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Re: Proposed Tender Offer in the United States by Serono France Holding S.A.
for Genset S.A.

Dear Ms. Carmody and Mr. Brigagliano:

We are writing on behalf of our client, Serono S.A. ("Serono"), to follow up on our recent conversations and to request that the Securities and Exchange Commission (the "Commission") (i) grant exemptive relief from Rule 14d-10(a)(1) and Rule 14e-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to the proposed tender offers by a wholly-owned subsidiary of Serono, Serono France Holding S.A. ("Serono France"), for the Securities (as defined below) of Genset S.A. ("Genset") described in this letter and (ii) confirm that it will not recommend enforcement action if the French offer described in this letter is conducted without compliance with Section 14(d) of the Exchange Act and Regulation 14D under the Exchange Act.

Background Information

Serono

Serono, a *société anonyme* organized under the laws of the Republic of Switzerland, is the third largest biotechnology company in the world and the largest in Europe. Serono has a global presence with operations in 45 countries, production facilities in eight countries and sales in over 100 countries. Serono currently focuses on the niche markets of reproductive health, neurology, growth and metabolism.

Serono is a foreign private issuer as defined in Rule 3b-4(c) under the Exchange Act. The bearer shares of Serono are traded on the virt-X pan European Exchange and its American Depositary Shares, each representing one fortieth of a bearer share, are traded on the New York Stock Exchange.

Genset

Genset, a *société anonyme* organized under the laws of the Republic of France, is a foreign private issuer as defined in Rule 3b-4(c) under the Exchange Act. Its shares are currently traded only on the *Nouveau Marché* of Euronext Paris S.A. ("Euronext Paris"). Genset is world recognized for its use of genomic studies of patient populations to identify potential drug targets. Genset has pioneered a novel approach to drug discovery based on comprehensive association studies. Genset has developed sophisticated technologies specifically designed to discover genes associated with common polygenic diseases.

Serono's Initial Offer to Acquire Genset

Serono France conducted dual tender offers in France and in the United States (the "Initial Tender Offers"), commenced on July 16, 2002, for Genset's ordinary shares, nominal value EUR 3.00 per share (the "Shares"), traded on the *Nouveau Marché* of Euronext Paris, its American Depositary Shares ("ADSs"), each representing one third of a Share, then quoted on the Nasdaq National Market, its convertible bonds (*obligations à option de conversion en actions nouvelles et/ou d'échange en actions existantes*) ("OCEANes" and, collectively with the Shares and ADSs, "Securities"), which are traded on the *Nouveau Marché*, and certain warrants to purchase Genset's ordinary shares, which were not traded. Serono requested certain exemptive and no-action relief from the Commission in connection with the Initial Tender Offers pursuant to a letter to the Commission, dated September 11, 2002, and was granted the requested relief by letter of the Commission dated September 12, 2002.

Prior to the Initial Tender Offers, Serono and Serono France held no Shares or other securities of Genset. Upon completion of the Initial Tender Offers on October 30, 2002, Serono France held approximately 91.8% of the share capital and voting rights of Genset.

Following the Initial Tender Offers, Nasdaq ceased quoting the ADSs. For a brief period thereafter, the ADSs were traded in the over-the-counter market in the United States. On

November 27, 2002, Genset notified ADR holders (each ADR representing one ADS) that the ADR program would be terminated effective December 27, 2002. As a result of this termination, transfers of ADRs are no longer permitted. Holders of ADRs may present their ADRs to the Depository for cancellation and withdraw the underlying Shares and hold or sell the Shares or they may, for the time being, continue to hold ADRs. Accordingly, there is no market in the United States for Genset securities.

