

Operator: Greetings and welcome to the AxoGen Fourth Quarter and Year End 2014 Results Conference Call.

At this time all participants are in a listen-only mode.

A question-and-answer session will follow the formal presentation.

If anyone should require operator assistance during the conference, please press star, zero on your telephone keypad.

As a reminder, this conference is being recorded.

It's now my pleasure to introduce your host, Bob Jones, Investor Relations for AxoGen. Thank you, sir. You may begin.

Mr. Bob Jones: Thank you, Kevin, and good morning, everyone.

Thank you for joining us for the AxoGen conference call to discuss the company's fourth--financial results for the fourth quarter and full year ended December 31st, 2014.

Today's call is being broadcast live via webcast, which is available on the AxoGen website. Within an hour following the end of the live call, a replay will be available on the company's website at www.AxoGenInc.com, under 'Investors.'

Before we get started, I'd like to remind you that during the course of this conference call, the company will make projections and forward-looking statements regarding future events. We encourage you to review the company's past and future filings with the SEC including without limitation on company's Forms 10-K and 10-Q, which identify the specific factors that may cause actual results or events to differ materially from those described in these forward-looking statements.

These factors may include, without limitation, statements regarding product development, product potential, regulatory environment, sales and marketing strategies, capital resources or operating performance.

And with that, I would now like to turn the call over to Karen Zaderej, President and Chief Executive Officer. Karen?

Ms. Karen Zaderej: Thank you, Bob, and good morning, everyone. I'd like to welcome everyone, especially our new and existing shareholders, to our fourth quarter and full year 2014 conference call.

Joining me on the call today is Bob Johnston, our Chief Financial Officer, to discuss our financial highlights of the fourth quarter and the full year. Bob will also review our financial position following our recent refinancing and capital raise.

2014 was a very successful year for AxoGen in terms of growth, strengthening our financial base, and it has positioned us well for 2015. AxoGen demonstrated considerable year-over-year revenue growth in each quarter in 2014.

Our efforts drove increased awareness and usage of our portfolio of nerve repair products. We heard and acted on feedback from many shareholders with concerns that the PDL minimum royalties and put right along with the company's cash position was an overhang on the stock. We took action by refinancing the PDL royalty contract with a new agreement with Oberland Capital and completing the recent \$15 million capital raise.

We expanded our surgeon education programs direct sales team, and we continue to see acceptance of our growing body of clinical data.

Our goals for 2015 are to build on the success of this prior year, and we remain focused on increasing awareness of our products, driving changes in clinical algorithms

through surgeon education and clinical studies, and improving utilization of our products by expanding our sales footprint and providing strong sales execution.

So, let's start with an overview of our growth. We reported record quarterly revenue of 4.8 million, which represents a 61 percent increase over last year's fourth quarter.

In addition to delivering record quarterly revenue, our gross margin reached 80 percent as we delivered improved performance across our key metrics.

Our fourth quarter results were the culmination of a year long momentum in our growth and market advancement. For 2014, our full year revenue was 16.8 million, representing a 54 percent growth over full year 2013.

As I've said on previous calls, we have kept our execution very focused, which has led to our high growth. The market for peripheral nerve repair is very large. The area in which we are currently focusing is estimated to be \$1.6 billion in the U.S.

So, our 2014 full year revenue of 16.8 million would suggest that we have penetrated approximately 1 percent of the market, and we have significant upside. AxoGen is uniquely positioned to provide the best solution to this large and untapped market.

One of AxoGen's greatest strengths is our broad portfolio. We believe that our comprehensive product portfolio is a barrier to competitive entry. The portfolio addresses the key issues facing nerve surgeons today, how to provide off the shelf treatment options for patients in a phased and cost effective manner and avoid the potential complications and costs associated with an additional surgery to harvest autograft tissue.

Our three brands address the full spectrum of surgical repair, uh, needs for the typical nerve repair surgeon. The first of these products is Avance Nerve Graft. It is donated human nerve tissue processed through our proprietary cleansing and de-sterilization method and intended for the surgical repair of peripheral nerve gaps.

