
Roche

A sustainable business model based on innovation and productivity gains

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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.

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Performance up-date

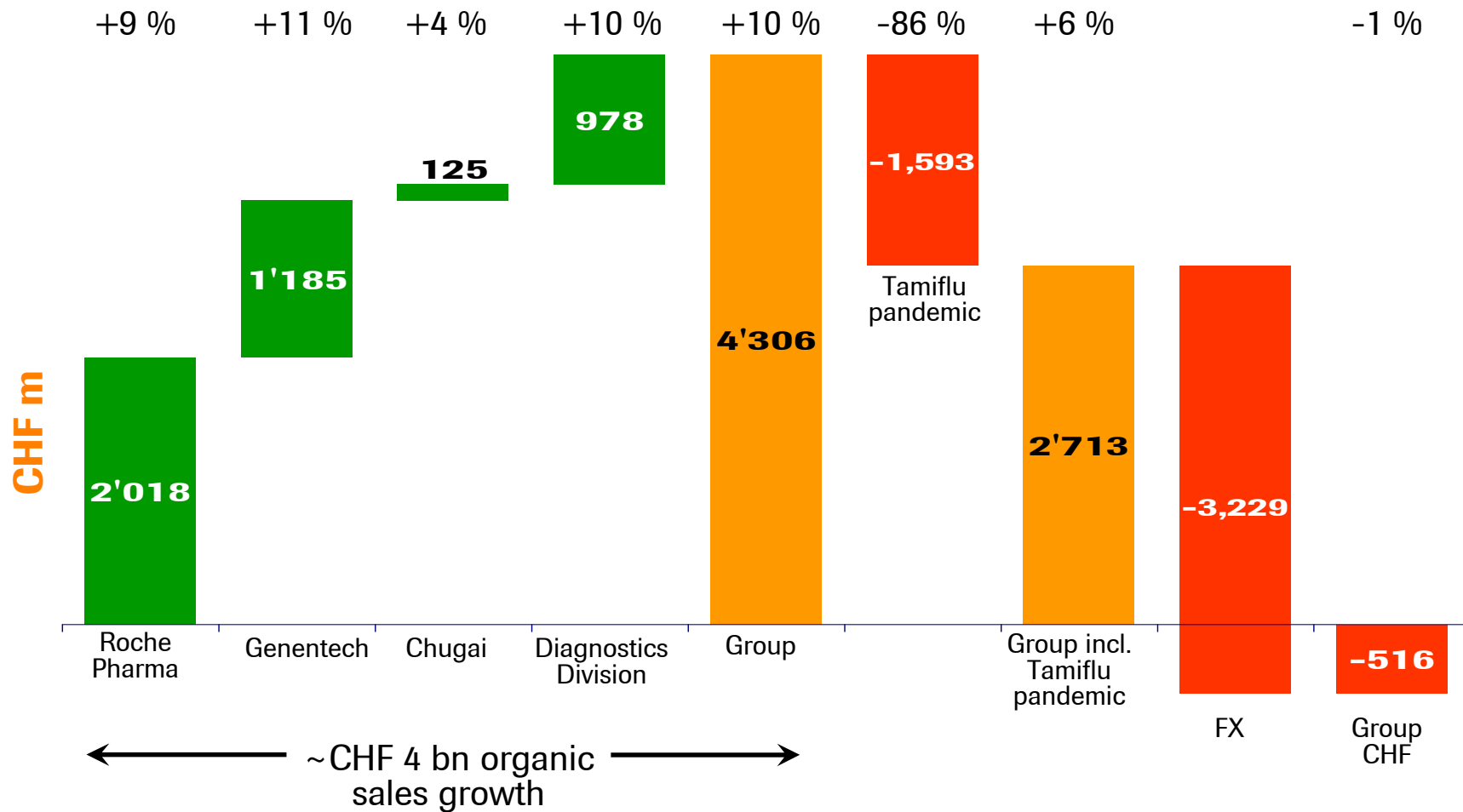
Strategy

Main trends influencing long term value propositions

Summary

2008 Sales: ~CHF 4 bn underlying organic sales

Strong impact by currencies and Tamiflu pandemic



2008: Core EPS target achieved

While increasing investments in R&D and despite difficult financial environment

CHF billion	2007	2008	Change		loc %
			CHF billion	%	
Sales	46.1	45.6	-0.5	-1	+6
Operating profit	14.5	13.9	-0.5	-4	+4
<i>as % of sales</i>	31.4	30.5			
Net income	11.4	10.8	-0.6	-5	
<i>as % of sales</i>	24.8	23.8			
Core EPS	11.85	11.04		-7	+2

