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CYTYC CORP  
Form 425  
May 29, 2007

Filed by Hologic, Inc.

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FINAL TRANSCRIPT

**May. 23. 2007 / 3:00PM ET, HOLX - Hologic at Citigroup Healthcare Conference**

FINAL TRANSCRIPT

**Conference Call Transcript**

**HOLX - Hologic at Citigroup Healthcare Conference**

**Event Date/Time: May. 23. 2007 / 3:00PM ET**

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May. 23. 2007 / 3:00PM ET, HOLX - Hologic at Citigroup Healthcare Conference

## CORPORATE PARTICIPANTS

**Jack Cumming**

*Hologic - Chairman, CEO*

## CONFERENCE CALL PARTICIPANTS

**Amit Bhalla**

*Citigroup - Analyst*

## PRESENTATION

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**Jack Cumming - Hologic - Chairman, CEO**

(audio begins in progress) Tim Adams, the CFO, doesn't feel left out at, of Cytyc. He is sitting right there. And I'm sure he'd be happy to answer questions you have.

Moving right along. First I'd like to talk about Hologic.

This chart has changed since the last time that we've all gotten together. We have added 2007 and that the announced agreement with Cytyc. I'm sure you've all read about it by now. It was in a few papers.

We've announced the \$6.2 billion acquisition of Cytyc, bringing together two of what I consider great companies to be the world's largest dedicated women's health company.

Talking about Hologic today. Our overview obviously is our core business, which is mammography. It represents 75%, 80% of our business. It is driven by our Selenia Full Field Digital System.

That product continues to rise in sales every quarter. We had 282 units sold last quarter. We see no reason for this to slow down.

Quite frankly we see continued growth over the next three to five years with that product as the international markets come on and as we bring the tomosynthesis on.

The distribution in the United States has changed. When we bought Suros we added 30 sales people. When we bought R2 we added net about another 10 sales people.

So we now have a sound capital formation. If you would look at our last quarterly results, you'd see that the \$40 million that we had in debt we paid off last quarter.

Today this is the way we look as a Company. It is highlighted by the, and I don't I probably have a highlighter and couldn't find it - our Selenia Full Field Digital System.

But what it says is that when a woman comes through a health suite, we are offering that health suite the opportunity to use our imaging system to capture that image, use our CAD product from R2, use CAD for breast MRI, now that we can read on our work station.

If the woman has to have a biopsy done, it would be done on our table, the multi-care table. It could be now used with the Suros biopsy system. The woman can have a bone densitometry study at that time.

And we're moving on in the new area to three-dimensional bone studies to look at the integrity and architecture of the bone itself.

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Cause a woman can have normal bone mass but could have had repeat previous spinal fractures, or in fact can have distortion in her bones, which means that she should be put on Fosamax or Activil or something else.

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And Selenia, we're going to talk about that because that is the future of digital for the market.

Q2 revenues were \$180 million, up 79%. We had a record of pre-tax income that was up 94%. And our backlog was \$216 million at the end of the quarter. And that was up 41% over the number in 2006, so obviously very strong growth.

The driver is LORAD mammography. We have about 55 plus percent now in the United States.

When you look out at '04, when we had \$129 million in revenue in the first half of this year, we've already done \$270 million. Again, driven by our Selenia systems, up 99% over last year.

The Selenia itself in '06 we sold 555 systems. This was first installed in 2003. General Electric and Fischer were the two companies on the market. GE had a quite a head start in us.

We believe right now that our installed base world-wide is just a little bit under theirs or equal to them after their head start because of the surge that we've had.

First quarter we sold 228 Selenias, 282 were sold in Q2. And we're projecting I think we said 300, Glenn, didn't we on our conference call? And obviously we're going to try to surpass that number.

That 282 is up 154% over the same quarter last year and our backlog increased to 533 systems up an incredible 248 systems from the same quarter of last year.

Here you can see what the ramp up has been. It's been very steady, dynamic quarter to quarter. And the arrow will keep accelerating on the number of systems that we take revenue on.

We are not constrained by production as we get asked that every quarter. We got asked it when we delivered three in the quarter. We get asked it when we deliver 282 in a quarter. The answer still is no.

It is a function of the number of service people, the number of applications people that there is a threshold that says this makes good economic sense. If you want to add a lot more people, it doesn't make good economic sense.

And if the customer can wait 90, 120 days then it works out fine. And we have ramped up production to be able to produce certainly over 300 a quarter.

Looking at the MQSA scoreboard that you can look at yourselves just by going on the web site listed at [fda.gov](http://fda.gov), there are 8,800 facilities in the United States.

That's down probably 1,000 from about five years ago just because of the reimbursement of mammography, the limited number of qualified, certified mammographers and techs.

The facilities with Full Field has now reached 20%, which is 1,795. And the accredited units out there is 2,600 or 19% in the United States.

This is, I think that was almost a 1% or 2% rise in the last quarter or last month actually. So this is going very fast. It's going faster, the adoption, than we thought it would go.

We haven't made any predictions yet on '08's adoption rate. But the adoption certainly is accelerating.