Next is AxoGuard Nerve Connector, the only extracellular matrix coaptation aid for tensionless repair of severed peripheral nerves. And finally, AxoGuard Nerve Protector is the only extracellular matrix implant used to protect injured nerves and to reinforce the nerve construction while preventing soft tissue attachments.

Our products eliminate the need for the additional surgery associated with the harvest of nerve autograft tissue repairs and offer new options to treat the more than 900,000 nerve injuries that will be surgically repaired this year in the United States alone.

In today's healthcare environment, medical products need to be--need to provide both clinical and economic value to drive adoption. Our off the shelf nerve repair products offer the hospital and the surgeon advantages in terms of time and economics. First and most importantly, the harvest of the autograft is not separately reimbursed, and there's no financial driver for this procedure.

Elimination of a procedure to harvest the patient's own nerve tissue will save 30 to 60 minutes or more in the total procedure time. That in turn reduces costs of both the OR and anesthesia.

Using a national average for OR cost, this time savings equals about \$4,000 in cost savings for the hospital. Not only does the reduction in time save OR and anesthesia cost, it presents the facility with the opportunity to perform more, uh, surgical procedures.

A typical large hospital could gain the equivalent of six to nine days of additional available OR time in a year by adopting these off the shelf technologies.

In addition, eliminating the need to harvest the patients own tissue may allow the use of local or regional anesthesia instead of general anesthesia, which reduces even additional costs.

Off the shelf nerve repair products may also prevent cost associated with complications from nerve autograft harvest procedures. Surgical site infection is one of the most common complications of any surgical procedure, and the cost to a facility to treat a surgical site infection can be more than \$20,000. Hospitals are increasingly aware of this cost as they are being held more financially accountable for avoidable complications that readmit in 30 days.

Hospitals are investing in reducing their hospital acquired infections, but the only way they can completely eliminate the opportunity for a hospital acquired surgical site infection is to not do the surgery. AxoGen's products offer the benefit of eliminating the additional surgery to harvest the autograft nerve tissue.

Off the shelf nerve repair products such as Avance Nerve Graft offer a compelling value message to surgeons, facilities and patients alike, and we believe our value proposition is driving steady surgeon migration to our product portfolio.

Now I will update you on AxoGen's marketing and sales approach, what I like to refer to is the four pillars of growth. We are achieving the desired results for each initiative, so let me highlight how the team is successfully executing this plan.

First, we're building a higher level of market awareness. To introduce more surgeons to the benefits of new treatment options, we engage with them at hospitals, clinical conferences, promotional events and surgeon education courses

At the joint annual meetings of the American Association for Hand Surgery, American Society for Peripheral Nerve and American Society for Reconstructive Microsurgery, we sponsored a surgeon panel titled, The Value of Nerve Repair Technologies in Your Practice. The response to this session was outstanding with more than 100 surgeons in attendance, a virtual who's who in the nerve surgeon community, demonstrating the growing interest in advances in nerve repair treatment and the effectiveness of our awareness programs.

More importantly, the tone of the conversation in these meetings has shifted over the last year. The questions asked by the surgeons in the past were on the basic science of our products, and the questions asked today are related to the practical aspects of using our products, things such as what sizes to order and when to use one product versus another.

Patient stories are also a part of the dialogue and at the end of the day are the real validation of the impact of our products. One such story comes from the Chicago area - Shirley [sp] is a patient who had suffered for years with debilitating pain from a very old nerve entry that had not been properly diagnosed. Shirley spent more than five years going from doctor to doctor seeking a solution for her pain.

She was prescribed narcotics to help manage her pain and even underwent several surgical procedures, including one in which several of her toes were amputated. However, nothing brought her relief, and she was forced to give up the many things she

enjoyed in her life such as hiking, spending time with family and friends, as well as day to day activities like shopping and eating out.

Finally, after doing some online research for surgeons who specialize in nerve repair, Shirley found a team of physicians who were able to conduct nerve testing to identify the source of her pain. The neurologist identified damage in different areas of peripheral nerves in Shirley's extremity, which turned out to be three undiagnosed neuromas.

The surgeon was able to remove the painful neuromas, leaving gaps in the peripheral nerve which he bridged with Avance Nerve Graft. Today, Shirley has reported a significant reduction in pain as a result of the neuroma removal. She is still recovering, and importantly is returning to her normal activities.

