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## Dynamics Research Corp. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Michael Lewis - BB&T Capital Markets.

#### Michael Lewis - BB&T Capital Markets

Jim, I was wondering if you could walk us through the board's rationale for Metrigraphics and my question is really why wouldn't you just discontinued that business, set it aside? It continues to drag margin and EPS and per your commentary on the call this morning, even if the medical market did increase, you're still projecting just a breakeven type of return here this year; so if you could just walk us through your thoughts there?

#### Jim Regan

Yes, as we reported a year ago, actually probably a little more than a year ago, we didn't announce that we had decided to divest, but it positioned for a strategic option. Looking to the future Mike, it is not part of the core business here. It doesn't consume a lot of management's times. We're clear about where it stands. Actually, we were moving pretty well along that path until the economy interrupted the process in the middle of the year.

The good news there is that the market that it's serving there today are strengthening, but the rationale that we've announced before and this hasn't changed, our position hasn't changed in the processes of moving forward and it is moving as fast as it's possible to move right now.

#### Dave Keleher

Mike, this is Dave. From an accounting point of view, there are some effects of going discontinued operations with it and for those reasons we want to be sure that we're far enough along in the process that we'd have a completion event within a year or so. So when we would get to that point we do that, but we really need to be a little further along the process.

#### Michael Lewis - BB&T Capital Markets

If I could just shift gears here and talk about the revenue guidance, based on what we're seeing in the model, it implies a pretty significant second half grant. Can you kind of walk us through what the assumptions are when you built the guidance, how should we expect to see the revenue growth through the quarter and also what would be the implications to the margin as we progress through the 2009 period?

**Dave Keleher**

Mike, this is Dave. The revenue pattern for the company, as we become more and more focused on the Washington D.C. operations, we'll more and more be affected by an increase in the trend for contract awards around the end or beginning of the government's fiscal year. So we saw that pattern in 2008 and we're anticipating a similar type of pattern in 2009. Actually we saw that pattern in 2007 as well. So, we're seeing that increasingly in our operations.

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