

Roche to take over Genentech for \$47 billion

March 12 2009, By ALEXANDER G. HIGGINS , Associated Press
Writer

(AP) -- Swiss pharmaceutical giant Roche said Thursday it has agreed to buy California-based Genentech for \$46.8 billion in a takeover described as the largest in Swiss corporate history.

The deal, approved and recommended by Genentech's board, offers \$95 per share for the 44 percent of [Genentech Inc.](#) that [Roche Holding AG](#) doesn't already own.

The agreement ends a long corporate struggle between the Basel, Switzerland-based drug maker and its cancer drug partner headquartered in South San Francisco.

Roche had increased its bid to \$93 per share last Friday. Its initial bid of \$89 per share was rejected by Genentech's board in July. Roche then surprised the company and Wall Street with a lowered \$86.50-per-share bid on Jan. 30, aimed directly at shareholders and seeking to bypass the opposition of Genentech's board.

Hanging over the negotiations have been expectations of study data on the effectiveness of Genentech's [Avastin](#) in treating early-stage [colon cancer](#). The drug, Genentech's best-selling product, is already approved for various types of breast, lung and colon cancers. Some analysts said a positive study could increase the value of Genentech shares.

Roche said the combined company would be the seventh-largest U.S. [pharmaceutical](#) company in terms of market share and would generate

about \$17 billion in annual revenues with a payroll of around 17,500 employees in the U.S. pharmaceuticals business alone.

A joint statement by both companies said the special committee of Genentech's board of directors had approved the agreement and recommends that Genentech shareholders tender their shares in Roche's offer.

"We believe this is a fair offer for Genentech shareholders, and the committee is pleased to come to a successful conclusion of this process," said Charles Sanders, chairman of the special committee of Genentech's Board of Directors. "We look forward to working with Roche to complete the transaction as expeditiously as possible."

Franz B. Humer, chairman of Roche, said he was pleased that the two sides could agree.

"Working together, we aim to close the transaction quickly, thus removing uncertainty for employees and allowing us to focus even more intently on innovation and long-term projects. We have tremendous respect for our colleagues at Genentech and look forward to working with them to further accelerate our search for solutions to unmet medical needs."

Roche said its Pharma commercial operations in the U.S. will be moved from Nutley, New Jersey, to Genentech's site in South San Francisco, which will become headquarters of the combined company's U.S. commercial operations in pharmaceuticals and operate under the Genentech name.

It said this would take advantage of "the strong brand value of Genentech in the U.S. market."

Research and early development will operate as an independent center within Roche from its existing campus in South San Francisco, it said.

Genentech, which calls itself the "founder of the biotechnology industry," was created in 1976 and has worked closely with Roche for two decades.

Roche acquired a 60 percent interest in Genentech in 1990. It bought out the rest of the shares nine years later, but then reduced its stake through three public offerings between July 1999 and March 2000.

The size of the Roche-Genentech deal eclipses the \$39 billion takeover of U.S. eye care company Alcon announced last April by Roche's Swiss rival Novartis AG.

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