
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:

- (1) pricing and product initiatives of competitors;
- (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;
- (8) loss of or inability to obtain adequate protection for intellectual property rights;
- (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.

The directors of Genentech who are also employees of Roche will not take part in the consideration of the proposed transaction by the Genentech board and accordingly are not permitted to comment or respond to questions regarding the transaction as representatives of Genentech.

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Performance up-date

Our strategy

Growth drivers

Summary

2008: Industry-leading sales growth continued

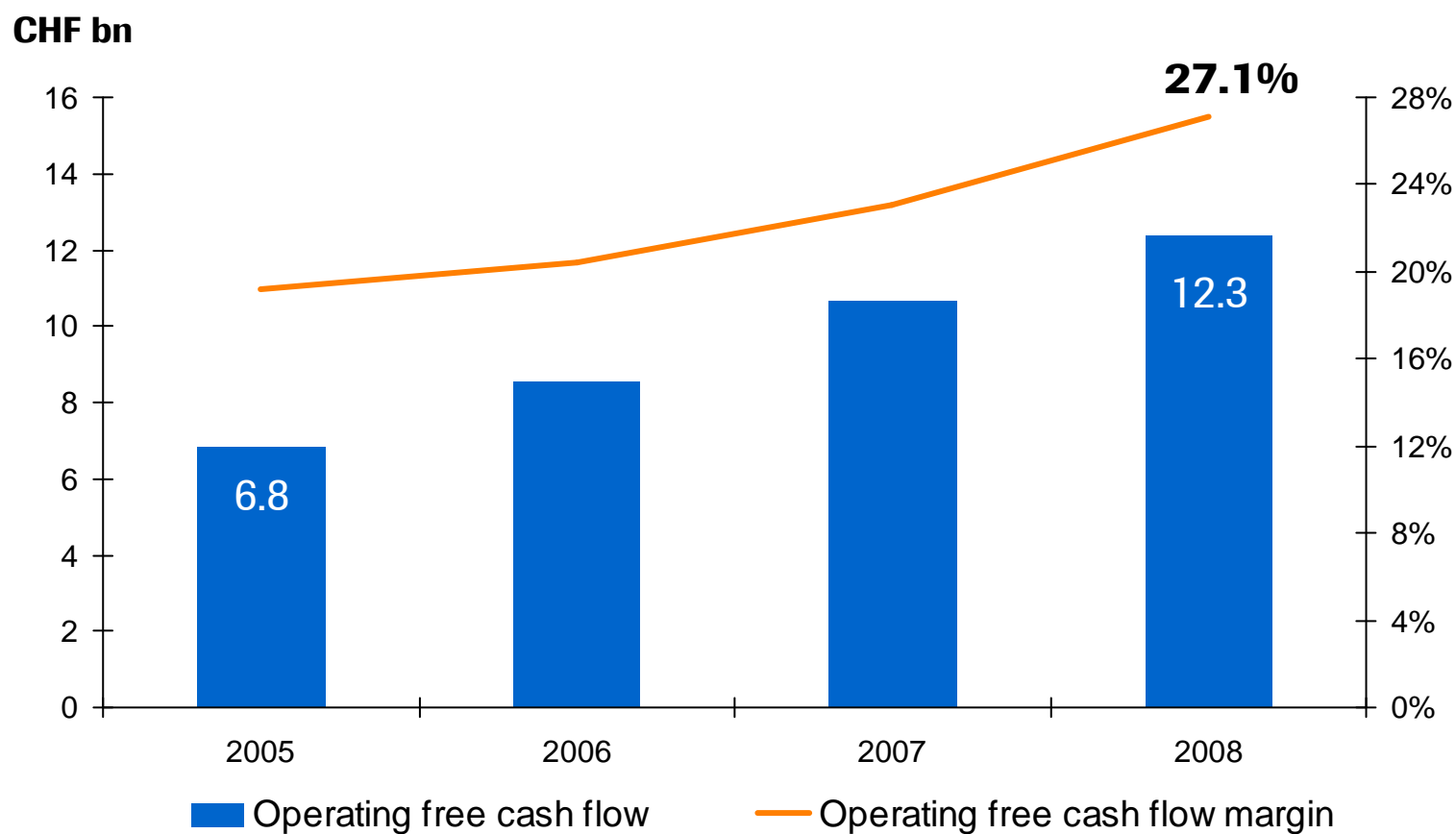
Sales in CHF billion			% change in		USD growth
	2007	2008	CHF	local	
Pharmaceuticals	36.8	36.0	-2	5	8
excl. Tamiflu pandemic	34.9	35.7	2	10	13
Diagnostics	9.4	9.7	3	10	15
Roche Group	46.1	45.6	-1	6	10
excl. Tamiflu pandemic	44.3	45.4	2	10	14

