

VENTANA MEDICAL SYSTEMS INC
Form SC TO-C
June 26, 2007

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

**SCHEDULE TO
(RULE 14d-100)
Tender Offer Statement Pursuant to Section 14(d)(1) or 13(e)(1) of
the Securities Exchange Act of 1934**

VENTANA MEDICAL SYSTEMS, INC.
(Name of Subject Company)

**ROCKET ACQUISITION CORPORATION
ROCHE HOLDING LTD**
(Names of Filing Persons – Offeror)

COMMON STOCK, PAR VALUE \$0.001 PER SHARE
(Title of Class of Securities)

92276H106
(Cusip Number of Class of Securities)

**Beat Kraehenmann
Roche Holding Ltd
Grenzacherstrasse 124
CH-4070 Basel
Switzerland
Telephone: +41-61-688-1111**
(Name, Address and Telephone Number of Person Authorized to Receive Notices
and Communications on Behalf of Filing Persons)

**Copies to:
Christopher Mayer
Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000**

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1.

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- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer.

Enhancing Roche's position as the world's leading fully-integrated personalised
healthcare company

Ventana Acquisition: Conference call to analysts & investors
26 June 2007

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This presentation contains certain forward-looking statements. These forward-looking statements may be identified by words such as 'believes', 'expects', 'anticipates', 'projects', 'intends', 'should', 'seeks', 'estimates', 'future' or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation, among others:

- 1 pricing and product initiatives of competitors;
- 2 legislative and regulatory developments and economic conditions;
- 3 delay or inability in obtaining regulatory approvals or bringing products to market;
- 4 fluctuations in currency exchange rates and general financial market conditions;
- 5 uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products;
- 6 increased government pricing pressures;
- 7 interruptions in production
- 8 loss of or inability to obtain adequate protection for intellectual property rights;
- 9 litigation;
- 10 loss of key executives or other employees; and
- 11 adverse publicity and news coverage.

Any statements regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Roche's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Roche.

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Roche Group

Ventana Acquisition

Transaction Financials

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Roche Group
A leading global healthcare company

Roche Group Sales 2006
CHF 42bn

- o World leader in oncology, transplantation and hepatitis
- o World leader in in-vitro diagnostics
- o World leader in Biotechnology

Roche Group - Strategy
Differentiation through Personalised Healthcare

Life Sciences
In Vitro Diagnostics
Pharma

Increasing medical value to patients & physicians

- o Innovative and medically differentiated products/services
- o Patient-tailored treatment that deliver tangible improvement to the health, quality of life and life expectancy of patients
- o Leading in the development & commercialisation of targeted drugs & companion diagnostic tests

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Roche Group - Personalised Healthcare

Key component of good drug development and cost-effective, safe treatment

Drug discovery

Improve drug target selection Gain early indication of response profile
faster development, targeted drug

Patient stratification

Increase risk/ benefit ratio:

Include patients more likely to respond

Exclude those not likely to benefit

safer, more efficacious trials and drugs

Companion diagnostics

New testing opportunities:

Early detection/ screening

Patient selection

Monitoring treatment/ relapse

defined market on launch, efficient use of therapies

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Roche Group - Acquisition Rationale Strengthening the world's leading, fully-integrated Personalised Healthcare company

Enter

Fast growing tissue-diagnostics market segment with attractive profitability

Leverage

Roche's distinctive capabilities and global position in Diagnostics

Position

Roche as the worldwide leader in Personalised Healthcare

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Roche Group

Ventana Acquisition
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Ventana Acquisition - Company Overview Changing the practice of medicine in tissue-based cancer diagnosis

Company facts

- Founded 1985, based in Tucson, Arizona
- 952 employees (year end 2006)

o 2006 Financials

- Revenue '06: \$ US 238 m
- Rev. CAGR '04-'06: ~20%
- Operating Margin: ~19 %

o Leader in tissue-based diagnostics

- Leadership in advanced staining segment
- Large installed base in pathology labs
- Strong U.S. presence

Source: Ventana Investor Presentation

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Ventana Acquisition - Product Portfolio*
Leadership in advanced staining

