Investor Update

Basel, 23 July 2009

Double-digit increase in sales, operating profit[1] and Core EPS

Integration of Genentech progressing rapidly; full-year outlook raised

Roche Group: strong sales and operating profit growth[1]

- Group sales up 2 billion to 24 billion Swiss francs, an increase of 10% in local currencies (9% in Swiss francs); both divisions grow significantly faster than their respective markets.
- Genentech integration: Research and Early Development at Genentech continue seamlessly under the existing management team, reporting directly to the Group CEO. Consolidation of manufacturing and administration yields productivity gains; synergy target increased to 1 billion Swiss francs annually; total one-time integration costs of approximately 3 billion Swiss francs.
- Operating profit (before exceptional items) up 20% to 8 billion Swiss francs, growing faster than sales.
- Net income down 29% in Swiss francs to 4.1 billion Swiss francs due to exceptional items related to the Genentech transaction; excluding exceptional items, net income attributable to Roche shareholders up 11% in Swiss francs.
- Core Earnings per Share up 20% in local currencies and 10% in Swiss francs.

Key figures in millions of CHF	Six months ended 30 June		% change		As % of sales	
	2009	2008	In CHF	In LC[1]	2009	2008
Sales	24,006	22,004	+9	+10		
Operating profit before exceptional items	7,970	7,041	+13	+20	33.2	32.0
Operating free cash flow	6,778	4,806	+41	+52	28.2	21.8
Net income	4,051	5,732	-29		16.9	26.0
Net income attributable to Roche shareholders (before exceptional items)	5,213	4,713	+11			
Core Earnings per share (CHF)	6.32	5.75	+10	+20		

[1] LC= local currencies

Outlook substantially raised

- Full-year 2009 sales in both divisions expected to grow well ahead of market.
- Double-digit Core EPS growth expected in 2009 and 2010 (at constant exchange rates).
- Group will use strong operating free cash flow to repay net debt; expects to repay 25% of debt by end of 2010 and to return to a positive net cash position by 2015.
- Continuation of dividend guidance.

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Pharmaceuticals Division growth twice as fast as market

- Pharma sales grow 11% in local currencies (11% in Swiss francs) — twice the global market rate — driven by leading oncology medications, Tamiflu (influenza), Pegasys (hepatitis) and Lucentis (ophthalmology).
- Operating profit (before exceptional items) up 19% in local currencies and 13% in Swiss francs.
- Sales of Tamiflu account for four percentage points of Pharma sales growth; total Tamiflu production capacity (including third-party manufacturers) to be expanded to 400 million packs annually by start of 2010.
- Avastin receives accelerated approval in the US for the treatment of glioblastoma, the most aggressive form of brain tumour.
- Strong R&D pipeline with ten new molecular entities in ongoing or planned late-stage clinical testing.

Diagnostics Division grows well ahead of market

- Divisional sales grow 7% (3% in Swiss francs) — twice as fast as the global IVD market — driven primarily by Professional Diagnostics and Tissue Diagnostics.
- Operating profit up 28% in local currencies and 11% in Swiss francs; as a result, the operating profit margin increases from 12% to 13%.

[1] Before exceptional items.

Unless otherwise stated, all growth rates are in local currencies.
Barring unforeseen events.

Commenting on the Group's half-year 2009 results, Roche CEO Severin Schwan said: 'Roche continued the positive trend of recent years, with double-digit increases in sales and operating profit. I am especially pleased about the excellent progress we've made in integrating Roche and Genentech. Work at Genentech's research and early development centre in South San Francisco has continued seamlessly with the existing management team. We will be realising synergies from the merger sooner than originally anticipated, particularly from consolidating our manufacturing network and streamlining administrative functions. The Genentech transaction further strengthens our ability to deliver on our long-term strategy of innovation in our core pharmaceuticals and diagnostics businesses. The combined company has one of the strongest development portfolios in the industry, with ten new molecular entities in ongoing or planned late-stage clinical development.'

Roche Group

Strong operating results

In the first half of 2009 the Roche Group continued the strong performance of recent years. Group sales grew 10% in local currencies (9% in Swiss francs; 1% in US dollars) to 24.0 billion Swiss francs. The Pharmaceuticals Division's sales increased 11% in local currencies (11% in Swiss francs; 3% in US dollars) to

19.1 billion Swiss francs — this is twice the global market growth rate. Demand for the oncology drugs Avastin, Herceptin, MabThera/Rituxan, Xeloda and Tarceva continued to increase strongly, with dynamic growth seen in a number of emerging markets. In addition, Tamiflu and Pegasys in virology and Lucentis in ophthalmology contributed significantly to growth. The Diagnostics Division also continued to grow well ahead of the market, with sales up 7% in local currencies (3% in Swiss francs; -4% in US dollars) to 4.9 billion Swiss francs. Professional Diagnostics and Tissue Diagnostics made the strongest contributions to growth. Diabetes Care's sales rose 3% in local currencies, driven primarily by its new generation of blood glucose monitoring products.

The Group's operating profit before exceptional items increased 20% in local currencies, significantly faster than sales. The Pharmaceuticals Division increased its operating profit before exceptional items by 19% in local currencies (13% in Swiss francs) to 7.5 billion Swiss francs, driven by strong sales growth, which more than compensated for higher research and development costs and a moderate increase in marketing and distribution costs. Operating profit in the Diagnostics Division rose 28% in local currencies (11% in Swiss francs) to 644 million Swiss francs.
The Group's operating free cash flow increased 52% in local currencies to 6.8 billion Swiss francs. This strong cash flow will enable the Group to repay its net debt quickly.
Core Earnings per Share — a key metric for assessing corporate performance — advanced 20% in local currencies (10% in Swiss francs), driven by the Group's strong operating results and the positive impact of the Genentech transaction.

