Sustainable Profitable Growth through Innovation

Pascal Soriot | Chief Operating Officer
Roche Pharmaceuticals

Agenda

• **Growth Through Innovation**	Pascal Soriot, COO Pharma
• **Near Term Opportunities**	David Loew, Global Product Strategy
• **Managing Biosimilars**	Mike Doherty, Global Regulatory Affairs
• **Late Stage Pipeline**	Hal Barron, Global Product Development

Delivering sustainable profitable growth

Maximising & protecting our existing franchises

- Driving short term growth - Avastin, Herceptin, MabThera, Actemra
- Delivering value for money
- Enhancing key products and developing improved molecules
- Developing combinations to raise the standard of care
- Addressing the biosimilar threat

Key oncology product growth drivers

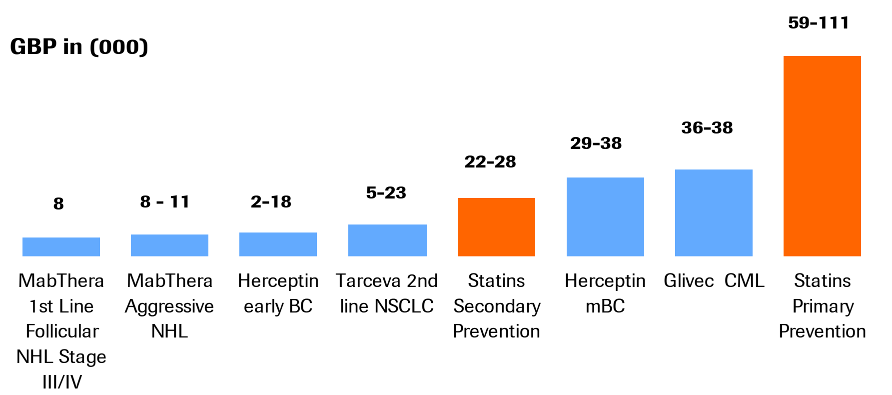
Increased penetration, new indications, longer duration, and emerging markets

	Increased Penetration	Emerging Markets	New indications	Longer duration
Avastin	**US: mBC, mNSCLC**	✔	mBC extensions Ovarian cancer DLBCL GBM Adjuvant BC, CC, NSCLC 1L NSCLC + Tarceva	mCRC TML 1L ovarian cancer Adjuvant
	EU: mBC, mNSCLC, mCRC	✔		
	Japan: mNSCLC, mCRC	✔		
MabThera/ Rituxan	**EU: iNHL maintenance, CLL**	✔	CLL iNHL maintenance	iNHL maintenance
Herceptin	**Japan: mBC**	✔	Gastric cancer	HERA 2-yr

Pricing: Value versus cost

Roche oncology products demonstrate cost-effectiveness

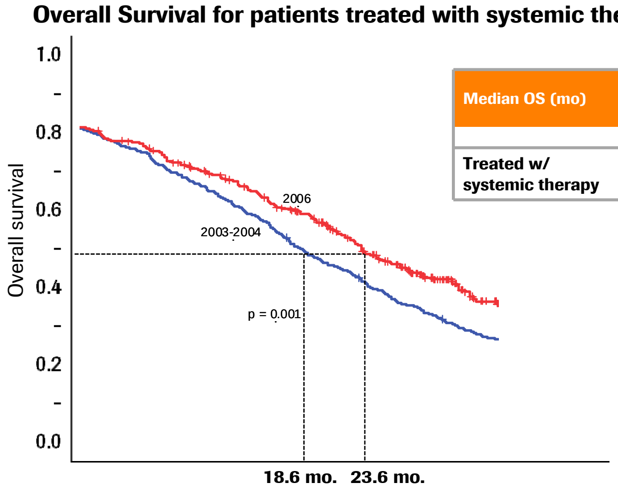
Cost per QALY for selected drugs* (UK data – NICE/SMC)