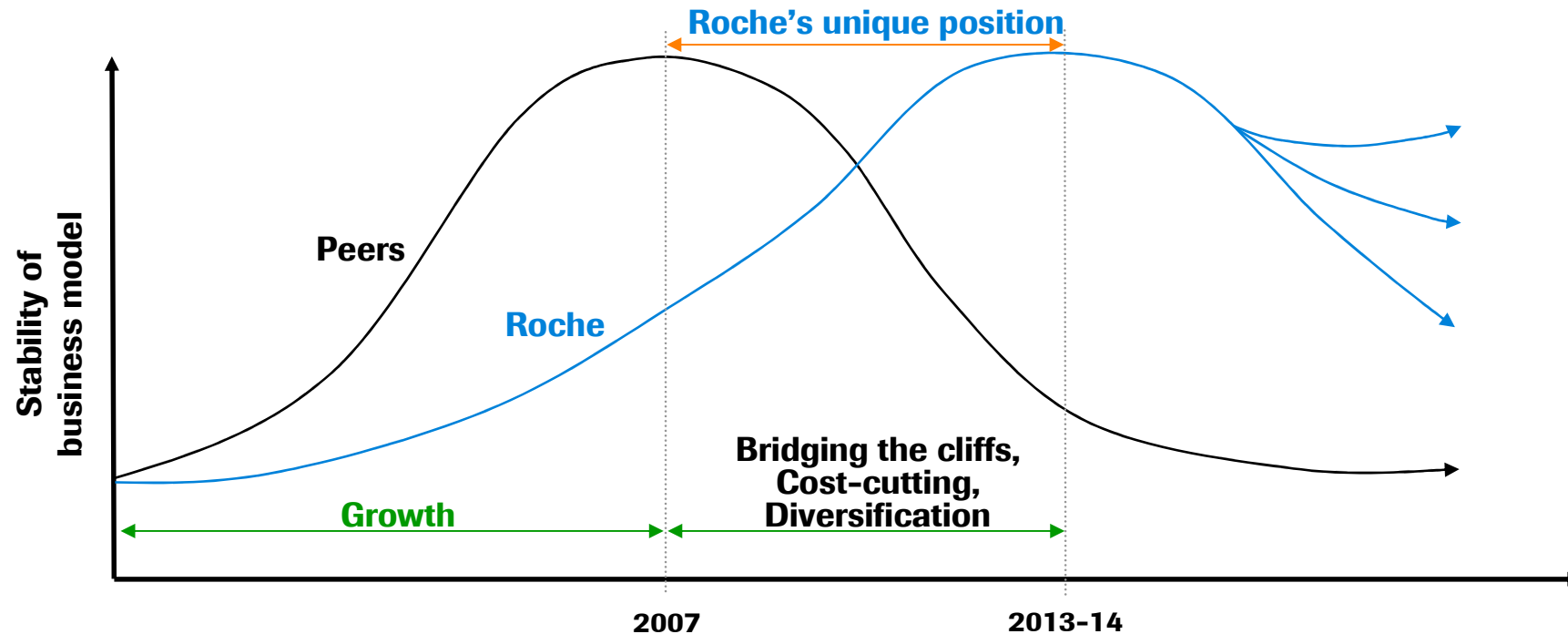
Performance up-date

Our Strategy and the changing environment

Main trends influencing long term value propositions

Summary

Roche's unique window of opportunity



The industry

Low replacement power of current earnings levels

Poor pipelines

Cost cutting

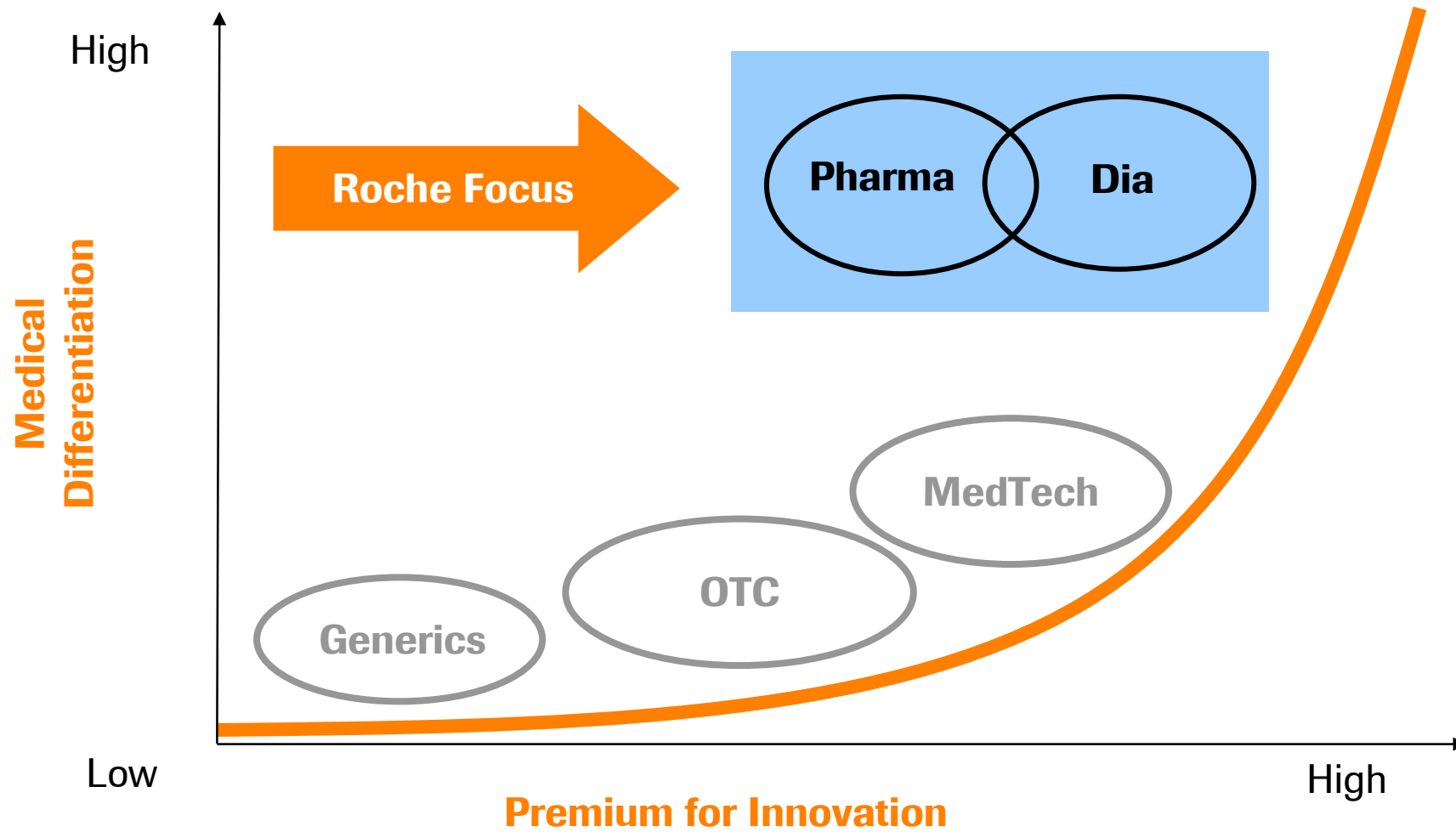
Roche

Extended stability

Low generic exposure

