



Annual Media Conference

3 February 2010

Erich Hunziker, Chief Financial Officer



Highlights 2009

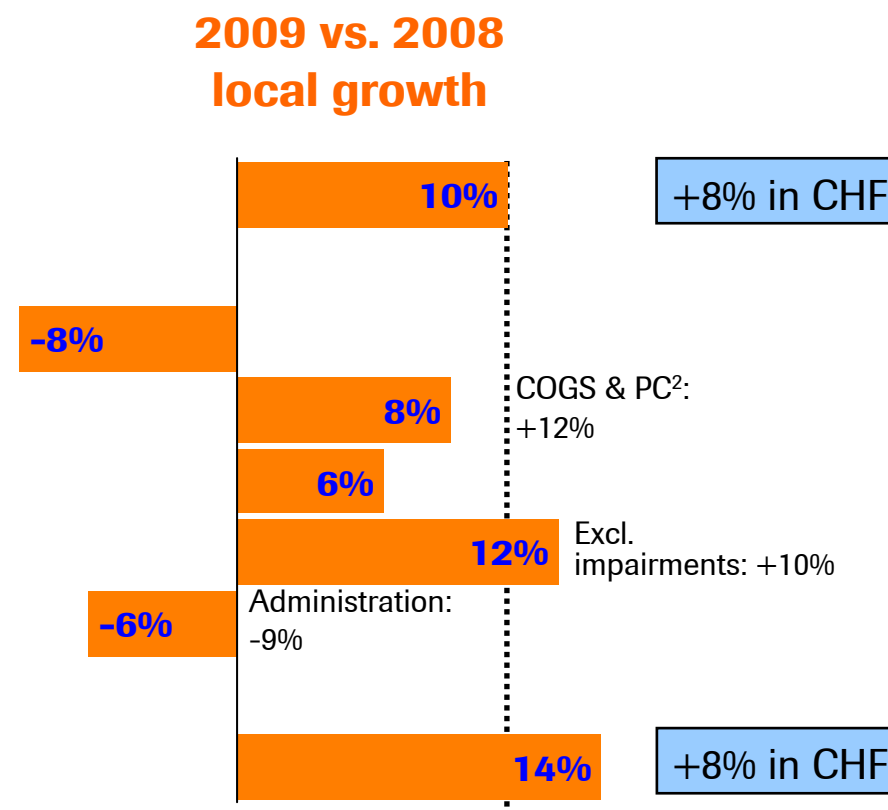
- **Strong financial condition**
 - Free cash flow of ~ CHF 9.0 bn, + 79%
 - CHF 6.9 bn of debt already redeemed in the second half of 2009
- **Genentech transaction accretive from day one**
 - Core EPS at constant exchange rates + 20% (+ 10% in CHF)
 - Net income down 22% to CHF 8.5 bn, primarily due to exceptional items
 - Net income¹ attributable to Roche shareholders +9%, close to CHF 10 bn
- **Increase in dividend pay-out ratio**
 - Increase in proposed dividend of 20% to 6.00 Swiss francs

¹ before exceptional items

Group operating performance 2009

14% increase of operating profit before exceptional items

| | 2009 | |
|-------------------------------------|----------------|--------------|
| | CHF m | % sales |
| Sales | 49,051 | 100.0 |
| Royalties & other op inc | 2,100 | 4.3 |
| Cost of sales | -14,615 | -29.8 |
| M & D | -9,475 | -19.3 |
| R & D | -9,874 | -20.1 |
| G & A | -2,175 | -4.5 |
| Operating profit¹ | 15,012 | 30.6 |