Avastin in mCRC: NICE process ongoing
*QALY = quality-adjusted life year

Changing the natural history of colorectal cancer

Impact of Avastin on overall survival in British Columbia

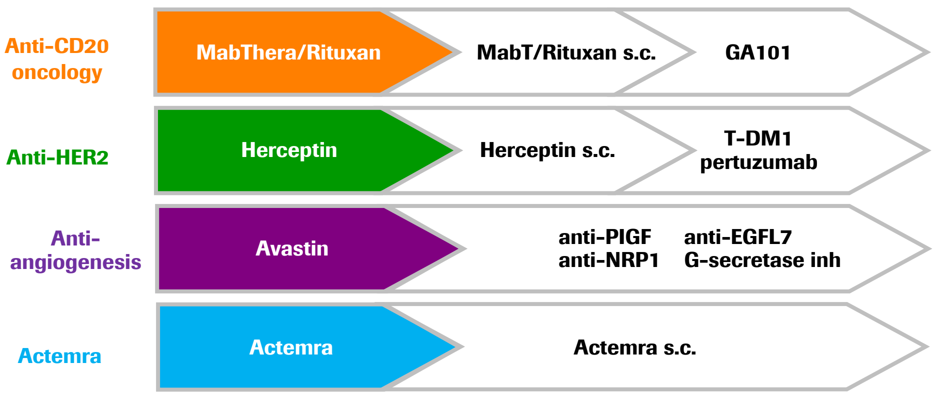


Median OS (mo)	2003/04 Pre-Avastin era	2006 Avastin era	P-value
	N = 969	N = 448	
Treated w/ systemic therapy	18.6 [17.1, 20.1]	23.6 [20.2, 26.9]	0.001

D.J. Renouf et. Al, ASCO 2009 (Abstract #4114)

Managing franchises

Adding benefits to key medicines; developing better ones



35 Line extensions of existing products could be filed by 2014

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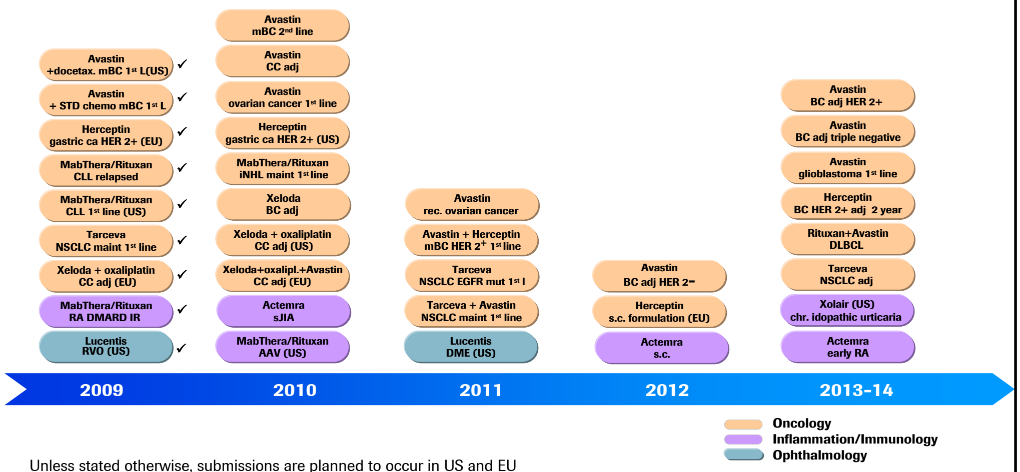

Unless stated otherwise, submissions are planned to occur in US and EU
✓ indicates a submission which has occurred

