**Decapentaplegic and wingless are regulated by eyes absent and eyegone and interact to direct the pattern of retinal differentiation in the eye disc**

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Accepted 7 July; published on WWW 25 August 1998

**SUMMARY**

Signaling by the secreted hedgehog, decapentaplegic and wingless proteins organizes the pattern of photoreceptor differentiation within the *Drosophila* eye imaginal disc; hedgehog and decapentaplegic are required for differentiation to initiate at the posterior margin and progress across the disc, while wingless prevents it from initiating at the lateral margins. Our analysis of these interactions has shown that initiation requires both the presence of decapentaplegic and the absence of wingless, which inhibits photoreceptor differentiation downstream of the reception of the decapentaplegic signal. However, wingless is unable to inhibit differentiation driven by activation of the epidermal growth factor receptor pathway. The effect of wingless is subject to regional variations in control, as the anterior margin of the disc is insensitive to wingless inhibition. The *eyes absent* and *eyegone* genes encode members of a group of nuclear proteins required to specify the fate of the eye imaginal disc. We show that both *eyes absent* and *eyegone* are required for normal activation of *decapentaplegic* expression at the posterior and lateral margins of the disc, and repression of *wingless* expression in presumptive retinal tissue. The requirement for *eyegone* can be alleviated by inhibition of the wingless signaling pathway, suggesting that *eyegone* promotes eye development primarily by repressing *wingless*. These results provide a link between the early specification and later differentiation of the eye disc.

Key words: *Drosophila*, Eye development, *decapentaplegic*, *wingless*, Pattern formation, Imaginal disc, *eyes absent*, eyegone

**INTRODUCTION**

A small number of signaling pathways is used repeatedly to direct developmental processes in both *Drosophila* and vertebrates. Members of the hedgehog (Fietz et al., 1994), TGF-β (Kingsley, 1994) and Wnt (Cadigan and Nusse, 1997) families, typified by hedgehog (hh), decapentaplegic (dpp) and wingless (wg) in *Drosophila*, establish patterns of growth and differentiation at multiple stages of development. However, the interactions between these pathways can vary, allowing each tissue and appendage to acquire its characteristic properties. In *Drosophila*, hh can activate the expression of either wg or dpp (Basler and Struhl, 1994; DiNardo et al., 1994; Heberlein et al., 1993; Ma et al., 1993), while dpp and wg signaling can interact antagonistically (Brook and Cohen, 1996; Jiang and Struhl, 1996; Penton and Hoffmann, 1996; Theisen et al., 1996; Treisman and Rubin, 1995) or cooperate to activate specific targets (Campbell et al., 1993; Lecuit and Cohen, 1997; Riese et al., 1997). Both the patterns of expression of these genes, and the rules governing their interactions, must be established for each tissue by specific regulators.

The spatial control of differentiation in the eye imaginal disc requires the coordination and regulation of these three signals. During the third larval instar, differentiation of photoreceptor clusters begins at the posterior margin of the eye disc and gradually spreads anteriorly (Ready et al., 1976). The initiation of differentiation requires hh, which is expressed at the posterior margin of second instar larval discs and activates dpp expression there (Dominguez and Hafen, 1997; Royet and Finkelstein, 1997). dpp function is also required for initiation, which does not occur in cells unable to receive the dpp signal (Burke and Basler, 1996; Chanut and Heberlein, 1997; Wiersdorff et al., 1996). Although dpp is expressed at the lateral margins as well as the posterior margin (Masucci et al., 1990), initiation from the lateral margins is prevented by the presence of wg (Ma and Moses, 1995; Treisman and Rubin, 1995). wg expression is absent from the posterior margin due to dpp signaling (Wiersdorff et al., 1996), and its ectopic expression there can block initiation (Treisman and Rubin, 1995). However, it is not clear how the expression domains of dpp and wg are first established. Because hh pathway activity leads to dpp expression in posterior regions of the eye disc and...
wg expression in anterior regions (Domínguez and Hafen, 1997; Royet and Finkelstein, 1997; Heberlein et al., 1995), other factors must help to determine the specificity of the response to hh.

The anterior progression of differentiation is also driven by hh and dpp signaling, as inactivation of either protein using temperature-sensitive mutations arrests the process (Chanut and Heberlein, 1997; Ma et al., 1993). However, local loss of cell-autonomous downstream components of either signaling pathway does not have a dramatic effect on progression (Burke and Basler, 1996; Penton et al., 1997; Strutt and Mlodzik, 1997; Wiersdorff et al., 1996), suggesting that there is some redundancy between the two pathways, or that a third signal is involved. hh, now expressed in the differentiating photoreceptors, is required to activate a stripe of dpp expression in the morphogenetic furrow (Heberlein et al., 1993; Ma et al., 1993), the point at which cells undergo a shape change just prior to their differentiation (Ready et al., 1976). Ectopic expression of hh, but not dpp, is sufficient to trigger ectopic photoreceptor differentiation anterior to the normal furrow (Heberlein et al., 1995; Pignoni and Zipursky, 1997); however, ectopic dpp is effective in initiating a new morphogenetic furrow from the anterior margin of the disc, and can do so from a considerable distance (Pignoni and Zipursky, 1997; Chanut and Heberlein, 1997). The progression of differentiation through internal regions of the eye disc is still inhibited by ectopic wg (Treisman and Rubin, 1995).

