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Roche acquires Medingo Ltd. and expands its position in the growing insulin delivery systems market

Roche (SIX: RO, ROG; OTCQX: RHHBY) and Elron Electronics Ltd. (TASE:ELRN) announced today that they have signed an agreement under which Roche will acquire 100% of Medingo Ltd., a majority-owned subsidiary of the Elron group. Medingo Ltd. is engaged in the development of a semi-disposable insulin patch pump. Under the terms of the agreement, Roche will pay Medingo Ltd.'s shareholders an upfront payment of US\$ 160 million as well as up to 25% of the upfront payment in performance related milestones.

Daniel O'Day, Chief Operating Officer Roche Diagnostics, said: "Diabetes has become a real epidemic that affects more than 285 million people worldwide. Roche Diabetes Care, a global leader in blood glucose monitoring and insulin delivery systems, is committed to improving the quality of life for people with diabetes. With this acquisition we will broaden our portfolio of innovative insulin delivery technologies and strengthen our position as a leading player in the diabetes care business".

The new Medingo Ltd. micro pump insulin delivery system consists of two parts: a semi-disposable insulin dispensing patch and a remote control, which allows for discreet personalised insulin delivery. It provides the functions of a conventional insulin pump alongside with all advantages of the innovative tubeless patch pump technology. Features like the ability to administer an insulin bolus directly from the patch pump without a remote control, as well as the option to temporarily disconnect the pump from – and later reconnect it to – the patch securing it to the skin, offer enhanced convenience to insulin pump users.

The Medingo Ltd. patch pump is not yet marketed. In a next step, production capacities will be scaled-up to prepare for global launch which is expected by 2012.

The acquisition will strengthen Roche Diabetes Care's position in the fast growing segment of insulin delivery systems. In 2009, the insulin delivery system global market was estimated at CHF 1.6 billion. While the whole market is growing rapidly, the expectations for the growth of the patch pump segment are even higher.

Zvika Slovin, Co-CEO of Elron Electronic Industries Ltd., said: “The fate of diabetes patients has been at the center of the Medingo Ltd. from the foundation of the company. Therefore, Medingo Ltd. as well as its shareholders are very pleased to have found a very strong and potent partner in Roche to ensure success of Medingo Ltd.’s products and research and development”.

Roche Diabetes Care develops and commercializes innovative solutions in the field of insulin pumps combining blood glucose monitoring, information management and personalized insulin delivery. As an example of this new class of integrated product solutions the company recently has launched the Accu-Chek Combo system in Europe with great market success, allowing for enhanced efficiency and convenience in managing insulin pump therapy.

“The integration of Medingo Ltd. is a perfect fit to our existing diabetes management product portfolio”, stated Burkhard G. Piper, Head Roche Diabetes Care. “Offering an innovative micro patch pump will bring our competence in the area of integrated insulin delivery systems to a broader range of people with diabetes on insulin therapy, providing a greater choice to meet the different individual needs”.

As part of Roche Diabetes Care, Medingo Ltd. will continue to further develop and produce the insulin patch pump system which will be integrated into Roche Diabetes Care’s insulin delivery portfolio. “As we share the same vision of providing integrated diabetes management solutions for insulin pump users, Roche to us was the partner of choice to bring our technology to life. The integration into the Roche Diabetes Care business unit offers the opportunity to broadly market our innovative patch pump system with a leading global company, which brings its knowledge and strong market expertise into play”, said David Vidan, General Manager Medingo Ltd..

This transaction is subject to certain closing conditions, including regulatory approvals. Approval by Elron or Roche shareholders is not required for the transaction to be consummated.

About Elron

Elron Electronic Industries Ltd. (TASE:ELRN), a member of the IDB Holding group, is a high-technology holding company traded in the Tel-Aviv Stock Exchange. Elron’s group companies currently comprise a

diverse range of publicly-traded and privately held companies primarily in the fields of medical devices, information & communications technology and clean technology. Included in Elron's group companies are well established companies which are leaders in their fields such as Given Imaging and until recently NetVision, together with innovative start-ups which possess growth potential in Israel and the rest of the world. For further information please visit www.elron.com.

About Roche Diabetes Care

Roche Diabetes Care is a pioneer in the development of blood glucose monitoring systems and a global leader for diabetes management systems and services. For more than 35 years, the Accu-Chek brand has been dedicated to enable people with diabetes to live life as normal and active as possible as well as to empower healthcare professionals manage their patients' condition in an optimal way. Today, the Accu-Chek portfolio offers people with diabetes and healthcare professionals innovative products and impactful solutions for convenient, efficient and effective diabetes management. It encompasses blood glucose meters, insulin delivery systems, lancing devices, data management systems and education programs – leading to an improved medical outcome. For more information: www.accu-chek.com.

About Roche

Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche is the world's largest biotech company with truly differentiated medicines in oncology, virology, inflammation, metabolism and CNS. Roche is also the world leader in in-vitro diagnostics, tissue-based cancer diagnostics and a pioneer in diabetes management. Roche's personalised healthcare strategy aims at providing medicines and diagnostic tools that enable tangible improvements in the health, quality of life and survival of patients. In 2009, Roche had over 80'000 employees worldwide and invested almost 10 billion Swiss francs in R&D. The Group posted sales of 49.1 billion Swiss francs. Genentech, United States, is a wholly owned member of the Roche Group. Roche has a majority stake in Chugai Pharmaceutical, Japan. For more information: www.roche.com.

All trademarks used or mentioned in this release are protected by law. The Accu-Chek Combo insulin pump system is not cleared for use and marketed in the US.

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