



Q3'08 Earnings Conference Call

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President & CEO

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in vitro



in vivo

This presentation includes forward-looking statements, including financial projections. Reference to what we expect, believe, intend to do, plan, hope, estimate or other statements referring to future events or results are intended to identify those as forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties. Further information on risks faced by Caliper are included under the caption Factors Affecting Operating Results in Caliper's annual report on Form 10-K, filed with the Securities and Exchange Commission on March 14, 2008, and our most recent Form 10-Q filing. These SEC filings are available on the website maintained by the Securities and Exchange Commission at www.SEC.gov. Caliper does not undertake any obligation to update forward-looking or other statements in this presentation to reflect any change in Caliper's expectations with regards to such statements or any change in events, conditions or circumstances on which any such statements are based.

This presentation includes certain non-GAAP measures. Reconciliations of the Non-GAAP Financial Measures used in this presentation appear on slides 16 and 17 hereof.



Highlights

- Substantial progress on strategic reconfiguration
- Announced and closed two different divestitures of non-core product lines for approximately \$21M of proceeds
- Achieved \$34M Q3'08 revenue and was within guidance
- Delivered positive ebitda in Q3'08, despite substantial, anticipated loss of uF licensing and contract revenue from 2007 (\$4.8M)
- Achieved \$12M of accumulated savings from ytd 2008 actions
- Strengthened balance sheet w/ \$30M+ available cash expected on Jan. 1, 2009
- Striving to achieve breakeven ebitda in 2009 with strengthened balance sheet and top line momentum

Strategic Reconfiguration



2003

The Microfluidics Company

- Instruments
- Chips
- IP



2008

The Applications Company

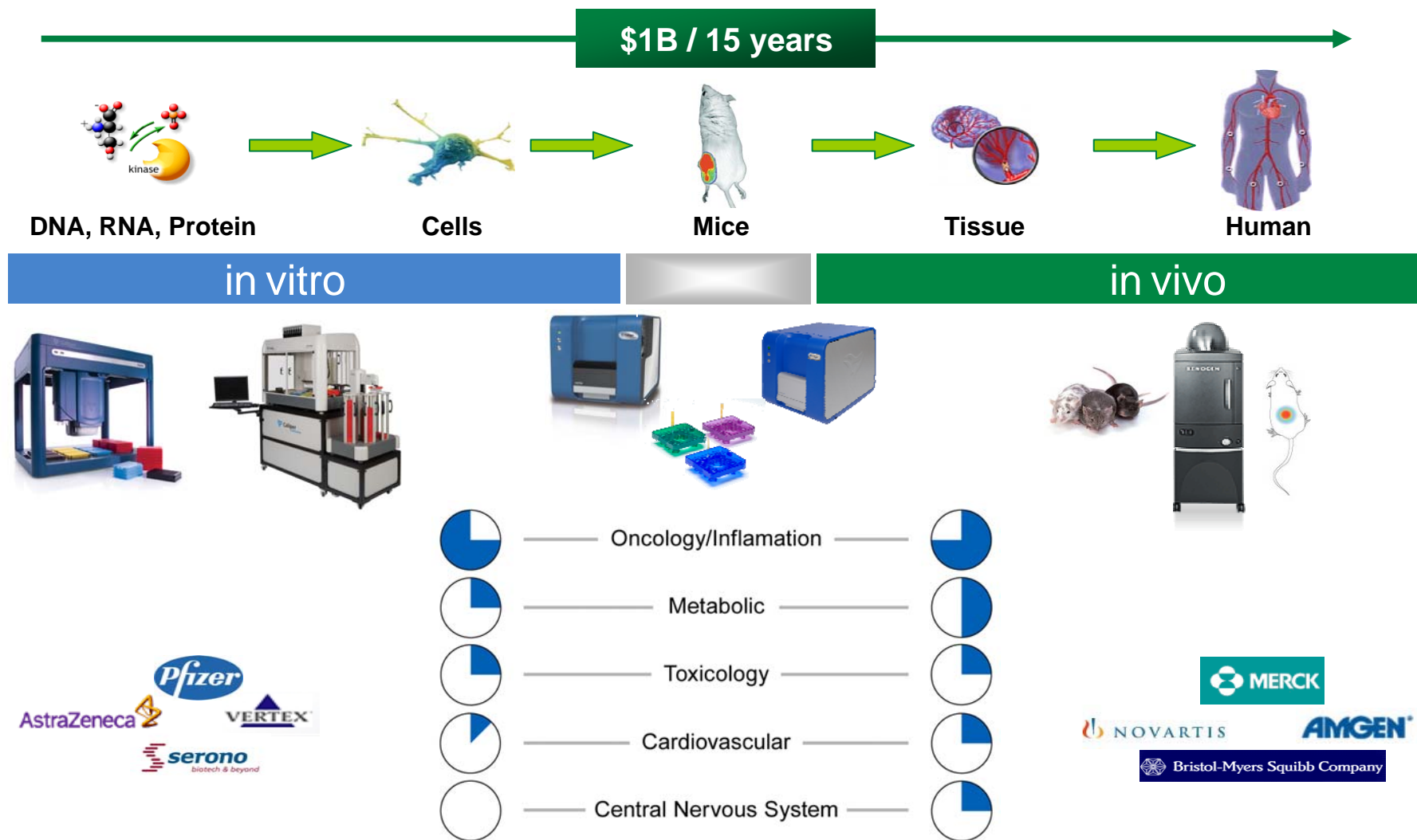
- Preclinical Drug Development
- Molecular Diagnostics platforms
- Nucleic acid, proteins, cells and small animals

