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ORIGINAL
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Genetic Systems
CORPORATION



48

1,000,000 Units
3,000,000 Shares of Common Stock
and

3,000,000 Class A Common Stock Purchase Warrants

Each unit ("Unit") consists of three shares of common stock, par value \$0.01 per share, (the "Common Stock") and three Class A Common Stock Purchase Warrants (the "Class A Warrants"). The Common Stock and the Class A Warrants will not be separately transferable until September 2, 1981, or such earlier date as may be determined by D. H. Blair & Co., Inc., the Representative of the Underwriters ("Representative"). Each Class A Warrant entitles the holder to purchase at a price of \$3.25, at any time after such Warrant becomes transferable and until June 3, 1983, one share of Common Stock and one Class B Common Stock Purchase Warrant (the "Class B Warrant"). Each Class B Warrant entitles the holder to purchase at a price of \$5.00, at any time from date of issuance until on or before June 3, 1984, one share of Common Stock. The Class A Warrants will be traded in the Over-the-Counter Market on the basis of one Class A Warrant evidencing the right to purchase one share of Common Stock and one Class B Warrant. (See "Description of Securities".)

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK. SEE "RISK FACTORS."

Prior to this offering, there has been no market for the Common Stock of Genetic Systems Corporation (the "Company"). The Company is in the development stage, it has had no operating revenues to date, and there can be no assurance of future revenues. The initial public offering price per Unit has been arbitrarily determined by negotiations between the Representative and the Company and bears no relationship to the assets, book value, earnings or net worth of the Company or any other recognized criteria of value.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Company(2)
Per Unit	\$6.00	\$0.60	\$5.40
Total(3)	\$6,000,000	\$600,000	\$5,400,000

(See Notes on Page 3)

D. H. BLAIR & CO., INC.

The date of this Prospectus is June 4, 1981

directed against antigens of herpes simplex viruses 1 and 2, cytomegalovirus, gonorrhea, syphilis, chlamydia, and antigens of normal and cancerous human blood cells. (See "Proposed Business—Contracts".) These monoclonal antibodies, derived from hybridomas formed with mouse cells, are available in amounts that far exceed the antibodies conventionally obtained from either animal or human sources. Although these antibodies can presently be marketed only for research applications, the Company intends, subject to FDA approval (of which there is no assurance), to market these antibodies as diagnostic reagents to clinical laboratories, hospitals and research organizations. Other monoclonal antibodies licensed from the Fred Hutchinson Cancer Research Center will be further developed by the Company and then sub-licensed to Syva for incorporation into diagnostic assays for human herpes viruses and sexually-transmitted diseases. Syva plans, subject to FDA approval (of which there is no assurance), to market these diagnostic assays to clinical laboratories, hospitals and physicians. The Company will receive from Syva a royalty based on the net sales of these diagnostic assays. The Company cannot determine with certainty when application for FDA approval may be made in order to market any of these antibodies for diagnostic applications.

Monoclonal Antibodies to Herpes Viruses—The Company presently has a panel of eight monoclonal antibodies which selectively identify antigens of HSV-1, HSV-2, and CMV. These monoclonal antibodies have a sufficiently defined reactivity to enable a critical discrimination of these viruses in the tissues of diseased patients. These antibodies have been successfully used in laboratory experiments to identify oral and genital forms of herpes virus infections, as well as to detect HSV-1, HSV-2 and CMV infection in lung biopsies of patients with progressive pneumonia.

Monoclonal Antibodies to Gonorrhea—The Company presently has a panel of thirteen antibodies that react with the surface of the gonorrhea bacteria. These antibodies do not react with the other types of bacteria and enable a rapid determination and classification of the gonorrhea bacteria. One of the monoclonal antibodies reacts specifically with the strains of gonorrhea that are most commonly associated with disseminated gonococcal infection in the United States, providing a unique method to distinguish high risk strains of gonorrhea from strains of lesser danger.

Monoclonal Antibodies to Chlamydia—The Company presently has a panel of five monoclonal antibodies which identify antigens of chlamydia. These monoclonal antibodies identify each of the strains of chlamydia that are known to cause genital and ocular lesions in humans.

Monoclonal Antibodies to Syphilis—The Company presently has one monoclonal antibody which identifies an antigen of the syphilis bacteria. Additional monoclonal antibodies against the syphilis bacteria are in the final stages of development.