Status as of December 31, 2009

Oncology: Setting the standard of care

Combining products in our portfolio

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	Avastin	Anti-PlGF	Anti-NRP1	Anti-EGFL7	G-secretase inh	Herceptin	Pertuzumab	T-DM1	Tarceva	GA201	Xeloda	MabThera/Rituxan	Anti-CD20/GA101	BRAF Inh	CIK	RG7420 (MEKi)	RG7321 (PI3Ki)	RG7422 (PI3K/mTor))	Dulanermin	ABT-263	MDM2 Antagonist	CK127	Hedgehog	MetMAb	huMAb Glypican-3[1]	Topoisomerase I inh[1]
Breast cancer	✓					✓	✓	✓			✓						✓									
Lung Cancer	✓								✓	✓							✓			✓				✓		
Colorectal Cancer	✓										✓			✓					✓				✓			✓
Melanoma	✓													✓												
Glioblastoma	✓																									
Solid Tumors	✓	✓	✓	✓	✓	✓				✓	✓				✓	✓		✓		✓	✓	✓	✓		✓	
Hematology	✓											✓	✓					✓		✓	✓					
Halozyme						✓						✓														
Pathway/MOA	Angiogenesis					HER2			HER1			B-Cell		BRAF/MEK			PI3K		Apo		Other					

[1] Opt-in opportunity from Chugai

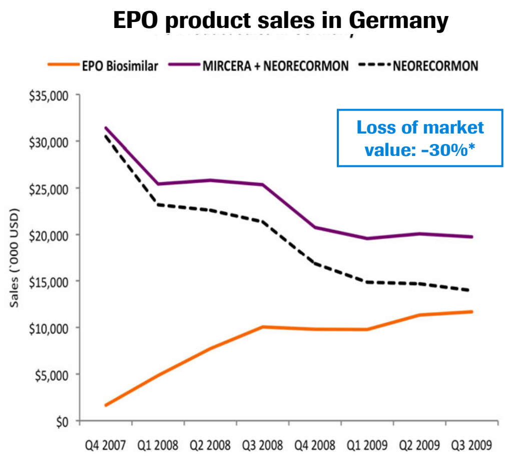
Biosimilars in the US and Europe

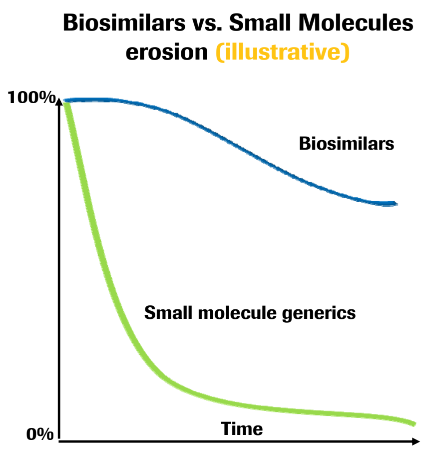
Our innovative portfolio many years away from patent expiry

US	Europe / ROW
Long primary patent protection of our key biologics • Avastin: 2019 • Lucentis: 2019 • Rituxan: 2018 • Xolair: 2018 • Herceptin: 2019 • Pegasys: 2018 **Currently no regulatory pathway for biosimilars** • Clinical trials required • No inter-changeability • Reasonable exclusivity period	• Guidance adopted for specific classes of recombinant proteins • Likely to have stringent regulatory standards for Monoclonals (eg. Herceptin, MabThera)

Biosimilars: Slower erosion

EPO experience in Germany





Source: IMS, Datamonitor

Delivering sustainable profitable growth

Maximising & protecting our existing franchises

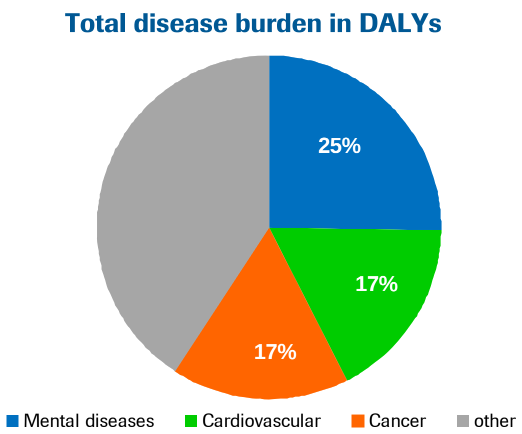
Entering new franchises with differentiated medicines

