Applera Corporation Teleconference
July 25, 2007
Management Remarks for Fourth Quarter and Fiscal 2007 Earnings Call

Peter Dworkin
Good morning. Thank you for joining Applera management to discuss the fourth quarter fiscal 2007 financial results that we issued earlier this morning for Applera Corporation and its Applied Biosystems Group and Celera Group.

As in previous earnings calls, this morning we will discuss both of our businesses separately starting with Applied Biosystems and then moving on to Celera.

The Celera portion of the call will begin at 11:45 a.m. Eastern Time. If the Applied Biosystems portion of the call should run beyond 11:45, the Celera portion will follow immediately thereafter.

Present today are Tony White, Chief Executive Officer of Applera; Dennis Winger, Chief Financial Officer of Applera; and executives from the Applera operating businesses.

During this call, we will be making forward-looking statements about Applera's businesses. These statements are subject to the risks and uncertainties relating to our businesses and corporate structure that are referred to in the releases issued this morning and in Applera's filings with the SEC. We also will be discussing historical and forward-looking non-GAAP financial measures for Applied Biosystems. These non-GAAP financial measures are not in accordance, with or an alternative for, GAAP and may be different from non-GAAP financial measures used by other companies. A reconciliation of GAAP and non-GAAP financials can be found in today's press release and on the Financial Reports page of the Investor Relations section of the Applied Biosystems website at www.appliedbiosystems.com.

Please note that after this call, the text of these prepared remarks will be posted on the Investor Relations section of the Applera web site and on the separate Investor Relations sites of the Applied Biosystems and Celera web sites.

As in previous quarters, we have invited stockholders and other interested members of the public to submit questions for management consideration in advance of our conference calls. The goal is to give the investing public the broadest possible access to management. The email address for submitting questions is published in the release that announced the date and time for this earnings call. The email address for questions also is published in the earnings releases themselves, as was done today. Questions may be submitted to the email address listed in today's releases during today's call, and if there is time, management will field relevant questions.

Now, Tony White will comment on the performance of Applied Biosystems during the quarter. During the ABI question and answer session he will be joined by Mark Stevenson, who as we announced this morning has been appointed Executive Vice President; Laura Lauman, President of the Proteomics & Small Molecule Division; and Mike Schneider, President of the Global Service Division.

Tony White
Good morning.

Applied Biosystems had a solid Q4, and fiscal 2007 was the best in several years in terms of financial performance. We are pleased that in fiscal 2007 revenue growth accelerated compared to the last several years, earnings grew faster than revenues, and cash flows continued to be very healthy. This enabled us to both reinvest in the business to drive future growth as well as to return value to stockholders through our share repurchase activities.

I'd like to use my time this morning to talk about our strategies and priorities for the next fiscal year and how we are thinking about our business.

Applied markets continue to figure prominently in our investments and priorities to drive growth. The legislative and funding trends in DNA forensics are very favorable, not only in the U.S. and Europe, but also in important emerging markets such as China and Russia that are just beginning to establish national database programs. During fiscal 2007, we shipped DNA sequencers to more than 50 new forensics labs in China and Russia, and we expect reagent pull-through and more system shipments this year. A new application where we are having increasing success is selling DNA sequencers to pharmaceutical and other health care products manufacturers for use in QA/QC applications. Specifically, customers are sequencing production lots to check for microbial contamination. As we are in the early stages of penetrating this market, we anticipate continued growth in terms of placements of sequencers and MicroSeq™ kits for this application.

Building our capabilities for developing, manufacturing, and marketing consumables remains an important area of focus. With the successful integration of Ambion combined with our internal programs, we made considerable progress in this area during fiscal 2007, and we plan to continue our push for growth during fiscal 2008.

Targeting applications, where we develop and market solutions to meet the specific needs and problems of our customers, will guide our strategy as we expand our consumables lines and leverage both our global installed base as well as our strong AB brand. A good example would be the TaqMan®-based reagents we now offer for specific applications like microRNA analysis and stem cell research. These reagents drive revenue both directly and indirectly by increasing demand for the AB real-time instruments on which they run and for which they are optimized.