Following completion of the Initial Tender Offers, Serono France undertook a limited open market purchase program for Shares on the *Nouveau Marché*. In March 2003, Genset initiated a rights offering to raise capital. All shareholders received one right per Share. The shareholders obtained the right to purchase ten Shares for every 7 rights at a price of EUR 7.10 per Share. U.S. holders were not permitted to exercise rights; however, the rights were transferable, so U.S. holders were able to realize the economic benefits of the rights. The Depository for the ADR program sold the rights issued with respect to the Shares underlying the ADSs for EUR 1.56 per right. As and when holders of ADRs surrender their ADRs, they receive their pro rata portion of these funds, less costs, in accordance with the Deposit Agreement. Holders of rights had the additional ability to subscribe to Shares that were allocated to rights that had not been exercised. Serono France exercised all of its rights and subscribed for unsubscribed Shares. As a result of the market purchases and Genset's capital increase, Serono France currently holds approximately 96.6% of Genset's share capital and voting rights. Serono France's purchases on the open market and pursuant to the rights offering were the subject of Amendments to Serono's and Serono France's Schedule 13D. Serono France currently holds approximately 99.7% of the 522,223 OCEANEs outstanding. We understand that there are only five or six holders of OCEANEs other than Serono France, none of which is a U.S. holder.

The Squeeze-Out

Under applicable French law, a person holding 95% of a company's share capital and voting rights may commence a squeeze-out. In France, a squeeze-out is a two-step process - (i) a minority buy-out offer or repurchase offer (*offre publique de retrait*) typically lasting ten trading days followed by (ii) a mandatory squeeze-out (*retrait obligatoire*). The repurchase offer and squeeze-out are regulated by the *Conseil des marchés financiers* ("CMF") and the *Commission des opérations de bourse* ("COB"), which together provide a comprehensive scheme for regulation of French tender offers and trading in the French markets.

The filing of a repurchase offer is made by letter to the CMF by one or more presenting banks, at least one of which guarantees the content and the irrevocability of the commitments undertaken by the initiator. In this case, JP Morgan & Cie S.A. filed the repurchase offer on behalf of Serono on April 23, 2003. The CMF must approve the repurchase offer prior to its commencement. The consideration offered in a repurchase offer/squeeze-out is proposed by the parent company, but is subject to a two-step fairness test. First, an independent appraiser, whose appointment is subject to the CMF's approval and the absence of any objection from the COB, must review the proposed consideration and determine that it is fair to the minority shareholders and, second, the CMF must approve the valuation.

Serono France has proposed to purchase the shares at a price equal to the price offered in the Initial Tender Offers, less the value of the rights subsequently received by shareholders in connection with the rights offering (EUR 9.75 minus EUR 1.56 resulting in a squeeze-out price of EUR 8.19). Serono France also proposed to purchase the remaining OCEANEs in the repurchase offer at EUR 107.05 per OCEANE. These prices were approved by the independent appraiser and by the CMF.

The draft information memorandum for the repurchase offer (*note d'information*) was, in accordance with French law and practice, sent to the COB at the same time as the offer was filed with the CMF. The COB must approve the information memorandum before its use in connection with the offer. In practice, the COB usually waits for the CMF to have cleared the offer before it grants a visa on the information memorandum. The information memorandum contains the report of the independent appraiser.

The CMF approved the offer on April 30, 2003. The COB approved the information memorandum and granted its visa on May 9, 2003. After the COB's approval of the information memorandum, it was made public by the COB on its web site. The initiator must then publish the entire information memorandum in a financial newspaper having national circulation in France, which is being done on May 14, 2003.¹ Under French law, the repurchase offer is deemed to commence the business day after such publication of the information memorandum (that is, on May 15, 2003). The information memorandum itself is not mailed to holders of Shares or OCEANEs.

In a repurchase offer, the shareholders of the target tender their shares "on the market" (the "Market Tenders"), with the initiator's purchase of tendered shares, pursuant to the offer, required to be settled within three trading days (*i.e.*, Serono France will be required, as a matter of French law, to accept and pay for Shares as they are tendered throughout the repurchase offer period). During the repurchase offer period, the only broker entitled to buy Shares will be J.P. Morgan Securities Ltd. acting on behalf of Serono France. Therefore, no Shares will be purchased by anyone outside the scope of the repurchase offer.