And a total annual mammography procedures is 34.7 million this is government statistics. That's going to go probably up to 37 million out a year or so and clearly over 40 million in the next seven years.

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And our installed base as of the end of the quarter was 1,130, which was 45% of the units out there. We will be at the 50% mark, probably, we think in this quarter.

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Tomosynthesis, we've talked about it for the last two years. We had six systems out in clinical trials. Our clinical trials are finished for the tomosynthesis submission.

But trials continue for doing studies on contrast, doing studies, fusing tomosynthesis with PET, fusing tomosynthesis with ultrasound. These will continue. There'll be an expanded number of sites as we've discussed this year.

Probably it looks like six, if not 10 more sites for tomosynthesis and those will be delivered at year's end.

What we have found that there clearly is going to be a lower recall rate with tomosynthesis because you're able to leaf through the breast just like the pages of a book because of overlapping tissue.

You will be able to see with tomosynthesis. You'll be able to visualize better and be able to make a better decision on whether a woman should have a biopsy or not.

And this is crucial.

Today the recall rates are anywhere from a low of maybe 10% to 12% up to 20%, meaning as many as 20% of the women that have conventional mammograms would have to come back for another set of mammograms because they're suspicious, there may be a cancerous lesion.

We are looking to incorporate this as a screening tool. It will first come out in a diagnostic tool. We believe the institutions will then get familiar with it. The software will get improved. But it is a 2D, 3D system. It is capable of doing both.

So those radiologists that want to take their time in learning it can learn it in 2D and can use 3D as they desire.

We're still looking for approval at the end of this calendar year. '08 will be the commercial release. We are not, as we continue to tell you, we are not looking for a lot of units to go out in '08, mainly because it's going to be early adopters.

And because the fact is that this system will end up replacing the Selenia at some point. And it will be a 2D, 3D version. And we're not going to put that system out until we can produce 300 or 400 in a quarter.

So when you roll out any new system, you're going to make sure that you're putting one out that is pretty bulletproof. Because we think our Selenia today is pretty bulletproof.

So it's going to be a slow rollout in '08. In '09 we think it's going to be huge because every product that goes out in '09 will be actually a tomo product. The classic Selenia is a tomo-ready product. And that's what you're going to see.

Suros, we bought the Suros product last July. Just a couple of sound bites - \$38 million in approximately in sales in '06. This year we're looking to reach almost \$60 million. And next year we believe that 30% growth is certainly achievable if not beatable.

We introduced a new product this year. I just wanted to give you a sense of the 1.8 million biopsy procedures in the U.S. What we're trying to do is convert the core needles and the open surgical biopsies to use a vacuum assist or a non-tethered device.

And the non-tethered device just introduced is this Celero, the first vacuum assisted, spring-loaded, core biopsy device for ultrasound. We're very excited about this. It goes against a new market for us.

But a market where if a radiologist can do a biopsy utilizing ultrasound, they will do that over vacuum assisted. And this device would give them that opportunity.

It's very light. The core sample is twice the size of the conventional spring. And we think you'll get a more accurate clinical diagnosis. Excited, it's going to bring a great revenue surge to the Company next year.

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Moving forward, and concentrating now on where we are going as a Company. Our goal is to create a global leader in women's healthcare, continuing our legacy. And we believe the way to do that is from combining forces with Cytac.

Cytac is our neighbor. They're 15 miles away. Their sales are the same level as ours.

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We think that this strategic rationale is compelling.

First of all, you have an expanded portfolio. Cytyc's products they're most well known for their thin prep pap test. However, what has been the revenue grower is their NovaSure product for endometrial ablation.

We are going to leverage the OB/GYN channel that they have.

Cytyc has 230 sales people calling on the OB/GYN. We find this critical to us in the fact of one; bone densitometry has been flat, as you all know.

But their 230 people calling the OB/GYN, which is the call point we should be selling at, will help tremendously.

We only have 12 people in primary care calling on this market today. We also use a distributor in this market today who is, although very good also, is distracted by other products.

So we expect that the Cytyc channel, calling to OB/GYN in the United States, will be formidable.

They also have 58 people that call on breast surgeons. It's a perfect product to help compliment our Suros sales force.

Take our Suros sales force of 30 talented people with the 58 people from Cytyc and we can now cover the radiology and the breast surgery market.

So there's great cross selling.

In addition, the international presence, we have 50 people internationally of which 8 are direct sales people calling on our distributors, 120 or 30 distributors, selling in over 125 countries around the world.

Cytyc has 170 direct people overseas. We believe these folks, with some of our products, will be able to increase penetration, accelerate the growth, work with our distributors in large countries. Let the distributors the larger distributors look at those Cytyc's products to see if they fit in.

And give us a foothold in certain markets where we have options in the way we can grow the Company over the long-term basis.

They're the market share leader in every product category that they compete. We are in everything but in our biopsy. And that is our goal to become number one.

I think both management teams have proven that one, they know how to integrate. Cytyc has done, I think, four acquisitions in the last six years. We have done four in the last probably three years.

So we know the pitfalls in integration. We see this as a growth story.

