Emily:

Thank you. Good afternoon, everyone, and welcome to Genomic Health's conference call to review our first quarter 2017 financial results. Please note: a copy of the prepared remarks we are about to make are available to download on the Investors section of our corporate website, GenomicHealth.com.

Before we begin, I'd like to remind you that various remarks that we make on this call that are not historical, including those about:

- our future and full-year financial and operating results;
- our guidance for the year;
- our plans and prospects;
- our ability to leverage our existing commercial channel and infrastructure;
- the success and focus of our business strategy;
- economic benefits and value of our tests;
- growth opportunities;
- future products, product launches and our product pipeline;
- demand for our tests and drivers of demand, as well as correlations between test demand to present or future revenue;
- payer coverage, timing of revenues from payers and progress in reimbursement and patient access;
- effects of foreign currency exchange rates;
- international expansion;
- clinical outcomes and timing of clinical studies and publications; and
- our expectations regarding potential FDA or other regulation

constitute forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act.

We refer you to our annual report on Form 10-K for the year ended December 31, 2016 filed with the SEC, in particular to the section entitled Risk Factors, for additional information on factors that could cause actual results to differ materially from our current expectations. These forward-looking statements speak only as of the date hereof, and we disclaim any obligation to update these forward-looking statements.

Joining me today to make prepared remarks are:

- Kim Popovits, our Chairman of the Board, Chief Executive Officer and President;
- Brad Cole, our Chief Operating Officer and Chief Financial Officer; and
- Phil Febbo, our Chief Medical Officer.

Additionally,

- Steve Shak, our Chief Scientific Officer; and
- Fred Pla, our Chief Business and Product Development Officer; will be available during Q&A at the end of the call.

I'll now turn it over to Kim.

Kim:

Thanks, Emily. Good afternoon, everyone, and welcome.

In the first quarter, we delivered 7 percent test growth and 4 percent revenue growth. Demand for our Oncotype™ tests was strong as we continued to execute against our goal to grow our global invasive breast and U.S. prostate cancer business. Specifically, we:

- Increased the number of U.S. invasive breast cancer tests delivered sequentially by 4 percent, compared with the prior quarter;
- Generated 17 percent test growth and 29 percent revenue growth across international markets with continued strength in Western Europe; and
- Continued to accelerate prostate test adoption with 40 percent volume growth and 26 percent revenue growth, compared to the same period last year.

Based on this strong prostate performance in the quarter and market research conducted earlier this year, we believe we continue to lead the market in low- and intermediate-risk prostate cancer test adoption, and that this leadership will be further strengthened with compelling new data being presented this week at AUA. This, combined with expected near-term reimbursement for intermediate patients, sets us on a path to deliver our goal of 30 percent prostate test growth, contributing approximately 40 percent of revenue growth, in the second half of the year.

Beyond continuing to grow our market-leading global breast and U.S. prostate business, we are focusing on expanding our life-changing impact across the

cancer patient journey as we partner with Epic Sciences to launch Oncotype DX® AR-V7 Nucleus Detect later this year and work to complete our Oncotype SEQ® concordance study.

During the quarter, we also made important progress toward our goal of achieving full-year profit with 40 percent operating leverage and 30 million dollars in EBITDA. For the seventh consecutive quarter, we delivered operating leverage and improved the operating line by 6 million dollars in the first quarter.

Taking a step back and looking at the bigger picture, it is simply unacceptable that more than 100 billion dollars are spent each year on cancer drugs worldwide; yet only 25 percent of these therapies work for the patients to whom they are prescribed. The reality is that most patients don't experience significant clinical benefit and more than 75 billion dollars a year is wasted on ineffective treatment. More important than the wasted resources are the millions of people receiving treatments that are likely doing their body more harm than good, as well as those at high risk who are not identified for potentially life-saving treatment. With more than 750,000 cancer patients to date having optimized their treatment decisions with Oncotype DX, it is clear Genomic Health is leading the industry to help solve this critical health issue.

Over the last decade, we have proven that precision medicine through genomic testing can be the foundation of a successful and sustainable business model. I could not be more excited about our long-term outlook as we continue to leverage a decade of investment in driving our business to profitability, while delivering precision medicine to cancer patients worldwide.