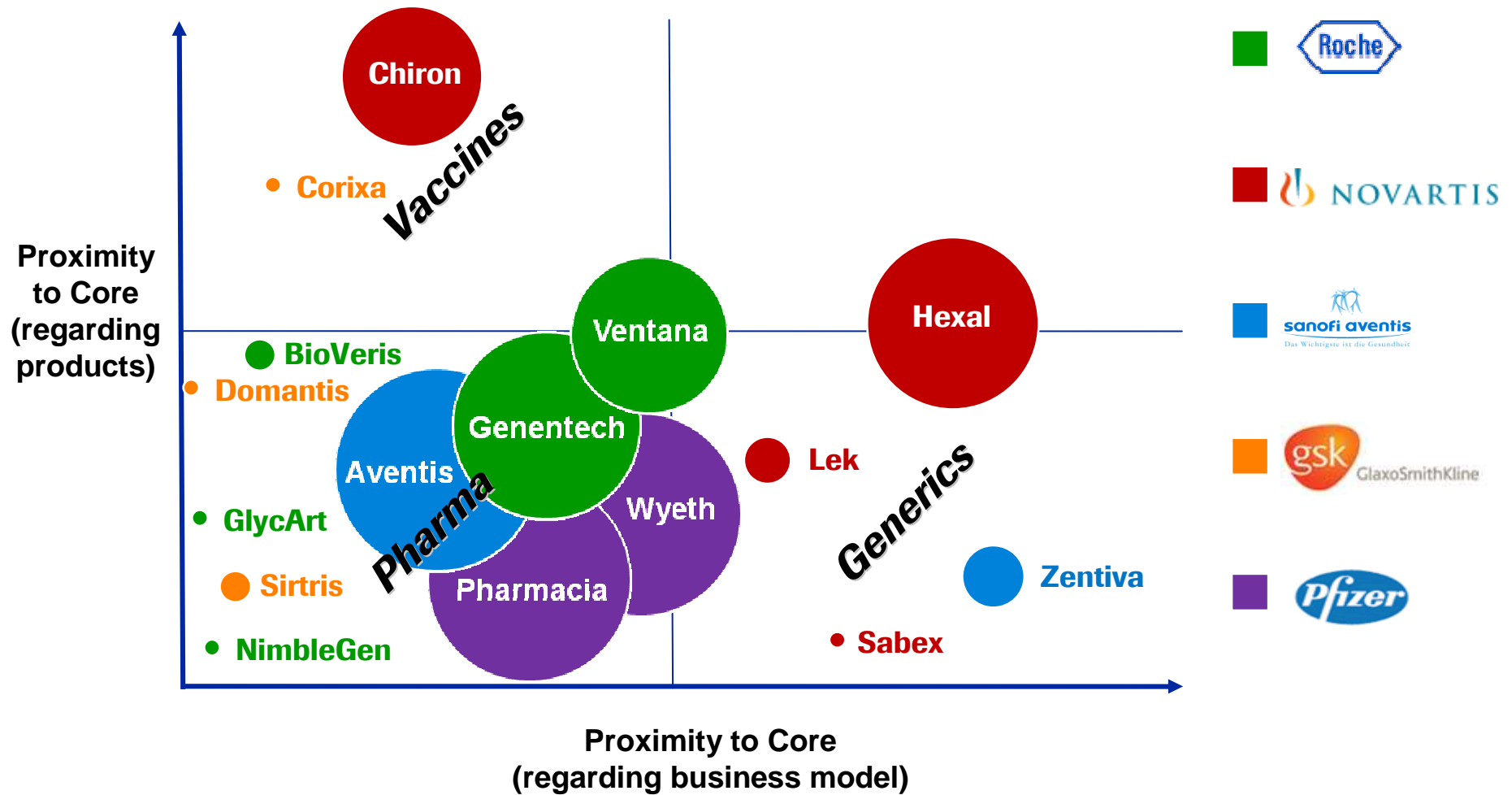
Investment into the future

Focus on our core businesses





Roche's strategy focuses along either dimension



Major arguments for and against diversification

For Diversification

- Risk mitigation
- Potentially lower acquisition costs vs. pharma acquisitions
- Lower overall R&D investment spend / risk for generic drugs
- Broader R&D pipeline (e.g. vaccines)