- Define next generation applications and technologies
- Acquire and develop products, leveraging infrastructure
- Streamline for maximum efficiency and productivity
- Sharpen product focus and strengthen balance sheet
- Enhance growth and profitability with SBU focus



Strategic Reconfiguration

Define next generation applications and technologies



Strategic Reconfiguration

Acquire and develop products, leveraging CALP infrastructure

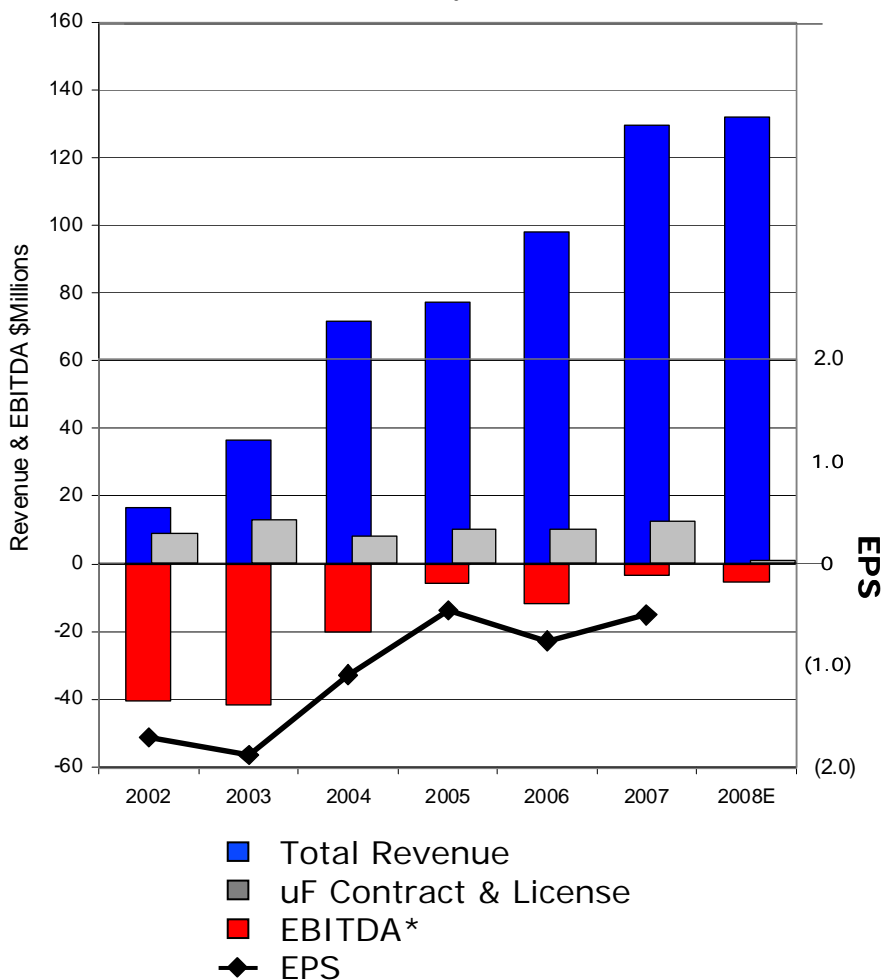
- Criteria: Market growth, competitiveness, IP and margins
- Microfluidics 
- Robotics  2003
- Services  2005
- Imaging  2006
- Today
 - Next Gen is 65% of total revenue growing double digits
 - Legacy products are profitable but have marginal to no growth



