:callstreet
corrected transcript

MANAGEMENT DISCUSSION SECTION

Operator: Please stand by. We're about to begin. Good day, everyone, and welcome to the Martin Marietta Materials, Incorporated conference call. Today's call is being recorded. At this time for opening remarks, I'd like to turn the call over the President and Chief Executive Officer, Mr. Stephen Zelnak. Please go ahead, sir.

Stephen P. Zelnak, Jr., President & Chief Executive Officer

Thanks for joining us this afternoon. I have with me Janice Henry, Chief Financial Officer and Anne Lloyd, Chief Accounting Officer. We had an excellent quarter, with earnings of 15 cents per diluted share versus a loss of 14 cents a share in the prior year period. Revenue from continuing operations was $340 million, up 14% from prior year, while earnings from operations of $18.9 million compared very favorably to $4.3 million, recorded in the prior year period.

In addition to good operating cost performance, SG&A, as a percentage of sales, fell from 10.6% in the prior year period, to 9.4%. During the quarter, we repurchased 740,000 shares of our common stock for $41 million. We also increased capital spending by $17 million on what we believe are an array of high-return plan expansion and efficiency improvement projects. In aggregates, revenue of $310 million was up 14%, while earnings from operations of $16.5 million increased sharply from $3.2 million in the prior year period. Shipments volume at heritage plants increased 7%, with the Southwest showing the highest rate of increase at 16%. Average selling price increased 5.6%. Unit production costs at the plant level decreased slightly, in spite of cost pressure from diesel fuel, parts and supplies, and wages and benefits.

Magnesia specialties business got off to a strong start with revenue of $30 million, up 19% from the prior year period, while earnings from operations of $4.9 million increased 62%. Demand was high in both lime and magnesia chemicals businesses. We have filed for permits on the addition of a new lime kiln at our Woodville, Ohio facility and are currently evaluating the economics in return potential on what would be a new investment of about $35 million. This would add about 275,000 tons of annual capacity to our existing 750,000 ton capacity.

Currently both our customer sales and our manufacture of magnesia chemical products are constrained by a shortage of lime.

In composites, we are seeing an accelerated level of trials and interest in military, rail, transportation and general industrial applications of our products. The objective is to build backlog and begin ramping production in the second half of 2005. Based on our current assessment of our business, we continue to have a positive outlook for 2005. In aggregates, we expect volume to be up 2.5 to 4.5% while pricing is expected to increase by 3.5 to 4.5%. In our magnesia specialties business we now expect earnings of $19 to $22 million, with a loss of $6 to $8 million in our structural composites business.

For the year, we expect earnings per diluted share to fall in the range of $2.90 to $3.25, with our second quarter ranging from 95 cents to $1.10. At this time, I'd be pleased to take any questions you may have.

callstreet
corrected transcript

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, today's question and answer session will be conducted electronically. If you would like to ask a question, please do so by hitting star 1 on your touchtone telephone. If you are using a speaker phone, we ask that you please make sure your mute function on your phone is turned off so the signal may be read by our equipment. Star 1 for questions. We'll go first to Arnold Ursaner, with CJS Securities. Please go ahead.

<Q – Arnold Ursaner>: Steven, good afternoon. One of the things I've noticed in your press release is you've slightly raised the band on both volume and price for aggregates. Can you give us a better handle on what it is you are seeing that is encouraging you?

<A – Stephen P. Zelnak, Jr.>: The volume side we continue to see some positive ramp up in commercial construction. It does appear the home building is going to be solid, somewhere around the levels of prior year, perhaps down just slightly, but that looks very good. But primarily it's commercial construction that's a little bit better than we anticipated. And on the pricing side, you know, we've gotten off to a good start with pricing. We implemented our increases earlier than we typically do, which gave us a very positive result in the first quarter. We think that the environment will allow for some mid-year increases selectively, so, you know, we think there is some upside potential versus where we started.

<Q – Arnold Ursaner>: Okay. And the other change, very noticeable is the size of the loss or amount of the loss in composites has increased. Could you expand on that a little bit?