I will now turn the call over to Brad and Phil to provide further detail on our first quarter financial results, our worldwide commercial and operations progress, and recent scientific updates.

Brad…

Brad

Thanks, Kim.

In the first quarter of 2017, we delivered 7 percent growth in test volume, or more than 31,580 Oncotype tests, which was in-line with our expectations and a record quarter. In particular, we are pleased with our sequential test growth, which was up 5 percent and consistent with historical seasonal patterns. We saw increased demand across invasive breast cancer, both in the United States and internationally, and coming off a very strong fourth quarter in prostate, we delivered the sequential double-digit growth we had anticipated.

I will now walk you through the results across each of our key markets:

- Our U.S. prostate business continued to accelerate in the first quarter with 40 percent growth in tests, which was above expectations; and 26 percent revenue growth, as expected. Specifically, U.S. prostate revenue was 3.3 million dollars and contributed to approximately 25 percent of the year-over-year global product revenue growth. Approximately half of prostate revenue in the first quarter was from tests delivered for Medicare patients.

  As you look to calculate relative market share, it is important to remember that Genomic Health reports test results delivered to physicians for treatment decisions rather than the orders received. Additionally, the opportunity for the utilization of the Oncotype DX Genomic Prostate Score™ is 160,000 patients in the United States each year who are designated either very low, low or favorable intermediate risk by NCCN guidelines, and does not include high-risk patients or other intermediate-

risk patients. As Kim mentioned, we believe we continue to be the market leader in low- and intermediate-risk prostate cancer based on test volume performance over the last several quarters and recent market research. Prostate volume represented approximately 10 percent of total test volume in the quarter.

- International test volume increased 17 percent, representing 25 percent of total test volume in the quarter, and revenue grew 29 percent compared to the same period last year. On a constant currency basis, international revenue was up 33 percent. Total international revenue was slightly above our expectations at 13.4 million dollars due to strong growth in Canada, the UK and Switzerland, as well as the first revenues from France under the new Ministry of Health funding announced last year. Year-over-year growth of approximately 3 million dollars was equally split between volume and ASP growth. ASP improvement is a result of collection traction in the UK and Switzerland, and first-time payments in France. Additionally, our strong performance in Canada is particularly encouraging since it demonstrates that continued growth in a highly-penetrated market is achievable, much like our experience in the U.S.

- U.S. invasive breast cancer test volume and revenue were up just over 1 percent, compared to last year. Specifically, U.S. invasive breast revenue was 64.8 million dollars. As a reminder, in the first quarter of 2016 there was test and revenue carry-over from our 2015 year-end enterprise system conversion. When adjusted to take this into account, U.S. invasive breast test volume and revenue were up 2 percent on a year-over-year basis. We

are particularly pleased with the continued market penetration of our U.S. invasive breast cancer franchise and the quarter-over-quarter performance, which was up 4 percent in test volume and in-line with seasonal historic patterns. Revenue for this business segment tracked similarly, up 3 percent sequentially.

Revenue from prostate, international and U.S. invasive breast combined was up 4 million dollars, or 6 percent, compared with the first quarter of 2016. DCIS revenue was down year-over-year due to the CPT code and revised price issued in the second quarter of 2016. We expect the DCIS comparator to normalize moving forward.

Test volume and cash receipts in the first quarter were at record levels; however, fluctuations in cash revenue resulted in total revenue being 2 million dollars less than expected.

Historically, approximately thirty percent of our revenue is recorded on a cash basis from payors not on accrual and is dependent on the level and the mix of cash receipts. In the first quarter, 27 percent of cash receipts became cash revenue, lower than our projection of 29 percent. Variations of this type have become normal and expected in our business, and impact our forecasting. We expect second through fourth quarter cash receipts to return to higher levels. Beginning in January 2018, with the implementation of the new revenue standard, ASC606, revenue recognition affected by this variability will be less volatile.

59 percent of tests delivered and 72 percent of product revenue were recorded on an accrual basis in the first quarter of 2017.