¹ before exceptional items

² Cost of goods sold & period cost



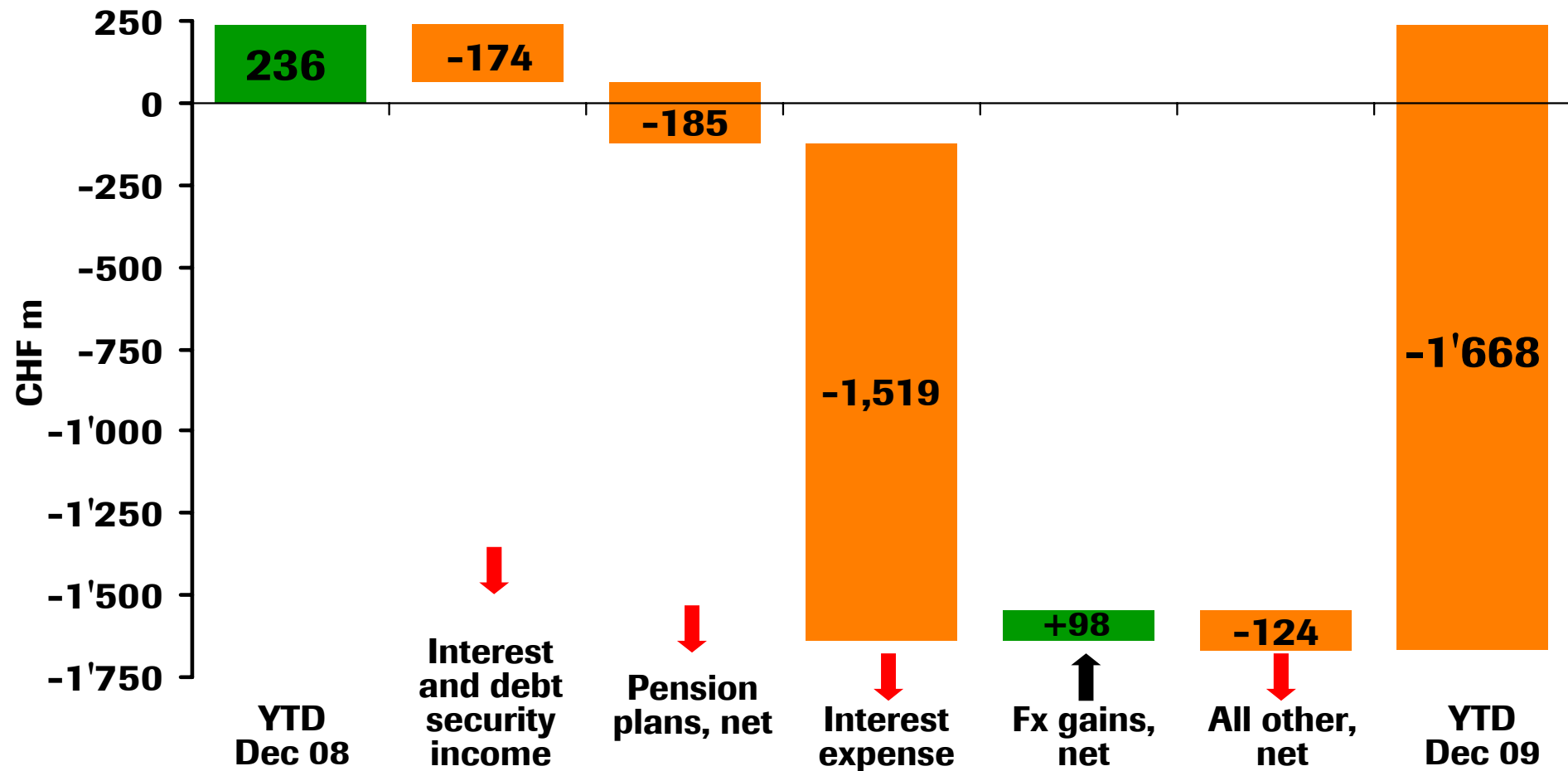
Group operating performance 2009 after exceptional items

The Genentech transaction as a platform to improve our cost structures

| CHF m | 2008 | 2009 | Change | | loc % |
|--|---------------|---------------|---------------|------------|------------|
| | | | CHF m | % | |
| Sales | 45,617 | 49,051 | +3,434 | +8 | +10 |
| Operating profit before exceptional items | 13,896 | 15,012 | +1,116 | +8 | +14 |
| <i>as % of sales</i> | 30.5 | 30.6 | | | |
| Major legal cases | 271 | -320 | -591 | - | |
| Changes in Group organisation | -243 | -2,415 | -2,172 | +894 | |
| Operating profit | 13,924 | 12,277 | -1,647 | -12 | -5 |
| <i>as % of sales</i> | 30.5 | 25.0 | | | |

