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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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Performance update

Innovation: Industry in context

Building pillars of innovation and growth

Summary
## 2013: Targets fully achieved

<table>
<thead>
<tr>
<th>Targets for 2013</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group sales</strong></td>
<td>In line with sales growth recorded in 2012(^1)</td>
</tr>
<tr>
<td><strong>Core EPS</strong></td>
<td>Ahead of sales growth(^1)</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>Further increase dividend</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\)At constant exchange rates
Excluding one-off Past Service Income impact of CHF 236m on core net income and excluding 340B reserve release impact of CHF 182m on sales and CHF 94m on core net income
2013 dividend as proposed by the Board of Directors
Group: Strong sales growth sustained

All values at constant exchange rates
Group operating profit and margin

At constant exchange rates

1% of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>CHFbn</th>
<th>% of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>16.3</td>
<td>33.2%</td>
</tr>
<tr>
<td>2010</td>
<td>16.6</td>
<td>34.9%</td>
</tr>
<tr>
<td>2011</td>
<td>15.1</td>
<td>35.6%</td>
</tr>
<tr>
<td>2012</td>
<td>17.2</td>
<td>37.7%</td>
</tr>
<tr>
<td>2013</td>
<td>17.9</td>
<td>38.3%</td>
</tr>
</tbody>
</table>

1 At constant exchange rates
Strong operating free cash flow

% of sales

CHFbn

2009 2010 2011 2012 2013

15.7 14.2 13.8 16.1 16.4

31.9% 30.0% 32.4% 35.5% 35.0%

1 At constant exchange rates
2013: Dividend further increased

2013 payout ratio: 55%

Pay-out ratio calculated as dividend per share divided by core earnings per share (diluted); 2013 as proposed by the Board of Directors
Performance update

Innovation: Industry in context

Building pillars of innovation and growth

Summary
An increasingly challenging environment

**Regulators**
*Mental benefit-risk ratio*
- Efficacy (clinical endpoints)
- Safety (‘zero’ tolerance)

**Payers**
*Economic benefit-cost ratio*
- Constrained funding capacity
- Demanding real outcome evidence

**Investors**
*Economic risk-return ratio*
- Declining returns
- Declining growth
Roche: Focused on innovation and access

**Enabling access**

- **Regulators**
  Optimised benefit / risk ratio

- **Payors**
  Optimised benefit / cost ratio

[Diagram showing the premium for innovation increasing with differentiation, with focus on Pharma and Dia.]
Innovation: Importance of breakthrough efficacy

Major oncology drug launches

<table>
<thead>
<tr>
<th>Major Oncology Drug Launches</th>
<th>Market Share*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ziv-aflibercept</td>
<td>20% Ziv-aflibercept</td>
</tr>
<tr>
<td>Panitumumab nab-paclitaxel</td>
<td>40% Panitumumab nab-paclitaxel</td>
</tr>
<tr>
<td>Afixitinib laptinib ofatumumab</td>
<td>60% Afixitinib laptinib ofatumumab</td>
</tr>
<tr>
<td>Cabazitaxel</td>
<td>80% Cabazitaxel</td>
</tr>
<tr>
<td>Dasatinib axitinib temsirolimus pazopanib nilotinib</td>
<td>100% Dasatinib axitinib temsirolimus pazopanib nilotinib</td>
</tr>
</tbody>
</table>

Source: Evaluate Pharma, Decision Resources, Roche internal analysis
Note: *Market shares represent either % sales of target product relative to sales competing products in similar indications or patient shares
Access and pricing: Challenges and opportunities
Roche approach stratified in three clusters

Emerging Markets
(28% of world market, 85% of population)
- Spend limited by GDP per capita

Developed world ex-US
(37% of world market, 10% of population)
- Payers determine price

United States
(35% of world market, 5% of pop)
- Stable pricing
Performance update

Innovation: Industry in context

Building pillars of innovation and growth

Summary
A leading pipeline
15 NMEs in late-stage development

Number of NMEs

- **12**
  - bitopertin
  - aleglitazar
  - taspoglutide
  - dalcetrapib
  - ocrelizumab

- **12**
  - MetMAb
  - Erivedge
  - Zelboraf
  - Kadcyla
  - Gazyva
  - Perjeta

- **9**
  - ocrelizumab MS
  - bitopertin
  - aleglitazar
  - dalcetrapib
  - lebrikizumab

