Roche
A sustainable business model based on innovation and productivity gains

William M. Burns, CEO Roche Pharmaceuticals
Vontobel Summer Conference 2009, Interlaken
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 document, including among others:

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(2) legislative and regulatory developments and economic conditions;
(3) delay or inability in obtaining regulatory approvals or bringing products to market;
(4) developments in financial market conditions, including the market for acquisition financing and other capital markets and fluctuations in currency exchange rates;
(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 and unexpected side-effects of pipeline or marketed products;
(6) increased government pricing pressures or changes in third party reimbursement rates;
(7) interruptions in production;
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(9) Litigation;
(10) the inherent uncertainties involved in negotiations with the special committee of Genentech and that there can be no assurances that a negotiated transaction will ultimately be agreed to or consummated;
(11) potential difficulties in integrating the businesses of Genentech and Roche, and that some or all of the anticipated benefits of the proposed transaction may not be realized on the schedule contemplated or at all;
(12) that future dividends are subject to the discretion of the board of directors of Roche and a number of other factors, some of which are beyond the control of Roche;
(13) the ability of Roche to generate cash flow to, among other things, repay acquisition-related debt as currently contemplated;
(14) loss of key executives or other employees; and
(15) adverse publicity and news coverage.

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Performance up-date

Our strategy

Growth drivers

Summary
### 2008: Industry-leading sales growth continued

Sales in CHF billion

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>% change in CHF</th>
<th>% change in local</th>
<th>USD growth</th>
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<tbody>
<tr>
<td>Pharmaceuticals</td>
<td>36.8</td>
<td>36.0</td>
<td>-2</td>
<td>5</td>
<td>8</td>
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<tr>
<td>excl. Tamiflu pandemic</td>
<td>34.9</td>
<td>35.7</td>
<td>2</td>
<td>10</td>
<td>13</td>
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<tr>
<td>Diagnostics</td>
<td>9.4</td>
<td>9.7</td>
<td>3</td>
<td>10</td>
<td>15</td>
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<tr>
<td>Roche Group</td>
<td>46.1</td>
<td>45.6</td>
<td>-1</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>excl. Tamiflu pandemic</td>
<td>44.3</td>
<td>45.4</td>
<td>2</td>
<td>10</td>
<td>14</td>
</tr>
</tbody>
</table>
**Q1 2009: High single-digit growth for both divisions**

*Well above world market*

<table>
<thead>
<tr>
<th>CHF bn</th>
<th>Q1’08</th>
<th>Q1’09</th>
<th>% change in CHF</th>
<th>% change in local</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pharmaceuticals</strong></td>
<td>8.6</td>
<td>9.2</td>
<td>8</td>
<td>8</td>
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<tr>
<td><strong>Diagnostics</strong></td>
<td>2.3</td>
<td>2.4</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td><strong>Roche Group</strong></td>
<td>10.9</td>
<td>11.6</td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>
Roche Group: Operating free cash flow almost doubled over three years

Operating free cash flow

2005 – 2006: estimates

2005: CHF 6.8 bn
2006: CHF 12.3 bn
2007: 27.1%
2008: 12.3%
Committed to continuously increase pay-out ratio over three years¹

Average yearly dividend growth (2004-2008): 26%

1 As announced in relation to the financial results for 2007
2008 Dividend: Proposed by the Board of Directors.
Performance up-date

Our strategy

Growth drivers

Summary
Focus on our core businesses

Roche Focus

Pharma
Dia

Generics
OTC
MedTech

Medical Differentiation

Premium for Innovation
Roche’s strategy focuses along either dimension

Proximity to Core (regarding products)

- Chiron
- Corixa
- BioVeris
- Domantis
- GlycArt
- Sirtris
- NimbleGen

Proximity to Core (regarding business model)

- Ventana
- Aventis
- Genentech
- Pharmacia
- Wyeth
- Hexal
- Lek
- Sabex
- Zentiva

Source: SDI Analysis
Scenarios for PHC Added Value Distribution

Value captured by different stakeholders depending on IP and timing of diagnostic

**Breast Cancer Assay**
- **Rx (Low)**
- **Dx (High)**
- **Payor (High)**

**Diagnostic after Drug Launch**
- **Rx (Low)**
- **Dx (Medium)**
- **Payor (High)**

**No IP for Diagnostic**
- **Rx (Low)**
- **Dx (Medium)**
- **Payor (High)**

**B-Raf inhibitor B-Raf mutant test**
- **Rx (High)**
- **Dx (Neutral)**
- **Payor (Neutral)**

**K-Ras Test**
- **Rx (High)**
- **Dx (High)**
- **Payor (High)**

**Herceptin and Her2 test**
- **Rx (High)**
- **Dx (Medium)**
- **Payor (Neutral)**
Performance up-date

Our strategy

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Summary
Roche oncology: market leadership driven by innovation