The expiration date of a tender offer in France, including a repurchase offer, is determined by the CMF. Generally, a repurchase offer remains open for ten trading days. On the day following the close of the repurchase offer, the mandatory squeeze-out will occur and all remaining shareholders will have their Shares automatically converted into the right to obtain the offer price of EUR 8.19 for each Share, and the remaining holders of OCEANEs will have their OCEANEs automatically converted into the right to obtain the offer price of EUR 107.05 per OCEANE. Accordingly, shareholders have no investment decision to make with respect to their

¹ Ordinarily, this publication must be done within two trading days following the COB's approval. The COB granted Serono France a third trading day to accomplish this in this instance because the financial newspapers were not published on the second trading day after the COB's approval as a result of a labor strike.

holdings. The only choices holders of Shares or OCEANEs subject to the repurchase offer in France will have are to tender their shares in the repurchase offer and receive payment sooner or wait until the squeeze-out is completed and receive payment of the same amount.

The Proposed United States Tender Offer

In conjunction with the French repurchase offer followed by a mandatory squeeze-out, Serono France would like to acquire Shares from all holders resident in the United States and ADSs (or, technically, the Shares underlying the ADSs) from any holder of ADSs, wherever resident. Accordingly, Serono France has undertaken an assessment of the level of ownership of Shares and ADSs in the United States to determine the applicability of the U.S. tender offer rules to its proposed offer to acquire such Shares and ADSs.

Genset has 20,053,564 Shares outstanding. Of these, (i) 19,371,449 Shares are held by Serono France and (ii) 682,115 Shares are held by the public. We have been advised that Genset, like most French companies, does not maintain a share register of the record owners of its Shares. In France, in order for a company like Genset to identify holders of its Shares, it must make a special request that Euroclear conduct a survey (known as a *Titres au Porteur Identifiés*, or a "TPI"). Under the procedures in the applicable Articles of Euroclear, in order to initiate the TPI report, an issuer must make a request no later than four trading days prior to the record date for the investigation, called the reference date. The financial intermediaries holding through Euroclear must send information about their beneficial owners (many of which are nominee holders for other beneficial owners) no later than the seventh trading day following the reference date. The issuer may collect the information from Euroclear on the 11th trading day following the reference date. Accordingly, it takes up to 16 trading days (approximately 22 calendar days) from the time a request is made by an issuer before it has the requested information. Only after this information is obtained by the issuer, can the issuer (or an agent acting on behalf of the issuer and subject to confidentiality restrictions) begin to "look through" the nominee ownership revealed by this survey to determine the beneficial ownership of shares held through Euroclear. This is done by sending requests to the nominee holders identified on the TPI, to which the nominee holders may or may not respond (there is no legal obligation for them to do so). In our experience, most responses that will be made by French nominee holders will come back in ten to fifteen trading days (approximately 14 to 21 calendar days). Thus, in total, it typically takes up to approximately six to eight weeks to complete a look-through analysis and get whatever meaningful information that might be obtained about the level of U.S. beneficial ownership of a French company like Genset.

A TPI survey was requested by Genset on March 28, 2003 and received April 23, 2003. The survey appears to show that, as of the April 4, 2003 record date, excluding the Shares underlying the ADSs, 11,457 Shares were held directly by U.S. holders, including 9,668 held by U.S. nominee holders, and an additional 3,923 Shares were held by French nominees. Given the launch of the French repurchase offer and mandatory squeeze-out on May 15, 2003, there was not enough time to "look-through" the nominee ownership of the French and U.S. nominees to determine whether any of the Shares held by such nominees are held for the benefit of U.S.

holders; however, given the small number of relevant Shares, the impact (up or down) on the calculation of U.S. ownership would be immaterial. The remaining Shares reported on the TPI appear to be held either by French beneficial holders or by beneficial or nominee holders that are neither in France nor in the United States.

Genset has received information from The Bank of New York relating to the registered holders of ADRs and those holding through the Depository Trust Company ("DTC") as well as information relating to those beneficial owners of ADSs who do not object to their identities being revealed to Genset (a so-called NOBO list). According to this information, as of May 1, 2003, there were 223,719 ADSs (representing 74,573 Shares) outstanding.² The number of ADSs currently held by non-U.S. holders is unclear; however, based on the information Genset has been provided, it appears that at least 32,036 ADSs (representing 10,678 Shares) were held by record or nominee holders that are neither in France nor in the United States (and therefore excludable for purposes of the calculation) or by beneficial holders that are not in the United States.

