Roche
A sustainable business model based on innovation and productivity gains

Karl Mahler, Head of Investor Relations
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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.

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Performance up-date

Strategy

Main trends influencing long term value propositions

Summary
### 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>local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals</td>
<td>8.6</td>
<td>9.2</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Diagnostics</td>
<td>2.3</td>
<td>2.4</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Roche Group</td>
<td>10.9</td>
<td>11.6</td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>
Performance up-date

Our Strategy and the changing environment

Main trends influencing long term value propositions

Summary
Roche’s unique window of opportunity

The industry
- Low replacement power of current earnings levels
- Poor pipelines
- Cost cutting

Roche
- Extended stability
- Low generic exposure
- Investment into the future

Roche’s unique position

Stability of business model

Bridging the cliffs, Cost-cutting, Diversification

Growth
Focus on our core businesses

Roche Focus

- Pharma
- Dia

- Generics
- OTC
- MedTech

Medical Differentiation

Premium for Innovation

High

Low
Roche’s strategy focuses along either dimension

- **Proximity to Core (regarding products)**
  - **Vaccines**
    - Chiron
    - BioVeris
    - Domantis
    - GlycArt
    - Sirtris
    - NimbleGen
  - **Pharma**
    - Aventis
    - Genentech
    - Pharmacia
  - **Generics**
    - Ventana
    - Wyeth
    - Lek
    - Sabex
  - **Hexal**
    - Corixa

- **Proximity to Core (regarding business model)**
  - Roche
  - Novartis
  - Sanofi Aventis
  - GlaxoSmithKline
  - Pfizer

*Bubble size depicts value of acquisition*
Not to invest in the future means being out of business in ten years

*Source: www.fda.gov/fdac/graphics/newdrugspecial/drugchart.pdf
A well risk balanced approach to investment
Most projects in late stage de-risked

% of Pharma Development spend

2007 2008

New Molecular Entities

Line Extensions

42% 40%

Proof of Concept

40 NMEs in Phase I
16 NMEs in Phase II

NMEs in Phase III

dalcetrapib (CETP)
*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
Responsible management of R&D spend
Higher attrition in early stage - higher success in late stage

Source: R&D General Metrics Study, KMR GROUP, INC
Performance up-date

Strategy

Main trends influencing long term value propositions

Personalized Healthcare- Roche best positioned

Summary
Main trends influencing the long-term value propositions

- Personalised Healthcare
- Maximizing assets on hand
Personalised Healthcare
Increasing demand by stakeholders

- **Patients & Physicians**: Best treatment
- **Regulators**: Better efficacy & safety profile
- **Payers**: Better cost / benefit
- **Industry**: More competitive
Scenarios for PHC Added Value Distribution

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

<table>
<thead>
<tr>
<th>Diagnostic after Drug Launch</th>
<th>IP for Diagnostic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breast Cancer Assay</td>
<td></td>
</tr>
<tr>
<td>Rx</td>
<td>Low</td>
</tr>
<tr>
<td>Dx</td>
<td>High</td>
</tr>
<tr>
<td>Payor</td>
<td>High</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Diagnostic with Drug Launch</th>
<th>IP for Diagnostic</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-Ras Test</td>
<td></td>
</tr>
<tr>
<td>Rx</td>
<td>Low</td>
</tr>
<tr>
<td>Dx</td>
<td>Medium</td>
</tr>
<tr>
<td>Payor</td>
<td>High</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B-Raf inhibitor B-Raf mutant test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rx</td>
</tr>
<tr>
<td>Dx</td>
</tr>
<tr>
<td>Payor</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Herceptin and Her2 test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rx</td>
</tr>
<tr>
<td>Dx</td>
</tr>
<tr>
<td>Payor</td>
</tr>
</tbody>
</table>

No IP for Diagnostic
Main trends influencing the long-term value propositions

- Personalised Healthcare
- Maximizing assets on hand
Key drivers for long term development in place

