

# FINAL TRANSCRIPT

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

## **HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call**

**Event Date/Time: Apr. 03. 2009 / 9:00AM ET**

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

## CORPORATE PARTICIPANTS

**Robert Gannicott**

*Harry Winston Diamond Corporation - Chairman and CEO*

**Alan Mayne**

*Harry Winston Diamond Corporation - VP and CFO*

**Tom O'Neill**

*Harry Winston Diamond Corporation - President*

## CONFERENCE CALL PARTICIPANTS

**Irene Nattel**

*RBC Capital Markets - Analyst*

**Edward Sterck**

*BMO Capital Markets - Analyst*

**Terence Ortslan**

*TSO & Associates - Analyst*

**Raymond Goldie**

*Salman Partners - Analyst*

**Tanya Jakusconek**

*National Bank Financial - Analyst*

**Ali Motamed**

*Boston Partners - Analyst*

**David Christie**

*Scotia Capital - Analyst*

**Brian MacArthur**

*UBS - Analyst*

**Jacques Wortman**

*GMP Securities - Analyst*

## PRESENTATION

**Operator**

Good day, ladies and gentlemen, and welcome to Harry Winston Diamond Corporation's fiscal year 2009 fourth-quarter conference call. My name is Josh and I will be your conference coordinator for today. At this time, all participants are in a listen-only mode and we will conduct a question-and-answer session towards the end of today's conference. As a reminder, this conference is being recorded for replay purposes.

Please note that we will be making some forward-looking comments today. Various factors and assumptions were applied in depriving these comments and actual results could differ materially. The principal factors and assumptions that were applied and risks that could cause our results to differ materially from our current expectations are detailed in our OSC and SEC filings.

I would now like to turn the representation over to your host for today's call, your Chairman and CEO, Mr. Robert Gannicott. Please proceed, sir.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Thank you. Good morning, ladies and gentlemen. Thanks for joining us on this year-end and fourth-quarter results call. Obviously for people in the diamond business or indeed most other commodity businesses, the present challenge is survival rather than near-term earnings power. We've taken a conservative approach to the uncertainties of the immediate future and prepared for a prolongation of current conditions rather than the expectation of near-term recovery.

We paid down debt but are taking write-downs to better align book values with depressed equity market valuations. The majority owner and operator of the Diavik Mine, Rio Tinto, has taken the same approach with deferral of capital expenditures and a reduction in operating costs through production cuts as all participants in the diamond industry adjust production levels to the diminished needs of their customer base.

Diamond markets have stabilized considerably over the past two months as rough diamond prices adjust against the new levels of polished diamond prices. This means that diamond prices have recovered somewhat from their lows as the supply pipeline has emptied in response to severely diminished credit. It will, however, take a resurgence of consumer demand to return prices to the levels of late last year.

I will now turn the call over to Alan Mayne, our CFO, who will present the year-end and fourth-quarter numbers. Alan will be followed by Tom O'Neill, our President responsible for the retail and wholesale businesses. I will then return to wrap up before we take your questions.

---

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

Thank you, Bob, and good morning. The significant adverse changes in the global economy that began in the third quarter of fiscal 2009 accelerated at an unprecedented pace that by the fourth quarter conditions in the rough diamond and luxury retail industries were the worst in decades. The Company's consolidated sales decreased 37% and earnings from operations were down 83% for the fourth quarter this year compared to the comparable quarter of the prior year.

For the quarter, we reported a net loss of \$73 million or \$1.19 per share, compared to net earnings of \$90.4 million or \$1.55 per share in the fourth quarter last year. Two significant items had a material influence on our income statement to lower earnings from operations. We recorded an after-tax gain on an insurance settlement of \$9.9 million or \$0.16 per share that resulted from the December 2008 robbery at the Harry Winston Paris salon. Also, management assessed the carrying value of its reporting units and determined it was appropriate to take a non-cash write-down of the goodwill relating to the retail operations of \$93.8 million or \$1.53 per share.

For the year ended January 31, 2009, the Company recorded sales and net earnings of \$609.2 million and \$70.1 million or \$1.15 per share compared with \$679.3 million and \$106.4 million or \$1.82 per share respectively last year.

Now let me spend a few minutes on the financial review of our mining and retail segment performance in the fourth quarter. During the quarter, mining sales decreased to \$51.1 million from \$103.2 million in the same period last year. This 51% decrease resulted from lower sales volumes and prices compared to the fourth quarter last year. Notwithstanding this drop in sales, the mining segment recorded a gross margin rate of 32.2%, highlighting the benefit of the low-cost producer status the Diavik Diamond Mine enjoys.

The retail segment recorded a 21% decrease in sales in the fourth quarter to \$67.3 million from \$85 million last year. The gross margin rate excluding the impact of sales of pre-acquisition inventory was 50.1% compared to 47.4% in the same period last year. Gross margin in the fourth quarter of the prior year was impacted by a significant wholesale transaction of jewelry items to the Russian market, which generated a lower than average gross margin.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

SG&A expenses in the quarter were \$35 million compared to \$38.9 million in the same period last year. On March 19, 2009, the Company announced a strategic investment by Kinross Gold Corporation. This transaction closed on March 31, 2009 and Kinross made a net investment of \$150 million to acquire an indirect interest in the Diavik Diamond Mine and a direct equity stake in the Company. With the closing of this transaction, the Company repaid the full amount outstanding of \$49.2 million under its senior secured term and revolving credit facilities related to the mining segment.