To help promote awareness of nerve injuries and the treatment options, we were honored to have Shirley represent nerve tissue recipients in the recent 2015 New Years Day Rose Parade as a rider on the Donate Life float.

The benefit of growing awareness of our products generates interest and drives greater market awareness and future revenue. So, our second pillar of growth is focused on surgeon education and the development of surgeon advocates. As you will recall, in 2013, we initiated two day hands on education events led by leading nerve surgeons where we showcased the latest science and best practice in surgical nerve repair. We held four of these events in 2014.

In 2014, we also piloted a separate event focused on educating surgical fellows. Fellows are the surgeons in their last year of training before taking their board exams and

entering their own practice. All in all, more than 110 surgeons have completed these intensive events focused on nerve repair.

The results have shown that these events are very successful in terms of both feedback from the surgeon attendees and their impact on revenue. The opportunity to learn from expert faculty, focus exclusively on nerve repair techniques and gain hands on experience leads to attendees changing their treatment approaches immediately following completion of a course.

In fact, we have observed a greater than 60 percent increase in revenue from the surgeons who attend our prior courses.

Given this impact, we have increased the number of events in 2015 to nine. We've already conducted our first events for 2015, held just two weeks ago at the Buncke Clinic in San Francisco, and that event was oversubscribed.

Our next event, one named specifically at Extremity Fellows, will be held later this month, and we'll follow these up with additional surgeon events in April and May.

We expect over 225 surgeons will attend these courses in 2015 in addition to the other education events that we hold at major clinical conferences and in local territories.

The third pillar of our growth strategy is to grow the body of clinical data to support the use of our products. We continued to make excellent progress building data to assist surgeons in the decision making process.

At the end of January, the RANGER Study, an ongoing multi centered study focused on the repair of gaps in peripheral nerve, included over 600 nerve repairs with Avance Nerve Graft. And results from this study have already been published in two peer

reviewed journals and presented at more than 35 times at clinical conferences in the U.S. and in Europe.

Not only has RANGER become the largest clinical study in the treatment of severed peripheral nerves, its increasing size and diversification allows for analysis of the many different factors that impact outcomes. And it has become an important source of nerve outcome comparative data.

Since the publication of the first Data Milestone and Reconstructive Microsurgery and the Journal of Hand Surgery in 2012, the RANGER Study has been cited more than 120 times in the other scientific journals.

The last but by no means least of our growth pillars is sales execution. Our growth comes from both driving penetration in existing accounts and the addition of new accounts.

New accounts are essential for driving growth and generate lower revenues initially as they come on board. In existing accounts, the opportunities for growth comes from our installed base in terms of expanding to other surgeons in the accounts and driving usage of our full portfolio of products

A part of that focus is on ensuring that an account is using all three of our brands. As the data reflects, an account that orders all three of our brands generates at least five times more revenue than an account ordering just one brand. So, we continue to drive usage of the portfolio and see good results.

During the fourth quarter, revenue from accounts using two or more AxoGen brands increased 80 percent over last year's fourth quarter. For the full year, revenue provided by these accounts increased 72 percent over 2013.

During the year, we continued to expand our sales force, and at the end of the fourth quarter, we had 29 direct reps, up from 23 at the end of the third quarter. We are planning to add an additional six to ten direct reps before year-end as we seek to increase our presence in key markets.

Successful sales execution starts with hiring the right people and then ensuring that they are properly trained to drive awareness and usage of our products. We have developed a solid understanding of the science of nerve repair and compelling information about the value our products offer. We work hard to educate our sales team so that they are able to deliver these messages in an effective compelling way.

Our sales team is also maturing. At the end of December, 16 of our direct reps in the U.S. had been with us for more than 12 months and are showing good growth in their respective territories.

In addition to our direct sales team, we had 23 independent agencies in the field at the end of fourth quarter representing our products, and more of these reps are taking notice of the increased awareness and surgeon interest in our products.

As I said before, with the success and continuing momentum of our current focus in upper extremity, we also saw the opportunity for additional growth in oral maxillofacial surgery. Following a pilot to learn this market, we successfully launched it to our entire sales team in mid 2014.