Develop the short term drivers while not neglecting the long term opportunities

Inherent development risk

High

Low

Existing

Earlier Phases

Maturity of portfolio

Virology

CNS

Metabolic

Inflammation

Oncology
Double-digit growth continues

Europe/RoW
- Continued strong increase in Avastin sales, driven by strong uptake in mCRC and mBC
- Emerging markets contributing to continued growth of MabThera, Herceptin and Tarceva

Japan
- Strong launches of Avastin, Tarceva, and adjuvant Herceptin
Major growth opportunities outside the US for key products

% of sales

<table>
<thead>
<tr>
<th>Product</th>
<th>Time on Market</th>
<th>EU / ROW (incl. Japan)</th>
<th>Nth America</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVASTIN</td>
<td></td>
<td>44</td>
<td>56</td>
</tr>
<tr>
<td>MABThERA</td>
<td></td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>CELLCEPT</td>
<td></td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>TARCEVA</td>
<td></td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>XELODA</td>
<td></td>
<td>65</td>
<td>35</td>
</tr>
<tr>
<td>HERCEPTIN</td>
<td></td>
<td>71</td>
<td>29</td>
</tr>
<tr>
<td>PEGASYS</td>
<td></td>
<td>76</td>
<td>24</td>
</tr>
</tbody>
</table>
Each cancer type is different
And needs a specific treatment approach

### Incidence

<table>
<thead>
<tr>
<th></th>
<th>CRC</th>
<th>BC</th>
<th>NSCLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd line</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd line</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st line</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adjuvant</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Survival

<table>
<thead>
<tr>
<th></th>
<th>CRC</th>
<th>BC</th>
<th>NSCLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjuvant DFS at 3 years*</td>
<td>72 %</td>
<td>81 %</td>
<td>50 %</td>
</tr>
<tr>
<td>Metastatic median OS *</td>
<td>25 months</td>
<td>36 months</td>
<td>11 months</td>
</tr>
</tbody>
</table>

* Assuming best current care, Incidence: GLOBOCAN 2002 and Roche market research
First in class mechanisms establishing new standards of care

<table>
<thead>
<tr>
<th>Rank</th>
<th>Drug</th>
<th>Sales (m) MAT 3Q08</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MabThera</td>
<td>4,189</td>
</tr>
<tr>
<td>2</td>
<td>Herceptin</td>
<td>4,129</td>
</tr>
<tr>
<td>3</td>
<td>Avastin</td>
<td>4,052</td>
</tr>
<tr>
<td>4</td>
<td>Glivec</td>
<td>3,491</td>
</tr>
<tr>
<td>5</td>
<td>Taxotere</td>
<td>2,745</td>
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<tr>
<td>6</td>
<td>Eloxatine</td>
<td>2,236</td>
</tr>
<tr>
<td>7</td>
<td>Arimidex</td>
<td>1,944</td>
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<tr>
<td>8</td>
<td>Gemzar</td>
<td>1,601</td>
</tr>
<tr>
<td>9</td>
<td>Erbitux</td>
<td>1,412</td>
</tr>
<tr>
<td>10</td>
<td>Casodex</td>
<td>1,343</td>
</tr>
</tbody>
</table>

Successful products need to be first class entrants – the race begins early in R&D
Paradigm change: Development of all main cancer types in parallel

Example of Avastin
### 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>
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<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>
</tbody>
</table>

*Projected timelines for positive results
Exciting mid / early-stage opportunities in oncology
3rd generation anti-CD20- potential for improvement over MabThera based on Glycart technology

**Improved product features**
- Increased direct cell death
- Increased ADCC
- Lower CDC
- Phase I in NHL

**Extended patent life for many other monoclonal antibodies?**
- MabThera
- Herceptin
- Pertuzumab.

GA101: Phase II ongoing
Phase I data presented at ASH 2009

ADCC = (antibody dependent cell-mediated cytotoxicity); CDC = (complement dependent cytotoxicity)
ASCO 2009 Highlights

Avastin

NSABP C-08: Adjuvant colon cancer efficacy results – *late-breaker abstract*

RIBBON-1: 1st line HER2-negative metastatic breast cancer – *oral presentation*

Tarceva

ATLAS: 1st line maintenance therapy for advanced non-small cell lung cancer – *late-breaker oral presentation*