From a cash standpoint, the combined entities are going to have about \$450 million in projected EBITDA in 2008. It's going to be accretive to adjusted EPS within the first full year.

This is a best in class solution. It is a solution sell to the OB/GYN, to the mammographer, to the radiation oncologist, and to the breast surgeon.

From when you think of testing that a woman does every year, it is generally a pap test, a mammogram, and she should have a bone density test. She doesn't have the bone density test and that education has to be given by the sales force for Cytyc.

We believe they can be instrumental in this.

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When we look at growth for this Company, we know, and you all have seen, the quarter-over-quarter growth for 13 consecutive quarters led by our Selenia Full Field Digital.

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We believe we have years of growth ahead of us. The growth is strong. This is not a merger of companies, an acquisition of companies for underpinning softness in any one of our markets.

This is to make us a major force across all of the markets in women's health that is going to give us a platform for other acquisitions to grow the Company.

This Company is going to be \$1.5 billion plus when we get together at the end of this year. I think that when people have asked us questions about what's the big deal.

I mean someone said what's the big deal about being the world's biggest healthcare company? Well, I think that Medtronic or St. Jude or J&J might have been told when they were starting to diversify the same thing. But they kept going.

So we'll do the same thing. But we'll have a much tighter focus on women's health.

And with that tighter focus there are going to be the synergies we talked about. We'll let me go back one, excuse me.

When we look at the women affected here, one in eight in America, we're in number one market position all the way across.

There's the U.S. market size, \$1 billion for breast, \$550 million for cervical, \$2.5 billion for the area that the menorrhagia that the NovaSure product sells. And we have strong markets in the U.S. alone to sell in.

Here is the estimated worldwide revenue of \$600 million for breast for us, \$425 million in the pap area, \$230 million they're going to do in the NovaSure area. Leading brands that are growing.

And you look at the growth; breast cancer is high because of Selenia. The NovaSure is high in the area of endometrial ablation. It is a medium in the pre-term labor market, which is the Adeza FullTerm. And it certainly is going to be high in permanent contraception.

We're not going to make any predictions yet in the endometriosis area because it is under-penetrated. But with the Cytyc sales force we think it will be highly penetrated with their new product.

And here you can see in the left side the products that are going to address these areas.

We're going to leverage the OB/GYN channel. We're going to use them to drive utilization. If utilization goes up in any of our products, we will win by that.

Also, there is a new model that is being introduced, not by Cytyc, not by Hologic, but by radiologists in the country who are using a distributed model of reading mammograms.

And they are now negotiating to put systems into OB offices. This has started because we're in the middle of negotiations with that right now.

We've been called in. We will put our Selenia S model, which doesn't have the workstations, which sells in the \$200,000 low, low, \$200,000 range, where the images would be read at a central read for radiologists.

This is not going to happen overnight. But we think over the next three years it will happen. And we will certainly be the prime player in there. Because we have more call points than any of our competitors right now.

And as you can see, and this'll be posted on our web site, we have best technology, minimally invasive. We have the channel to the treatment decision makers. And we have targeted minimally invasive products to sell.

And the bottom line is we're looking for improved outcomes.

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Well, this isn't moving forward so let's try this.

This is the in-depth channel coverage we talked about, over 425 reps in the U.S. Why is it important? We do 80%, about 75% of our business in the U.S. That's where the margins are.

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Cytc does the greater portion of their sales in the U.S.

International is where long-term growth is going to happen. But now, the penetration in the U.S. to all these radiologists, radiation oncologists, breast surgeons, it's going to be substantial.

Product pipeline, in the pipeline today at Hologic we have an international product being developed by Suros to address extraction of benign fibroid adenomas. 350,000 to 500,000 procedures are done per year.

This could be a \$60 million taking a not the leading share of the market, taking a 25% share of the market, which we think we're capable of, when we introduce this product.

This is a product that has sold two breast surgeons. A percutaneous removal of confirmed breast cancers, there are 75,000 to 100,000 procedures done. I'm sorry for the typo here per year. And that is another market of considerable revenue that we expect.

These are products that are currently in our pipeline that now we do not have to build a distribution channel for in the breast surgery market.

And we are working on a radiation oncology product for the treatment of breast cancer. Somewhat stimulated by some company that brought Proxima a couple of years ago.

We are. I know Pat. Thank you. That is a product that we're working on today. And that is a product sold to radiation oncologists, of which we have no distribution channel. And we will now under the combined companies.

So it's from a revenue standpoint we're looking at driving top-line growth 20% forever, as long as we can see. I was told to say forever by one of you guys today.

Someone said, Well you'd be growing 40% isn't that better? It's better if we can continue to grow 40% with Selenia. But as our numbers, there's a little math that says as your numbers get higher sometimes the growth can't be as high.

We expect Selenia to grow for a long time, but it can't sustain 40%. We all know that.

We would much rather be a company that expands horizontally, which has always been the goal of this Company, with number one products and have 20% growth year in, year out top and bottom line. This is highly achievable for this Company.

And I guess most importantly, by having the best in class products, our goal is, our mission earlier and better detection, improved diagnosis, less invasive treatment, and better outcome.