The process by which hh or dpp signaling leads to photoreceptor differentiation is not entirely clear; it involves the expression of atonal (ato), a proneural gene encoding a helix-loop-helix (HLH) protein that is absolutely required for photoreceptor formation (Jarman et al., 1993, 1994, 1995), and the repression of hairy, encoding another HLH protein that inhibits premature photoreceptor formation in combination with extramacrochaetae (Brown et al., 1995; Heberlein et al., 1995). ato appears to specify R8, the first photoreceptor to form in each cluster; repeated activation of the epidermal growth factor (EGF) receptor signaling pathway by the spitz (spi) ligand then recruits the remaining cells of the cluster (Freeman, 1994, 1996; Tio et al., 1994; Tio and Moses, 1997).

Prior to the initiation of photoreceptor differentiation, a group of genes including eyeless (ey), eyes absent (eya), sine oculis (so), eyegone (eyg) and dachshund (dac) acts to determine the fate of cells in the eye disc, and is likely to control any differences in signaling mechanisms between the eye disc and other imaginal discs. All these genes are required for eye formation and have some ability to induce ectopic eye development in other imaginal discs (Bonini et al., 1993, 1997; Chen et al., 1997; Cheyette et al., 1994; Halder et al., 1995; Mardon et al., 1994; Pignoni et al., 1998; Quiring et al., 1994; Chen et al., 1997; Pignoni et al., 1997; Shen and Mardon, 1997).

We have examined the mechanism by which wg prevents photoreceptor development; we show that wg acts downstream of the dpp receptor thick veins and thus its inhibitory effect is not mediated by repression of the expression or activity of the dpp protein. One of the consequences of dpp function is the induction of photoreceptor development; this also requires activation of the GTP-binding protein ras by EGF receptor signaling (Simon et al., 1991; Xu and Rubin, 1993; Freeman, 1996). We show here that wg acts upstream of ras activation. To determine how the expression patterns of dpp and wg are regulated, we have tested the effects of eyg and eya, two genes essential for eye development. We show that both of these genes contribute to the activation of dpp expression and the inhibition of wg expression. The absence of photoreceptor development observed in eyg mutants can be rescued by inhibition of wg signaling, suggesting that repression of wg expression is a critical function of eyg.

MATERIALS AND METHODS

Fly strains
Alleles used were eye1 (Lindsey and Zimm, 1992), Df(3L)iro2 (Gomez-Skarmeta et al. 1996), eya1 (Bonini et al., 1993), Mad81 (Wiersdorff et al., 1996), wgCX2 (Baker, 1987), punt5/10400 (Ruberte et al., 1995), sog1508 (Ferguson and Anderson, 1992), omb282 (Lecuit et al., 1996), and it1ombP24 (Grimm and Pflugfelder, 1996). The reporters were dpp-lacZ BS3.0 (Blackman et al., 1991) and wg5 (Kassis et al., 1992). Transgenic lines used were UAS-efIV (Nellen et al., 1996), UAS-dTCF△N (van de Wetering et al., 1997), UAS-dpp (Fraush, 1995), UAS-wg, UAS-hh (Azpiazu et al., 1996), UAS-s-spi (Schwitzer et al., 1995b), UAS-ras12 (Karim and Rubin, 1998), UAS-fluAtm (Zecca et al., 1996), UAS-omb (Grimm and Pflugfelder, 1996), and Act>CD2>GAL4 (Pignoni and Zipursky, 1997). dpp-GAL4 was constructed by cloning the 10 kb KpnI-XbaI fragment of the dpp 3' region used to make BS3.0 (Blackman et al., 1991) upstream of a NotI-KpnI fragment containing the minimal hsp70 promoter (Hiromi and Gehring, 1987) including 60 bp upstream and 200 bp downstream of the transcription start site, and placing this upstream of a KpnI-XbaI fragment containing the GAL4-coding region and the α-tubulin 3'UTR (Brand and Perrimon, 1993) in the pCasPer4 vector (Pirrotta, 1988). Unlike the shorter enhancer previously used (Staeling-Hampton et al., 1994), this driver gives expression of lacZ at the posterior margin that is as strong as its expression at the lateral margins. However, expression does not move anteriorly with the morphogenetic furrow. UAS-sgg502 (also referred to as UAS-sggen20) was constructed by site-directed mutagenesis of the cDNA coding for the most abundant sgg protein (SGG10) according to
to the protocols of the pALT system (Promega). The codon corresponding to ser-9 was changed into ala and verified by sequencing. A mutagenised 2.0 kb BglII-XhoI fragment was then cloned into the pUAST vector (Brand and Perrimon, 1993). ey-GAL4 was constructed by cloning a 3.6 kb EcoRI fragment containing the eye-specific enhancer of the ey gene into the vector p221-4 (a gift of E. Knust). p221-4 contains the GAL4 gene with a hsp70 minimal promoter in front of it.

**Mosaic analysis**

To make loss-of-function clones, punt(3)10460, eyl1, eya1, MadB1, sog12204, ombr2582 and l(1)ombd4 were recombined with FRT elements at positions 82, 80, 40 and 18, respectively (Xu and Rubin, 1993). An FRT element at position 40 was recombined successively with wgCX2 and MadB1 to create a doubly mutant chromosome arm. Males of the resulting FRT lines were crossed with females carrying the same FRT element, an arm-lacZ (Vincent et al., 1994) P element on the same chromosome arm (except for the punt clone in Fig. 1B and the eya clone in Fig. 4B), and either hsFLP1 (Xu and Rubin, 1993) or eyFLP1 (a gift of B. Dickson). Crosses using hsFLP1 were heat shocked for 1 hour at 38˚C in both first and second instar. To make gain-of-function clones, a stock carrying hsFLP1, Act>CD2>GAL4 and either UAS-lacZ or wg-lacZ was constructed and crossed to other UAS lines, either individually or in combinations. Larvae were heat shocked 30 minutes at 37˚C in either second instar (for combinations including UAS-dpp) or first instar (for all other lines and combinations).