<A – Stephen P. Zelnak, Jr.>: Yeah, just simply a matter of feeling like it's probably going to be a little lighter in the second half as opposed to early in the second half when we begin to pick up some volume and ramp up. And that's really based on initiatives in two areas where we have some potential substantial contract value. And that's in the military sector and it's also in the rail sector. So it's timing of people that we are working with.

<Q – Arnold Ursaner>: Okay, thank you.

<A – Stephen P. Zelnak, Jr.>: Sure.

Operator: As a reminder, star 1 for questions, please. We'll go next to Jack Kelly with Goldman Sachs.

<Q – Jack Kelly>: Good afternoon, Steve.

<A – Stephen P. Zelnak, Jr.>: Hey, Jack.

<Q – Jack Kelly>: A couple questions. Maybe just starting with other operating income for aggregates, and then other non-operating income, and then maybe tying into that this non-strategic divestiture that you talked about. I assume the other operating income number was just a land sale. That was in – you reported that in aggregates, the $1.9 versus the $600,000 a year ago?

<A – Stephen P. Zelnak, Jr.>: Hang on a second.

<Q – Jack Kelly>: You have other operating income expense net, and then aggregates was 1.9 versus 600,000.

<A – Janice Henry>: Other operating income, Jack, is made up of a couple of things. Really the pickup in other operating income is subleasing that we are doing that has increased income in 2005. Those leases, subleases, were entered into at the end of last year so we saw the full benefit in the first quarter of 2005. In addition to that, we had some adjustments related to some retirement

 Copyright © 2004 CallStreet

obligations, and the benefit of those adjustments came in through that line. So that's primarily, those are the two major drivers on the Delta and other operating income.

<Q – Jack Kelly>: Okay.

<A – Janice Henry>: In other – let's see, other --

<Q – Jack Kelly>: Other non-operating income was 2.3 versus $400,000.

<A – Janice Henry>: Right. Other non-operating income we saw a benefit related to interest income. We had some notes receivable that we picked up interest on, also our cash balance was higher than in the last year. We have an investment in a non-consolidated subsidiary that we have about 40% ownership in, and they had a very, very profitable, very strong first quarter. And actually, the minority interest elimination runs through that other non-operating income, and it was favorable in the first quarter of this year. And that was a result of some timing differences where the UP takes their maintenance products there. The timing on that was different this year than it was last year.

<Q – Jack Kelly>: There was a comment made that results benefited from the divestiture of a non-strategic – a non-strategic asset. I don't know if that was captured in these non-operating income numbers, and maybe you could tell us what that was.

<A – Janice Henry>: That's below the line. It's in the gain and loss on discontinued.

<Q – Jack Kelly>: On discontinued. Yes. Okay.

<A – Stephen P. Zelnak, Jr.>: That's our construction asphalt business that we've been exiting.

<Q – Jack Kelly>: Okay. Steve, just on the structural composite business, in your earlier question in terms of the size of the loss, what do we need to hit in terms of – well, maybe you could give us what the revenues were in the first quarter, and what kind of revenue, annualized revenue number do we need to hit the second half to, you know, to come into this $6 to $8 million loss number? I know when you first got into this, I'm probably a little foggy on this number, I thought kind of a $50 million annual revenue number was kind of the break even level, but, you know, that was based on certain kinds of products and maybe things have changed, but if you could give us what that number is in your mind as we look out to maybe '06.

<A – Stephen P. Zelnak, Jr.>: Yeah, I think the break even number on an annual basis, Jack, is in the 25 to $30 million range as opposed to $50 million.

<Q – Jack Kelly>: Okay.