This application focus provides the opportunity to grow in research markets that have become increasingly specialized and to drive adoption of our technologies in applied markets. Ease-of-use and more simplified workflows are key to winning in these markets, allowing us to better serve our customers and drive growth. In mass spec, for example, we have developed user-friendly software interfaces to make it much easier for forensics labs, water-quality test labs, as well as biologists, to enjoy the performance advantages of this technology.

I have saved my comments on DNA sequencing for last.
Our DNA Sequencing business grew modestly in fiscal 2007 after four years of consecutive declines. This validates our view that the usage of CE, or capillary electrophoresis, technology remains, and will continue to remain, vital for applications such as medical sequencing and forensics, as well as newer applications including DNA methylation studies. For fiscal 2008, we anticipate continued modest growth overall in the DNA sequencing product category.

The new variable in DNA sequencing is the advent of so-called next-generation technologies. We intend to compete vigorously in this new market, drawing on our deep relationships with sequencing labs worldwide. Last month we made our first shipments of our next-generation system, called SOLiD™. We are pleased with the performance of this new system and are encouraged by the level of interest shown by our potential customers. Based on these factors and on progress in our manufacturing scale-up, we have accelerated plans for a full commercial release that will now begin in October. We expect revenue recognition approximately a quarter after shipment as the customer completes the acceptance process.

Our view remains that next-generation sequencing will catalyze incremental growth in this business by enabling more cost-effective high-end sequencing as well as sequencing for new applications such as digital gene expression and methylation. We believe that over the next several years the market for next generation technology will be primarily genome centers, large academic core labs, and larger commercial service labs. These are the customers who have both a need for this ultra-high-throughput, low cost-per-datapoint technology as well as the necessary bioinformatics and other expertise to integrate the technology into their operations. We continue to believe that CE based technology will continue to be used by small-to-medium sized research laboratories and our forensics and pharma QA/QC customers. As such, while next-generation sequencing may cannibalize part of the current high-end CE sequencing business, we believe it will also expand the high-end market overall by enabling new applications. And we believe this will not affect the larger markets where CE will continue to be the technology of choice.

Before concluding, I'd like to say a few words about the organizational announcement made this morning. I am pleased to recognize Mark Stevenson's contributions and leadership of the Molecular and Cell Biology Division, AB's largest, with his promotion to Executive Vice President. The AB divisional and regional presidents, together with the Applera executive staff, are in full support of Mark's promotion. Some of the executives who previously reported to me will now report to Mark, while others will continue to report to me.

The timeline for a full management transition at Applied Biosystems remains as I described on the January earnings call. I expect to vacate the AB president's position before the end of fiscal 2008. Between now and then, I will continue to partner with the entire AB leadership team but will be spending a greater part of my time working with TLV Kumar, president of our Asia-Pacific region, to ensure we maximize our opportunities in India and China. We have a strong local partner in India through our exclusive distributor, Lab India. In China, last year AB established its own local legal entity, which will facilitate the development of a direct sales organization. We also opened a state-of-the-art customer demo center in Shanghai that matches the best we have in the U.S., Europe, and Japan. The India and China markets will be challenging, but offer huge potential for Applied Biosystems, particularly in the pharmaceutical and applied markets.

Thank you, and now I'd like to turn the call over to Dennis Winger who will review the financial highlights for the fourth quarter and provide our financial outlook for fiscal 2008.

Dennis Winger
Thank you, Tony.

As outlined in today's press release, during the fourth quarters of both fiscal 2007 and 2006, the Group recorded items that affected the comparability of results. In the fourth quarter of 2007, the Group recorded a pre-tax gain of $3.5 million due to the receipt of past royalties under new and newly amended patent licenses. Amortization expense related to acquired intangibles decreased income before taxes by $2.8 million.

Gross margin in the fourth quarter of fiscal 2007 was 55.4% compared to 54.3% in the prior year quarter. As in the third quarter, the increase in gross margin was primarily attributable to improved vendor pricing related to our enzymes as well as the favorable impact of foreign currency. For the full year, gross margin was 55.3% compared to 54.7% in fiscal 2006. We are pleased with the gross margin expansion this year, which continues the improvement begun in fiscal 2004. This expansion reflects the value of our products to customers, efficiencies gained from the operational excellence programs we have put in place, and benefits realized from our new PCR enzyme program.