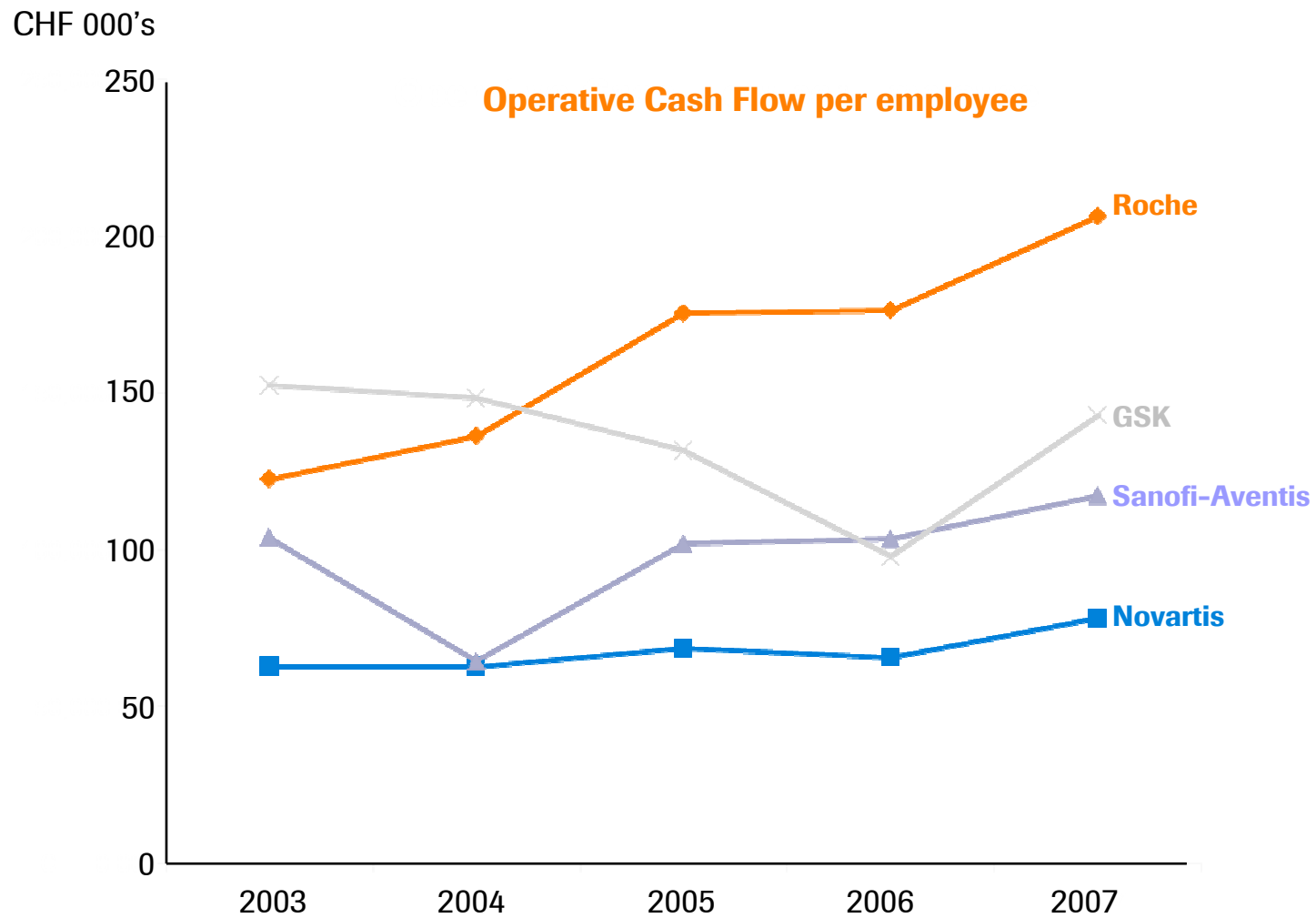
Against Diversification

- If not a top tier performer- potential value destruction
- Different business models increase integration complexity
- Lower margins (e.g. for generic drugs)
- Oversight of good pharma deals due to lack of focus