Q1 2009: High single-digit growth for both divisions

Well above world market

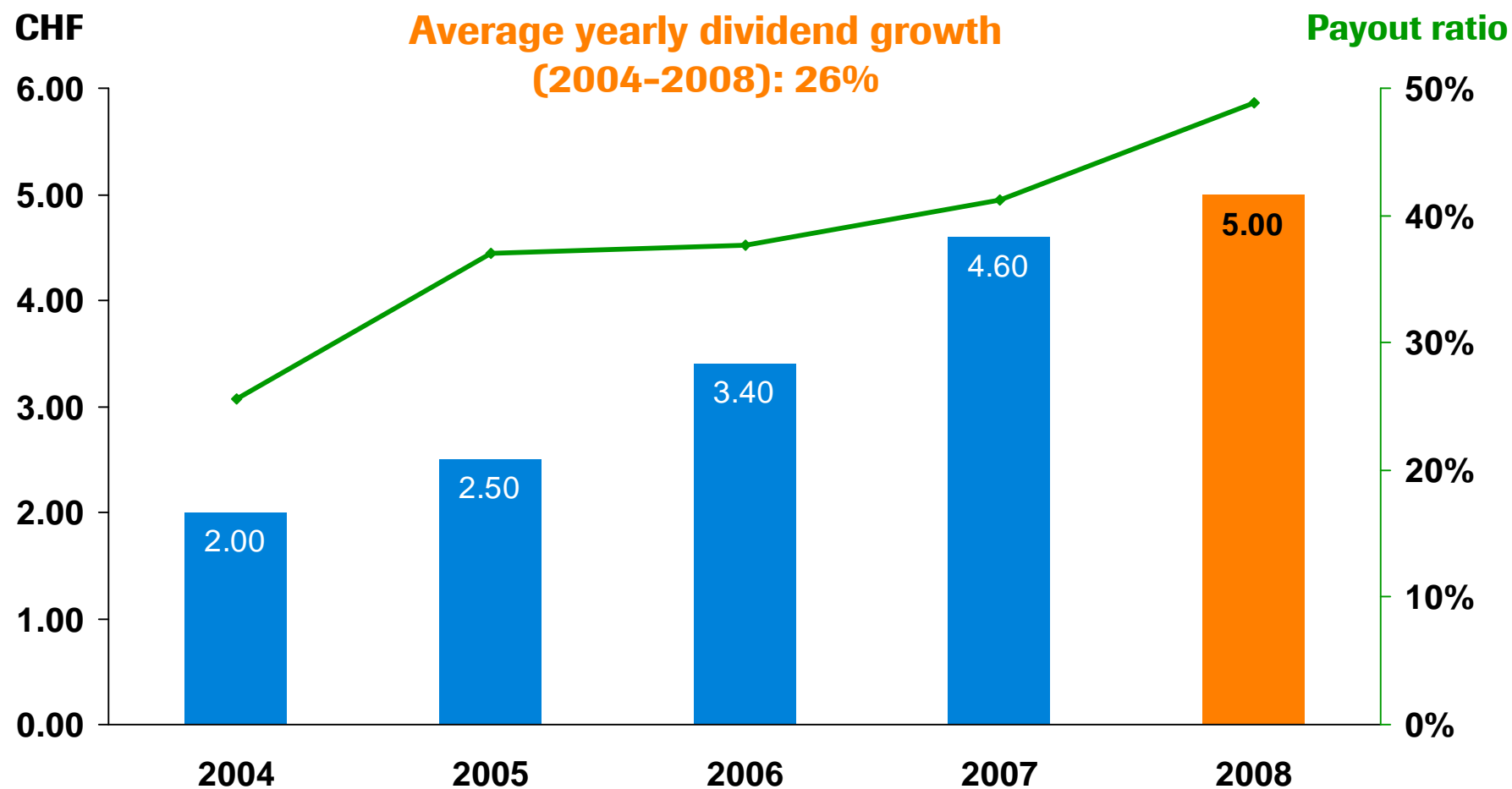
CHF bn	Q1'08	Q1'09	% change in	
			CHF	local
Pharmaceuticals	8.6	9.2	8	8
Diagnostics	2.3	2.4	3	8
Roche Group	10.9	11.6	7	8

