



ZYMOGENETICS

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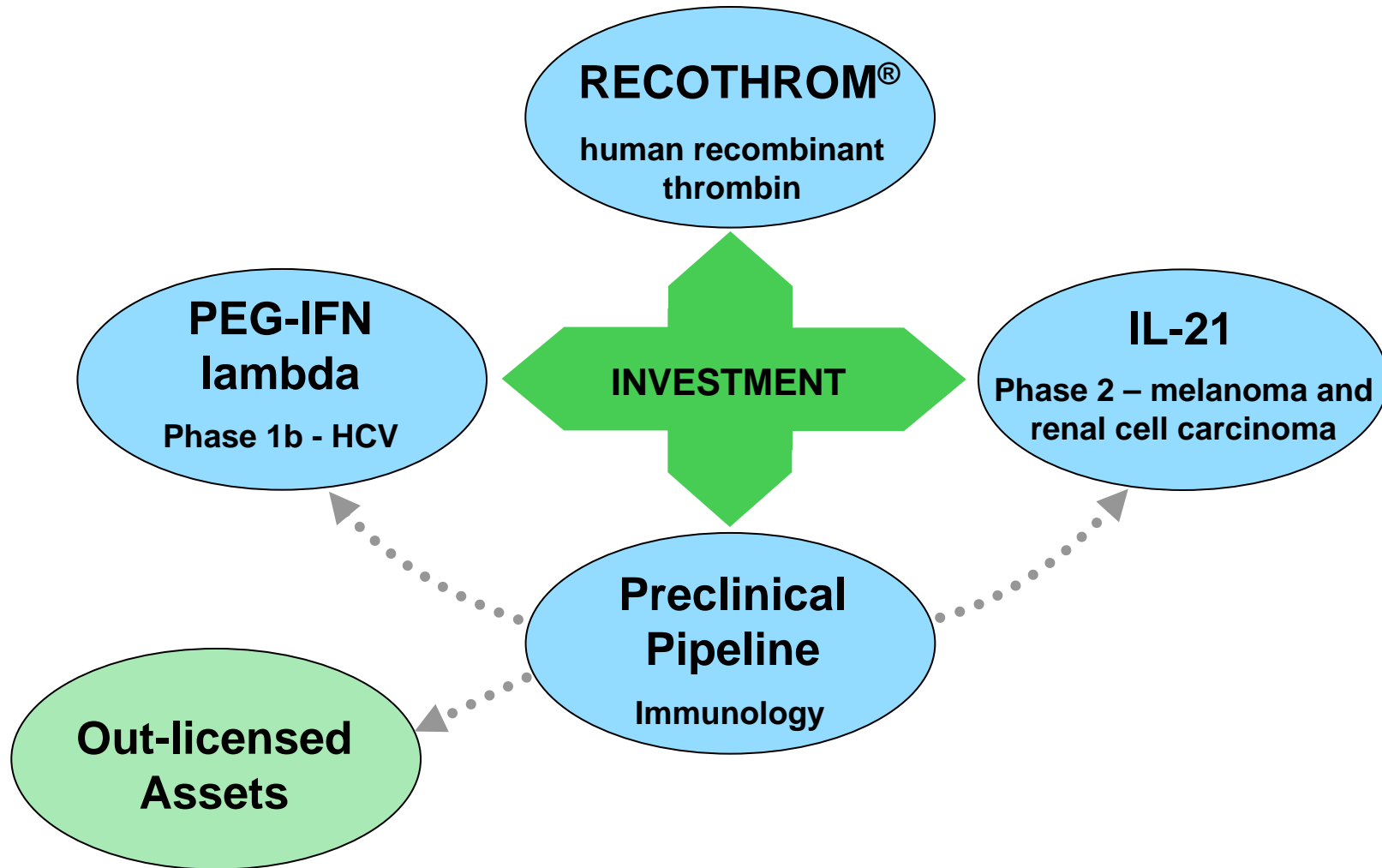
Forward-Looking Statements

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2009 Strategic Objectives

- Build market for RECOTHROM[®]
 - ▶ Achieve net sales guidance of \$25-35M
- Aggressively develop PEG-Interferon lambda with partner Bristol-Myers Squibb
 - ▶ Initiate Phase 2 clinical testing
- Strengthen cash position through cost cutting and partnering activities
 - ▶ End year with more than 2 years of cash

Asset-Based Investment Strategy



RECOTHROM[®] recombinant human thrombin

- FDA approved January 2008
- 2008 U.S. market \$270M
- Rapid and reliable hemostasis
- Differentiated product
 - ▶ 100% plasma free
 - ▶ Significantly lower rate of antibody formation compared to bovine thrombin
- U.S. commercial rights maintained and leveraged through Bayer co-promotion
- Ex-U.S. rights licensed to Bayer for milestones/royalties



