GENENTECH INC
Form DEFA14A
November 17, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, For Use of the Commission only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

x Soliciting Material Pursuant to §240.14a-12

Genentech, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

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(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

(4) Date Filed:

#1
Genentech: An Overview
Genentech: An Overview
Patrick Yang, Executive Vice President
Manufacturing, Genentech
November 17, 2006

#2
Meeting Agenda
Introduction to Genentech
Pat Yang
Manufacturing
Next steps
Pat Yang
Q&A
All

#3
Manufacturing
Manufacturing

Genentech is a world leader in biotech manufacturing, with more FDA-approved manufacturing capacity for the production of biotech medicines than any other company

Four facilities: South San Francisco, CA; Vacaville, CA and Oceanside, CA and Porriño, Spain

We believe we have the right plans in place to meet the growing demand for our products:

Oceanside facility purchased from Biogen Idec in 2005

Option to purchase facility in Singapore

Working with Lonza, Wyeth and Novartis

Process yield improvements for Rituxan and Avastin

New capacity coming online for bulk and filling/packaging

#4

Q4 06, announced Lonza will acquire our
40,000 liter facility in Porriño,
Spain; Lonza will
continue production of Avastin for Genentech
for 3 years

We anticipate closing the transaction before
the end of 2006
Porriño, Spain

(Lonza Biologics)
Status
Enhancement Project
Facility

Anticipate construction, qualification and
licensure of our new plant in Vacaville,
California in 2H 09 (additional 200,000 liters)
Vacaville, CA
CCP2
Genentech Bulk
Manufacturing
Oceanside, CA
NIMO

Anticipate
FDA licensure to produce
commercial Avastin in 1H 07 (90,000 liters)
Contract
Manufacturing
Wyeth BioPharma
Andover,
MA

Received
FDA licensure to produce Herceptin
Q3 06
Process
Improvements
Rituxan

Anticipate
approval of higher titer Rituxan
process in Vacaville by the end of 2006
(+50%)
Avastin

Anticipate
approval of higher titer Avastin
process in South San Francisco by the end of
2006 (+50%)
Near-term Key Capacity Enhancement
Projects
Near-term Key Capacity Enhancement
Projects
As of November 9, 2006

#5
Novartis
Pharmaceuticals
Huningue, France

Began manufacturing all future worldwide
supply of Xolair
Wyeth BioPhmara
Andover, MA

Received FDA licensure to produce

Herceptin
Lonza Biologics
Porrino, Spain

Announced Lonza will acquire our 40,000 liter facility in Porriño, Spain; facility will continue production of Avastin for 3 years
Lonza Biologics
Singapore

Entered into long-term supply agreement with Lonza to manufacture Genentech products at their 80,000-liter facility in Singapore; We have an exclusive option to purchase the Singapore facility in the future
2006 Key Contract Manufacturing Accomplishments
2006 Key Contract Manufacturing Accomplishments

Our strategies include expanding or acquiring facilities and engaging contract manufacturers that produce Genentech s products on our behalf
As of November 9, 2006

#6

Completed qualification runs of Avastin at Oceanside

Expect FDA licensure to produce Avastin 1H 07

Purchased state-of-the-art finish/fill facility in Hillsboro, Oregon

Expect facility to be licensed and operational in 2010

Expect FDA approval of high titer processes for Rituxan (in Vacaville) and Avastin (in SSF)

Signed two new product supply agreements with Roche

Other 2006 Manufacturing Accomplishments

Other 2006 Manufacturing Accomplishments

As of November 9, 2006

#7
Genentech s Oceanside Facilities
Genentech s Oceanside Facilities
Manufacturing Facility
Manufacturing Facility
NIMO
Commercial Facility
NICO
Clinical Facility
Purchased
Purchased
June 2005
February 2006
Potential Capacity
Potential Capacity
90,000 liters
5,500 liters
# of Employees
# of Employees
Approximately 530 employees as of September 30, 2006
Plan to employ approximately 30 employees by the end of 2006
Status
Status

Q3 06 completed qualification
runs
of Avastin

Expect FDA licensure
to produce
Avastin
in 1H 07

Expect to be operational by
Q1 07
QuickTime and a
MPEG-4 Video decompressor
are needed to see this picture.

#8
-
Potential to purchase Lonza Singapore Facility
610,000 Liters
Option
to
Purchase
from
2007
-

2010
Q4 06
Genentech obtained an exclusive option to purchase the Lonza Singapore facility during the period from 2007 to 2012
Licensure to produce Avastin is expected in 2010
80,000 liters
Lonza Singapore Facility
Q4 06,
announced
Lonza
will
acquire
our
40,000
liter
facility
in
Porriño,
Spain;
Lonza
will
continue
production
of
Avastin
for
Genentech for 3 years.
We anticipate closing the transaction before the end of 2006.
Lonza Biologics, Porriño, Spain
Comments
Other
Comments
Potential Capacity
Genentech Bulk Manufacturing Facility
240,000 Liters
Current Total Capacity in Use
-
Potential addition of Vacaville, CA
530,000 Liters
Potential Capacity in 1H 09
-
Potential addition of Oceanside, CA
330,000 Liters
Potential Capacity in 1H 07
Comments
Contract Manufacturing (Bulk)
Expect FDA licensure in 2H 09
200,000 (8x25,000L)
Vacaville, CA (CCP2)
In July 2006, Roche signed two new product supply agreements which supplement and supersede existing produ
agreements.