<A – Stephen P. Zelnak, Jr.>: The things that we are working on are more substantial than that, but, you know, they have to happen. And we've been a bit frustrated by the timing of introducing some of the products we have into the marketplace. You know, revenues at this point are de minimus. We don't have – we had the bridge deck business which was where we started, and what has happened with the lack of a Federal Highway Bill is that the bridge deck business has pulled back. Because of the newness of that type of product, much of that was done with the federal innovative research moneys. So the expectation is that when we get a Highway Bill, assuming we do, that that will gear back up as well as the other initiatives we're working on. And the two big ones I mentioned are military products, which we have been in test with certain products related to military transportation in both Iraq and in the Southeast, and those tests have gone well to this point. We've qualified for portable runway taxiway competition with replacement of aluminum products which are currently out there, and we've technically qualified for that. So we've got an array of military things. And then we've got – we announced that we have an agreement with

callstreet
corrected transcript

Gunderson which is part of the Greenbriar interest with respect to insulated rail cars. And at this point, it appears that that's developing positively, but we're just going to have to wait and see what the timing is. But the back half of the year, to answer your question, you know, we would need to be somewhere in the 15 million, $12.5, $15 million range in terms of revenue.

<Q – Jack Kelly>: Run rate.

<A – Stephen P. Zelnak, Jr.>: Yeah, no, well, yeah, in the last two quarters actual.

<Q – Jack Kelly>: Actual.

<A – Stephen P. Zelnak, Jr.>: Run rate in the 25 to $30 million range.

<Q – Jack Kelly>: Got it. In the military what has to happen there? Is it a matter of they are going to award a contract or do you have to go through some further qualification? What are kind of the metrics you guys have to meet to get the contract?

<A – Stephen P. Zelnak, Jr.>: We're not dealing with the military directly. We're dealing with a military vendor whose name I can't disclose to you.

<Q – Jack Kelly>: Okay.

<A – Stephen P. Zelnak, Jr.>: It is a matter of contractual obligation. It's been a very significant amount of work that's gone on with respect to the vendor and the military, as well as us and the vendor and the military, so we're actually well along with that in terms of product testing, all of which has gone very well. So back to what you can offer, which is lightweight corrosion resistance, and those are properties that the military seems to be very much interested in. In some cases, it appears more so than the commercial market right now.

<Q – Jack Kelly>: Okay. On the price increase for aggregates for the year, the range you came out with was, you know, lower than what you did in the first quarter. Is that just because you are trying to be a little conservative or was the first quarter kind of a mix issue that, you know, might not be duplicated for the full year?

<A – Stephen P. Zelnak, Jr.>: It's tough to read the first quarter, because we implemented price increases earlier than we typically do. Normally our price increases are going into effect, the bulk of them, around 1-April when the season opens up. In this case, we put in increases early, and the majority of the increases were in effect January 1, with very limited carryover, very limited protection out there for major customers. So I think we got very nice benefit out of that, clearly, at 5.6% we did. Yeah. I don't know that that run rate is going to continue for the full year, although I will tell you, as I just mentioned, that there is an opportunity to implement some additional mid-year, middle-of-year increases in selective markets. So I would tend to say that, you know, we're on the high side of that range right now. And we'll evaluate it again after the second quarter. And if it looks appropriate, you know, we would adjust it then.

<Q – Jack Kelly>: Okay. Just finally, diesel costs, can you give us any metrics either on a per ton basis or a per gallon basis, what you paid in the first quarter versus a year ago?

<A – Stephen P. Zelnak, Jr.>: Diesel costs in the first quarter average was about $1.51. That's versus $1.03 prior year.

<Q – Jack Kelly>: Okay. Good. Thank you.

<A – Stephen P. Zelnak, Jr.>: And I'll elaborate a little further on that. We're proud of what we did on the cost, production cost line, because we had to eat that as well as wage and benefits cost

:callstreet corrected transcript

increases, and significant increases in supply parts. And we still came in with lower unit production costs to the clients than we had the prior year.

<Q – Jack Kelly>: Good. Thanks.

<A – Stephen P. Zelnak, Jr.>: Sure.

Operator: Once again, star 1 for questions, please. Take our next question from Trip Rodgers with Carlson Capital. Please go ahead.

<Q – Trip Rodgers>: Hi. Good afternoon.

