Merck to Acquire SmartCells, Inc.

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WHITEHOUSE STATION, N.J. & BEVERLY, Mass.--(BUSINESS WIRE)--Merck & Co., Inc., (NYSE:MRK) and SmartCells, Inc., today announced that they have entered into a definitive agreement under which Merck will acquire SmartCells, a private company developing a glucose responsive insulin formulation for the treatment of diabetes mellitus.

"Maintaining control of blood glucose levels represents a daily challenge for people living with diabetes," said Nancy Thornberry, senior vice president and head, diabetes and obesity franchise, Merck Research Laboratories. "Through the acquisition of SmartCells we have obtained innovative technology that may enable us to develop glucose-responsive insulins. If this investigational technology is ultimately approved for use with patients, it could provide an important new therapy for the treatment of diabetes. This holds the potential to significantly impact the treatment of this disease."

Under the terms of the agreement, Merck will acquire all outstanding stock of SmartCells, Inc. in return SmartCells shareholders will receive an upfront cash payment and be eligible to receive clinical development and regulatory milestones for products resulting from the transaction for potential aggregate payments in excess of $500 million. Sales-based payments for products resulting from the transaction will also be payable. SmartCells’ board of directors has unanimously approved the transaction.

"At SmartCells, we have made important progress in rapidly advancing from early concept towards clinical development," said Todd C. Zion, Ph.D., president, co-founder and chief executive officer. "This acquisition positions our novel technology for success in the hands of a leading pharmaceutical company with proven expertise and exceptional resources to deliver breakthrough diabetes products to patients."

SmartCells has developed a technology platform that makes it possible to auto-regulate the release of a therapeutic based on the plasma concentration of a designated molecular indicator. In the case of insulin, the technology employs an approach whereby an insulin therapeutic is available only in the presence of a specific glucose concentration range. If this approach is successful in the clinic, it has the potential to produce insulin analogs that may result in a lower risk of hypoglycemia (low blood sugar) compared with standard insulin analogs and improve control over both fasting and post meal glucose levels.

About SmartCells

SmartCells, Inc. is focused on developing glucose-regulated SmartInsulin products for the treatment of diabetes. The company’s core technology was originally developed at The Massachusetts Institute of Technology by its president, co-founder and chief executive officer Dr. Todd Zion. SmartCells has since developed the platform into several clinical candidates with the support of grant awards from the National Institutes of Health and equity investments from members of Boston Harbor Angels, Angel Healthcare Investors, Beacon Angels and Cherrystone Angel Group. For more information, visit www.smartinsulin.com.

About Merck

Today's Merck is a global healthcare leader working to help the world be well. Merck is known as MSD outside the United States and Canada. Through our prescription medicines, vaccines, biologic therapies, and consumer care and animal health products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to healthcare through far-reaching policies, programs and partnerships. For more information, visit www.merck.com.

Merck Forward Looking Statement

This news release includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. The forward-looking statements may include statements regarding product development, product potential, the company’s plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Merck’s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the impact of pharmaceutical industry regulation and health care legislation; Merck’s ability to accurately predict future market conditions; dependence on the effectiveness of Merck’s patents and other protections for innovative products; the risk of new and changing regulation and health policies in the United States and internationally and the
exposure to litigation and/or regulatory actions.

Merck undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in Merck’s 2009 Annual Report on Form 10-K and the company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site (www.sec.gov).


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