SATURN: 1st line maintenance therapy for advanced non-small cell lung cancer – *oral presentation*

SATURN: 1st line maintenance therapy for advanced non-small cell lung cancer biomarker data

Herceptin

ToGA: 1st line HER2-positive advanced gastric cancer – *oral presentation*

T-DM1

Phase II second-line+ HER2-positive mBC final results

NSABP = National Surgical Adjuvant Breast and Bowel Project

Joint Roche-Genentech Investor Science Events

Sunday May 31st
Monday June 1st
Key drivers for long term development in place

*Develop the short term drivers while not neglecting the long term opportunities*

ILLUSTRATIVE
Rheumatoid Arthritis: Not all patients respond to current therapy

Gold standard therapy
anti-TNF + MTX

Only 1 of 3 patients receives significant benefit

ACR 70 = 70% Improvement in:
- Disease activity – patient
- Disease activity – physician
- Patient assessment of Pain
- Physical disability
- Acute phase reactants – CRP, ESR

% ACR70 Responders

0 10 20 30 40 50 60 70 80 90

0 2 4 8 12 16 20 24 32 40 48 52

Week

Unmet Medical Need

ACR 70
Comprehensive development program in RA
Covers all treatment stages

**MabThera**

- **IMAGE** (MTX naive, X-ray study)
- **MIRROR** (MTX IR, dose escalation)
- **SCORE** (DMARDs IR)
- **LITHE** (MTX IR, X-ray study)
- **SERENE** (MTX IR)
- **REFLEX** (Anti-TNF IR)

**Actemra**

- **AMBITION** (6 mnth MTX free/MTX naive, monotherapy)
- **TOWARD** (DMARDs IR)
- **RADIATE** (Anti-TNF IR)

*Indication not yet approved, awaiting regulatory approval
**Phase III trial in progress
Performance up-date

Strategy

Main trends influencing long term value propositions

Summary
Roche Pharma pipeline overview

Focused on five Disease Biology Areas

Oncology
- Xeloda
- MabThera
- Herceptin
- Avastin
- Tarceva
- Pertuzumab
- T-DM1
- R7159 3rd gen anti-CD20
- R1507 (IGF-1R mAb)
- Apomab
- Apo2L/TRAIL
- Anti-CD40 mAb
- Hedgehog inhibitor
  16 ph. I compounds

RA/Inflammation
- MabThera
- Actemra
- R1594 ocrelizumab
- R667 RARγ
  9 ph. I compounds

Metabolic/CV
- R1658 CETP Inh.
- R1583 GLP-1
- R1439 dual PPAR
  9 ph. I compounds

Virology
- Pegasis
- Tamiflu
- R3484 HPV16
- R7128 HCV pol. Inh.
- R7227 HCV prot. inh.

CNS
- Ocrelizumab RRMS
- R1678 Schizophrenia
- R3487 Alzheimer’s
  4 ph. I compounds

On Hand Promising Late Stage Emerging Mid-Term Early Stage
Profitability measures

Operating cash flow per employee

Operative Cash Flow per employee

Novartis
Roche
GSK
Sanofi-Aventis
Novartis

CHF 000’s

250
200
150
100
50
0
2003 2004 2005 2006 2007

SDI Analysis; Source: Annual Reports of corresponding companies, datastream, currency rates (average 365 days)
Roche: M&D and G&A % to sales
Freeing up resources for innovation
Patent expiry 2008-2012

Roche short-/medium-term has the strongest patent protected portfolio… and highest share of biotech products

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: A unique “investment case”

Clear and focused strategy
- Medically differentiated products
- Poised to become leader in Personalised Healthcare

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
We Innovate Healthcare
Avastin in mCRC: Strong uptake continues

Source: Synovate Patient Monitor and Top-Up, Top-5 EU
Top 10 Oncology Products

Sales and market shares in seven major markets in 2007

Roche/Genetech’s MabThera, Herceptin and Avastin dominate the current cancer brands market

Source: Datamonitor, MIDAS Sales Data, IMS Health, April 2008, Copyright ©, reprinted with permission