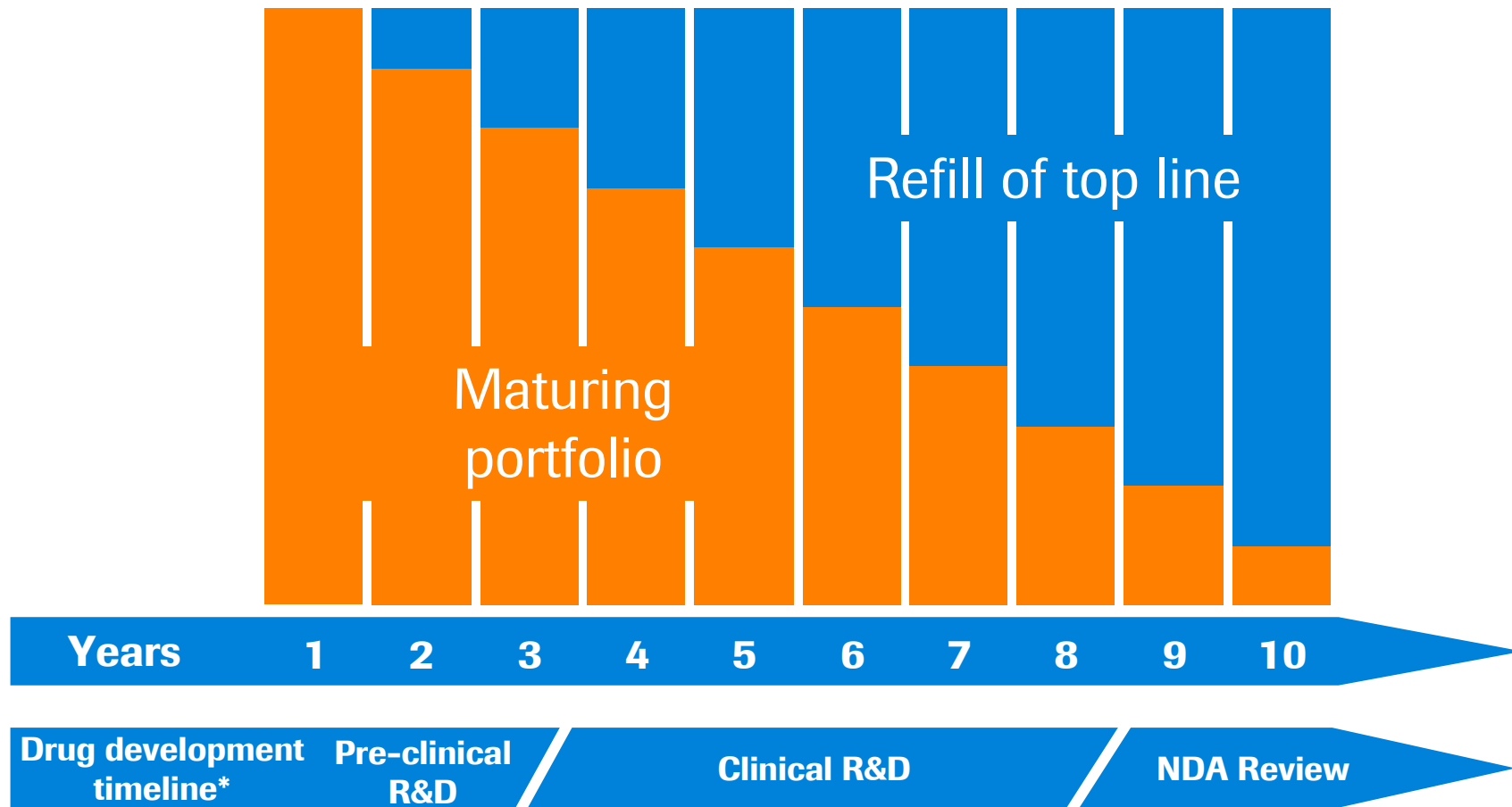
Risk mitigation vs. lack of focus

Profitability measures

Operating cash flow per employee



Not to invest in the future means being out of business in ten years

