Roche
Committed to innovation and profitable growth

Dr. Severin Schwan
CEO Roche

New York, June 2011
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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.

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Fundamentals

Challenges

Outlook
Q1 2011: Group sales
Supporting full-year guidance, strong currency impact

<table>
<thead>
<tr>
<th>Division</th>
<th>2010 CHF m</th>
<th>2011 CHF m</th>
<th>change in %</th>
<th>Excluding Tamiflu¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals Division</td>
<td>9,727</td>
<td>8,712</td>
<td>-10</td>
<td>-2</td>
</tr>
<tr>
<td>Diagnostics Division</td>
<td>2,518</td>
<td>2,408</td>
<td>-4</td>
<td>+6</td>
</tr>
<tr>
<td>Roche Group</td>
<td>12,245</td>
<td>11,120</td>
<td>-9</td>
<td>0</td>
</tr>
</tbody>
</table>

¹ local currency
Key Pharmaceuticals & Diagnostics products
A risk-diversified portfolio of drugs and BUs

- 2 with sales >CHF 6 bn
- 1 with sales >CHF 5 bn
- 11 with sales >CHF 1 bn

* 2010 sales
2010: Roche Diagnostics: a leading business

**Number 1 in IVD…**

* incl. Diabetes Monitoring

**Leading growth**

Source: Boston Biomedical Consultants

**Over 160 PHC projects**

**Core operating profit and margin**

17.3% 21.1%

1.7 CHF bn 2.2 CHF bn

2009 2010
Roche: Limited exposure to patent expiries in the short and medium term

% Sales Lost calculated by subtracting given year sales (‘10, ‘11, ‘12, ‘13) from full year sales from year prior to LOE.

Data excludes sales lost impact of products with LOE prior to 2010.

Source: Evaluate Pharma
**Long primary patent protection of our key biologics**

<table>
<thead>
<tr>
<th>Patents</th>
<th>US</th>
<th>EU/ROW</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 currently developing guidelines
- Long data exclusivity for biologics: proposed 12 years

**EU**
- Legal and regulatory hurdles likely to remain high for biosimilars

**ROW**
- Investment in countries with strong IP regulations (China)
- Brand awareness important
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
- specific pricing programmes for individual markets: innovative schemes to provide win-win situation

Current Penetration (in %)

<table>
<thead>
<tr>
<th></th>
<th>Herceptin</th>
<th>MabThera (oncology)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>7%</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)
Strong Cash Flow

Roche Group - Operating Free Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>in CHF bn</th>
<th>in % of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>10.7</td>
<td>22.8%</td>
</tr>
<tr>
<td>2008</td>
<td>12.4</td>
<td>27.1%</td>
</tr>
<tr>
<td>2009</td>
<td>15.7</td>
<td>32.1%</td>
</tr>
<tr>
<td>2010</td>
<td>14.1</td>
<td>29.8%</td>
</tr>
</tbody>
</table>
2010: Continuous increase of pay-out ratio over three years\(^1\)

Average yearly dividend growth
(2004-2010): 22%

Pay-out ratio calculated as dividend per share divided by core earnings per share (diluted)

Pay-out ratio calculated as dividend per share divided by earnings (before exceptional items) per share (diluted)

1 As announced in relation to the financial results for 2007
2010 Dividend: Proposed by the Board of Directors
Fundamentals

Challenges

Outlook
The basic challenge

Increasing price pressure

Increasing development cost

R&D productivity?
Clinical Trials Newsflow (Phase III)

Positive outcome rate recovering

Clinical success rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Roche</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>91%</td>
<td>62%</td>
</tr>
<tr>
<td>2009</td>
<td>95%</td>
<td>62%</td>
</tr>
<tr>
<td>2010</td>
<td>62%</td>
<td>64%</td>
</tr>
<tr>
<td>2011</td>
<td>(100%)</td>
<td>(n/a)</td>
</tr>
</tbody>
</table>

1 Based on IR up-dates (phase III)
2 KMR Group, 2006-2008, resp. 2007-2009; Phase III trials
# Key clinical trials since October 2010