During the fourth quarter we made significant investments in China and other parts of the fast-growing Asia Pacific region. Other items that were factors in the SG&A expense increases in the fourth quarter included costs related to our acquired businesses, higher employee related costs, and the unfavorable effects of currency. The increase in R&D over the prior year period was primarily attributable to development of the SOLiD next-generation sequencing system, investments in the Ambion product line, and other projects.
Fourth quarter fiscal 2007 earnings per share from continuing operations on a non-GAAP basis were $0.38, an increase of approximately 9% compared to $0.35 in the prior year period. The net effect of foreign currency on fiscal 2007 fourth quarter EPS was a benefit of approximately $0.03 compared to the prior year period.

The reconciliation of GAAP and non-GAAP financials can be found in today's press release as well as on the Financial Reports page of the Investor Relations section of our website, www.appliedbiosystems.com.

Cash flow from operations during the quarter was $135.3 million and capital expenditures were $16.5 million. At the end of the fourth quarter, accounts receivable were $446.8 million, representing 58 days sales outstanding, and inventory was $132.1 million, representing 2.7 months of inventory on hand.

During the quarter we repurchased 3.3 million shares of AB stock at a cost of approximately $100 million. These repurchases were made under the previously-announced Board authorization to repurchase up to 10% of outstanding AB shares.

As of June 30, 2007, cash and short-term investments were $494.5 million, up from $448.5 million as of March 31, 2007. This increase was largely the result of cashflow from operations partially offset by the repurchase of stock.

Applied Biosystems has the following expectations regarding its financial performance for fiscal 2008:

- **Fiscal 2008 Revenue Growth Rate:** The Group expects mid to high single digit growth assuming current exchange rates. Revenues are expected to increase for both instruments and consumables.

- **Fiscal 2008 Growth by Segment:** The Group anticipates revenue growth in the DNA Sequencing, Real-Time PCR/Applied Genomics, and Mass Spectrometry categories and revenue declines in the Core PCR and DNA Synthesis category and in the Other Product Lines category. Quarterly year-over-year revenue changes may be different from our annual expectations due to a variety of factors, including the timing of customer orders and disbursements of government funding.

- **Fiscal 2008 Margins and Expenses:** The Group expects continued gross margin expansion on the fiscal 2007 gross margin of 55.3%. SG&A as a percent of total revenues is expected to be slightly higher than the prior year level of 28.3%. R&D as a percentage of total revenues is expected to be approximately equal to or slightly below the prior year level of 9.7%. The Group expects an increase in operating margin in fiscal 2008 compared to the operating margin of 17.2% in the prior year, excluding special items in both fiscal years as described in the Use of Non-GAAP Financial Information section in the press release.

- **Fiscal 2008 Effective Tax Rate:** The Group expects the effective annual tax rate used to calculate non-GAAP financial measures to be approximately 31.0%, compared to approximately 30% in fiscal 2007.

- **Fiscal 2008 non-GAAP Earnings Per Share Growth:** The Group expects non-GAAP EPS to increase faster than the annual revenue growth rate. This includes the incremental impact of stock based compensation and the effective tax rate. The total impact of these items on fiscal 2008 non-GAAP EPS is expected to be approximately $0.05.

- The total pre-tax impact of FAS 123R (accounting for stock based compensation) in fiscal 2008 is expected to be approximately $22.5 million, with an EPS impact of approximately $0.08.

- Fiscal 2008 Capital Spending: The Group expects capital spending to be in the range of $70-75 million.

As detailed in the press release, we expect the rate of revenue growth in the first quarter of fiscal 2008 to be lower than the revenue growth rate for the full fiscal year due to the particularly strong 15% sales growth in the first quarter of fiscal 2007. Non-GAAP earnings per share in the first quarter of fiscal 2008 are expected to be modestly higher than the $0.29 earned in the prior year, which included a $5 million ($0.02 per share) benefit from a previously-disclosed reversal of a litigation-related accrual. The Group also anticipates increased R&D costs in the first quarter of fiscal 2008 related to the SOLiD ™ next-generation sequencing systems.