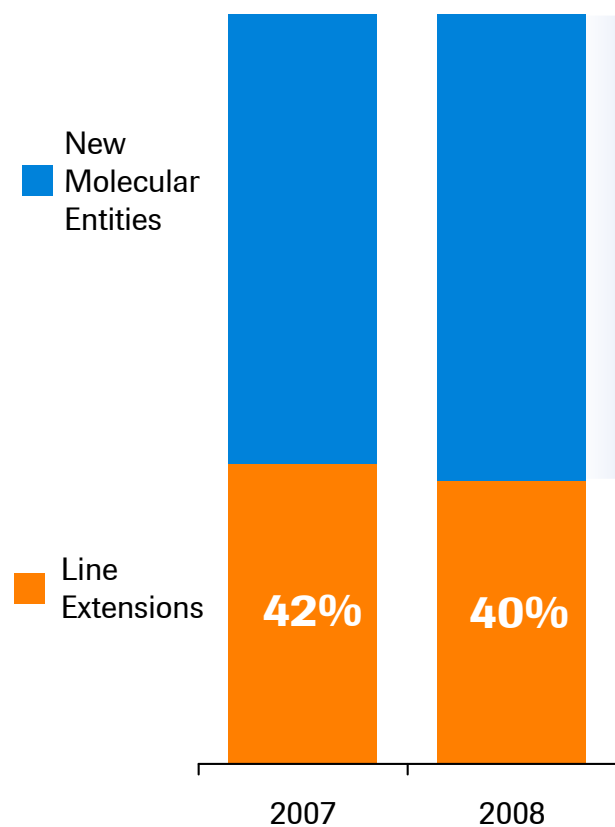


*Source: www.fda.gov/fdac/graphics/newdrugspecial/drugchart.pdf

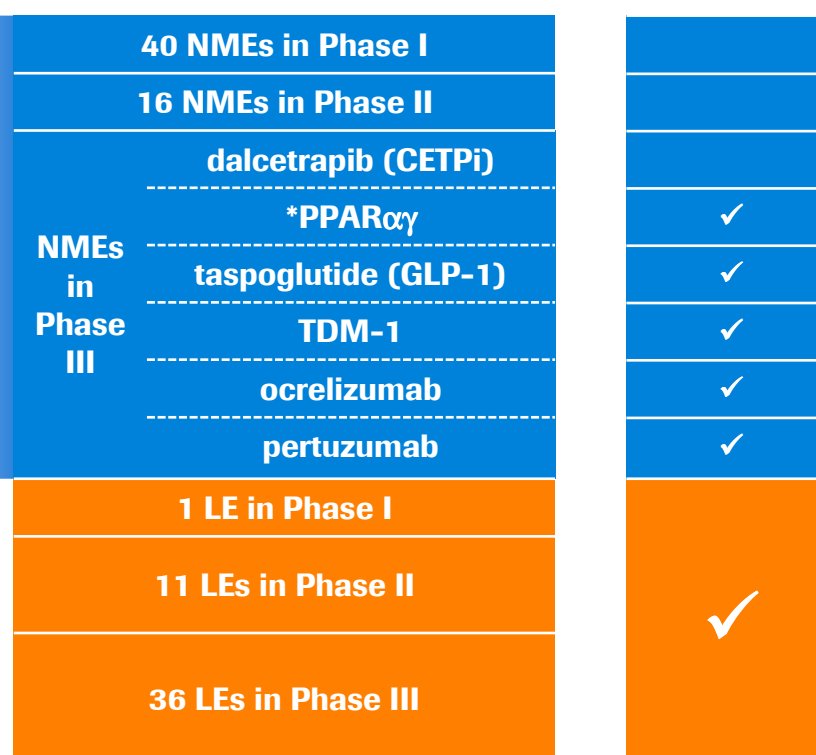
A well risk balanced approach to investment