Strategic Reconfiguration

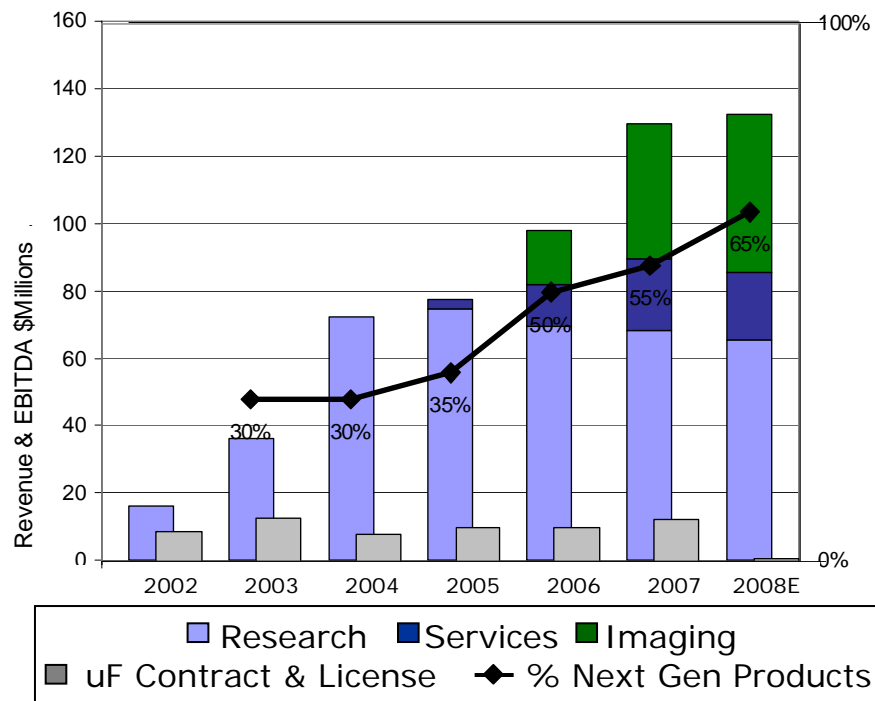
Acquire and develop next generation products, leveraging CALP infrastructure

Historic and Projected Growth



* See Reconciliation on Slide 16

Revenue Mix Transformation



- Reconfiguration enabled only \$2.5M red'n in '08 ebitda despite loss of \$8M ebitda associated w/ uF contract/license
- New "ebitda breakeven revenue" is appr. \$138M - \$140M
- New revenue mix should enable 8-10% revenue growth and nearly ebitda breakeven performance in 2009