Roche Group: Operating free cash flow almost doubled over three years



2005 – 2006: estimates

Committed to continuously increase pay-out ratio over three years¹



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

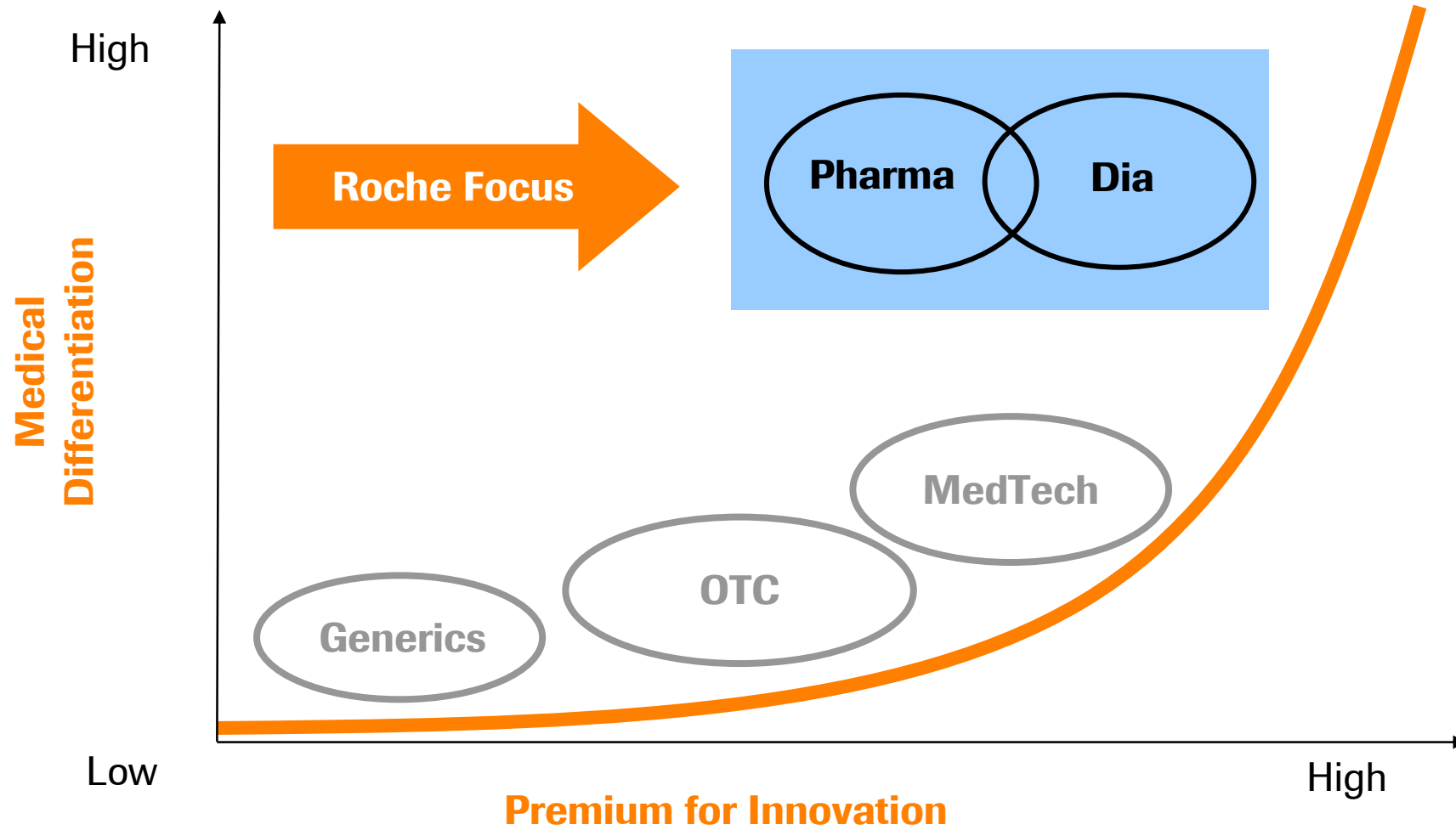
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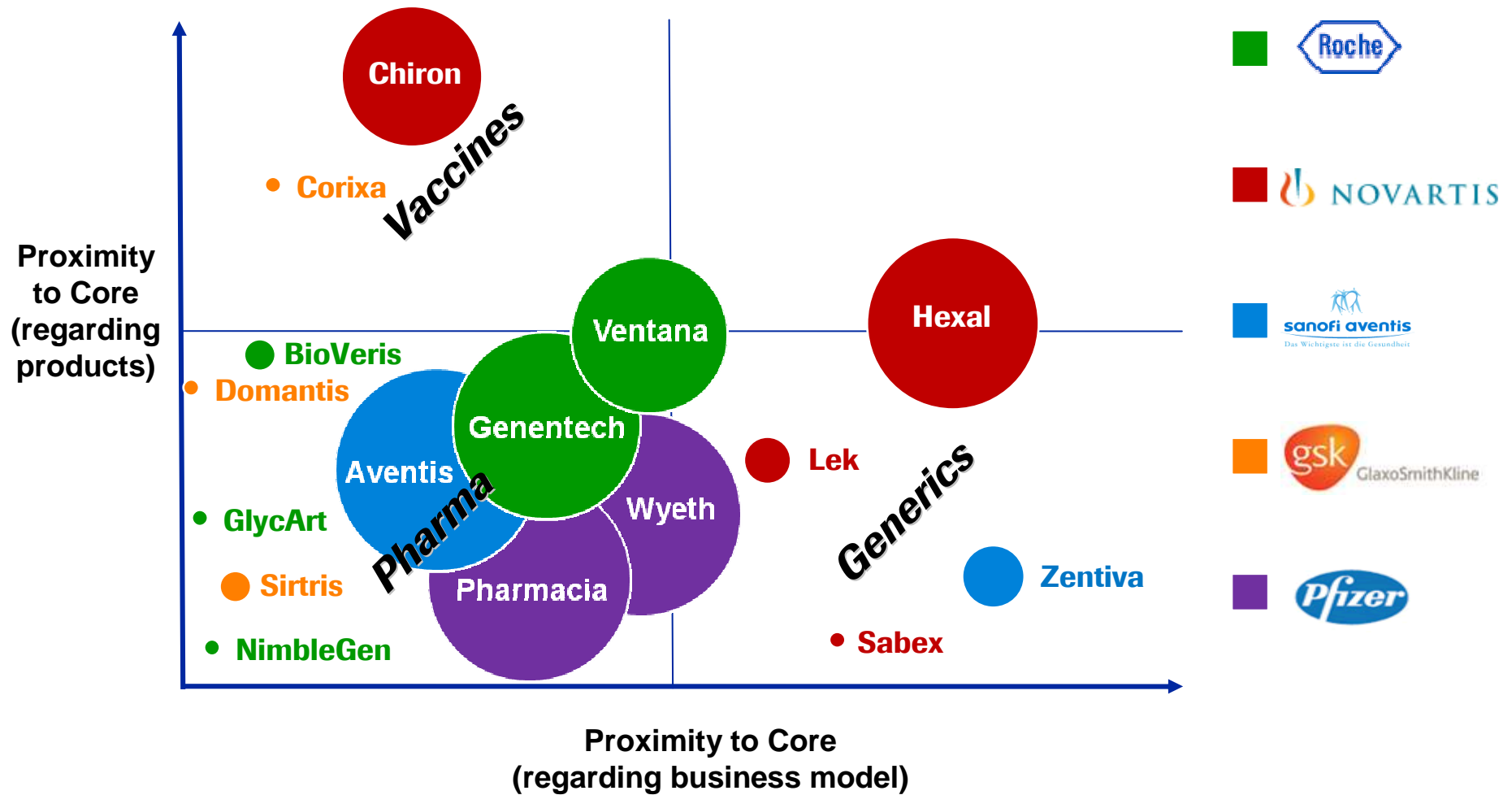
Summary