Integration of Genentech and changes in Group organisation
Effective 26 March 2009, the Group obtained full ownership of Genentech. Since then, business-critical decisions have been taken regarding management appointments, organisational structure and alignment of processes. The integration will be largely completed by the end of this year.
The new Group structure is designed to maintain a diversity of promising approaches to research and early development and strengthen cross-fertilisation between the companies, thus enhancing overall innovation within the Group. Today, the combined R&D pipeline is already one of the strongest in the industry, with ten new molecular entities in ongoing or planned late-stage clinical trials.
While Genentech Research and Early Development will continue to operate as an independent unit, Roche expects to achieve significant productivity gains by reshaping the Group's global supply network and combining administrative and support functions.

During the first half of 2009 exceptional operating expenses of 2.4 billion Swiss francs were incurred, 2 billion in connection with the Genentech transaction and integration and 0.4 billion in increased provisions for pending legal cases. Total integration costs are expected to amount to approximately 3 billion Swiss francs, mainly in connection with the partial closure of the manufacturing site in Vacaville (California) and the discontinuation of manufacturing in Nutley (New Jersey). These closures are part of a global initiative to align capacity requirements and improve the operational efficiency of our global manufacturing network. In addition, administrative functions are being streamlined following the transfer of research operations from Palo Alto (California) to Nutley and San Francisco and the consolidation of our US Pharmaceuticals headquarters in San Francisco. Approximately 1.6 billion Swiss francs of the exceptional operating expenses incurred in the first half of 2009 are non-cash items. Roche expects to realise yearly synergies of approximately 1 billion Swiss francs by 2011.

Financing costs increased significantly due to the Genentech transaction. As a consequence, net financial income before exceptional items declined 788 million Swiss francs to minus 551 million, compared with a net contribution of 237 million in the first half of 2008.

Net income decreased by 29% in Swiss francs to 4.1 billion Swiss francs in the first half-year, driven mainly by the exceptional operating expenses related to the Genentech transaction and integration. Excluding exceptional items, net income attributable to Roche shareholders was up 11% in Swiss francs.

Significant increase in debt to finance Genentech transaction

To finance the Genentech transaction, the Group issued bonds and notes worth 41 billion US dollars (48 billion Swiss francs), resulting in a net debt position for the Group of 32 billion Swiss francs. The purchase of the outstanding non-controlling interests in Genentech was accounted for in full as an equity transaction. As a consequence the Group's consolidated equity was reduced by 47 billion US dollars (52 billion Swiss francs) to 5 billion Swiss francs. This accounting effect has no impact on the Group's business or its dividend guidance.

Outlook

We expect 2009 full-year sales in both divisions to grow well ahead of the market. In the Pharmaceuticals Divisions we expect full-year sales growth in the high single-digit range. We are aiming for double-digit Core EPS growth in both 2009 and 2010 (at constant exchange rates). Given the rapid progress in integrating Genentech, we expect to see further significant productivity gains next year. By 2011 we aim to capture

annual synergies of approximately 1 billion Swiss francs. Based on our strong operating free cash flow, we expect to reduce our debt progressively and to return to a net cash position by 2015 while maintaining our dividend guidance.

Pharmaceuticals Division

Results and main business developments

Key figures	In millions of CHF	% change in CHF	% change in local currencies	As % of sales
Sales	19,104	+11	+11	100
Research and development	4,058	+11	+7	21.2
Operating profit before exceptional items	7,463	+13	+19	39.1
Operating free cash flow	6,497	+39	+48	34.0

In the first half of 2009 sales by the Pharmaceuticals Division grew 11% in local currencies and in Swiss francs (3% in US dollars) to 19.1 billion Swiss francs, around twice the growth rate of the global pharmaceuticals market (5%). Excluding Tamiflu, the division's sales were up 7%, or almost 2 percentage points higher than global market growth, driven by strong demand for key products, primarily Avastin, Herceptin, MabThera/Rituxan, Lucentis and Pegasys. Demand for Tamiflu increased markedly in the second quarter, following the worldwide spread of a new strain of influenza A/H1N1 ('swine flu').

Sales by region

United States	CHF 7,516m	39%	(+6%)
Western Europe	CHF 5,182m	27%	(+8%)
Japan	CHF 2,184m	12%	(+27%)
CEMAI	CHF 1,647m	8%	(+17%)
Latin America	CHF 1,099m	6%	(+11%)
Asia–Pacific	CHF 950m	5%	(+14%)
Others	CHF 526m	3%	(+23%)

Italics = growth rates
CEMAI: Central and Eastern Europe, Middle East, Africa, Central Asia, Indian Subcontinent

Sales continued to grow in all regions. In the United States solid growth of key oncology products and Lucentis more than compensated for the negative impact of the loss of CellCept patent protection from May onwards. Sales by Chugai in Japan increased strongly due to demand for Tamiflu, key anticancer medicines, Actemra and Pegasys.

Sales in Europe/Rest of World (RoW) were driven by demand in Europe and in emerging markets for our anticancer medicines, Tamiflu, Mircera, Bonviva/Boniva and Pegasys.
In the first half of 2009 the Pharmaceuticals Division's operating profit before exceptional items continued to advance faster than sales, growing 19% in local currencies (13% in Swiss francs) to 7.5 billion Swiss francs. This strong increase was driven mainly by the performance of our key pharmaceutical products and ongoing measures to improve efficiency. The operating profit margin rose 0.9 percentage points to 39.1% .
The division generated an operating free cash flow of 6.5 billion Swiss francs in the first half-year, an increase of 48% in local currencies (39% in Swiss francs) over the year-earlier period.

