



Roche: On course through rough seas

Tokyo, November 2009

*Dr. Erich Hunziker, Deputy Head of the
Corporate Executive Committee and CFO*

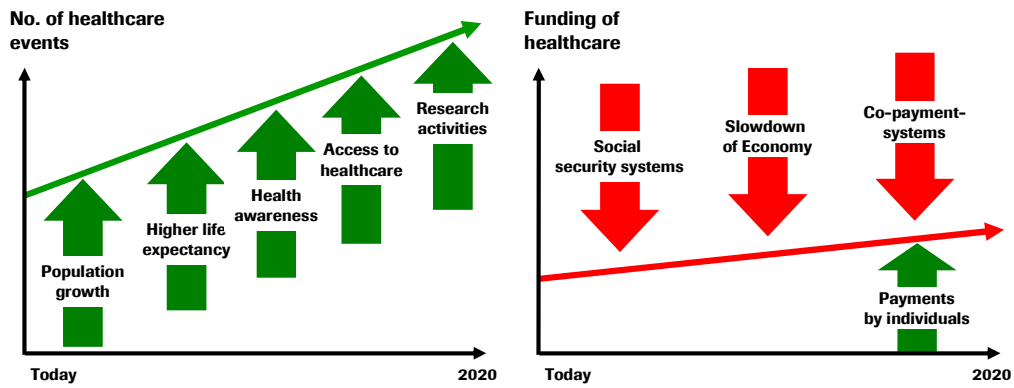


2009+ : how does Roche intend to weather the upcoming storms ?

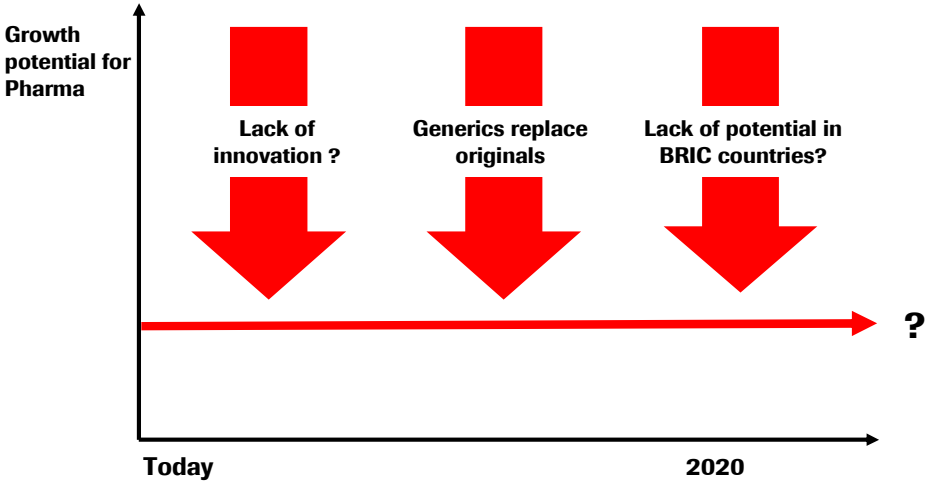
Not the slower growth, but the severity of the recession came as a surprise

**Base case assumption:
the global economy will go through an extended period of severe recession**

Even in an economic downturn demand for healthcare increases; but funding will become more challenging



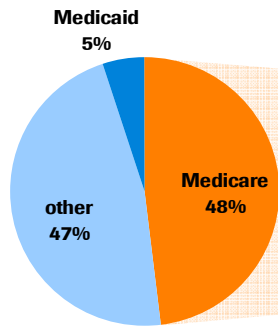
Investors see fundamental challenges for “Pharma”



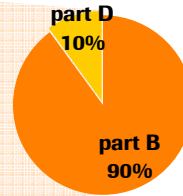
US healthcare reform: Medicare/ Medicaid exposure