Our gross margin rate was 83.7 percent in the first quarter, consistent with levels in recent years and an improvement over the first quarter 2016. Continued cost efficiencies and growth in reimbursement levels – on newer tests such as prostate and in emerging markets like the UK and France – have enabled the company to continue to deliver gross margin rates well above 80 percent. We expect gross margin rate to range between 83 and 84 percent for the remainder of the year.

In the first quarter, we delivered operating leverage by continuing to grow the top line and improved the operating line by 6 million dollars. Operating loss improved to 2.8 million dollars, compared with 8.8 million dollars in the same period of last year. This 6 million-dollar improvement in operating income is double the growth in revenue of just over 3 million dollars. The greatly improved bottom line in the first quarter was a result of multiple factors, including:

- Continued revenue growth;
- Efficiency gains;
- Substantially lower royalty costs; and
- Reduction of bad debt reserves in the first quarter.

Operating expense, excluding the cost of product revenues, was 73 million dollars, about the same as a year ago.

Net loss was 800 thousand dollars in the first quarter of 2017, compared with 6.4 million dollars in the prior year, representing a 17-cent earnings per share improvement. Further, we delivered 6.7 million dollars in positive EBITDA in the first quarter.

Turning now to second quarter 2017 expectations, we expect revenue of approximately 86 million dollars in the second quarter, primarily due to our adjusted view on timing of CMS reimbursement for intermediate risk prostate cancer patients. I remind you that prostate revenue growth is the key driver of our revenue in 2017, and we are pleased with our 26 percent growth this quarter. While our plan calls for revenue growth throughout the year, the delay in anticipated CMS coverage for intermediate-risk prostate cancer will negatively impact second quarter revenue by approximately 2 million dollars. Now that we have a draft LCD for CMS intermediate coverage, we believe revenue will be a second half event following the standard posting, comment, review and finalization process.

Global test demand is seasonally soft during the second quarter, and as such, we expect second quarter test volume to be consistent with first quarter levels. We anticipate further and continued revenue traction in U.S. prostate, international and U.S. invasive breast cash revenue to result in second quarter revenue growth in the 5 percent range, or 86 million dollars.

We expect our operating loss in the second quarter to be similar to the first quarter and to improve significantly as compared to the second quarter of 2016.

Returning to double-digit growth in the second half of the year is dependent on expanded CMS coverage for NCCN intermediate-risk patients, increased private coverage for prostate and continued growth in our global breast business. Given our strong international performance in the first quarter, we continue to believe revenue growth outside of the United States will be in the high teens and expect our domestic invasive breast business will grow in the 3 to 5 percent range for the year.

I will now turn the call over to Phil to discuss recent clinical milestones.

Phil

Thanks, Brad.

Precision medicine is dependent on validated tests that provide insight into the biology of an individual's cancer and actionability into busy healthcare practices. Our Oncotype IQ® portfolio of tests continues to bring outstanding value to patients, providers and global healthcare systems, as evidenced by our continued growth in Oncotype tests delivered.

In breast cancer, where we continue to be the clear global market leader with the only genomic test incorporated into AJCC staging criteria, there is growing effort by healthcare practices to systematically incorporate Oncotype DX into their work flows. In addition, as the randomized, intermediate group of the TAILORx study matures, we continue to present and publish data supporting the validity and utility of our invasive test across broad patient populations and markets, including 20 studies presented during the first quarter at the Miami Breast Conference, St. Gallen International Breast Cancer Conference and the American Society of Breast Surgeons Annual Meeting.

In Urology, we have important new data that establishes our Oncotype DX Genomic Prostate Score, or GPS, as the first and only test that predicts both the current state and future risk of a man's prostate cancer, and provides individualized risk of both tumor aggressiveness and long term outcomes. GPS has been developed and validated to help men diagnosed with clinically low-risk prostate cancer decide between definitive treatment or active surveillance. During this past quarter, the most recent GPS data was presented at GU ASCO and the European Urology Association Congress.