Key products drive first-half sales growth, encouraging market response to Actemra/RoActemra

	Total		US		Japan		Europe/RoW	
	CHF m	%[1]	CHF m	%[1]	CHF m	%[1]	CHF m	%[1]
MabThera/Rituxan	3,098	8%	1,578	6%	115	3%	1,405	10%
Avastin	3,090	29%	1,693	20%	182	116%	1,215	36%
Herceptin	2,645	10%	810	6%	174	51%	1,661	10%
Tamiflu	1,010	203%	317	11%	300	1510%	393	869%
CellCept	927	-8%	396	-20%	24	11%	507	2%
Pegasys	842	10%	208	10%	65	33%	569	8%
NeoRecormon/Epogin	789	-10%	-	-	246	-4%	543	-13%
Tarceva	643	10%	253	-3%	32	37%	358	18%
Xeloda	626	11%	224	12%	33	38%	369	9%
Lucentis	573	21%	573	21%	-	-	-	-

[1]Local growth rates versus YTD June 2008

Overall sales (oncology and autoimmune diseases) of **MabThera/Rituxan** (rituximab), for non-Hodgkin's lymphoma (NHL), chronic lymphocytic leukemia (CLL) and rheumatoid arthritis (RA), rose 8% to 3.1 billion Swiss francs. While uptake continues to increase in the first-line NHL setting, high adoption rates for this indication have already been achieved in most markets. The European rollout of MabThera for CLL and further uptake in the NHL maintenance setting and in RA are contributing additional sales growth. Sales in the RA segment are being driven by increased prescribing of the product after a single inadequate response to anti-tumour necrosis factor therapy.

In the first half of 2009 **Avastin** (bevacizumab), for advanced colorectal, breast, lung and kidney cancer, and relapsed glioblastoma (a type of brain tumour), continued to record strong sales growth in all regions, with global sales increasing 29% to 3.1 billion Swiss francs. Sales are being driven by use of Avastin for colorectal, breast and lung cancer. Very strong sales growth in Japan reflects increasing acceptance of Avastin for the

treatment of advanced colorectal cancer since the results of a compulsory post-marketing surveillance study were announced last October.

Sales of **Herceptin** (trastuzumab), for HER2-positive breast cancer, increased 10% to 2.6 billion Swiss francs for the half-year, driven by continued uptake in early breast cancer in Japan and increasing market penetration in Eastern Europe and emerging markets.

Sales of **Tarceva** (erlotinib), for advanced lung and pancreatic cancer, rose 10% to 643 million Swiss francs in the first half, with the main contributions coming from Western Europe, Japan and China. Encouraging growth is also being recorded in countries of the CEMAI region.

Solid first-half sales of **Xeloda** (capecitabine), for colorectal, stomach and breast cancer, which grew 11% to 626 million Swiss francs, were driven primarily by double-digit gains in the United States, Japan and certain CEMAI region countries. Xeloda continues to generate particularly strong sales growth in China following its launch in 2008 for advanced stomach cancer.

Global sales of the antiinfluenza medicine **Tamiflu** (oseltamivir) rose 203% to 1.0 billion Swiss francs in the first half-year, following the rapid worldwide spread of a new strain of influenza A/H1N1 ('swine flu'). Of this, sales to governments and corporations for pandemic stockpiling amounted to 653 million francs. Additional government stockpiling orders and increased demand in the retail pharmacy market contributed to the particularly strong sales recorded in the second quarter (609 million francs overall, compared with 49 million francs in the second quarter of 2008).

Roche is working with the World Health Organization (WHO) and national governments in global efforts to contain the threat posed by the new virus. In May 2009, after the first cases of the new type of influenza were reported, Roche responded immediately to the WHO's request to supply Mexico and 71 other countries with the stocks of Tamiflu that had previously been donated and stored in anticipation of a pandemic situation. The same month Roche announced that it was making an additional donation of 5.65 million treatment courses of Tamiflu to replenish the WHO's regional and rapid-response stockpiles. Responding to the current pandemic threat level, Roche and its network of manufacturing partners have scaled up Tamiflu production and by the start of 2010 will be able to supply up to 400 million packs annually, should the need arise. In addition, Roche some time ago granted sublicences to three manufacturers to produce generic oseltamivir for

pandemic use in China, India and specified developing countries, to ensure that local populations in these areas have access to the medication.

US sales of **Lucentis** (ranibizumab), for wet age-related macular degeneration, increased 21% to 573 million Swiss francs. Solid growth through the first and second quarters was driven primarily by an increase in the number of Lucentis injections administered to patients in their first and second years of treatment, as well as continued improvement in market conditions compared with the first half of 2008.

Sales of **Pegasys** (peginterferon alfa-2a), for hepatitis B and C, rose 10% to 842 million Swiss francs in the first half-year. Growth was driven by continuing strong demand in certain emerging markets, solid sales increases in the US and Japan, and steady market-share gains worldwide.

Following EU marketing approval in January of the novel rheumatoid arthritis (RA) medicine **RoActemra** (tocilizumab, known as **Actemra** outside Europe), the product has been launched in seven EU countries, including Germany. Actemra was also introduced in India and Brazil, with launches in additional countries worldwide planned for the second half-year as marketing and reimbursement approvals are gained. The response from physicians in the initial launch markets is very encouraging. In Japan, where Actemra was approved for RA in adults and related pediatric indications in April 2008, adoption continues to develop well, with doctors already using the medicine as a first-line biologic treatment in many patients.

Sales of **CellCept** (mycophenolate mofetil), for the prevention of solid organ transplant rejection, decreased 8% to 927 million Swiss francs in the first six months of 2009. As expected, following solid single-digit sales growth in the first quarter, sales fell sharply in the second quarter (–21% year on year) after the product's US patent expired in May, allowing generic competitors to enter the market. The erosion of US sales was partly offset by continued solid growth elsewhere, especially in China, Mexico, Western Europe and Japan.

