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Conference Call Transcript

GTCB - Q4 2008 GTC Biotherapeutics, Inc. Earnings Conference Call

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PRESENTATION

Operator

Ladies and gentlemen, welcome to the fourth quarter 2008 GTC Biotherapeutics Earnings Conference Call. My name is Tanya, and I will be your coordinator for today. (Operator Instructions) I would now like to turn the presentation over to your host for today's call, Dr. Geoffrey Cox, Chairman and Chief Executive Officer of GTC Biotherapeutics. Sir, please proceed.

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Thank you very much indeed, and good morning, everyone, and welcome to the conference call and webcast to discuss the financial results for the fourth quarter 2008 for GTC Biotherapeutics, Inc., NASDAQ ticker symbol GTCB. I'm Geoffrey Cox, Chairman and Chief Executive Officer of GTC Biotherapeutics. And with me today are Jack Green, our Chief Financial Officer, and Tom Newberry, our Vice President of Corporate Communications and Government Relations.

Our results from the fourth quarter released earlier this morning, and I hope that you've had the opportunity to review this release prior to our call. I want to begin this call by providing an overview of our progress since our last call, particularly with regard to our ATryn program. Jack will provide an overview of the financial results for the fourth quarter, and I will then have some further prepared remarks before opening the call to questions.

As usual, first let me remind you of our Safe Harbor statement for this call. Under the SEC Safe Harbor provisions, please note that certain comments today about future events and potential developments are forward-looking statements based on management's current expectations. We urge you to read the Safe Harbor statement noted in our most recent Form 10-K filed with the SEC entitled "Important Risk Factors Regarding Forward-Looking Statements."

As you know, due to the risks inherent in our business, which I've described in detail in item 1A of our 10-K and subsequently 10-Qs, our actual results may differ materially from our current expectations.

Well, again, good morning, everyone, and thank you for joining us this morning for our quarterly earnings call. This is a quarter which has seen us achieve the most important milestone in the Company's history, FDA approval of ATryn, a recombinant human antithrombin.

For those of you who have been long-term investors in GTC, you know that this has been a long journey. This represents the first transgenically-derived therapeutic protein ever approved by the FDA, and ATryn is the only commercially available transgenically-derived protein in the world.

Being first is never easy. Bringing ATryn to market using the mammalian transgenics technology, which we believe represents the first new production technology in 20 years for biologics is an accomplishment of which we are very proud, and I would like to record my thanks to the employees of GTC whose persistence and professionalism has been so important to our success.

The importance of this approval for GTC is very significant. As you remember, in 2006 we achieved approval for ATryn in the European Union for use in antithrombin hereditary-deficient, or HD, patients undergoing surgery. And this represented the first approval for a transgenically-derived therapeutic protein anywhere in the world at that time. That was a very important first.

However, many investors and other observers, particularly in the United States, have always wanted to see the approval of ATryn and this production technology by the FDA. The approval of ATryn for the prevention of thrombosis in hereditary-deficient patients undergoing surgery or childbirth is therefore a landmark.

The approval of ATryn on February 6 followed a very successful Advisory Panel meeting on January 9. At the end of their deliberations, that panel voted 18 in favor with 1 abstention for ATryn approval on the basis of safety, and 16 to 1 with 2 abstentions in favor of approval on the basis of efficacy. And unanimously for the requirement for a post-marketing study to continue to collect data on this patient population.

In addition, at the same meeting the Center for Veterinary Medicines presented their findings and assessment of ATryn and GTC under the new genetic engineering regulations known as GE for transgenic animals. The same time as GTC received FDA approval, we also became the first company to receive approval under these new GE regulations. Again, a very major accomplishment.

The HD indication, of course, is a modest indication. However, for those patients suffering from antithrombin deficiency, and there are between 60,000 and 150,000 in the United States alone, ATryn represents an important option to the use of plasma-derived antithrombin when undergoing these potentially life-threatening procedures.

It's an important reminder about the role the Orphan Drug Act has played in the development of drugs for patient populations with rare diseases, and the importance of the biotechnology industry over the years in addressing these populations which had historically been largely ignored.

I'm pleased to report the following on the approval of the biologics license application. The Office of Orphan Products Development of the FDA has affirmed the seven-year marketing exclusivity of ATryn for the approved indication.