Nerve repair and oral maxillofacial applications is a market worth about 129 million and has strong unmet clinical needs that we are able to address with our current product portfolio. Our focus in this area is on oral maxillofacial surgeons who are micro

surgically trained and currently addressing injuries to oral nerves, most often caused by prior oral surgery.

Following the official launch of the program in mid 2014, uh, oral maxillofacial targeted accounts grew more than 80 percent compared to the last six months of 2013. Our efforts were supported with the recent publication, Sensory Outcomes After Reconstruction of Lingual and Inferior Alveolar Nerve Discontinuities Using Processed Nerve Allograft, a Case Series in the Journal of Oral and Maxillofacial Surgery a prominent OMF surgeon and educator Dr. John Zuniga, who is Chairman of the Department of Oral and Maxillofacial Surgery University of Texas Southwest and Medical Center.

This study was released in December and follows 21 patients with 23 separate nerve injuries in which Avance Nerve Graft and links up to 70 millimeters were used to make the repair. Dr. Zuniga's findings were that 87 percent of the patients experienced improved neurosensory scores.

What is particularly noteworthy in this study that Dr. Zuniga's results mirrored those that we've seen previously and reported for Avance Nerve Graft in the broader population of the RANGER study.

We are also exploring opportunities for our products to repair nerves severed during prostate cancer surgery. The cavernous nerves that control erectile function and continence lie on either side of the prostate capsule and are sometimes removed when cancer has spread beyond the prostate.

In this situation, high rates of impotence and incontinence are reported, and there's a need to evaluate options to repair the nerve at the time of the surgery. A study of the

use of Avance Nerve Graft for this type of repair was initiated several years ago. We are now through enrolment and the 24 month follow-up period on the subjects, and following completion of the data analysis, anticipate that we will be able to share the results from this study in the first half of this year.

With that, Bob will provide you with some additional details on our financial results and our strength and financial resources to support our growth plans. Bob?

Mr. Bob Johnston: Thanks, Karen.

I'll focus my comments on financial highlights during our fourth quarter and for the year. But first, let me spend a few moments updating you on the recent actions we took over to strengthen our financial position and provide us with the resources to execute our long-term growth plans.

We entered a 28.5 million financing agreement with Oberland Three Peaks Capital, which with 1.75 million of our cash, allowed us to retire an existing royalty contract with the PDL BioPharma Inc. PDL also paid us 1.75 million in cash to purchase common stock. As a result, we expect to save 3.2 million in total debt payments in 2015, 5.6 million in 2016 and 5.4 million in 2017 and for each year beyond. By lowering annual debt payments, the refinancing, uh, frees us up cash flow to support our growth strategies.

We successfully raised 15 million in common stock--in a common stock offering in February, which provided net proceeds of approximately 13.6 million. We are putting these resources to work already in terms of recruiting new sales reps and increasing the number of professional education forums planned for the year.

In the case of Oberland Three Peaks Capital, which also purchased 3.55 million in common stock concurrent with the financing, and the institutions that purchased shares in the recent equity offering, it further validates their belief in AxoGen's ability to significantly grow in the peripheral nerve repair market.

Now let me discuss our fourth quarter and full year results. Our revenue increased 61 percent to 4.79 million compared to last year's fourth quarter of 2.98 million. This growth was primarily due to increased product usage by existing accounts and the addition of new customers. Additionally, we also recorded 139,000 in grant revenue, which provides additional funding for some of our development and pipeline work.

Revenues for the year totaled 16.8 million or a 54 percent increase over total revenues of 10.9 million for 2013. Grant revenue for the year totaled 314,000 compared to 70,000 for the year ended 2013.

Gross profit for the quarter increased 58.3 percent to 3.8 million compared to 2.4 million for the prior year's fourth quarter. Gross margin was 80 percent, similar to the fourth quarter a year ago.

For the full year, gross profit increased 57.6 percent to approximately 3.4 million compared to approximately 8.5 million for the 2013 full year. Gross margin for the full year expanded to approximately 79.5 percent compared to 77.7 percent for 2013. These increases reflect manufacturing efficiencies, a favorable product mix and a product price increase we implemented in the first quarter of 2014.