**Histology**

Eye discs were stained as described by Treisman and Rubin (1995), except that the fix used was 4% formaldehyde in PEM. Rat anti-elav (Robinson and White, 1991) was diluted 1:1, mouse anti-wg (Brook and Cohen, 1996) was diluted 1:10, mouse anti-omb (Grimm and Pfughelfer, 1996) was diluted 1:100, mouse anti-dac (Mardon et al., 1994) was diluted 1:5 and rabbit anti-ato (Jarman et al., 1995) was diluted 1:5000.

**RESULTS**

**Furrow initiation requires dpp signaling even in the absence of the inhibitory wg signal**

The initiation of photoreceptor development at the posterior margin of the eye disc requires dpp signaling (Burke and Basler, 1996; Chanut and Heberlein, 1997; Heberlein et al., 1993; Pignoni and Zipursky, 1997; Wiersdorff et al., 1996; Fig. 1A), and loss-of-function of components of the dpp pathway at the posterior margin results in the ectopic expression of wg in the mutant cells (Wiersdorff et al., 1996; Fig. 1B). Since the presence of wg at this position is sufficient to prevent morphogenetic furrow initiation (Treisman and Rubin, 1995), it is possible that the only requirement for dpp in initiation is to repress wg. This hypothesis has been proposed by Dominguez and Hafen (1997), based on their observation that clones of cells mutant for protein kinase A (PKA), in which the hh pathway is ectopically activated, can develop as photoreceptors in the anterior of the disc even when they lack both dpp and wg. However, it is not clear that the mechanism of normal furrow initiation can be inferred from the effects of loss of PKA in anterior regions. As a more direct test, we examined clones of cells mutant for both Mothers against dpp (Mad), which encodes an intracellular component required to transduce the dpp signal (Raftery et al., 1995; Sekelsky et al., 1995; Newfeld et al., 1996), and a null allele of wg. Cells in these clones are unable to respond to dpp, but are also unable to produce wg. When such clones of cells occur at the posterior margin of the eye disc, they autonomously fail to initiate photoreceptor development (Fig. 1C). Clones of cells singly mutant for Mad also fail to differentiate as photoreceptors, but often have an additional non-autonomous inhibitory effect on photoreceptor differentiation by surrounding cells, which is likely to be mediated by wg (Fig. 1A). Thus dpp signaling is required not only to repress wg expression, but also independently for morphogenetic furrow initiation.

**wg inhibits photoreceptor formation downstream of the dpp receptors**

wg is required to prevent ectopic morphogenetic furrow initiation from the lateral margins of the eye disc (Ma and Moses, 1995; Treisman and Rubin, 1995). However, the mechanism by which wg inhibits photoreceptor differentiation is not well understood. It has been suggested that wg acts by preventing dpp expression, as dpp expression is lost in clones of cells lacking the kinase encoded by shaggy/zeste-white 3 (sgg) (Heslip et al., 1997), which normally functions to inhibit the wg pathway. However, a low level of ectopic wg can inhibit photoreceptor differentiation without reducing dpp expression (Treisman and Rubin, 1995). As dpp positively autoregulates its own expression (Wiersdorff et al., 1996), inhibition of dpp function may result in a loss of dpp expression. The ability of wg to inhibit differentiation in the presence of dpp is illustrated in Fig. 2B, in which an eye-specific enhancer from the eyeless (ey) gene (Quiring et al., 1994) drives GAL4 to express a UAS-wg transgene throughout the eye disc beginning before the stage of furrow initiation (insets in Fig. 2B show the pattern of UAS-lacZ expression driven by ey-GAL4 in early and late third instar discs). If wg acted by inhibiting dpp expression, it should be possible to overcome its effects by expressing dpp from a heterologous promoter. However, co-expression of dpp and wg either under the control of the ey-GAL4 driver or using hsFLP-induced recombination to fuse GAL4 to the constitutive Actin5C promoter (flp-out-GAL4; Pignoni and Zipursky, 1997) did not allow initiation of photoreceptor development at the posterior margin (Fig. 2D, F).

Ectopic expression of dpp in the eye disc has been shown to specifically induce initiation of photoreceptor differentiation from the anterior margin of the disc in a non-autonomous fashion (Chanut and Heberlein, 1997; Pignoni and Zipursky, 1997; Fig. 2E). Surprisingly, we observed that this ectopic differentiation was not inhibited by wg signaling. Co-expression of dpp and wg throughout the disc under ey-GAL4 control resulted in initiation from the anterior margin at a much higher frequency than from the posterior margin (Fig. 2D). Furthermore, clones of cells co-expressing dpp and wg under the control of the flp-out-GAL4 system were still able to induce anterior morphogenetic furrow initiation, although clones at the posterior margin blocked photoreceptor differentiation (Fig. 2F). Thus initiation from the anterior margin must be able to overcome the inhibition normally caused by wg.

Another possible way for wg to inhibit dpp-induced photoreceptor differentiation would be by reducing the activity of the dpp protein. For example, wg might act on short gastrulation (sog), which encodes a secreted molecule thought, by analogy to its Xenopus homolog chordin, to bind the dpp protein in the ventral region of the embryo and prevent it from
binding to its receptors (Holley et al., 1995; Piccolo et al., 1996; Schmidt et al., 1995). However, loss of sog function at the lateral margins of the eye disc, unlike loss of wg, did not induce premature photoreceptor differentiation (data not shown). To test directly whether wg acts on or downstream of the dpp protein, we co-expressed wg with a constitutively active form of the dpp type I receptor thick veins (tkvQD; Nellen et al., 1996; Lecuit et al., 1996) in the eye disc using ey-GAL4. Activated tkv was unable to overcome the inhibition caused by wg (Fig. 2H; compare to Fig. 2G for tkvQD alone), suggesting that wg acts downstream of or in parallel to this receptor.