Net financial income 2009

Decline mainly due to Genentech transaction and lower liquid funds



before exceptional financing costs

Group performance 2009

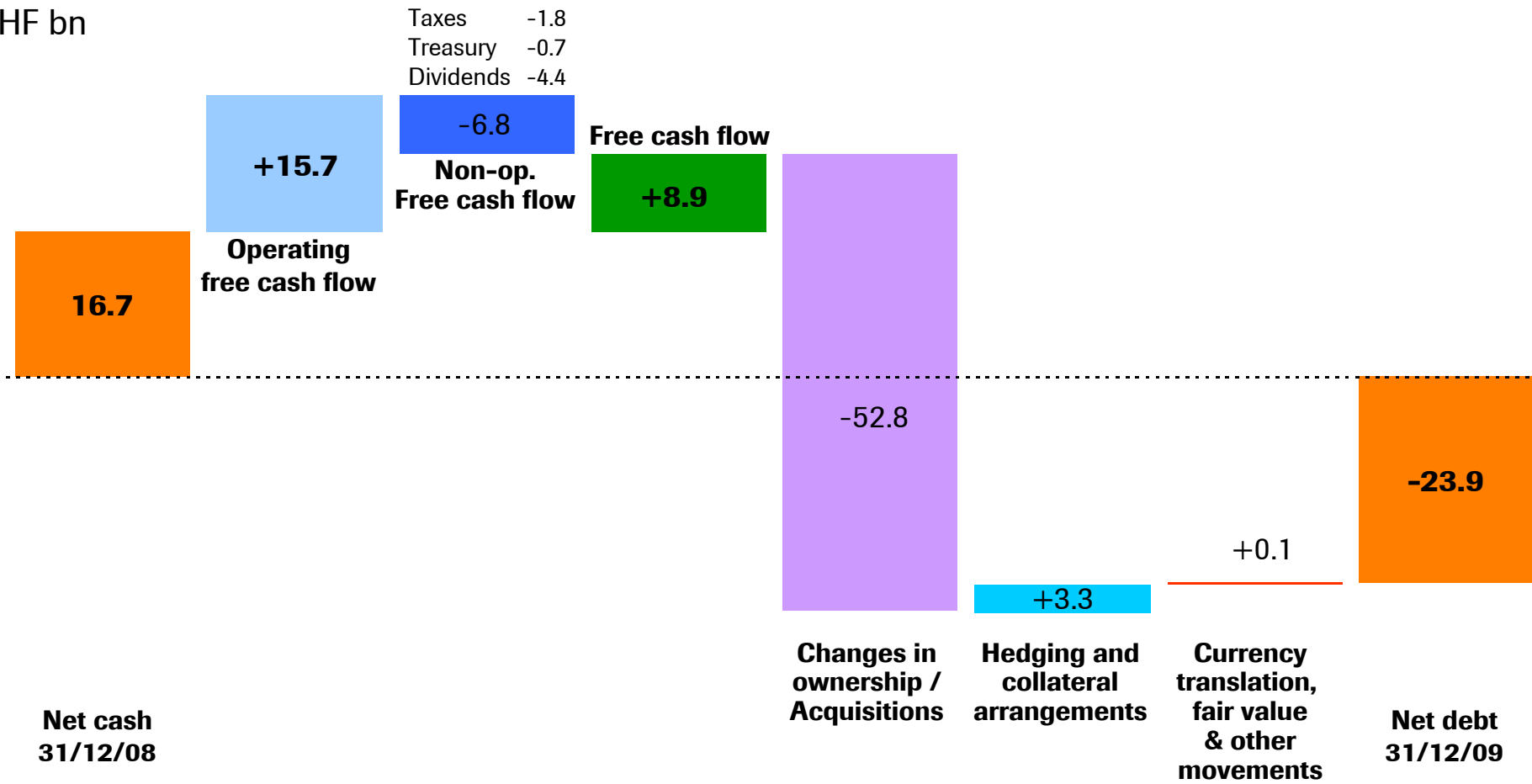
Genentech transaction accretive excluding exceptional items

| CHF m | 2008 | 2009 | Change | | loc % |
|--|---------------|---------------|---------------|------------|------------|
| | | | CHF m | % | |
| Sales | 45,617 | 49,051 | +3,434 | +8 | +10 |
| Operating profit | 13,924 | 12,277 | -1,647 | -12 | -5 |
| <i>as % of sales</i> | 30.5 | 25.0 | | | |
| Net financial income | 236 | -1,668 | -1,904 | - | |
| Exceptional financing costs | - | -377 | -377 | - | |
| Profit before taxes | 14,161 | 10,232 | -3,929 | -28 | |
| Income taxes before exceptional items | -3,305 | -2,870 | +435 | -13 | |
| Income taxes on exceptional items | -12 | 1,148 | +1,160 | - | |
| Net income | 10,844 | 8,510 | -2,334 | -22 | |
| <i>as % of sales</i> | 23.8 | 17.3 | | | |
| Attributable to Roche shareholders | 8,969 | 7,784 | -1,185 | -13 | |
| Net income before exceptional items | 10,828 | 10,474 | -354 | -3 | |
| <i>as % of sales</i> | 23.7 | 21.4 | | | |
| Attributable to Roche shareholders | 9,001 | 9,798 | +797 | +9 | |
| Core EPS (CHF) | 11.04 | 12.19 | +1.15 | +10 | +20 |

