

## **Transgene Biotek Ltd signs Licensing and Technology Transfer agreement with Dr. Reddy's Laboratories Ltd, Hyderabad**

January 4, 2010

Transgene Biotek Ltd (TBL) announced today that it has entered into a Licensing and Technology Transfer Agreement with Dr. Reddy's Laboratories Ltd, Hyderabad (DRL) for the out-licensing of a technology for the manufacture of Orlistat. Under the terms of the agreement, which is effective immediately, DRL will gain worldwide rights to a unique technology that was developed exclusively by TBL for the manufacture and commercialization of Orlistat API. The agreement should lead to substantial revenues being generated for TBL and Dr Reddy's for several years to come, and to a many fold increase in TBL's bottom line. The market for Orlistat is estimated to be around US \$500 million per year.

Orlistat is a lipase inhibitor used for obesity management that acts by preventing the absorption of fats from the human diet, thereby reducing caloric intake, and is the most studied weight loss medicine in the world, with more than 100 clinical studies, involving more than 30,000 patients. It is used in the treatment of Obesity including management of weight loss and weight maintenance. Orlistat also modestly reduces blood pressure, and appears to prevent the onset of type 2 diabetes.

Obesity is one of the leading causes of preventable death, and is rising rapidly worldwide. The World Health Organization (WHO) has described the problem of obesity as a "worldwide epidemic". WHO's latest projections indicate that globally in 2005, approximately 1.6 billion adults (age 15+) were overweight; and WHO further projects that by 2015, approximately 2.3 billion adults will be overweight.

According to the WHO, overweight and obesity lead to serious health consequences such as:

- Cardiovascular disease (mainly heart disease and stroke) - already the world's number one cause of death, killing 17 million people each year.
- Diabetes – which has rapidly become a global epidemic. WHO projects that diabetes deaths will increase by more than 50% worldwide in the next 10 years.
- Musculoskeletal disorders – especially osteoarthritis.
- Some cancers (endometrial, breast, and colon).
- Reduced life expectancy - on average, obesity reduces life expectancy by six to seven years.

This agreement with DRL, India's second biggest pharmaceutical company with a revenue currently around 7,000 crores and a global marketing presence, is the latest testimony to the ability of Transgene to develop new technologies using multiple technology platforms. Transgene earlier out-licensed its recombinant Hepatitis B vaccine technology to one of the largest vaccine producers in the world, Serum Institute of India.

This new alliance combines TBL's technology with Dr Reddy's manufacturing skills, and extensive sales and marketing capabilities. Under the terms of the agreement, the product will be licensed by TBL and manufactured and marketed by Dr. Reddy's globally for a multi-year period. TBL will receive an upfront payment, additional payments for certain commercial milestones, and royalties on the sale of Orlistat API in all countries worldwide.