PARTICIPANTS

Corporate Participants

Mark J. Namaroff – Director-Strategic Marketing & Investor Relations
James W. Green – President, Chief Executive Officer & Director
Michael L. Levitz – Chief Financial Officer, Treasurer & Senior VP

Other Participants

Larry Solow – Analyst, CJS Securities, Inc.
Josephine Lin Millward – Analyst, The Benchmark Co. LLC
Elizabeth M. Lilly – Portfolio Manager, GAMCO Investors, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon and welcome to Analogic Corporation's Third Quarter Conference Call for Fiscal 2012. The following corporate officers are present: Mr. Jim Green, President and CEO; Mr. Michael Levitz, Senior Vice President, CFO and Treasurer; and Mr. John Fry, Senior Vice President, General Counsel and Corporation Secretary.

I'd like to remind everyone that a supplementary financial presentation will be used during today's call. If you have not already downloaded that presentation, you can do so at any time at investor.analogic.com. That presentation will remain available until July 6, 2012.

Now, I would like to turn the call over to Mark Namaroff, Director of Investor Relations and Corporate Marketing.

Mark J. Namaroff, Director-Strategic Marketing & Investor Relations

Good afternoon, everyone, and welcome to Analogic's third quarter conference call for fiscal 2012. I'm sure you've downloaded our press release issued earlier today describing our results for our quarter. If not, you can do so via our website at investor.analogic.com. Please note that the procedures for asking questions at the conclusion of our prepared remarks have changed. [Operator Instructions] We will repeat these instructions at the end of the presentation.

Before I turn the call over to Jim Green and Mike Levitz to review our third quarter results, I would like to remind everyone of our Safe Harbor statement. Today's call may include forward-looking statements, such as comments about our plans, expectations and projections. For more information on risks and other factors that could cause our actual results to differ significantly from our forward-looking statements, please refer to our most recent Form 10-K and 10-Q reports on file with the Securities and Exchange Commission.

And now, I'd like to turn the call over to Jim Green, our President and CEO.

James W. Green, President, Chief Executive Officer & Director

Thank you, Mark. Good afternoon, everybody.

Let's move to Page 4 of the presentation. First I want to say that all the heavy lifting and the focus of our business on profitable growth is really now delivering significant improvements in our profits. Our revenues in the quarter came in at $121 million, that's up 3% from last year's Q3. Our operating margin grew a full 3 points to reach 8% on a GAAP basis. And that's an improvement in operating profit of over 70% from last year.

Non-GAAP operating margin came in at 11%, that's up 3 points, at 3 full points, an increase in operating profit of 40% over last year. Our GAAP diluted earnings per share was $0.59 a share and that's up 69%. And on a non-GAAP basis, EPS in the quarter was $0.76 per share. That's up 41% from last year.

Move on to slide 5, and look at the business segments, in the quarter. Medical Imaging revenue was down 2% in the quarter from Q3 last year. Now, within the segment, MRI grew nicely in the quarter with the underlying MRI market doing well, and our newest premium wide bore products augmenting growth. The slowdown in computed tomography shipments continued into this quarter, due to changes in customer ordering patterns which we expect to flush out in Q4.

Mammography detectors grew at a slower pace on economic – on European economic challenges. And our precision motion control revenues remained down on a year-over-year basis, but we expect them to annualize and stabilize in early fiscal 2013.

Looking to Ultrasound, the revenue was up 5%. That included a 2% unfavorable currency impact. In the U.S., our expanded sales force drove strong double-digit revenue growth. Unfortunately, challenges in Europe and distributor transitions in Russia and China impacted our overall growth in the quarter. On a more positive note, our Ultrasound guidance for robotic surgery continues to gain traction, and we continue to see strength in transducer sales.

Moving to slide 6, the timing couldn't be better for our Security business to really start to kick in. We saw growth of over 40% from Q3 last year. Growth in the quarter was driven by medium speed shipments, and we believe represent a return to more consistent mid-tier business. Building on the mid-tier, it's nice to see demand picking up for the reduced size units. So we're really excited to see growing high-speed demand for in-line systems, which will drive XLB shipments and starting here in this next fiscal Q4 – this next quarter coming.

