Translating excellence in science into customer benefit

Pascal Soriot, Chief Operating Officer
Roche Pharmaceuticals

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6. increased government pricing pressures;
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9. litigation;
10. loss of key executives or other employees; and
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Solid fundamentals

Building the future
2010: Summary

**Financial guidance fully met**

**Operational Excellence on track**
- Most of the concerned employees individually notified
- R&D prioritised
- Divestitures of factories initiated

**Pipeline is gaining strength**
- 12 New Molecular Entities (NMEs) in late stage

**Personalised Healthcare is becoming reality**
- 6 late stage assets tailored to specific patient groups
2010: Group sales

Solid underlying growth in line with guidance

<table>
<thead>
<tr>
<th>Division</th>
<th>2009 CHF m</th>
<th>2010 CHF m</th>
<th>change in %</th>
<th>Excluding Tamiflu*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals Division</td>
<td>38,996</td>
<td>37,058</td>
<td>-5</td>
<td>-2</td>
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<tr>
<td>Diagnostics Division</td>
<td>10,055</td>
<td>10,415</td>
<td>+4</td>
<td>+8</td>
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<tr>
<td>Roche Group</td>
<td>49,051</td>
<td>47,473</td>
<td>-3</td>
<td>0</td>
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</table>

* local currency
Growth rates maintained despite healthcare reforms and austerity measures

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
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<tr>
<td><strong>Pharmaceuticals Division</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>excl. Tamiflu</td>
<td>7</td>
<td>7</td>
<td>5</td>
<td>-3</td>
<td>4</td>
<td>8</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Diagnostics Division</strong></td>
<td>8</td>
<td>7</td>
<td>10</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>7</td>
<td>6</td>
<td>8</td>
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<tr>
<td><strong>Roche Group</strong></td>
<td>8</td>
<td>12</td>
<td>14</td>
<td>8</td>
<td>10</td>
<td>9</td>
<td>0</td>
<td>-3</td>
<td>-5</td>
<td>0</td>
</tr>
<tr>
<td>excl. Tamiflu</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>0</td>
<td>5</td>
<td>9</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Key Pharmaceuticals & Diagnostics products
A risk-diversified portfolio of drugs and BUs

2 with > than CHF 6 bn
1 with > than CHF 5 bn
11 with > than CHF 1 bn

Avastin
MabThera/Rituxan
Herceptin
Diabetes Care
Pegasys
Immunochecistry
CellCept
NeoRecormon
Tarceva
Clinical Chemistry
Xeloda
Lucentis
Molecular Dx
Boniva

* 2010 sales
Pharma sales in International / emerging markets

CAGR: 10%

All figures at 2010 exchange rates
Opportunities in emerging markets

Large untapped potential for our innovative products

Opportunities in emerging markets

- strong and long-standing presence
- providing access is key: disease awareness, local clinical trials and training for healthcare professionals

<table>
<thead>
<tr>
<th>Current penetration (%)</th>
<th>Herceptin</th>
<th>MabThera oncology</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>~5%</td>
<td>12%</td>
</tr>
<tr>
<td>Russia</td>
<td>25%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Emerging markets: by 2012 ~ 80% of US market value, more than Western Europe (IMS)
2010: Group performance
+10% Core EPS growth\(^1\) as guided

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>Change</th>
<th>CHF m</th>
<th>%</th>
<th>loc %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>49,051</td>
<td>47,473</td>
<td>-1,578</td>
<td>-3</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Core operating profit</strong></td>
<td>16,272</td>
<td>16,591</td>
<td>+319</td>
<td>+2</td>
<td>+7</td>
<td></td>
</tr>
<tr>
<td>as % of sales</td>
<td>33.2</td>
<td>34.9</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td><strong>Core net income</strong></td>
<td>11,317</td>
<td>11,181</td>
<td>-136</td>
<td>-1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>as % of sales</td>
<td>23.1</td>
<td>23.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Attributable to Roche shareholders</td>
<td>10,636</td>
<td>10,955</td>
<td>+319</td>
<td>+3</td>
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<td></td>
</tr>
<tr>
<td><strong>Core EPS (CHF)</strong></td>
<td>12.34</td>
<td>12.78</td>
<td>+0.44</td>
<td>+4</td>
<td>+10</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) at constant exchange rates
Continuous profit growth and margin improvement

Group Core operating profit and margin

- **2009**
  - CHF bn: 16.3
  - % of sales: 33.2%
  - +2.1%p\(^1\)
    - (+1.7%p)

- **2010**
  - CHF bn: 16.6
  - % of sales: 34.9%
  - +7\(^1\)
    - (+2%)

\(^1\) at constant exchange rates
Long primary patent protection of our key biologics

<table>
<thead>
<tr>
<th>Patents</th>
<th>US</th>
<th>EU ROW/EM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avastin</td>
<td>2019</td>
<td>similar</td>
</tr>
<tr>
<td>Lucentis</td>
<td>2019</td>
<td>marketed by Novartis</td>
</tr>
<tr>
<td>Rituxan/MabThera</td>
<td>2018</td>
<td>earlier</td>
</tr>
<tr>
<td>Herceptin</td>
<td>2019</td>
<td>earlier</td>
</tr>
<tr>
<td>Pegasys</td>
<td>2018</td>
<td>similar</td>
</tr>
</tbody>
</table>