The Kinross transaction will have an impact on our results for the first quarter of fiscal 2010. The Company will be required to report the dilution effect on the income statement. To give you a sense of the order of magnitude of this, if the transaction had closed on January 31, 2009, the Company would have recorded a non-cash dilution loss of approximately \$30 million in respect of its interest in the Diavik Diamond Mine.

Now let me turn the presentation over to Tom to discuss the retail business in more detail.

**Tom O'Neill** - Harry Winston Diamond Corporation - President

Thanks, Alan. Good morning, everybody. Our fiscal year ending January 31, 2009 on the retail side can be divided into two distinct parts. The delineator between the two parts was mid-September of 2009. Up to this point, our business was remarkably strong. We had seen our sales grow at an impressive rate of 23% through the first and second quarters of the year. On a stand-alone basis, we were tracking at a gross margin of 47.3% and an SG&A of about 45% of sales with operating profit at \$3.5 million or 2% of revenue.

Our third quarter started out on firm footing but we found ourselves on less solid ground beginning in mid-September. Third-quarter sales ended at an increase of 8% pushing our nine-month sales to 18% compared to the previous year.

The trend halfway through the third quarter continued into the fourth quarter. Our sales fell off 21% in the fourth quarter, leaving our year-on-year sales increase at 6%.

Our gross margin in the fourth quarter of 49% was in line with our expectation and we finished the year with a consolidated gross margin of 47.5%. SG&A for the fourth quarter came in at 52% and 48% of revenues for the fiscal year, which was consistent with the prior year.

Virtually all of our regional markets with the exception of Japan showed strong sales in the first half. Following the shift in consumer spending in mid-September, we experienced a shift in the composition of our retail store customer base. On an annual basis, our Middle East, Russian, and Asian customers increased by 50% while our Japanese customers fell by 2% and most notably, our US client base fell by 18% for the year.

Strong sales to non-US clients offset the slowdown with our US customers. This has been a discernible trend for the past few years and is at the heart of the client diversification strategies that we have implemented, particularly through our international store expansion program.

Retail store sales volume in the fourth quarter is heavily dependent on gift purchases, which tend to be at the lower end of our price range. Generally gift purchases fall into a price range below the US \$100,000 and we booked a decrease of about 4% in this segment for the year while in the segment greater than \$650,000, we saw a near doubling of sales and at a 7% increase in the segment above US dollars \$850,000. The largest drop in price point sales was in the \$250,000 to \$650,000 range and it was down about 13%.

In Paris, sales in the latter part of the year were impacted by the robbery in December. The inventory loss was fully covered under the terms of our insurance contract. We are moving forward to continue our business in Paris, which is an important center for our private jewelry sales.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

We opened one store in the fiscal year in Costa Mesa, California and it is performing better than we had anticipated including through the holiday season. Part of our plan this year is to focus on Asia and we are on schedule to open our new store in Singapore this coming summer. If other opportunities arise in Asia later in the year, we would consider them.

This year we have launched our new advertising campaign which highlights our New York heritage and together with the campaign we will introduce our new jewelry collection and watches centered on the New York team.

With the turn in sales that we experienced in the last quarter, we implemented cost control measures and austerity programs including a hiring freeze, a redundancy program that resulted in releasing approximately 40 employees, no salary increases, travel restrictions, in addition to reductions in inventory purchases and in capital expenditures, the benefits of which will be realized in the current fiscal year. We are prepared to make further actions to take further actions in the event that our sales prove softer than we had planned. So far this year, we are exactly where we plan to be.

Yesterday was the closing of the Basel Fair in Switzerland, where Harry Winston markets our timepieces and jewelry to a limited number of select retailers on each year. The mood was discernibly upbeat and our accounts have confirmed current orders and placed new orders that together bode well for later in the year when the product will be delivered.

Our new Opus 9 limited watch series was a showstopper and we expect it to be fully subscribed. A new lady's watch as well as six high jewelry watches were also introduced at the Basel Fair and will be available in our stores and through our retail accounts later in the year.

Times are changing -- times are challenging, certainly, and Harry Winston has responded with both intensified marketing efforts and meaningful cost reductions that will position us to weather the economic storm. We believe that the strength of our brand and our international business model places us in an optimum position to benefit as the world's economies recover. Our retail and our wholesale business remain fundamentally sound.

So now let me turn it back over to Bob.

---

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Thanks, Tom. Well, Alan referred earlier to the investment by Kinross in our business as this investment by one of the world's leading mining companies recognizes the value of our business and the underlying quality of our assets. The Diavik Mine is one of the highest margin diamond producers in the world; even in this very challenging environment it continues to generate a positive margin. We have now soundly prepared all of our business segments to weather the uncertainties of the present as we prepare for the earnings power of the future.

The diamond business is underpinned by the secure historical association of diamonds with marriage ceremonies in many cultures around the world. Diavik is a premium diamond deposit and Harry Winston a premium diamond brand. Together they are the premium diamond investment platform in anticipation of world commercial recovery.

So thanks for listening to us and we're now ready to listen to you and to respond to your questions. So over to you, Josh.

---

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Irene Nattel, RBC Capital Markets.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Irene Nattel** - RBC Capital Markets - Analyst

Thanks and good morning, gentlemen. In your remarks you referred to the changes in demand on an annual from the different geographic customer segments. But could you talk a little bit more about what you've seen since mid-September and whether we can still see or expect to see reasonable demand coming out of non-US and non-Japan customers?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

Hi, Irene. Yes, I think that's what's happening in the market. I think if you follow the luxury goods and the retail center, so you see that it's fairly consistent with what's happening in the world.

