

MEDIA RELEASE

Young Swiss biotech company concludes research collaboration agreement with Intervet

Backed by lead investor Nextech Venture, The Genetics Company, Inc., a Swiss spin-off company, concluded its first research collaboration agreement with a major life-science company. Intervet, number 3 in the global animal health market and a business unit of Akzo Nobel, will benefit from The Genetics Company's know-how and in turn boost The Genetics Company's turnover.

Along with lead investor Nextech Venture, Novartis Venture Fund is also supporting The Genetics Company, Inc. (TGC). The initial round of financing of CHF 6 million provides TGC with the necessary backing to further pursue applications-oriented research and to develop partnerships with pharmaceutical and biotechnology companies. TGC and Intervet aim to develop active substances to combat parasite infestation in livestock. The collaboration agreement comprises up-front and milestone payments to TGC.

Innovative cooperation in the animal health market

TGC is pursuing research with the fruit fly *Drosophila*, as this fruit fly is the ideal model system for identifying and characterizing drug targets (sites at which drugs are effective) in human and veterinary medicine. Mario Jenni, Chief Operating Officer at TGC, comments: "Many biological processes that control development and metabolism are basically the same in both *Drosophila* and humans. But there are also some major differences. That's what makes the fruit fly so interesting for us and our partners."

In the course of TGC's search for targets in order to develop new drugs, its scientists regularly come across mutations (lethal factors) that cause the death of *Drosophila*. If these mutations effect biological processes only relevant to insects, the mutations can be of help in developing specific substances to combat the spread of parasites.

Many parasites, some of them lethal, are transmitted to mammals via insects and ticks. The resulting damage to cattle results in huge economic losses to farmers throughout the world. Therefore, there is a substantial need for active substances that can without side effects free livestock from the harmful insects and ticks. Dr. Markus Ramming, Intervet's project manager, explains: "TGC supplies us with lethal factors that meet defined criteria for the development of active substances suitable for use in veterinary medicine."

Up-front and milestone payments will boost turnover

TGC and Intervet have agreed to a research collaboration comprising upfront and milestone payments that is currently limited to a period of 20 months. TGC will receive a fixed sum from Intervet for every lethal factor it characterizes. If Intervet can use the acquired data to develop active substances and, in the ideal case, develop a marketable drug, milestone payments to TGC will become due thus increasing the young company's turnover considerably.

Mario Jenni comments: "The characterization of insect-specific lethal factors is additional business for us. Collaboration with Intervet increases our future turnover. This in turn is beneficial for further development of our technology platform."

Intervet is a leading animal health company. Its activities include research, development and marketing of active substances and their respective products for veterinary indications.

TGC is a research company specialized, among other areas, in the discovery of new drug targets and leads on the basis of various model systems, including *Drosophila*.

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