Focus on our core businesses



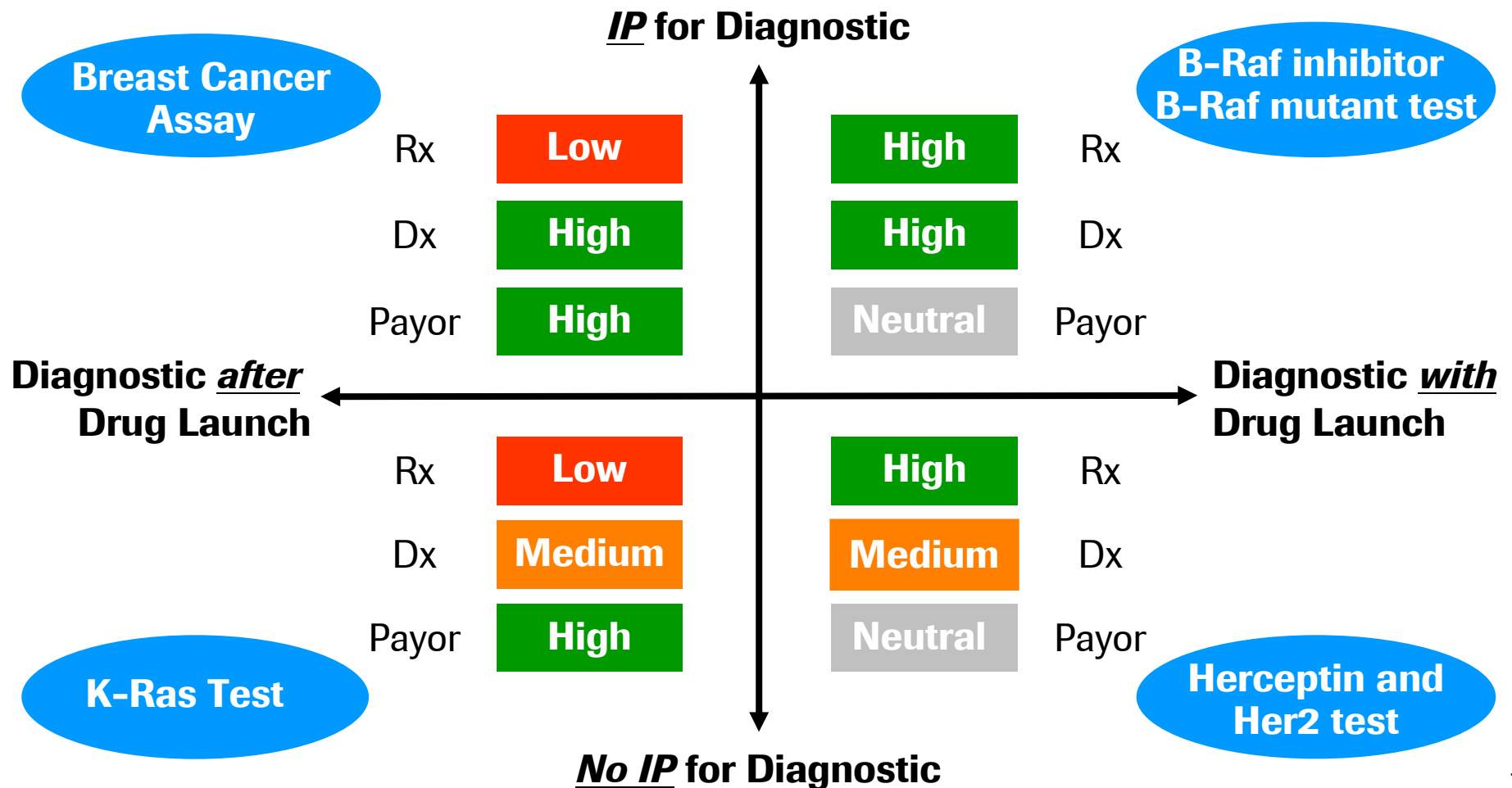


Roche's strategy focuses along either dimension



Scenarios for PHC Added Value Distribution

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



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Roche oncology: market leadership driven by innovation

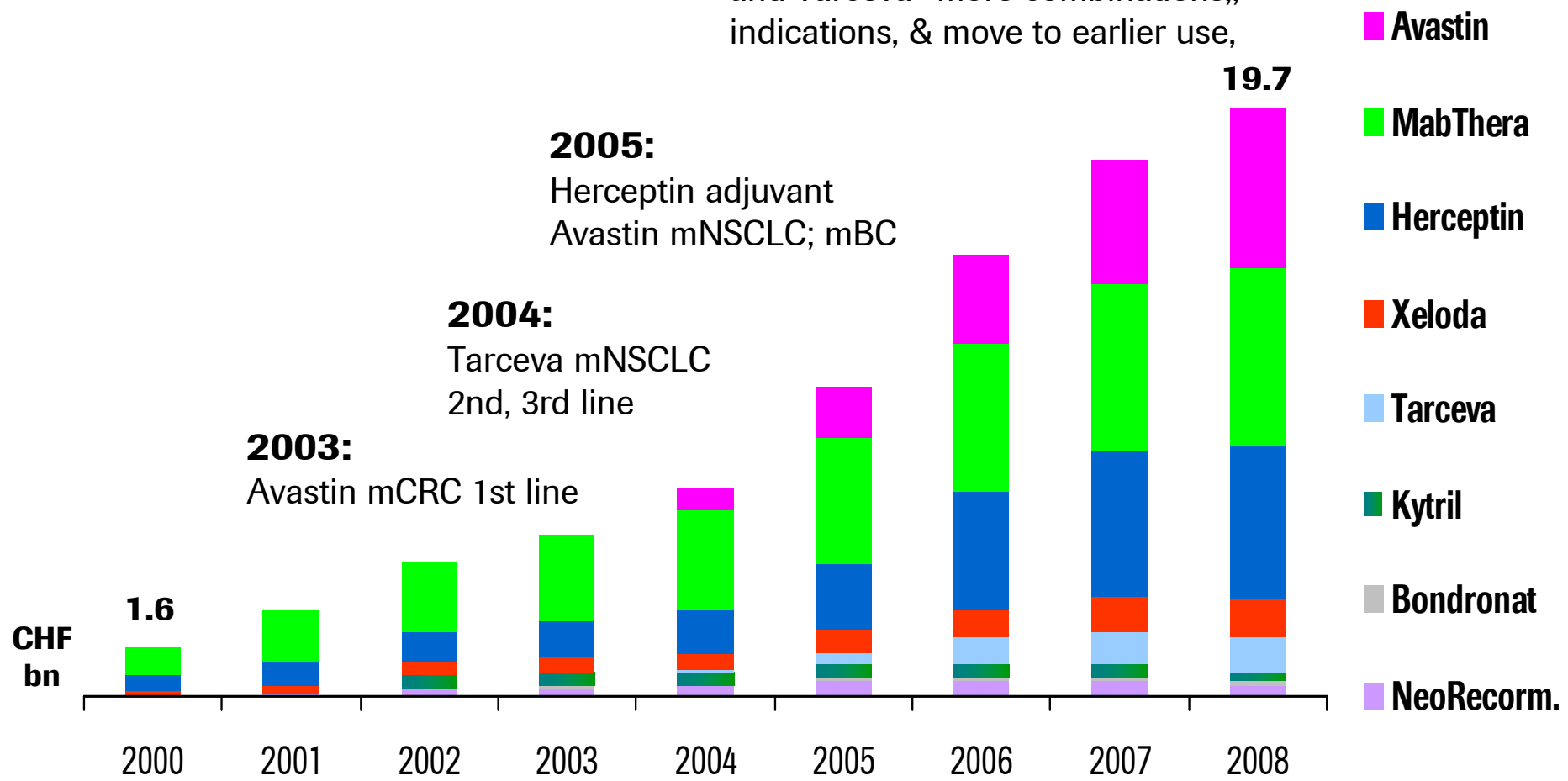
Breakthrough clinical data driving the business