Combined sales of Roche's **NeoRecormon** and Chugai's **Epogin** (epoetin beta), for anemia, declined 10% to 789 million Swiss francs in a highly competitive market. Combined second-quarter sales were down 8% compared with the year-earlier period. NeoRecormon maintained its market share in a declining market, while Epogin remains Japan's leading medication for renal anemia.

Product development highlights
In the first six months of 2009 the Pharmaceuticals Division filed 10 major new marketing applications and gained 4 major regulatory approvals.

In February Roche received EU approval for **MabThera** in combination with chemotherapy for previously untreated chronic lymphocytic leukemia (CLL), the most common form of adult leukemia. Roche filed an application in January for EU approval of MabThera for relapsed or refractory CLL, based on results of the REACH trial. In May Genentech and Biogen Idec submitted two supplemental Biologics License Applications (sBLAs) to the FDA for approval of Rituxan plus standard chemotherapy in previously untreated or treated CLL. The FDA has designated both sBLAs for six-month priority review.

Also in May, the FDA approved **Avastin** for use in patients with previously treated (relapsed) glioblastoma, the most aggressive form of brain tumour. The new indication was granted under the FDA's accelerated approval programme and followed a unanimous vote by the agency's Oncologic Drugs Advisory Committee in March. In June the EU's Committee for Medicinal Products for Human Use (CHMP) issued a positive opinion supporting the use of Avastin in combination with docetaxel in the first-line treatment of metastatic breast cancer. The filing was based on the results of the AVADO study.

In March Roche and OSI Pharmaceuticals submitted applications to the European Medicines Agency (EMEA) and the FDA, respectively, for approval of **Tarceva** as maintenance therapy in patients with locally advanced or metastatic non-small cell lung cancer (NSCLC) whose disease has not progressed following first-line chemotherapy. Both filings were based on data from the phase III SATURN trial. In July Roche, Genentech and OSI announced that SATURN had met an important secondary endpoint of extending overall survival in patients with advanced NSCLC who received Tarceva immediately after initial chemotherapy. A statistically significant improvement in overall survival was seen in the pre-planned final analysis of all patients in the study. These additional data will be submitted to the FDA and the EMEA to support the March filings.

In June Roche submitted a combined filing to the EU health authorities to extend the marketing approval for **MabThera** as a first-line biologic therapy for rheumatoid arthritis (RA). The new indications being sought are for patients who have not been treated with methotrexate (MTX), the current standard treatment option, for patients who have had an inadequate response to MTX, and for the prevention of joint damage across all RA patient populations. The combined filing follows positive results from the IMAGE, SERENE and MIRROR

trials, which showed that MabThera, when used as the first biologic in combination with MTX, improves the signs and symptoms of RA, compared with MTX alone. In addition, IMAGE demonstrated that treatment with MabThera combined with MTX can significantly reduce the progression of joint damage.
Following the decision to advance **aleglitazar** (R1439) into phase III clinical testing, Roche expects the first trial to start in the first quarter of 2010. Aleglitazar is a novel PPAR co-agonist with unique properties and the potential to reduce cardiovascular disease and death in high-risk patients with type 2 diabetes. The results of the phase II SYNCHRONY study, presented at the annual American Diabetes Association Scientific Sessions in June, showed that the compound has positive effects on both blood fats and glucose control and a good safety and tolerability profile in patients with type 2 diabetes. Cardiovascular disease is the leading cause of death in people with type 2 diabetes, accounting for half of all fatalities in this patient population.

In July Roche and Genentech announced the results of a phase III study (BRAVO) which showed that **Lucentis** improved vision in patients with macular edema due to branch retinal vein occlusion. Retinal vein occlusion is a common cause of vision loss that occurs when blood flow through a retinal vein becomes blocked, such as by a blood clot.

Combination of Roche and Genentech creates industry-leading R&D pipeline
Combining Roche and Genentech has created one of the strongest R&D pipelines in the industry. The Group's late-stage pipeline now comprises ten new molecular entities (NMEs) in ongoing or planned late-stage clinical trials. All of these agents have demonstrated promising activity and safety in early clinical trials.

As of 30 June 2009 the Pharmaceuticals Division's research and development pipeline (phase I to III/registration) included 65 NMEs and 60 additional indications (AIs). During the first half-year six projects entered phase I, seven entered phase II and three entered phase III development. Portfolio prioritisations led to the discontinuation of three phase I and three phase II projects. Two phase III projects were discontinued.

Diagnostics Division

Results and main business developments

Key figures	In millions of CHF	% change in CHF	% change in local currencies	As % of sales
Sales	4,902	+3	+7	100
- Professional Diagnostics	2,238	+4	+9	46
- Diabetes Care	1,438	-3	+3	29
- Molecular Diagnostics	594	+5	+6	12
- Applied Science	403	+8	+8	8
- Tissue Diagnostics	229	+40	+33	5
Research and development	460	+5	+5	9.4
Operating profit	644	+11	+28	13.1
Operating free cash flow	507	+102	+131	10.3

In the first half of 2009 the Diagnostics Division recorded sales of 4.9 billion Swiss francs, an increase of 7% in local currencies (3% in Swiss francs; -4% in US dollars) over the first six months of 2008. This was more than twice the estimated growth of the in vitro diagnostics market (3%). Second-quarter sales totalled 2.5 billion Swiss francs, up 7% from the year-earlier period.

All five business areas increased their half-year sales, led by Professional Diagnostics and Tissue Diagnostics. Regionally, the strongest growth occurred in Asia-Pacific and Latin America, with all business areas contributing. Tissue Diagnostics was the primary sales driver in North America. In Japan Professional Diagnostics and Tissue Diagnostics achieved good growth, but overall sales were down slightly.