Roche has agreed to purchase specified amounts of Herceptin, Avastin and Rituxan through 2008 and to purchase specified amounts of Herceptin and Avastin through 2012.

Previously, Roche had assumed most of their own ex-US Herceptin supply and was planning on assuming all their ex-US Avastin supply.

Genentech has and will continue to supply all of Roche s ex-U.S. Rituxan supply.

Roche, Penzberg, Germany

Received FDA licensure in Q1 06 to produce bulk substance Xolair (will produce all future worldwide supply). As o

Genentech will acquire bulk supply of Xolair from Novartis and compensate them on a cost plus mark up basis.

Novartis Pharmaceuticals, Huningue, France
Received FDA licensure in Q3 06 to produce Herceptin; expect Wyeth to produce 25% of Herceptin over the next several years. Genentech will produce the remainder in Vacaville.
Wyeth BioPharma, Andover, MA
Received FDA licensure in Q3 05 to produce Rituxan; expect Lonza to produce ~50% of Rituxan over the next se
Genentech will produce the remainder in our other facilities.
Q3 06 we completed qualification runs of Avastin
Expect FDA licensure to produce Avastin in 1H 07
First licensed in 2000. Licensed to produce Avastin, Herceptin, Rituxan, Xolair.
First licensed in 1985. Licensed to produce Activase, Avastin, Cathflo Activase, Herceptin,
Lucentis, Nutropin, Nutropin AQ, Pulmozyme, Raptiva, Rituxan, and TNKase.
Comments
Lonza Biologics, Portsmouth, NH
90,000 (6x15,000L)
Oceanside, CA (NIMO)
144,000 (12x12,000L)
Vacaville, CA (CCP1)
96,000 (8x12,000L)

South San Francisco, CA
Current Capacity
Genentech Bulk Manufacturing Facility
Manufacturing Capacity
Manufacturing Capacity
As of November 9, 2006

#9
0
50,000
100,000
150,000
200,000
250,000
300,000
350,000
400,000
450,000
500,000
550,000
600,000
650,000
1999

2000
2001
2002
2003
2004
2005
2006
1H'07
2008
2H'09
2010
*Chinese Hamster Ovary Cell Culture
Note:
In
Q4 06,
Genentech
has
entered
into
an
agreement
with
Lonza
to
purchase
Genentech's
Porrino,
Spain
manufacturing
facility.
Concurrently,
we
entered
into
a
supply
agreement
for
the
manufacture
of
certain
Genentech
products
at
Lonza's
facility
currently
under
construction

in
Singapore,
with
Genentech
also
receiving
the
right
to
exercise
an
exclusive
option
to
purchase
the
Lonza
Singapore
facility
during
the
period
from
2007
to
2012.
The
transactions
are
subject
to
various
closing
conditions..
As of November 9, 2006
Genentech Commercial Cell Culture*
Bioreactor Capacity
Genentech Commercial Cell Culture*
Bioreactor Capacity
Current Commercial Capacity
South San Francisco, CA and Vacaville, CA (CCP1)

#10
What Does This Mean For You?
What Does This Mean For You?

We encourage continued focus on your current efforts to bring important new medicines to patients, as this is in everyone s best interest

While we fully expect the deal to go through, we aren t there yet

Your current management continues to run the company until close

Once the GNE and Tanox transition teams are up and running, more detailed information will be available on next steps, key milestones, etc.

Most importantly, we recognize that this is an uncertain time for Tanox employees. Consistent with our values, our intent is to treat Tanox employees with the same respect & integrity that we treat our own employees

#11
Transition Process Will Be Organized Around Four Areas
Transition Process Will Be Organized Around Four Areas
EC / Legal
EC
Product
Portfolio
Committee

Research
Review
Committee
EC / PROP
Executive Team
Decision
maker
Feb. 28, 2007*
Feb. 28, 2007*
Jan. 31, 2007*
Feb 28, 2007*
3.Recomm
end-ation
Feb 10, 2007*
Feb. 10, 2007*
Jan. 31, 2007*
Jan 31, 2007*
2.
Evaluation
Number of
contracts; Rights
and obligations of
each
Number of
employees by
functional area
Number and
value of R&D
programs
Number, location,
and capability of
facility
1.
Assessmen
t
Contracts
HR
Change
management
R&D
Programs
Facilities/
Property
Process Summary

* All dates are tentative

#12
Decisions Yet to be Determined
Decisions Yet to be Determined

Future plans for Tanox s pipeline

Future plans for Tanox s sites

Future status of employees

Who will be retained

How/when decisions will be made after close; however, our intent is for decisions to be made as quickly and with as much transparency as possible