With approval in the HD indication, we have now established a strong platform to expand the clinical development of ATryn into acquired deficiencies, such as heparin resistance associated with coronary artery bypass surgery and disseminated intravascular coagulation associated with severe sepsis, which represent major market opportunities that can be uniquely addressed by a readily expandable supply of recombinant product.

This is a clear advantage in a market that is inherently limited by the pool of donated blood available for plasma-derived products.

There are a number of these potential acquired deficiency indications in which antithrombin is consumed as a result of a trauma to the system. However, the approval of ATryn has a much greater significance, since this validation of our transgenic technology unlocks the value of the entire portfolio of products we have in development, and establishes GTC as one of the small group of companies that successfully developed and received regulatory approval.

So, the next important step for ATryn is the commercial launch in the United States. And, as you remember, we entered into a licensing agreement with OVATION Pharmaceuticals in the middle of last year for the commercialization and the further development of ATryn in the United States. Under that agreement, we received \$9 million of milestone payments of which we have received \$5 million in 2008, and we received a further \$4 million in the current quarter.

We would also receive \$1 million for commercial product to support the launch of ATryn. That product is already being produced and is available. OVATION's plans for the commercial launch are well advanced and they expect to launch ATryn in the second quarter.

Shortly after we announced the approval of ATryn, OVATION announced that they were being acquired by Lundbeck, a Danish pharmaceutical company. In a number of subsequent calls with OVATION, they have strongly reiterated that commitment to the ATryn program and to the plans and timetable for the launch of ATryn. Lundbeck also affirmed their interest in continuing with the ATryn program in direct response to a question on their conference call.

We remain enthusiastic and excited by our relationship and interactions with OVATION, including their very public participation in the media coverage of ATryn's approval, all of which bodes well for maximizing the opportunity we believe ATryn represents in the United States.

Together with OVATION, we have been progressing our plans for a Phase III study of ATryn in heparin resistance in coronary artery bypass surgery, or HR. We plan to initiate discussions with the FDA regarding the design of this study with the object of initiating the study before the end of this year.

Our best estimate at present is that this study will take approximately one year to complete patient enrollment, which together with the approval process is likely to provide commercial access in the first half of 2012. We believe this indication is a \$100 million to \$150 million revenue opportunity. Prior to the approval of the expanded indications for ATryn, we believe the sales could reach \$20 million to \$30 million by 2012, and then will expand into a larger HR market opportunity.

These forecasts are difficult because of the unusual dynamics of the antithrombin markets. In Europe, sales of plasma-derived antithrombin represent approximately \$125 million, and at lower prices than in the United States. Similar sales are achieved in Japan from plasma-derived antithrombins.

In the United States, which is usually considered the largest, most valuable market in the world, the only commercially available plasma-derived antithrombin is a product called Thrombate, manufactured by Talecris, which sells approximately \$15 million a year. We believe that the US market has been significantly under-developed over the years due to a limited supply of Thrombate, for which production is being constrained.

We also believe these sales significantly understate the opportunity for ATryn which is supported by a more robust set of clinical data. As a reminder, we have generated significant new knowledge about the utilization and dosing of antithrombin in HD patients, particularly women undergoing childbirth that was never before available.

In Europe, we're in a period of transition. Our partner, LEO Pharma informed us last year that as a result of their internal strategic review, there had been a change in their priorities and they would like to transition the program to GTC for another development and commercialization partner. They also confirmed that there are no efficacy or safety issues on which the decision was based.

LEO from the start had recognized the potential value of the acquired deficiency indication for ATryn and had initiated the Phase II dose-ranging study in DIC. Patients are not being enrolled in this study during this transition.

As we previously disclosed, we had planned to complete this transfer to another partner before the end of last year. However, this transfer has not been straightforward. LEO has attempted to terminate the agreement prior to completing the transfer, but we do not believe that LEO has the right to terminate this agreement. We have sought the assistance of the arbitration procedures defined under the contract to resolve these issues.

This interruption to our progress in Europe has been frustrating, but in the long term we believe the ATryn program will benefit from being in the hands of a new partner committed to its success in all the countries of the European Union and across all approved indications. A number of potential partners have expressed interest in this program including our principal European partner, LFB. We continue to believe that the opportunities represented by ATryn in LEO's territories of Europe, Canada and the Middle East are significant.