Roche's specialty care portfolio is in favorable position

**Roche / Genentech:
US payor type**



**Roche / Genentech: Majority of
products covered by Medicare part B**

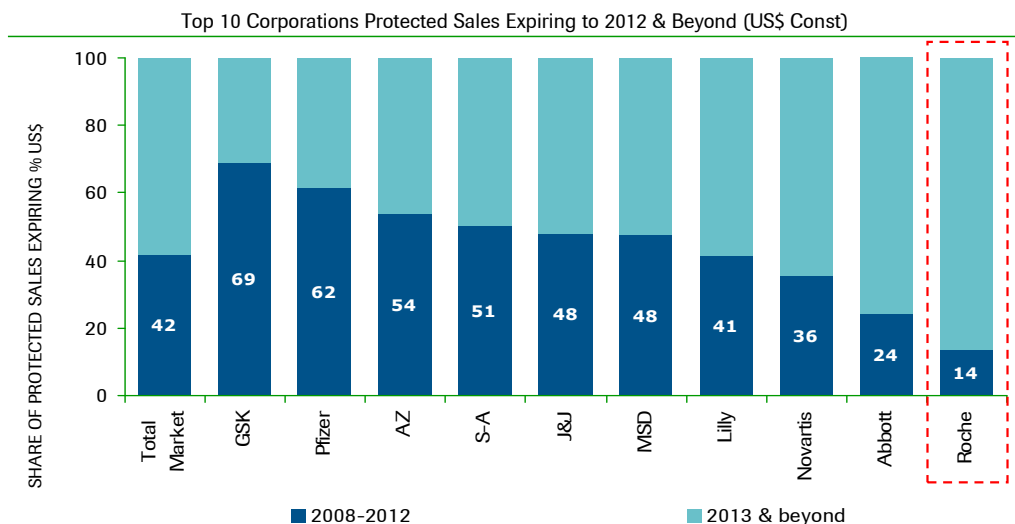


Impact for Roche expected to be minimal



Patent expiry 2008-2012

Roche has the lowest patent expiration risk & highest share of biotech products of leading pharma companies



Source: IMS Health MIDAS Market Segmentation MAT June 2008, Ethical protected brand sales only.

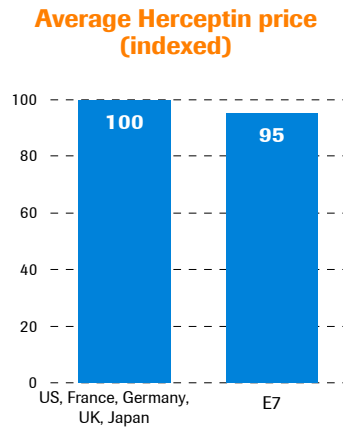
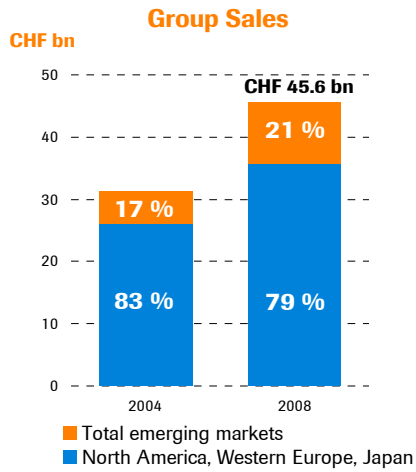
Six dynamic E7 countries among top 15 by 2013

China ranked #3

Growth (CAGR)	2008-14
US, EU	3-4%
APAC, LATAM, CEMAI	9-13%
Total	5-6%

IMS Health Pharma Market Ranking 2013 US \$ Bio		
1	United States	289.8
2	Japan	93.3
3	China	66.7
4	Germany	46.1
5	France	40.1
6	Spain	26.6
7	Italy	26.1
8	Russia	23.4
9	Brazil	22.9
10	Canada	20.5
11	UK	20.4
12	Venezuela	20.2
13	Turkey	16.3
14	India	15.6
15	Mexico	12.4

Emerging markets: Strong growth ...at similar price levels



Emerging markets CAGR 2004-08: 17 %

Roche is not just “Pharma”: it is *the* leading biotechnology company in the world with global customer access!