Strategic Reconfiguration

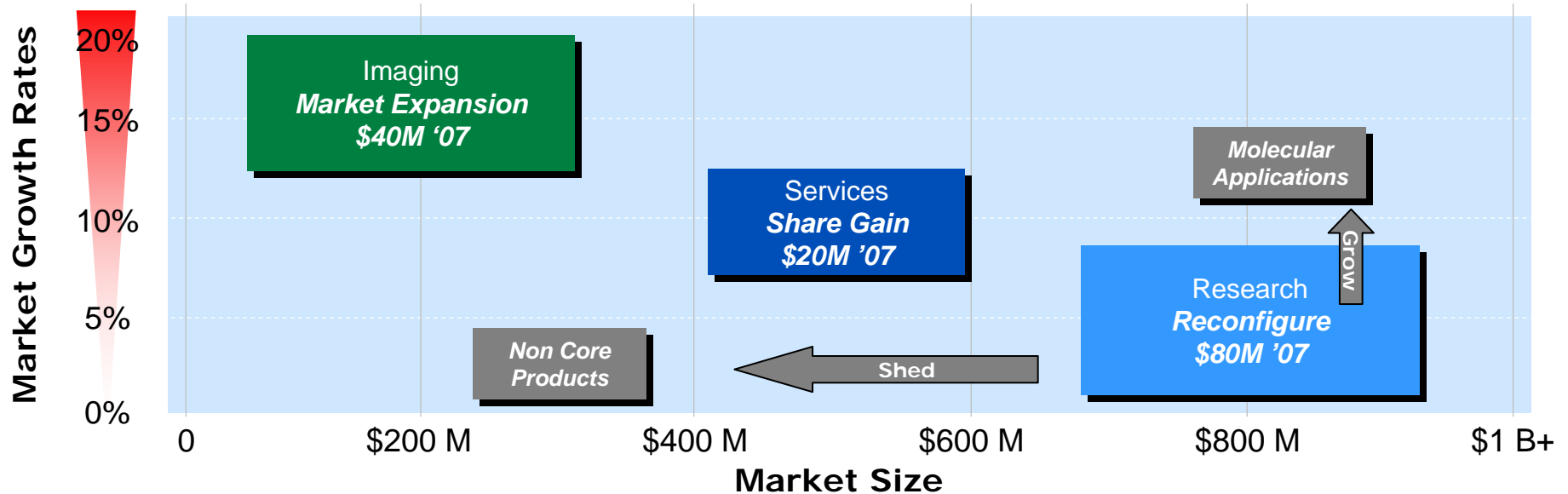
Streamline for maximum efficiency and productivity

<u>Initiative</u>	<u>Savings</u>	<u>Timing</u>
Termination of MV leases	\$3.8M	Q3'08
West Coast R&D consolidation	\$3.0M	Q1-Q3'08
S.B.U. Reconfiguration	\$2.6M	Q3'08
PDQ/AT/Europe Reconfiguration	\$2.5M	Q4'08 – Q3'09
5 yr sublease to Sotax	\$0.2M	Starting Q2'09
New Savings; Opex & COGS	<u>t.b.d.</u>	Ongoing
Total	\$12.1M + New	Most starting in 2009



Strategic Reconfiguration

Sharpen product focus and strengthen balance sheet



Imaging

- **Market Expansion:** Expand therapeutic areas & modalities

Research

- **Reconfigure:** Grow molecular applications and shed non-core products

Services

- **Share Gain:** Leverage patented Imaging & LabChip technologies



Strategic Reconfiguration

Sharpen product focus and strengthen balance sheet

<u>Products</u>	<u>Strategic/ Market Fit</u>	<u>2009 Rev</u>	<u>Proceeds</u>	<u>Timing</u>
PDO	Low	\$12 M	\$16M	Q4'08
AutoTrace	Low	\$ 3 M +	\$ 5M	Q4'08
Legacy	Low	t.b.d.	t.b.d.	Ongoing

