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## ZymoGenetics, Inc., Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Edward Tenthoff from Piper Jaffray.

#### Edward Tenthoff - Piper Jaffray

First Doug, just back from [eosol], definitely pleased to see the great efficacy with Interferon lambda and that unique mechanism starting to bear out. I was intrigued by the liver abnormalities that we saw and I know that you said that they were reversible. Can you tell us was the bilirubin direct or indirect increases and now as you go forward to reduced levels are you trying to find kind of that proper therapeutic window? Or, do you think you could actually go 4 out of the 3 microgram kg dose?

#### Doug Williams

That is an interesting question. I think with respect to the 3 microgram does obviously the efficacy was quite intriguing there with half of the patients essentially achieving an RVR, so I think that in the context of being able to look at that dose and potentially be able to come up with a dose reduction mechanism we're still considering that. So we haven't abandoned that dose.

I think that because of the study design we were unable to do what is sort of the traditional method of dealing with changes in liver enzymes which is to dose reduce the patients. If you look at the PEGASYS® package insert it is called out quite specifically in terms of how you would do that. That is obviously something that we will be exploring. I think that examining the lower doses provides us with a lot of insight in terms of what doses we could reduce to while still maintaining a robust antiviral response. So I think all that you are seeing transpire in the Phase Ib study is really setting us up to be able to choose the appropriate doses.

I won't rule out 3 at this point, and certainly to define the lower end of that dose range where we begin to see the antiviral effects start to taper off. So, the goal here is really to provide information on the therapeutic index of this drug across as broad range as possible and to be able to use that in designing the Phase II study which ultimately will sort of define the final doses that we would go forward with into the registrational studies.

#### Edward Tenthoff - Piper Jaffray

Okay, perfect and a little bit more on the Interferon lambda from the PROVE data we've seen, even though we may not fully understand the mechanism of riboviran benefit in HCV patients we have seen that if you take [inaudible] to the riboviran you certainly take a hit on the potency of the interferon.

What can you tell us about riboviran with Interferon lambda? Is it going to be necessary or do we have the potential maybe to spare riboviran with this immunomodulatory approach?

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