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Posted January 28, 2005

Applera Second Quarter Fiscal 2005 Conference Call

During the Applera second quarter fiscal 2005 conference call on January 27, 2005, our call service provider experienced logistical problems during the question and answer session of the Celera Diagnostics and Celera Genomics portion of the call. We recognize that some listeners may have dropped off the call before the service provider resolved the problems and that these participants may not be aware that the call continued. Therefore, we have posted a transcript of the Q&A related to the few questions we fielded during these last approximately 10 minutes of the call. That section of the transcript is available below.

Peter Dworkin – *VP-IR, Corporate Comm., Applera Corp.*

Okay. Operator, it appears that there are no further questions. So I'd like to thank everyone for joining us today and point out that Management's remarks should now be posted on our websites and also that the audio replay will be available later today using the phone numbers listed in today's Press Releases. Thank you.

Operator

Ladies and gentlemen, again, thank you for participating in today's conference. Mr. Dworkin?

Peter Dworkin - *VP-IR, Corporate Comm., Applera Corp.*

Yes.

Operator

Sir, we do have a question from Quintin Lai with Robert W. Baird.

Peter Dworkin - *VP-IR, Corporate Comm., Applera Corp.*

Okay. We would be happy to take the question.

Tony White - *CEO- Applera Corp.*

Well, that's kind of a problem because I think a lot of people might have hung up. But let's see what the question is.

Quintin Lai - *Robert W. Baird - Analyst*

All right. I've been hitting star, one for awhile now.

Tony White - *CEO- Applera Corp.*

Yeah, I have a feeling this is a phone problem, not something else, and God knows how many people

haven't been able to get through. We'll have to get to the bottom of this. But go ahead. I'm sorry.

Quintin Lai - *Robert W. Baird - Analyst*

Okay. Well, I guess to start with, let's start with the therapeutics program. You know, I noticed that the number of validated targets have increased from 16 to 20 from over one-quarter period and the number of additional targets from 83 to 106. As this number grows, how should we be looking at these new targets being shared with your current 4 collaborators?

Kathy Ordoňez - *Pres.-Celera Genomics & Diagnostics*

Are we--

Tony White - *CEO- Applera Corp.*

Go ahead. Go ahead. I think it's a pretty innocuous question.

Kathy Ordoňez - *Pres.-Celera Genomics & Diagnostics*

The assessment of the growth in both validated targets and proteins from our proteomics program is correct. And we have reached close to a steady state in growth in targets that's consistent with what you have seen. And based on that growth, we believe we now have probably twice as many targets coming along as our current partners will be able to handle, and so we are now working to determine how best to capitalize on that value. Robert, do you have any additional comments you would like to add to that?

Robert Booth - *Celera Genomics – Chief Scientific Officer*

Yes. Essentially pretty encouraging that the requirements for each of the collaborators has some different requirements for the targets they are looking at and the targets that are coming through appear to meet the requirements that each of those collaborators at Abbott, Genentech, and Seattle Genetics have. So our pipeline appears to be delivering in exactly the way that we hoped it was -- it would be.

Quintin Lia - *Robert W. Baird - Analyst*

Now, as you have started to provide the initial data to the collaborators, does now the -- do they pick up the ball now and it's up to them to carry to the next step, or what is Celera Genomics' role now?

Kathy Ordoňez *-Pres.-Celera Genomics & Diagnostics*

The type of collaboration that we have varies actually individually with the 3 key therapeutic collaborators. But I think it would be a fair assessment to say that most of the work now is on the side of the partner as they assess the various capabilities and programs they might want to put in place around these targets.

Quintin Lai - *Robert W. Baird - Analyst*

And does the providing of the data trigger any milestones to Celera Genomics?

Kathy Ordoňez - *Pres.-Celera Genomics & Diagnostics*

We have not disclosed when and how milestones would become available. When it's appropriate to talk

about that, we will do so.

Quintin Lai - *Robert W. Baird - Analyst*

Great. One moment.

Aaron Geist - *Robert W. Baird - Analyst*

Hey, everyone. It's Aaron Geist. We're having technical troubles on our end with the star, one issue. Going back to Celera Diagnostics, Kathy, if you could spend a couple minutes talking about your commercialization and time line strategy for the Fragile X and HPV product, that would be helpful? At AMP, it seemed like it was still sort of an early stage development project.

Kathy Ordoñez - *Pres.-Celera Genomics & Diagnostics*

The two projects are slightly different. Where we stand with each of them is in doing beta site testing, this is something that we do I think very well at Celera Diagnostics. We put together prototype products and work with them with our key customers, both here and in Europe, and in certain cases, in Japan. And that's where that stands right now. The feedback that we are getting on Fragile X is ahead of the HPV project and that feedback looks very promising. So that's where those 2 projects stand.

Aaron Geist - *Robert W. Baird - Analyst*

Would you say you envision these products coming into the U.S. market as ASRs, or as a fully-cleared product?

Kathy Ordoñez - *Pres.-Celera Genomics & Diagnostics*

Our initial expectation would be that the Fragile X product would be introduced as analyte specific reagents, which customers would then use for individual "home brewed" testing procedures that they would develop at their laboratories. If Fragile X testing takes off, then it would be our expectation that we would register the product. HPV is a different situation. That is a test where there are already approved registered methods and it would be our plan to register HPV products.

Aaron Geist - *Robert W. Baird - Analyst*

Okay, and CE marking in Europe would we look at the same strategy?

Kathy Ordonez - *Pres.-Celera Genomics & Diagnostics*

Exactly. The CE marking and FDA registration would be a key part of our plan for HPV testing.

Aaron Geist - *Robert W. Baird - Analyst*

Okay. Thanks a lot. I appreciate it.

O**perator**

Ladies and gentlemen, [OPERATOR INSTRUCTIONS]. Our next response comes from Eric Schmidt with SG Cowen.

Eric Schmidt - *SG Cowen - Analyst*

Thanks for including us at the end here. Kathy, you may have addressed this, but if, so I didn't hear. Could you just talk a little bit about the HPV intellectual property, and I know it was a crowded space, how you plan on getting around some of what's out there?

Kathy Ordoñez - *Pres.-Celera Genomics & Diagnostics*

Yes, I'd be happy to answer that question. We have carefully assessed published claims surrounding HPV testing and we believe the approach we are taking in our development program is not impacted by patents beyond those we own or have access to.

Eric Schmidt - *SG Cowen - Analyst*

Okay.

Operator

Ladies and gentlemen, [OPERATOR INSTRUCTIONS].

Dennis Winger - *CFO-Applera Corp.*

Obviously, we may have had some technical difficulties with this call. Some of you may not have been able to get through and today Peter Dworkin and Rob Bennett, and Linda Greub in our IR group are all available to answer questions. They will be in the office all day or available by telephone if they are not in the office. So we apologize if some of you couldn't get through.

Tony White - *CEO- Applera Corp.*

It's a pretty good chance we'll follow-up with the conference call company after this. We'll do a postmortem on this call. Sorry about all of this. Are we done?

Operator

Thank you. Again, thank you for participating. We do apologize for any inconvenience. At this time, this does conclude today's conference. You may now disconnect.