I'd like to expand a bit on our expectation that the positive margins of the last several years should continue in fiscal 2008. The new PCR enzyme program has two components. First, we renegotiated pricing under our purchase agreement with our vendor. Second, we have begun to manufacture our own enzymes and to launch new master mix products with those enzymes, which improve performance for the customers doing genotyping and gene expression experiments. Both changes are positive to gross margin and we anticipate that the benefit will increase – I'm speaking here of the next several years as opposed to just fiscal 2008 – as we make more of our enzymes internally and purchase less of them from our supplier.

Having said that, there are too many variables – including pricing and product mix – that influence gross margin to quantify the gross margin expansion expected this year. The same statement is true about operating margins. We are always looking at ways to be more efficient operationally and to bring these benefits to the bottom line when we can, as you've seen. But we are also mindful of the need to reinvest savings in programs that can drive growth. For example, we will continue in fiscal 2008 to make investments in our marketing and selling capabilities for consumables. We are hiring people and building a bigger and more robust organization in China to support our growth targets there. We are comfortable with R&D in the 9-10% range, where it's been for a while, and we are being disciplined about prioritizing and making tradeoffs, so we can support the really important projects without running up overall expenditures.

I'd like also to return to the topic of stock repurchases. At current prices, we expect to continue to repurchase Applera Corp.-Applied Biosystems shares during the first quarter of fiscal 2008, as our current cash position gives us the flexibility to return value to shareholders through buybacks while retaining sufficient financial resources for strategic opportunities.

The Group believes this outlook and its fiscal year 2008 financial performance could be affected by a number of factors and other risks and uncertainties outlined in today's press release and in our filings with the SEC.

These comments reflect management's current outlook. Applera does not have any current intention to update this outlook and plans to revisit the outlook for its businesses only once each quarter when financial results are announced.
Thank you, we'll now take your questions about Applied Biosystems.

Peter Dworkin
In the second half of our call today, Tony White will make introductory remarks about Celera and then Celera President Kathy Ordoñez will review the Celera business. Also on the call today for the Q&A portion are these other Celera executives: Stacey Sias, Chief Business Officer; TomWhite, Chief Scientific Officer; Joel Jung, Vice President of Finance, and investor relations senior director David Speechly.

For those who may have just joined us this morning, please note that during this call we will be making forward-looking statements about the Company's businesses. These statements are subject to the risks and uncertainties relating to our businesses and corporate structure that are referred to in the releases issued this morning and in Applera's filings with the Securities & Exchange Commission.

Tony White
Thank you Peter, and good morning everyone.

Celera made good progress over the past quarter and year in its endeavor to exploit growth opportunities in molecular diagnostics. The business has been successful in maintaining a mix of innovative and diverse product offerings, which we believe are complemented by near- and long-term revenue and potential earnings growth drivers.

We enjoyed some important achievements this quarter, most notably the approval in the U.S. of the HIV-1 assay that runs on the m2000™ system and we continue to have keen expectations for this system in fiscal 2008. From a financial perspective, end-user revenues have increased consistently and we have maintained tight control over expenses. Together, these have ensured a reduction in losses in line with what we anticipated when we repositioned the business around its core competence in molecular diagnostics in January of last year. Celera remains committed to leveraging its assets and the breadth of its product mix toward long-term growth and the creation of shareholder value. Overall, the business is in a strong position and is on track to achieve its goal of profitability by the end of its 2008 fiscal year.

I'll now hand it over to Kathy Ordoñez who will discuss Celera in more detail.

Kathy Ordoñez
Thank you Tony and good morning everyone.

This was another productive quarter for us as we maintained momentum in sales of key products and made important discoveries in our genomic studies. End-user revenues were a record $27.0 million in the fourth quarter of fiscal 2007, up 20 percent compared to $22.5 million reported in the same quarter last year. Increased sales of HIV and HCV viral load, chlamydia, and gonorrhea Real-Ti*m*e assays used on the *m*2000 system, as well as high resolution human leukocyte antigen products and Fragile X and thrombosis related ASRs, all contributed to the year-over-year growth.

