

**Transcript of
Arrayit Corporation
Fiscal Year 2013 Earnings Conference Call
April 16, 2014**

PrecisionIR Group
9011 Arboretum Pkwy
Suite 295
North Chesterfield, VA
23236

Phone: 804-3273400
Fax: 804-327-7554

www.precisionir.com
www.investorcalendar.com
www.companyspotlight.com

Participants

Dr. Mark Schena – President & Chief Science Officer
Rene Schena – Chairman & Chief Executive Officer

Presentation

Operator

Greetings, and welcome to the Arrayit Corporation's Fiscal Year 2013 Earnings Conference Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. (Operator instructions.) As a reminder, this conference is being recorded.

On the phone, we have Ms. Rene Schena, Chairman and Chief Executive Officer of Arrayit Corporation and Dr. Mark Schena, President and Chief Science Officer of Arrayit Corporation.

Dr. Schena will begin by providing an introduction to Arrayit and an overview of the Company's business, and Rene Schena will present the fiscal year financial results, including revenues, earnings and other financial details, as well as some key developments in Q4. Dr. Schena will then provide some operational and logistical updates and the Company's guidance for Q1 2014. At the conclusion of the prepared remarks, we will open up the call for questions, but let me first take a moment to read the safe harbor statement.

We have identified forward-looking statements by using words such as "expect," "believe" and "should." Although we believe our expectations are reasonable, our operations involve a number of risks and uncertainties that are beyond our control and these statements may turn out not to be true. We urge you to review Arrayit's Form 10-K and other SEC filings for a discussion of the principle risks and uncertainties that affect our performance and of the factors that could cause our actual results to differ materially from those presented today.

I will now turn the conference over to Dr. Schena.

Dr. Mark Schena – President & Chief Science Officer

Thank you. It is our pleasure to welcome all of you to Arrayit Corporation's fiscal year 2013 earnings conference call. We would like to thank all of you for joining us this morning. I will begin by presenting an overview of our company and recent developments at Arrayit.

Yesterday we announced our fiscal year 2013 results. Briefly, we are making tremendous progress in our business and believe that we are at an inflection point in terms of growth. Some of that progress is manifesting in our financial statements for the fiscal year, which demonstrate double-digit revenue growth compared to 2012 and significant balance sheet improvements among other achievements. Most importantly, we are laying the groundwork for substantial growth over the long term.

This is our second consecutive earnings call, and given that some of you may be new to Arrayit, I would like to take a moment to give a brief high-level overview of our company and our business strategy.

Arrayit has two distinct yet complimentary and synergistic business segments, the Life Sciences Tools business and the Molecular Diagnostics business. Our Tools and Diagnostics segments function in concert to provide technology platforms in a shareholder value proposition that we believe is sustainable and compelling.

In our Tools business, which currently comprises most of our revenues, Arrayit invents, develops, manufactures, markets, sells and supports platforms, instruments, tools kits and re-agents for life sciences, biomedical and agricultural research. We leverage our patented and proprietary microarray platform to empower scientific and clinical research worldwide.

Arrayit microarrays contain microscopic spots of genes, proteins, antibodies, amplified DNAs and many other molecules of interest printed on glass substrates. Our microarrays work in a manner similar to microprocessors, enabling scientists and doctors to collect and analyze genomic and proteomic information in a rapid, accurate and highly automated manner.

Arrayit microarrays are highly miniaturized yet practical devices that can be held in the palm of your hand. Such devices can be used to interrogate the entire human genome in a matter of hours, a scientific accomplishment that was, at best, the talk of science fiction a few decades earlier.

In addition to miniaturization, we heavily leverage automation in our platform using robots to perform the work of many and allowing up to 1 million patient samples to be tested in our current laboratories.

Miniaturization and automation confer competitive advantages to Arrayit in the marketplace, and in the longer-term, we believe these attributes offer a means of reducing health care costs and improving quality by allowing patients to be tested more accurately and more affordably than with traditional methods.