The division's operating profit for the half-year increased 28% to 644 million Swiss francs. The operating margin in local currencies advanced 2.3 percentage points despite higher cost of sales. The increase reflects sales growth, tight cost management and significant one-time expenses in the first half of 2008, particularly in relation to the Ventana acquisition. In Swiss francs the margin increased only 0.9 percentage points to 13.1%, due particularly to the unfavourable impact of currency movements.

In April Roche acquired innovatis AG, a leader in automated cell analysis solutions; integration activities are already well underway. Integration of Swisslab GmbH, a leading European supplier of laboratory information systems, acquired in December 2008, has been completed. The acquisitions expand and strengthen the portfolios of the Applied Science and Professional Diagnostics businesses, respectively.

Focus on operational efficiency

The division is taking decisive steps to improve operational efficiency. Initiatives to simplify core processes, consolidate services, streamline product portfolios and reduce time to market without increasing development costs are in place at several major sites. In the first half of 2009 such initiatives contributed to a 10% decrease in administration costs and helped the division limit headcount growth despite the Swisslab and innovatis acquisitions. As existing programmes are expanded to more sites and further initiatives are launched, they are expected to enhance productivity and yield additional savings in all areas.

Business area highlights

All business areas continue to grow sales while stepping up stream of new products

Roche Professional Diagnostics' half-year sales outpaced the market, advancing 9% to 2,238 million Swiss francs. Second-quarter sales increased 9% over the year-earlier period. Immunoassays and clinical chemistry, the unit's two largest segments by sales, remained the biggest contributors to growth, with half-year sales up 18% and 3%, respectively.

Recent additions to the immunoassay menu such as the Elecsys anti-CCP assay (diagnosis of rheumatoid arthritis) were among the important growth drivers. Sales of products for decentralised testing rose 5%, led by strong double-digit growth from coagulation monitoring products like the CoaguChek XS for health professionals and patients.

Professional Diagnostics launched four new immunoassays in the EU and other markets recognising CE Mark certification. These include a highly sensitive test for cardiac troponin T that can detect even minor myocardial injury in acute heart attack patients and patients with chronic heart disease.

In August the business area will begin rolling out the cobas 8000 series of modular analysers for high-throughput laboratories in Europe. The response when this new flagship cobas platform was unveiled at the Euromedlab Conference in June was overwhelmingly positive.

Roche Diabetes Care maintained its global market leadership with sales up 3% to 1,438 million Swiss francs for the half-year. Second-quarter sales increased 2% from the year-earlier period. The economic downturn has impacted some markets like the US where a number of patients pay or co-pay for their medical supplies. Half-year sales in North America showed low single-digit growth despite a declining market.

The Accu-Chek Aviva and Accu-Chek Performa blood glucose (BG) monitoring systems remained the main growth drivers, more than offsetting declining sales of older Accu-Chek systems. Accu-Chek Aviva, Diabetes Care's top-selling BG meter, posted half-year sales growth of over 22%.

The launch of four major BG monitoring systems, including Accu-Chek Mobile (featuring strip-free technology) and the compact Accu-Chek Aviva Nano and Performa Nano monitors (for young, frequent testers), got off to a strong start in Europe. Accu-Chek Combo, Europe's first interactive diabetes management system combining an insulin pump and a BG meter/remote control, was successfully launched in its first markets.

Roche Molecular Diagnostics' half-year sales advanced 6% to 594 million Swiss francs. Growth was led by the core blood screening portfolio, which gained market share on 10% sales growth. The business area maintained its leading share of the increasingly competitive virology market with low single-digit sales growth. The business area's second-quarter sales increased 4% over the year-earlier period.

The fully automated cobas TaqScreen MPX multiplex blood screening test, available in Europe since 2006 and launched last year in the US, was a major contributor to growth. In virology, the business area captured competitive share in the US with its suite of automated viral load monitoring tests, which includes hepatitis B and hepatitis C tests launched in the US in the second half of 2008.

Very strong uptake of the TheraScreen K-RAS Mutation Test, which Roche began distributing in December 2008, was also a major growth driver. Used with other clinically relevant information, the test can aid doctors in determining patients' suitability for certain cancer treatments. It is the first clinically validated, CE Mark-certified companion diagnostic for tumour-specific mutations in patients with colorectal cancer.

The LightCycler MRSA Advanced Test for improved screening for methicillin-resistant *Staphylococcus aureus* — a potentially deadly microbe that is a growing public health concern worldwide — was launched in Europe in April. A filing for US marketing clearance of the test was submitted to the Food and Drug Administration in May.

Roche Applied Science's half-year sales rose 8% to 403 million Swiss francs despite competitive price erosion and the impact of the economic downturn on government research spending. Second-quarter sales grew 11% compared with last year.

DNA sequencing systems and microarrays continued to drive growth, delivering robust double-digit sales increases. Placements of the xCELLigence cell analysis systems launched worldwide last year also contributed significantly to growth.

In the second quarter Applied Science launched the LightCycler 1536 system for high-throughput DNA/RNA analysis using real-time quantitative PCR (polymerase chain reaction) technology. The system's miniaturised 1536 well format enables scientists to extract more data from precious biological samples.

Roche Tissue Diagnostics' half-year sales totalled 229 million Swiss francs, a 33% rise over the five months' sales consolidated in the first half of 2008, following the Ventana acquisition in February. On a comparable basis, half-year sales advanced 17%, well ahead of the market. Second-quarter sales grew 18% versus the prior-year period.

Advanced tissue staining (immunohistochemistry and in situ hybridisation) was again the main growth driver, reflecting a robust double-digit rise in immunohistochemistry reagent sales and excellent uptake of the BenchMark Ultra system, launched in the US and EU in 2008. Half-year sales of the Symphony slide staining instrument and reagents for the high-volume primary staining market grew at double-digit rates.