Most notable was Dr. Van Den Eeden's presentation of the successful primary endpoint results from a study performed in collaboration with Kaiser Permanente Northern California. This large validation study demonstrated that GPS can predict the development of metastasis. Importantly, in this study, no men with NCCN Very Low, Low, or Intermediate risk prostate cancer and a GPS of less than 20 developed metastases. These strongly positive results extend and reinforce our unmatched suite of evidence, further confirming that GPS provides individualized information above and beyond the clinical and pathological factors.

At the AUA annual meeting later this week, we will have four presentations that provide additional validation and utility for GPS including its ability to predict prostate cancer-specific death. The data is clear and consistent that GPS contributes significant precision to the individual risk assessment for men with prostate cancer, resulting in an increased proportion of men initially choosing active surveillance, having high confidence in their decision, and staying on active surveillance.

Given the strength of the Kaiser study results and expected impact it will have on clinical practice, we will be incorporating these new findings into a significant revision to our GPS patient report that will launch following AUA. The new report will be the only to incorporate adverse pathology, risk of metastasis, and risk of prostate cancer specific death, providing individualized risks in a clear and easily interpretable format. We believe these important enhancements will further distinguish GPS in the market and increase adoption.

It is clear from market research that urologists are adopting genomic testing with more than 1 of every 5 men diagnosed with clinically low-risk prostate cancer now receiving a genomic test. An increasing proportion of men faced with this

diagnosis are making more informed treatment decisions with their physicians and many are opting to follow active surveillance. In fact, all of our utility studies demonstrate that when GPS results are incorporated, the management of localized prostate cancer is more aligned with guideline treatment recommendations than without GPS testing. This is due to GPS providing individualized risk assessment and greater confidence, enabling patients and physicians to safely choose and remain on active surveillance.

We believe that our growing portfolio of validation and utility data, together with our unmatched commercial channel, will continue to drive GPS's leading position in the market and lead to the inclusion of genomic testing in all major guidelines.

In oncology and urology, molecular diagnostics are increasingly important to optimize cancer care. Across our Oncotype IQ portfolio, we have tests focused on tissue and liquid biopsies analyzing DNA, RNA, or protein. We are excited by our progress with Oncotype SEQ and Oncotype DX AR-V7 Nucleus Detect as we continue to focus on developing and partnering to address unmet clinical needs by applying the right technology to capture the relevant biology for each patient across the cancer journey.

I will now pass it back to Kim to conclude.

Kim:

Thanks, Phil.

Having successfully executed on our strategic investments to strengthen and diversify our business over the past several years, we are now on a path to sustained profitability.

Reimbursement remains a critical growth driver as we aim to deliver double-digit revenue growth in the second half of the year. As we have experienced, navigating the global reimbursement landscape is a challenging and uncertain process. Having pioneered value-based reimbursement for the field, we are confident in our ability to deliver expanded coverage for our Oncotype DX tests.

Looking ahead, we plan to leverage our industry-leading commercial channel, unsurpassed scientific and clinical evidence, operational excellence and outstanding reimbursement expertise to deliver additional tissue and liquid-based tests under our Oncotype IQ Genomic Intelligence Platform.

With our goal of continuing to lead the revolution in precision medicine, we remain focused on:

- Realizing significant growth opportunities in our global breast and U.S. prostate cancer businesses;
- Expanding our pipeline of innovative tests for patients at all stages of cancer treatment with the launch of the Oncotype DX AR-V7 test later this year; and
- Delivering double-digit revenue growth in the second half of the year with improved profitability.

As the world’s leading provider of genomic-based cancer diagnostic tests, we are committed to delivering additional novel tests that answer critical clinical questions across the cancer patient journey – from diagnosis and treatment selection to monitoring the effectiveness of therapy and the recurrence of disease.

With our current success and future potential, we have never been in a better position to further our mission to make cancer care smarter.

I would now like to open the line for your questions.

OPERATOR: [Instructions] We ask that you limit your questions to two. If time permits, we will come back to those who have re-entered the question queue.

[Q&A Session]

KIM: Thank you for joining us today and for your interest in Genomic Health. We look forward to seeing some of you at upcoming conferences this quarter.

OPERATOR: And this concludes today's first quarter conference call for Genomic Health. You may now disconnect.