Arrayit competes in the life sciences marketplace with Illumina, Agilent and Affymetrix by virtue of our affordability, versatility and performance.

On the performance side, the Arrayit platform provides greater sensitivity and specificity than competing platforms because of our unique ex situ surface contact printing technology, which delivers printed modules of greater purity and integrity than

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our competitors. Better performance coupled with the affordability and versatility of our platform creates value for our customers and ensures what we believe will be an important driver of diagnostic test sales.

Since 1997, when we first introduced our Life Sciences products, Arrayit technology has been installed in more than 4,000 laboratories worldwide, including pharmaceutical, biotechnology and diagnostics companies, as well as hospitals, government centers and university laboratories that you will recognize as household names. Arrayit customers include Abbot, Arizona State, Bayer, Caltech, the CDC, GlaxoSmithKline, Harvard, John Hopkins, MIT, Pfizer, Siemens, Stanford, USDA and the FDA, among many others. We believe the represented customers list illustrates the breadth and depth of our business.

Impressively, Arrayit's patented microarray manufacturing technology has been used to print an estimated 100 million microarrays since 1997. Given the size of the industry and our customer base, the microarray tools business offers a significant opportunity for revenues and earnings. We continue to invest in R&D and to develop new life sciences products and services because we deploy our patented and proprietary life sciences platform to create world-class diagnostic products. Over the past decade, our scientists have used Arrayit technology to develop diagnostic tests for treatable and curable human conditions, including ovarian cancer and Parkinson's disease.

Arrayit's OvaDx® pre-symptomatic ovarian cancer tests enable detection of ovarian cancer long before patients detect disease symptoms, including in Stage 1A patients, allowing greatly improved treatment options and prognosis and reduced cost. Upon 510(k) approval, OvaDx® will be available for ovarian cancer monitoring in a market that is both established and massive.

Doctors and nurses currently use 15 million CA-125 tests per year to monitor ovarian cancer, generating approximately \$2 billion in worldwide revenue. Capturing just 1% of the ovarian cancer monitoring market would generate \$97.5 million in annual revenues for Arrayit through the sale of 150,000 OvaDx® tests at the \$650 per test price point. In addition to OvaDx®, Arrayit has a pipeline of high-valued diagnostic tests based on genomics, RNA profiling and proteomics.

We believe that taken to its logical extension, Arrayit technology can be used to decipher and diagnose all 6,000 human diseases, including other cancers, neurodegenerative diseases, immunological disorders and many others. Using the Internet as an analogy, Arrayit has developed a powerful search engine for the human body that the company believes can deliver health care information that is preventative and personalized for optimal patient treatment. Having said that, based on our current capitalization, our entire company is focused on growing the current Tools business and on FDA approval of OvaDx®.

I will now turn the conference over to Arrayit Chairman and Chief Executive Officer, Rene Schena, to present the company's full-year 2013 financial results. Rene?

Rene Schena – Chairman & Chief Executive Officer

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Thanks, Mark. For the full fiscal year ended December 31, 2013, Arrayit reported \$2.9 million in total revenue compared to \$2.4 million in 2012, a 16% increase in revenue in 2013 compared to fiscal year 2012.

The double-digit revenue growth year-over-year was facilitated by increased sales and two private placement equity capital raises totaling \$2 million. These financial results indicate the favorable impact of working capital, which facilitated the shipping of some of the company's back orders in the last two weeks of the fiscal year.

Arrayit recorded SG&A of \$1.7 million in 2013 compared to \$3.1 million in 2012, a \$1.4 million cost savings in SG&A. We attribute the reduced SG&A to across-the-board improvements in our operational efficiency.

For the full fiscal year 2013, Arrayit reported \$1.5 million in total assets compared to \$0.56 million in total assets in 2012, a 281% increase in total assets year-over-year. The triple digit increase in total assets was largely attributed to the capital raises in 2013, which allowed the company to increase its cash balance, accounts receivable and inventory.