I'm going to now imitate Glenn Muir. Everyone go to sleep, no.

Here is the transaction. Glenn didn't want to get up unless he had a certain number of slides, so he's pouting over there because it was one less than what his union allows.

The deal is 0.52 Hologic shares and \$16.50 for each Cytc share, valued at \$46.46 or a premium of 33%, consideration of \$2.2 billion in cash and \$4 billion in stock.

The Pro Forma ownership will be 55%, 45% in favor of Cytc. The company's name will continue as Hologic, HOLX.

There'll be six Directors nominated from our side, five from Cytc's side. I will become the Chief Executive Officer and Pat Sullivan will be the Chairman.

Customary closing conditions, permanent financees anticipate to be a combination of pre-payable term loan and equity linked securities.

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Financing has been secured by a commitment from Goldman Sachs that if our term loan is not in place, which we expect it to be at the close, then they will write us a check, which is very nice. And we thank them for writing us the check.

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Third quarter, about early September we expect it to close. Financial rationale is we're estimated to do more than 10% accretive to adjusted EPS, enhanced cash flow.

The revenue synergies let me I'm going to flip through because I wanted to make sure that I covered this because this is what's been asked a lot.

Can't you guys do better than \$75 million in revenue for God's sake, for a company that's going to be \$1.4 billion?

The answer is yes we can. The answer is yes we will. The answer is we needed to have a placeholder for a number.

We've given you a number and you all want a higher number. So why don't we say \$750 billion in revenue assumptions?

It's a number, folks. It's going to be greater. We shouldn't have a heart attack over it. It's going to be greater. Our \$25 million to \$30 million is most doable in the two years.

The synergies in the service side alone in logistics alone are going to be substantial. In manufacturing, substantial.

So we have a great opportunity to drive these synergies. And when you look at the companies going forward, we're going to have 40% breast health, 16% gynecology and interventional, 33% gynecology and diagnostics, but we're going to have a 60%, 40% split of consumables and capital equipment.

We're going to have a blended margin of plus 60%. We're at 47% right now. They're at 75%.

We're going to have 60% plus, probably 65% in '08. We are going to be doing our budget in July for '08. We will then come back to you at the close and give you new guidance that'll be better than the 75 and the 25 and 30.

And with that they're asking me to stop. So I will say here we are. I'm going to leave these up so you can look at them, expansive U.S. channel, enhanced presence, platform for new entry, best in class technologies.

I'd like to thank Pat Sullivan, Tim Adams for coming. They're going to be available in the breakout.

Glenn, do not ask him any questions because he's pouting. And I'd like to thank Amit for bringing us here and inviting us.

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**Amit Bhalla - Citigroup - Analyst**

Thanks a lot, Jack. The breakout session is going to be in the Clinton Suite here on the second floor. So we'll go there right now.

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Information set forth in this communication contains forward-looking statements, which involve a number of risks and uncertainties. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of Hologic's products, statements about the timing of the completion of the transaction, the anticipated benefits of the business combination transaction involving Hologic and Cytyc, including future financial and operating results, the expected permanent financing for the transaction, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. Hologic and Cytyc caution readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information.

These include risks and uncertainties relating to: the ability to obtain regulatory approvals of the transaction on the proposed terms and schedule; the parties may be unable to complete the transaction because conditions to the closing of the transaction may not be satisfied; the risk that the businesses will not be integrated successfully; the transaction may involve unexpected costs or unexpected liabilities; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues; the need to develop new products and adapt to significant technological change; implementation of strategies for improving internal growth; use and protection of intellectual property; dependence on customers' capital spending policies and government funding policies, including third-party reimbursement; realization of potential future savings from new productivity initiatives; general worldwide economic conditions and related uncertainties; future legislative, regulatory, or tax changes as well as other economic, business and/or competitive factors; and the effect of exchange rate fluctuations on international operations. In addition, the transaction will require the combined company to obtain significant financing. While Hologic has obtained a commitment to obtain such financing, including a bridge to the permanent financing contemplated in the presentation, the combined company's liquidity and results of operations could be materially adversely affected if such financing is not available on favorable terms. Moreover, the substantial leverage resulting from such financing will subject the combined company's business to additional risks and uncertainties. The risks included above are not exhaustive. The annual reports on Form 10-K, the quarterly reports on Form 10-Q, current reports on Form 8-K and other documents Hologic and Cytyc have filed with the SEC contain additional factors that could impact the combined company's businesses and financial performance. The parties expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the parties' expectations or any change in events, conditions or circumstances on which any such statement is based.

#### Important Information for Investors and Stockholders

Hologic and Cytyc will file a joint proxy statement/prospectus with the SEC in connection with the proposed merger. HOLOGIC AND CYTYC URGE INVESTORS AND STOCKHOLDERS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED BY EITHER PARTY WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

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Investors and stockholders will be able to obtain the joint proxy statement/prospectus and other documents filed with the SEC free of charge at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, documents filed with the SEC by Hologic will be available free of charge on the investor relations portion of the Hologic website at [www.hologic.com](http://www.hologic.com). Documents filed with the SEC by Cytyc will be available free of charge on the investor relations portion of the Cytyc website at [www.cytyc.com](http://www.cytyc.com).

