

January 22, 2003

Press Release

Dear Sir or Madam,

The Genetics Company, Inc., a Zurich-Schlieren, Switzerland, based and privately held drug discovery and development company has acquired key assets from CallistoGen AG, Berlin, Germany, including small molecule lead candidates against Alzheimer's disease and proprietary in silico small compound screening and de novo design technologies. The transaction is backed by CHF 5 Million (US\$ 3.6 Million) of additional financing from current investors, Nextech Venture and Novartis Venture Fund, and brings the total amount of new funds raised in year 2002 to CHF 7 Million (US\$ 5 Million). In connection with this transaction, the company's future R&D strategy will focus on two major disease areas, cancer and neurodegeneration. The Genetics Company appoints Dietmar Gundel, CEO of CallistoGen, to its Executive Board and Rudolf Gygax of Novartis Venture Fund to its Board of Directors. A chemoinformatics team from CallistoGen will also join The Genetics Company.

Please find enclosed our press release. Thank you for your kind consideration.

For further information please contact:

The Genetics Company, Inc.

Dr. Harald Eistetter, CEO
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Yours sincerely,



Barbara Ambros
Assistant to the Chief Executive Officer

The Genetics Company, Inc. Announces Acquisition of Key Assets from CallistoGen AG, Secures further Financing, Streamlines R&D Portfolio, and Strengthens Management Team

Zürich, Switzerland - January 22, 2003 -- The Genetics Company, a Schlieren, Switzerland, based and privately held drug discovery and development company announces that it has acquired a set of core assets of CallistoGen AG, Berlin, Germany, a chemo- and bioinformatics company specialized in the accelerated generation and validation of novel lead compounds. The Genetics Company acquired CallistoGen's portfolio of potent small molecule lead candidates against Alzheimer's disease and its proprietary lead generation platform. CallistoGen's technologies comprise state-of-the-art in silico compound screening and de novo drug design and optimization technologies and specific in vitro validation tools. Along with the acquisition of CallistoGen's technology portfolio, The Genetics Company will also gain access to a number of international customers, who successfully have used CallistoGen's technologies in the past.

"This acquisition complements perfectly our product and technology portfolio. We now are able to fully capitalize on both a pipeline of highly potent lead compounds in cancer and neurodegenerative disease, and a fully integrated drug discovery platform, which permits the fast and efficient generation and optimization of lead compounds for a variety of novel drug targets we previously had identified and validated" says Harald Eistetter, Chief Executive Officer of The Genetics Company. The Genetics Company will focus its further drug discovery and development efforts on cancer and neurodegenerative disease. The company's non-core assets (i.e. in Diabetes II) are planned to be outlicensed.

"The Genetics Company has an impressive track record of scientific successes, is very professionally managed and strongly backed by committed investors - the right blend to steer successfully through today's troubled market!" says Dietmar Gundel, CallistoGen's CFO and acting CEO.

The transaction is fully supported by The Genetics Company's current investors led by Nextech Venture and Novartis Venture Fund, who have contributed additional financing in the amount of CHF 5 Million (US\$3.6 Million) to the Company in December 2002. Including equity raised earlier in year 2002 in the amount of CHF 2 Million (US\$ 1.4 Million) from a new investor, BPP Business Promotion Partner AG of Basel, this transaction brings the total amount of funds raised in year 2002 to CHF 7 Million (US\$ 5 Million).

In connection with the deal, Mr. Gundel meanwhile has joined The Genetics Company's management team as Vice President of Corporate & Business Development and with him a team of highly skilled scientists from CallistoGen. "Now is the time for us to establish a dedicated corporate and business development function. We have plenty of assets that await further commercialization and we plan to aggressively forward-integrate our business. Dietmar is the ideal person to address these challenges with us and I am particularly pleased to welcome him and his colleagues on board..." Harald Eistetter continues.

In parallel, Dr. Rudolf Gygax, Managing Director of the Novartis Venture Fund (Basel, Switzerland), will replace Prof. Konrad Basler as member of The Genetics Company's Board of Directors. Professor Basler will join the Company's Scientific Advisory Board. Dr. Gygax, who holds Board of Directors mandates in various biotech companies, also is Head of the Novartis Start up Fund.

About The Genetics Company, Inc. The Genetics Company is a privately held drug discovery and development company active in the areas of cancer and neurodegenerative diseases. The Company has identified small molecule inhibitors of two proprietary targets within the Wnt-pathway, which is believed to play a crucial role in colon cancer. It has also found a set of small molecules inhibiting cellular growth in *Drosophila* larvae. These molecules have the potential to become anti-cancer drugs with outstanding toxicity profiles. In parallel, the Company has identified and is in the process of further characterizing a series of novel growth-related drug target candidate genes for exploitation in cancer therapy. Headquartered in Zurich-Schlieren, Switzerland, the Company currently has 26 employees.

For additional information, please contact:

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