Breakthrough clinical data driving the business

**2007-2009:**
Broader use for Avastin, Herceptin and Tarceva- more combinations,, indications, & move to earlier use,

- **2005:** Herceptin adjuvant
  - Avastin mNSCLC; mBC

- **2004:**
  - Tarceva mNSCLC

- **2003:**
  - Avastin mCRC 1st line

- **2004:**
  - Tarceva mNSCLC

- **2005:**
  - Herceptin adjuvant
  - Avastin mNSCLC; mBC

- **2007:**
  - Tarceva mNSCLC

- **2008:**
  - Avastin

- **2009:**
  - MabThera

- **2010:**
  - Herceptin

- **2011:**
  - Xeloda

- **2012:**
  - Tarceva

- **2013:**
  - Kytril

- **2014:**
  - Bondronat

- **2015:**
  - NeoRecorm.
All key oncology brands growing double-digit

Three products with sales exceeding CHF 5 billion

<table>
<thead>
<tr>
<th>Major brands (CHF billion)</th>
<th>local growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>MabThera</td>
<td>+16%</td>
</tr>
<tr>
<td>Rituxan</td>
<td></td>
</tr>
<tr>
<td>Avastin</td>
<td>+37%</td>
</tr>
<tr>
<td>Herceptin</td>
<td>+12%</td>
</tr>
<tr>
<td>Tarceva</td>
<td>+23%</td>
</tr>
<tr>
<td>Xeloda</td>
<td>+13%</td>
</tr>
</tbody>
</table>

Growth mainly from use following 1st l. in iNHL and RA (global RA sales: approx. CHF 800 m)

US: Growth driven mostly by uptake in mBC; EU: Strong growth in mCRC and mBC

Penetration in adj BC now 75% in top 5 EU – strong growth in emerging markets (CEMAI etc)

Strong growth in 2nd and 3rd line NSCLC, good uptake in Asia and Japan

Increased use in adj CC and mCRC (both EU and US) continues to drive growth
Avastin: significant potential for additional indications in the metastatic setting

*Important Phase III newsflow over next 2 years*

<table>
<thead>
<tr>
<th>Indication</th>
<th>Study name</th>
<th>Start</th>
<th>Status*</th>
<th>Filing*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st line metastatic ovarian cancer</td>
<td>GOG-0218 ICON-7</td>
<td>Q3’05</td>
<td>Interim analysis H2’09</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Q4’06</td>
<td>Expect data 2010</td>
<td></td>
</tr>
<tr>
<td>Relapsed Platinum sensitive ovarian cancer</td>
<td>OCEANS GOG-0213</td>
<td>Q2’07</td>
<td>Expect data 2010</td>
<td>2010-2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Q4’07</td>
<td>Expect data 2013</td>
<td></td>
</tr>
<tr>
<td>1st line hormone-refractory prostate cancer</td>
<td>CALGB 90401</td>
<td>Q4’07</td>
<td>Interim analyses Q2’09 and Q4’09</td>
<td>2011</td>
</tr>
<tr>
<td>1st line advanced gastric cancer</td>
<td>AVAGAST</td>
<td>Q3’07</td>
<td>Interim analysis H2’09</td>
<td>2010</td>
</tr>
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</table>

*Projected timelines for positive results*
Personalizing Cancer Treatment
Biomarker development through all stages of the portfolio

**Phase I / II**
- IGF-1R mAb (R1507)
- MDM2 antag (R7112)
- PLX4032 (R7204)
- T-DM1 (R3502)
  - range of candidate markers
  - P53 sequence wild-type
  - Mdm2 expression
  - BRAF V600E gene mutation
  - HER2 expression
  - HER2 gene amplification

**Phase III / Market**
- Herceptin
- Avastin
- Pertuzumab
- Tarceva
  - HER2 expression
  - HER2 gene amplification
  - Range of candidate markers for hypothesis investigation
  - HER Receptor/ligand mRNA
  - EGFR expression (IHC)
  - EGFR gene copy number (FISH)
  - EGFR mutations
  - KRAS mutations

Prospectively assessing opportunities for patient selection
Identifying patients who have an improved clinical benefit
ASCO 2009 Highlights

**Avastin**
*NSABP C-08*: Adjuvant colon cancer efficacy results: longer treatment suggested
*RIBBON-1*: 1st line HER2-negative mBC: broader indication, confirmation of usage

**Tarceva**
*ATLAS*: 1st line maintenance therapy for NSCL: strongly improved efficacy
*SATURN*: 1st line maintenance therapy for NSCL strong data in squamous, and EGFR +
*SATURN*: 1st line maintenance therapy for NSCL: biomarker data

**Herceptin**
*ToGA*: 1st line HER2-positive advanced gastric cancer: potential new standard of care

**T-DM1**
Phase II second-line+ HER2-positive mBC: strong efficacy with a NCE

NSABP = National Surgical Adjuvant Breast and Bowel Project
Inflammation/Autoimmune/Transplantation

*MabThera in RA on continued growth path*

**2008**
Overall franchise growing +19%

**MabThera RA**
RA sales: ~CHF 800 Mio. vs ~CHF 450 Mio. in 2007 (est.)

**Actemra: very encouraging launch in Japan**
EU approval Jan 09, US: resubmission Q3 2009

**CellCept**
Sales: CHF 2.1 bn (+13%)
- Patent expiry: US: May 2009; key EU countries: end-2010
- Split Transplantation / Autoimmune sales: 70% / 30% (est.) in the US
- Autoimmune: more exposed to substitution, but sales less profitable (royalty payments)
Strong commitment to innovation: maintaining an unprecedented level