**Participants in the Solicitation**

Hologic, and certain of its directors and executive officers, may be deemed participants in the solicitation of proxies from the stockholders of Hologic in connection with the merger. The names of Hologic's directors and executive officers and a description of their interests in Hologic are set forth in the proxy statement for Hologic's 2006 annual meeting of stockholders, which was filed with the SEC on January 25, 2007. Cytyc, and certain of its directors and executive officers, may be deemed to be participants in the solicitation of proxies from its stockholders in connection with the merger. The names of Cytyc's directors and executive officers and a description of their interests in Cytyc is set forth in Cytyc's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006, which was filed with the SEC on April 30, 2007. Investors and stockholders can obtain more detailed information regarding the direct and indirect interests of Hologic's and Cytyc's directors and executive officers in the merger by reading the definitive joint proxy statement/prospectus when it becomes available.

**Use of Non-GAAP Financial Measures**

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use the non-GAAP financial measures adjusted EPS and EBITDA. Adjusted EPS excludes the write-off and amortization of acquisition-related intangible assets, and tax provisions/benefits related thereto. EBITDA is defined as net earnings (loss) before interest, taxes, depreciation and amortization expense. Neither adjusted EPS nor EBITDA is a measure of operating performance under GAAP. We believe that the use of these non-GAAP measures helps investors to gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts our performance, especially when comparing such results to previous periods or forecasts. When analyzing our operating performance, investors should not consider these non-GAAP measures as a substitute for net income prepared in accordance with GAAP.

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CitiGroup  
Investor Conference  
Jack W. Cumming  
Chairman & CEO  
Glenn Muir  
Exec VP & CFO  
May 23, 2007

Filed by Hologic, Inc.  
Pursuant to Rule 425 under the  
Securities Act of 1933 and deemed  
filed pursuant to Rule 14a-12 of  
the Securities Exchange Act of 1934  
Subject Company: Cytoc  
Corporation  
Commission File No.: 000-27558

Disclaimer Regarding  
Forward-Looking Statements

Information set forth in this communication contains forward-looking statements, which involve a number of risks and uncertainties. Such forward-looking statements include, but are not limited to,

statements  
about  
the  
anticipated  
benefits  
of  
Hologic's  
products,  
statements

about the timing of the completion of the transaction, the anticipated benefits of the business combination transaction involving Hologic and Cytyc, including future financial and operating results, the expected permanent financing for the transaction, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts.

Hologic and Cytyc caution readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information.

These include risks and uncertainties relating to: the ability to obtain regulatory approvals of the transaction on the proposed terms and schedule; the parties may be unable to complete the transaction

because  
conditions  
to  
the  
closing  
of  
the  
transaction

may  
not  
be  
satisfied;  
the  
risk

that the businesses will not be integrated successfully; the transaction may involve unexpected costs or unexpected liabilities; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships

and  
revenues;  
the  
need  
to  
develop  
new  
products  
and  
adapt  
to

significant  
technological  
change;  
implementation  
of  
strategies  
for  
improving  
internal

Disclaimer Regarding

Forward-Looking Statements **(continued)**

growth; use and protection of intellectual property; dependence on customers' capital spending policies and government funding policies, including third-party reimbursement; realization of potential future savings from new productivity initiatives; general worldwide economic conditions and related uncertainties; future legislative, regulatory, or tax changes



as well as other economic, business and/or competitive factors; and the effect of exchange rate fluctuations on international operations.

In addition, the transaction will require the combined company to obtain significant financing.

While Hologic has obtained a commitment to obtain such financing, including a bridge to the permanent financing contemplated in the presentation, the combined company's liquidity and results of operations could be materially adversely affected if such financing is not available on favorable terms.

Moreover, the substantial leverage resulting from such financing will subject the combined

company's business to additional risks and uncertainties. The risks included above are not exhaustive. The annual reports on Form 10-K, the quarterly reports on Form 10-Q, current reports on Form 8-K and other documents Hologic

and Cytoc

have filed with the SEC

contain additional factors that could impact the combined company's businesses and financial performance. The parties expressly disclaim any obligation or undertaking to

release publicly any updates

or  
revisions  
to  
any  
such  
statements  
to  
reflect  
any  
change  
in  
the  
parties  
expectations or any change in events, conditions or circumstances on which any such  
statement is based.

Hologic and Cytoc will file a joint proxy statement/prospectus with the SEC in connection with the proposed merger. HOLOGIC AND CYTYC URGE INVESTORS AND STOCKHOLDERS TO READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED BY EITHER PARTY WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Investors and stockholders will be able to obtain the joint proxy statement/prospectus and

other documents

filed

with

the

SEC

free

of

charge

at

the

website

maintained

by

the

SEC

at

[www.sec.gov](http://www.sec.gov). In addition, documents filed with the SEC by Hologic will be available free of charge on the investor relations portion of the Hologic website at [www.hologic.com](http://www.hologic.com).