**wg inhibits photoreceptor differentiation upstream of ras activation**

Rather than affecting the dpp pathway directly, wg might block photoreceptor differentiation at a stage subsequent to dpp signaling. Formation of all photoreceptors is known to depend on the EGF receptor and its downstream component ras (Simon et al., 1991; Xu and Rubin, 1993). Furthermore, wg has recently been shown to antagonize EGF receptor signaling during the specification of the cuticle pattern in the embryos (O’Keefe et al., 1997; Szuts et al., 1997). To determine whether wg also acts on this pathway in the eye, we tested whether a secreted and active form of the ligand spitz (s-spi; Schweitzer et al., 1995) or a constitutively active form of ras (Fortini et al., 1992; Karim and Rubin, 1998) could bypass the block caused by wg. In discs expressing both wg and activated ras ubiquitously, we observed extensive photoreceptor differentiation and growth (Fig. 2L), as in discs expressing activated ras alone (Karim and Rubin, 1998; Fig. 2K). Thus wg must act upstream of ras activation to block differentiation. Expression of s-spi also rescues photoreceptor differentiation in discs expressing wg ectopically (Fig. 2J; compare to Fig. 2I for s-spi alone). The rescue is less robust than that caused by ras activation, either because expression of s-spi is not sufficient to fully activate ras, or because wg blocks stages both upstream and downstream of spi activity.

To determine whether the inhibition of photoreceptor differentiation is mediated by the conventional wg signal transduction pathway, we tested the ability of a constitutively active form of armadillo (Aarm; Zecca et al., 1996), the β-catenin homolog thought to participate in transcriptional activation of wg target genes (Peifer and Wieschaus, 1990; van de Wetering et al., 1997), to block photoreceptor differentiation. When we expressed activated arm in clones of cells using flp-out-GAL4, we indeed observed a block of photoreceptor differentiation within the clone (Fig. 2M). This block was not rescued by co-expression of activated tkv (Fig. 2N), but was overcome by co-expression of activated ras (Fig. 2P), consistent with the results for ectopic wg expression. We also tested whether a transcription factor known to be induced by wg at the lateral margins, optomotor-blind (omb; Pflugfelder et al., 1992; Zecca et al., 1996), could mediate the inhibition. We found, however, that ectopic expression of omb inhibited cell growth, making it difficult to evaluate its effect on differentiation (data not shown). Loss of omb function at the lateral margins did not lead to ectopic photoreceptor differentiation (data not shown), so it is likely that other target genes contribute to this effect of wg. Another known target gene in the eye disc, which we have not tested, is orthodenticle (Royet and Finkelstein, 1997).

**The expression patterns of dpp and wg are regulated by eyes absent and eyegone**

The normal restriction of morphogenetic furrow initiation to the posterior margin of the eye disc is due to the presence of hh and dpp and the absence of wg at this position (Dominguez and Hafen, 1997; Baker, 1988; Masucci et al., 1990). Although negative regulation of wg expression by dpp, and dpp function by wg, provides a mechanism for the maintenance of their expression domains, it does not explain how they are established. We therefore examined whether genes implicated in early events of eye development are involved in the regulation of dpp and wg expression. One such gene is eyes absent (eya), which encodes a novel nuclear protein required for eye formation (Bonini et al., 1993). No photoreceptors form in eya mutant eye discs and extensive cell death reduces the size of the third instar disc (Bonini et al., 1993). However, prevention of cell death does not appear to be the primary function ofeya, as clones of eya mutant cells proliferate extensively prior to the third instar stage (Pignoni et al., 1997), although they are replaced by wild-type head cuticle in the adult eye (data not shown). eya mutant cells fail to differentiate as photoreceptors, resembling sgg mutant cells, in which the wg pathway is over-active (Heslip et al., 1997; Treisman and Hafen, 1997). We examined the expression of dpp and wg in eya mutant eye discs and in clones of eya mutant cells. dpp-lacZ expression was greatly reduced in early third instareya mutant discs, prior to the initiation of the morphogenetic furrow (Fig. 3A,B), and was completely lost in eya mutant clones (Fig. 4B; Pignoni et al., 1997), suggesting that eya is required for dpp transcription. Although the initiation ofwg expression in early eya mutant eye discs appeared to be normal (Fig. 3D,E), ectopic wg protein was observed in eya mutant clones in late third instar discs (Fig. 4C). This wg protein appears to be active, as omb, a target of wg in the eye disc (Zecca et al., 1996), was also expressed in eya clones (Fig. 4D).

The phenotypes of eye-specific mutations in eya and so are very similar, suggesting that these genes act at the same level.
in the hierarchy leading to eye disc specification (Pignoni et al., 1997). ey appears to act upstream of eya and so in both normal and ectopic eye development (Halder et al., 1998). We have therefore not examined the effects of mutations in so or ey. Another gene required for eye formation that has not been placed within this hierarchy is eyegone (eyg; Hunt, 1970); in its absence, no photoreceptors differentiate and the eye disc does not reach its normal size and shape (Figs 3C,F, 5A). We examined the expression patterns of dpp and wg in early third instar eyg mutant discs. dpp expression was restricted to the posterior margin of eyg mutant discs, in contrast to its expression around the posterior and lateral margins of wild-type discs (Fig. 3A,C). On the contrary, wg expression was expanded, especially on the dorsal side of the disc, where it extended to the posterior margin (Fig. 3D,F). eyg thus acts to delimit the domains of dpp and wg expression; since it encodes a Pax-like transcription factor (C. Desplan and H. Sun, personal communication), it is possible that this regulation is direct. Most clones of eyg mutant cells develop normally (Fig. 4E) and do not affect dpp or wg expression (data not shown). Possibly eyg mutant clones are rescued by dpp, hh or another secreted factor diffusing in from surrounding wild-type cells. Alternatively, eyg may act on a localized region or during a restricted time period in development.