<A – Stephen P. Zelnak, Jr.>: Hey, Trip.

<Q – Trip Rodgers>: Steve, can you talk about the tradeoff you're seeing now between acquisitions and buying back your stock at these levels?

<A – Stephen P. Zelnak, Jr.>: The tradeoff is that very simply with respect to acquisitions, we don't see much out there. So what little we do see seems to be priced rather robustly as we would view it. We don't – we don't see returns that are very attractive to us, in terms of buying back our stock, you know, we have an internal forecast, and we base our interest in buying back stock on that internal forecast. So you can conclude, given that we were a buyer in the first quarter that we liked the stock price, and if there is some more that wants to come at us at that number, we'd be happy to take it.

<Q – Trip Rodgers>: Excellent. Thanks a lot.

Operator: Star 1 for questions, and we'll go next to Jack Kasprzak with BB&T Capital Markets. Please go ahead.

<Q – Paul Betts>: Hi. Excuse me. This is actually Paul Betts for Jack Kasprzak. Looking at SG&A for the quarter, we see that it was flat on absolute terms and down as a percentage of sales. Do you see that continuing for the rest of 2005?

<A – Stephen P. Zelnak, Jr.>: I think we're going to have a good year with respect to SG&A. I certainly believe, given the revenue metrics that we've laid out, that the percentage is going to go down. Whether or not we will, in fact, be able to have just de minimus increases in dollars, you know, is problematic. I kind of doubt that. But what we are getting, you know, the impact of, is significant restructuring we did, which, you know, took overhead costs out of our business. We went from 7 units to 4 units in the aggregates business, and that has been a real positive for us. It's flowing through, so that's real. But will it be as good as it was comparatively in the first quarter? I wouldn't – I wouldn't bet a paycheck on that, although I think it is going to be good for the year.

<Q – Paul Betts>: Okay, thank you very much.

Operator: Ladies and gentlemen, at this time we have one question remaining in the queue. However, we would like to give everybody one final opportunity to signal by hitting star 1. We'll take our next question from Arnold Ursaner with CJS Securities. Please go ahead.

<Q – Arnold Ursaner>: Okay. Can you give us, Janice, tax rate guidance for the year?

<A – Janice Henry>: The basic tax rate that we booked in first quarter, which was before the adjustment, is about at 30.3%. As you know, when we do a base tax rate that is our forecast for that base for the full year, the 30.3% is the number right now, Arnie.

<Q – Arnold Ursaner>: And regarding capital expenditures, I know you've obviously been demonstrating your success with the programs you've put in place. Can you give us your best view right now of CapEx for this year and whether some projects for '06 may shift into this year?

<A – Stephen P. Zelnak, Jr.>: I'm not going to give you a number right now, Arnie. We'll give you some more insight into that the end of second quarter. But what I'll tell you is we're very much focused on looking at projects that have relatively quick returns, i.e., projects that can benefit the company in late 2005 on through 2006, and we've been spending time within our organization racking up an array of such projects, and right now we're busy evaluating them. My expectation is that we're probably going to have some increase in capital spend. What I would also tell you, though, is that in terms of cash available, that I don't think that's going to cause any alteration in our view of cash available, you know, as we budgeted, because we're doing much better on the working capital side. If, in fact, you look at our receivables and inventories compared to prior year first quarter with a 14% increase in revenue, we're $7 million down or a couple percentage points positive on working capital. So I think we're doing a very good job of that. Plus we're likely to have some asset sales that will put some cash into the hopper that were not planned earlier. So I think cash-wise we're on the same trend line, but we'll take some of the additional cash that we're generating, which goes with improved profitability and less outflow into working capital. And we're going to put that to work in terms of plant projects that will improve costs and generate more profit.

<Q – Arnold Ursaner>: Could you expand a little bit on Florida. You obviously are gaining some share of the market in the state. One of your key competitors recently reported volumes down pretty sharply. Are you gaining share in Florida and can you give us maybe a sense of tonnage that you have in Florida at the moment?