Histology Work-flow Tissue processing Primary staining

Description Tissue Preparation Tissue Structure

e.g. H&E Stains

Ventana's Products Symphony

Advanced staining Automated Image
analysis and storage

Molecular Target Image analysis & archive
(IHC/ISH/FISH/FITC)

e.g. Pathway Her2/neu

NexEs IHC BenchMark VIAS
XT/LT

Source: Ventana Homepage

* Not full display of Ventana's product portfolio

Ventana Acquisition - New Market Potential
Histopathology; ~1 bn market, growing 10% p.a.*

Market size and growth

Key growth drivers

- o High need for test automation and standardisation
- o Increasing incidence of cancer
- o Targeted cancer drugs requiring companion diagnostics

Source: Analyst reports, Roche Analysis

* Analysis of the histopathology market based on Analyst forecasts

Roche and Ventana - Clear Market Leaders
Maximising each companies market strengths

Source: Analyst reports, Roche

* Analysis of the histopathology market based on Analyst forecasts

Analysis All growth rates in local currency
**Europe, Middle East and Africa (excl. Iberia)

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Ventana Acquisition - Providing Medical Value
Better diagnosis & therapy selection in oncology

Influence on medical
decisions by pathologists

Diagnostic Process
(e.g. Oncology)

Existing Roche Dx segment Existing Ventana segment

Emerging innovative Dx segment

Ventana Acquisition - Complementary Technologies
Complete tissue-based diagnostics capabilities for customers

Ventana technology capabilities
Roche Diagnostics technology capabilities

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Ventana Acquisition - Companion Diagnostics
Strong oncology drug portfolio, combined with full diagnostics
capabilities uniquely positions Roche to lead in PHC

Roche
Oncology Pipeline

Roche Capabilities
PCRElecsys/ Others

Ventana Capabilities
Ventana Capabilities

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Ventana Acquisition - Roche Diagnostics
Maintain Ventana as a dedicated business within diagnostics

Life Science

In Vitro Diagnostics

Ventana

Molecular Diagnostics

Professional Diagnostics

Diabetes Care

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Ventana Acquisition - Value Proposition

Combined strengths will enable new, differentiated products and solutions for patients and providers

- o Leadership in tissue-based diagnostics
- o World-class capabilities in advanced staining (IHC/ ISH)
- o Strong relationships with pathologists
- o Leadership position in U.S.

- o World-class molecular biology capabilities
- o #1 Oncology pipeline
- o 30+ years in lab automation, test development & system integration
- o Global market position & reach

Differentiated

Products/ solutions

- o Broadest diagnostic offering
- o Fully integrated personalisedhealthcare provider
- o Best platforms & capabilities to drive innovation in tissue-based diagnostics

Roche Group

Ventana Acquisition

Transaction Financials

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Transaction Financials - Overview

- o \$75 per share in cash for each outstanding share of Ventana (fully diluted)
 - o Transaction valued at approximately \$3 billion
- Offer
- o Will commence a tender offer, after repeated attempts to engage Ventana management in discussions for a negotiated transaction
- Conditions
- o Fully financed
 - o No significant regulatory impediments
-

- Implied Premium price
- o 44 % premium to \$51.95, Ventana's close on June 22, 2007
 - o 55 % premium to \$48.30, Ventana's 3-month average trading price
 - o 66 % premium to \$45.05, Ventana's year-to-date average trading price
-

- Offer Conditions
- o Customary conditions including that:
 - A majority of Ventana's shares of common stock, on a fully diluted basis, are tendered into Roche's offer
 - Ventana's Board takes all necessary actions to make its shareholder rights plan inapplicable to Roche's offer
-

Transaction Financials - Offer Price
Fair value for shareholders

Attractive premium to Ventana.s shareholders recognising
value created to-date and future potential of business

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Timing/ Next steps

- o Promptly commence tender offer to purchase all of the outstanding common stock of Ventana
 - o Commence regulatory process immediately
 - o Offer will be subject to customary conditions:
 - Tender of a majority of Ventana's shares of common stock, on a fully diluted basis
 - Ventana's Board takes all necessary actions to make its shareholder rights plan inapplicable to Roche's offer
-