Based on the foregoing and assuming that all of the other ADSs currently outstanding are owned by U.S. holders and that all of the Shares held by French and U.S. nominees are beneficially owned by U.S. holders (in other words, the maximum possible U.S. ownership given this information), then 79,275 Shares would be held by U.S. holders. This represents only 0.40% of all Shares outstanding, but approximately 11.6% of the Shares currently held by persons other than Serono France. Similarly, if none of the Shares held by French nominees is beneficially owned by U.S. holders (as seems likely), then 75,352 Shares, or 0.38% of the outstanding Shares and 11.0% of the Shares currently held by persons other than Serono France, are held by U.S. holders.

Since Serono France is unable to conduct a look-through of the holdings of the French and U.S. nominees or to determine the number of additional ADSs currently held by non-U.S. holders (which could only reveal that fewer Shares are held on behalf of U.S. holders), Serono France is not in a position to determine that Tier I is available to the proposed U.S. tender offer based on the above calculations. On the other hand, Serono France believes that it has conducted the reasonable inquiry required by Rule 14d-1 and that the data set forth above clearly demonstrates that at least Tier II is available for the proposed U.S. tender offer. Therefore, although it is clear that the U.S. ownership in Genset is very small indeed, it appears that Serono France has no choice at this point but to structure its proposed tender offer to comply with the Exchange Act, subject to the Tier II exemption under Rule 14d-1(d)(2) under the Exchange Act and the exceptions described in this letter.

Serono France believes that, in order to accommodate the various local legal and other requirements and practices that apply in France and the United States, it is necessary and

² Since May 1, 2003, an additional 5,553 ADSs were canceled. For purposes of this letter, we have assumed no change in the U.S. ownership resulted from such cancellations.

appropriate to bifurcate its proposed acquisition of the remaining Shares, including those represented by ADS, into two separate offers. The repurchase offer will be made in France (the "International Offer") in accordance with the requirements of the CMF, as well as of the COB, and will be available to all holders of OCEANES and Shares, other than holders of Shares resident in the United States, and will not be available to holders of ADSs. A separate tender offer would be made in the United States, open only to (i) holders of Shares resident in the United States and (ii) holders of ADSs, wherever resident (the "U.S. Offer" and, collectively with the International Offer, the "Offers"). Holders of Shares who are located in the United States and holders of ADSs will not have the right to tender directly into the International Offer, and thus will not have the right to tender by way of Market Tenders. Holders of Shares who are not located in the United States will not have the right to tender into the U.S. Offer. All purchases made pursuant to the International Offer will occur outside the United States. Serono France will adopt procedures for the International Offer that have become customary in such offers intended to avoid the use of the U.S. mails, any other means or instrumentality of interstate commerce, or any facility of a national securities exchange in the United States.

Other than as described herein, the U.S. Offer will be subject to and conducted in accordance with the U.S. tender offer rules. Accordingly, Serono and Serono France will file with the Commission a Schedule TO relating to the U.S. Offer pursuant to Rule 14d-3 under the Exchange Act, and will take all other actions required under Regulation 14D. Genset will file with the Commission a Schedule 14D-9 relating to the U.S. Offer in accordance with Rule 14d-9 under the Exchange Act.

Although we believe the proposed tender offer would be comparable in all material respects to a transaction exempt from Rule 13e-3 under the Exchange Act pursuant to Rule 13e-3(g)(1), it would not appear literally to satisfy the requirement of such exemption. Accordingly, and based on our discussions with the Staff of the Commission, Serono and Serono France will comply with the requirements of Schedule 13E-3 under the Exchange Act in connection with the U.S. Offer.

Additional Proposed Structure and Terms of the Offers

In addition to the structures described above for the Offers, it is proposed that the Offers would be structured and conducted as follows:

1. Each of the Offers will be structured so as to comply with the applicable principles of French law, the regulations of the COB and the CMF Rules and, subject to receiving the relief requested herein, the U.S. Offer will be structured to comply with the Exchange Act.
2. To the extent legally possible, given the different regulatory schemes, Serono France intends to conduct the Offers in a manner that ensures equality of opportunity for, and equal treatment of, all holders of Shares and ADSs, and, except as noted in this letter, the terms of the two Offers will be identical in all material respects.