For fiscal 2007, end-user revenues were $100.3 million, up 26 percent compared to $79.5 million in the same period last year. Last year's number included $3.6 million of end-user revenues related to the low resolution HLA product line that was removed from the alliance in December 2005. Excluding this amount, end-user revenues increased 32 percent year-over-year.

One of the highlights in this last quarter was the approval in May of the HIV-1 Real-Ti*m*e assay on the *m*2000 system, albeit somewhat later than we had originally anticipated, allowing less time in the quarter to record sales in the United States. As part of the outlook we provided last quarter, we indicated that depending on the timing of the U.S. approval, and consequent uptake of the m2000 in the U.S., total end-user revenues could be below our forecasted range of $105-$115 million. Consequently, total end-user revenues were lower than what we had targeted. None-the-less, we have seen a sustained contribution to growth in end-user revenue from the *m*2000 system.

Celera has recently been involved in key account marketing activities, a component of which is a targeted outreach to clinical labs and physicians to highlight the importance of quantifying all sub-types of HIV-1, including sub-type O and other rare variants. No other realtime system is capable of accurately quantifying all HIV-1 sub-types.

I'd like to take a moment to provide some additional color on the *m*2000 market dynamics and give you an update on product trials and expected launch dates. At June 30, 2007, there were approximately 350 *m*2000 units in the field, an increase of approximately 200 since June 2006. Of the current total, approximately 290 were either sold or placed under reagent rental contracts, with the remainder in the demonstration, evaluation, set-up and/or validation process. This growth in the installed base highlights the favorable adoption and market acceptance of the system since its launch 2 years ago.

There are five tests available on the *m*2000 system in Europe and we expect Abbott to complete the chlamydia and gonorrhea trials here in the U.S. shortly. We anticipate FDA clearance of these tests during the second half of this fiscal year. While this is a highly competitive market, with our broad menu of tests, wide dynamic range, ease of use and numerous other competitive factors, we expect to see continued customer acceptance of the system.

We made substantial progress in our cardiovascular program providing opportunities for future growth. These include molecular tests intended to optimize statin and aspirin therapy and others to identify people at risk for coronary heart disease, stroke and thrombosis. Some of these discoveries are expected to be published in peer reviewed journals in the coming months. While we have not yet licensed any of these findings, we expect they will be commercialized this fiscal year and that cardiovascular disease will become an important strategic focus for Celera in the future.

Overall, we had a successful fiscal 2007. Both our fiscal 2007 net loss from operations and cash consumption were substantially improved versus the guidance we provided a year ago. We laid a firm foundation upon which to build a diverse product portfolio. The *m*2000 is now being sold in nearly all markets. Specialty Laboratories launched its HCV Liver Fibrosis GenoTypR™ test based on our Cirrhosis Risk Score findings, and we executed a license agreement with LabCorp which is expected to form the basis for two commercialized laboratory developed breast cancer tests by the end of this calendar year.

The current fiscal year holds much promise as we expect to move the business into profitability by continuing to grow revenues substantially and controlling our operating expenses. In line with this and as previously articulated, we rebalanced our R&D investments by shifting funding from discovery to development, and we reduced our proteomics-based activities in this last quarter. This reduction accounts for the $0.5 million charge for employee-related costs described in today's press release.

Now, Dennis Winger will make a few comments regarding the financial results for Celera and our financial outlook for fiscal 2008.

Dennis Winger

Thank you, Kathy.

As much of the financial information is contained in this morning's press release, I will limit my remarks to providing some additional color.