Geographic risk diversification



Unique “pillars of value” risk diversification

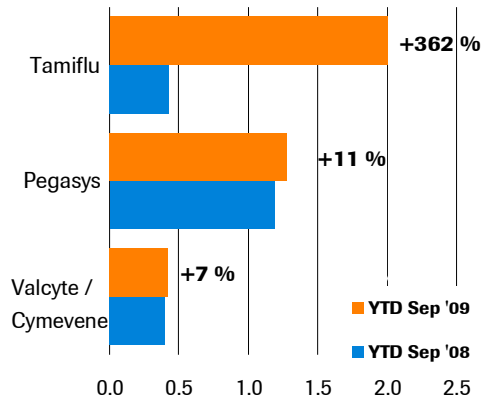
AVASTIN™ (bevacizumab) Colorectal ca.	AVASTIN™ (bevacizumab) Breast cancer	AVASTIN™ (bevacizumab) Lung cancer	Herceptin™ trastuzumab Breast ca., HER2+
MAETHERA™ REBUILDING LIVES Oncology and RA	ACTEMRA® tocilizumab RA	Bonviva Osteoporosis	
PEGASYS® peginterferon alfa-2a (40KD) Hepatitis C+B	NeoRecormon® Eprex® Anemia	MIRCERA® Transplantation	
cobas® Immuno-diagnostics	ACCU-CHEK® Diabetes Care	AMPLICHIP® Molecular Diagnostics	

- Avastin adjuvant
Colon cancer
 - Avastin adjuvant
Breast cancer
 - Avastin metastatic
Brain, ovarian,
gastric, prostate
 - CETP inhibitor
 - GLP-1
 - Pertuzumab
 - T-DM1
 - Ocrelizumab (AI)
- FUTURE PILLARS** 9

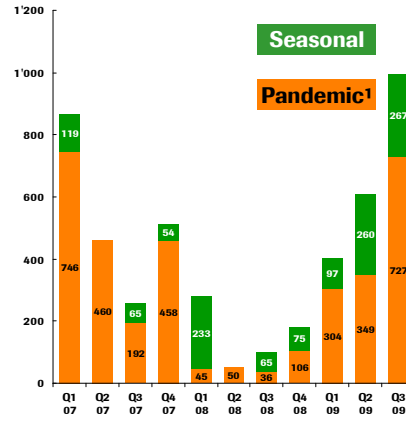
Our “wild card”: high Tamiflu demand due to pandemic H1N1

Major brands (CHF bn)

YTD Sep '09 vs. YTD Sep '08 local growth



Tamiflu quarterly sales (CHF m)



New: Expected total Tamiflu sales for 2009 around CHF 2.7 bn

¹ Governmental & Corporate

The Roche advantages



- **Young product portfolio (Material patent expiry risk in 5 to 8 years)**
- **Medically differentiated products and services: each product / service has a strong competitive position**
- **Strong customer support organisations in the mature and emerging markets**

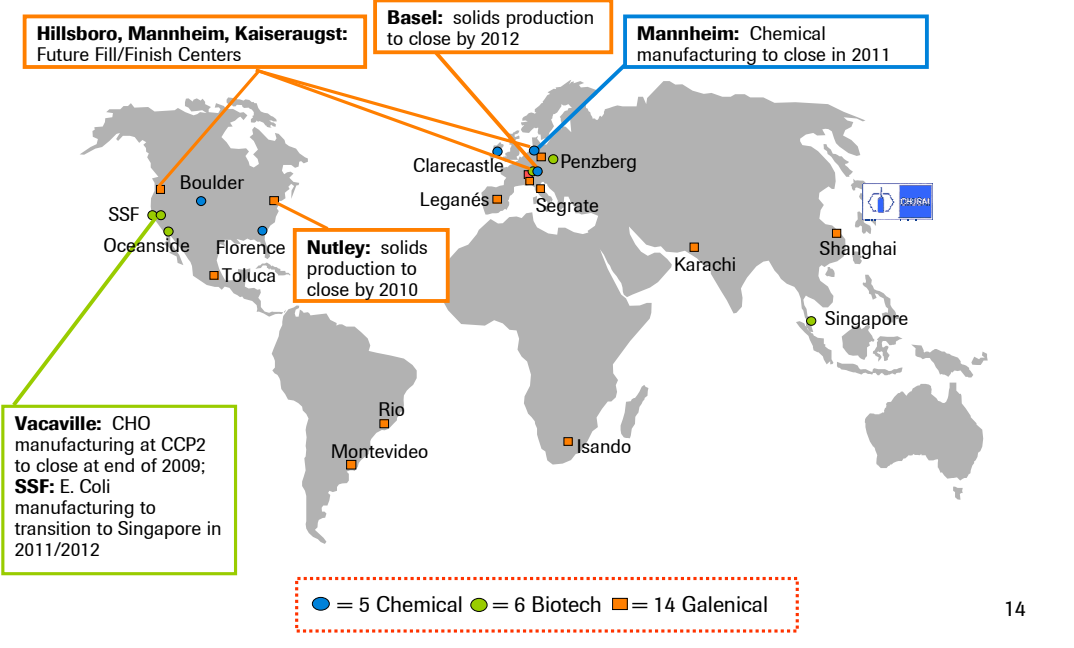
Roche has a strong position to the weather the upcoming storm