## 18 positive studies in 6 months

<table>
<thead>
<tr>
<th>Compound</th>
<th>Indication</th>
<th>Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>MetMAb</td>
<td>2nd/3rd line NSCLC</td>
<td>Randomised Phase II, ESMO 2010</td>
</tr>
<tr>
<td>Avastin</td>
<td>front line Ovarian Cancer</td>
<td>ICON7 Phase III, ESMO 2010</td>
</tr>
<tr>
<td>Ocrelizumab</td>
<td>RR Multiple Sclerosis</td>
<td>Randomised Phase II, ECTRIMS 2010</td>
</tr>
<tr>
<td>Mericitabine (RG7128)</td>
<td>Hepatitis C</td>
<td>PROPEL randomised Phase IIb, interim data AASLD 2010</td>
</tr>
<tr>
<td>Vemurafenib (BRAF inh)</td>
<td>Metastatic Melanoma</td>
<td>BRIM2 Phase II, Melanoma Research Congress 2010</td>
</tr>
<tr>
<td>GA101</td>
<td>Non-Hodgkin’s Lymphoma</td>
<td>Randomised Phase II, ASH 2010</td>
</tr>
<tr>
<td>Glycine Reuptake inh. (GlyT-1)</td>
<td>Schizophrenia</td>
<td>Randomised Phase II, ACNP 2010</td>
</tr>
<tr>
<td>Pertuzumab</td>
<td>Neoadjuvant HER2+ Breast Cancer</td>
<td>NEOSPHERE randomised Phase II, SABCS 2010</td>
</tr>
<tr>
<td>Lebrikizumab</td>
<td>Asthma</td>
<td>Randomised Phase II, data in house</td>
</tr>
<tr>
<td>Dalcetrapib</td>
<td>CV risk reduction</td>
<td>Dal-VESSEL, Dal-PLAQUE safety data in house</td>
</tr>
<tr>
<td>T-DM1</td>
<td>1st line HER2-positive breast cancer</td>
<td>Randomised Phase II, Apr 2011</td>
</tr>
<tr>
<td>Vemurafenib (BRAF inh)</td>
<td>Metastatic Melanoma</td>
<td>BRIM3 Phase III interim analysis, Jan 2011</td>
</tr>
<tr>
<td>Tarceva</td>
<td>Advanced NSCLC</td>
<td>EURTAC Phase III interim analysis, Jan 2011</td>
</tr>
<tr>
<td>Avastin</td>
<td>Relapsed Ovarian Cancer</td>
<td>OCEANS Phase III, Feb 2011</td>
</tr>
<tr>
<td>Lucentis</td>
<td>Diabetic macular edema (DME)</td>
<td>RISE and RIDE, 2 Phase III studies, Feb-Mar 2011</td>
</tr>
<tr>
<td>Vismodegib (Hedgehog inh)</td>
<td>Basal Cell Carcinoma (mBCC)</td>
<td>Pivotal Phase II, Mar 2011</td>
</tr>
</tbody>
</table>

Pivotal studies in Q1 2011
How much to invest in R&D to secure the future?

R&D as % of sales

all before exceptional items
R&D allocation

Mix of qualitative and quantitative factors

Research & Early Development
- Top down
  - Annual budget allocation
  - Number of phase II transitions expected

Late Stage Development
- Project driven
  - Unmet medical need
  - Market potential
  - Efficient development
  - Probability of technical success
Can we do better on G&A and M&D?

G&A and M&D as % of sales

- GSK
- Novartis
- Eli Lilly
- Merck & Co.
- AstraZeneca
- Sanofi-Aventis
- Roche
- Roche Pharma

all before exceptional items
Operational Excellence

Comprehensive scope, differentiated measures

<table>
<thead>
<tr>
<th></th>
<th>Pharma Medicines</th>
<th>gRED</th>
<th>pRED</th>
<th>Pharma Partnering</th>
<th>Group Functions¹</th>
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<tbody>
<tr>
<td>Research &amp; Early Dev.</td>
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<td>🌈</td>
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<tr>
<td>Development</td>
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<td>🌈</td>
<td>🌈</td>
<td></td>
<td></td>
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<tr>
<td>Tech Ops / Sites</td>
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<td>🌈</td>
<td>🌈</td>
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<tr>
<td>Commercial – US/EU</td>
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<td>🌈</td>
<td></td>
<td></td>
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<tr>
<td>Commercial - ROW</td>
<td>🌈</td>
<td>🌈</td>
<td>🌈</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G&amp;A/Procurement</td>
<td>🌈</td>
<td>🌈</td>
<td>🌈</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Finance, IT, HR, Communication, Legal

Strong impact

Moderate impact
Fundamentals

Challenges

Outlook
Roche: Focused on medically differentiated therapies
A leading pipeline
12 NMEs in late-stage development