- **\$21M of proceeds represents 180% price premium**
 - Assumes a 2009 revenue multiple as the basis for valuation
- **Estimated available cash of \$30M+ on Jan 1, 2009**
 - Assumes cash on hand, plus additional revolver debt capacity



Strategic Reconfiguration

Enhance Growth and profitability through SBU focus

<u>SBU</u>	<u>GAAP Growth</u>	<u>Pro forma Growth</u>		
	<u>Q3 Growth</u>	<u>Q3 Growth</u>	<u>2008 Growth</u>	<u>Med/Long-term Growth</u>
Research Products	-26%	-2%	6%	7%
Imaging	54%	53%	17%	15%
Services	-3%	-3%	-2%	12%
Total Revenue	-7%	12%	8%	10%

Note: Pro forma growth figures exclude PDQ, AutoTrace and 2007 one-time license and contract payments in microfluidics

(See Reconciliation on Slide 17)



Strategic Reconfiguration

Enhance Growth and profitability through SBU focus

<u>SBU</u>	<u>GAAP Growth</u>	<u>Pro forma Growth</u>		
	<u>YTD Growth</u>	<u>YTD Growth</u>	<u>2008 Growth</u>	<u>Med/Long-term Growth</u>
Research Products	-15%	11%	6%	7%
Imaging	29%	24%	17%	15%
Services	-5%	-5%	-2%	12%
Total Revenue	-3%	12%	8%	10%

Note: Pro forma growth figures exclude PDQ, AutoTrace and 2007 one-time license and contract payments in microfluidics

(See Reconciliation on Slide 17)



Strategic Reconfiguration

Enhance Growth and profitability through SBU focus

<u>SBU</u>	<u>Offering</u>	<u>Expected Q4 '08 / 2009</u>
Research	Launch Molecular LH & Staccato Q1 09 Grow Molecular LC Platforms Shed Non-core Product Lines	20 units / 100 units (up from 50 in 08) 30 units / 100 units (up from 70 in 08) t.b.d.
Imaging	Kinetics Real Time, Therapeutic Expansion	45+ IVIS units / 150 IVIS units
Services	EPA, Pfizer	\$1 M / \$5 M (up from \$3 M in 08)
Asia	Grow with Market	Expect 20% + Growth 2008 and 2009



Strategic Reconfiguration

Enhance Growth and profitability through SBU focus

<u>SBU</u>	<u>Longer-term</u>	<u>Impact</u>
Research	Plastic Chip LabChip Molecular NextGen Hand Held POC Dx	New Chip Economics Expansion into NextGen Sequencing Game Change Technology
Imaging	New Modalities - R&D - Acquisition	Market Expansion Leverages Leadership Position
Services	EPA, Other Pharma / BioTech	Increased Gross Margin Capitalizing on Outsourcing Trend
Asia	Explore Direct Channel Opportunities	Increase Margin & Accelerate Growth
Refined Selling Channel	Explore Partner Opportunities	Expand Market Penetration



Strategic Reconfiguration

Summary

- Caliper is streamlined and focused on three strategic business units
- Exciting “next generation” product portfolio – 65% of revenue is IP protected and focused on robust markets / applications
- Strong top line outlook driven by Imaging, molecular applications in Research / Dx and EPA
- Good opportunity to achieve breakeven cash profitability in 2009 with cost savings in place and strong top line trajectory
- Enhanced balance sheet with \$30M+ available cash Jan 1, 2009 with additional small opportunities to further focus our line
- Metrics:
 - Q4'08 revenue guidance \$34 M-\$37 M and ebitda breakeven
 - 2009: Striving for 8 – 10% revenue growth and breakeven ebitda (Expect to provide 2009 guidance in Q4 release in Q1'09 timeframe.)



