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## Healthways, Inc. (HWAY) Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you, Sir. The question-and-answer session will be conducted electronically. At this time if you do have a question you may signal by pressing \*1 on your touchtone phone. If you are using a speakerphone today please be sure you mute function is turned off to allow your signal to reach our equipment. Once again it is \*1 for question.

We'll go first with Tom Carroll of Stifel Nicolaus & Company, Inc.

#### Tom Carroll - Stifel Nicolaus & Company, Inc.

Hey, good afternoon. Two quick questions on your new business comments on your press release. One I guess a quick one on your international business in Germany you mentioned \$8-10 million in revenue. When do you expect that really to come in? A little bit in third quarter, more in fourth quarter? Maybe if you could give us some color on that. Secondly, I see you highlight I think three Silver Sneakers contracts; United, Horizon and Bravo Health. Did any of these forward-looking contracts show price pressure relative to Silver Sneakers contracts you have signed in the past say last year given that these contracts kind of look good into the next couple of years? I'll stop there.

#### Mary Chaput

I'll take that first one. We did recognize about \$2.3 million for the two months of January and February in the international so it's a fairly big fee. We should have some foreign exchange benefit, but you can expect that to come in to just over \$1 million a month.

#### Ben Leedle

On the second question, this is Ben, both for Silver Sneakers I think that you saw in the release as well as Forever Fit, which is another seniors activities program that we delivered into the Medicare Advantage market, the pricing related to those agreements have been consistent with past practice.

#### Tom Carroll - Stifel Nicolaus & Company, Inc.

Okay thanks.

#### Operator

We'll go next with Brian [Tankel with Jefferies and Co].

**Brian [Tankelit - Jefferies and Co]**

First question, if you could provide us some color on the terms of the Cigna contract expansion specifically in how it compares to your previous contract with Cigna?

**Ben Leedle**

This is a pretty simple one to answer. I would say this is simply an extension of the basic terms and conditions under which we currently operate. There is no expanded programs with this. We will continue to provide disease management and impact conditions within that relationship. I think one of the things we noted in our joint release is both parties can take non-disease management solutions to the market. What that meant was we both have ideas and thoughts about next generation market and we will work together as a primary effort to create an integrated solution but to the degree that either party wants to pursue a next generation model that is inconsistent with the other party, then both parties are free to do that out in the marketplace. But that is a statement related to the non-DM aspects of this thing.

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