Finally, we're happy to see the public announcement last week of Smiths' new entry into the high-speed segment. We expect Smiths to represent a further incremental business starting our next fiscal year and this will happen as airports outside the U.S. start that transition to higher level of detection standards.

So, if we move on to financials, I'll pass it over to Mike Levitz, our CFO.

Michael L. Levitz, Chief Financial Officer, Treasurer & Senior VP

Thank you, Jim. Good evening, everyone. I'm going to describe the financial results for the third quarter of this fiscal year, which ended April 30, as compared to the same period of fiscal year 2011. This information begins on slide 8 of the online presentation.

Our sales grew 3% this quarter, as Jim mentioned. This compared to the same quarter of last year with total revenues of $121 million. We saw very strong performance in our Security segment and good growth in Ultrasound, however offsetting this performance our Medical Imaging segment revenue was down slightly about 2%, from Q3 of last fiscal year. I will go into more detail by segment shortly.

Gross margin for the company was 37% this quarter, which was down a point from the 38% we reported the same period last year. This reduction was a result of the mix of lower margin product sales within our Medical Imaging segment this quarter, along with component quality issues that have unfavorably impacted our Digital Mammography Detector business. Our product engineering team is focused on this component issue and we expect to see improvements by the first quarter of fiscal 2013.

In spite of the lower gross margin, our GAAP operating margin improved 3 points to 8% in the third quarter of 2012, this quarter, up from 5% reported in the same period last year; and our non-GAAP operating margins similarly improved 3 points to 11% this quarter. Achieving double-digit non-GAAP operating margins has been the key financial objective for the company, and we are pleased that the new products we've been investing in and organizational changes we've made have led us to meet this objective for two consecutive quarters.

The increased operating margins also reflect the benefit of funded research and development from strategic contract wins in our OEM business over the last few quarters. With the expansion of our operating margins, our 3% growth in revenues translated into a 73% increase in GAAP operating profit dollars and 40% increase in non-GAAP operating profit, which reached $13 million this quarter.

Turning to slide 9 and a look at the P&L, despite the unfavorable impact on gross margins of product mix and component quality issues in mammography, our growing revenues, reduced cost structure and increase in strategic customer-funded engineering projects enabled significant growth in earnings per share in the quarter. Specifically, our GAAP earnings per share for the quarter increased by 69% from Q3 of last year to $0.59; and our non-GAAP EPS increased by 41% to $0.76.

Our effective tax rate this quarter was 29%. I expect next quarter's effective tax rate to be approximately
30%.

Looking at the results for the first nine months of this fiscal year on the next slide, slide 10, our revenues were up 8% over the same period of last year. Also, our non-GAAP operating margin reached double digits at 10% for the nine month period. We are very pleased with our operating results so far this year, allowing us to report GAAP earnings per share of $2.45 as compared to $0.97 in the same period of last year.

As noted in the second quarter, our year-to-date GAAP results reflect the significant tax refund received last quarter along with the gain on sale of an equity interest that we also reported in the second quarter. Together the net benefit of these items that we reported last quarter was $0.80. This benefit has been excluded from our non-GAAP results.

In our year-to-date non-GAAP results, our non-GAAP earnings per share through the end of Q3 this year reached $2.27, an increase of 49% from $1.52 per share that we reported in the same period of last year, reflecting the 2 point increase in operating margins on 8% higher revenues.

Now I'd like to walk you through our third quarter results by reportable segment. Turning to slide 11, our Medical Imaging segment revenue was down 2% in the quarter. A key driver in the lower year-over-year revenues was in our CT business where changes in customer ordering patterns prevented us from being able to produce product quickly enough to meet the demand within the period. As Jim said, we expect this to recover in the fourth quarter.

We also saw a significant year-over-year decline in our motion control business which reflected a slowdown in the semiconductor industry. While this is expected to remain a headwind against year-over-year growth through the fourth quarter, as Jim said we expect motion control to stabilize on a year-over-year basis in early fiscal 2013. Offsetting the lower revenues in CT and motion control was another quarter of double-digit growth in our MRI business and single-digit growth in digital mammography.