Transaction Financials - Summary

Deploying capital for the right strategic purposes

- 1 Offer of \$75 cash per share, representing an attractive value to Ventana's stockholders
 - 2 Roche committed to maintain operations in Tucson, Arizona and further invest in the business
 - 3 Deal accretive to operating profit/ EBIT within next 2-3 years and to Core EPS within 4 years. Marginal dilution (<1 %) to Core EPS prior to this
 - 4 Strategic flexibility of the Roche group not significantly affected
-

Additional information

THE TENDER OFFER DESCRIBED IN THIS PRESENTATION HAS NOT YET COMMENCED, AND THIS PRESENTATION IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF AN OFFER TO SELL VENTANA'S COMMON STOCK. THE SOLICITATION AND OFFER TO BUY VENTANA'S COMMON STOCK WILL ONLY BE MADE PURSUANT TO AN OFFER TO PURCHASE AND RELATED MATERIALS THAT ROCHE INTENDS TO FILE PROMPTLY. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THESE MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE SINCE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING THE TERMS AND CONDITIONS OF THE OFFER. THE OFFER TO PURCHASE AND RELATED MATERIALS WILL BE FILED BY ROCHE WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC), AND INVESTORS AND SECURITY HOLDERS MAY OBTAIN A FREE COPY OF THESE MATERIALS (WHEN AVAILABLE) AND OTHER DOCUMENTS FILED BY ROCHE WITH THE SEC AT THE WEBSITE MAINTAINED BY THE SEC AT WWW.SEC.GOV. THE OFFER TO PURCHASE AND RELATED MATERIALS MAY ALSO BE OBTAINED (WHEN AVAILABLE) FOR FREE BY CONTACTING MACKENZIE PARTNERS, THE INFORMATION AGENT, FOR THE TENDER OFFER AT (212) 929-5500 OR (800) 322-2885 (TOLL-FREE).

We Innovate Healthcare

Glossary (1/2)

| Term | What We Mean |
|-----------------------------|---|
| Primary Staining | To see the tissue under a microscope, the sections are stained with one or more pigments. This is done to give contrast to the tissue being examined, as without staining it is very difficult to see differences in cell morphology. Hematoxylin and eosin (H&E) are the most commonly used stains in histology and histopathology |
| Immunohistochemistry (IHC) | IHC refers to the process of localising proteins in cells of a tissue section exploiting the principle of antibodies binding specifically to antigens in biological tissues. Immunohistochemical staining is widely used in the diagnosis of cancer. Specific molecular markers are characteristic of particular cancer types |
| In Situ Hybridisation (ISH) | ISH is a type of hybridisation that uses a labelled complementary DNA or RNA strand (i.e., probe) to localise a specific DNA or RNA sequence in a portion or section of tissue (in situ). DNA ISH can be used to determine the structure of chromosomes |
| FISH | Is a specific form of ISH using fluorescent probes which bind only to those parts of the chromosome with which they show a high degree of sequence similarity |
| CISH | Chromogenic ISH is a lower cost alternative to FISH, as it uses conventional enzyme (peroxidase) reactions to detect the probes that bind to the target sequence. Because this technique does not require a fluorescent microscope to analyze the binding pattern, it is easier to perform and lower cost |

Glossary (2/2)

| Term | What We Mean |
|---------------------------------|--|
| Stratifying Marker | A biomarker used to differentiate patient populations according to drug response |
| Prognostic Marker | A biomarker used to predict survival i.e. in tumor staging, where the degree of progression of cancer has been shown to predict survival |
| Stratifying Dx/ Companion Dx | A diagnostic used to stratify a clinical patient population with the purpose of delivering clinical utility |
| Anatomical Pathology | Branch of pathology that is concerned with the diagnosis of disease based on the gross and microscopic examination of cells and tissues |
| Histopathology | Is a field of anatomical pathology which specializes in the histologic study of diseased tissue. It used for accurate diagnosis of cancer and other disease |
| Cytopathology | Is a field of anatomical pathology which studies and diagnoses diseases on the cellular level. The most common use of cytopathology is the Pap smear, used to detect cervical cancer at an early treatable stage |
| Flow Cytometry | Technique for counting, examining and sorting microscopic particles suspended in a stream of fluid. It allows simultaneous multiparametric analysis of the physical and/or chemical characteristics of single cells. It is the main technology used today to diagnose the different types of leukemia and lymphoma |