Turning to the balance sheet, Arrayit reported \$5.6 million in accumulated deficit for the fiscal year ending December 31, 2013 compared to \$7.6 million in 2012, a \$2 million balance sheet improvement year-over-year. We attribute the \$2 million balance sheet improvement primarily to accounts payable reconciliation and capital raises in 2013.

Combining the reported \$0.5 million increase in revenues, the \$1.4 million reduction in SG&A and the \$2 million balance sheet improvement, Arrayit reported \$3.9 million combined improvement in these key financial benchmarks in 2013 compared to 2012. This dramatic financial progress illustrates the commitment of Arrayit management to growing an increasingly valuable and efficient public company.

The company had a number of key additional accomplishments during the fourth quarter of 2013.

We hosted our first earnings conference call to discuss our third quarter and nine-month 2013 financial results.

We expanded into the company's new corporate headquarters located at 927 Thompson Place in Sunnyvale, California.

We completed a \$1.8 million private placement equity capital raise from a group of accredited investors, which closed on December 18, 2013.

We engaged the professional services of DOCRO to accelerate our laboratory certifications and the FDA approval process of OvaDx®.

We announced a \$166,000 NanoPrint LM60 sale to a top research center in Ontario, Canada.

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We reported a \$129,000 microarray platform sale to a leading laboratory in Tel Aviv, Israel.

We received a \$40,000 contract from the United States Department of Veterans Affairs to purchase the company's Colorimetric Protein Microarray Platform.

And on December 30, 2013 we commenced business operations in our new corporate headquarters.

In summary, 2013 was a busy and productive year for the company.

I would like to turn the conference back to Dr. Schena, who will update us on some of the company's recent operational and logistical accomplishments since the completion of the 2013 fiscal year. Mark?

Dr. Mark Schena – President & Chief Science Officer

Thanks, Rene. The first quarter of 2014 was an exceptionally busy and productive quarter for Arrayit. On February 24, 2014, we completed the build out of our new 1,400 square meter, 15,000 square foot modern corporate headquarters, which includes 15 large offices, a conference room, extensive manufacturing, assembly, packing and shipping facilities and our new state-of-the-art microarray clean rooms.

We have recently completed quantitative particle count analyses of our new clean rooms and report consistent Class 1 air quality, which is 100 times better than the clean room air quality in our previous headquarters. These impressive new Arrayit clean rooms are improving the quality of our manufactured products and are setting a new standard for our diagnostics reference laboratory.

During the first quarter of 2014, we began manufacturing OvaDx® for the pre-IDE portion of the FDA submission. We are currently manufacturing 2,000 OvaDx® tests, which, at the suggested retail price of \$650 per test, have a retail value of \$1.3 million. The manufactured OvaDx® tests will be used to screen patient serum samples beginning in April. With the assistance of DOCRO, our oncology CRO, we plan to submit the OvaDx® pre-IDE application to the United States Food & Drug Administration during the second quarter of this year.

Turning now to our financial projections, for the first quarter of 2014 we expect to report high double-digit to triple-digit revenue growth compared to the fourth quarter of 2013. In terms of net income, we expect Q1 2014 to be approximately cash neutral for the company. The high double-digit to triple-digit revenue growth and improved profitability were accomplished primarily in the month of March after the completion of our new facilities build out.

We wish to thank our long-time and new employees for their creativity, hard work and dedication and our shareholders for their continued support throughout this exciting growth period. Thank you for joining us today, and we look forward to speaking with you again next quarter.

We will now open the floor to questions. Operator, we are ready for the first question.

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Thank you. (Operator instructions.) I will turn it over to Dr. Schena for any additional comments.

Dr. Mark Schena – President & Chief Science Officer

Thank you, again, for calling in, and we look forward to speaking with everyone after release of the first quarter 2014 results.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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