**We have been preparing for rougher
seas for many years**

*Medium-/Long-term perspectives
instead of short-term trouble shooting*

**To learn faster than the
competition is the only
sustainable competitive
advantage of a company!**

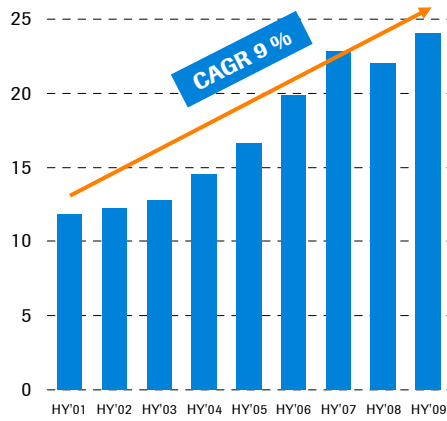
An industry leading global manufacturing network



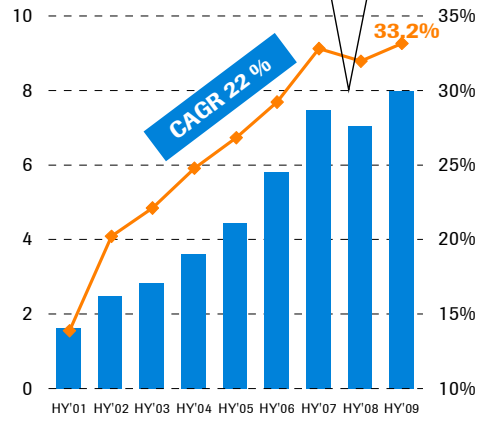
Active management of our situation is paying off Outstanding long-term value creation



Group sales¹ (CHF bn)



Group operating profit² (CHF bn)



Continuing to focus on our core assets

¹ Prescription and Diagnostics

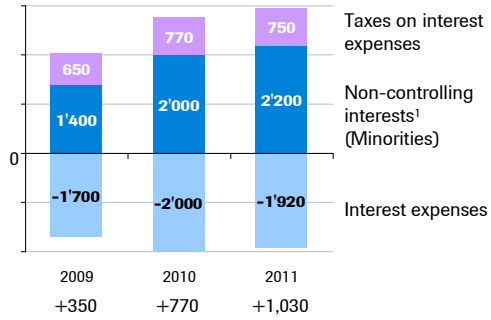
² Continuing businesses, before exceptional items, years not always directly comparable