<A – Stephen P. Zelnak, Jr.>: First of all, we're a minor player in Florida. You know, we're not anywhere close to the major players there. But what we have been able to do is to bring considerable supply of granite, or hard rock, which is not found in Florida, into that marketplace. We've done that for about 17, 18 years now on the rail side of the equation, and then we began to introduce it in a major way with Nova Scotia granite by water after we bought that operation in 1995. There continues to be a very strong demand for that granite product, and that is something that the Florida producers do not have available to them. So that's where a significant piece of our ramp up comes from. And also with respect to Bahamas material and the concrete stone that we can produce there, we certainly have readily available market in Florida. But with all the coastal markets we serve out of the Bahamas, we basically can sell every pound we can make. We have a good scenario with our off-shore and Florida is a part of that, but it's not all of it.

<Q – Arnold Ursaner>: Can you freshen up the current production levels in both the Bahamas and Nova Scotia, and I know you've had incremental capital expenditures in both, when the increment will kick in?

<A – Stephen P. Zelnak, Jr.>: In the Bahamas last year we were on a course to produce there about 5 million tons. And we had those two significant hurricanes that shut us down for 5 weeks or so, and actually caused us to lag on production as we did electrical repairs for most of the rest of the year. We came in closer to 4.5 than we did to 5. Expectation this year is that we're going to be closer to 5.5. So we're looking for a very good year out of the Bahamas. In Nova Scotia we had capacity of about 3.2 million tons, and we are basically at capacity. We've increased capacity up there to something that's on the order of about 4.8 million tons, and the key there is shipping. We've been negotiating on additional shipping, but that shipping will not impact us greatly until the latter part of '05 and '06, so we will just steadily ramp there, depending upon the incremental availability of shipping until we bring on the dedicated shipping. So that's going to progress up from here on out, and in 2006 we should be able to ship full capacity, and I would think that we're going to be pushing capacity there. We think the market is very good for the Nova Scotia granite.

Copyright © 2004 CallStreet

:callstreet
corrected transcript

<Q – Arnold Ursaner>: In the Southwest, your 16% improvement, how much of that was weather related, meaning last year, wasn't it pretty wet or is this, you know, just better expansion into new markets like San Antonio?

<A – Stephen P. Zelnak, Jr.>: Weather played a factor there. Last year Texas was very wet the first quarter. So you've got a weather component. But you also have a very nice lift. You mentioned San Antonio, and the San Antonio market is going extremely well. Toyota has really energized that market with their plant construction project, and there is a lot of ancillary construction going on with other people moving in. Home building construction has moved up. And also because of the development needs for infrastructure, the state of Texas is putting a lot of road money into that area. So we're seeing a very positive ramp up in aggregates. Our asphalt business, where we are a supplier of asphalt but not a contractor there, that's going well. Those two categories in particular. The other weather related comment I would give you, which we didn't spend a lot of time, we didn't spend any time talking about in our release, is that in the parts of the Southeast in the mid-Atlantic area in the month of March, we were pretty heavily impacted, and in fact March in what we call our Mideast division, which is North Carolina, up through Virginia, Maryland, and all the way out to Ohio and Indiana, we had significant diminishment of profit and lower volume there. But we were able to recoup that and do much better than prior year based on what we did in other areas, and particularly what we did with respect to, again, what I think was a very good job on the cost side.

<Q – Arnold Ursaner>: Final question if I could on your composite business, Steve. Could you give us or investors a sense of what you think the right benchmarks we ought to be focused on over the next few months?