Most projects in late stage de-risked

% of Pharma Development spend



Proof of Concept

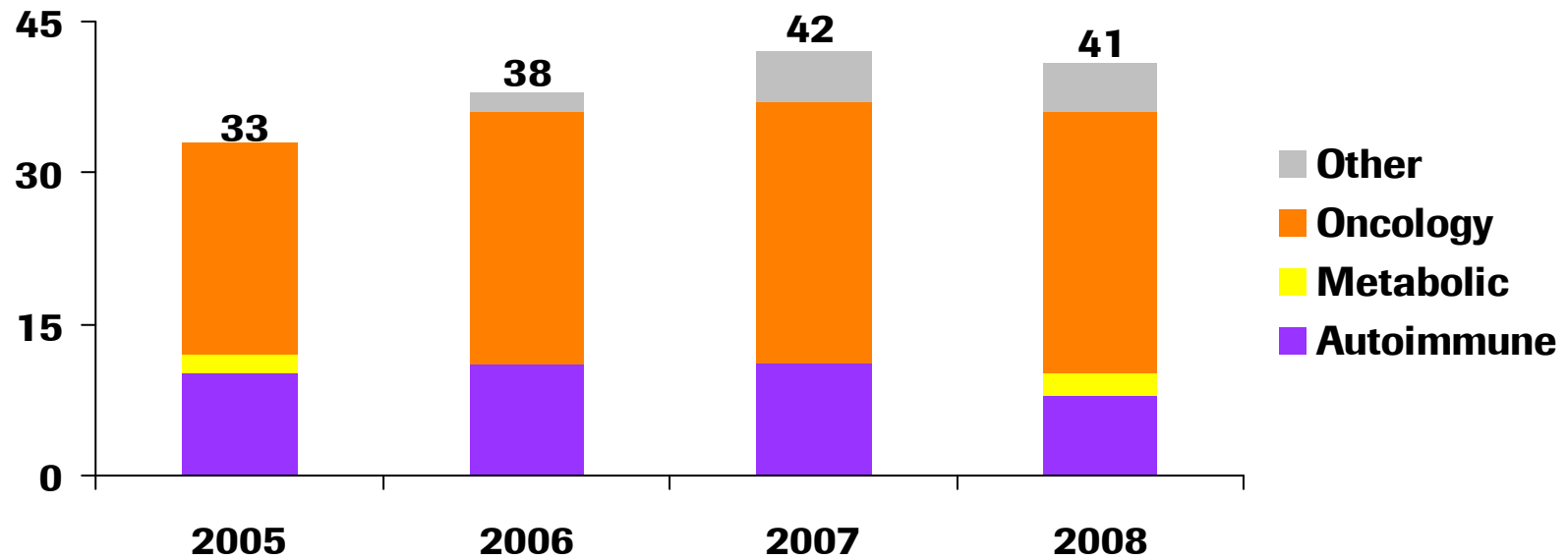


* Formal decision to move into phase III pending

Roche: Late stage projects with high success rate



Roche R&D pipeline, phase III projects



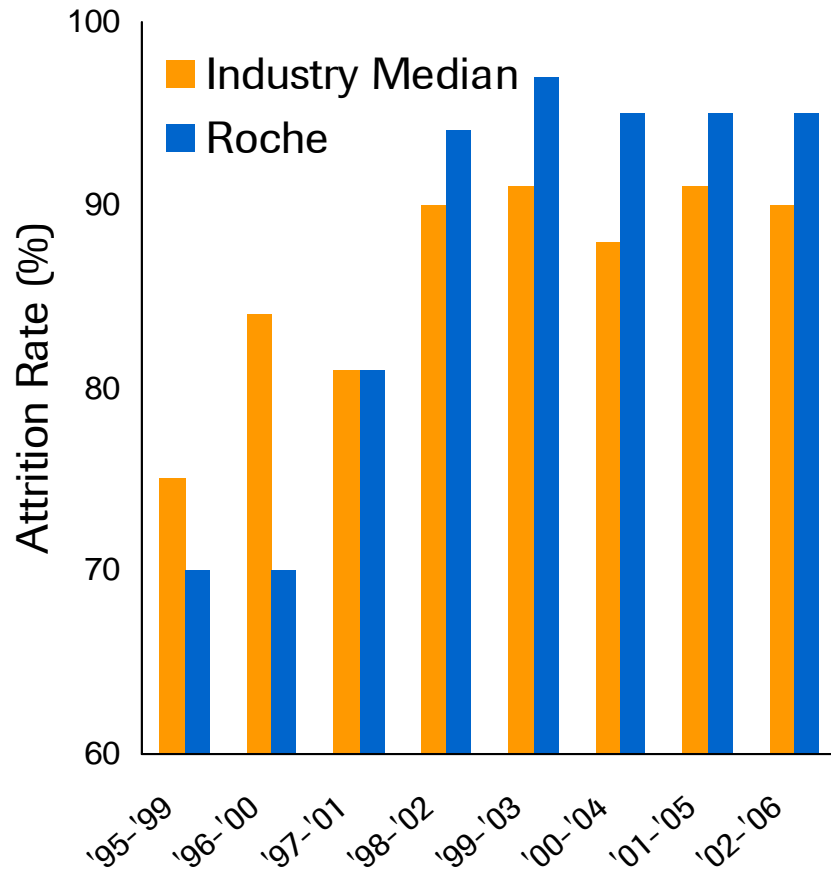
Terminations	0	1	1	2
Attrition rates %	0	2.6	2.4	4.9