Now let me turn to expenses. As we discussed in prior calls, we continue to invest in sales and marketing to raise our awareness and to expand our sales footprint. Sales and marketing expenses increased approximately 25.8 percent to 3.9 million

compared to the last year's fourth quarter of 3.1 million. We ended the year at 29 direct sales reps, up from 23 at the end of September.

For the full year, we held four percent professional education forums and one fellowship program compared to two professional education events and no fellowship programs in the prior year.

Sales and marketing expenses increased 28.2 percent to approximately 13.2 million for 2014 compared to approximately 10.3 million in 2013.

However, with the 54 percent annual revenue increase, sales and marketing expenses as a percentage of revenue declined to 78.6 percent for 2014 compared to approximately 93.7 percent for 2013.

For the fourth quarter of 2014, general and administrative expenses increased 13.3 percent to approximately 1.7 million compared to 1.5 million for the fourth quarter of 2013. For the full year, general and administrative expenses increased 21.1 percent to approximately 6.9 million compared to approximately 5.7 million in 2013.

The year-over-year increase is due to several factors, including increased compensation, uh, and including non-cash stock option compensation of 285,000 and an increase in facility costs, insurance expenses and depreciation. However, as a percentage of revenue, general and administrative expenses continue to decrease due to the revenue growth.

As we mentioned in the third quarter earnings call, we do not expect significant increases in general and administrative expenses, which should continue to decline as a percentage of revenues as sales increase. R&D spending increased 56.9 percent to roughly 984,000 compared to the year ago fourth quarter.

For the year, R&D expenses increased 42.9 percent to approximately 3 million compared to approximately 2.1 million for 2013. The increases are related to clinical activities including expenses related to the Biological License Application or BLA for the Avance Nerve Graft as well as increased investments in our product development pipeline.

As a percentage of sales, R&D expenses continue to decline as we continue to show top line growth. The fourth quarter interest expense was approximately 3.8 million. For the year, interest expense was approximately 7.9 million compared to approximately 5.0 for 2013. This increase was primarily due to the interest expense related to the PDL debt facility extinguishment.

We ended the year with 8.2 million in cash, which included the payment of 911,000 of financing expenses related to the refinancing agreement in November. Excluding the financing expenses for the fourth quarter of 2014, we had a monthly cash burn of approximately 900,000 per month.

Subsequent to the end of the year, in February, we raised 13.6 million of net proceeds in a public common stock offering, which strengthens our balance sheet. We are putting these resources to work already.

As we've mentioned, we are expanding our sales team from 23 direct reps, and we will build the direct sales team to 35 to 39 by year end. We are also doubling the number of professional education courses.

All of these activities are focused on driving the top line revenue. We currently have over 20 million in cash. Given what we know today, with the recent equity raise, we believe that we have sufficient funding to get the company to profitability. This is

dependent on several factors, including but not limited to, continued adoption of our products by surgeons and growth of our revenues, continued expansion in development of our direct sales force, maintaining our gross margins and continued favorable market conditions.

The issuance of 5.4 million shares in connection with the equity offering increased our outstanding common stock to approximately 24.9 million shares.

Before handing the call back to Karen, I would like to let investors know we will be presenting at the Canaccord Musculoskeletal Conference in Las Vegas on Tuesday, March 24th.

Karen?

Ms. Karen Zaderej: Thanks, Bob.

In summary, we delivered good growth and results in 2014, and we look forward to driving continued growth throughout 2015. I am confident that our continued focus on the execution of our growth strategies and our strength in financial resources will enable us to drive the adoption of our products.

Therefore, we're introducing full year 2015 revenue guidance that we will exceed 24 million in revenue while maintaining an annual gross margin in the mid to high 70 percent range.

Finally, I'd like to end by thanking our investors for their continued support and everyone at AxoGen for their energy and commitment to our success. Thank you.

Now, operator, we're ready to take some questions.

Operator: Thank you.

At this time, we'll be conducting a question and answer session.

If you'd like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue.

You may press star, two if you'd like to remove your question from the queue.

For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys.

Once again, if you'd like to ask a question today, please press star, one at this time.

Our first question today is coming from Dave Turkaly from JMP Securities.