**The eyg phenotype results from its effect on wg expression**

To determine whether these effects on dpp and wg expression were the basis for the effects of eya and eyg on photoreceptor development, we tested whether their mutant phenotypes could be rescued by restoration of dpp signaling or by inhibition of wg signaling. To specifically target initiation of the morphogenetic furrow in discs transheterozygous for eyg¹ and a deficiency removing eyg, which completely lack photoreceptors (Fig. 5A), and to avoid early effects on growth of the eye disc, we used a dpp-GAL4 driver (see Materials and Methods), which directed expression at the posterior margin of wild-type and eyg mutant discs (Fig. 5B and data not shown). Activation of dpp signaling by expression of tkv⁹⁄¹⁰ or dpp itself at this position failed to rescue photoreceptor formation (Fig. 5C and data not shown). To inhibit the wg pathway, we expressed a constitutively active form of the protein kinase encoded by sgg, made by mutating serine-9, a site for inhibitory phosphorylation of the mammalian homolog glycogen synthase kinase-3β (Cross et al., 1995; Stambolic and Woodgett, 1994). sgg negatively regulates the activity of arm (Peifer et al., 1994), so a hyperactive form of sgg should block

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**Fig. 2.** wg inhibits photoreceptor differentiation downstream of tkv and upstream of ras. (A-D, G-L) Third instar eye discs carrying ey-GAL4 and the reporter construct dpp-lacZ, stained with anti-elav (brown) and X-gal (blue). (E-F, M-P) Third instar eye discs with clones of cells expressing GAL4 under the control of the Actin5C promoter, induced by removal of a stop signal by hs-FLP-mediated recombination (see Materials and Methods), and also carrying UAS-lacZ, stained with anti-elav (brown) and with X-gal (blue) to mark the clone. (A) Wild type; (B) UAS-wg; insets show X-gal staining of early (left) and late (right) third instar eye discs carrying ey-GAL4 and UAS-lacZ. (C, E) UAS-dpp; (D, F) UAS-dpp, UAS-wg; (G) UAS-tkv⁹⁄¹⁰; (H) UAS-tkv⁹⁄¹⁰, UAS-wg; (I) UAS-s-spi; (J) UAS-s-spi; UAS-wg; (K) UAS-ras¹²; (L) UAS-ras¹², UAS-wg. Photoreceptor differentiation is inhibited by wg at the posterior but not the anterior margin; it is not rescued by co-expression of dpp or activated tkv, but is rescued weakly by secreted spi and strongly by activated ras. (M) UAS-Δarm; (N) UAS-Δarm; UAS-tkv⁹⁄¹⁰; (O) UAS-ras¹²; (P) UAS-ras¹², UAS-Δarm. Photoreceptor differentiation is autonomously inhibited by activated arm, even when activated tkv is co-expressed. Activated ras can induce ectopic photoreceptor formation anterior or posterior to the furrow (arrows in O; note that lacZ expression in the ectopic photoreceptors fills their axons). This photoreceptor formation is not prevented by co-expression of activated arm (arrowheads in P).
transmission of the wg signal. Indeed, expression of this form of sgg at the wing margin prevented differentiation of the wg-dependent margin bristles (data not shown). We also used a dominant negative form of the wg-responsive dTCF transcription factor (van de Wetering et al., 1997). Expression of either of these molecules led to the initiation of a morphogenetic furrow in the eyg mutant discs (Fig. 5E,F) and formation of small adult eyes (data not shown). Since inhibition of the wg pathway at the posterior margin of eyg mutant discs is sufficient to allow photoreceptor formation, we conclude that the misexpression of wg observed at the posterior of the eyg mutant discs is a major cause of the absence of photoreceptor development. As expected since it can overcome the effect of ectopic wg (Fig. 2L), activated ras was also able to rescue photoreceptor differentiation in eyg mutant discs (Fig. 5G,H).

Expression of hh, which is sufficient to induce photoreceptor differentiation in the eye disc (Heberlein et al., 1995; Dominguez and Hafen, 1997), was unable to do this in the absence of eyg (Fig. 5D), showing that hh cannot overcome the inhibition of initiation caused by wg; the same conclusion was reached by co-expression of hh and wg in wild-type discs (data not shown).

**eya has multiple functions in promoting eye development**

We attempted to rescue the eya mutant phenotype by expressing the same molecules under the control of ey-GAL4, as dpp expression requires eya and ey expression does not (Figs 3B, 6A; Bonini et al., 1997; Halder et al., 1998). The ey-GAL4 driver induces sufficient target gene expression to rescue the eyg phenotype, although early effects on eye disc growth are also observed (Fig. 5H and data not shown). However, neither tkv(H), sgg(H), dpp, hh, nor pairwise combinations of these factors were able to induce photoreceptor formation in eya mutant discs (Fig. 6B,C,E and data not shown). Expression of sgg(H) did result in a reduction in size of the eya discs (Fig. 6C), as it does in wild-type discs (Fig. 6D); thus its effect on growth is not secondary to premature differentiation. The lack of dpp expression in eya mutant discs was not rescued by ectopic hh (Fig. 6E), suggesting that eya is required downstream or in conjunction with hh to direct dpp expression; eya must also regulate additional factors required downstream of dpp for photoreceptor differentiation. Finally, we tested the ability of activated ras to rescue the eya phenotype when expressed under ey-GAL4 control, and found that it was also usually insufficient to allow photoreceptor differentiation (Fig. 6F); thus eya-regulated factors are still required downstream of activation of the EGF receptor pathway. The effects of eya and eyg on dpp and wg and the interactions between dpp and wg signaling are summarized in Fig. 7.