2008: 12 phase III initiations

- Avastin+Herceptin in HER2+ adj BC
- Pertuzumab+Herceptin in 1st l. HER2+ mBC
- Avastin in 2nd line platinum-sensitive ovarian cancer (Genentech)
- Avastin in GIST (Genentech)
- Avastin in high-risk carcinoid (Genentech)
- Avastin+Herceptin in 1st l. HER2+ mBC (2nd study, E1105)
- Avastin in 1st line mBC with hormonal therapy (Genentech)
- Avastin head and neck cancer (Genentech)
- Actemra in sJIA
- Ocrelizumab in lupus nephritis
- Dalcetrapib (CETPi) in dyslipidemia
- Taspoglutide (GLP-1) in T2D

3 NMEs, 7 line extensions

2009: up to 10 phase III starts

- R1507 IGF-1R in 2 cancer types *
- T-DM1 in HER2-positive mBC
- Avastin in glioblastoma 1st line
- Avastin in mBC multiple lines *
- R7159/GA101 in hematology *
- Actemra in early RA
- Actemra comparative study
- Ocrelizumab in progressive MS *
- Aleglitazar (PPAR αγ) for CV risk reduction *

Up to 4 NMEs, 6 line extensions

* Formal decision to move in phase III pending
Metabolism: a potential new franchise for Roche
Highlights at ADA

- Aleglitazar PPAR $\alpha\gamma$ co-agonist phase II data
  - Michael Lincoff, MD, Professor of Medicine, Department of Cardiovascular Medicine, Cleveland Clinic, Cleveland, USA

- Aleglitazar PPAR $\alpha\gamma$ co-agonist phase III and future plans
  - Klaus Hinterding, Aleglitazar Lifecycle Leader, Strategic Marketing, Roche Pharma

- Taspoglutide update phase III studies (10 minutes)
  - Rajiv Patni, Taspoglutide Lifecycle Leader, Strategic Marketing, Roche Pharma

- Metabolism/Diabetes franchise update (5 minutes)
  - Luke Miels, Head of Strategic Marketing for Metabolic Diseases, Roche Pharma
Performance up-date

Our strategy

Growth drivers

Summary
A well risk balanced approach to investment

Most projects in late stage de-risked

% of Pharma Development spend

New Molecular Entities

Line Extensions

2007

42%

2008

40%

Proof of Concept

40 NMEs in Phase I
16 NMEs in Phase II

NMEs in Phase III

dalcetrapib (CETPi)
*PPARαγ

taspoglutide (GLP-1)
TDM-1
ocrelizumab
pertuzumab

1 LE in Phase I
11 LEs in Phase II
36 LEs in Phase III

* Formal decision to move into phase III pending
## 2009: Multiple growth drivers in place

<table>
<thead>
<tr>
<th>Rollout of approved indications</th>
<th>Potential approvals</th>
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<tbody>
<tr>
<td><strong>MabThera</strong></td>
<td>CLL 1st line and relapsed: EU</td>
</tr>
<tr>
<td>iNHL, aNHL</td>
<td></td>
</tr>
<tr>
<td>RA</td>
<td></td>
</tr>
<tr>
<td><strong>Avastin</strong></td>
<td>GBM relapsed: US, EU</td>
</tr>
<tr>
<td>mCRC</td>
<td>1st line mRCC: US</td>
</tr>
<tr>
<td>mBC</td>
<td>1st line mBC (with docetaxel): EU</td>
</tr>
<tr>
<td>mNSCLC</td>
<td></td>
</tr>
<tr>
<td>mRCC</td>
<td></td>
</tr>
<tr>
<td><strong>Herceptin</strong></td>
<td>aBC, mBC</td>
</tr>
<tr>
<td><strong>Xeloda</strong></td>
<td>aCC, mCRC, mBC</td>
</tr>
<tr>
<td>Met. gastric cancer</td>
<td></td>
</tr>
<tr>
<td><strong>Tarceva</strong></td>
<td>NSCLC 2\textsuperscript{nd}, 3\textsuperscript{rd} line, pancreatic</td>
</tr>
<tr>
<td><strong>Actemra</strong></td>
<td>RA (EU, Japan)</td>
</tr>
</tbody>
</table>

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Roche
Roche has the strongest patent protected portfolio

Top 10 Corporations Protected Sales Expiring to 2012 & Beyond (US$ Const)

Source: IMS Health MIDAS Market Segmentation MAT June 2008, Ethical protected brand sales only.
Roche: M&D and G&A % to sales

Freeing up resources for innovation
Roche: A unique “investment case”

**Clear and focused strategy**
- Medically differentiated products

**Attractive risk profile**
- Low generic risk; lowest among European large-cap players

**Assets in place for sustained success**
- World market leader in Oncology
- Emerging Rheumatology & Autoimmune, and Metabolic franchises

**Industry-leading organic growth**

Unique high-tech healthcare investment