

## News Release

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### **Lonza Enters into Biopharmaceutical Manufacturing Agreement with Genentech**

#### **Lonza to acquire mid-scale biomanufacturing facility and to build a second large-scale biomanufacturing facility in Singapore**

Basel, 08.11.2006 - Lonza Group, the global life sciences company, today announces an agreement with Genentech, Inc. whereby Lonza will acquire Genentech's mid-scale mammalian biopharmaceutical production plant based in Porriño, Spain for \$150 million. This facility is FDA-licensed and one of three Genentech plants that are currently licensed to produce Avastin® (bevacizumab) bulk drug substance for commercial use. Lonza will retain the facility's approximately 310 highly skilled, and valued, employees.

As part of this transaction, Genentech has entered into a short-term supply contract with Lonza for the production of Avastin® drug substance. For this production, a portion of the total 4 x 10,000 liter capacity of the Porriño facility will be used during this period. It will also provide Lonza with immediate access to further mid-scale biomanufacturing capacity two years earlier than planned, which can be used to meet the needs of its other customers.

In parallel, Lonza will progress with the building of a multi purpose shell and the reactivation and expansion of a previously mothballed reactor in Portsmouth, New Hampshire, USA. This reactor, which is expected to come on stream in 2008, will have a 5,000 liter capacity. The Portsmouth site currently makes a number of marketed biopharmaceutical products, including Genentech's Rituxan® (rituximab).

Also within this agreement, Lonza will build an 80,000 liter large-scale mammalian biopharmaceutical production facility in Singapore, which is expected to be licensed by the FDA in 2010. Genentech has an exclusive option to acquire this facility from Lonza between 2007 and 2012, for a purchase price of \$290 million plus an additional \$70 million on the achievement of certain performance milestones.

This facility will be built in parallel with Lonza's own planned 80,000 liter plant in Singapore, which is expected to come on stream in 2011.

#### **Stefan Borgas, CEO of Lonza, said:**

"This agreement with Genentech is an excellent development that we believe brings significant benefits for both companies. From our perspective, we gain access to additional mid-scale biomanufacturing capacity two years earlier than planned, in order to support the clinical and commercial material needs of our global customer base. We extend our collaboration with Genentech to produce drug substance for its very important therapeutic product Avastin®. We are also genuinely excited to welcome the dedicated and accomplished team members in Porriño to the Lonza family.

In Singapore, we are now starting the process of building a second 80,000 liter facility which we will use to meet the needs of our growing customer base for

biopharmaceuticals when it comes on stream in 2011. Today's announcement underlines Lonza's world leading market position in the field of biopharmaceutical production and further improves our ability to support our growing life science customer base."

**Patrick Y. Yang, executive vice president of Genentech's Product Operations, said:**

"We believe that this transaction provides Genentech with benefits that enhance our manufacturing organization and strengthen our strategic relationship with Lonza."

It is anticipated that this transaction will close before the end of 2006, provided agreed upon pre-close conditions are met. These conditions include the completion of the technical review of the Porriño facility as well as further confirmatory due diligence reviews.

### **About Lonza**

Lonza is one of the world's leading suppliers to the pharmaceutical, healthcare and life science industries. Its products and services span its customers' needs from research to final product manufacture. Lonza is the global leader in the production and support of pharmaceutical active ingredients both chemically as well as biotechnologically. Biopharmaceuticals are one of the key growth drivers of the pharmaceutical and biotechnology industries. Lonza has strong capabilities in large and small molecules, peptides, amino acids and niche bioproducts which play an important role in the development of novel medicines and healthcare products. Lonza is also a leading provider of value chemical and biotech ingredients to the nutrition, hygiene, preservation, agro and personal care markets.

Lonza is headquartered in Basel, Switzerland and is listed on the SWX Swiss Exchange. The company now employs 6,760 people and operates 26 production and R&D sites around the world, all operating to national and international quality standards and regulations. In 2005 Lonza had sales of CHF 2.52 billion. Further information can be found at [www.lonza.com](http://www.lonza.com).

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