In the first half of 2009 Tissue Diagnostics launched further immunohistochemistry probes and antibodies to detect various cancers, including lung and gastric cancer, leukemia and lymphoma. In June the labelling of two HER2 testing products used to predict treatment response to Herceptin in breast cancer was expanded to include analytical claims for use with gastric tissue samples.

Tissue Diagnostics continues to expand its business into new geographic markets, including major emerging markets in Asia–Pacific and Latin America.

About Roche

Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche is the world's largest biotech company with truly differentiated medicines in oncology, virology, inflammation, metabolism and CNS. Roche is also the world leader in in-vitro diagnostics, tissue-based cancer diagnostics and a pioneer in diabetes management. Roche's personalised healthcare strategy aims at providing medicines and diagnostic tools that enable tangible

improvements in the health, quality of life and survival of patients. In 2008, Roche had over 80'000 employees worldwide and invested almost 9 billion Swiss francs in R&D. The Group posted sales of 45.6 billion Swiss francs. Genentech, United States, is a wholly owned member of the Roche Group. Roche has a majority stake in Chugai Pharmaceutical, Japan. For more information: www.roche.com.

Additional information

- Investor Update including a full set of tables: http://www.roche.com/inv-update-2009-07-23.htm
- Half-Year Report 2009: www.roche.com/annual_reports.htm
- Roche Pharmaceuticals pipeline: www.roche.com/pipeline.htm
- Roche Finance Info System: rofis.roche.com/dynasight/rofis.html

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Roche Group consolidated income statement for the six months ended 30 June 2009 in millions of CHF

	Pharmaceuticals	Diagnostics	Corporate	Group
Sales	19,104	4,902	-	24,006
Royalties and other operating income	1,047	69	-	1,116
Cost of sales	(4,648)	(2,452)	-	(7,100)
Marketing and distribution	(3,342)	(1,225)	-	(4,567)
Research and development	(4,058)	(460)	-	(4,518)
General and administration	(640)	(190)	(137)	(967)
Operating profit before exceptional items	7,463	644	(137)	7,970
Major legal cases	(421)	-	-	(421)
Changes in Group organisation	(1,942)	-	-	(1,942)
Operating profit	5,100	644	(137)	5,607
Associates				-
Financial income				484
Financing costs				(1,035)
Exceptional financing costs				(365)
Profit before taxes				4,691
Income taxes				(1,678)
Income taxes on exceptional items				1,038
Net income				4,051
Attributable to				
- Roche shareholders				3,473
- Non-controlling interests				578
Earnings per share and non-voting equity security				
Basic (CHF)				4.04
Diluted (CHF)				4.00

Roche Group consolidated balance sheet in millions of CHF

	30 June 2009	31 December 2008
Non-current assets		
Property, plant and equipment	17,619	18,190
Goodwill	8,547	8,353
Intangible assets	6,856	7,121
Associates	9	9
Financial long-term assets	758	940
Other long-term assets	421	451
Deferred income tax assets	2,051	1,829
Post-employment benefit assets	746	592
Total non-current assets	37,007	37,485
Current assets		
Inventories	5,927	5,830
Accounts receivable	10,506	9,755
Current income tax assets	273	268
Other current assets	3,603	1,980
Marketable securities	16,191	15,856
Cash and cash equivalents	3,128	4,915
Total current assets	39,628	38,604
Total assets	76,635	76,089
Non-current liabilities		
Long-term debt	(38,337)	(2,972)
Deferred income tax liabilities	(1,460)	(1,409)
Post-employment benefit liabilities	(3,869)	(4,669)
Provisions	(617)	(654)
Other non-current liabilities	(415)	(459)
Total non-current liabilities	(44,698)	(10,163)
Current liabilities		
Short-term debt	(13,464)	(1,117)
Current income tax liabilities	(2,076)	(2,193)
Provisions	(1,386)	(804)
Accounts payable	(1,916)	(2,017)
Accrued and other current liabilities	(7,744)	(5,973)
Total current liabilities	(26,586)	(12,104)
Total liabilities	(71,284)	(22,267)
Total net assets	5,351	53,822
Equity		
Capital and reserves attributable to Roche shareholders	3,372	44,479
Equity attributable to non-controlling interests	1,979	9,343
Total equity	5,351	53,822

Roche Group consolidated statement of cash flows in millions of CHF

	Six months ended 30 June	
	2009	**2008**
Cash flows from operating activities		
Cash generated from operations	**9,670**	8,764
(Increase) decrease in working capital	**(1,168)**	(903)
Payments made for defined benefit post-employment plans	**(318)**	(185)
Utilisation of provisions	**(413)**	(779)
Other operating cash flows	**165**	3
Cash flows from operating activities, before income taxes paid	**7,936**	6,900
Income taxes paid	**(486)**	(2,122)
Total cash flows from operating activities	**7,450**	4,778
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,246)**	(1,527)
Purchase of intangible assets	**(97)**	(207)
Disposal of property, plant and equipment	**77**	41
Disposal of intangible assets	**-**	-
Disposal of products	**33**	284
Business combinations	**(84)**	(2,657)
Divestments of subsidiaries	**-**	-
Interest and dividends received	**268**	333
Sales of marketable securities	**13,186**	11,618
Purchases of marketable securities	**(12,714)**	(4,099)
Other investing cash flows	**(322)**	(114)
Total cash flows from investing activities	**(899)**	3,672
Cash flows from financing activities		
Proceeds from issue of bonds and notes	**48,197**	-
Repayment and redemption of bonds and notes	**-**	(1,000)
Increase (decrease) in commercial paper	**67**	-
Increase (decrease) in other debt	**(148)**	1
Increase (decrease) in short-term borrowings	**(2)**	(52)
Hedging and collateral arrangements	**2,487**	-
Transactions in own equity instruments	**(250)**	(88)
Change in ownership interest in subsidiaries		
- Genentech	**(52,708)**	-
- Chugai	**-**	(934)
- Ventana	**-**	(1,285)
- Memory	**(6)**	-
Interest and dividends paid	**(4,472)**	(4,041)
Exercises of equity-settled equity compensation plans	**88**	129
Genentech share repurchases	**-**	(794)
Other financing cash flows	**-**	-
Total cash flows from financing activities	**(6,747)**	(8,064)
Net effect of currency translation on cash and cash equivalents	**(1,591)**	(84)
Increase (decrease) in cash and cash equivalents	**(1,787)**	302
Cash and cash equivalents at beginning of period	**4,915**	3,755
Cash and cash equivalents at end of period	**3,128**	4,057