In the fourth quarter of fiscal 2007, Celera reported a net loss of $7.8 million, or $0.10 per share, for the fourth quarter of fiscal 2007 ended June 30, 2007, compared to a net loss of $5.3 million, or $0.07 per share, for the fourth quarter of fiscal 2006. The fourth quarter fiscal 2007 results included pre-tax restructuring charges of $3.8 million for an additional asset impairment associated with the previous decision to exit small molecule drug discovery and development and $0.5 million for employee-related costs, primarily severance. The fourth quarter fiscal 2006 results included a $5.3 million pre-tax charge for restructuring costs associated with the decision to exit small molecule drug discovery and development and the integration of Celera Diagnostics into Celera. The fourth quarter 2006 results also included revenue of $8.6 million from the sale of certain small molecule drug discovery and development programs.

In the fourth quarter of fiscal 2007, equalization payments from Abbott were $3.9 million compared to $5.4 million in the prior year quarter, due primarily to Celera's favorable cost of goods within the alliance over the prior year quarter.

In the recent quarter, R&D expenses decreased by $2.2 million compared to the same quarter last year, primarily due to the decision to exit small molecule drug discovery and development.

Celera ended the recent quarter with cash and short-term investments of approximately $561 million, down about $8 million for the year.

The guidance that we can provide for Celera for fiscal 2008 is as follows:

- Total reported revenues are anticipated to be $60 - $65 million.

- Reported R&D expenses are anticipated to be $40 - $45 million, and SG&A expenses are anticipated to be $30 - $35 million.

- Celera anticipates that it will approach break-even for the full year including FAS 123R charges (accounting for stock based compensation) and will be profitable in the fourth quarter. The total pre-tax impact of FAS 123R in fiscal 2008 is expected to be approximately $5 million, with an EPS impact of approximately $0.04.

- Celera currently expects to consume less than $10 million in cash and short-term investments to fund operations and anticipated growth in placements of the *m*2000 system. This does not include any proceeds that might be received from the sale of Celera's small molecule facility in South San Francisco, CA.

- For business milestones, Celera expects to commercialize at least two of its cardiovascular tests, add additional licensees for its breast cancer and cirrhosis tests and secure other licensing and collaboration partners.

The Group believes this outlook and its financial performance could be affected by a number of factors and other risks and uncertainties outlined in today's press release and in our filings with the SEC.

These comments reflect management's current outlook. Applera does not have any current intention to update this outlook and plans to revisit the outlook for its businesses only once each quarter when financial results are announced.

We will now take your questions regarding Celera.

Peter Dworkin
Thank you for participating in this call today. Management's remarks will be posted within the hour on our websites. The audio replay will be available later today using the phone numbers listed in today's press releases.

Forward-Looking Statements
Certain statements in this press release, including the Outlook section, are forward-looking. These may be identified by the use of forward-looking words or phrases such as "believe," "expect," "should," "anticipate," and "planned," among others. These forward-looking statements are based on Applera Corporation's current expectations. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for such forward-looking statements. In order to comply with the terms of the safe harbor, Applera Corporation notes that a variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in such forward-looking statements.

The risks and uncertainties that may affect the operations, performance, development, and results of Applied Biosystems businesses, including its activities in the clinical diagnostics instrumentation market, include but are not limited to: (1) rapidly changing technology and evolving industry standards could adversely affect demand for Applied Biosystems' products, and its business is dependent on development and customer acceptance of new products; (2)

Applied Biosystems' sales are dependent on customers' capital spending policies and government-sponsored research; (3) Applied Biosystems has significant overseas operations, and fluctuations in the value of foreign currencies could affect Applied Biosystems' financial and operating results; (4) Applied Biosystems' growth depends in part on its ability to acquire complementary technologies through acquisitions, investments, or other strategic relationships or alliances, which may not be successful, may absorb significant resources, may cause dilution, and may result in impairment or other charges; (5) Applied Biosystems may be subject to liabilities related to its use, manufacture, sale, and distribution of hazardous materials; (6) some of Applied Biosystems' principal facilities are subject to the risk of earthquakes, which could interrupt operations; (7) Applied Biosystems' products are based on complex, rapidly developing technologies, which has resulted in some ongoing legal actions against Applied Biosystems and which creates a constant risk of lawsuits, arbitrations, investigations, and other legal actions with private parties and governmental entities, particularly involving claims for infringement of patents and other intellectual property rights; (8) some of the intellectual property that is important to Applied Biosystems' business is owned by other companies or institutions and licensed to Applied Biosystems, and legal actions against these companies or institutions could harm Applied Biosystems' business; (9) Applied Biosystems may need to license intellectual property from third parties to avoid or settle legal actions brought against Applied Biosystems; (10) Applied Biosystems is dependent on the operation of computer hardware, software, and Internet applications and related technology for its businesses, particularly those focused on the development and marketing of information-based products and services; (11) new clinical diagnostic instruments to be developed by Applied Biosystems may not receive required regulatory clearances and/or may not be accepted and adopted by the market; (12) Applied Biosystems relies on a single supplier or a limited number of suppliers for some key products and key components of some of its products; and (13) other factors that might be described from time to time in Applera Corporation's filings with the Securities and Exchange Commission. All information in this press release is as of the date of the release, and Applera does not undertake any duty to update this information, including any forward-looking statements, unless required by law.