Expanding in the emerging markets with focus on E7

Improving our efficiency

Reducing late stage risk – setting the bar high for differentiation

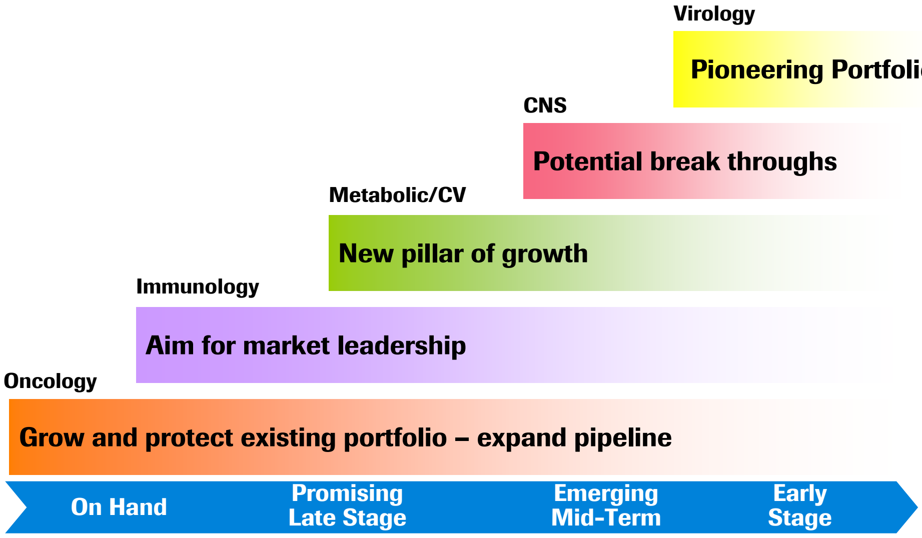
Roche innovation in areas with high disease burden



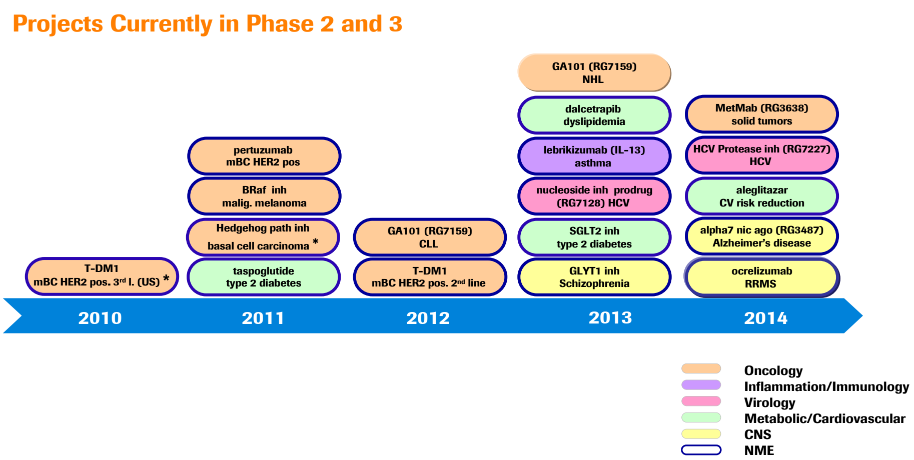
Source: A pan-European comparison regarding patient access to cancer drugs, Karolinska Institute
DALY: Disability-Adjusted Life Years, figures from 2002/3; Commonly used measure of the burden of disease