Financial impact Genentech transaction

Accretive to net income from 2010

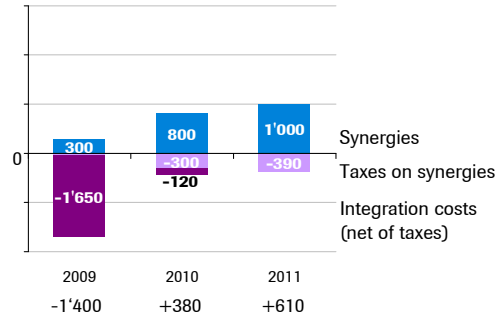
Taking Genentech private

CHF m



Genentech integration

CHF m

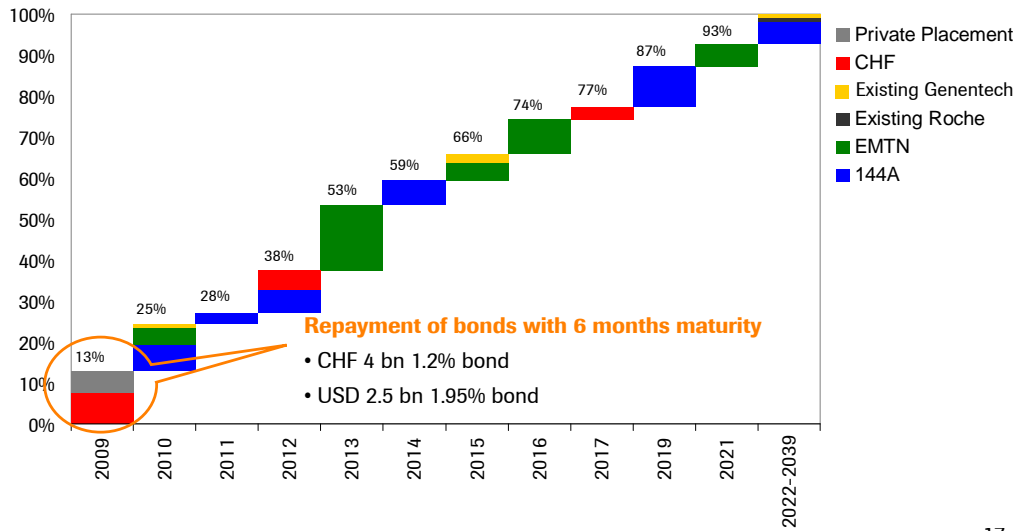


Total transaction – Impact on Net income attributable to Roche shareholders

2009	2010	2011
-1'050	+1'150	+1,640

Debt repayment progressing according to plan

> CHF 6.5 bn paid back in September 2009, and over half by 2013



At market values as presented at HY 2009 conference, excluding repayment of Chameleon bond

Our commitment to capital distribution

Attractive for shareholders and bondholders

- **Dividend outlook maintained**
 - 2008 dividend of CHF 4.3 bn equal to 49% pay-out ratio
 - Increase dividend pay-out ratio for 2009 & 2010

- **Net cash commitment**
 - Current net debt of CHF 32 bn
 - Plan to repay 25% of cross-debt by end of 2010
 - Group aims to return to a net cash position by 2015

The Roche advantages



- **Efficiency programs running for several years, benchmarking with other industries in tough environments**
- **Selected adjustment of organisation in mature markets / Strategic build up in emerging markets**
- **Genentech transaction a platform to realise attractive synergies in the USA**

Roche is a learning organisation - ready to cope with the challenges of the downturn

**At the end of the storm there is no future
without investment in innovation now!**

*We are not sacrificing the long-
term perspectives by short-sighted
cost cuts*

Competitors' strategies to address the trends

Two distinctly different groups emerging

Diversification

Becoming more "Healthcare" than pure "Pharma"
(incl. OTC, vaccines, medical devices, generics, branded generics, bio-similars, eye care, etc.)

- Novartis
- Sanofi-Aventis
- Merck Schering Plough
- Pfizer
- Bayer
- GSK
- Johnson & Johnson
- Abbott

Focus

Pharma / Diagnostics
(no generics or bio-similars)