Documents filed with the SEC by Cytoc will be available free of charge on the investor relations portion of the Cytoc website at [www.cytoc.com](http://www.cytoc.com).

**Important Information**

for Investors and Stockholders

Participants in the Solicitation

Hologic, and certain of its directors and executive officers, may be deemed participants in the solicitation of proxies from the stockholders of Hologic in connection with the merger. The names of Hologic's directors and executive officers and a description of their interests in Hologic are set forth in the proxy statement for Hologic's 2006 annual meeting of stockholders, which

was  
filed  
with  
the  
SEC  
on  
January  
25,  
2007.  
Cytyc,  
and  
certain  
of  
its  
directors and executive officers, may be deemed to be participants in the solicitation of  
proxies from  
its  
stockholders  
in  
connection  
with  
the  
merger.  
The  
names  
of  
Cytyc's  
directors  
and executive officers and a description of their interests in Cytyc is set forth in Cytyc's  
Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006, which was  
filed with the SEC on April 30, 2007. Investors and stockholders can obtain more detailed  
information regarding the direct and indirect interests of Hologic's and Cytyc's directors and  
executive  
officers  
in  
the  
merger  
by  
reading  
the  
definitive  
joint  
proxy  
statement/prospectus  
when it becomes available.

#### Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use the non-GAAP financial measures "adjusted EPS" and EBITDA . Adjusted EPS excludes the write-off and amortization of acquisition-related intangible assets,  
and

tax  
provisions/benefits  
related  
thereto.  
EBITDA  
is  
defined  
as  
net  
earnings (loss) before interest, taxes, depreciation and amortization expense. Neither  
adjusted EPS nor EBITDA is a measure of operating performance under GAAP. We believe  
that the use of these non-GAAP measures helps investors to gain a better understanding of  
our  
core  
operating  
results  
and  
future  
prospects,  
consistent  
with  
how  
management  
measures  
and forecasts our performance, especially when comparing such results to previous periods  
or forecasts. When analyzing our operating performance, investors should not consider these  
non-GAAP measures as a substitute for net income prepared in accordance with GAAP.



A History of Innovation  
Delphi  
HOLOGIC  
Goes Public  
Acquisition of  
Trex Medical  
Including LORAD

Launched  
in U.S.  
Introduced  
3D DEXA  
Acquisition  
of R2, Suros  
and AEG  
Fan-Beam  
Technology  
Founding of  
HOLOGIC  
Announced  
Agreement  
with  
Cytoc  
Introduced  
Tomosynthesis at  
RSNA  
Launched  
Discovery  
Acquisition  
of Direct  
Radiography  
1986  
1990  
1995  
1998  
1999  
2000  
2002  
2003  
2004  
2005  
2006  
2007

Hologic Overview

Women's health imaging market leader

Strong/profitable core businesses (mammography/densitometry)

Technology and market share leader (# 1 market share in U.S.)

Major opportunity in digital mammography

Large, emerging digital market

Digital technology evolving as standard of care

Leading technology -  
only true direct-to-digital detector

>50% growth rate in FY-05 and FY-06

Expanded distribution (U.S. sales team doubled in FY-06)

Expanding presence with acquisitions of R2, Suros, AEG

Sound capital foundation

Financial Overview  
Record Q2 FY07  
revenues  
of \$180 million  
Record Q2 FY07 pre-tax  
income of \$33.9 million  
Backlog of \$216 million as of

quarter-end 3/31/07

Q2 FY07 Performance (**March 31st**)

up 79%

over Q2 FY06

up 94%

over Q2 FY06

up 41% **Of**

\$63 million

over **3/25/06**

Strong Growth

Up 99%  
Over 1  
st  
Half FY06  
78% of Revenues  
LORAD Mammography/Breast Care  
Recognized technology leader worldwide

Market share leader in the U.S. >50% share in analog/digital  
Unsurpassed image quality

High transmission cellular grid -  
patented  
Largest installed base

13,000 system

\$129

\$189

\$270

\$336

'04

'05

'06

1st Half '07

Fiscal Year

Mammography/Breast Care Revenue

\$ in Millions

Up 77%

Over FY05



Direct Conversion  
Technology Optimal  
> 72% of Mammography/Breast Care Product Revenue  
LORAD Selenia FFDM  
First U.S. system delivered in March 2003  
555 Selenias  
sold in FY06

228 Selenias  
sold in Q1 FY07  
282 Selenias  
sold in Q2 FY07  
Backlog  
increased to 533  
systems at end  
of Q2 FY07  
up 132%  
over FY05  
up 135%  
over Q1 FY06  
up 248  
systems  
over Q2 FY06  
up 154%  
over Q2 FY06

282  
37  
35  
228  
193  
154  
111

97  
71  
64  
54  
50  
44  
27  
27  
3  
11  
16  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
Q2

Selenia Highlights:

555 sold in FY06  
510 sold in first half of FY07  
Approximately 38% of  
estimated 3,900+ worldwide  
FFDM installed market  
Accelerating  
Interest  
\*For  
Fiscal  
Years  
Ended  
September  
30  
th