Building on innovation leadership

Strong growth through differentiated medicines



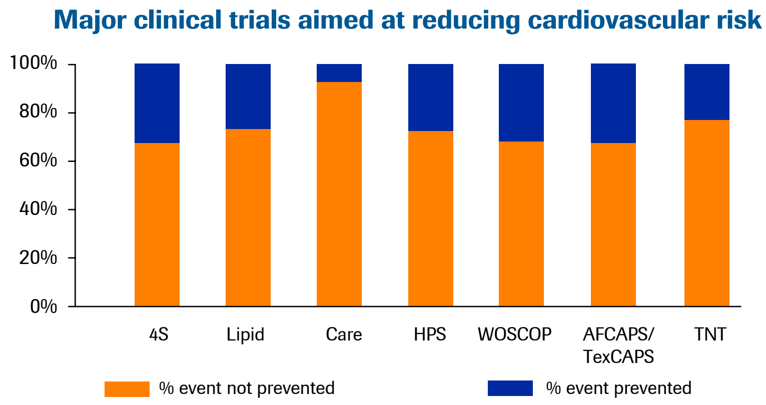
Sixteen NMEs and their additional indications could be submitted over the next 5 years



Unless stated otherwise, submissions are planned to occur in US and EU. * Potential registration with Phase 2 study
Status as of March 15, 2010

Metabolism/CV: High Unmet Need Remains

> 65% of CV events not prevented despite wide use of statins



4S, The Lancet, 1994 - Lipid, NEJM, 1998 - Care, NEJM, 1996 - HPS, The Lancet, 2002
WOSCOP, NEJM, 1999 - AFCAPS/TexCAPS, JAMA, 1998 - TNT, NEJM, 2005

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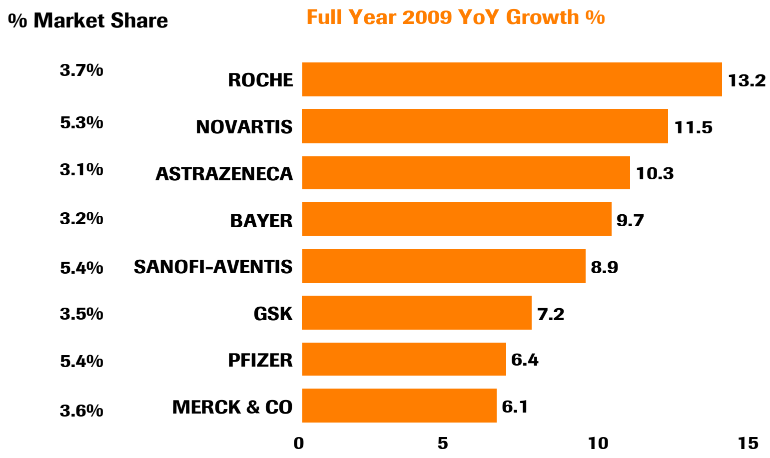
Emerging markets also reward innovation

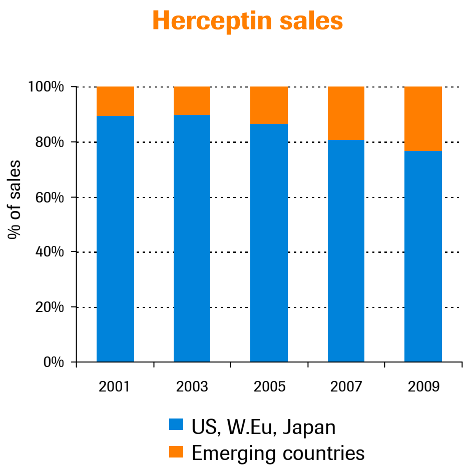
Roche has the leading growth rate in emerging markets

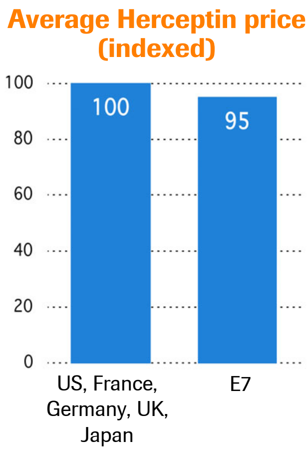


Source: IMS Health MIDAS FY 2009 US$ LC Roche International Regions: Asia Pac, CEMAI, Lat AM (based on Roche subscription)