**Irene Nattel** - RBC Capital Markets - Analyst

Okay, that's great. And then just looking at I guess the credit situation in the retail piece, you've drawn down just about \$200 million of your credit facilities and we are now heading into the part of the year where typically we see the weakest results for the next six months. Could you talk a little bit about how you expect your credit position to evolve and whether you think that you're going to actually have to dip into sort of like the amount above \$250 million?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

I think what I would do is just let me take you through the components of the retail debt just so you've got it. The retail debt is comprised at the year-end of about \$180 million drawn on the syndicated credit facility. So whilst you have total debt of about \$218 million, only \$180 million is drawn on the syndicated credit. So we've got quite a bit of capacity there.

There's a mortgage as you know on the Geneva watch facility for \$15 million and then there's some drawings that we took down locally in Japan for about \$25 million. Of that, \$5.5 million is in long-term debt and \$11.3 million is in bank advances. So what I would say to you is we have about \$70 million of capacity to the credit limit on the retail side. Obviously as you know, there's a borrowing base driven off eligible inventory and receivables that is lower than that limit. But again, based on our modeling, we do not expect to draw even anywhere near what our eligible borrowing base is.

And I think the reason for that is we do have through proceeds in from the insurance settlement. We are going to be judicious in terms of replenishing inventory and on making any capital expenditures this year.

**Irene Nattel** - RBC Capital Markets - Analyst

That's great, thank you.

**Operator**

Edward Sterck, BMO Capital Markets.

**Edward Sterck** - BMO Capital Markets - Analyst

Thanks very much. Good morning, gentlemen. I've got a couple of questions. First of all, you've already sort of touched on the impacts of the disposal of the share in Diavik to Kinross. Could you be more specific possibly on what the carrying value of the assets that's being disposed of is?

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Tom O'Neill** - Harry Winston Diamond Corporation - President

Well, first of all, what I would say is it was not a disposal. It was an issuance of new treasury units in the partnership, just to be absolutely clear. I mean, I guess you can derive the value, the carrying value if you want to get to that \$30 million. The subscription was for 22.5% for \$104 million. Grossing that up, you get an implied value for a 100% of the asset and you have the dilution loss of 22% at \$30 million. So it implies a book value of around \$600 million for the investment.

**Edward Sterck** - BMO Capital Markets - Analyst

Versus the \$800 million that you are carrying at the moment?

**Tom O'Neill** - Harry Winston Diamond Corporation - President

No.

**Edward Sterck** - BMO Capital Markets - Analyst

Okay, sorry. Then just moving onto the next question, you basically -- you also highlight that you have some losses that you can offset against future income taxes in certain jurisdictions. Could you possibly elaborate on which jurisdictions those would be?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

They are primarily in the United States in the retail business and obviously that will be dependent upon future profitability of our salons in the United States.

**Edward Sterck** - BMO Capital Markets - Analyst

Okay, thank you. Then also just on Diavik, obviously I know that the plans are fluid at the moment and at the end of April there will be more detail, but CapEx for this year is highlighted as being around \$75 million. How much of that is likely to be eliminated from the curtailment of the underground developments? Or considering the fact that underground development is going to be seen through to completion just before going into full production, will most of that still be spent?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

We can't really be numeric about that. It's not because we are being coy. We just don't have it yet. We actually -- just to put some color on it, though, we are on our way up to Yellowknife this weekend to actually sit down and find out what can be found out at this stage. What I would stress is that Rio very sensibly responded rapidly; have determined that they by making these production cutbacks, that there are real savings to be made. And also by deferring a substantial amount of the underground capital, there are real savings to be made.

They have also determined that in doing so they have -- the whole objective of this was to keep the project both on -- if you take capital and operating expenditures to make sure that the project remained cash positive through the next two years. That's their objective and they believe that they will achieve that. However, the details -- there's some flexibility on where -- which orebodies ore could be released from throughout the year.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

There is a high-grade section of A-154 South in front of this. There's lower grade material in A-418. So they are delivering the same tonnage of ore to the mill. There's a flexibility in how many carats can be produced and that will be dependent on the appetite of the diamond market as we go forward from here.

So the whole intent is to cut down capital expenditures to a minimum, reduce operating costs, but to remain flexible to changes in the diamond market driven by world economic conditions. Beyond that, I'm not sure -- we are quite happy to try and deal with any specific things you have but you can sort of see that we don't have much more to put on this than that at the moment.

---

**Edward Sterck** - *BMO Capital Markets - Analyst*

That's fair enough. I understand. Okay, I've just got two final very quick questions then. One is what is the Singapore salon to open? And the second one is slightly circling back on things said, could you speculate possibly on what the impact on operating costs would be from a shutdown, the two shutdowns [facilities] that you intend to undertake?

---

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Well, since I'm already talking, I will talk about the shutdowns and here again it is the same problem, I'm afraid. There will be some numbers presented to us over the next week or so but I don't know what they are yet.

---

**Edward Sterck** - *BMO Capital Markets - Analyst*

Fair enough.

---

**Tom O'Neill** - *Harry Winston Diamond Corporation - President*

As for Singapore goes, we're hoping to open in the summer.

---

**Edward Sterck** - *BMO Capital Markets - Analyst*

Okay, thank you very much. That's all for me.

---

**Operator**

Terence Ortslan, TSO & Associates.

---

**Terence Ortslan** - *TSO & Associates - Analyst*

Good morning. From a point of view of the Basel, the jewelry show, I don't really understand what it means from your point of view. For your business specifically and for business in general, are you -- it's quite a prominent show in Basel and I just wanted to get to the bottom of what it means to you specifically and to the market?