- **15**
  - gantenerumab
  - ocrelizumab MS
  - bitopertin
  - o. octreotide
  - lebrikizumab
  - etrolizumab
  - lampalizumab

- **1**
  - beta s. PI3K
  - pictilisib
  - anti CD79b
  - alectinib
  - Bcl-2i
  - anti-PDL1
  - cobimetinib

**Number of NMEs**

- 2008: 4
  - taspoglutide
  - dalcetrapib
  - ocrelizumab
  - Perjeta

- 2009: 10
  - bitopertin
  - aleglitazar
  - taspoglutide
  - dalcetrapib
  - ocrelizumab

- 2010: 12
  - HCV
  - ocrelizumab MS
  - MetMAb
  - Erivedge
  - Zelboraf
  - Kadcyla
  - Gazyva
  - Perjeta

- 2011: 12
  - HCV
  - ocrelizumab MS
  - MetMAb
  - Erivedge
  - Zelboraf
  - Kadcyla
  - Gazyva
  - Perjeta

- 2012: 9
  - ocrelizumab MS
  - bitopertin
  - aleglitazar
  - dalcetrapib
  - lebrikizumab

- 2013: 15
  - gantenerumab
  - ocrelizumab MS
  - bitopertin
  - o. octreotide
  - lebrikizumab
  - etrolizumab
  - lampalizumab

1 Phase III decision pending
2013: 15 new compounds in late stage development

Oncology
- anti-CD79b ADC
- pictilisib (PI3K)
- beta-sparing PI3K (mutant selective)
- alectinib (ALKi)
- Bcl-2i (GDC 0199)
- anti-PDL1
- cobimetinib (MEKi)
- onartuzumab (MetMAb)

Immunology / Ophthalmology
- lampalizumab
- etrolizumab
- oral octreotide
- lebrikizumab

Neuroscience
- gantenerumab
- ocrelizumab
- bitopertin

Moved to late stage development in 2013

1 Phase III decision pending
The Onco-Immunology Portfolio and Strategy

Cancer-Immunity Cycle

**Priming and activation**
- Anti-CTLA4
- Anti-CD137 (agonist)
- Anti-OX40 (agonist)
- Anti-CD27 (agonist)
- IL-2
- IL-12

**Cancer antigen presentation**
- Vaccines
- IFN-α
- GM-CSF
- Anti-CD40 (agonist)
- TLR agonists

**Release of cancer cell antigens**
- Chemotherapy
- Radiation therapy
- Targeted therapy

**Infiltration of T cells into tumors**
- Anti-VEGF
- Neo-vascular activators

**Recognition of cancer cells by T cells**
- CARs.

**Killing of cancer cells**
- Anti-PD-L1
- Anti-PD-1
- IDO inhibitors

**Trafficking of T cells to tumors**
Anti-PDL1 overview

### Differentiation
- Potential for better safety
- Potential for personalized approach
- Potential for longer response

### Development
- **NSCLC**
  - Monotherapy
  - Tarceva combo
- **Melanoma**
  - Monotherapy
  - Zelboraf combo
- **RCC**
- **Other solid tumours**
- **Combo w Avastin**
  - Solid tumours
- **Multiple combos starts**
  - 2014

**Potential for better safety**
**Potential for personalized approach**
**Potential for longer response**

---

*Roche*
Duration of treatment in responders

Sustained response in majority of responders

**Histology** | **IHC**
---|---
Nonsquamous | IHC 0
Squamous | IHC 3
Nonsquamous | IHC 0
Nonsquamous | IHC 1
Nonsquamous | IHC 0
Squamous | IHC 2
Nonsquamous | IHC 3
Squamous | IHC 3
Nonsquamous | IHC 3
Nonsquamous | IHC 0
Nonsquamous | IHC 3
Nonsquamous | IHC 1

* Patient experiencing ongoing benefit per investigator.
Patients first dosed at 1-20 mg/kg by Oct 1, 2012; data cutoff Apr 30, 2013.

Time in Study (Weeks)

1 mg/kg IV q3wk
20 mg/kg IV q3wk
10 mg/kg IV q3wk
15 mg/kg IV q3wk
15 mg/kg IV q3wk
15 mg/kg IV q3wk
20 mg/kg IV q3wk
20 mg/kg IV q3wk
20 mg/kg IV q3wk
20 mg/kg IV q3wk
15 mg/kg IV q3wk
20 mg/kg IV q3wk

Figure 1. Duration of treatment and response for NSCLC patients with response dosed by 1 October 2012 in Study PCD4989g.