Number of NMEs

- Virology
- CNS
- Metabolic
- Inflammation
- Oncology

2007 2008 2009 2010

- 2007: 2 NMEs
  - ocrelizumab
  - Actemra
- 2008: 4 NMEs
  - taspoglutide
  - dalcetrapib
  - ocrelizumab
  - pertuzumab
- 2009: 10 NMEs
  - Glycine reuptake inh
    - aleglitazar
    - taspoglutide
    - dalcetrapib
    - ocrelizumab
    - Hedgehog inh
      - BRAF inhibitor
      - T-DM1
      - GA101 (CLL)
  - GA101 (CLL, NHL)
  - pertuzumab
- 2010: 12 NMEs
  - Glycine reuptake inh
    - aleglitazar
    - dalcetrapib
    - lebrikizumab
  - HCV pol inh
  - ocrelizumab MS
  - MetMAb
  - Hedgehog inh
  - BRAF inhibitor
  - T-DM1

1 LIP decision made, phase III start pending
A leading pipeline
Personalized Healthcare becoming reality

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

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

- **RG 7128¹**
  *Hepatitis C* (HCV viral load, genotype)

- **MetMAb¹**
  *Non-small cell lung cancer* (MET status)

- **Lebrikizumab¹**
  *Asthma* (periostin level)

- **RG7204**
  *Metastatic melanoma* (BRAF V600E mutation)

¹ LIP decision made, phase III start pending
ASCO 2011: Key submissions
Personalised Healthcare becoming a reality

Vemurafenib (BRAF inh.)
BRIM 3: 1st line met. melanoma

Tarceva
EURTAC: EGFR mutated 1st line NSCLC

MetMAb
Final PFS /OS data: 2nd/3rd line NSCLC

Avastin
OCEANS: recurrent ovarian cancer

Patient selection crucial for the success of the trials
2011: Major clinical news for late-stage NMEs
7 Phase III and 10 Phase II studies

<table>
<thead>
<tr>
<th>Compound</th>
<th>Indication</th>
<th>Study</th>
<th>Phase II</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAF inh</td>
<td>1st line met melanoma</td>
<td>BRIM3</td>
<td>✓</td>
</tr>
<tr>
<td>Lucentis</td>
<td>diabetic macular edema</td>
<td>RIDE, RISE</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Avastin</td>
<td>relapsed ovarian cancer</td>
<td>OCEANS</td>
<td>✓</td>
</tr>
<tr>
<td>Pertuzumab + Herceptin</td>
<td>1st line HER2+ mBC</td>
<td>CLEOPATRA</td>
<td></td>
</tr>
<tr>
<td>Herceptin</td>
<td>early HER2+BC sc</td>
<td>HANNAH</td>
<td></td>
</tr>
<tr>
<td>Actemra¹</td>
<td>early RA</td>
<td>Head-to-Head against Humira</td>
<td></td>
</tr>
<tr>
<td>Hedgehog Pathway Inh.</td>
<td>advanced BCC</td>
<td>Pivotal study</td>
<td></td>
</tr>
<tr>
<td>T-DM1</td>
<td>1st line HER2+ mBC</td>
<td>PFS data</td>
<td>✓</td>
</tr>
<tr>
<td>GA101</td>
<td>relapsed indolent NHL</td>
<td>Head-to-Head against MabThera/Rituxan</td>
<td></td>
</tr>
<tr>
<td>MetMab</td>
<td>NSCLC 2nd / 3rd line</td>
<td>Final data</td>
<td></td>
</tr>
<tr>
<td>Lebrikizumab</td>
<td>asthma</td>
<td>MILLY; MOLLY</td>
<td></td>
</tr>
<tr>
<td>Nucleoside Pol .Inh.</td>
<td>hepatitis C</td>
<td>PROPEL final data; JUMP-C</td>
<td></td>
</tr>
<tr>
<td>Dalcetrapib</td>
<td>atherosclerosis CV risk red.</td>
<td>dal-VESSEL; dal-PLAQUE</td>
<td></td>
</tr>
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¹ Read-out likely early 2012
## Outlook for 2011

| Sales growth (in LC) | Group & Pharma (excl. Tamiflu): low single-digit  
Diagnostics: significantly above market |
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Genentech synergies</td>
<td>2011+ : CHF 1.0 bn*</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
We Innovate Healthcare