---

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Well, it's actually a location where more than 80% of our orders for our watch business, which is in turn a very big segment of our jewelry and our retail and wholesale business.



Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Terence Ortslan** - TSO & Associates - Analyst

Okay, okay, and --

**Tom O'Neill** - Harry Winston Diamond Corporation - President

It's also a place where we preview the new designs to the press and obviously that has value in getting things ready for when they are in store as well as a limited amount of jewelry that we make available to a very few number of retail partners.

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Perhaps I should make it clear I guess that our watch business is primarily a wholesale business, where as opposed to our jewelry business, which is primarily a retail business. So it's at the Basel Fair that the wholesale transactions are committed for the watch business.

**Tom O'Neill** - Harry Winston Diamond Corporation - President

This is where the retailers come to see the new merchandise and then to place subsequent orders.

**Terence Ortslan** - TSO & Associates - Analyst

I appreciate it. And the way I was trying to gauge the way you saw the market is [here] for you, that is what I was trying to get to the bottom in terms of versus last year, let's say.

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Based on Basel?

**Terence Ortslan** - TSO & Associates - Analyst

Yes.

**Tom O'Neill** - Harry Winston Diamond Corporation - President

Well, it's anecdotal, really. It was quite busy for us. We didn't see a noticeable falloff in traffic into the installation from which we display our pieces and take our order book. As you can understand, I don't know if you've ever been there. It's a huge complex of probably seven or eight exhibition halls and we live in the watch exhibition hall.

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

I guess, Terry, where you are trying to get to is so what do we think the impact of current circumstances are on the watch business, a general narrative in particular. And I think the answer is about 25% in all cases. Is that what you were trying to ask?

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Terence Ortslan** - TSO & Associates - Analyst

Yes, yes, that's great. Just one other thing. I guess the market shift, Singapore great idea. Are you ready or are we ready for the Chinese market pretty soon? And any joint venture partners for that matter for that market to penetrate?

**Tom O'Neill** - Harry Winston Diamond Corporation - President

On the retail side?

**Terence Ortslan** - TSO & Associates - Analyst

Yes.

**Tom O'Neill** - Harry Winston Diamond Corporation - President

China is a market that we are very interested and we have one wholly owned location in Beijing and we have a distributor operated watch boutique in Shanghai. As opportunities will come up certainly between now and the end of this fiscal year in Asia and we have -- in my comments I had said we have targeted Asia as a place that's interesting for us because we've had very good success even during these trying times.

So we are keen on expanding the business in China and we will look at opportunity to opportunity. If there's a wholesale opportunity and I think that's what you mean when you say partner, then we would certainly consider it. We do have two or three formidable distributors now in Asia including China and we work with them quite closely. So if opportunities come up, we will certainly look at them. And we would look at Asia first before we would look anywhere else.

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Of course we do also have a store in Hong Kong, a store in Taiwan, and now a store in Singapore coming up, which are really servicing mainland Chinese customers as well.

**Terence Ortslan** - TSO & Associates - Analyst

And Paris of course. All right, thanks, guys.

**Operator**

Raymond Goldie, Salman Partners.

**Raymond Goldie** - Salman Partners - Analyst

Good morning. I have a question about your annual report that I know is consistent with what you've done before, but I have to admit I haven't been sure of and it is how to interpret the phrase reported on a one-month lag on page 12 of the current annual report presentation of Diavik's financials. Can I divide your 2009 Q4 diamond sales on page nine, which were \$51.1 million in fiscal Q4 '09 by the diamonds recovered 1.039 million carats on page 12 to get the average value per carat of diamonds?

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

I think I'd probably just start off, Ray, by saying per start the reason for the lag is because Rio Tinto are on a calendar year-end.

**Raymond Goldie** - *Salman Partners - Analyst*

I appreciate the reason, but I'm not sure whether it means you are actually reporting for the Diavik's numbers for the quarter ended January or not.

**Alan Mayne** - *Harry Winston Diamond Corporation - VP and CFO*

No, Diavik are on a calendar year-end, so we would -- for our January year-end, we pick up their 12-month results ended December 31, 2008. But as you can appreciate, we do not obviously pick up any revenue essentially. We pick up effectively costs and our share of the 40% interest in Diavik. As it relates to revenue, that's driven by our own sales cycle, which is linked to the production cycle. But otherwise is independent of the reporting measurement period for Diavik.

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Ray, could I suggest that if you want to get further into that, you might want to just call back in afterwards and talk to Alan or myself.

**Raymond Goldie** - *Salman Partners - Analyst*

Absolutely, thanks very much.

**Operator**

Tanya Jakusconeck, National Bank Financial.

**Tanya Jakusconeck** - *National Bank Financial - Analyst*

Great, thank you very much. I just have a few questions, one on the retail side and then obviously coming back to Diavik. I just want to know on the retail side just two things. What is the sustaining capital, Tom, that we need right now just to keep the stores going? We have previously talked about \$12 million per annum. I notice that it seems to be a bit lower, about \$9 million. Is sort of \$10 million the running rate that we should look at?

**Tom O'Neill** - *Harry Winston Diamond Corporation - President*

I would not look at \$10 million, Tanya. I mean, that \$10 million involved an opening and the finalization of CapEx on the Geneva watch factory. We are opening one salon. One is planned this year which we can build out for around \$1 million. We have the discretion on how we stock that, which doesn't flow through the CapEx line anyhow, but -- so we can manage that. Otherwise it's periodic CapEx for things that we really need to replace.