On study, on treatment
Treatment discontinued
Ongoing response
First response
First PD

NSCLC = Non-small cell lung cancer
On treatment = Last Dose + 3 weeks

Duration of Treatment and Response

Soria et al, ECCO 2013
**Anti-PDL1: Development program overview**

### 2014 outlook
- 1H: data in new tumour type
- Additional combinations, including immune doublets, starting throughout 2014

### NSCLC & RCC
- Ph II FIR: expect data 2014/15
- Ph II POPLAR: expect data 2015
- Ph II BIRCH: expect data 2015
- Ph III OAK: expect data 2016
- Ph II in 1L RCC
  (±Avastin vs. sunitinib)

### Ongoing combination studies
- Anti-PDL1+Avastin (±chemo)
  (solid tumours)
- Anti-PDL1+Tarceva (NSCLC)
- Anti-PDL1+Zelboraf (melanoma)
- Anti-PDL1+cobimetinib
  (solid tumours)
Immunology and Ophthalmology

New late-stage compounds in a well-established franchise

Growing existing franchise (CHF 6.3bn)

Developing pipeline

- **lampalizumab**
  geographic atrophy

- **etrolizumab**
  ulcerative colitis and Crohn’s disease

- **lebrikizumab**
  asthma

- **oral octreotide**
  acromegaly

- **quilizumab (M1 prime)**
  asthma

- **Phase III**
- **Phase II**

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>MabThera/ Rituxan RA</td>
<td>1,191</td>
</tr>
<tr>
<td>Actemra/ RoActemra RA</td>
<td>1,037</td>
</tr>
<tr>
<td>CellCept Transplant</td>
<td>874</td>
</tr>
<tr>
<td>Pulmozyme Cystic fibrosis</td>
<td>790</td>
</tr>
<tr>
<td>Lucentis Macular degeneration</td>
<td>572</td>
</tr>
<tr>
<td>Others</td>
<td>1,689</td>
</tr>
</tbody>
</table>

+12%

2012

2013

CHFm
Entering new therapeutic areas

Lampalizumab in Geographic Atrophy (GA)
Lampalizumab for Geographic Atrophy

High efficacy in subpopulation with exploratory biomarker

Ph III trial to begin 2014

Ph II results in biomarker-positive patients

44% rate reduction in disease progression
Performance update

Innovation: Industry in context

Building pillars of innovation and growth

Summary
**Summary: Focus on innovation and growth**

1. Building on strong 2013 performance

2. Innovation and access keys for success in market environment

3. Well positioned with leading product pipeline
Doing now what patients need next
### Anti-PDL1 Phase Ia in NSCLC: Best response by PD-L1 IHC Status

<table>
<thead>
<tr>
<th>Diagnostic Population(^a) (n = 53)</th>
<th>ORR(^b) % (n/n)</th>
<th>PD Rate % (n/n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHC 3</td>
<td>83% (5/6)</td>
<td>17% (1/6)</td>
</tr>
<tr>
<td>IHC 2 and 3</td>
<td>46% (6/13)</td>
<td>23% (3/13)</td>
</tr>
<tr>
<td>IHC 1/2/3</td>
<td>31% (8/26)</td>
<td>38% (10/26)</td>
</tr>
<tr>
<td>All Patients(^c)</td>
<td>23% (12/53)</td>
<td>40% (21/53)</td>
</tr>
</tbody>
</table>

\(^a\) IHC 3: ≥ 10% tumor immune cells positive for PD-L1 (IC+); IHC 2 and 3: ≥ 5% tumor immune cells positive for PD-L1 (IC+); IHC 1/2/3: ≥ 1% tumor immune cells positive for PD-L1 (IC+); IHC 0/1/2/3: all patients with evaluable PD-L1 tumor IC status.

\(^b\) ORR includes investigator-assessed unconfirmed and confirmed PR.

\(^c\) All patients includes patients with IHC 0/1/2/3 and 7 patients have an unknown diagnostic status.

Patients first dosed at 1-20 mg/kg by Oct 1, 2012; data cutoff Apr 30, 2013.  

*Soria et al, ECCO 2013*