- Amgen
- Astra Zeneca
- Eli Lilly
- **Roche**

Sustainable leadership based on innovation

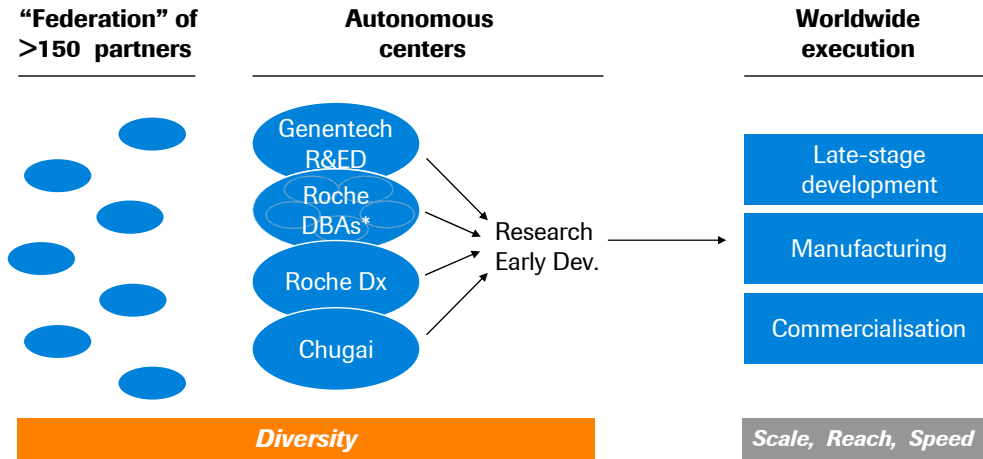
How can we constantly provide significant benefit to customers?



Which degree of innovation (= medical differentiation) is necessary to jump regulatory and reimbursement hurdles?

Our Distinctiveness

Diversity of approaches fueling global scale and reach



* DBA: Disease Biology Areas

Roche Corporate Executive Committee

Effective 1 January 2010



CEO
S. Schwan



COO Pharma
P. Soriot



pRED
*J.-J. Garaud**



gRED
*R. Scheller**



Partnering
*D. Zabrowski**



Chugai
*O. Nagayama**



COO Diagnostics
D. O'Day



CFO
E. Hunziker



Gen. Counsel
G. Keller



HR
S. Ayyoubi



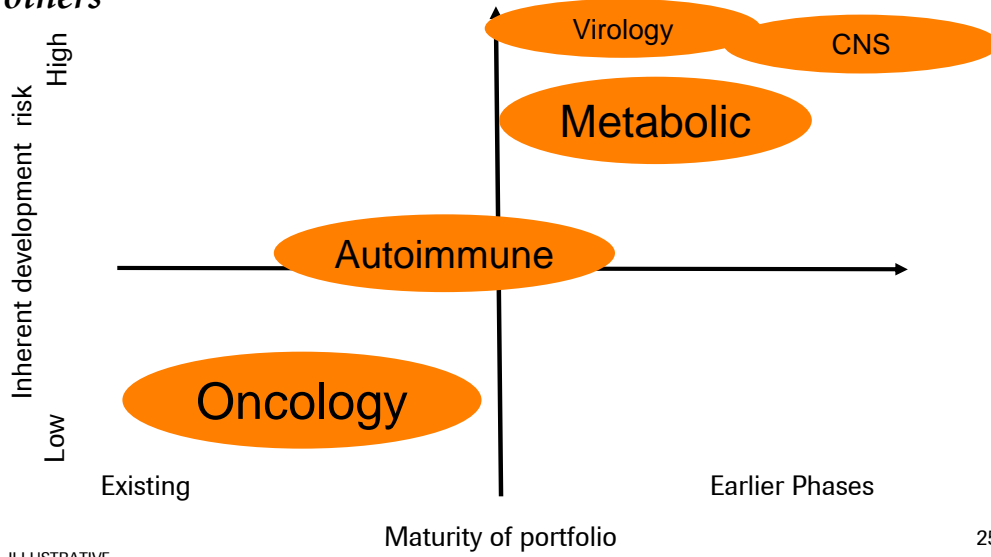
Communications
*P. Attinger**

pRED: Pharma Research & Early Development
gRED: Genentech Research & Early Development