So I think in the current economic environment, it would probably be extremely -- it would probably be conservative from your perspective from a modeling point of view to be putting \$10 million in. I mean, we envisage a much lower capital expenditure number this year and I would probably say --

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Tanya Jakusconek** - *National Bank Financial - Analyst*

Would half be reasonable them?

**Tom O'Neill** - *Harry Winston Diamond Corporation - President*

Pardon me?

**Tanya Jakusconek** - *National Bank Financial - Analyst*

Would half, \$5 million?

**Tom O'Neill** - *Harry Winston Diamond Corporation - President*

I would say that I would like to keep it under half, but half wouldn't be unreasonable.

**Tanya Jakusconek** - *National Bank Financial - Analyst*

Okay and I guess the same for coming to the mine, I mean, we had once talked about sustaining capital for the entire mine at \$39 million US or \$40 million US. But that was running at the 2.3 million tons per annum rate. What would be the minimum sustaining that we would kind of need right now to keep that mine going? Even with the 12-week shutdown?

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Well, we just don't have a number on it, Tanya. I think you are just going to have to give us some time to be able to sit down with Diavik. And even then, I think this is going to be something that evolves through the year. I think you can sort of appreciate that instead of having a fixed plan, a fixed already schedule, a fixed amount of tons going through the mill, this is the kind of -- we are going to equip -- the mine is being equipped to operate as lean and mean as possible while still keeping the ability to accelerate again quickly if the diamond market improves.

So I am afraid it's going to be a bit like that. But we will give you access to everything that we get on this. I fully sympathize with the frustration of not being -- for us not being able to be as numeric as we would like to be about it, but I'm afraid that's just the way the world is at the moment.

**Tanya Jakusconek** - *National Bank Financial - Analyst*

Okay, maybe then just a generality on the mine, what percentage of your overall cost are fixed versus variable? Is 70% of the cost up there fixed that you're going to have to carry no matter what?

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Well, you can sort of understand then that the -- when you -- the reason that you save money when you do a shut down in a remote location like this, if you weren't in a remote location you might well elect to actually just reduce production to a lower because you could draw lower electricity demand off whatever grid is supplying you for example. But a remote location like this if you can actually shut down the main power plant and just run on the sort of reserve power plant because you are not

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

operating the mill at all. Then you make some significant savings and those are two items that would normally be considered fixed cost items.

So we are digging into fixed cost items, but I can't -- I don't think we can tell you at the moment how deeply we are going to be digging into them.

---

**Tanya Jakusconek** - *National Bank Financial - Analyst*

Okay, so all of these numbers before the end of April will be given to us?

---

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Yes, I mean as soon as we get something. But don't expect the precision that you have been used to before as it were because there will be a flexibility built into this.

---

**Tanya Jakusconek** - *National Bank Financial - Analyst*

Okay, and then maybe just my last question to do with the diamond market, DeBeers has mentioned that they don't see a recovery until December 2010. Is that your view or what view would you have in terms of (multiple speakers)

---

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Well, I don't think I am going to take a view forward. What I would like to do is tell you we are somewhat uniquely in the business of selling rough diamonds. We buy polished diamonds and we sell jewelry. That is a sort of very unique perspective on this business. For instance in the last month, we can track all of these things and of course and in the last month that was the first month since the middle of last year where we didn't see a decline in a single one of the polished diamond categories that we track and purchase.

So and other thing is then over the last two months, the sale, not the sale that we just recently completed but the one prior to that, one could see a sort of firming in the rough market but only in the sense that things were not falling further and there was some limited demand for some of the kind of items that can be very quickly turned into polished diamonds that are the core of the sort of bridal business, engagement ring demand. That was two months ago.

This last month, that demand had become much broader across all diamond categories and prices even up a little bit more. This is really, though, I just would emphasize that what we view this as rough prices that had really collapsed in a big way pulling themselves back up to be in a balance with the level of polish demand and polish prices. Polish prices, you know how complex this business is. Some polished items haven't gone down hardly at all. Some have gone down a lot and I guess if you wanted to take a stab at what the average is, it's somewhere in the 15% to 20% level that polished prices are down.

Rough prices have gone down more likely between 40% and 50%, so they have now come back up to sort of come back up to meet the level of the polish pricing. And the reason that that has happened is because on the retail side of selling the actual jewelry, the broader experience -- not just the Harry Winston experience -- but the broader experience is while demand down probably about 25%, people still get engaged and still get married, it is the more discretionary items that have fallen away.

But there is still this poor underpinning in this business and there's been a severe cutback by all the diamond producers, DeBeers and ALROSA almost departed the scene here. DeBeers sites very small, mines shut down. ALROSA hasn't been selling into the market. They've been just stockpiling into the Gokhran and then of course, the production cutbacks in Canada and now ourselves at Diavik.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

So probably those production cuts are more severe than the decline in the offtake at the retail and, but that was intentional in that it allows the pipeline to empty out. Is that a fairly complete --? That's our view of the world.

**Tanya Jakusconeck** - *National Bank Financial - Analyst*

Okay, and I guess we will take it quarter by quarter.

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Is this a bottom? We would love to think so. If it's not a bottom, it's certainly a plateau. And I would say that the fact that the people that are buying rough diamonds and have to polish them and be there for the time period that it takes to polish and sell them, the fact that they are back in the market prepared to pay a bit more indicates that they at least have some confidence that this is probably a bottom. That doesn't mean that any of us are right.

