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## ZymoGenetics Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions). The first question is from Edward Tenthoff with Piper Jaffray. Please go ahead with your question.

#### Edward Tenthoff – Piper Jaffray

Great, thank you very much and congratulations on a much improved year-end. I know there has been a lot of work on for physicians, so congratulate them on the hard work in progress. If I made the starting with recoup sales in fourth quarter, the stocking issue and sort of the pricing update, you have given the guidance of \$25 million to \$35 million. Can you give us a little bit more color on that? Are you finding that you are converting bovine? Is it coming at the expense of other human thrombin? Give us a little bit more color on that fourth quarter success and sort of how the pricing is backing up currently?

#### Douglas Williams

Hi [Tenth], this is Doug. Thanks for the compliment at the beginning of your question. We do think that the quarter was certainly a good one for us, and moving us in the right direction. I think as far as the fourth quarter for RECOTHROM, certainly the pricing change that we took in October I think was a key reason for our accounts to convert. We have been seeing I think more activity in the marketplace in the fourth quarter in terms of sales activity, that has begun to translate into dollars and I think we are beginning to get a handle now on the run rate sort of based on that fourth quarter. And that's what has sort of led us to project forward and give our guidance for 2009 with some sense of confidence. As far as the stocking issue is concerned I think again we sort of looked at the run rate and made an estimate based on what we have seen as the levels of wholesaler stock that were sort of consistent with previous levels of sales and made an estimate that approximately \$800,000 of the fourth quarter reflected stocking sort of in anticipation at the beginning of the year. So we've sort of based that of comparing the sales curve with the previous stock in curves and really coming up with that gap and estimating that's attributable to about \$800,000 of that number.

#### Edward Tenthoff – Piper Jaffray

Right. And just then from the competitive [thought] can you say is the gain coming to the expense of bovine? Are you still seeing Omrix/J&J or has that transaction caused some disturbance there? Just give us a little bit of color on the market?

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