Bringing a successful partnership to the next level

Basle, 21 July 2008

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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All mentioned trademarks are legally protected.
Roche makes an offer to acquire all publicly held shares in Genentech

- Roche makes an all cash offer to acquire all outstanding publicly held shares of Genentech at US$ 89 per share, for a total investment of US$ 43.7 billion

- The offer has been presented to Genentech’s independent directors, and we expect to enter negotiations shortly in order to secure a recommended deal

- Our offer is both fair and generous and provides an opportunity for all non-Roche shareholders in Genentech to receive an immediate premium for all of their shares:
  - The offer represents a 1-day premium of 8.8% to Genentech’s closing price of US$ 81.82 on July 18th and a 1-month premium of 19.0% to Genentech’s closing price of US$ 74.76 on June 20th 2008

- Roche has no interest in selling its controlling equity stake in Genentech

Strategic rationale

Key objectives

Enhance ability to innovate

Improve operational efficiency

Financial value proposition
**Strong fit with Roche strategy**
*Furthers our strategy and focus*

The Roche Business Model:

- **Medical Differentiation**:
  - Low
  - High

- **Premium for Innovation**:
  - Low
  - High

Roche Focus: 
- Pharma
- Dia

- Generics
- OTC
- MedTech

**Roche Strategy:**

- Focus on innovation in medically differentiated therapeutics and diagnostics
- Hub and spokes approach
- No “mega mergers” focused on cost rationalization
- Drive for efficiency

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**Genentech in 1990**
*A research focused emerging biotech company…*

Robert A. Swanson & Herbert W. Boyer
Co-founders of Genentech

Total employees: 2'000

- 800 R&D
- 1'200 all other functions

Source: Roche estimate
Genentech: the journey between 1990–2008
Strong revenue growth driven by medical breakthroughs

Roche majority shareholding

Revenues ($bn)

Genentech today
… a fully integrated pharmaceutical company

Genentech campus in South San Francisco

Source: Genentech filings, Roche estimates
Key objectives of combining Genentech and Roche
…building a leading organization

<table>
<thead>
<tr>
<th>Research and Early Development</th>
<th>Late Development</th>
<th>Manufacturing</th>
<th>Commercial</th>
<th>Admin &amp; other</th>
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Strategic rationale

Key objectives

Enhance ability to innovate

Improve operational efficiency

Financial value proposition
Key objectives of combining Genentech and Roche

...enhance innovation and operational efficiency

**Research and Early Development**

- Enhance innovation
  - Allow diversity of approaches in research
  - Encourage sharing of IP, technologies, networks etc.
  - Post 2015 partnership

**Manage & Commercial**

- Improve operational efficiency
  - Reduce complexity
  - Eliminate duplications
  - Leverage combined scale in the US and globally

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**Enhance innovation**

...by maintaining diversity of approaches

**Genentech**:
- Keep Founders Research Center independent

**Roche**:
- Keep existing Disease Biology Area (DBA) model
- Transfer Palo Alto activities:
  - Virology DBA to South San Francisco
  - Inflammation DBA to Nutley
- No changes outside the US

* Located on Genentech site in South San Francisco
Enhance innovation
...by mutual access to IP, technologies and science network

Examples from Roche network

- **IP:**
  - Biomarkers
  - Libraries (small molecules)

- **Technologies:**
  - Antibody technology platform (GlycArt)
  - Protein therapeutics (Penzberg)
  - siRNA (Kulmbach, Alnylam)
  - Immunohistochemistry (Ventana tissue diagnostics & companion diagnostics)

- **Partnerships:**
  - Combined global partnerships >100

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**Strategic rationale**

**Key objectives**

- Enhance ability to innovate
- Improve operational efficiency

**Financial value proposition**
Key objectives of combining Genentech and Roche

...enhance innovation and operational efficiency

Research and Entry Development

- Allow diversity of approaches in research
- Encourage sharing of IP, technologies, networks etc.
- Post 2015 partnership

Late Development

- Reduce complexity
- Eliminate duplications
- Leverage combined scale in the US and globally

Early Development

- Address overlap of compounds (e.g. 3rd generation anti-CD20)
- Product combination strategies (e.g. Avastin backbone + other)
- Freedom to optimize complex franchises including third party relationships (e.g. Anti-angiogenesis, different partnerships Roche and Genentech)

Portfolio decisions

- Management of common programs (e.g. interface to external investigators)
- Coordinated access to global patient pool

Trial design & execution

Late Development

Reduce project complexity

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### Manufacturing – combined organization

**Global integration of biotech production**

- Optimize capacity (avoid planned capital expenditures)
- Leverage combined scale in procurement
- Eliminate overlapping support functions

### US Commercial – combined organization

**No change in sales forces**

- Relocate commercial headquarters to South San Francisco by combining marketing and support services
- Leverage the Genentech brand
- No change in either sales forces
Admin / other – combined organization
Move to new South San Francisco HQ

- Consolidate HQ functions in South San Francisco
- Eliminate overlapping and redundant functions

Impact by function and site
Does not affect Sales forces

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No impact: Green
Impact (transfer, close or align): Blue
Guiding principles for integration

*We will select the “best of both”*

1. Protect innovation capabilities and foster science culture at Genentech
2. Leverage brand and reputation of Genentech in the US
3. Integrate operational management and seek synergies wherever possible
4. Integration based on selection of the best talent from both organizations

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Strategic rationale

Key objectives

- Enhance ability to innovate
- Improve operational efficiency

Financial value proposition
Key transaction numbers and facts

- Roche makes an all cash offer to acquire all outstanding publicly held shares of Genentech at US$ 89 per share, for a total investment of US$ 43.7 billion

- The offer represents a 1-day premium of 8.8% to Genentech’s closing price of US$ 81.82 on July 18th and a 1-month premium of 19.0% to Genentech’s closing price of US$74.76 on June 20th 2008

- Total consideration payable is US$43.7 billion (CHF 44.7 billion), assuming Roche purchases all outstanding shares and options

- Roche currently owns approx. 587.2 million shares in Genentech, representing 55.9% of shares outstanding

- Roche has no interest in selling its controlling equity stake in Genentech

Key financial value drivers

*Strong earnings growth and improved long term prospects for combined entity*

**Accretive in first year after closing**

- Accretion to EPS growth in the first year after closing due to strong profitability of Genentech’s business and expected synergies
- Expected synergies of $750 to $850 million annually

**Strong cash generation**

- Full access to Genentech’s cash flow
- Strategic flexibility for small and medium sized acquisitions maintained
Financing and accounting

Fast repayment of debt

- Financed through a combination of Roche funds and debt financing
- Roche expects to include its core banks and others to build an underwriting consortium
- The combined cash-flows allow fast repayment of the debt
- Accounting: Equity transaction treatment in accordance with IFRS. The consideration is deducted from equity and eliminates minority interests (IAS 27 revised)
  - no additional intangible assets or goodwill

Next steps

Negotiations with Genentech’s independent directors

- We expect that Genentech’s board of directors will form a special committee comprised solely of independent directors to consider Roche’s proposal
- Genentech board directors who are employees of Roche will not participate in the evaluation of the proposal
- Terms of the transaction will be negotiated with the independent directors
- Roche expects to complete the transaction promptly following negotiation of a definitive merger agreement and approval by a majority of the non-Roche Genentech shareholders
**Summary**

*Combination creates a win-win situation*

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