**Tanya Jakusconeck** - *National Bank Financial - Analyst*

Okay, and the lag between the rough to the polished pricing is in your opinion how long?

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

The lag between the rough and the polished pricing?

**Tanya Jakusconeck** - *National Bank Financial - Analyst*

Yes, in terms of by the time the rough pricing has dropped and by the time it kind of gets through the pipeline to the polished (multiple speakers)

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Yes, well I think there's certainly a lot of items the pipeline has cleaned out already. But obviously there are some items that it hasn't but I think we are well on the way.

**Tanya Jakusconeck** - *National Bank Financial - Analyst*

What would you say would be the rough timing?

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

I don't know. As I say, I think we're almost there. Maybe there's another two or three months before it actually -- we put up rates across absolutely everything.

**Tanya Jakusconeck** - *National Bank Financial - Analyst*

All right, thank you.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Operator**

Ali Motamed, Boston Partners.

**Ali Motamed** - Boston Partners - Analyst

A couple quick questions. First of all, am I correct in assuming that ex-retail we will be sitting with Kinross at approximately an \$80 million -- \$80 million to \$100 million net cash position?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Alan?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

Let me just do the quick mental math. We will have -- I would say it's probably \$10 million higher than that.

**Ali Motamed** - Boston Partners - Analyst

Okay, so \$110 million net cash. And now as we look at CapEx, I think you mentioned was potentially \$70 million this year or \$80 million?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

Well, again, I think as Bob has mentioned --.

**Ali Motamed** - Boston Partners - Analyst

So the high end was \$80 million?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

It will certainly come down from that, but we can't tell you how much.

**Ali Motamed** - Boston Partners - Analyst

Okay, so the high end was \$80 million. Cash taxes, we're going to have a nice payment due this year. That's correct, right?

**Tom O'Neill** - Harry Winston Diamond Corporation - President

That is correct.

**Ali Motamed** - Boston Partners - Analyst

So what is the range of that? That is more predictable, right?

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

That will be probably about, call it \$48 million.

**Ali Motamed** - *Boston Partners - Analyst*

\$48 million. So between CapEx and cash taxes, I mean theoretically worst case, we would wipe out all the cash, but I don't think that's happening. But then there's the operating performance of the mine now. If you take into account a 20% to 25% decline in volumes, 20% to 25% decline in pricing, we had a 50% decline in revenues in this quarter, which was probably the worst quarter I would imagine, because it was right in the heart of the financial crisis, you know, and we still made \$12 million from that mine.

Is it unreasonable to assume that at the very least, that mine will be able to produce? Because even if we shut down, we are shutting down effectively 20% of the year, which is in accordance with volumes; that that mine will be able to produce at least 4 times that \$12 million, because that's 50%. And even taking those declines I assumed gives you a number -- gives you only a 40% decline.

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

Well --.

**Tom O'Neill** - *Harry Winston Diamond Corporation - President*

Not sure we can keep up with that, but I think here again, you might be wiser to call back in after the call. Alan, do you want to try and take that?

**Alan Mayne** - *Harry Winston Diamond Corporation - VP and CFO*

I think, Ali, what -- I know where you are going. Can you annualize that performance? Obviously, it depends on where we end up on a mine plan in terms of what orebodies are going to be mined. Because as you know, there's different grades and also different costs associated with mining the different pipes.

So, for example, A-154 South where we are near the bottom of that pipe, it's got a very low stripping ratio, very low cost to production. You are into A-418 where we just -- where we've been putting the CapEx and we had all the prestripping costs into capital. When you look at the full cost including depreciation, there's a different cost profile associated with 418 versus 154 South, and there's a different revenue per carat profile.

I think what I can safely say without -- well, he's too far away to kick me, but I think the Diavik mine I think would, even under the potential plans we're seeing, would have a positive gross margin. I think it's difficult to estimate the fully costed, for example, including depreciation gross margin, because that's going to depend on the pipes we mine and also which parts of the pipes we are mining.

But on a cash basis, which we don't report non-GAAP measures here, but on a cash basis looking at the potential range of options here, we believe the Diavik mine would have a positive cash margin.



Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Ali Motamed** - Boston Partners - Analyst

And what it be --? It would be unreasonable to take that \$12 million? Because that's off a 50% decline and I understand that there's different -- you know different productivity of the different sections. So what's your take on the operating profit? You had a 50% decline this year as you talk about, you know, the way the numbers play through so far from a polished and the trends playing out. I mean what about operating profit even on a low range?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

I know, but as we said earlier on the call, how can you deal with operating profit when you don't have the cost (inaudible)? But that's why we are going to Yellowknife next week to start to get into. I am afraid we just can't -- it is not as I say, it is not like we are being coy, we just don't have it yet.

**Ali Motamed** - Boston Partners - Analyst

Okay, thank you.

**Operator**

David Christie, Scotia Capital.

**David Christie** - Scotia Capital - Analyst

Good morning, guys. Just a couple quick questions. I don't know if you can answer any of them or not. So let me just understand first of all for the April -- I am assuming we may have some kind of press release before the end of April here -- you will be able to tell us by then some kind of carat range of production from Diavik?

**Tom O'Neill** - Harry Winston Diamond Corporation - President

Yes, and it will be a range, Dave.

**David Christie** - Scotia Capital - Analyst

Well, it's always a range, right?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

A little more so because there's the optionality here to deliver ore from A-154 South, where there is no further stripping to be done and the grade is very high. The other option is to mine from A-418, where the grade is lower and there is stripping to be done. And the choice between the two is based on a view of what the appetite of the diamond market is at the time.