Biosimilars outlook

**US:** FDA in the process of developing guidelines

Long data exclusivity for biologics: proposed 12 years

**EU:** legal and regulatory hurdles likely to remain high for biosimilars

**ROW/EM:** investment in countries with strong IP regulations (China)

Brand awareness important
Solid fundamentals

Building the future
A leading pipeline

12 NMEs in late-stage development

Number of NMEs

- Virology
- CNS
- Metabolic
- Inflammation
- Oncology

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2</td>
</tr>
<tr>
<td>2008</td>
<td>4</td>
</tr>
<tr>
<td>2009</td>
<td>10</td>
</tr>
<tr>
<td>2010</td>
<td>12</td>
</tr>
</tbody>
</table>

- **Metabolic**
  - ocrelizumab
  - dalcetrapib
  - taspoglutide

- **Oncology**
  - Actemra
  - Pertuzumab
  - GA101 (CLL)
  - T-DM1
  - GA101 (CLL, NHL)
  - Pertuzumab

- **Inflammation**
  - Actemra
  - Pertuzumab

- **Virology**
  - Aeglitazar
  - Taspoglutide

1 LIP decision made, phase III start pending
HER2-positive breast cancer
Improving the standard of care

2nd line mBC
- Xeloda + lapatinib
- T-DM1 (EMILIA)

1st line mBC
- Herceptin + chemotherapy
- Herceptin & pertuzumab + chemotherapy (CLEOPATRA)
- T-DM1 & pertuzumab (MARIANNE)

Early (adjuvant) BC
- Herceptin + chemotherapy
- Herceptin Subcutaneous + chemotherapy
- Herceptin & pertuzumab + chemotherapy

Timelines refer to the expected dates of first filing
Herceptin & pertuzumab in neoadjuvant HER2+ BC
An encouraging result from NEOSPHERE trial

Phase III (CLEOPATRA) data in 1st line patients and filing in 2011

ITT population summary
Growth despite biosimilars

HER2 market example

1. Herceptin value assumption post biosimilars launch based on the German EPO market experience

2. Increased penetration in International markets

Value decline EU and RoW

3. New HER2 targeted products

Pertuzumab
T-DM1
Herceptin
sub cut.
RG7204 for metastatic melanoma meets overall survival endpoint in Phase III

<table>
<thead>
<tr>
<th>Patient Population</th>
<th>Second- and Third line Malignant Melanoma BRAF mutation positive</th>
<th>First-line Malignant Melanoma BRAF mutation positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase/Study</td>
<td>Phase II BRIM2</td>
<td>Phase III BRIM3</td>
</tr>
<tr>
<td># of Patients</td>
<td>N=132</td>
<td>N=675</td>
</tr>
<tr>
<td>Design</td>
<td>• <strong>Single ARM</strong>: RG7204</td>
<td>• <strong>ARM A</strong>: RG7204</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• <strong>ARM B</strong>: dacarbazine</td>
</tr>
<tr>
<td>Primary Endpoint</td>
<td>• Best overall response rate assessed by IRC using RECIST criteria</td>
<td>• Overall survival</td>
</tr>
<tr>
<td>Status</td>
<td>• Presented at Int. Melanoma Congress 2010</td>
<td>• FPI Q1 2010; fully recruited in Dec 2010</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• <strong>Met OS and PFS endpoints in Jan 2011</strong></td>
</tr>
</tbody>
</table>

Expect filing in 2011 in US and EU
Hedgehog pathway inhibitor in basal cell carcinoma

**Phase I efficacy data**

- RG3616 is efficacious in treating advanced basal cell carcinoma
  - 33 BCC patients treated in Phase I*
  - >50% had a response (IRF assessed)
    - 2 (6.1%) complete response
    - 16 (48.5%) partial response
  - Median duration of response >8.8 months
  - Well-tolerated with reversible, mild adverse events


In collaboration with Curis

**Pivotal phase II data in Q1 2011**
Impact on product pipeline

Progressing Personalized Healthcare

T-DM1
Metastatic breast cancer
(HER-2 expression level)

Pertuzumab
Metastatic breast cancer
(HER-2/3 expression level)

RG 7128
Hepatitis C
(HCV viral load, genotype)

MetMAb
Non-small cell lung cancer
(MET status)

Lebrikizumab
Asthma
(periostin level)

RG7204
Metastatic melanoma
(BRAF V600E mutation)

1 LIP and phase III decision pending
Key clinical trials since October 2010
14 of 14 in 19 weeks (1 every 10 days)

**Breast Cancer:** T-DM1 in 1st line HER2-positive breast cancer
randomised Phase II data – ESMO
(October 8–12, Milano)

**Hepatitis C:** Nucleoside Polymerase inh (RG7128)
randomised Phase IIb PROPEL interim data –
AASLD (October 28–Nov 2, Boston)