Our non-GAAP operating margin in this segment declined slightly to 9% as a focus on cost control and the benefit of strategic funded engineering projects were not enough to offset the impact in the quarter of unfavorable product mix and the mammography component quality issues that I mentioned earlier. Nonetheless, still a strong quarter in this segment on the bottom line.

Please turn to slide 12, and I will briefly discuss the financial results of our Ultrasound segment. Revenue in this segment grew 5% in the third quarter as compared to the same quarter last year. The revenue growth reflects double digit percentage growth in sales in North America reflecting added sales coverage and a strong positive response to our new products such as our Ultrasound System for robotic surgery. Offsetting this revenue growth, however, were unfavorable currencies which had a 2 point negative impact on revenues this quarter as compared to the same quarter last year, as well as lower sales in Europe due to economic headwinds there.

Also impacting our revenues was a decrease in our distributor sales in the period, due largely to the impact of transitioning our distributors in certain countries such as Russia and China, as Jim mentioned earlier. Note that in addition to our direct sales business, this segment, our Ultrasound segment also includes our OEM transducer sales, which had very good sales performance in the quarter.

Looking to profitability, we were pleased to report a 5 point increase in operating margins year-over-year with GAAP operating margin reaching 7% and non GAAP operating margins reaching 9% in the quarter. The higher operating margins reflect the benefits from consolidation in manufacturing and other structural changes which we began last year and completed this fiscal year, as well as favorable product mix. At the same time we've continued our investments in sales force and market expansion to drive future growth in this strategic business.

Turning to slide 13 and our Security Technology business. This segment was a key growth driver this quarter with revenues up 43% as compared to the same period of last year. We were pleased to see significant year-over-year growth in sales of our medium speed checked baggage systems, targeted largely at the U.S. replacement cycle. As a result of the significant growth in product revenues and favorable product mix, our operating margins increased significantly to 18% on the GAAP basis and 21% on a non-GAAP basis.

Please now turn to slide 14 and our other key financial metrics. Cash increased to just under $190 million this quarter as a result of our improved operating profit performance. And free cash flow was up to $14.5 million in Q3 as compared to over $10 million in net cash outflows a year ago, so a significant improvement in operating performance this quarter.

In summary, while the growth in our revenues in the quarter was unfavorably impacted by customer ordering patterns, currency and headwinds in certain regions, we were pleased to report another quarter of double-digit non-GAAP operating margins due to actions we've taken structurally over the last year to better optimize our global business structure. We continue to feel confident that the business is in a strong position to further drive shareholder value on both revenue growth and operating margin improvement.

I will now turn the call back to Jim.

James W. Green, President, Chief Executive Officer & Director

Thanks Mike. Moving to slide 15 and a quick look at our summary and our fiscal 2012 outlook. I'd like to start by saying that in summary the consolidation and investment in Ultrasound are really starting to pay off. In the year, we expect double digit Ultrasound growth underpinned by the sales coverage expansion in North America. The new generation products and expanded coverage will target growth in areas like robotic surgery. And stabilizing cost structure will maximize profit contribution on this revenue growth.

Moving to Medical Imaging, we expect to continue modest growth on a full year-over-year basis, as we catch up with demand from new ordering patterns in our CT business and also ramp up new MRI and CT products with the major OEMs. In addition, we continue to grow system content in our systems and also, teaming selectively with new customers.

Looking to Security, we expect Security to be a major growth driver starting this year and continuing forward. U.S. replacements are expected to provide stable medium-speed based revenues. Outside of the U.S., demand is picking up for high-speed and reduced size certified systems in advance of the new higher level detection standards, with shipments beginning this fiscal Q4. And since high-speed certified program is moving closer to production, we expect revenue shipments to begin in fiscal 2013.

Finally, we continue to expect upper single-digit revenue growth and reiterate our double-digit non-GAAP operating margins in this fiscal year.

Thank you. And now we can open up the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, the floor is now opened for questions. [Operator Instructions] Our first question comes from Larry Solow from CJS Securities.

<Q – Larry Solow – CJS Securities, Inc.>: Hi. Good afternoon.

