

News Release

March 4, 2013

Sixth Merck Serono Spin-off Company to Focus on Gastrointestinal Immunological Disorders

- **Newly formed Calypso Biotech will continue research and development of preclinical antibody programs from Merck Serono**

Geneva, Switzerland, March, 4, 2013 – Merck Serono, a division of Merck, Darmstadt, Germany, announced today the creation of Calypso Biotech, the sixth spin-off company resulting from its Entrepreneur Partnership Program (EPP). Calypso Biotech was formed around Merck Serono's R&D portfolio in the field of inflammatory bowel diseases, targeting selected niche indications with high unmet medical needs. Merck Serono will invest €2.5 million as seed funding. *Merck Serono Ventures* will manage the investment and will be represented on the company's board of directors.

“We are pleased that Calypso Biotech will continue promising programs in inflammatory bowel diseases, while Merck Serono focuses its R&D efforts in other therapeutic areas,” said Dr Bernhard Kirschbaum, Executive Vice President, Head of Global Research and Early Development at Merck Serono. “Calypso Biotech has the portfolio, the expertise and the scientific network to build a unique translational medicine approach and to become a partner of choice in this therapeutic area.”

Calypso Biotech will start with three Merck Serono employees. The company is founded by Drs. Yolande Chvatchko and Alain Vicari, two seasoned immunologists with strong experience in team management and drug discovery expertise.

News Release

“Despite the efficacy of current treatments such as anti-TNF therapies, many patients suffering from inflammatory bowel diseases are experiencing dreadful and sometimes life-threatening complications. In addition, recent changes in our dietary habits have modified the relationships between our immune system and gut microbiota to an extent that we are just beginning to understand, leading to severe pathologies with no treatment options,” said Dr. Yolande Chvatchko, co-founder of Calypso Biotech.

“Our portfolio of promising and differentiated therapeutic antibody candidates against validated mechanisms underlying disease progression in several gastrointestinal diseases may be able to address these pathologies which are insufficiently treated by current therapies,” added Dr. Alain Vicari, co-founder of Calypso Biotech.

Calypso Biotech is the sixth spin-off company to benefit from Merck Serono’s EPP program, an initiative launched in April 2012 following Merck’s announcement to close Merck Serono’s headquarters in Geneva. To date, the EPP has enabled 41 former employees to find new employment, through the creation of spin-offs and service companies: Prexton Therapeutics (Parkinson’s disease), Quartz Bio (bioinformatics), Asceneuron (Alzheimer’s disease), TQM Insight (Information Technology governance), Ondaco (Information Technology Services), and Calypso Biotech (gastrointestinal immunological disorders).

About Merck Serono

Merck Serono is the biopharmaceutical division of Merck KGaA. With headquarters in Darmstadt, Germany, Merck Serono offers leading brands in 150 countries to help patients with cancer, multiple sclerosis, infertility, endocrine and metabolic disorders as well as cardiovascular diseases. In the United States and Canada, EMD Serono operates as a separately incorporated subsidiary of Merck Serono.

Merck Serono discovers, develops, manufactures and markets prescription medicines of both chemical and biological origin in specialist indications. We have an enduring commitment to deliver novel therapies in our core focus areas of oncology, neurology and immunology.

News Release

About Merck

Merck is a global pharmaceutical and chemical company with total revenues of €10.3 billion in 2011, a history that began in 1668, and a future shaped by approx. 40,000 employees in 67 countries. Its success is characterized by innovations from entrepreneurial employees. Merck's operating activities come under the umbrella of Merck KGaA, in which the Merck family holds an approximately 70% interest and free shareholders own the remaining approximately 30%. In 1917 the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.

For more information, please visit www.merckserono.com or www.merckgroup.com