(multiple speakers) be arranged. In other words, we won't have -- normally we at least have a fixed already scheduled of where tons are going to come from and then of course the inaccuracy that then creeps in is the accuracy of the ore reserve calculation itself and the accuracy of whether or not we can perform against plan. But this year there's the additional thing of we have actually got choices about what type of ore is taken.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**David Christie** - Scotia Capital - Analyst

Right, and I guess A-154 South still had a little higher value per carat too, right?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Yes, well there is two rough units in A-418. One has a lower value per carat because it's finer grained. The other one that has about the same or perhaps slightly better value than A-154 South at least on the basis of the sampling.

**David Christie** - Scotia Capital - Analyst

Okay. I guess then if you -- if you are mining more A-154 South you're going to get a grade well over 4 carats per ton for the year where as if you (multiple speakers)

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Yes, the current sort of working phase in A-154 South, there is about more like 6 carats per ton.

**David Christie** - Scotia Capital - Analyst

Right, and if you mix it up a bit you'll be lower. So that will be an important number to know. Will you be able to give us some cost guards on a per ton basis or something like that?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Absolutely, that would be -- we will be able to be better on us. Obviously there will be a cost schedule put together, both capital and operating. We should be able to nail that one pretty well.

**David Christie** - Scotia Capital - Analyst

And of course CapEx. Okay, so we look forward to that for sure. I've got to move to the retail side very quickly here. In the past you guys have given us some guidance on expected margins or your forecasted percentage of SG&A percent of sales, that kind of thing. Do you have any guidance on any of that stuff?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

Dave, I think in the current environment we are in with the visibility the way it is, we are not going to give any guidance on where sales targets are margins or SG&A ratios. But as we get through the year, we are mindful of what you guys need but as we get through the year, we might be able to sharpen that. But right now, we are really only two months in so can't give you anything specific.

**Tom O'Neill** - Harry Winston Diamond Corporation - President

Of the retail side, retail watches the way I would characterize it is what we are doing here is watching very carefully and with a flexible budget in order to preserve our operating capacity both in manufacturing and retailing and keeping the image of the brand nicely shined up while making sure that it doesn't suck any money from us. That's really I would say the core objective for this year.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**David Christie** - Scotia Capital - Analyst

Okay, and now the term and revolving debt has gone on the senior side there for the mine, you have a little more capacity as a company I guess that way too.

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Sure, yes.

**David Christie** - Scotia Capital - Analyst

Okay. I guess we will wait to see when you have some idea of what's going on. Thanks.

**Operator**

(Operator Instructions) Brian MacArthur, UBS.

**Brian MacArthur** - UBS - Analyst

Good morning. Just to follow up on a couple of things here, first of all you talked about that \$48 million cash payment in taxes this year. I assume that's over and above the \$76 million that's coming out for the deferred that is on your accounts basically payable right now? So is that \$48 million going to be this year or next January?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

No, Brian, the \$48 million is part of the \$76 million that is in income taxes payable.

**Brian MacArthur** - UBS - Analyst

Okay, so you don't have to -- the rest of that is what I thought you always paid on a year delay. Why don't you have to pay all of that within the year, if you know what I'm saying?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

Well, we -- let's put it this way. We have the option not to pay that. The amount we definitely have to pay is about \$48 million. We have the option not to pay the balance.

**Brian MacArthur** - UBS - Analyst

Okay. Second question just -- I know you can't talk about Diavik, but just trying to get at the best, you talked about A-154 South has about 0.7 million tons at 6.1 carats per ton and then the rest of the open pit is A-154 -- or A-418. That's obviously what you are going to mine from this year if we are not going to do underground. But if I remember correctly, A-154 South originally had about \$20 to \$25 a carat more value. Now we've talked about how the markets imploded. Can you tell me whether -- obviously there's a different mix of diamonds and I understand A-418 is different. Have all those sort of come down the same amount or is there another equation there that you have more flexibility that there's better diamonds in one of the pipes, which would give you more value?

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

And when you say you're going to match it to the diamond market, you are talking about matching it by a value class if I want to call it that way as well too. Or should I just simply cut everything down proportionately?

---

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

First of all, Brian, it's not that we don't want to talk about Diavik. We are telling you everything we know about it. We are happy to tell you the rest when we do. But 154 South, the key differences between these sort of working phases at the moment is 154 South's stripping is finished. In other words, the rest of the ore is basically just taken by over deepening the bottom of the open pit. My recollection off the top of my head is that there's about on the order of 400,000 tons available to be taken out that way. The grade is high and the grade is higher than the reserve grade at least as is seen in the working phase at the moment.

The value of the diamonds is -- let's call it -- they are the higher valued diamonds. However, over in A-418 as opposed to A-154 South, which is really one rock unit basically -- at least on the basis of the reserve is carried as one rock unit. Over in A-418, that's not the case. There are two distinct rock units. One of them is finer grained than the other. Because it is finer grained, the diamonds have a finer size distribution and that means the value is lower and the value -- the contribution as it were the decrease in value as a result of that size frequency distribution is about 20% lower than the equivalence of A-154 South.

The other rock unit in A-418 has about the same size distribution as A-154 South and at the moment although we have not yet got really production run qualities of diamonds to look at, but at the moment seems to be somewhat better quality than A-154 South. So should be slightly higher price per carat. But as I say, we haven't had production runs, production scale runs of diamonds to sell from that particular rough unit yet.