Where retained employees will be located

Details of post-close integration and timeline

#13
Next Steps
Next Steps

Today:

Small functional meetings with Genentech and Tanox management

Next few months:

Additional site visits to establish post-close integration plans

Deal not closed until at least Q1 07; Tanox remains an independent company until the deal closes. It is important to stay focused and keep moving projects forward during this time:

Tanox shareholder vote

Hart-Scott-Rodino submission and review

Review of deal by Federal Trade Commission

Transition team established

#14
Genentech Transition Team
Ashraf Hanna,
Team Leader
Mark Asbury
Leigh Morgan
Charles Calderaro
Sean Bohen
Andy Chan
Neil
Cohen
Contracts
R&D
HR
Facilities/
Property
Communi
cation
Ray Sanchez-
Pescadore,

Project Manager
Brian Muma

#15
Forward Looking
Statement
Forward Looking
Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among other things, our expectations regarding the closing of the acquisition and the integration of the operations of Tanox, our belief that we have the right plans in place to meet future demand for our products, our belief regarding the future growth and profitability of Xolair and anti-IgE inhibition products, ou future product development plans (including anti-IL 13 Mab for asthma, anti-Factor D Mab for dry AMD and anti-CD4 for HIV), our expectations regarding the timing of our evaluations and decisions for transition plans, and the timing of and actual severance payment amounts for Tanox employees; planned manufacturing expansions and our manufacturing capacity, including expected timeframes for FDA filings and approval for licensure of manufacturing facilities and expected timeframe for facilities to become operational; and FDA approvals of yield improvements. Actual results could differ materially. Among other things, the transaction and its timing could be affected or prevented by failure of certain closing conditions to occur, including FTC or other regulatory actions or delays; integration of the Tanox business (including the timing of our decisions regarding such integration) could be affected by failures in our due diligence review of the Tanox business and failure to retain certain key employees; growth and profitability of our asthma and anti-IgE business (including Xolair) could be affected by adverse market conditions, increased competition, delay or failure of clinical programs, and safety or manufacturing issues; future development plans may be affected by changes in our corporate strategy, increased competition, regulatory actions or delays, unsuccessful clinical trials or third party intellectual property rights; Xolair clinical trials could be affected by a number of factors including unexpected safety, efficacy or manufacturing issues, additional time requirements for data analysis and FDA actions or delays; achieving sales revenue consistent with internal forecasts, unexpected expenses such as litigation or legal settlement expenses, changes in tax rules, adverse market conditions, increased competition, regulatory actions or delays; the severance described in this presentation will be subject to other terms and conditions set forth in the severance plan established by Genentech (including the execution of a release by each eligible employee); and the expected FDA filings and licensure timeframes, planned manufacturing expansions, manufacturing capacity, timeframes for FDA approvals of yield improvements and timeframe when manufacturing facilities will become operational could be affected by a number of factors including FDA or other regulatory actions or delays, failure to receive FDA approval and other delays or manufacturing issues. Please refer to Genentech s periodic reports filed with the Securities and Exchange Commission. Such reports contain and identify important factors that could cause actual results to differ materially from those contained in our forward-looking statements. All such risk factors, including those found in our most recent Form 10-Q, are incorporated by reference into this transcript. We undertake no obligation to update or revise any forward-looking statements in the future.

#16
Thank You
Thank You

#17
Q&A Session
Q&A Session

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among other things, our expectations regarding the closing of the acquisition and the integration of the operations of Tanox, our future product development plans with regard to Tanox s pipeline, our expectations regarding the timing of our evaluations and decisions for transition plans, planned manufacturing expansions and our manufacturing capacity, including expected timeframes for FDA filings and approval for licensure of manufacturing facilities and expected timeframe for facilities to become operational; and FDA approvals of yield improvements. Actual results could differ materially. Among other things, the transaction and its timing could be affected or prevented by failure of certain closing conditions to occur, including FTC or other regulatory actions or delays; integration of the Tanox business (including the timing of our decisions regarding such integration) could be affected by failures in our due diligence review of the Tanox business and failure to retain certain key employees; future development plans may be affected by changes in our corporate strategy, increased competition, regulatory actions or delays, unsuccessful clinical trials or third party intellectual property rights; and the expected FDA filings and licensure timeframes, planned manufacturing expansions, manufacturing capacity, timeframes for FDA approvals of yield improvements and timeframe when manufacturing facilities will become operational could be affected by a number of factors including FDA or other regulatory actions or delays, failure to receive FDA approval and other delays or manufacturing issues. Please refer to Genentech s periodic reports filed with the Securities and Exchange Commission. Such reports contain and identify important factors that could cause actual results to differ materially from those contained in our forward-looking statements. All such risk factors, including those found in our most recent Form 10-Q filed with the Securities and Exchange Commission, are incorporated by reference into this transcript. We undertake no obligation to update or revise any forward-looking statements in this presentation in the future.