

**CORPORATE DEVELOPMENTS**

# UGEN TO ACQUIRE TRANS WORLD GENETICS

NORWALK, Conn.—University Genetics (UGEN), located here, is moving to increase its equity position in Trans World Genetics (Burlingame, CA) to 90 percent. Trans World, a technology transfer company specializing in shipping livestock embryos to Asia and the Far East, had encountered financial difficulties when Asian demonstrations of its technology proved more expensive than expected. In addition, several anticipated contracts failed to materialize—including a major one in the Phillipines that was stymied by an economic freeze.

Reese Allen, Trans World's director of research and embryo transfer, says the company underestimated the difficulties of creating new, though potentially lucrative, markets. Trans World also made marketing errors, he adds, stressing that the company is in the business of selling genetically superior livestock, rather than embryo transfer technology. According to Allen, "What the farmer wants is good genetics. He says 'make them cost-effective, disease-free, and get them here.'"

UGEN's takeover comes with the exercise of warrants it had acquired last year along with an 8 percent interest in Trans World. UGEN, a subsidiary of University Patents, specializes in commercializing university-derived biotechnology patents. Reportedly, the warrants—the price of which has not been disclosed—became exercisable when Trans World failed to achieve specified dollar-levels of sales and additional investment.

"Our analysis of the company was that although they had opened interesting markets in Asia, their salesmen were not good at closing the deals," says Alan G. Walton, UGEN's president. "What Trans World was very good at was spending money that they didn't have to. They had a champagne operation with a beer income."

When the deal goes through—and Walton says it is "basically just a matter of getting everything down on paper"—UGEN's first priority will be to trim costs. One action will be to replace Trans World's salaried salespeople with others on a commission-only basis. Another will be to move the corporate offices closer to the

University of California at Davis, where the embryo-transfer company will be able to take advantage of local expertise—either as consultants or employees.

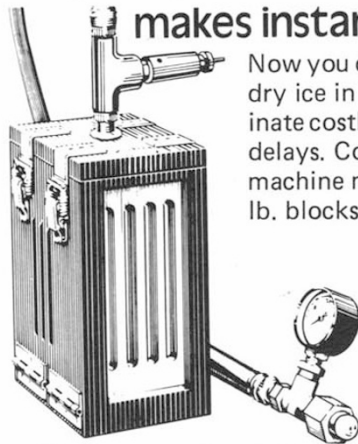
Earl Ettienne, who had been Trans World's vice president of operations, left last spring amidst controversy over the rights to the company's swine embryo freezing technology. He has moved on to a venture called Scientific Futures (Woodside, CA) that is seeking to position start-up companies in the international marketplace. Trans World reports it recently produced the first litter of piglets ever born from frozen embryos. UGEN's Thomas J. Monahan says the company has just begun to look at ownership questions.

Trans World, through its previous agreements with UGEN, is also doing work with embryo sexing and genetic manipulation of embryos. While Walton stresses that projects like introducing growth hormone genes into livestock embryos are long-term goals, the potential value of such work would be great.

—Arthur Klausner

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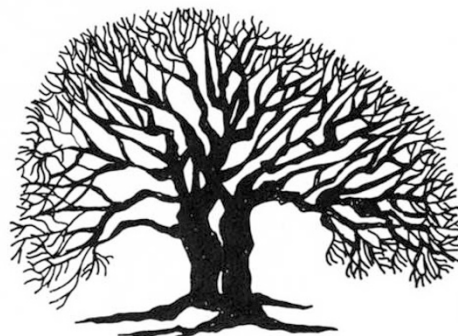
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