Disclaimer: Cautionary statement regarding forward-looking statements
This document 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, 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) fluctuations in currency exchange rates and general financial market conditions; (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, unexpected side-effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage. The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Roche's earnings or earnings per share for any current or future period will necessarily match or exceed the historical published earnings or earnings per share of Roche.

1. **Top 20 Pharmaceuticals Division product sales and local growth[1] in YTD June 2009: US, Japan and Europe/Rest of World**

	Total		US		Japan		Europe/RoW	
	CHF m	%	CHF m	%	CHF m	%	CHF m	%
MabThera/Rituxan	3,098	8%	1,578	6%	115	3%	1,405	10%
Avastin	3,090	29%	1,693	20%	182	116%	1,215	36%
Herceptin	2,645	10%	810	6%	174	51%	1,661	10%
Tamiflu	1,010	203%	317	11%	300	1510%	393	869%
CellCept	927	-8%	396	-20%	24	11%	507	2%
Pegasys	842	10%	208	10%	65	33%	569	8%
NeoRecormon/Epogin	789	-10%	-	-	246	-4%	543	-13%
Tarceva	643	10%	253	-3%	32	37%	358	18%
Xeloda	626	11%	224	12%	33	38%	369	9%
Lucentis	573	21%	573	21%	-	-	-	-
Bonviva/Boniva	525	3%	291	-13%	-	-	234	30%
Xolair	313	12%	313	12%	-	-	-	-
Valcyte/Cymevene	274	7%	132	5%	-	-	142	8%
Pulmozyme	248	6%	148	9%	-	-	100	2%
Activase/TNKase	226	31%	204	34%	-	-	22	10%
Nutropin	211	1%	206	2%	-	-	5	-6%
Xenical	209	-12%	18	-35%	-	-	191	-10%
Neutrogin	188	-17%	-	-	188	-17%	-	-
Rocephin	164	-7%	1	-78%	32	-3%	131	-6%
Madopar	140	-3%	-	-	11	5%	129	-3%

[1] **versus YTD June 2008**

2. Top 20 Pharmaceuticals Division quarterly local product sales growth in 2008 and 2009

	Q3 2008 vs. Q3 2007	Q4 2008 vs. Q4 2007	Q1 2009 vs. Q1 2008	Q2 2009 vs. Q2 2008
MabThera/Rituxan	15%	16%	6%	10%
Avastin	37%	36%	30%	29%
Herceptin	14%	12%	11%	10%
Tamiflu	-56%	-65%	38%	1048%
CellCept	14%	11%	7%	-21%
Pegasys	12%	5%	9%	10%
NeoRecormon/Epogin	-15%	-8%	-13%	-8%
Tarceva	18%	19%	13%	7%
Xeloda	14%	12%	8%	14%
Lucentis	15%	19%	21%	21%
Bonviva/Boniva	26%	23%	3%	2%
Xolair	12%	13%	13%	11%
Valcyte/Cymevene	13%	9%	7%	6%
Pulmozyme	6%	14%	3%	8%
Activase/TNKase	-2%	13%	45%	17%
Nutropin	1%	-1%	1%	2%
Xenical	-9%	-11%	-14%	-10%
Neutrogin	0%	-13%	-22%	-13%
Rocephin	-16%	-6%	-15%	2%
Madopar	4%	3%	0%	-5%

3. Pharmaceuticals Division quarterly local product sales growth US in 2008 and 2009

	Q3 2008 vs. Q3 2007	Q4 2008 vs. Q4 2007	Q1 2009 vs. Q1 2008	Q2 2009 vs. Q2 2008
MabThera/Rituxan	14%	15%	6%	6%
Avastin	18%	21%	18%	22%
Herceptin	15%	3%	0%	12%
Tamiflu	6%	-83%	-94%	710%
CellCept	20%	12%	11%	-46%
Pegasys	45%	9%	17%	4%
NeoRecormon/Epogin	-	-	-	-
Tarceva	9%	5%	0%	-5%
Xeloda	9%	8%	11%	12%
Lucentis	15%	19%	21%	21%
Bonviva/Boniva	16%	12%	-17%	-10%
Xolair	12%	13%	13%	11%
Valcyte/Cymevene	7%	5%	3%	8%
Pulmozyme	13%	24%	14%	4%
Activase/TNKase	-2%	13%	49%	20%
Nutropin	1%	-1%	1%	2%
Xenical	-33%	-48%	-43%	-25%
Neutrogin	-	-	-	-
Rocephin	-	-89%	-97%	-11%
Madopar	-	-	-	-

4. Pharmaceuticals Division quarterly local product sales growth Japan in 2008 and 2009

	Q3 2008 vs. Q3 2007	Q4 2008 vs. Q4 2007	Q1 2009 vs. Q1 2008	Q2 2009 vs. Q2 2008
MabThera/Rituxan	8%	9%	2%	4%
Avastin	442%	236%	147%	96%
Herceptin	69%	73%	62%	42%
Tamiflu	-98%	-2%	1207%	30977%
CellCept	15%	10%	15%	8%
Pegasys	49%	39%	36%	30%
NeoRecormon/Epogin	-9%	-16%	-8%	-1%
Tarceva	-	699%	51%	27%
Xeloda	88%	81%	53%	27%
Lucentis	-	-	-	-
Bonviva/Boniva	-	-	-	-
Xolair	-	-	-	-
Valcyte/Cymevene	-	-	-	-
Pulmozyme	-	-	-	-
Activase/TNKase	-	-	-	-
Nutropin	-	-	-	-
Xenical	-	-	-	-
Neutrogin	0%	-13%	-22%	-13%
Rocephin	-1%	5%	-3%	-2%
Madopar	6%	0%	7%	3%