The risks and uncertainties that may affect the operations, performance, development, and results of Celera's business include but are not limited to: (1) Celera is an early-stage company and may not achieve profitability when expected, if at all; (2) Celera's business is substantially dependent on maintaining its existing strategic alliance with Abbott Laboratories and entering into new collaborations, alliances, and similar arrangements with other companies, which may not be successful; (3) Celera does not have the resources necessary to develop therapeutic products and therefore will not be able to participate in the development or commercialization of therapeutic products other than through collaborations or licensing arrangements with other companies; (4) Celera is using novel and unproven methods to discover markers for the development of new diagnostic products and targets for the development of new therapeutics, which may not be successful; (5) clinical trials of therapeutic or diagnostic products may not proceed as anticipated, may take several years and be very expensive, and may not be successful; (6) diagnostic or therapeutic products may not receive required regulatory clearances or approvals; (7) the diagnostic and therapeutic industries are very competitive, and new therapeutic or diagnostic products may not be accepted and adopted by the market; (8) demand for diagnostic or therapeutic products may be adversely affected if users of these products cannot receive adequate reimbursement for these products from third party payors such as private insurance companies and government insurance plans; (9) the U.S. Food and Drug Administration has issued a draft interpretation of the regulations governing the sale of Analyte Specific Reagent products which could prevent or delay Celera's or its collaborators' or licensees' sales of these products and harm Celera's business; (10) Celera relies on access to biological materials and related clinical and other information for some of its research and development efforts, and such materials and information may be in limited supply or inaccessible to Celera; (11) Celera may be subject to product liability or other claims as a result of the testing or use of therapeutic or diagnostic products, including those commercialized through collaborators or licensees; (12) Celera relies on scientific and management personnel having the necessary training and technical backgrounds and also on collaborations with scientific and clinical experts at academic and other institutions who may not be available to Celera or who may compromise the confidentiality of Celera's proprietary information; (13) Celera may be subject to liabilities related to its use, manufacture, sale, and distribution of hazardous materials; (14) Celera's ability to protect its intellectual property is uncertain, its ability to protect its trade secrets is limited, Celera is subject to the risk of infringement claims, and it may need to license intellectual property from third parties to avoid or settle such claims; (15) Celera is dependent on the operation of computer hardware, software, and Internet applications and related technology; (16) an adverse outcome in legal proceedings involving Abbott could harm Celera's business and subject it to liabilities; (17) legal, ethical, and social issues related to the use of genetic information could adversely affect demand for Celera's diagnostic products; (18) future acquisitions by Celera may not be successful, may divert management from operations, may cause dilution, and may result in impairment or other charges; (19) the outcome of the existing stockholder litigation is uncertain; (20) Celera has limited commercial manufacturing experience and capabilities and relies on a single manufacturing facility for manufacturing its diagnostic products; (21) Celera relies on a single supplier or a limited number of suppliers for key components of certain of its diagnostic products; (22) Celera's principal facilities are subject to the risk of earthquakes, which could interrupt operations; and (23) other factors that might be described from time to time in Applera Corporation's filings with the Securities and Exchange Commission.

All information in this press release is as of the date of the release, and Applera does not undertake any duty to update this information, including any forward-looking statements, unless required by law.