Number of Selenia s Sold\*  
Full Field Digital Mammography  
2003  
2004  
2005  
2006

2007

MQSA U.S. Scorecard\*  
(Mammography Quality Standards Act of 1992)  
Total Certified Facilities  
8,800  
Total Accredited Units  
13,447  
Certified Facilities with FFDM Units

1,795

20.4%

Accredited FFDM Units

2,637 **19.6%**

Total U.S. Annual

= 34.7 Million

Mammography Procedures

Hologic U.S. Installed Base (at March 31, 2007)

1,130

45% (of FFDM units)

\*(<http://www.fda.gov/cdrh/mammography>)

Certified Statistics as of May 1, 2007

Tomosynthesis  
Technology Roadmap  
Lower recall rates  
Improved detection

False positives  
costly



False negatives  
deadly  
Incorporated in screening  
Digital Tomosynthesis  
Tomosynthesis Offers the  
Potential for:

Vacuum Assist Breast  
Biopsy Systems  
Leading technology for VABB  
Leverages U.S. sales and  
distribution channels  
FY06 sales of approximately  
\$38 million

High gross margin product  
exceeding 65%

Over 70% of revenues derived  
from recurring disposable  
sales

Growth rate of over 50% in  
each of next  
two years  
Worldwide market currently estimated  
at \$250 million

1.8m biopsies in U.S.

-

1/3 vacuum assisted

International market represents  
new opportunity

Suros ATEC

®

System Is Ideally Positioned to  
Maximize Conversion to VABB Procedures

Suros

Innovative Technologies with New and Improved Screening Modalities Will  
Drive Conversion

1.8 Million  
Breast Biopsy  
Procedures  
Annually in the  
U.S.  
500,000  
Ultrasound  
Stereotactic  
MRI  
600,000  
700,000

Celero

-

The First -  
Vacuum-Assisted,  
Spring Loaded Core Biopsy Device for Breast  
Ultrasound

Celero breast biopsy device with CeleroMark  
biopsy marker system and introducer

Celero Advantages

- 
- Faster and less traumatic for the patient
- 
- Provides better access to hard-to-reach lesions
- 
- Better **cores** that are more than two times the size of conventional spring loaded core devices
- 
- More accurate clinical diagnosis
- 
- Better confirmation with the needle clearly visible under ultrasound imaging

Creating a  
Global Leader  
in  
Women's Healthcare  
Continuing a legacy of leading technology, innovation and rapid growth



Creating a Global Leader in Women's Healthcare

Creating a Global Leader in Women's Healthcare

Expanded product portfolio

Comprehensive sales coverage

Ability to leverage OB/GYN channel

Significant cross-selling synergies

with breast surgeons/radiation

oncologists/mammographers

Enhanced international presence

Strategic Rationale

Combined Strengths

Market share leader in major product

lines

Proven management team

Significant cash flow generation

Accretive to adjusted EPS

1

within the  
first full year after close

1

Adjusted EPS excludes the write-off and amortization of acquisition-related intangible assets, and related tax effect.  
Strategic Rational

Selenia  
Breast Cancer  
Screening  
MammoSite  
Radiation  
Therapy  
ThinPrep Pap Test & Imaging System

Cervical Cancer Screening

NovaSure

Endometrial

Ablation

Adiana

Contraception

FullTerm -

Adeza

Preterm Labor

Best-in-Class Solutions

in

Women s Healthcare

Comprehensive Women s Healthcare Platform

Discovery

Osteoporosis

Screening

MultiCare

Stereotactic

Biopsy

Suros

Biopsy Systems

Solutions for Major Women's Healthcare Issues

Helica

Adiana

Fetal Fibronectin

Discovery

Sahara

NovaSure

ThinPrep  
Selenia  
MultiCare  
Suros ATEC  
MammoSite  
Combined  
Offering  
Unpenetrated  
High  
Medium  
Low  
High  
Medium  
High  
Market Growth  
\$100M  
\$1B+  
\$400M  
\$110M  
\$2.5B+  
\$550M  
\$1B  
U.S. Market Size  
Endometriosis  
Permanent  
Contraception  
Preterm  
Labor  
Osteoporosis  
Menorrhagia  
Cervical  
Cancer  
Breast  
Cancer  
1 in 3  
1 in 4  
1 in 2  
Pregnancies  
1 in 2  
1 in 5  
1 in 138  
1 in 8  
U.S. Women  
Affected  
NM  
NM  
#1  
#1  
#1  
#1

#1

U.S. Market

Position

Gestiva

International

ThinPrep Imager

International

Tomosynthesis

Suros Celero

Additional

Opportunities

International

International

International

International

International

\$0

\$0

\$60M

\$80M

\$230M

\$425M

\$600M

2007E Worldwide

Revenue

Source: Market research and company estimates.