5. Pharmaceuticals Division quarterly local product sales growth Europe/Rest of World in 2008 and 2009

	Q3 2008 vs. Q3 2007	Q4 2008 vs. Q4 2007	Q1 2009 vs. Q1 2008	Q2 2009 vs. Q2 2008
MabThera/Rituxan	17%	18%	6%	15%
Avastin	67%	52%	39%	33%
Herceptin	11%	13%	13%	7%
Tamiflu	-93%	6%	487%	1423%
CellCept	9%	9%	3%	2%
Pegasys	1%	1%	5%	10%
NeoRecormon/Epogin	-17%	-4%	-15%	-10%
Tarceva	17%	24%	20%	15%
Xeloda	14%	12%	4%	14%
Lucentis	-	-	-	-
Bonviva/Boniva	45%	47%	40%	21%
Xolair	-	-	-	-
Valcyte/Cymevene	19%	14%	11%	5%
Pulmozyme	-3%	2%	-9%	14%
Activase/TNKase	1%	11%	19%	0%
Nutropin	-10%	-2%	-12%	0%
Xenical	-6%	-7%	-11%	-8%
Neutrogin	-	-	-	-
Rocephin	-13%	-6%	-13%	3%
Madopar	4%	4%	0%	-6%

6. Top 20 Pharmaceuticals Division quarterly product sales in 2008 and 2009

CHF millions	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
MabThera/Rituxan	1,460	1,472	1,584	1,481	1,617
Avastin	1,220	1,351	1,505	1,485	1,605
Herceptin	1,249	1,295	1,323	1,307	1,338
Tamiflu	49	101	181	401	609
CellCept	523	513	576	517	410
Pegasys	416	405	445	393	449
NeoRecormon/Epogin	450	427	455	378	411
Tarceva	301	298	330	320	323
Xeloda	292	307	331	296	330
Lucentis	225	246	274	279	294
Bonviva/Boniva	266	268	333	249	276
Xolair	134	145	156	152	161
Valcyte/Cymevene	136	143	149	131	143
Pulmozyme	120	120	139	120	128
Activase/TNKase	81	81	97	126	100
Nutropin	98	106	112	104	107
Xenical	128	126	112	103	106
Neutrogin	97	98	114	90	98
Rocephin	85	76	92	77	87
Madopar	80	77	80	68	72

7. Pharmaceuticals Division quarterly product sales in US in 2008 and 2009

CHF millions	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
MabThera/Rituxan	706	732	817	769	809
Avastin	671	754	841	810	883
Herceptin	349	394	390	390	420
Tamiflu	30	96	70	15	302
CellCept	243	247	321	256	140
Pegasys	95	99	120	101	107
NeoRecormon/Epogin	-	-	-	-	-
Tarceva	123	117	136	128	125
Xeloda	97	111	131	106	118
Lucentis	225	246	274	279	294
Bonviva/Boniva	159	155	208	137	154
Xolair	134	145	156	152	161
Valcyte/Cymevene	62	66	76	60	72
Pulmozyme	65	69	83	75	73
Activase/TNKase	71	70	86	114	90
Nutropin	94	104	109	101	105
Xenical	12	9	8	8	10
Neutrogin	-	-	-	-	-
Rocephin	1	0	1	0	1
Madopar	-	-	-	-	-

8. Pharmaceuticals Division quarterly product sales in Japan in 2008 and 2009

CHF millions	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
MabThera/Rituxan	52	51	68	52	63
Avastin	43	57	82	82	100
Herceptin	56	64	87	81	93
Tamiflu	0	1	71	250	50
CellCept	11	9	13	11	13
Pegasys	22	26	35	31	34
NeoRecormon/Epogin	114	111	142	115	131
Tarceva	12	11	16	15	17
Xeloda	12	13	17	15	18
Lucentis	-	-	-	-	-
Bonviva/Boniva	-	-	-	-	-
Xolair	-	-	-	-	-
Valcyte/Cymevene	-	-	-	-	-
Pulmozyme	-	-	-	-	-
Activase/TNKase	-	-	-	-	-
Nutropin	-	-	-	-	-
Xenical	-	-	-	-	-
Neutrogin	97	98	114	90	98
Rocephin	15	14	19	15	17
Madopar	5	5	6	5	6

9. Pharmaceuticals Division quarterly product sales in Europe/Rest of World in 2008 and 2009

CHF millions	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
MabThera/Rituxan	702	689	699	660	745
Avastin	506	540	582	593	622
Herceptin	844	837	846	836	825
Tamiflu	19	4	40	136	257
CellCept	269	257	242	250	257
Pegasys	299	280	290	261	308
NeoRecormon/Epogin	336	316	313	263	280
Tarceva	166	170	178	177	181
Xeloda	183	183	183	175	194
Lucentis	-	-	-	-	-
Bonviva/Boniva	107	113	125	112	122
Xolair	-	-	-	-	-
Valcyte/Cymevene	74	77	73	71	71
Pulmozyme	55	51	56	45	55
Activase/TNKase	10	11	11	12	10
Nutropin	4	2	3	3	2
Xenical	116	117	104	95	96
Neutrogin	-	-	-	-	-
Rocephin	69	62	72	62	69
Madopar	75	72	74	63	66