<A – Michael Levitz – Analogic Corp.>: Hi, Larry.

<Q – Larry Solow – CJS Securities, Inc.>: Can you guys quantify or approximately like what the change in order pattern on the CT business because that clearly is the one real obviously temporary, is there any way to approximate that? What the shortfall was in the quarter or what you expect to rebound next quarter or if you lump the two quarters together?

<A – James Green – Analogic Corp.>: $1 million.

<A – Michael Levitz – Analogic Corp.>: Yeah, Larry, I don't – we don't break out by segment. So I'm a little hesitant in doing that. But I think the key takeaway, I guess, I would say, is we've reiterated our guidance for the year.

<Q – Larry Solow – CJS Securities, Inc.>: Right.

<A – Michael Levitz – Analogic Corp.>: And so, we do expect CT to come back considerably in the fourth quarter.

<Q – Larry Solow – CJS Securities, Inc.>: I mean, if you were to put those sort of – if you just look at the Medical Imaging revenue – the Medical Imaging segment and you sort of put it in buckets, why it was a little weak, I mean would that be the largest bucket? Is that fair to say?

<A – Michael Levitz – Analogic Corp.>: So, the customer ordering patterns was the biggest impact.

<Q – Larry Solow – CJS Securities, Inc.>: Okay. Right. Okay.

<A – Michael Levitz – Analogic Corp.>: Yeah. It definitely was – where we mention them in order.

<Q – Larry Solow – CJS Securities, Inc.>: Right.

<A – Michael Levitz – Analogic Corp.>: So, it definitely was the biggest impact, I mean it's a few million dollars.

<Q – Larry Solow – CJS Securities, Inc.>: A few million dollars, okay. That's what I – that's fair enough. And the mammography business, obviously mid-single digit versus double, but it's still pretty small so that's really not – I wouldn't view as a major change. Just in terms of the quality issues there and I know this is not easy to calculate. But is there any positive that you think you may be close to rectifying that, I know it could pop up at any time?

<A – James Green – Analogic Corp.>: Yeah, Larry, this is Jim. Like we said, we put a lot of effort into this very quickly, into being able to detect some incoming quality issues from a particular key supplier. And we feel confident we know – we now have some improvements in place in the process to be able to reject those early in the process and fairly quickly move back to good – much more improved margins in that space. And we're expecting that to wash out over the next quarter or so.

So as we get into the first quarter of next year, we think we'll be back to good, clean profitability, more in line with where we were on that – in that segment. And I guess also – I would say also to expand on the CT side, as that starts to get back to the more typical mix that will also start to improve on the gross margin side for us too. So we'll start to see both again, revenue picking up some there and also on very nice improved margins.

<Q – Larry Solow – CJS Securities, Inc.>: Okay. And again, you choose how you want to answer this one, I know you don't – I know you guys are – in terms of giving guidance you just started doing that last couple years, so I don't want to front run what you might give out for 2013. But you had sort of expressed an outlook that you would reach – or close – or your goal was reaching double-digit growth in 2013? Does sort of some of these slowdowns in [ph] turn (18:50) regions and god knows what happens over the next 6, 12 months, but does some of this slowdown in basically in Europe, does that sort of make you think that that you could be a little more challenged to reach that double-digit growth or not necessarily or...

<A – James Green – Analogic Corp.>: Yeah, you're talking about for next year...

<Q – Larry Solow – CJS Securities, Inc.>: Right.

<A – James Green – Analogic Corp.>: As we look forward, certainly there's always the risk that there could be – that something significant in Europe could provide major issue for us.

<Q – Larry Solow – CJS Securities, Inc.>: Right.

<A – James Green – Analogic Corp.>: But if you look at where we're growing and areas where we've been making the investment like the Ultrasound in the U.S., that's been a big driver for us. And then also now with the Security business really starting to hit on all cylinders, that's another nice area that we really see driving significant proportion of our growth going – coming into this next quarter and then really accelerating and going into next – over the next few years. So, we're pretty confident that with the things, the levers we're pulling, the investments that we're making, that we're going to, regardless of what happens in other parts of the world, we're doing all – a number of things that are really going to help drive incremental growth on top of some of these headwinds in some of these specific market areas.