3. In the International Offer, Serono France will offer EUR 8.19 per Share in cash. Serono France would offer the same amount in cash in euro in the U.S. Offer. In the U.S. Offer, tendering holders will be paid in U.S. dollars, in an amount calculated by converting the euro offer price into U.S. dollars at the dollar spot against the euro exchange rate in effect as of the time funds are delivered to the Receiving Agent for the U.S. Offer. The Receiving Agent will enter into a foreign exchange contract upon receipt of funds to effect this conversion. It is anticipated that funds will be paid to the Receiving Agent within three trading days after the U.S. Offer closes.

4. *Commencement and Duration.* The Offers will be conducted substantially concurrently. As noted above, the International Offer "commences" on the business day following publication of the French information memorandum in a financial newspaper (i.e., May 15, 2003). Serono France intends to commence the U.S. Offer the same day. Serono France would commence the U.S. Offer by requesting that Genset begin mailing the U.S. offer to purchase and related documents to U.S. holders of record of Shares, if any, and holders of record of ADSs, and will publish, on the same day, a summary advertisement in a financial newspaper having a national circulation in the United States. In addition, Serono France intends, to the extent feasible, to distribute the U.S. offer to purchase and related documents to brokers, dealers, commercial banks and trust companies and similar persons listed as participants in a clearing agency's security position listings for subsequent transmittal to beneficial owners of ADSs and to beneficial owners of Shares who are located in the United States. The Offers would both, with the consent of the CMF, remain open for at least 20 U.S. "business days" (as defined in Rule 14d-1(g)(3) under the Exchange Act).

If Serono France materially changes the terms of the Offers or the information concerning the Offers, Serono France will disseminate additional tender offer materials and extend the U.S. Offer to the extent required by Rules 14d-4(d), 14d-6(c) and 14e-1 under the Exchange Act for the relevant minimum period required under the Exchange Act. The period that the U.S. Offer would remain open, including as extended, if applicable, is referred to as the "Offer Period". If the U.S. Offer needs to be extended, Serono France will request that the CMF extend the period of the International Offer so that it may terminate at the same time as the U.S. Offer terminates.

5. *Withdrawal Rights.* The U.S. Offer would be subject to withdrawal rights throughout the Offer Period. Shareholders who wish to tender their Shares in the International Offer must give an irrevocable sale order to the bank, financial institution, brokerage or other intermediary (an "Intermediary") holding their Shares and will not be permitted to withdraw their Shares from the offer.

6. *Payment for Shares.* As described above, in the International Offer, in accordance with French law, tendering shareholders will sell their Shares pursuant to a Market Tender. Under the Market Tender process, payment by the presenting bank on behalf of Serono France to the shareholder and delivery by the shareholder's Intermediary of the tendered shares to the presenting bank will occur within three trading days after the trade.

With respect to Shares tendered in the U.S. Offer, the shareholders would be instructed to have their brokers tender their Shares by book-entry transfer to an account in the name of The Bank of New York held at its custodian in France. Holders of ADSs, who wish to participate in the U.S. Offer, would instruct The Bank of New York, as Depositary of the ADR program and as the Receiving Agent for the U.S. Offer, that they were presenting their ADRs (representing their ADSs) to the Depositary for cancellation and withdrawal of the underlying Shares and to tender the underlying Shares on their behalf into the U.S. Offer. Promptly following expiration of the U.S. Offer, the Bank of New York would instruct its custodian in France to transfer Shares tendered by both U.S. holders of Shares and holders of ADSs to Serono France, and would make payment to the tendering holders.

Upon completion of the Offers, the remaining shareholders, wherever resident, including those whose Shares are represented by ADSs, will be squeezed out at the same price per Share as in the Offers (EUR 8.19 per Share). Similarly, any remaining holders of OCEANES will be squeezed out at the same price per OCEANE as offered in the International Offer.

7. The Offers will both be unconditional. Accordingly, Serono France intends to purchase all Shares properly tendered in the Offers and all OCEANES tendered in the International Offer.