**Asthma:** Lebrikizumab
randomised Phase II – data in house

**Non-Small Cell Lung Cancer:**
MetMAb in 2nd/3rd line NSCLC
randomised Phase II – ESMO
(October 8–12, Milano)

**Metastatic Melanoma:**
BRAF inhibitor vemurafenib
Phase II Melanoma Research Congress
(November 4–9, Sydney)

**Metastatic Melanoma:**
BRAF inhibitor vemurafenib
Phase II Melanoma Research Congress
(November 4–9, Sydney)

**Ovarian Cancer:** Avastin in front line ovarian cancer
ICON7 Phase III pivotal trial – ESMO
(October 8–12, Milano)

**Non-Hodgkin's Lymphoma:**
GA101 in aNHL
randomised Phase II data – ASH
(December 4–7, Orlando)

**Schizophrenia:** GlyT-1 inh
randomised Phase II – ACNP
(December 5–9, Miami)

**Diabetic macular edema (DME):**
Lucentis
RISE phase III
(February 14, 2011)

**Multiple Sclerosis:**
Ocrelizumab in RRMS
randomised Phase II – ECTRIMS
(October 15, Gothenburg)

**Advanced Non-Small Cell Lung Cancer (NSCLC):** Tarceva
Phase III EURTAC study interim analysis results
(January 27, 2011)

**Ovarian Cancer:** Avastin in 2nd line platinum sensitive ovarian cancer
OCEANS Phase III (February 8, 2011)
2011: Major clinical news for late-stage NMEs
7 Phase III and 9 Phase II studies

<table>
<thead>
<tr>
<th>Compound</th>
<th>Indication</th>
<th>Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAF inh</td>
<td>1st line met melanoma</td>
<td>Ph III BRIM3 ✓</td>
</tr>
<tr>
<td>Lucentis</td>
<td>diabetic macular edema</td>
<td>Ph III RISE ✓ Ph III RIDE</td>
</tr>
<tr>
<td>Avastin</td>
<td>relapsed ovarian cancer</td>
<td>Ph III OCEANS ✓</td>
</tr>
<tr>
<td>Pertuzumab + Herceptin</td>
<td>1st line HER2+ mBC</td>
<td>Ph III CLEOPATRA</td>
</tr>
<tr>
<td>Herceptin</td>
<td>adj HER2+BC sc</td>
<td>Ph III HANNAH</td>
</tr>
<tr>
<td>Actemra</td>
<td>Early RA</td>
<td>Ph III Head-to-head against Humira</td>
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<tr>
<td>Hedgehog Pathway Inh</td>
<td>advanced BCC</td>
<td>Ph II pivotal study</td>
</tr>
<tr>
<td>T-DM1</td>
<td>1st line HER2+ mBC</td>
<td>Ph II PFS data</td>
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<tr>
<td>GA101</td>
<td>Relapsed indolent NHL</td>
<td>Ph II Head-to-Head against MabThera/Rituxan</td>
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<tr>
<td>MetMab</td>
<td>NSCLC 2nd / 3rd line</td>
<td>Ph II final data</td>
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<tr>
<td>Lebrikizumab</td>
<td>asthma</td>
<td>Ph II MILLY</td>
</tr>
<tr>
<td>Nucleoside Pol Inh</td>
<td>Hepatitis C</td>
<td>Ph IIb PROPEL final data; JUMP-C</td>
</tr>
<tr>
<td>Dalcetrapib</td>
<td>Atheroclerosis CV risk red.</td>
<td>Ph IIb dal-VESSEL; dal-PLAQUE</td>
</tr>
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Priorities 2011

**Improve Efficiency**
- Implement ‘Operational Excellence’ as announced
- Capture remaining synergies from Genentech integration

**Drive Innovation and Growth**
- Progress late-stage pipeline
- Prepare launches for potentially three NMEs (BRAF inhibitor, pertuzumab, hedgehog inhibitor)
- Launch key diagnostic tests (HPV, BRAF, KRAS, EGFR)
- Invest in emerging markets

**2011: Bring personalised healthcare to patients**
Conclusions
Roche well positioned for the future

- Unchanged innovation-driven strategy
- Optimized operational setup driving current business and increasing profitability
- Continued significant investments in industry-leading product pipeline
- Personalized Healthcare (PHC) becoming a reality
We Innovate Healthcare
## Outlook for 2011

| **Sales growth** (in LC) | **Group & Pharma (excl. Tamiflu): low single-digit**  
**Diagnostics: significantly above market** |
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<tbody>
<tr>
<td><strong>Genentech synergies</strong></td>
<td><strong>2011+ : CHF 1.0 bn</strong></td>
</tr>
</tbody>
</table>
| **Operational Excellence savings** | **2011 : CHF 1.8 bn**  
**2012+ : CHF 2.4 bn** |
| **Core EPS growth target** (in LC) | **High single-digit** |
| **Debt** | **Aim to return to net cash position by 2015** |
| **Dividend outlook** | **Grow dividend in-line with Core EPS growth** |

Barring unforeseen events; LC=Local Currency; * vs. 2010: CHF 0.8 bn