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## Genomic Health, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator instructions) We will take our first question from Bruce Cranna with Leerink Swann

**Bruce Cranna – Leerink Swann**

Good afternoon.

**Brad Cole**

Hi Bruce.

**Unidentified Company Representative**

Hey.

**Brad Cole**

Hi Bruce.

**Bruce Cranna - Leerink Swann**

Hey Brad. You mentioned the accrual revenue rate in the quarter was 50% was that, remind me last quarter was at 52% and if so, why that slipping sequentially?

**Brad Cole**

You're right Bruce. Last quarter, it was just over 50% and this quarter is right up 50%. This was a particularly strong quarter, [Inaudible] from cash payors. And we will touch upon where it was; the cash payors were just at a higher mix?

**Bruce Cranna – Leerink Swann**

Okay.

**Brad Cole**

[In order to] change by about 2%. It's a good thing.

**Bruce Cranna – Leerink Swann**

Okay. Can you make any comments on the backlog and size there are any comments at all?

**Brad Cole**

On backlog continues to be significant, and that is the source of half of our revenue. So, to the extent that we continue to build from more than we collect and that's been the case over the last, while since launch and that will continue to be significant.

**Bruce Cranna – Leerink Swann**

Okay. And then, if you don't mind a little clarity on the '09 guidance, I am just trying to make the model work. If, we're looking at 7 to 14 million net loss, but yeah I think your comment was as mostly in the first half. But yet, I am trying to figure out if, do you expect the revenue or the test [found] to be somewhat linear throughout the year or more or less to reflect I guess kind of pacing from '08. It kind of looks like something really has to be dialed down on the expense side in the back half of the year. In other words, most of the spending in first half, so I guess?

**Brad Cole**

I think the answer is that we've invested in the U.S. sales force here in the first quarter, and in international investments. So there will be a step function increase in expenses early in the year and revenue will catch up with that later in the year.

**Bruce Cranna – Leerink Swann**

And, but so, you would be dialing down on the expenses in the second half.

**Brad Cole**

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