Let me now turn to some of our other key programs. Our Factor VIIa program has continued to make good progress. From previous calls you will remember that Factor VII is being developed in rabbits with a production system which LFB had initiated. In parallel, we have been developing transgenic goats under our joint venture agreement, which also express Factor VIIa in their milk. And we have already established a commercial scale herd.

Together with our partner LFB, we are comparing the Factor VIIa product produced in these two species, and we will make a decision regarding animal of choice later this year. In either case, our plans are to enter the clinic early in 2010.

A transgenically produced Factor VII is planned to compete with Novo Nordisk's NovoSeven, which in 2008 had estimated sales of \$1.3 billion from approximately 1 kilo of product. NovoSeven is a recombinant form of Factor VIIa for which the patents remain in force until 2011. Our strategy is to develop a Factor VIIa product which will be competitively priced with NovoSeven.

Our Factor IX program is in development using transgenic pigs as the production platform. It is being developed to compete with Wyeth's Factor IX product, BeneFix, which had estimated sales of approximately \$600 million in 2008. This program is making progress according to plan and is running approximately six months behind the Factor VIIa for entry into the clinic in 2010.

Our remaining recombinant plasma protein program in the LFB collaboration is alpha-1 antitrypsin. Our process development activities have focused on technologies for extending the plasma half life of this product, and we have successfully established alternatives for achieving this.

We intend to discuss our clinical development plans for alpha-1 antitrypsin with the FDA subsequent to a public meeting the FDA is coordinating in late March regarding clinical research in the AAT deficiency indication and treatment options.

A key sector of our product portfolio in the future will be our monoclonal antibody programs, particularly follow-on biologics. I believe GTC is very well positioned with our existing commercial scale production platform to develop a group of monoclonal antibodies as follow-on biologics, which today already represent annual sales of \$16 billion. These products mostly come off patent over the next five to six years.

Our focus is principally on large volume products which will be required in hundreds of kilos to be competitive. With the new administration committed to legislation enabling follow-on biologics approval and major companies beginning to declare their strategic interest, I believe these programs will be very important value drivers for GTC.

We will be seeking partnering arrangements to support the development and commercialization of these products. We have initiated the development of the production assistance for the first two of these programs and we'll be expanding the portfolio as partnering arrangements are established.

In addition to these activities, we have entered into a collaboration with New Zealand's AgResearch, including a grant from the New Zealand government to develop follow-on biologics which can take advantage of different patent timelines outside the United States.

Since its early days, GTC has maintained a reserve herd of nontransgenic goats in New Zealand. And, of course, our existing herd was also originally sourced from New Zealand, which has a unique record in the world for the health of its animals.

We have been seeking to establish a collaboration in New Zealand for many years. The science and development capabilities in New Zealand are very strong, and we believe this collaboration will make an important addition to our strategy for follow-on biologics in both expanding our capabilities and shortening our time to market.

As we have reported previously, we have goats which are producing CD20 monoclonal antibody. This is not an identical molecule to Genentech's Rituxan, but binds to the same target and is a molecule brought into our collaboration by LFB. The initial analysis of this molecule produced in our transgenic system indicates the significantly enhanced antibody-dependent cell cytotoxicity over Rituxan, which we had predicted, based on the natural low fucose levels from the goat mammary system. This is shaping up as an exciting program and we are seeking a commercial partner to support our development of this product in North America.

Partnering to support the development and commercialization of our products is an important part of our strategy, and we're making a significant investment in outside support resources to add to our internal business development capabilities in order to execute on this strategy. The approval of ATryn by the FDA has capitalized additional interest in these programs and our production technology.

I am pleased that we announced this week that we have entered into a collaboration and licensing agreement with JCOM Ltd. in South Korea, which is closely affiliated with DONG-A, a leading pharmaceutical company in Korea, for the development of a transgenic production system for their recombinant insulin products. Our agreement includes payment for the work, success payments, and future royalties. This agreement broadens our opportunities for successful work in an externally partnered product.

We have a continuing collaboration with PharmAthene for their Protexia product, and we'll continue to seek collaborations where there is a clear commitment to our production system to ensure we build long-term value.

Now, I'll hand it over to Jack, who will review our financial results. Jack?

Jack Green - GTC Biotherapeutics, Inc. - CFO

Thank you, Geoff. We continue to make good progress in growing our top line and in reducing our net loss in 2008. Our revenues for 2008 were approximately \$16.7 million, an increase of \$2.8 million, or nearly 20% from the \$13.9 million in 2007. The increase reflects revenues derived from the program with PharmAthene for the services provided for their Protexia product.