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
2nd, 3rd line

2003:
Avastin mCRC 1st line

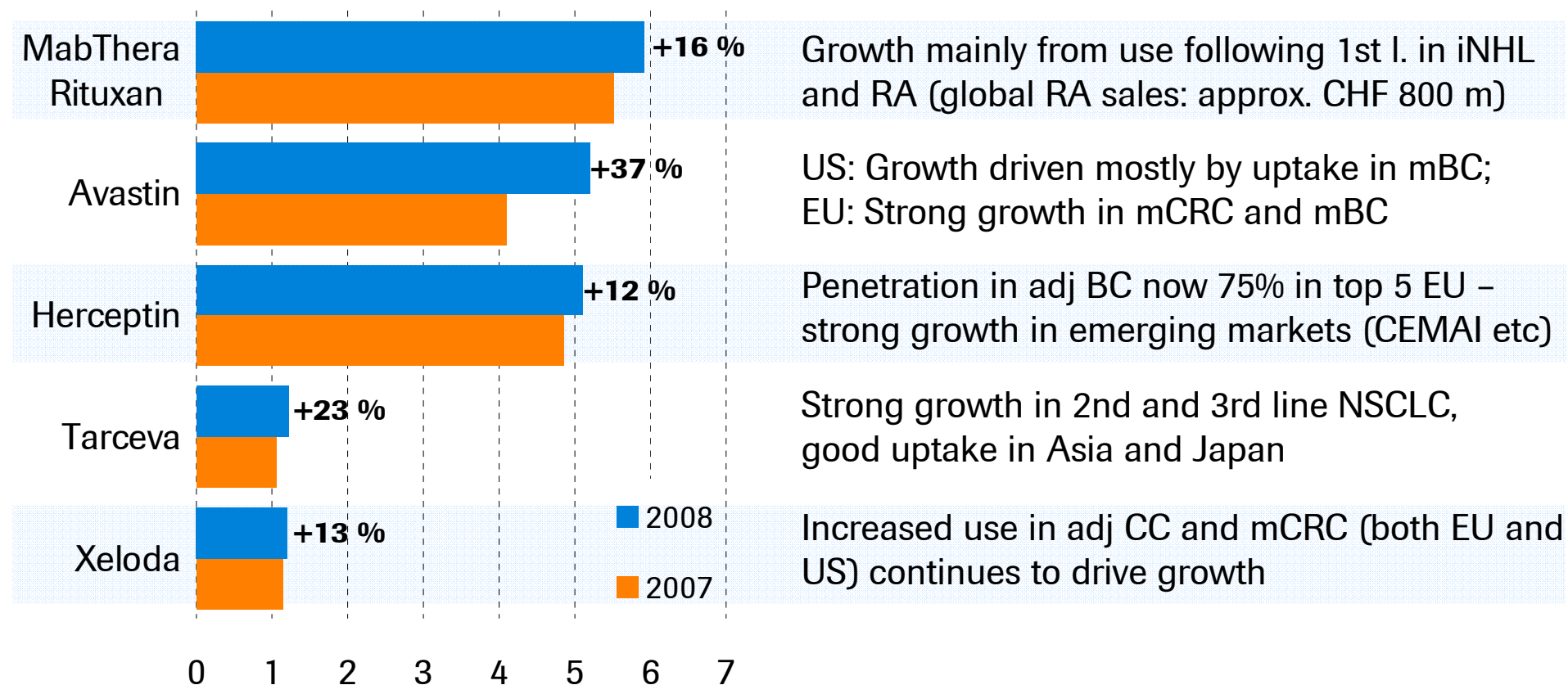


All key oncology brands growing double-digit

Three products with sales exceeding CHF 5 billion

Major brands (CHF billion)

local growth



Avastin: significant potential for additional indications in the metastatic setting