**DISCUSSION**

**Inhibition of retinal differentiation by wg is not due to loss of dpp expression or activity**

In the leg disc, dpp and wg have been shown to maintain their complementary domains of expression by mutual repression (Brook and Cohen, 1996; Heslip et al., 1997; Jiang and Struhl, 1996), and it has been suggested that this interaction also occurs in the eye disc (Heslip et al., 1997). dpp signaling is indeed required to repress wg expression at the posterior margin of the eye, as wg is ectopically expressed in cells unable to receive the dpp signal (Wiersdorff et al., 1996; Fig. 1B). However, this is not the only requirement for dpp signaling, as clones doubly mutant for Mad and wg still fail to initiate photoreceptor differentiation. Consistent with this finding, ectopic wg expression is only observed in clones mutant for strong loss-of-function Mad alleles, suggesting that wg repression requires only a low level of dpp signaling (Wiersdorff et al., 1996). The ability of dpp to induce anterior initiation, like its requirement for posterior initiation, cannot be attributed to its repression of wg, as wg does not prevent anterior initiation. Indeed, we have observed that dpp can induce the ectopic expression of wg at the anterior margin when it is misexpressed using either flp-out-GAL4 or ey-GAL4 (data not shown), suggesting that other factors determine the effect of dpp on wg transcription.

The primary effect of wg does not appear to be the regulation of dpp expression. Even though dpp expression is lost when the wg pathway is activated in sgg mutant clones (Heslip et al., 1997), we found that ectopic expression of wg can inhibit photoreceptor differentiation without reducing dpp expression (Treisman and Rubin, 1995; Fig. 2B). It is possible that a level of wg signaling too low to completely antagonize sgg or abolish dpp expression is still able to prevent photoreceptor formation. Our results show that expression of dpp (Fig. 2D,F) or constitutive activation of the dpp pathway using an activated tkv receptor (Fig. 2H,N) does not rescue the block caused by wg, as would have been expected if wg acted solely by altering the level of dpp expression or activity. Unlike dpp, the activated tkv construct is not sufficient to promote anterior initiation, although it does induce ectopic ventral initiation (Fig. 2C,G); this could be due to its lack of non-autonomous activity, as expression driven by ey-GAL4 is lost from the anterior margin during the third larval instar (Fig. 2B). Another explanation might be that, in this case, dpp signaling requires the combined action of tkv and the other type I receptor encoded by saxophone (sax; Brummel et al., 1994; Xie et al., 1994), although sax is clearly not sufficient for signaling as cells mutant for tkv fail to initiate

![Fig. 3. Regulation of dpp and wg expression by eya and eyg.](image-url) The expression pattern of a dpp-lacZ reporter construct (A-C) and a wg-lacZ enhancer trap (D-F) is shown in early third instar wild-type (A,D), eya(H)/B,E) and eyg(H)/C,F) eye discs. Very little dpp is present in eya mutant discs, while wg expression appears normal. Expression of dpp is lost from the lateral margins in eyg mutants and expression of wg is expanded to the posterior margin.
a furrow (Burke and Basler, 1996). We have also found that ectopic wg does not prevent the expression of the proneural gene \textit{ato} (Jarman et al., 1994; data not shown). It is not clear whether \textit{ato} acts upstream or downstream of \textit{dpp}, as mutations in either gene result in loss of expression of the other (Jarman et al., 1995; Dominguez and Hafen, 1997) and the two are probably involved in a feedback loop.

On the contrary, we have found that the phenotype caused by ectopic wg is rescued by expressing activated forms of \textit{spi} or \textit{ras}, raising the possibility that wg interferes with EGF receptor signaling upstream of ras. Recently, it has been shown that, in the embryonic segments, \textit{wg} and secreted \textit{spi} emanate from distinct sources and promote opposing cell fates. This led to the proposal that \textit{wg} antagonizes signaling by \textit{spi} through the EGF receptor and the ras/MAPK cascade (O’Keefe et al., 1997; Szuts et al., 1997). Since EGF receptor signaling is required for the formation of all photoreceptors (Freeman, 1996; Tio and Moses, 1997; Xu and Rubin, 1993), it is a possible target for \textit{wg} inhibition in the eye disc. However, it does not appear that the effects of ectopic \textit{wg} can be completely explained by antagonism of \textit{spi} signaling, as mutations in \textit{spi} allow the specification of R8 and the progression of the furrow (Freeman, 1994, 1996; Tio et al., 1994; Tio and Moses, 1997), while the presence of ectopic \textit{wg} does not. It is possible that another ligand, such as \textit{vein} (Simcox et al., 1996; Schnepf et al., 1996), normally activates the EGF receptor in R8 and that this ligand is also antagonized by \textit{wg}. Another possibility is that \textit{ras} activation in R8 is mediated by another tyrosine kinase receptor; one of the identified FGF receptors is expressed in the morphogenetic furrow (Emori and Saigo, 1993). The lower effectiveness of rescue by s-\textit{spi} than by ras\textsuperscript{V12} could also suggest that \textit{wg} has effects both upstream of \textit{spi} expression or processing, and downstream of these events. Some factors known to be required between \textit{spi} and \textit{ras} that could be targets of \textit{wg} inhibition are daughter of sevenless (Herbst et al., 1996; Raabe et al., 1996), downstream of receptor kinases (Olivier et al., 1993; Simon et al., 1993) and son of sevenless (Rogge et al., 1991; Simon et al., 1991). Alternatively, \textit{wg} could act by stimulating the expression or function of argos, a secreted antagonist of \textit{spi} (Schweitzer et al., 1995a).