Monoclonal Antibodies to Human Blood Cell Antigens—The Company presently has a panel of eight monoclonal antibodies that react with selective types of human blood cells. These antibodies enable the determination of different types of normal and cancerous lymphocytes, monocytes, and granulocytes in the blood. Since the distribution of these particular cell types in blood and bone marrow are often influenced by infectious diseases or cancer, these monoclonal antibodies should be useful in both monitoring the progress of patients and in diagnosing a broad range of human diseases.

Contracts

Contract with Fred Hutchinson Cancer Center

On March 5, 1981 the Company entered into an agreement with the Fred Hutchinson Cancer Research Center in Seattle, Washington for the commercial distribution of monoclonal antibodies already developed

and laboratory tested against herpes viruses, gonorrhea, cytomegalovirus and human blood cell antigens. The Company has exclusive rights to produce, develop for the purpose of FDA approval and market these antibodies in return for an 8% royalty on net sales of the antibodies for research applications and 3% on net sales of the antibodies for diagnostic and therapeutic applications. On May 13, 1981, the agreement with the Fred Hutchinson Cancer Research Center was amended to extend the licensing arrangement granted to the Company to include monoclonal antibodies against chlamydia and syphilis. This amendment also provides that in the event that these antibodies or other antibodies licensed from the Fred Hutchinson Cancer Research Center are sold to Syva, the Company will pay to the Fred Hutchinson Cancer Research Center the greater of either (a) 3% of the net sales of the antibodies to Syva or (b) 20% of the royalties paid by Syva to the Company for the sale of diagnostic assays which incorporated the antibodies under the licensing agreement. This agreement may be terminated by either party for breach of obligation, upon 60 days written notice, provided however, that if the breach is cured or shown to be non-existent within the 60 day period, the notice shall be withdrawn. The agreement may also be terminated by the Fred Hutchinson Cancer Research Center in the event Dr. Nowinski ceases to be associated with the Fred Hutchinson Cancer Research Center. However, termination will not affect royalties due on monoclonal antibodies transferred to the Company prior to the effective date of termination. Pursuant to the agreement, the Fred Hutchinson Cancer Research Center will not provide any other commercial entities, other than Syva, with the monoclonal antibodies described in the agreement, and the Company will not purchase such monoclonal antibodies from any third parties.

Contract with Pacific Northwest Research Foundation

The Company entered into a five year research agreement on March 5, 1981 with the Pacific Northwest Research Foundation in Seattle, Washington. Under the terms of this contract, the Pacific Northwest Research Foundation, through the efforts of Drs. Nowinski, Hansen and Irwin Bernstein, will endeavor to produce monoclonal antibodies directed against (a) human HLA and DR antigens, (b) human red blood cell and white blood cell antigens, and (c) antigens of viruses, bacteria, and fungi that infect humans. No antibodies have yet been produced under this contract. The Company will fund this research at a base rate of \$125,000 per year, with an annual escalator of 10%. In connection with the execution of this agreement the Company issued 50,000 shares of Common Stock to the Pacific Northwest Research Foundation. Monoclonal antibodies and hybridomas developed under this agreement will be the property of the Company. The Company, upon marketing monoclonal antibodies developed under the agreement, will pay to the Pacific Northwest Research Foundation a royalty ranging from 3 1/3% to 5% based on net sales of the antibodies. Royalty payments on sales will continue for a twenty year period. Either party may terminate this agreement within ten days after each anniversary date by giving written notice. The agreement may also be terminated by either party in the event of the unavailability of Drs. Nowinski, Hansen or Irwin Bernstein. In the event the agreement is terminated, the Pacific Northwest Research Foundation will transfer to the Company the appropriate cell lines, antibodies, know-how, and technical information necessary to continue the research program under the agreement, but termination will not affect royalties due on monoclonal antibodies developed under the agreement. If products are developed from the work performed under this agreement, the Company has agreed that during the twenty year royalty period it will not market or otherwise sell a competing product of the same antibody structure.

Contract with Syva

On May 19, 1981 the Company entered into a research and development and marketing agreement with Syva, a wholly-owned subsidiary of Syntex Corporation, for the purpose of developing monoclonal antibodies and related antigens directed against herpes virus infections and sexually transmitted diseases in