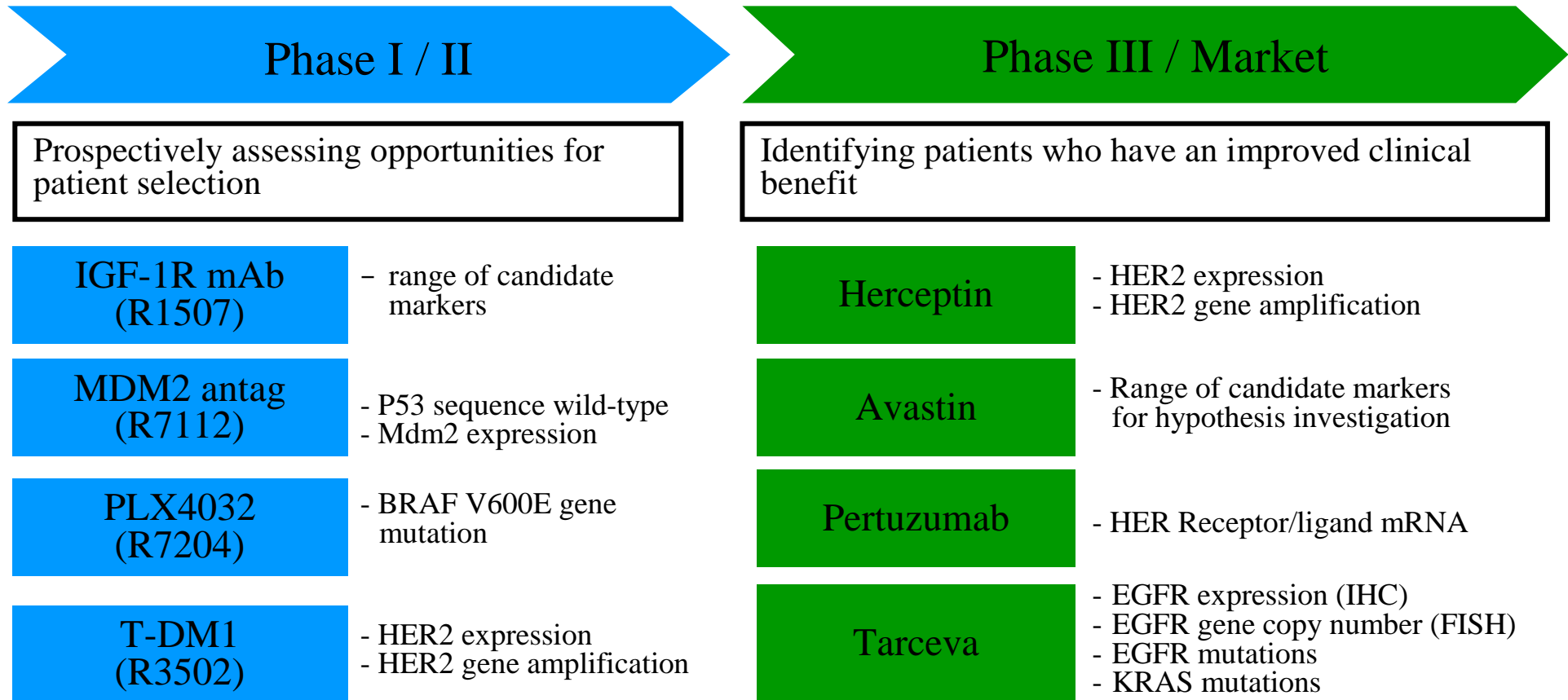
Important Phase III newsflow over next 2 years

Indication	Study name	Start	Status*	Filing*
Previously-treated glioblastoma	BRAIN	2007	May 5, 2009 US FDA granted accelerated approval	2008
1st line metastatic ovarian cancer	GOG-0218 ICON-7	Q3'05 Q4'06	Interim analysis H2'09 Expect data 2010	2010
Relapsed Platinum sensitive ovarian cancer	OCEANS GOG-0213	Q2'07 Q4'07	Expect data 2010 Expect data 2013	2010-2013
1st line hormone-refractory prostate cancer	CALGB 90401	Q4'07	Interim analyses Q2'09 and Q4'09	2011
1st line advanced gastric cancer	AVAGAST	Q3'07	Interim analysis H2'09	2010

*Projected timelines for positive results

Personalizing Cancer Treatment

Biomarker development through all stages of the portfolio



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**

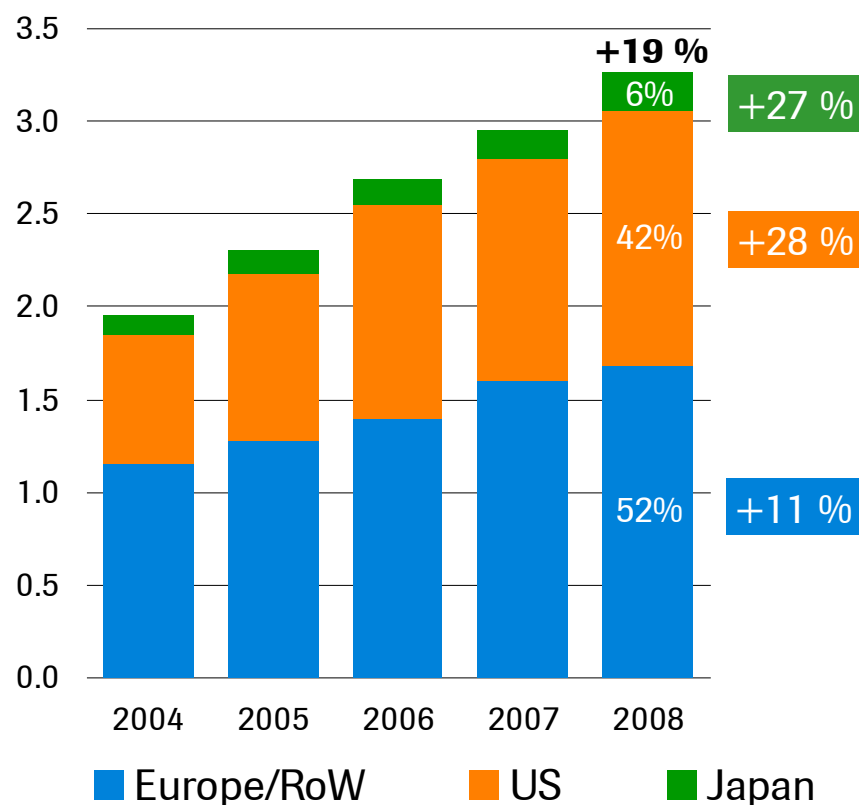
T-DM1

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

Inflammation/Autoimmune/Transplantation

MabThera in RA on continued growth path

CHF billion (as reported) **local growth**



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)