Interestingly, expression of activated \textit{ras} alone is sufficient to induce photoreceptor development in regions anterior to the morphogenetic furrow, as well as extra photoreceptor cells posterior to it (Fig. 2O). Such ectopic development appears to be restricted to a ‘zone of competence’ near the furrow, as the presence of activated \textit{ras} in more anterior regions leads to \textit{dpp} expression but not photoreceptor differentiation (data not shown). Such a zone has been described before as responsive to ectopic \textit{hh} expression or to the loss of \textit{PKA} (Heberlein et al., 1995; Pan and Rubin, 1995; Strutt et al., 1995). Thus, it appears that the effects of \textit{ras} activation and \textit{hh} expression are very similar, and most of the functions of \textit{hh} could be achieved by activating \textit{ras}.

\textbf{dpp and \textit{wg} can cooperate to induce ectopic furrow initiation at the anterior margin}

Since \textit{wg} appears to inhibit photoreceptor differentiation downstream of \textit{dpp} signaling, our observation that it does not inhibit \textit{dpp}-induced initiation from the anterior margin is surprising. This does not seem simply to be due to \textit{dpp} diffusing further and stimulating differentiation beyond the range of \textit{wg} inhibition, as co-expression of the cell-autonomous components tkv\textsuperscript{act} and arm\textsuperscript{act} can also induce anterior initiation, even though tkv\textsuperscript{act} alone does not (data not shown). One possible explanation is that a cofactor required for \textit{wg} inhibition is absent from the anterior margin. The anterior margin is likely to have some molecular differences from the rest of the disc; for example, the \textit{homothorax} gene is expressed at the anterior margin and is required there to inhibit ectopic furrow initiation (Pai et al., 1998). Loss of \textit{PKA} also induces \textit{wg} expression only in this region (Dominguez and Hafen, 1997), and it is the only part of the disc able to respond to ectopic \textit{dpp} (Chanut and Heberlein, 1997; Pignoni and Zipursky, 1997). The anterior margin may require special characteristics because it forms the boundary between the eye disc and the antennal disc, two imaginal fields with quite different modes of development.

Another possibility is that initiation from the anterior margin actually results from a duplication of the eye field. Outgrowths and complete duplications of the eye disc are often seen when anterior initiation is induced by ectopic \textit{dpp} (Pignoni and Zipursky, 1997). Proximal-distal growth of the leg requires adjacent cells expressing \textit{dpp} and \textit{wg}, and distally complete duplications of the leg can result from ectopic expression of one near the normal expression domain of the other (Basler and Struhl, 1994; Campbell et al., 1993; Diaz-Benjumea et al., 1994). Interestingly, one target gene activated by the combined presence of \textit{dpp} and \textit{wg} in the leg disc is \textit{dac} (Lecuit and Cohen, 1997), which is sufficient to induce eye development in the antennal disc and other tissues (Shen and Mardon, 1997). It is possible that both \textit{dac} expression and duplicating outgrowth can also be activated by the combination of \textit{dpp} and \textit{wg} in the eye disc; ectopic \textit{dac} expression is indeed observed in conjunction with anterior initiation induced by clones of cells expressing \textit{dpp} and \textit{wg} (data not shown). Early expression of \textit{wg} throughout the eye disc (Royer and Finkelstein, 1997) might cooperate with \textit{hh}-induced \textit{dpp} at the posterior margin to induce normal \textit{dac} expression and eye development; our observation that expression of activated \textit{sgg} dramatically reduces the size of the eye disc even in the absence of photoreceptor differentiation (Fig. 6C,D) supports a role for \textit{wg} signaling in early growth of the disc.

\textbf{Genes required to specify the eye disc regulate the expression patterns of \textit{dpp} and \textit{wg}}

Regional differences in the response to \textit{dpp}, \textit{wg} and \textit{hh} are likely to be due to preexisting differences in the distribution or function of earlier acting genes. In the case of the leg disc, \textit{wg} expression in ventral anterior cells is already present when cells are recruited to form the primordium and imposes an asymmetric response to the \textit{hh} signal, restricting \textit{dpp} expression to the dorsal region (Cohen et al., 1993). However, in the eye disc primordium, neither \textit{dpp} nor \textit{wg} expression has been shown to be inherited from embryonic expression. Both \textit{eya} and \textit{eyg} appear to be required for the normal activation of \textit{dpp} expression and repression of \textit{wg} expression in the eye disc, although \textit{eya} has a stronger effect on \textit{dpp} and \textit{eyg} on \textit{wg}. As \textit{eya} is first expressed in the eye disc in a gradient with its high point at the posterior margin (Bonini et al., 1993), it is a good candidate to promote posterior \textit{dpp} expression and prevent \textit{wg} expression upon \textit{hh} induction. However, in \textit{eya} mutants, a low level of \textit{dpp} expression can be initiated (Fig. 3B; Pignoni et al., 1997) and early \textit{wg} expression is restricted to its normal domain. The effects of loss of \textit{eya} appear stronger in late third
instar homozygous mutant discs or clones of cells (Fig. 4 and data not shown). *eya* might therefore be required for the maintenance of these expression patterns by the autoregulatory and wg-repressing functions of dpp, as well as for the induction of dpp by hh (Fig. 6E). The effects of ectopic *eya* expression have only been examined using a *dpp*-GAL4 driver (Bonini et al., 1997; Pignoni et al., 1997), making it difficult to evaluate whether *eya* is sufficient for *dpp* expression or *wg* repression.