So that takes you now to the problem on what do you do for looking forward this year? Well, I'm afraid that the ore release has this optionality in it. They won't be as sophisticated as if the diamond market thinks it would like bigger, wider diamonds, we can go and mine those. I am afraid, it is just going to be if the diamond market is starting to pick up fairly strongly, well, then production will be switched over into 154 South because for every ton that is mined in process, it delivers almost twice as many diamonds. And if the diamond market is softer than that, then we will stay in 418.

But I mean we can't be selective between the rock units in A-418. The whole lip has to be mined regardless of whether it's about 20% of one rock unit and 80% of the other or the reverse. I mean, we simply got to go down the pipe and take what's in front of you.

---

**Brian MacArthur** - UBS - Analyst

Okay, that's very helpful. So for the bear, I should just take whatever tonnage I think and take it all out of 154 -- 418 basically run it at lower carats per ton and then if we get more bullish, that's your flex. You go back into 154 (multiple speakers) and flip it up. There's not a value flip there or anything you can do as well either.

---

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Not really.

---

**Brian MacArthur** - UBS - Analyst

Okay, that's very helpful. Third question just you talk about remaining flexible, but I just wanted to be clear. How much -- normally you have to send everything up the winter road, fuel and everything. Did we send up fuel this year to run it at 2.3 million tons or could you -- do you actually conserve cash and figure it out early enough to save it or is it all set up for the maximum if for some reason we are all wrong and the world gets better in a hurry or something?

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Certainly some of the originally scheduled fuel delivery was reduced, but it was actually reduced not because of this but because we ended up with a bigger amount of fuel residing on site from last year than had been anticipated. So there was a reduction in the amount that was forecasted to go up there. However, no, we do have fuel on site to run at 2.4 million tons for the full year, so that presumably will translate into a reduced fuel delivery. It will translate into a reduced fuel delivery the next winter road.

**Brian MacArthur** - UBS - Analyst

Basically we are tying up a bit of working capital but have flexibility here I guess is the way to look at it. Is that right?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

That's right, but I mean I don't think -- there will be a summer shutdown. Obviously even if the diamond market were to get better, significantly better in the next month, you still -- employees have to be able to plan their lives as well and so there will be a summer shutdown for sure. I would say there is probably some optionality on the winter one, but too early to really get predictive about that.

**Brian MacArthur** - UBS - Analyst

And just one other last quick question. I read and if I remember I thought sometime this year and I realize the world has changed but I'm just curious what happened -- A-21 there was going to be some valuations done. Are you going to get some samples. Did that ever happen and did you get valuations and what actually were they based on? Was it a time when you got realistic today diamond market values or was it done like four or five months ago or something? What actually happened there?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Perhaps it's just as well that we do have the diamonds now. We've not yet done the valuations but we are ready to do it. I think we are pretty sure that it's going to turn out about like A-154 South at this stage. The other interesting thing that's come up there but I wouldn't get too carried away on it, there is the consideration of a mining method that doesn't require the construction of a watertight dike. It requires the construction of a burn to prevent sediment leaking out into the lake, but it doesn't require a diaphragm or dike, which is the expensive part of dike building.

And that -- this is being reviewed at the moment. And there will be some months before the operator can settle on whether or not they can feasibly do this and at what cost. But it does look attractive at this stage.

**Brian MacArthur** - UBS - Analyst

Sorry, just to be clear, when you said it turned out more like A-154 South, you are talking value distribution --?

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

I am talking about dollars per carat.

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Brian MacArthur** - UBS - Analyst

Dollars per carat, okay.

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

Grade is already known.

**Brian MacArthur** - UBS - Analyst

Thanks very much.

**Operator**

Jacques Wortman, GMP Securities.

**Jacques Wortman** - GMP Securities - Analyst

Good morning. Guys, I'm just trying to dig down on the carat, the realized price on the carats, how the trend went over the course of the quarter and linking that to sales versus production. The carat inventory seems to be essentially unchanged. So should we assume that you sold about one million carats at something like \$50 a carat or could sales have been lower than your proportionate share of the fiscal Q4 production?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

Jacques, we sold about 60% --60%, 61% of the production that you see in the release.

**Jacques Wortman** - GMP Securities - Analyst

Was that disclosed in your stuff?

**Alan Mayne** - Harry Winston Diamond Corporation - VP and CFO

No, we don't usually disclose the carats sold, so -- but given the variance to production, it's a fair question and our sales were about 61% of production.

**Jacques Wortman** - GMP Securities - Analyst

That's excellent. I really appreciate that. Because I didn't think you had a \$50 carat realized price.

**Robert Gannicott** - Harry Winston Diamond Corporation - Chairman and CEO

You didn't know. That's right. As you know, we all always have to struggle with this issue that we cannot disclose the price that we achieve because Rio sells the same product into the same marketplace. For antitrust reasons, we can't tip through public disclosure and it's awkward for us. It's a pain for you guys and I'm sorry about it, but --

Apr. 03. 2009 / 9:00AM, HW.TO - Q4 2009 Harry Winston Diamond Corporation Earnings Conference Call

**Jacques Wortman** - *GMP Securities - Analyst*

No, no, that's fine, that's fine. I'm just happy that you have provided this disclosure now. That's all I had. Thanks very much.

**Operator**

At this time, we are showing no further questions available. Mr. Gannicott, you may proceed, sir.

**Robert Gannicott** - *Harry Winston Diamond Corporation - Chairman and CEO*

That is it, I'm afraid. I don't have any further script. Thank you all very much for being on it and onwards and upwards. Thank you.

**Operator**

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