Emerging markets also reward innovation

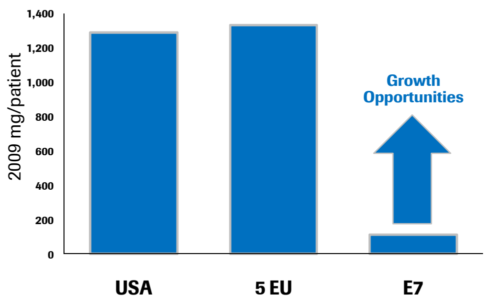
Increased sales contribution from emerging markets



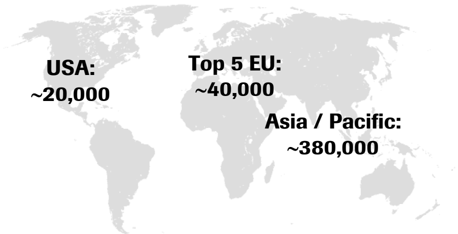


Significant growth potential in emerging markets
Herceptin example

Use in Breast Cancer

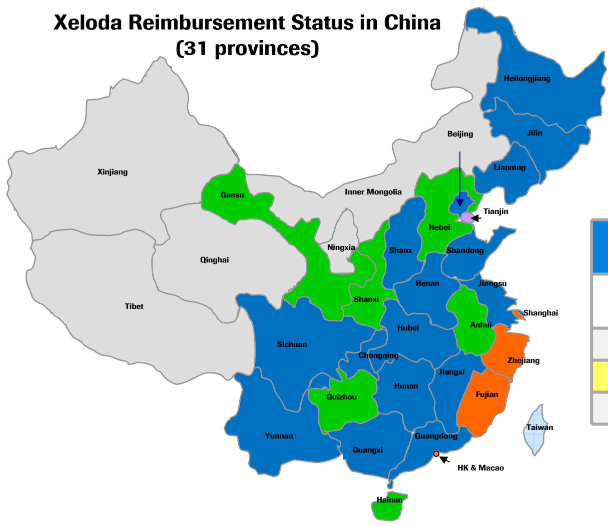


Gastric Cancer cases



E7: Brazil, Russia India, China, Mexico, South Korea & Turkey; Asia/Pacific: China, South Korea, Taiwan, Japan; HER2 rate in Asia/Pacific 16 to 27%;
Source: 2010 BC incidence Cancer Mondial (Cancer Incidence in 5 continents Volume IX http://www-depdb.iarc.fr/who/); country specific registries
Updated Feb 2010

Significant growth potential in emerging markets
Improving formulary access drives adoption



Xeloda reimbursement ratio:
- 60%~70%
- 70%~80%
- 80%~90%
- ≥90%

XELODA	2009 sales	Growth vs. '08
Roche Pharma	1184	6.4%
US	473	10.2%
China	99	23.2%
France	47	1.3%