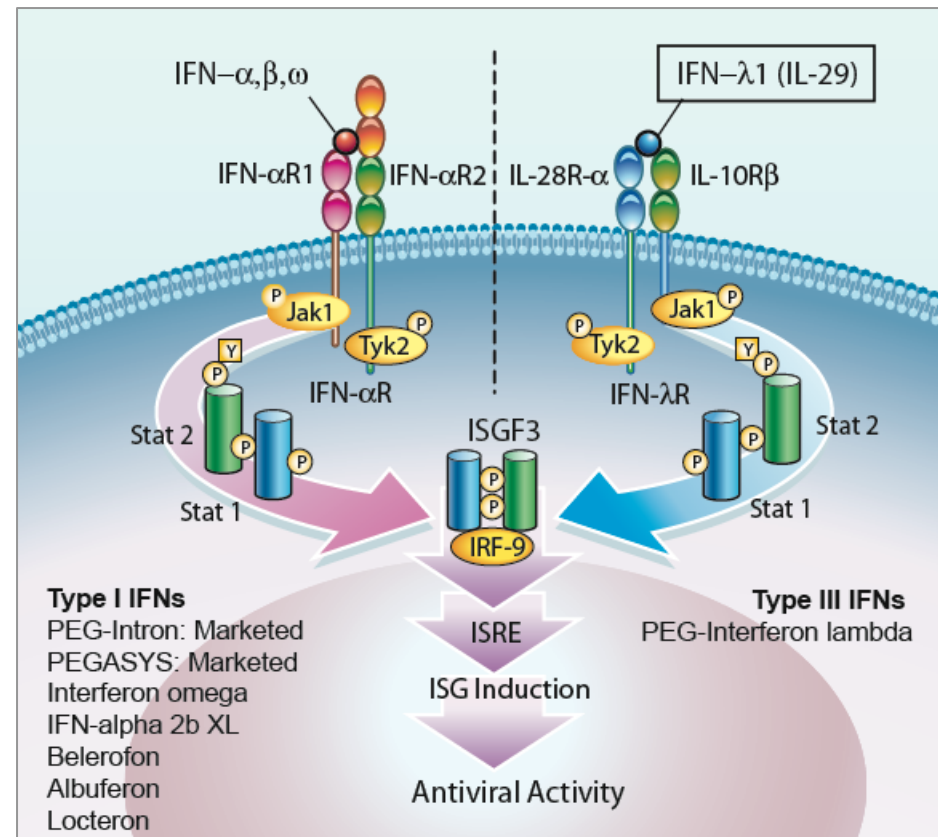
RECOTHROM[®] Outlook 2009

- Q1 2009 net sales of \$4.5M
 - ▶ \$5.3M after adjustment for high Y/E wholesaler inventory level
- 45% increase in hospital demand in Q1-09 vs. Q4-08
 - ▶ Increased number of hospital accounts
 - ▶ Increased order size
 - ▶ Increased order frequency
- Current pricing competitive after Oct 2008 adjustment
- Strategic and tactical changes implemented in market
- On track to meet current year net sales guidance

PEG-Interferon lambda

The most differentiated interferon under development

- Novel, PEGylated, Type III interferon
 - ▶ Proprietary to ZGEN
 - ▶ Potent anti-viral activity
- Unique receptor with more targeted distribution
 - ▶ Potential for improved tolerability and safety
- Development objective
 - ▶ Become an integral part of HCV combination regimens
- Positive Phase 1b data



PEG-Interferon lambda

Phase 1b Interim Results – EASL 2009

- PEG-Interferon lambda safe in combination with ribavirin
 - ▶ Relapsed patients, dosed weekly
- Significant anti-viral activity, all doses and schedules
 - ▶ Mean decrease in viral load > 3 log at Day 29
 - ▶ 50% had less than 1,000 HCV RNA copies at Day 29
 - ▶ 3 of 6 patients achieved RVR at highest dose tested
- Well tolerated over four weeks of treatment
 - ▶ No treatment-related fever
 - ▶ No hematological toxicity
 - ▶ Reversible, dose-dependent increases in liver enzymes
- Expanding into treatment-naïve patients
- Planning Phase 2 clinical trial with partner BMY
 - ▶ Study initiation expected H2 2009

Interleukin 21 (IL-21)

Activating the immune system to fight cancer

- Novel cytokine discovered at ZGEN
 - ▶ Proprietary and patent protected
 - ▶ Maintain worldwide rights
- Anti-tumor activity shown in Phase 1 and 2 trials
- Tolerability profile allows outpatient treatment
- Phase 2 studies to be completed in 2009
 - ▶ Metastatic melanoma single agent therapy
 - World Congress on Melanoma
 - Positive interim results reported today
 - ▶ Renal cell carcinoma in combination with Nexavar
 - Final data in ASCO poster presentation (May 31, 2009)
- Partnering efforts to be initiated in Q2 2009

