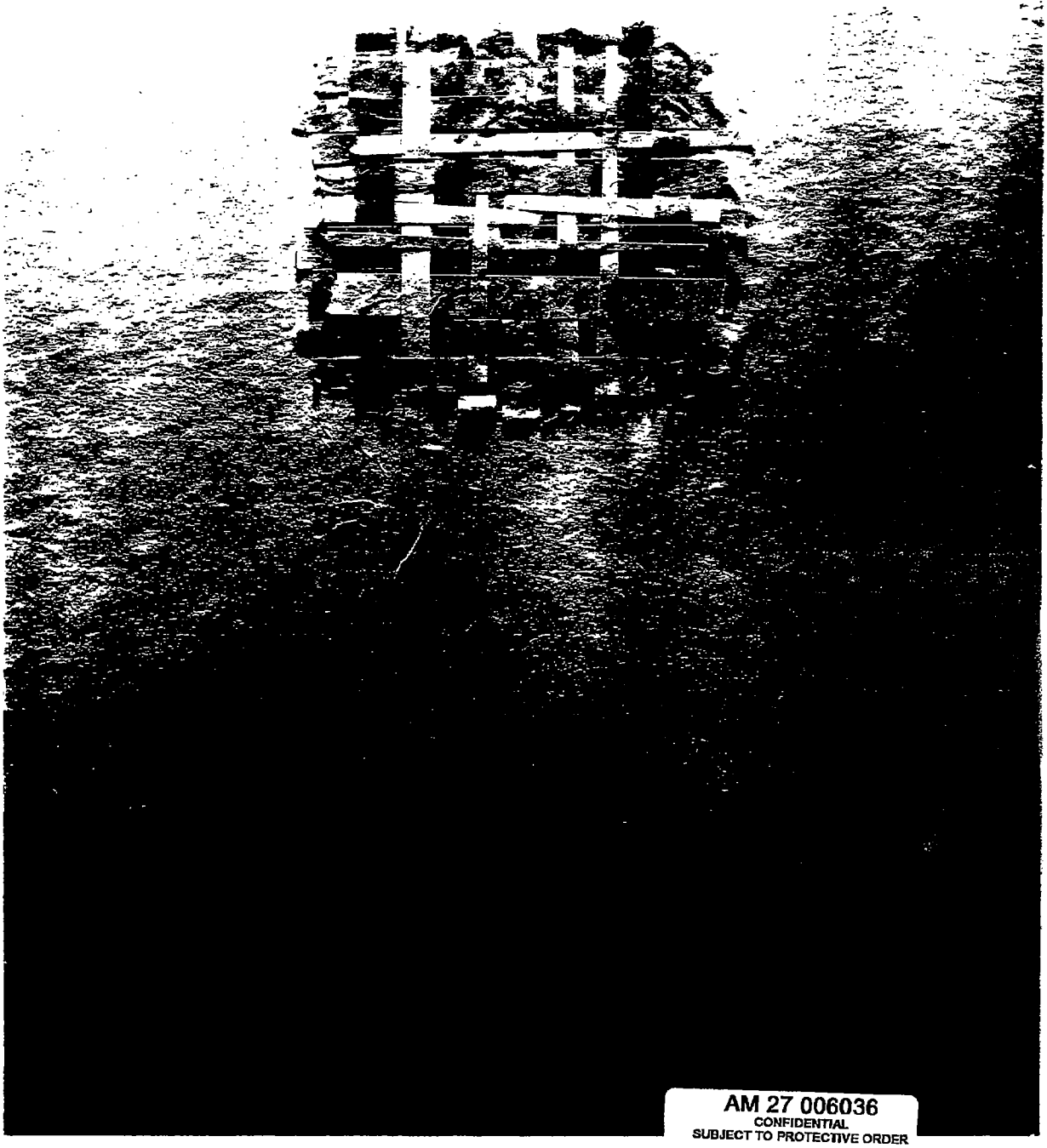
EXHIBIT 9



To Our Stockholders and Employees.

We are pleased to report continued progress and accomplishment throughout 1985 at Genetics Institute. The following events and achievements highlighted the Company's continued development over the past year:

- We accomplished process and product development milestones during 1985 which have laid the groundwork for commencement of human clinical trials of several potentially significant protein therapeutics in 1986.
- We produced protein material in our pilot plant under Good Manufacturing Practices ("GMP") conditions mandated by the Food and Drug Administration for materials contemplated for use in human clinical trials.
- We signed licensing and development agreements in each of our three business areas of human healthcare, agriculture and industrial biocatalysis.
- We moved in to 125,000 square feet of new facilities encompassing state-of-the-art research and development laboratories and a GMP pilot production plant.
- We continued to reasonably balance revenues and expenses while increasing our total 1985 operating expenditure base to over $22 million; approximately one third of these expenditures related to self-funded research projects and programs for which Genetics Institute owns all rights.