OB/Gyn  
Screening  
Test  
Diagnostic  
Test  
Treatment  
Specialist  
Therapeutic  
Improved  
Outcomes  
Our Mission  
Leveraging the OB/GYN Channel  
Best Technology  
Selenia, ThinPrep,  
Adeza, Discovery  
Minimally Invasive

Most Specific

Suros, MultiCare,

Selenia, Discovery

Channel Access to

Gatekeeper

230 **OB/Gyn sales reps**

Channel Access to

Treatment Decision maker

288 Breast surgeon, oncologist,

OB/Gyn sales reps

Targeted

Minimally Invasive

NovaSure,

MammoSite,

Gestiva, Adiana,

Hologic new

product pipeline

Over 425 U.S. Sales Representatives

58

Breast Surgery &

Radiation Oncology

77

Radiology & Imaging Center

110 Gynecology Surgery

143

OB/Gyn & Primary Care Physicians

45

Clinical Lab

Multiple call points to women's

healthcare providers

Access to

30,000 OB/Gyn's

40,000 Radiologists

10,000 Hospitals & Imaging centers

4,000 Radiation Oncologists

4,000 Gyn Surgeons

2,500 Breast Surgeons

Best-in-class brand recognition

In-Depth Channel Coverage

New Product Pipeline  
Interventional products to address extraction of benign fibroid  
adenomas  
350-500k procedures per year  
Percutaneous removal of confirmed breast cancer  
75-100k  
procedures per year

Radiation oncology for treatment of breast cancer

Drive market growth through a combination of advanced technology and comprehensive sales channel coverage  
#1 market position in major areas of women's healthcare  
Continue 20%+ revenue and earnings growth  
Develop additional best-in-class products that provide earlier and better detection, improved diagnosis, less invasive treatment and better outcomes



Long-Term Strategic Goals

Transaction Overview

Permanent financing anticipated to be combination of pre-payable term loan and equity-linked securities

Financing:

Hologic, Inc. (NASDAQ: HOLX), continue Cytoc name

Name of NewCo:

Third Quarter of CY2007

Timing to Close:

Shareholders of both companies, customary closing conditions and anti-trust clearance, including HSR and various country filings

Customary Approvals:

Chief Executive Officer: Jack Cumming

Management:

Chairman of the Board: Patrick Sullivan

Hologic: 6 Directors

Cytyc: 5 Directors

Board Composition:

Hologic:

45%

Cytyc:

55%

Pro Forma Ownership:

0.520 Hologic shares and \$16.50 for each Cytyc share valued at \$46.46 per share or 33% premium, for approximate total consideration of \$2.2B in cash and \$4.0B in stock

Purchase Consideration:

Multiple platforms to enhance top and bottom line growth  
Increased scale through diversification of revenue and  
strong margin profile  
Enhanced cash flow; LQA EBITDA of ~\$436M  
Revenue and cost synergy opportunities  
Estimated more  
than

\$0.10

accretive

to

adjusted

EPS

1

within

the first full year after close, significantly more accretive

thereafter

Rapid debt repayment, incremental earnings growth

Financial Rationale

1

Adjusted EPS excludes the write-off and amortization of acquisition-related intangible assets, and related tax effect.

Diversified and Balanced Revenue Mix

Gynecology

Interventional

16%

Gynecology

Diagnostics

33%

Breast Health

40%

Osteoporosis

& Other

11%

Combined Company

LQA Revenue

= \$1.44B

~ 40% Capital Equipment

~ 60% Consumables

Other

1%

MammoSite

5%

Adeza

8%

NovaSure

30%

Pap

56%

Other

12%

Breast Biopsy

9%

Osteoporosis

11%

Digital

Mammography

68%

Hologic

LQA Revenue = \$724M

Cytc

LQA Revenue

= \$720M

Combined Financial Strength

46%

Gross Margin

\$161M

EBITDA

\$724M

Revenue



LQA  
Hologic  
75%  
Gross Margin  
\$275M  
EBITDA  
\$720M  
Revenue  
LQA  
Cytoc  
60%  
Gross Margin  
\$436M  
EBITDA  
\$1.44B  
Revenue  
LQA  
Combined Company

\$25-\$30M projected cost savings within two years

Align assets to maximize efficiencies

Leverage combined purchasing power

Consolidate administrative activities

Greater than \$75M revenue projected opportunities within three years

Cross-selling to OB/Gyn/breast surgeon/mammographer/radiation oncologist

Enhanced geographic reach

200 people with 20 offices

Penetration of new and existing markets

\$10M in Cost Synergies Anticipated in Year One

Significant Synergy Opportunity

FY2008 Guidance and Long Term Outlook

2008 Guidance

Revenue: In excess of \$1.70B

Adjusted EPS

1

: \$2.35-\$2.40 / share

Gross margin: 65%

Long-Term Outlook

Revenue Growth: 20%

Adjusted EPS

1

Growth: 20%+

1

Adjusted EPS excludes the write-off and amortization of acquisition-related intangible assets, and related tax effect.

Creating a Global Leader  
in Women's Healthcare  
Comprehensive Women's Healthcare Product Portfolio

Complementary best-in-class technologies  
Expanded Commercial Capabilities

Expansive U.S. sales channel coverage

Enhanced presence in key international markets

Platform for entry into new markets  
Opportunity to offer Integrated Solutions

Screening

Diagnostics

Therapeutics

Creating  
A Global Leader  
In Women's Healthcare