Group cash flow 2009

Free cash flow of CHF 8.9 billion

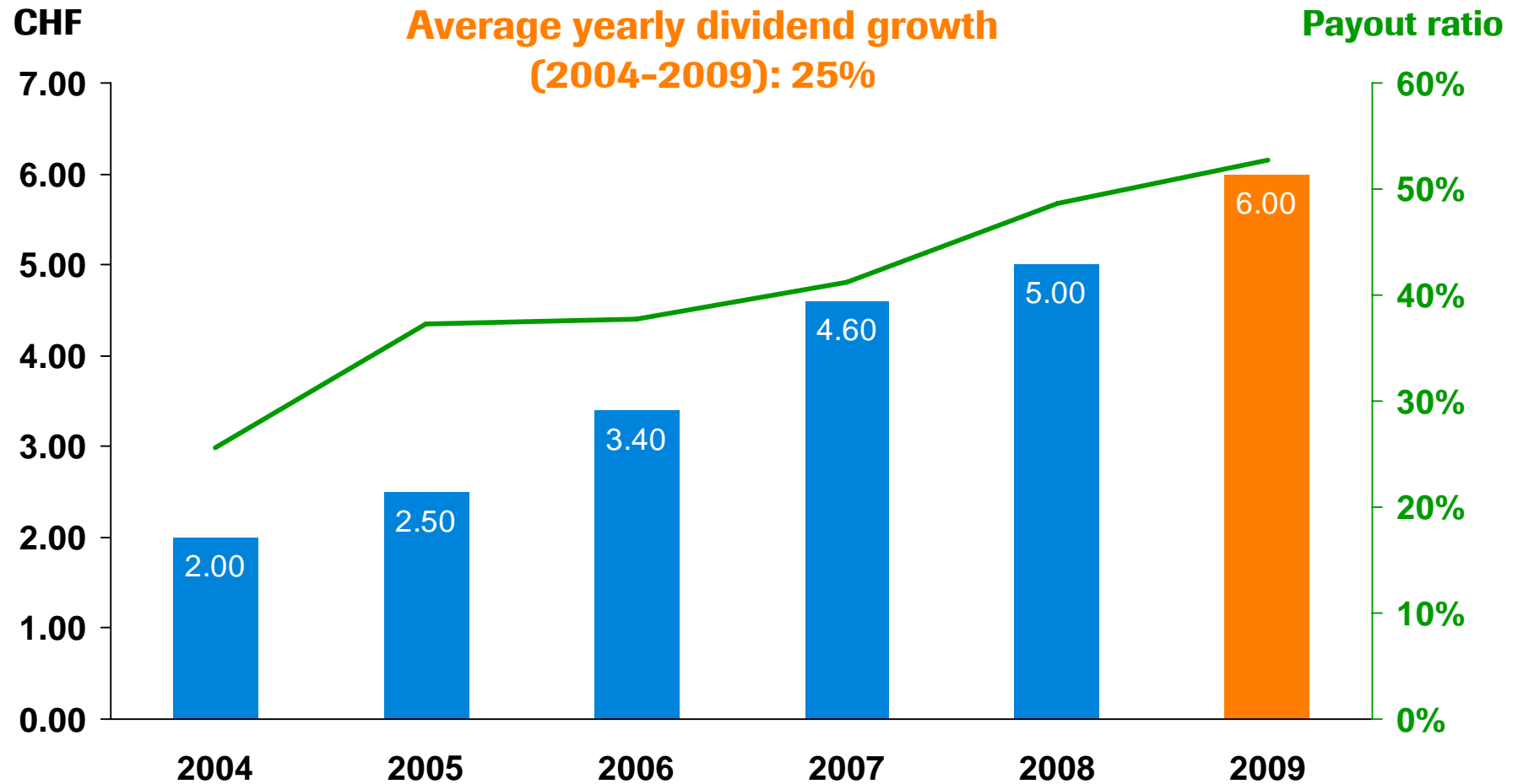
CHF bn



Net debt of CHF 23.9 billion at Group level

| CHF m | 31 December 2008 | 31 December 2009 |
|------------------------|---------------------|---------------------|
| Cash | 4,915 | 2,442 |
| Marketable securities | 15,856 | 16,107 |
| Liquid funds | 20,771 | 18,549 |
| Long-term debt | -2,972 | -36,143 |
| Short-term debt | -1,117 | -6,273 |
| Debt | -4,089 | -42,416 |
| Net cash / debt | 16,682 | -23,867 |

Committed to continuously increase pay-out ratio over three years¹



¹ As announced in relation to the financial results for 2007
2009 Dividend: Proposed by the Board of Directors.

Pay-out ratio calculated as dividend per share divided by earnings (before exceptional items) per share (diluted)

Outlook for 2010

| | |
|--------------------------------|---|
| Sales growth (in LC) | Group & Pharma (excl. Tamiflu): mid single-digit Diagnostics: significantly above market |
| Synergies | 2010: CHF 800 m 2011: CHF 1,000 m |
| R&D investment | Slightly below 2009 level |
| Core EPS growth (in LC) | Double-digit |
| Debt | 2010: 25% reduction of debt initially raised 2015: Aim to return to net cash position |
| 3 yr Dividend outlook | Maintained (as announced in 2008)* |

Barring unforeseen events;

Total Tamiflu sales of CHF 1.2 bn assumed for 2010; LC=Local Currency

* Continuous increase in dividend pay-out ratio over the period 2008-2010