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

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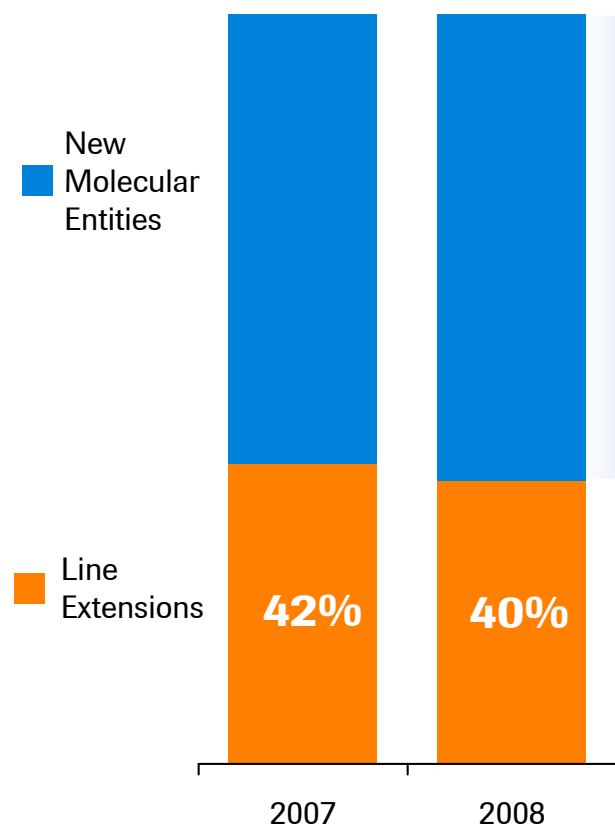
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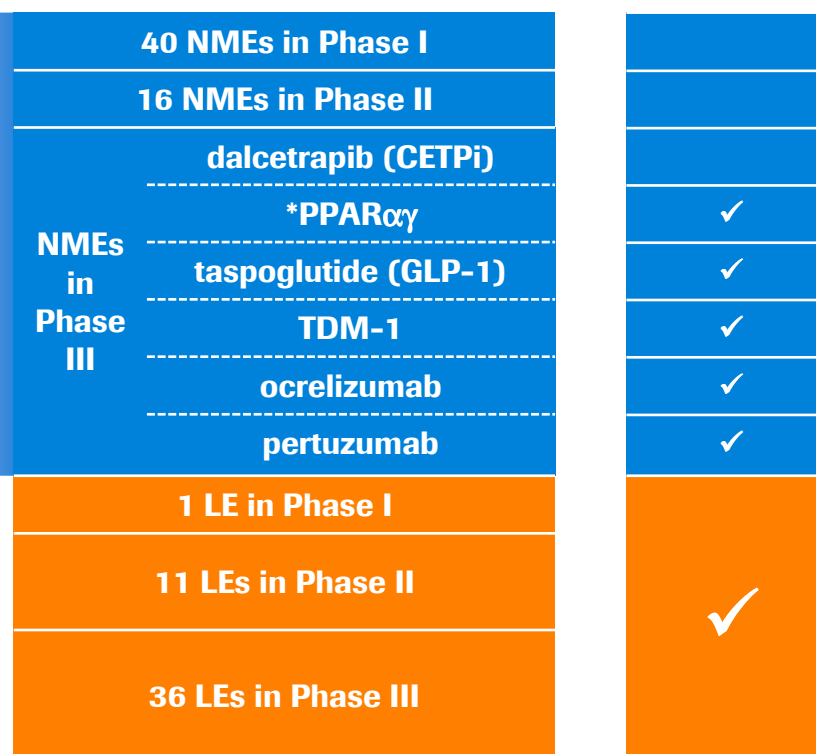
A well risk balanced approach to investment