Please proceed with your question.

Mr. Dave Turkaly: Thank you.

Um, I had one just, uh, quickly - I would like to see if you'd, uh, comment on the total number of accounts that you guys have now or any indication as to, you know, how many new accounts you added in 2014?

Ms. Karen Zaderej: Good morning, Dave. How are you? Um, good to hear from you.

Um, so in terms of the total numbers of accounts, we've not released what our, uh, our account number is, but we are focused on both, uh, driving penetration in existing accounts and acquiring new accounts. Uh, that's been, uh, a focus over actually all of our growth strategy.

Um, when we look at the revenue, we see that revenue grows, uh, slowly in new accounts, uh, but they're an important base, because what's the new account this year will be a big driver of growth next year.

So, if we look back over the past year, about 80 percent of our revenue came from existing accounts and, uh, roughly 20 percent came from, uh, new accounts. And, uh, and

again, what we see is that new account is really a footprint that gives us the base to grow from for the next year.

Mr. Dave Turkaly: Great. Thanks for the, uh, the data on the call from the brands and what happens when people use more than one.

Um, I know you mentioned that you took a price increase in 2014. I'm curious - do you think you'll do something similar in 2015?

Ms. Karen Zaderej: Yeah, we've announced a price increase, um, and, yes, uh, that's--uh, you'll see that starting to take effect in the next quarter, um, and went into effect actually March 1st.

Mr. Dave Turkaly: Last one from me - uh, the, um, the prostate study that you mentioned, um, when you say share the results, are you talking about, uh, you know, a press release, or is this gonna be something that you think will wind up in internal or just I guess little more color there? Thank you.

Ms. Karen Zaderej: Yeah, that will be us, uh, sharing it. The journal article will follow, but, uh, as you know, those take quite a bit of time for them to get through the editorial process. So, the journal article will probably be in 2016.

Mr. Dave Turkaly: Thanks a lot.

Ms. Karen Zaderej: All right.

Operator: Thank you.

Ms. Karen Zaderej: Thank you very much.

Operator: Our next question today is coming from Bruce Jackson from Lake Street Capital Markets. Please proceed with your question.

Mr. Bruce Jackson: Hi, guys.

Ms. Karen Zaderej: Good morning, Bruce.

Mr. Bruce Jackson: So, um, looking at the, uh, the guidance for gross margins, you, uh, came in last quarter around 79, 80 percent. Guidance is for, uh, mid to high 70s. Are you--is this conservatism on your part, or are you expecting something different in the gross margin profile for 2015?

Mr. Bob Johnston: We're not expecting anything, uh, substantially different, uh, Bruce. Uh, but as we've said in prior calls, it is dependent on the product mix in a particular quarter, and it could be other manufacturing factors. But, we're expecting to continue to have similar type of gross margins in the mid to the high 70s.

Mr. Bruce Jackson: Okay, great.

And then, uh, in past you've, um, sometimes given out the percentage of revenue coming from the direct sales force. Do you have that number?

Mr. Bob Johnston: Yeah, that continues to be, uh, approximately two-thirds from the direct and one-third from the independent distributors.

Mr. Bruce Jackson: Okay, great.

And, uh, then I apologize if I miss this, but, um, did you give an update on the, uh, status of the Recon trial?

Ms. Karen Zaderej: Uh, no, we didn't mention that. The Recon trial has, uh, not initiated enrolment yet. It's still dependent on the IND, uh, with the FDA--as you go back, uh, for those who may not have followed this as closely, uh, in our transition plan and working, uh, to move the Avance product to a licensed biologic, uh, we submitted an IND. We had three questions from the FDA which, uh, we thought was a pretty good record given that it's over a 6,000 page document.

Uh, we've been working with the FDA in resolving those three questions, and upon, uh, resolution of--and those three questions actually have to do with characterization of the Avance, uh, product. Uh, when we have those three questions resolved, uh, which I believe should be shortly, then, uh, the FDA will allow us to start the enrollment.

In preparation of that, we have started to ramp up our work with the centers, uh, looking to get ready to be ready to go to enroll that first patient. So, we've already started the IRB work.

Mr. Bruce Jackson: Okay. That's great. Um, thank you very much.