For the fourth quarter, revenues were approximately \$1 million compared with \$3.1 million in the fourth quarter of 2007. The reduction in the quarterly comparison was due primarily to the nature and timing of the activities in our external programs, as well as to the timing of shipment of ATryn product to LEO.

In the fourth quarter of 2007, we recorded \$700,000 of ATryn product sales to LEO. While there were no shipments recorded in the fourth quarter of 2008.

For the full year, ATryn product sales were approximately \$4.2 million in both 2008 and 2007. I'll remind you, as I have in the past, that our revenues can vary widely on a quarter-to-quarter basis due to the nature of our contract and the timing of receipt of milestone-based payments.

For the quarter, total cost of revenue and operating expenses were \$8.4 million, compared with \$12.8 million in the fourth quarter of 2007, a 34% decrease year-to-year. For the year, total cost of operating expenses -- cost of revenue and operating expenses were \$39.9 million, a 21% decrease from the \$50.3 million incurred in 2007.

The decrease in the quarter and full year costs were primarily due to lower cost in the ATryn program and to funding provided by LFB to offset our costs in the joint venture collaboration programs, including recombinant Factor VIIa, Factor IX, alpha-1 antitrypsin, and the anti-CD20 monoclonal antibody.

For the full year 2008, cost of revenue decreased \$2.9 million in the year-to-year comparison to \$8.6 million, due primarily to a \$2.9 million write-off taken in 2007 for ATryn inventory that was rendered unusable by a US-based fill/finish contractor. We have received a \$1.5 million settlement from that contractor in the fourth quarter of 2008 and recorded that as other income on the P&L.

Cost of revenue decreased by \$1.3 million in the quarterly comparison to \$582,000, due primarily to the lower quarterly revenue.

For the year, research and development expenses were \$21 million, a decrease of \$7.9 million, or 27% year-to-year. The primary drivers of the reduced expenses with a \$3.9 million impact of LFB providing full funding for the joint collaboration programs in 2008, as well as a \$5.5 million decrease in ATryn development expenses.

The reduction in ATryn expenses year-to-year was primarily due to \$3.9 million of lower manufacturing costs as well as the \$1.7 million in lower regulatory expenses associated with the MAA in Europe.

LFB provided a total of \$5.1 million of funding for the joint programs in 2008. The decreases in expenses for the ATryn and LFB collaboration programs were partially offset by a net increase in spending on other development programs including an increase of approximately \$1.7 million on our follow-on biologics programs, which was primarily an allocation of internal resources.

Research and development expenses were \$5.3 million for the fourth quarter, a decrease of \$3.4 million, or 39% year-to-year. The decrease in the quarterly comparison reflects a \$4 million reduction in expense on the ATryn program, including \$3.3 million in reduced manufacturing costs, and \$700,000 in lower regulatory costs, as well as the \$300,000 impact of LFB fully funding the joint collaboration programs in 2008.

The decreases in expenses for the ATryn and LFB collaboration programs were partially offset by a \$1.2 million net increase in spending mostly an allocation of internal resources on our follow-on biologics programs.

SG&A expenses increased by \$374,000, or 3.7% for the full year, and by \$280,000 in the fourth quarter, over the same periods in 2007. The increases were primarily due to higher outside legal and patent costs in 2008.

The net loss for the fourth quarter of 2008 was \$6.2 million, or \$0.06 per share, compared with a net loss of \$9.8 million, or \$0.13 per share in the fourth quarter of 2007. For the year, the net loss was \$22.7 million, or \$0.23 per share in 2008, compared with \$36.3 million, or \$0.47 per share in 2007.

The per-share results were affected by an increase in the weighted average number of shares outstanding from 78.1 million shares in the fourth quarter of 2007 to 102.9 million shares in the fourth quarter 2008.

The weighted average number of shares outstanding increased from 77.9 million shares for the full year 2007 to 98.2 million shares in 2008. The increases in the weighted average shares outstanding primarily reflect the issuance of shares of common stock and a registered direct offering made in February 2008, and the conversion of the majority of LFB's preferred stock into common in March 2008. We had approximately 103 million common shares outstanding as of December 28, 2008.