<Q – Larry Solow – CJS Securities, Inc.>: Got you.

<A – Michael Levitz – Analogic Corp.>: I would just add to that that we have been mentioning new products that we're introducing in our Medical Imaging segment, as well. So with that as incremental growth. So it's definitely true that there are headwinds, but we have not changed our target, our overall long-term targets. We haven't changed them at all.

<Q – Larry Solow – CJS Securities, Inc.>: Okay. And then just lastly, the release of this new – this Quantum Technology, can you just maybe in a minute or less sort of describe or just in layman's terms what it does for you and how it improves your positioning, and something...

<A – James Green – Analogic Corp.>: Yeah. Yeah. I would just say, if historically we've been very well known for very, very good image quality when we look in – from when we're measuring from inside the body intraoperatively and that's been our primary focus in the past, primarily for real-time guidance during these particular – during many different types of procedures.

With Quantum, we additionally add on the ability to get very good imaging in from the outside the body in conjunction with what's happening inside the body. So what that does is that lets us compete in areas at the very top end and open up new types of segments where that might rely heavily on external imaging, imaging from outside the body with an external probe up against the body, as opposed to purely from the inside. So what it does is it gives us much better access to be able to penetrate some other additional adjacencies to spaces where our reps are already calling.

<Q – Larry Solow – CJS Securities, Inc.>: Got you, great. I appreciate it. Thanks a lot.

<A – James Green – Analogic Corp.>: Thanks, Larry.

Operator: Thank you. [Operator Instructions] Our next question comes from Josephine Millward from The Benchmark Company.

<Q – Josephine Millward – The Benchmark Co. LLC>: Good afternoon.

<A – James Green – Analogic Corp.>: Hi, Josephine.

<Q – Josephine Millward – The Benchmark Co. LLC>: Hey, Jim. I'm looking for your Security-funded backlog?

<A – James Green – Analogic Corp.>: [Laughter] I'll let Mike answer that.

<A – Michael Levitz – Analogic Corp.>: I'll answer that.

<Q – Josephine Millward – The Benchmark Co. LLC>: Okay.

<A – Michael Levitz – Analogic Corp.>: Hi, Josephine.

<Q – Josephine Millward – The Benchmark Co. LLC>: Hi, Mike.

<A – Michael Levitz – Analogic Corp.>: Our backlog is just over $50 million. That backlog reflects, as we've said before, it reflects both product and engineering backlog.

<Q – Josephine Millward – The Benchmark Co. LLC>: That's great. I think you mentioned that you're seeing demand picking up for reduced size EDS. Can you expand on that? Is – have you received an order in the U.S. or is it coming from Europe?

<A – James Green – Analogic Corp.>: On the reduced size, most of that, we're seeing those starting to ship more to Europe. So with the business there and again we expected that to start, we have to start shipping these, more of those units here this coming quarter in Q4. But the big exciting area for us has been the – what I've talked about with is the growing demand for the high-speed in-line and that's what – where we see really driving the sustained growth starting here even this quarter with XLB products and moving forward and then from there adding on as we enter with our relationship with Smiths. So, when you put that together it's really that high-speed business outside the U.S. that's really taking off as we see it and developing.

<Q – Josephine Millward – The Benchmark Co. LLC>: That's fantastic. Can you talk about when you think Smiths might get certification – use certification on the high speed and also with TSA?

<A – James Green – Analogic Corp.>: Yeah, you know, I probably couldn't or shouldn't comment on it but certainly you're – if you look to what they've publicly said recently they're confident that they're in good shape with the product and I'm sure they'll – as soon as they have something to say they'll be out very quickly in the market with it.

<Q – Josephine Millward – The Benchmark Co. LLC>: Okay, let me shift gears to Medical, the slowdown you're seeing in Europe is that primarily in Ultrasound and Mammography or are you seeing that with CT and MRI?