Discussion of Issues

Rule 14d-10(a)(1)

Rule 14d-10(a)(1) under the Exchange Act provides that no person shall make a tender offer unless the offer is open to all security holders of the class of securities subject to the tender offer. The U.S. Offer would be open to all holders of ADSs and to holders of Shares who are located in the United States (and not to holders of Shares who are not located in the United States) and the International Offer will be open to holders of Shares who are not located in the United States (and not to holders of ADSs, wherever located, or to holders of Shares who are located in the United States). Literal application of Rule 14d-10(a)(1) would prohibit the dual offer structure described in this letter.

Under the Tier II exemption in Rule 14d-1(d)(2)(ii), which Serono France has determined is available, as set forth above, as long as certain conditions are met, a bidder is permitted to separate an offer into two offers: one offer made only to U.S. holders and another offer made only to non-U.S. holders. Since the U.S. Offer would be made to all holders of ADSs wherever such holders are located, literal application of the Tier II exemption would not exempt the dual offer structure described in this letter from the prohibition imposed under Rule 14d-10(a)(1).

Paragraph (e) of Rule 14d-10 provides that the Commission may grant an exemption from the provisions of Rule 14d-10, either unconditionally or on specified terms and conditions, to any tender offer.

There are several points of conflict between the U.S. tender offer rules and French law and practice, as outlined above. We believe that the best method for reconciling these conflicts is a dual offer structure that permits persons located in the United States and holders of ADSs to participate in the transaction through the U.S. Offer on substantially the same terms as in the International Offer. The dual offer structure proposed here is consistent with the cross-border rules adopted by the Commission effective January 2000, commonly referred to as the Cross Border Release (Release Nos. 33-7759, 34-42054; International Series Release No. 1208), and with prior Commission Orders. Indeed, the structure proposed is substantially identical to that permitted by the Staff in connection with the Initial Tender Offers and in *Proposed Tender Offer in the United States by Saipem S.p.A. for Bouygues Offshore S.A.*, File No. TP 02-102 (July 29, 2002). See also *Proposed Exchange Offer by Technip S.A. for all of the outstanding ordinary shares and American Depositary Shares of Colflexip S.A.* (August 30, 2001), *In the Matter of the Exchange Offer by Banco Bilbao Vizcaya Argentina S.A. for Ordinary Shares and American Depositary Shares of BBVA Banco Frances*, File No. TP 01-118 (April 19, 2001) and *Exchange Offer by Rhône Poulenc S.A. for Ordinary Shares and ADSs of Hoechst AG*, File No. TP 99-205 (October 7, 1999).

Rule 14e-5

Among other things, Rule 14e-5 under the Exchange Act prohibits a person making a tender or exchange offer for an equity security from, directly or indirectly, purchasing or making any arrangement to purchase such security or any security which is immediately convertible into or exchangeable for such security except pursuant to such offer. The prohibition continues from the time of the public announcement of the offer until the expiration of the offer period, including any extensions thereof.

A literal application of Rule 14e-5 could be interpreted to prohibit Serono France's purchase of Shares or OCEANES pursuant to the International Offer. As described above, under French law applicable to repurchase offers, Serono France *must*, as a matter of French law, purchase, during the pendency of the International Offer, Shares and OCEANES that are tendered.

Paragraph (d) of Rule 14e-5 states that the Commission may grant an exemption from the provisions of Rule 14e-5, either unconditionally or on specified terms and conditions, to any transaction. Although there is, in our view, a reasonable question as to whether the jurisdictional predicate for the application of the Exchange Act would be satisfied if Serono France were to make purchases of Shares or OCEANES outside the United States, to remove any doubt, we apply, on behalf of Serono and Serono France, for exemptive relief for such purchases from the provisions of Rule 14e-5.³

³ We have been requested by Serono to emphasize that this letter does not reflect an admission that Rule 14e-5 would apply to such purchases outside the United States in the absence of such exemptive relief.