We ended the year with approximately \$11.6 million of cash and marketable securities on the balance sheet, a \$4.2 million decrease compared to the \$15.8 million at December 30, 2007. The 2008 cash balance excludes the \$4 million of cash that we were required to put into escrow in connection with the LFB convertible debt financing that we completed in December and which I will discuss more in a minute.

Our net cash use was \$7.5 million for the fourth quarter, and \$20 million for the full year exclusive of the financing proceeds. For 2009, we project a net cash use similar to 2008 in the range of \$18 million to \$22 million, including the projected receipts from new or expanded partnering arrangements.

In December 2008, we completed a \$15 million convertible debt financing with LFB. The LFB notes are subordinate to our current senior debt facility with GE Capital. As a condition of the closing, we were required to place \$4 million out of proceeds into escrow in favor of GE, to provide additional security for the senior debt. As a result, the GE debt has an outstanding balance of \$3.8 million net of the \$4.0 million held in escrow.

LFB received a second lien behind GE on all assets, and a first lien on intellectual property. The LFB debt carries an 8% coupon with a final maturity of June 30, 2012. We can prepay the debt at any time until June 1, 2009. The notes are convertible by LFB after June 1, 2009, at a fixed price of \$0.31 per share.

LFB also received five-year warrants exercisable at \$0.31 per share, equal to 48% of the shares issuable on conversion of the debt. The net proceeds of the transaction were \$14 million, of which \$4 million was applied to the escrow and \$10 million was available to support our operations. Geoff?

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Thanks, Jack. I think it's fair to say that GTC has continued to make excellent progress in all key strategic areas of the Company's activities despite the challenging financial environment. I believe the FDA approval of ATryn is a remarkable achievement and will provide the bedrock on which we can proceed with confidence to build a significant company. There is no doubt that it changes the perspective of the opportunities which can be achieved with ATryn and our portfolio products in recombinant plasma proteins and follow-on biologics in a dramatic way.

Our progress with these programs is vital to our partnering strategy, both the proprietary products and external contracts and service agreements. And we believe that these partnerships will make an important contribution to our financial wellbeing.

Our strategic partnership with LFB also provided the basis for financial support to GTC in Q4 last year, as well as financial support for program expenses in 2008. That was a very important support at a tough time in the capital markets.

So, as we look forward to 2009, we do so with optimism and with the belief that we can successfully meet the challenges of our industry and play an important role in the future production and commercialization of therapeutic proteins using our unique production technology. Thank you for listening to our prepared remarks. I will now open the call for questions.

QUESTION AND ANSWER

Operator

(Operator Instructions) And your first question will come from the line of Phil Dawson with Dawson James. Please proceed.

Phil Dawson - Dawson James - Analyst

Geoff, Jack, Tom, thanks for taking my questions.

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Thanks. Good to speak to you.

Phil Dawson - Dawson James - Analyst

Yes, good to speak to you, too. I guess I'll start out by congratulating all of you guys. Obviously, the ATryn approval is a huge milestone for GTCB and it was quite an effort, and I'd like to congratulate you on that.

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Thank you very much.

Phil Dawson - Dawson James - Analyst

You're very welcome. I guess from here my questions will be for the further expansion of the ATryn label, as well as the post-marketing studies. Can you just give a little bit of color on your collaboration at OVATION as far as their cost-sharing for those trials?

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Yes, I'll be happy to do so. The way in which the contract is written is that they have a principal interest at this juncture in heparin resistance in the coronary artery bypass surgery, and there is an arrangement both in terms of milestones and payments through the progress of that trial which effectively means that they cover the cost of that study including the cost of products. So, that doesn't come onto our P&L.

Phil Dawson - Dawson James - Analyst

Okay, okay.

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

So, does that answer that part of the question?

Phil Dawson - Dawson James - Analyst

Yes, very much.

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Okay, and the next part is?

Phil Dawson - Dawson James - Analyst

Well, as far as the post-marketing studies, the FDA wanted you guys to have effectively a Phase IV. Will OVATION be participating in some of the costs for that trial as well?

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Well, they will in fact be helping with collecting all that data certainly, and so I don't expect that to be a burden from a financial perspective on us. We did actually propose that study to the FDA. So, that would neither a surprise nor any issue as far as we're concerned. It's a very normal part of the -- normal course of the process for these rare patient populations that the agencies want to see the company continue to collect data, and we think that's both entirely appropriate, and it was no surprise to us whatsoever.