Research and Development Progress

Research and development productivity remains high at Genetics Institute. We believe that all of our major projects and programs are focused on the development of products with significant commercial market potential. In addition, we are confident that we have established strong competitive positions in each of these programs in terms of both technical accomplishment and proprietary considerations.

Human Healthcare

- GM-CSF (granulocyte-monocyte colony stimulating factor), a protein hormone naturally produced by the immune system to regulate the white blood cells which protect the body from infection, has been manufactured in large quantity using proprietary technology developed at Genetics Institute. Results of primate studies have provided dramatic evidence for the therapeutic potential of GM-CSF in the treatment of conditions involving deficiency in the quantity or quality of blood cells. These include the side effects of cancer therapy, infectious

diseases and immunodeficiency. We have supplied bulk protein to Sandoz, Ltd., our collaborative partner on GM-CSF and expect to initiate human clinical trials for several indications during 1986.

- Erythropoietin, or EPO, is the protein hormone which regulates the red blood cell level in the body. We have produced recombinant EPO which is fully functional in animal model systems. We have supplied bulk protein to Boehringer Mannheim GmbH and Chugai Pharmaceutical Co. Ltd., our collaborative partners on EPO, and expect to see EPO enter human clinical trials for treatment of the anemia due to chronic renal failure in 1986.
- Factor VIII, the clotting factor deficient in hemophilia A patients, has been successfully produced from mass cultures of genetically engineered host cells. The recombinant protein was shown to be efficacious in the treatment of canine hemophilia during collaborative studies with Baxter Travenol Laboratories, Inc., our partner in the commercial development of Factor VIII. We are optimistic that the results of human clinical trials, which should be available during 1987, will demonstrate that recombinant Factor VIII offers a safe and economical alternative to the current plasma-derived therapy for hemophilia.
- Our program in DNA-based diagnostics with Henley Group (formerly part of Allied-Signal, Inc.) is evolving from the base technology development phase to the product development phase. Initial commercial product targets for this program are rapid, highly sensitive, diagnostic kits for human infectious diseases.
- Our process to produce human tissue plasminogen activator in mammalian cells was transferred to Wellcome Biotechnology, Ltd. during 1984. Our partner has successfully scaled the process up to the high level required for commercially feasible production of this clot dissolving agent. We anticipate that human clinical trials will be initiated early in 1986.

Agriculture

- We are applying sophisticated DNA probe techniques in our corn genotypic analysis program to develop molecular finger-printing of the entire corn genome. The technology and the data base ultimately developed in conjunction with this program will allow plant breeders at

United AgriSeeds, Inc., our affiliate, to shorten the time period required to produce new, improved hybrid seed corn varieties.

- Our biological controls program is aimed initially at developing a novel insecticide for Heliothis, a major world agricultural pest. During 1986 we hope to have the basic process for an agricultural product which offers considerable advantages over existing chemical pesticide alternatives and which may be extended to markets beyond Heliothis.

Industrial Biocatalysis

- Efforts in the industrial biocatalysis area have been largely proprietary to date. Such efforts are focused on the development and production of enzymes and cells which may be useful in more efficiently producing products in the chemicals and other related businesses. We presently have one confidential biocatalysis program with Gist-Brocades N.V., a world leader in enzyme and yeast technology; this program is expected to generate a product for commercial use by as early as 1987.

New Commercial Arrangements

As previously stated, we consummated new licensing and development agreements in each of our three business areas of human healthcare, agriculture and industrial biocatalysis during fiscal 1985.

In human healthcare, European and South American rights to erythropoietin were licensed to Boehringer Mannheim. Under this agreement Genetics Institute will be responsible for developing a commercial process for EPO and also has the right to manufacture a substantial portion of Boehringer Mannheim's clinical trial and eventual commercial product requirements. Boehringer Mannheim will be responsible for the conduct of human clinical trials and eventual product marketing and distribution. Licensing fees for product development and contractual fees for the supply of bulk material for EPO clinical trials are substantial and are being received over the period 1985 to 1987.

In agriculture, we signed an agreement with Uniroyal, Inc. in early 1985 that involves the development of a biological insecticide. Uniroyal agreed to fund research and development