<A – Stephen P. Zelnak, Jr.>: Well, over the next few months it's a matter of reeling in that which we've got out there that we've been working on very hard. You know, the key is by the end of the year we need some real backlog that indicates that the marketplace is willing to pay for the products that we have. We know we have good products, but we've got – we've got to create the backlog that takes our plant forward, and we're concentrating on the two big areas that I've talked about. And we're also producing a lot of our flat panel product that is going out into an increasing number of trials, and that product is used as temporary roadways, mud mat, can go into things like cooling towers, there are a host of applications where corrosion resistance and high strength is something that's desired. So as we go forward and we talk about where we are, as we get toward the end of this year, the expectation is, and what investors ought to be looking for is that we've accumulated a backlog that takes us forward into 2006 at a level that would indicate that we're going to be profitable. And you are seeing an array of different products, not just total concentration on one product line, because I think that's important. Those are the objectives, and that's what you ought to hold us to.

<Q – Arnold Ursaner>: Very good. Thank you.

Operator: We'll go next to Leo Larkin with Standard & Poor's.

<Q – Leo Larkin>: Good afternoon. Could you give us DD&A for '05?

<A – Stephen P. Zelnak, Jr.>: Yeah, we're looking at something in the neighborhood of probably $138 million, Leo.

<Q – Leo Larkin>: And I'm sorry, did you give a number for CapEx in '05?

<A – Stephen P. Zelnak, Jr.>: In '05, as we currently stand, the number is about $195 million, but again, you should have an expectation that that number is going to go up, but also we have some offsetting items which will cover the cash flow.

<Q – Leo Larkin>: Thank you.

<A – Stephen P. Zelnak, Jr.>: Uh-huh.

Operator: We'll go next to Jeff Smith with Bernstein Investment Research and Management. Please go ahead.

<Q – Jeff Smith>: Yes, hi. You spoke a little bit about the pickup in commercial construction. I was wondering if you could give us some indication on how broad-based that is and if there is any way to give us, you know, some year-on-year growth in the volume that you are seeing there?

<A – Stephen P. Zelnak, Jr.>: I'm not going to offer up year-on-year growth. What I will tell you anecdotally is that the pickup is concentrated in our areas in the Southeast and the Southwest because of the pace of the economy in those two areas, and you can take certain states where we have a heavy presence. If you take Carolinas, Georgia, Florida obviously continues to go well in that regard. Those areas are doing quite well with the pickup in commercial construction. If you move out to Texas, we're seeing a ramp up. I mentioned San Antonio; clearly the strongest market out there. But also some increase in ramp up in other areas of Texas. Those would be the highlight states.

<Q – Jeff Smith>: Okay, great. And the second question is can you talk a little bit about the situation with the rail availability?

<A – Stephen P. Zelnak, Jr.>: Uh-huh. Rail availability continues to be an issue. We have in the Southwest, we operate on UP and Burlington Northern. UP is the one that's had the major problems. What we are seeing on UP is some gradual restoration of service. They are beginning to put more cars into our aggregate pool. That's a positive. So we're encouraged, although we're still not anywhere near moving the volumes that we like to move. To supplement that what we are doing is we're bringing in some material in Houston by barge all the way out of the Paducah, Kentucky area, and we are able to supplement the market that way. With respect to the Southeast, primary carrier for us is CSX, some Norfolk Southern. Norfolk Southern has kept up reasonably well. CSX has been under severe pressure with respect to demand outpacing their ability to deliver service. What I will tell you there is we have seen some improvement. Certainly we see a commitment to improvement, so we're reasonably encouraged there, and in fact, just, you know, in the last couple of months we've seen some tangible evidence of improvement. So all in all, they are still short, but they are doing better.

<Q – Jeff Smith>: Great. Thank you.

<A – Stephen P. Zelnak, Jr.>: Uh-huh.

Operator: At this time we have no further questions in the queue. I would like to turn the conference back to Mr. Zelnak for any additional or closing remarks.

<A – Stephen P. Zelnak, Jr.>: Okay. Thanks for joining us. We certainly were pleased with our start. Again, we look forward to a very good year. We're going to stick to our game plan that we've laid out for you, and we look forward to talking to you at the end of the second quarter. Thanks a lot.

Operator: Ladies and gentlemen, this does conclude today's teleconference. We appreciate your participation in today's discussion, and have a great day.

callstreet
corrected transcript

corrected transcript

callstreet

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2005. CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.