

# DAMON Biotech

Damon Biotech, Inc.  
119 Fourth Avenue  
Needham Heights, MA 02194  
617-449-6002

January 17, 1990

U.S. Nuclear Regulatory Commission  
Region 1 Nuclear Material Section B  
831 Park Ave.  
King of Prussia, PA 19406

Dear Sir,

This is in regard to USNRC information notice no. 89-25. Damon Biotech Inc. currently operates within the guidelines of a USNRC material license no. 20-14076-04. On January 16, 1990 a public announcement was made that Damon Biotech Inc., and Abbott Laboratories, Abbott Park, IL., had signed a definitive agreement for Abbott to acquire the stock of Damon Biotech Inc., located at 119 4th Ave. Needham Hgts, MA. 02194. The acquisition is expected to occur in March 1990.

The substance of the transaction, is that Abbott will acquire all the stock of Damon Biotech from the public shareholders. Damon Biotech, the licensee, will continue to exist as a Corporate entity, and will continue operations as before the stock transaction. Neither the materials license nor any other assets are to be transferred to Abbott. The following is presented in response to notice no. 89-25.

A: The name of the licensee is expected to be changed from Damon Biotech Inc., to Abbott Biotech Inc. The request for change will be submitted following the merger.

B: No change in licensee staff is anticipated.

C: The licensee intends to continue research, development, and manufacturing activities, and maintain its material license.

D: Under the terms of the merger agreement by and between Damon Biotech Inc., ("Biotech") and Abbott Laboratories, ("Abbott") an Illinois Corporation, and Abbott Biotech, Inc., A Delaware Corporation ("ABI"), a wholly owned subsidiary of Abbott, ABI will be merged with and into Biotech, with Biotech being the surviving Corporation.

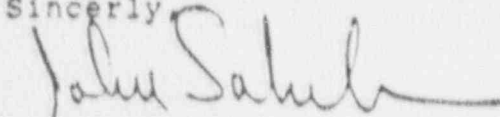
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Pursuant to the merger agreement, each share of common stock outstanding immediately prior to the consummation of the merger (other than share held by stockholders of Biotech who properly perfect their dissenters' rights pursuant to section 262 of the Delaware General Corporation Law) will be converted into the right to receive approximately \$ 1.02 in cash and without interest thereon. Each share of comm stock outstanding immediately prior to the consummation of the merger will automatically be cancelled as of the effective time of the merger.

- E: No changes in organization, location, facilities, equipment, or procedures are planned.
- F: No changes in use, possessions, or storage of licensed Materials are planned.
- G: All surveillance items, records, and accountability requirements will remain functional. Staff will continue all operational procedures as defined by current guidelines.
- H: The facility is in compliance with contamination guidelines. No contamination at the facility exists all waste is properly stored and all radioisotopes are properly contained. No variance from this status is anticipated.
- I: After the merger the licensee intends to continue to maintain the radioactive materials license, and all programs currently in effect.
- J: The ownership and control of the licensed material and activity will remain with Damon Biotech Inc. The licensee.
- K: As stated above the license will not be transferred.

We believe this addresses the stated concern of the NRC and no further action is required. Please direct any questions that arise following a review of this submission to my office

Sincerely



D. Sakelaris  
Official Correspondent

# DAMON Biotech

## NEWS

FOR IMMEDIATE RELEASE  
January 16, 1990

Damon Biotech, Inc.  
119 Fourth Avenue  
Needham Heights, MA 02194  
617-449-6002, Telex 200228

Contact: Ellen Walvoord  
Abbott Laboratories  
(708) 937-8522

Robert M. Stoddard  
Damon Biotech, Inc.  
(617) 449-6002

### DAMON BIOTECH AND ABBOTT SIGN DEFINITIVE AGREEMENT AND DAMON BIOTECH REPORTS FIRST QUARTER FISCAL 1990 RESULTS

NEEDHAM HEIGHTS, MA - January 16, 1990 -- Damon Biotech, Inc. (NASDAQ: DBIO) and Abbott Laboratories (NYSE: ABT), Abbott Park, IL, today announced the signing of a definitive agreement for Damon Biotech to be acquired by Abbott, as contemplated by a letter of intent executed by the two companies on October 17, 1989. As previously announced, the acquisition price will be approximately \$9.4 million, less the cost of settling outstanding options and warrants, or approximately \$1.02 per share.

The agreement is subject to certain conditions, including the approval of Damon Biotech shareholders. A special shareholders' meeting is expected to be called for early March 1990.

Separately, Damon Biotech reported a net loss of \$628,610 or \$.07 per share, for the first quarter of fiscal 1990 ended November 30, 1989 compared with a net loss of \$2,098,057 or \$.09 per share for the same period in fiscal 1989. Revenues, exclusive of interest income, for the quarter were \$1,401,041 compared with \$312,445 for the first quarter of fiscal 1989. The increase in revenues was the result of \$1,273,084 of revenues recognized in the 1990 fiscal quarter under an agreement with Abbott Laboratories for the development and production of a cardiovascular product, partially offset by a \$184,488 decrease in contract production and research revenues from other sources.

Damon Biotech develops, manufactures and markets biomedical products including monoclonal antibodies and genetically engineered proteins using its two patented technologies: the Cellular Enhancer technique and ENCAPCEL™ system.

\* \* \*

Damon Biotech, Inc.  
 Condensed Consolidated Statements of Operations (Unaudited)  
 Three Months Ended November 30

	1989 -----	1988 -----
Revenues (a)	\$ 1,401,041	\$ 312,445
Interest income	103,030	225,679
Total revenues	1,504,071	538,124
Costs and expenses	2,132,681	2,636,181
Net loss	\$ (628,610) -----	\$ (2,098,057) -----
Net loss per share (b)	(\$0.07) -----	(\$0.09) -----

(a) Revenues for 1989 include \$1,273,084 recognized under an agreement with Abbott Laboratories for the development and production of a cardiovascular product.

(b) Net loss per share for the three months ended November 30, 1989 and November 30, 1988 is based upon the weighted average number of common shares outstanding of 8,879,813 and 22,539,130, respectively, and the net loss plus the cumulative dividends on the Company's preferred stock. On September 1, 1989, Damon Corporation surrendered to Damon Biotech all 13,659,317 shares of its Damon Biotech common stock, reducing the number of outstanding common shares from 22,539,130 to 8,879,813. The surrender, which involved no payment on the part of Damon Biotech, took place pursuant to a January 16, 1989 Agreement and Plan of Merger between Damon Corporation and Nomad Partners L.P.

RECEIVED - REGION I