Source: Office of National Social Insurance Centre, Q3 2009

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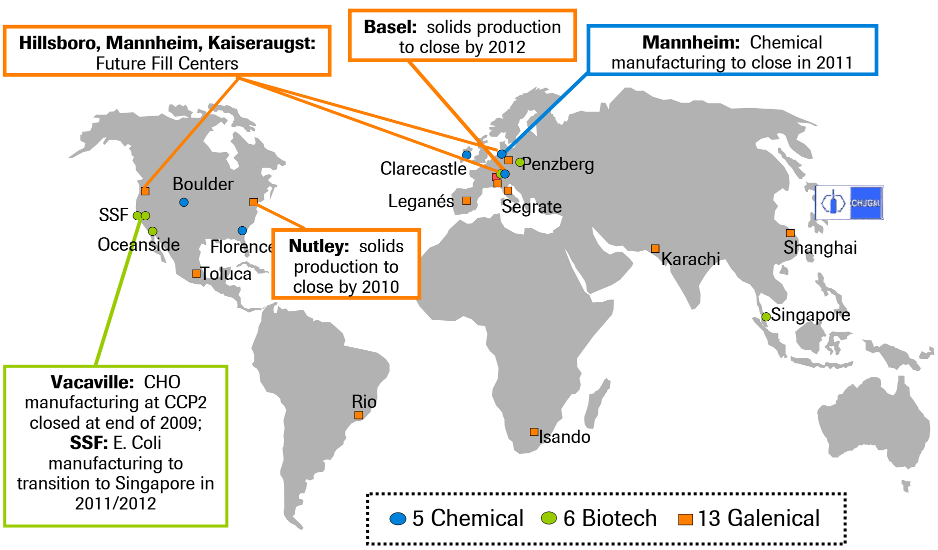
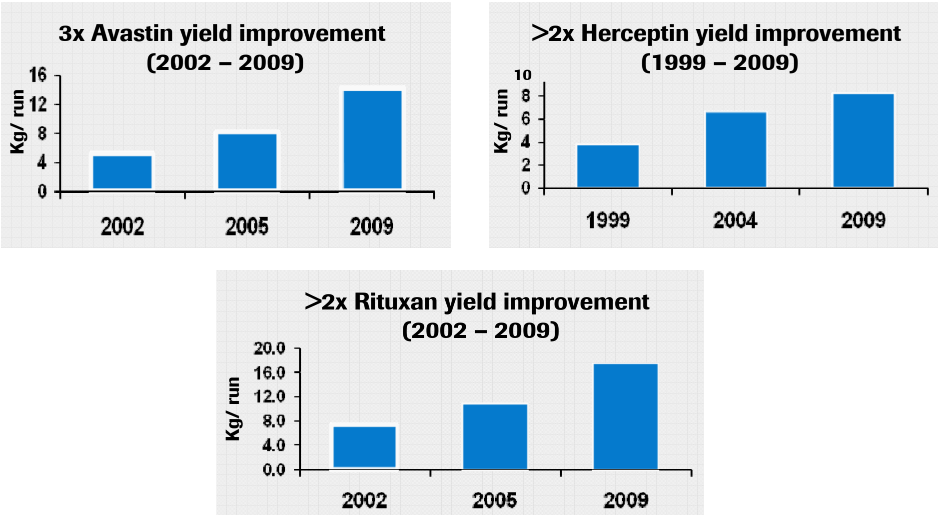
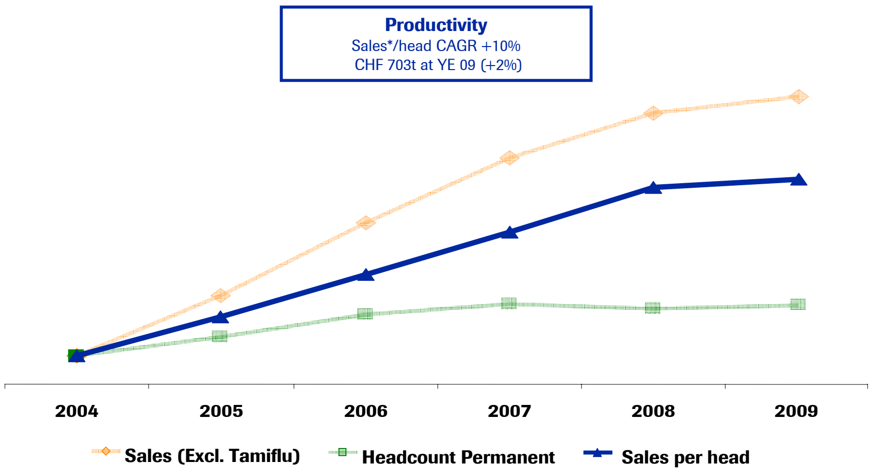
Constant improvements to manufacturing network