<A – James Green – Analogic Corp.>: Yeah. It's kind of hard to say exactly with our Ultrasound business, you know there we know – we see more specifically in different parts of Europe and such, we've tended to always be in and continue to be stronger in Northern Europe and in Germany so in Ultrasound a lot less exposure to Southern Europe and some of the issues that we're hearing about there. But in general certainly we're all kind of watching what's happening in Europe. That's I think a concern for everybody.

As we look to our Medical – our more general Medical Imaging, you know we've seen continued strength pretty much everywhere on the MRI side. On CT, we've not really seen a significant issue there yet, but we are watching to see if those headwinds start to cause a problem for us.

Now, we did say that we saw some reduction in the growth side of mammography. It's hard for us to say specifically what's driving that though it's likely to be more of the European headwinds than anything else. But still we've, again, we just saw like we said lower growth in that particular area. So that's about as much detail as we can specifically point to and certainly I assume you look at the OEMs and what they're saying in the various regions and they'll pretty much mimic that Europe's concern and U.S. seems to be recovering and Asia, of course, continues to drive nicely.

<Q – Josephine Millward – The Benchmark Co. LLC>: Jim, I thought the real driver in your mammography business is with Siemens expanding into the U.S. and can you confirm if that's roughly a $50 million a year business?

<A – James Green – Analogic Corp.>: I think we can confirm that it's in that region. And that I would also say that yes a big part of the expansion of the – and growth in that space for us a lot of it is targeted and driven by Siemens as they penetrate further in the U.S.

<A – Michael Levitz – Analogic Corp.>: One statement, I guess, I would make there is up until Siemens got the FDA approval about a year ago, all of our sales were outside the U.S. So, obviously impacts outside the U.S. have an impact on the business. But the growth drivers in it include the move to Tomo outside the U.S. as well as growth in the U.S. where we have the FDA approval. So, we're still seeing growth there. We're still seeing growth in line with the market. Even in this quarter we talked about that. But we're not concerned about that business. There are some headwinds though.

<Q – Josephine Millward – The Benchmark Co. LLC>: Thank you.

<A – James Green – Analogic Corp.>: Thanks, Josephine.

Operator: Thank you. Our next question comes from Beth Lilly from Gabelli.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Good afternoon.

<A – James Green – Analogic Corp.>: Hi, Beth.

<A – Michael Levitz – Analogic Corp.>: Hi, Beth.

<Q – Beth Lilly – GAMCO Investors, Inc.>: I wanted to ask a couple of questions. Can you just provide a little more detail on in terms of the customer order rate patterns on the CT side and what was going on?

<A – James Green – Analogic Corp.>: Yeah. Beth. This is Jim. What we saw happen is sometimes some of our customers that we work closely with tend to have very clean connections to us as far as how the forecast – what's forecasted, what's happening on there as far out as even when they're getting orders. But with some of our customers it's a little more transactional, so they're – even though it might be a large customer, if there's a draw down, let's say on their inventories, there'll be a catch up. So what we – what happened with us about a little over a quarter ago is, one of our large or a couple of our large customers and one in particular really let their inventories get too low for their demand. And as their demand picked up, there was a difficulty for us to be able to meet that demand.

Now I would say that had together we been better able to forecast the average demand looking out a little further, we probably wouldn't have got into the situation. But the good news is it catches up as we get to next quarter and we never are feeling bad about growth in a particular area.

<Q – Beth Lilly – GAMCO Investors, Inc.>: So in a way is it fair to say that demand exceeded your expectations?

<A – James Green – Analogic Corp.>: I think that's – that's what happened. Yes.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Yeah. Okay. So in a – I mean, we shouldn't be spooked by the fact that you couldn't meet demand levels, we should more be encouraged in terms of the outlook for that business then?

<A – James Green – Analogic Corp.>: Yeah, absolutely. That's how – certainly, how I feel about it.

<A – Michael Levitz – Analogic Corp.>: Yeah. And I would just add. This is a lumpy business more often than not. And so, the demand is definitely there and that's what we were trying to signal. We just – we were not able to ship based on the timing of when the demand signals [ph] came (28:38).

<A – James Green – Analogic Corp.>: I mean, the thing to remember, a lot of our – quite a few of our products have long leads in excess of six months for getting all the materials lined up and such. So, we do have exposure to lumpiness when – if ordering and forecasting isn't really clean as we look out six months, eight months or a year.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Okay. And so, that customer placed – that one or two customers placed their orders with you, so that's in essence sitting in your backlog, right?