Single Agent IL-21: Encouraging Anti-tumor Activity in Metastatic Melanoma

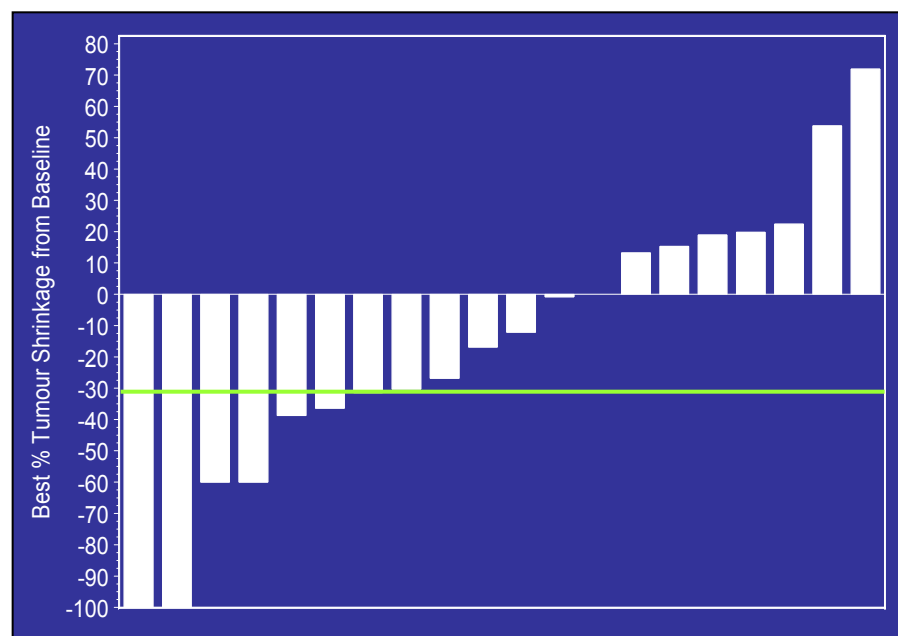
Confirmed and Unconfirmed Objective Response (n=24 eligible patients)

OBJECTIVE RESPONSE	# pts	%
Complete Response (CR)	0	
Partial Response (PR)	7	29.2
Stable Disease (SD)	8	33.3
Progressive disease (PD)	8	
Inevaluable (IN)	1	

- Includes 2 patients with unconfirmed partial responses

Presented May 13, 2009 World Congress on Melanoma

Best response on study Maximum target lesion shrinkage by subject (n=20 eligible patients)



- subjects with 100% shrinkage were classified as PRs based on non-target lesions
- all patients with at least one follow-up measure of all baseline target lesions were included

Melanoma Efficacy Perspective

Agent	Phase	N (setting)	Response rate %	Survival
Dacarbazine/ temozolamide	Phase 3	>600 (1 st line)	10.1 – 13.5	6.4 – 10.5 mo
Tremelimumab	Phase 3	328 (1 st line)	9.1	11.8 mo
Ipilimumab	Phase 2	37 (chemo naïve)	5.4	11.7 mo
Carbo/taxol +/- sorafenib	Phase 3	135 (failed DTIC/TMZ)	12	9.7 mo
Dacarbazine +/- sorafenib	Phase 2	41 (chemo naïve)	24	10.5 mo
Dacarbazine +/- oblimersen	Phase 3	386 (chemo naïve)	13.5	9.0 mo
IL-21	Phase 2	24 (1 st line)	29.2*	NA

* Includes 2 patients with unconfirmed partial responses

Preclinical Pipeline

A history of generating promising assets




Autoimmunity / Inflammation

IL-21 mAb	Antagonist
IL-31 mAb	Antagonist
FcγR1a	Immune complex inhibitor
B7R1	Antagonist

- Recent restructuring will create greater focus
 - ▶ Oncology programs available for out-licensing
 - ▶ Internal focus on core strength in immunology

Out-Licensed Product Candidates

Opportunities for Significant Value Generation

THERAPEUTIC CANDIDATE	Preclinical	Phase 1	Phase 2	Phase 3	Partner	
Atacicept <i>Systemic Lupus Erythematosus</i> <i>Rheumatoid Arthritis</i> <i>Multiple Sclerosis</i>						
FGF-18 <i>Osteoarthritis</i>						
IL-17RC <i>Inflammatory Diseases</i>						
IL-22 Receptor <i>Psoriasis</i>						
rFactor XIII <i>Congenital Factor XIII Deficiency</i> <i>Cardiac Surgery</i> <i>Cancer-related Bleeding</i>						
IL-20 <i>Psoriasis</i>						
Augment Bone Graft (PDGF) <i>Orthopedic Fracture & Bone Defects</i>						

Progress Toward 2009 Strategic Objectives

- Build market for RECOTHROM®
 - ▶ On track to achieve net sales guidance of \$25-35M
- Aggressively develop PEG-Interferon lambda with partner Bristol-Myers Squibb
 - ▶ Planning underway to initiate first Phase 2 clinical trial by year end
- Reduce cash usage through cost cutting and partnering activities
 - ▶ \$200M expected from BMY collaboration
 - ▶ \$30M annual cost savings from staff reduction
 - ▶ Additional partnering discussions in process