So, it's -- this is a -- it's not a Phase IV study, it's a post-marketing collection of data as such. So, I think that's something which we will get help from OVATION. We're already putting that in place.

Phil Dawson - Dawson James - Analyst

Okay. Also, for your LFB programs, I'm just wondering, would it be safe to assume that for Factor VIIa we're looking at an early to mid 2010 entering the clinics, followed by mid to late for Factor IX, seeing as they're about six months apart?

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Yes, that timing is still a little bit of a -- we're still working on it. Factor VIIa is our priority at this juncture, and we're working very hard to try and get an IND filed around the end of this year and then move into the clinic, of course, as soon after that as we can with Factor VIIa.

As you heard me say today, we've actually developed both a herd of goats as well as alongside the rabbit technology, which this program was originally developed with LFB. So, we want to do that analysis and to make sure we make that choice of which is the most appropriate animal. And that will be driven by the molecule itself, our analysis of the molecule.

And so I think that's the timing which we are looking at this moment. Certainly, we hope to get that into the clinic in the first half of 2010, and Factor IX is a little bit after that, certainly maybe three to six months. There is a potential for Factor IX to catch up a little bit during the course of the clinical development, because that's probably a little less complex than Factor VIIa, but that's something which we will see as we go along.

There is another element to that whole development program which we are not clear about. The way which we've positioned that at this moment is that we would effectively carry out a clinical development program very similar or identical to what the innovators carried out for those particular products. It's not clear as to once the follow-on biologics legislation is established, and, of course, that's something which just yesterday became quite public in the budget which the new administration has started to talk about.

It will be very interesting once the details become evident that there might be a possibility in the United States and maybe also in Europe for us to be able to develop that under a follow-on biologics approach. But that's not the -- we've made no assumptions on that at this point in time.

Phil Dawson - Dawson James - Analyst

That kind of segues me into my final question. Obviously, you have the AgResearch collaboration for follow-ons. Are you seeing a lot more interest coming from big pharma, big biotech, both international and here in the US?

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

We've seen a lot of interest up till this point, but obviously getting actual approval was a very nice --

Phil Dawson - Dawson James - Analyst

Validation?

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

-- support of that interest. You've seen just recently that Merck has started to talk quite a lot about their strategic interest in follow-on biologics. You saw, obviously, Teva made a major announcement as well, together with Lonza in that whole area. And Teva being, I guess, the lead in generics company in the world.

These are very important pointers about the value and importance of this whole technology area in the future. And our general thesis on this is if you look at the mammalian cell culture capacity, which is available for these large volumes of products, which is true about most monoclonal

antibodies, that's mostly owned by the innovators. And therefore if one is looking for the type of capacity to be able produce these products, we feel we're very well positioned to be able to supply these products for these large volume requirements.

So, this is an area which we think is going to be very exciting for us. I think we're positioning ourselves well. We're quietly sort of moving this process along. It really isn't costing us any cash at this moment, it's really exploiting internal resources at this juncture.

The AgResearch agreement we're very happy with, very pleased. They're an impressive group of people in New Zealand, which we've known for a number of years. And I think that will be also helpful in terms of being able to move some of these programs forward more quickly in areas where we would otherwise be blocked by existing patents.

And I would make the point that even though it's an important strategy for us, we will absolutely be respectful of other people's patents, as we expect people to be respectful of ours as well. So, I think this is a good strategy which is shaping up very nicely, and we certainly are looking for partners to help us to fund these programs, not only for the commercialization, but also during the development stage of these programs.

Phil Dawson - Dawson James - Analyst

Okay. Well, thank you much, guys. I'll hop back in the queue.

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Thank you very much, indeed. Thank you for the questions.

Operator

(Operator Instructions) And there are no further questions at this time. I would now like to turn the call back over to Dr. Geoffrey Cox for closing remarks.

Geoffrey Cox - GTC Biotherapeutics, Inc. - Chairman, CEO

Thank you very much, indeed, and thank you, everyone, for joining us this morning. This was a very enjoyable call for us, a very nice moment in time for GTC. And we think this bodes very well for the future. We look forward to reporting our first quarter results in the April-May time frame and telling you about our further progress with our programs. So, thank you very much, indeed, everyone, and have a good day.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the presentation. You may now disconnect, and have a great day.

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