<A – James Green – Analogic Corp.>: That's right. And we expect to be back to an average demand as we go forward. Now I would, though, mention that a number of these types of customers aren't necessarily a backlog-oriented relationship. It's more of a pull demand based on signals. So there we may have an open multi-year contract where depending on what their need is we build and ship to their forecasts.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Got it. All right. So, just so I can understand this, they placed the order with you and now you're starting to work to fill that order, right?

<A – James Green – Analogic Corp.>: Yeah. Well, more likely they – really they indicated that they raised their forecast and raised the demand and faster than we could fill it.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Got it. Got it. Okay. All right. And then just switching gears for a second, what – can you again provide a little more granularity on the component supplier issue on the mammography business?

<A – James Green – Analogic Corp.>: I would just say it's a very -- there's a number of very key types of technologies that are the underlying ability to build these very high precision mammography plates and we tend to have to use the kind of things that go into your flat screen TVs to do that. So it's a very process-oriented type of product where – more similar to the semiconductor business where you're depositing and plating different kinds of raw materials on top of various electronics. So with that, since it is a very process-oriented technology, if you end up with an issue of yield in a particular area that we have to keep a very close tabs on that, because we operate in that particular area with yields that can maybe move between, oh, let's say as high as -- a product like this, 70% yields will be considered very good, 50% would be not so good. So we have to keep a close tab on this. And what happened in this particular case is this – as this supplier got into a little bit of trouble. We worked to correct the problem with them and then to put a process in place to detect and to mitigate it, but it does take – typically it could take a few months or a couple quarters for it to fully wash out and correct.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Is this a supplier that you've worked with for a long time, or a relatively new one?

<A – James Green – Analogic Corp.>: You know it is, and in a case like this, we'll typically try to have a couple of suppliers ready to go for that. So we are looking in particular at this as how to mitigate to ensure that we don't see this kind of thing again.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Okay, okay. Oh, and then, you – I'm trying to remember. So there's $190 million cash on the balance sheet and do you have a share authorization repurchase program in place?

<A – Michael Levitz – Analogic Corp.>: Yes, we do. We currently have a $30 million share repurchase in place. We also have a dividend in place.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Okay. And did you -- you didn't buy back any stock in the quarter? Or did you?

<A – Michael Levitz – Analogic Corp.>: We did buy back some. But we buy back opportunistically, and we didn't buy as much this quarter.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Okay. Can you give me that amount?

<A – Michael Levitz – Analogic Corp.>: It was a few hundred thousand dollars.

<Q – Beth Lilly – GAMCO Investors, Inc.>: A few hundred thousand dollars?

<A – Michael Levitz – Analogic Corp.>: Yes.

<Q – Beth Lilly – GAMCO Investors, Inc.>: Okay. All right. Perfect. All right. Thanks very much.

<A – Michael Levitz – Analogic Corp.>: Thanks.

<A – James Green – Analogic Corp.>: Thank you, Beth.

Operator: Thank you. [Operator Instructions] We are holding for questions. There are no further questions at this time. I will now turn the call back to Mr. Green for closing comments.

James W. Green, President, Chief Executive Officer & Director

Okay. Well, thank you, everybody. Thanks for joining us. We invite you to call-in in September when the company will review our fourth quarter fiscal 2012 results. Thank you again. Have a good evening.

Operator: Thank you. For listeners who may have come in late, this call has been recorded. You can access the telephone replay by dialing 1-877-919-4059, that's 1-877-919-4059, or for international callers, 1-334-323-7226, again, 1-334-323-7226, and entering your passcode of 66806231. Again that passcode is, 66806231. The telephone replay will be available at that number beginning two hours from now and running through midnight Eastern Time Friday, July 6, 2012. The webcast replay will be available on the Investor Relations page of our website at www.analogic.com beginning about three hours from now. And it will be available through Friday, July 6, 2012. Thank you for joining Analogic Corporation's third quarter investor conference call. You may now disconnect.