* Enlarged CEC 24

Key drivers for long term development in place

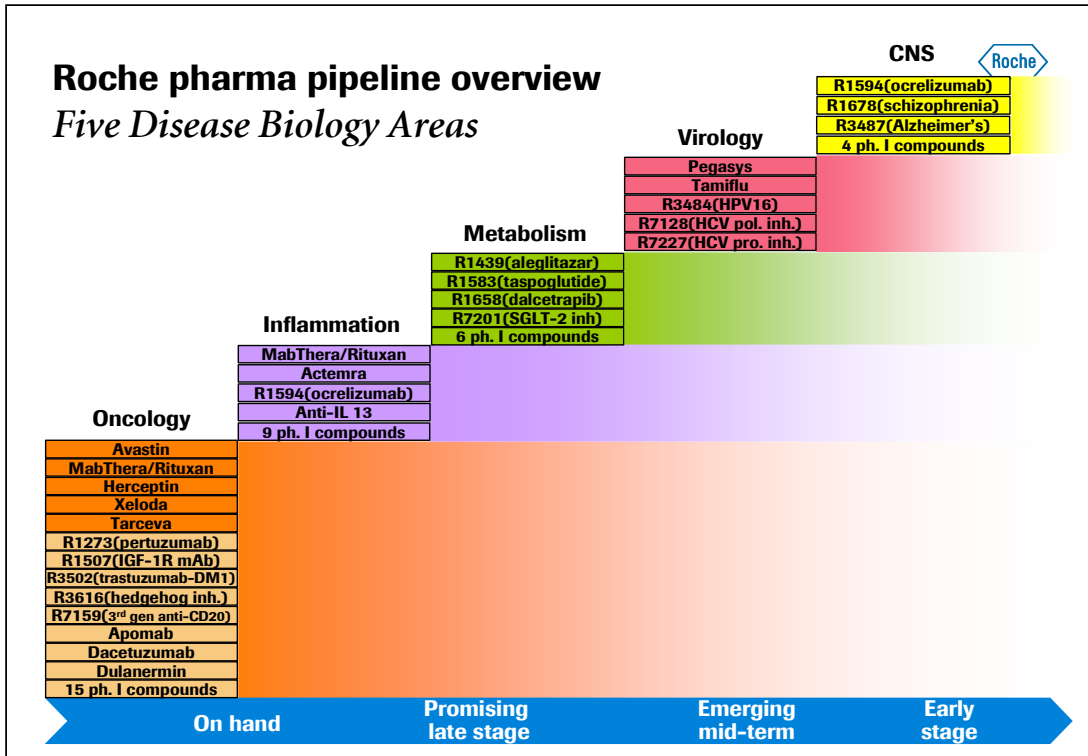
Develop the short term drivers while shaping the others



ILLUSTRATIVE




Roche pharma pipeline overview

Five Disease Biology Areas



World Top 10 Products

6 are Biopharmaceuticals; 4 are Oncology; 3 are Roche

Forecast of Top 10 Products (2014)		
Company		Sales CHF bn
Humira	<i>Abbott</i>	9.6
 AVASTIN [®] (bevacizumab)	Roche	9.0 - 9.5
 MABTHERA [®] REBUILDING LIVES	Roche	8.0
Lantus	<i>Sanofi Aventis</i>	7.5
Seretide/Advair	<i>GSK</i>	7.2
 Herceptin [®] trastuzumab Precision • Power • Promise	Roche	7.0
Crestor	<i>AstraZeneca</i>	6.6
Spiriva	<i>Boehringer Ingelheim</i>	6.5
Gleevec/Glivec	<i>Novartis</i>	5.8
Insulin Analogues	<i>Novo, Lilly et al</i>	5.5

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Top 10 Pharma Businesses by 2014



Modest Big Pharma growth to 2014, even post mega-mergers

2008 Rx Sales Rank (Actual)	
Company	Sales CHF bn
Pfizer	45.3
Sanofi-Aventis	44.8
GSK	39.9
Novartis	37.2
Roche	35.9
AstraZeneca	32.8
Merck & Co	27.5
J&J	25.4
Eli Lilly	20.1
Abbott	18.1



2014 Rx Sales Rank (Forecast)		
Company	Sales CHF bn	CAGR 08-14
Pfizer Wyeth	48.8	- 4%
Roche	47.8	5%
Novartis	47.7	4%
Merck S-P	46.9	1%
Sanofi-Aventis	42.5	- 1%
GSK	40.5	0%
J & J	26.7	1%
AstraZeneca	24.4	- 5%
Abbott	21.9	3%
Teva	20.3	12%

The Roche advantages



- **We do not sacrifice our long-term future by short-term cost cutting: innovation remains key !**
- **We have established an entrepreneurial model for our R & D – set up**
- **We are preparing for fundamental changes in the healthcare environment**

Roche delivering now – but still investing into the future!



We Innovate Healthcare