Serono's request for such exemptive relief is consistent with the exemptive relief granted by the Commission in *Proposed Tender Offer in the United States by Saipem S.p.A. for Bouygues Offshore S.A.*, File No. TP 02-102 (July 29, 2002), in which the bidder was required by French law to purchase shares tendered during the course of the French offer in a similar dual offer structure. See also *Proposed Exchange Offer by Technip S.A., for all of the outstanding ordinary shares and American Depositary Shares of Colflexip S.A.* (August 30, 2001), *Exchange Offer by Rhône Poulenc S.A. for Ordinary Shares and ADSs of Hoechst AG*, File No. TP 99-205 (October 7, 1999) and *TotalFina Exchange Offer for Securities of Elf Aquitaine*, File No. TP 99-198 (July 21, 1999), among other transactions, in which the Commission permitted the use of a dual offer structure and granted an exemption from Rule 14e-5 (in the case of *Technip*) and Rule 10b-13 (the predecessor to Rule 14e-5) (in the case of *Rhône Poulenc* and *TotalFina*) in order to permit a non-U.S. offer and the purchase of securities thereunder during the pendency of the U.S. offer.

We emphasize that the Offers are structured to give all holders of Shares and ADS the opportunity to sell their Shares at the same price. Serono France will further take steps to ensure that the procedural terms of the Offers are as equivalent as practicably possible, given local law and practice considerations. In light of this, we note that permitting the Offers to proceed as described in this letter would not give rise to any possibility of abuse or deception or manipulation of the type that Rule 14e-5 is intended to prevent.

We note also that granting the relief requested in this letter would be a factor facilitating cross-border offers. The structure proposed, similar to that used in other transactions where the U.S. ownership was significantly greater than it appears to be in this case, provides a mechanism to encourage bidders for non-U.S. companies to extend their offers to U.S. persons who hold securities in the target company.

Finally, we note that, because the proposed dual offer structure involves purchases pursuant to two regulated tender offers, one in France and one in the United States, it does not present the same risks as would open market purchases or private purchases outside of the U.S. Offer, and the policies forming the basis for Rule 14e-5 will not be violated if the exemptive relief requested is granted. The offer to purchase for the U.S. Offer will disclose the fact that Serono France may, as required by French law and the International Offer, make purchases pursuant to the International Offer. Any such purchases will, themselves, be disclosed as appropriate on amendments to Serono's filings with the Commission. Thus, U.S. holders of Shares and all holders of ADSs will be assured of information about the International Offer, and will be assured of the benefit of the same consideration paid per Share in the International Offer.

Relief Requested

Rule 14d-10(a)(1)

Given (i) the protections afforded by the French regulatory regime, (ii) that the Offers would be made for all outstanding Shares and ADSs and upon the same financial terms, (iii) the differences in the procedural requirements in France and the United States, (iv) the

limited percentage of Shares and ADSs held by U.S. holders, (v) the express authorization under the Tier II exemptions for dual offer structures and (vi) the growing number of precedents in which the Commission has permitted structures similar to the structure proposed here, we respectfully request exemptive relief from Rule 14d-10(a)(1) under the Exchange Act to permit the U.S. Offer to be unavailable to holders of Shares who are not resident in the United States and to permit the making of the Offers utilizing the dual offer structure as described in this letter and under Section 14(d) of the Exchange Act so that the International Offer may be conducted without itself complying with Section 14(d) of the Exchange Act and Regulation 14D under the Exchange Act.

Rule 14e-5

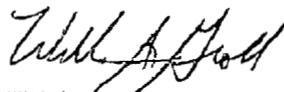
We respectfully request exemptive relief from Rule 14e-5 under the Exchange Act to permit Serono France to make the Offers substantially simultaneously and to purchase Shares in the International Offer pursuant to Market Tenders to the extent such purchases occur after the public announcement of, but prior to the expiration of, the U.S. Offer.

* * *

As permitted by 17 C.F.R. 200.81(b) of the Commission's Rules of Practice, we respectfully request that this letter request and the Staff's response thereto be accorded confidential treatment until the earlier of the commencement of the U.S. Offer and the date that is 120 days from the date hereof.

If you need further information or wish to discuss these matters further, please do not hesitate to contact me or Jennifer C. Bender at +44 207 614 2200.

Very truly yours,



William A. Groll