Most projects in late stage de-risked

% of Pharma Development spend



Proof of Concept



* Formal decision to move into phase III pending

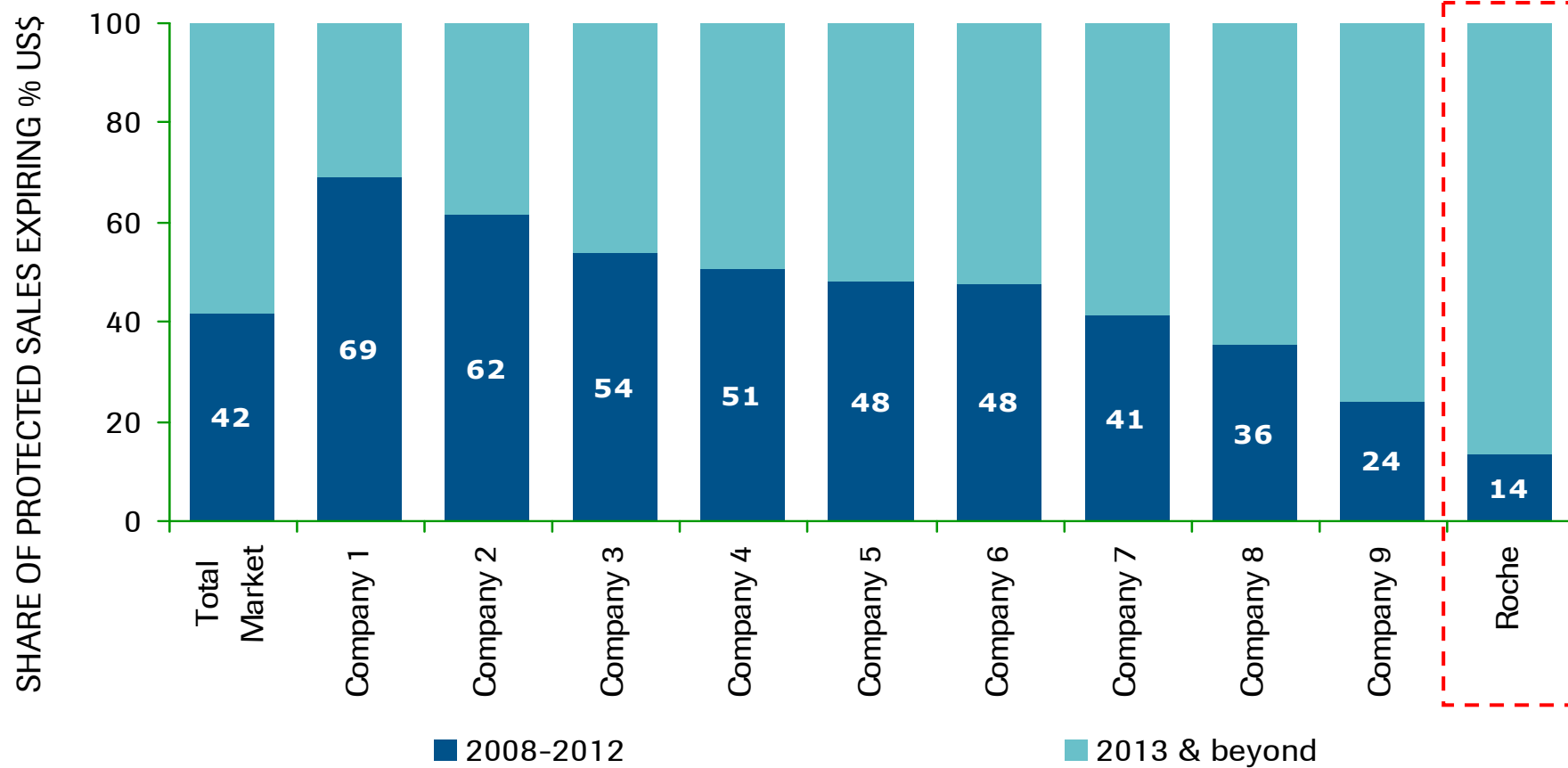
2009: Multiple growth drivers in place

	Rollout of approved indications	Potential approvals
MabThera	iNHL, aNHL RA	CLL 1st line and relapsed: EU
Avastin	mCRC mBC mNSCLC mRCC	GBM relapsed: US, EU 1st line mRCC: US 1st line mBC (with docetaxel): EU
Herceptin	aBC, mBC	
Xeloda	aCC, mCRC, mBC met. gastric cancer	
Tarceva	NSCLC 2 nd , 3 rd line, pancreatic	
Actemra	RA (EU, Japan)	



Roche has the strongest patent protected portfolio

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

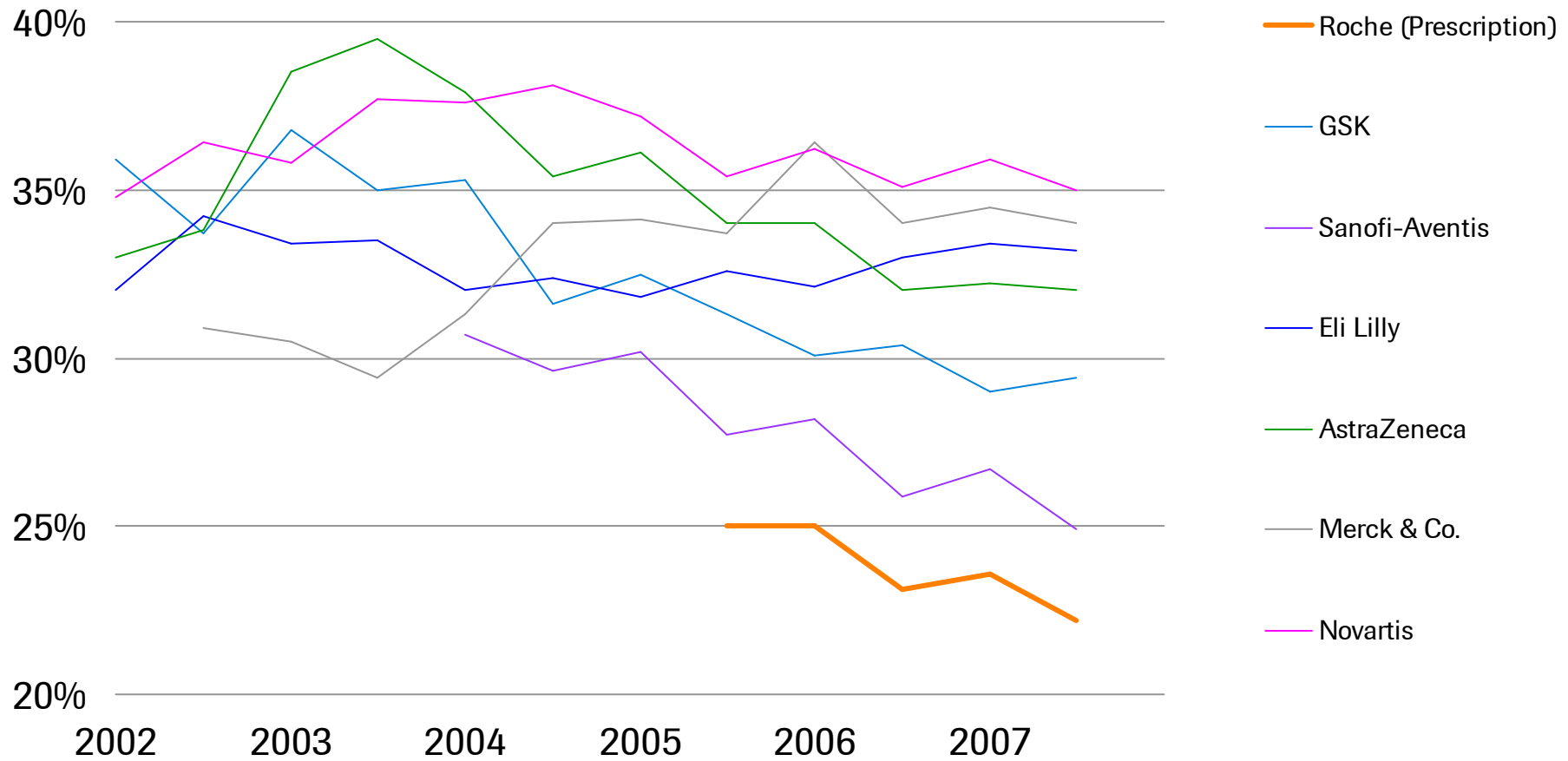


Source: IMS Health MIDAS Market Segmentation MAT June 2008, Ethical protected brand sales only.



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