Our results support those of Pignoni et al. (1997), who showed that even very late loss of *eya* function, posterior to the morphogenetic furrow, results in the absence of photoreceptors, and proposed that *eya* acts at multiple stages of photoreceptor development. Similarly, we show that the *eya* phenotype cannot be rescued by altering the activity of the dpp, *wg* or hh pathways; expression of the proneural gene *ato* is not restored to *eya* mutant discs by overexpression of activated *tkv*,

**Fig. 4.** Expression of *dpp* and *wg* in clones of *eya* mutant cells. (A-D) Third instar eye discs containing *eya* mutant clones. (A,C,D) The clone is marked by the absence of arm-lacZ staining (blue). (A,B) Stained for anti-elav (brown) and (B) is stained for *dpp-lacZ* (blue). Photoreceptors do not differentiate within the *eya* mutant clones and *dpp* is not expressed within the clones (marked by the absence of elav staining). (C) Stained with anti-wg (brown) and (D) with anti-omb (brown). *wg* and *omb* are ectopically expressed within the clones (arrows). (E) Third instar eye disc containing *eyg* mutant clones marked by the absence of arm-lacZ staining (blue), and stained for anti-elav (brown). Photoreceptor development proceeds normally in the *eyg* mutant clones.

**Fig. 5.** Rescue of *eyg* by inhibition of *wg* signaling. (A,C-H) Late third instar eye discs stained with anti-elav; (B) a late third instar eye disc stained with X-gal. (A) *eyg*1*Df(3L)iro2*; (B) *eyg*1, UAS-lacZ/*Df(3L)iro2*; *dpp-GAL4/+*; (C) *eyg*1, UAS-*tkv*QD/*Df(3L)iro2*; *dpp-GAL4/+*; (D) *eyg*1, UAS- hh/*Df(3L)iro2*; *dpp-GAL4/+*; (E) *eyg*1*Df(3L)iro2*; *dpp-GAL4/UAS-sggact*; (F) *eyg*1*Df(3L)iro2*; *dpp-GAL4/UAS-dTCFΔN*; (G) *eyg*1*Df(3L)iro2*; *dpp-GAL4/UAS-rasact*; (H) *eyg*1*Df(3L)iro2*; *ey-GAL4/UAS-rasact*; Photoreceptors develop in *eyg* mutant discs when *wg* signaling is inhibited by expression of activated *sgg* or dominant negative *dTCF* or when activated *ras* is expressed, but not when *dpp* signaling is stimulated by expression of activated *tkv* or when *hh* is expressed.

**Fig. 6.** (A-C, E-F) Third instar eye discs homozygous for *eya*1. (A) *eya*1; *ey-GAL4/UAS-lacZ*, stained with X-gal; (B-F) stained with anti-elav. (A) *eya*1; *ey-GAL4/UAS-tkvQD*; (C) *eya*1; *ey-GAL4/UAS-sggact*; (D) *ey-GAL4/UAS-sggact*; *dpp-lacZ* is stained in blue; (E) *eya*1; *ey-GAL4/UAS-hh; *dpp-lacZ* is stained in blue; (F) *eya*1; *ey- GAL4/UAS-rasv12*. No photoreceptors develop in *eya* mutant discs on expression of *hh*, activated *tkv*, *sgg* or *ras* and *dpp* expression is not induced by *hh*. 
Although we do not know whethereya and eyg directly regulate dpp or wg, this is a possibility as eyg contains two DNA-binding domains (Jun and Desplan, 1996) andeya a transcriptional activation domain (Pignoni et al., 1997). so affects dpp and may affect wg in the same way as eya, since the so and eya mutant phenotypes are very similar and their encoded proteins can form a complex (Pignoni et al., 1997). As ey appears to act upstream of these genes (Halder et al., 1995; Bonini et al., 1997), it may affect dpp and wg indirectly by regulating the expression of so and eya. In contrast, dac is not required for dpp expression (Mardon et al., 1994), although it is required to prevent wg expression at the posterior margin (Treisman and Rubin, 1995). dac is not required for normal growth of the eye disc, suggesting that it functions later than eyg. It would be interesting to test whether its mutant phenotype in the eye disc is solely due to ectopic wg expression.

In summary, our results show that wg inhibits normal photoreceptor differentiation in a manner independent of dpp expression or activation. The expression patterns of both dpp and wg, and perhaps their cross-regulatory interactions, are determined during early eye development by genes including eya and eyg. Such tissue-specific regulators may explain how very different processes can be controlled by the same signals.

We thank Ron Blackman, Steve Cohen, Barry Dickson, Manfred Frasch, Jose-Luis Gomez-Skarmeta, Ulrike Heberlein, Yuh-Nung Jan, Felix Karim, Elisabeth Knust, Graeme Mardon, Marek Mlodzik, Mark Peifer, Gerd Pflugfelder, Francesca Pignoni, Gerry Rubin, Benny Shilo, and Gary Struhl for their generous gifts of fly stocks and reagents. We also thank Tania Eggert for assistance in generating the ey-GAL4 lines. We are grateful to the members of the Treisman and Lehmann labs for helpful discussions and a stimulating environment. The manuscript was improved by the thoughtful comments of Claude Desplan, Corinne Zaffran, Heather Broihier, and Ulrike Heberlein. This work was supported in part by NSF grant no. IBN-9728140 to J. E. T., and in part by Skirball Institute start-up funds. M. B. was supported by the Centre National de la Recherche Scientifique, l’Institut National de la Santé et de la Recherche Médicale and l’Hôpital Universitaire de Strasbourg. U.W. was supported by a grant from the Deutsche Forschungsgemeinschaft (WA 556/4-1).

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