Operator: Thank you.

As a reminder, if you'd like to be placed in the question queue, please press star, one at this time.

Our next question is coming from Tao Levy from Wedbush Securities. Please proceed with your question.

Mr. Tao Levy: Yeah, hi, good morning.

Ms. Karen Zaderej: Good morning, Tao.

Mr. Bob Johnston: Good morning, Tao.

Mr. Tao Levy: Um, you know, maybe we could start with since we're I guess, um, you know, three quarters away through into the first quarter, um, and you gave, you know, guidance, uh, for this year sort of in that 40 plus, uh, percent range year-over-year, is that the type of growth rate, um, you know, you expect, uh, to be, you know, relatively consistent throughout the year or, uh, you know, is this year gonna be a little bit, uh, different than in prior years in terms of, uh, revenue cadence?

Ms. Karen Zaderej: So, um, we've not given quarterly guidance, so I can't give you any direction from a quarter standpoint. But, uh, I can say I think that we've seen good momentum coming out of last year, um, and into the beginning of this year and again a positive response at the, uh, combined meeting that was held in January.

Um, so I think we're seeing, uh, good growth momentum, but I don't have any guidance to give you about the quarter, uh, specifically.

Mr. Tao Levy: And the only reason I ask like, you know, is just because, you know, the first quarter, you know, tends to be, you know, sequentially, you know, similar to, um, to the fourth, and then you get this big, you know, step up, uh, in the second, uh, in the second quarter. And that's why I wasn't sure if, you know, the strength that you had ending the year is something that, you know, you actually jump off of, uh, already here in the first quarter or, you know, you need the price increase, um, to kick in in the second quarter as well as, you know, uh, continue momentum from some of your other programs.

Ms. Karen Zaderej: Well, in every quarter, there's always these plusses and minuses that happen. So, uh, so we've had great momentum. I think it's a good stepping off point.

I will mention that we have seen some effects from the weather, particularly in the Northeast, with, uh, with the storms that have gone through, um, that we see at least delaying cases. We don't think they go away because people still their nerve repairs repaired.

Uh, but when the patients are worried about driving on the road, uh, they don't show up for cases. And so, we have seen an effect of that, uh, over the last couple of months with, uh, with some of these interesting storms that have gone through.

Mr. Tao Levy: Okay.

And in terms of the new, uh, hires, uh, that you plan to, uh, bring on the sales force, uh, this year, uh, are you looking, uh, for them to sort of, uh, help split up, um, existing, uh, sort of busy territories or potentially replace some, uh, distributors?

Ms. Karen Zaderej: We've done some of each. Uh, we look at each territory and really make a prioritized decision. Uh, so in some cases, um, we've seen--uh, and like a lot of small companies, we believe that we set up our initial territories very large and, uh, and it's too much land and too many accounts. And so, we've split that.

So, for example, in New York City we had one representative handling all of New York City, Southern Connecticut, Westchester and Northern New Jersey, which is too much stuff. There's many, many hospitals that are, uh, important in that area. And so, we've now split that into a couple of territories.

In other cases, um, we've decided that a territory warranted moving from a distributor to, uh, a direct rep. And we'll continue to do that as we add reps. Uh, there are certainly more territories that need to be split. And there are some territories that we may decide that, uh, we would get better value if we put in a direct rep versus the independent.

Mr. Tao Levy: Okay.

And then just last the thing - in the past, you've given, you know, sort of that percent of Avance versus AxoGuard, um, you know, revenue, and maybe I missed it during this call. If you have that for the fourth quarter, that'd be helpful. Thanks.

Mr. Bob Johnston: Yeah, that, um, uh, Tao, that continues to be on a revenue basis 55 percent approximately for Avance and 45 percent for AxoGuard as a total.

Mr. Tao Levy: Thank you.

Operator: Thank you.

We've reached end of our question and answer session. I'd like to turn the floor back over to Ms. Zaderej for any further or closing comments.

Ms. Karen Zaderej: Thank you, everyone. I look forward to 2015 and see you at the Canaccord Conference.

Operator: Thank you.

That does conclude today's teleconference. You may disconnect your lines at this time, and have a wonderful day. We thank you for your participation today.