next question comes from the line of Echo He from Oppenheimer. Echo, you may proceed.

**Echo He** - Oppenheimer - Analyst

Oh, hi. Most of my questions are being asked and I just want to know that in your fall recruiting season, do you see or do you feel like there are any impact from the macroeconomy, or which direction you feel the impact, and what do you expect of growth approximately in this year?

**Lily Liu** - ChinaEdu Corporation - CFO

I think -- I'll take a first stab at the question. For the fall enrollment, it's already passed and we recognized revenue in the fourth quarter and this quarter. You can see that our enrollment growth was 30% from 2008 compared to 2007, which was very solid. This year, we are giving a more cautious outlook in terms of the enrollment growth. As mentioned, there are concerns for economic conditions, and also, because last year was just a spectacular year, so this year, coupled with the economic condition, we are not projecting as strong of enrollment growth.

**Echo He** - Oppenheimer - Analyst

You are projecting --

**Lily Liu** - ChinaEdu Corporation - CFO

We are projecting a lower enrollment growth this year, for both spring and fall.

**Echo He** - Oppenheimer - Analyst

Okay, I understand. And also, is that the same trend as online tutoring addition other programs?

May. 21. 2009 / 8:00AM, CEDU - Q1 2009 CHINAEDU CORP Earnings Conference Call

**Lily Liu** - *ChinaEdu Corporation - CFO*

Well, for international curriculum, as we mentioned in previous releases, we talked in detail about that. The revenue is expected to decline in 2009. For the private school segment, we are actually expecting a strong enrollment growth from the new campus. And then from the 101 Online Tutoring, just from first quarter and outlook, we're confident that we can grow compared to last year as we continue to invest in that business. So we should be expecting growth for the segment for the year.

**Echo He** - *Oppenheimer - Analyst*

Okay, thank you so much. That's all my questions.

**Operator**

At this time, there are no further questions. I would like to turn the call over to management for closing remarks.

**Julia Huang** - *ChinaEdu Corporation - Chairman and CEO*

Ladies and gentlemen, let me close by reiterating how much we appreciate your interest and support. We have focused our attention and resources to our core competencies of our online education business. The management team believes that our execution in our strategic directions will bring many exciting opportunities in the future. We believe our initiatives will further strengthen fundamentals of our business and generate solid revenue growth, thus providing the best value in the long term to our shareholders.

We look forward to keeping you apprised of our future success. Thank you for your time, and have a good day or a good night.

**Operator**

Thank you for your participation in today's conference. This concludes our presentation. You may now disconnect. Have a good 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.

©2009, Thomson Financial. All Rights Reserved.