GENENTECH INC
Form 8-K
October 10, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 10, 2006**

GENENTECH, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**1-9813**	**94-2347624**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1 DNA Way
South San Francisco, California 94080-4990
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: **(650) 225-1000**

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On October 10, 2006, Genentech, Inc., a Delaware corporation, issued a press release announcing earnings for the third quarter ended September 30, 2006. A copy of the earnings press release is furnished as Exhibit 99.1 to this report.

The attached press release contains both GAAP and non-GAAP financial measures. The non-GAAP financial measures included are net income, earnings per share (or "EPS"), research and development (or "R&D") expenses, marketing, general and administrative (or "MG&A") expenses, R&D as a percentage of operating revenues, MG&A as a percentage of operating revenues, provisions for income taxes/tax rate, and depreciation and amortization expense. These non-GAAP financial measures exclude the effects of recurring charges related to the redemption of our callable putable common stock on June 30, 1999 (the "Redemption"), litigation-related special items, and employee stock-based compensation expense associated with Genentech's adoption of Statement of Financial Accounting Standards No. 123R on January 1, 2006. Non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial measures prepared in accordance with GAAP.

The attached press release includes non-GAAP financial measures because our management uses this information to monitor and evaluate Genentech's operating results and trends on an on-going basis and to facilitate internal comparison to historical operating results. Our management believes the non-GAAP information is also useful for investors because the amounts relating to the Redemption and the litigation-related special items that are excluded were the result of transactions that are unusual due to their nature, size or infrequency. Excluding the effects of those items and employee stock-based compensation expense from our operating results provides users of the financial statements an important insight into our operating results and related trends that affect our business. In addition, our management uses non-GAAP financial information and measures internally for operating, budgeting and financial planning purposes.

ITEM 8.01. OTHER EVENTS

A copy of our consolidated statements of income for the three and nine months ended September 30, 2006, selected consolidated balance sheets data at September 30, 2006, and selected consolidated cash flow data for the nine months ended September 30, 2006, prepared in accordance with GAAP, is filed as Exhibit 99.2 to this report.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

Exhibit No.	
99.1	Earnings Press Release of Genentech, Inc. dated October 10, 2006.
99.2	Consolidated Statements of Income and Selected Consolidated Financial Data

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GENENTECH, INC.

Date: October 10, 2006	/s/ARTHUR D. LEVINSON Arthur D. Levinson, Ph.D. Chairman and Chief Executive Officer
Date: October 10, 2006	/s/DAVID A. EBERSMAN David A. Ebersman Executive Vice President and Chief Financial Officer
Date: October 10, 2006	/s/JOHN M. WHITING John M. Whiting Vice President - Finance and Chief Accounting Officer

EXHIBIT INDEX

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