Sustained yield improvements



Improved commercial productivity



* Sales excluding Tamiflu
CAGR: compound annual growth rate (2004-2009)
Financial data & growth rates @A08 fx

Our R&D model

Innovation combined with speed and efficiency

Discovery Phase | Exploratory Phase | PoC* | Turning drug candidates into differentiated medicines

Research and Early Development units

- **Biomarkers**
- **Modeling and simulation**
- **Demonstrate PoC**
- **Establish dose selection**
- **Well-defined product profile**

Life-cycle Teams

- **Innovative tools and clinical trials design eg adaptive studies**
- **Leveraging IT for greater quality, speed and efficiency**
- **Portfolio prioritisation**
- **High bar for differentiation**

* Proof of Concept

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10 NMEs in ongoing or planned late-stage studies

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DBA	Molecule	Indication	Status	Innovation
Oncology	**pertuzumab**	1L HER2+ mBC	Phase III	**First in class**
	T-DM1	2L HER2+ mBC	Phase III	**First in class**
	GA101	Front-line CLL	Phase III	Best in class
	BRAF inh	1L malignant melanoma	Phase III	**First in class**
	Hedgehog Inh	Advanced basal cell carcinoma	Pivotal Phase II	**First in class**
Metabolism	**taspoglutide**	Type 2 diabetes	Phase III	Best in class
	dalcetrapib	Dyslipidemia, CV high risk	Phase III	**First in class**
	aleglitazar	Type 2 diabetes, CV high risk	Phase III	Best in class
CNS	**GlyT1 inh**	Negative symptoms of schizophrenia	Phase III	**First in class**
	ocrelizumab	RRMS	Phase II *	Best in class

* Phase III go / no go decision in 2010

Strong late-stage portfolio of NMEs

Limited risk due to rigorous proof of concept studies

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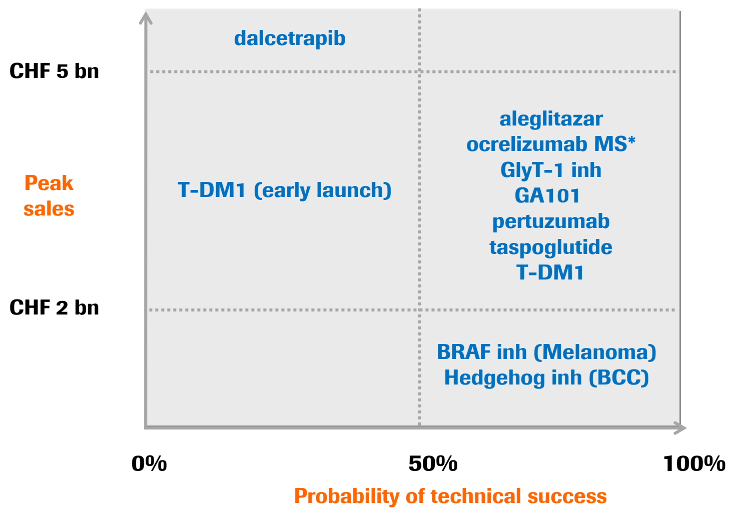

* Phase III “go/no go” decision pending

Portfolio decisions focused on advancing important new therapies to address unmet medical needs

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Discovery Phase → Exploratory Phase → PoC* → Turning drug candidates into differentiated medicines

pRED

Disease Areas

gRED

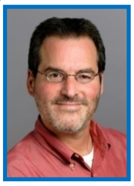
Disease Areas

Global Development

Lifecycle Teams

SSF: Oncology, Immunology & Virology

Basel: CNS, Metabolism



* Proof of Concept

pRED: Pharma Research and Early Development
gRED: Genentech Research and Early Development