Non-GAAP Financial Measures

Schedule I - EBITDA Reconciliation for the years ended December 31, 2002 through 2007 (In thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Notes</u>
GAAP Operating Loss	\$ (46,637)	\$ (52,843)	\$ (32,542)	\$ (14,549)	\$ (29,985)	\$ (23,828)	
Adjustments-							
Depreciation & amortization	5,795	10,169	10,020	7,138	12,730	13,914	(1)
Employee stock-based compensation	378	1,000	2,770	1,585	5,570	5,161	(2)
Restructuring and severance charges	314	11,535	6,018	(1,005)	258	711	(3)
Purchase accounting adjustments	-	-	-	-	1,876	1,038	(4)
Total Adjustments	6,487	22,704	18,808	7,718	20,434	20,824	
EBITDA (Non-GAAP)	<u>\$ (40,150)</u>	<u>\$ (30,139)</u>	<u>\$ (13,734)</u>	<u>\$ (6,831)</u>	<u>\$ (9,551)</u>	<u>\$ (3,004)</u>	

Use of Non-GAAP Financial Measures:

Caliper uses non-GAAP financial measures to supplement financial results which are presented on a GAAP basis. Caliper's management believes that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our results.

Notes to Schedule I

- (1) Depreciation and amortization charges related to long-lived tangible assets and amortizable intangible assets.
- (2) Non cash stock based compensation expense charges recognized in accordance with SFAS No. 123R.
- (3) Restructuring and severance charges related to acquisitions, workforce reductions and facility closures undertaken by management to control costs and improve the focus of its operations in order to reduce losses.
- (4) Deferred revenue and cost adjustments recorded in purchase accounting that reduce revenues and costs that would otherwise be recognized on a continuing GAAP basis.



Non-GAAP Financial Measures

Schedule II – Reconciliation of Non-GAAP Revenue Comparison for the Three and Nine Months Ended September 30, 2008

	Three Months Ended September 30,							
	GAAP		Non-GAAP Adjustments		Non-GAAP		GAAP	Non-GAAP
	2008	2007	2008	2007	2008	2007	% Chg	% Chg
Research	\$ 17,688	\$ 23,909	(2) (3,014)	(1) (4,723)	\$ 14,674	\$ 14,912	-26%	-2%
Imaging	10,588	6,866	(3) -	(2) (4,274)	10,588	6,923	54%	53%
Services (CDAS)	5,765	5,946	-	-	5,765	5,946	-3%	-3%
Total revenue	34,041	36,721	(3,014)	(8,940)	31,027	27,781	-7%	12%

	Nine Months Ended September 30,							
	GAAP		Non-GAAP Adjustments		Non-GAAP		GAAP	Non-GAAP
	2008	2007	2008	2007	2008	2007	% Chg	% Chg
Research	\$ 50,893	\$ 60,202	(2) (9,173)	(1) (10,953)	\$ 41,720	\$ 37,684	-15%	11%
Imaging	31,378	24,369	(3) 23	(2) (11,565)	31,401	25,387	29%	24%
Services (CDAS)	15,088	15,880	-	(3) 1,018	15,088	15,880	-5%	-5%
Total revenue	97,359	100,451	(9,150)	(21,500)	88,209	78,951	-3%	12%

Notes to Schedule II:

For purposes of comparing growth rates for each of the three principal areas of Caliper's business, the above non-GAAP table reconciliation excludes the following:

- (1) Reflects elimination of certain collaboration-related microfluidic license and contract revenue recognized during the three and nine-months ended September 30, 2007 which were concluded in 2007.
- (2) Reflects elimination of the revenues related to the PDQ and AutoTrace product lines divested in November 2008.
- (3) Reflects the add back of the deferred revenue adjustments recorded in purchase accounting that reduce revenues that would otherwise be recognized on a continuing GAAP basis.

We believe this is a useful measure in evaluating revenue performance among comparative periods, but these non-GAAP comparisons are not intended to substitute for GAAP financial measures.