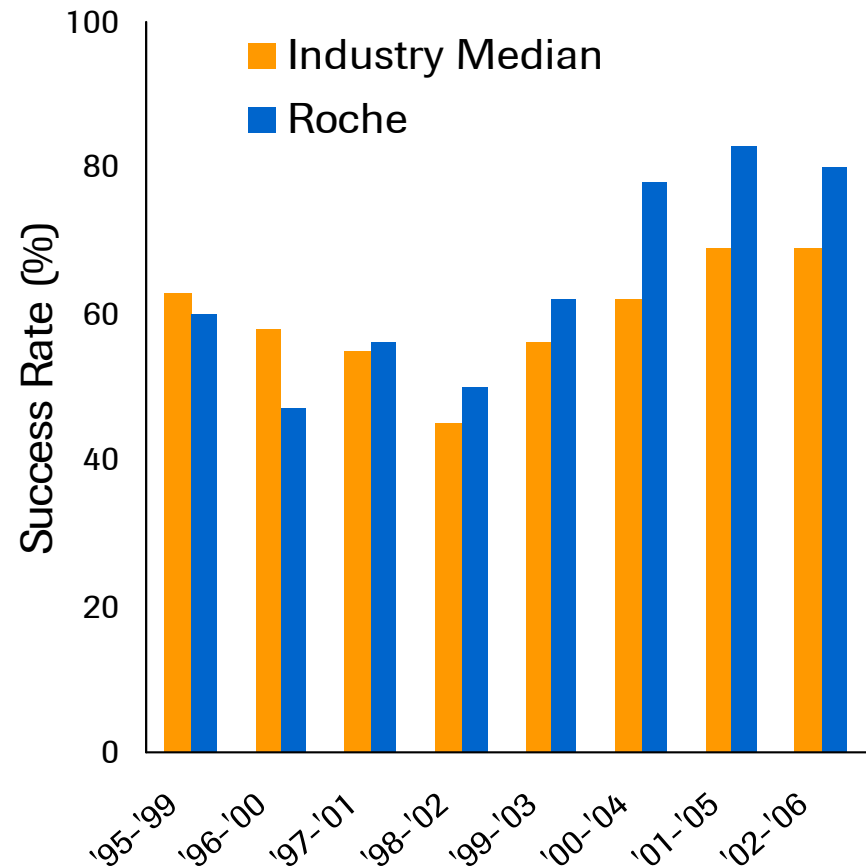
Responsible management of R&D spend

Higher attrition in early stage - higher success in late stage

Preclinical, Phase I and II



Phase III and Registration



Source: R&D General Metrics Study, KMR GROUP, INC

Performance up-date

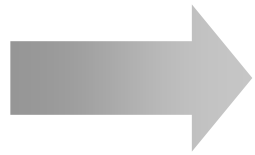
Strategy

Main trends influencing long term value propositions

Personalized Healthcare- Roche best positioned

Summary

Main trends influencing the long-term value propositions

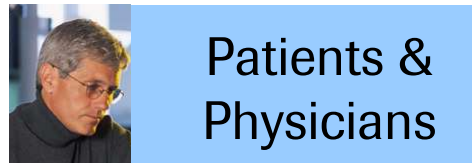


Personalised Healthcare

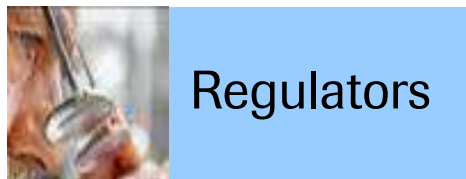
Maximizing assets on hand

Personalised Healthcare

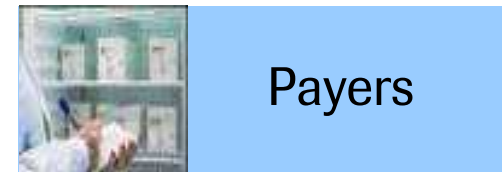
Increasing demand by stakeholders



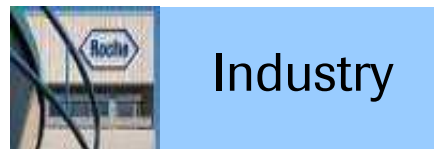
Best treatment



Better efficacy & safety profile



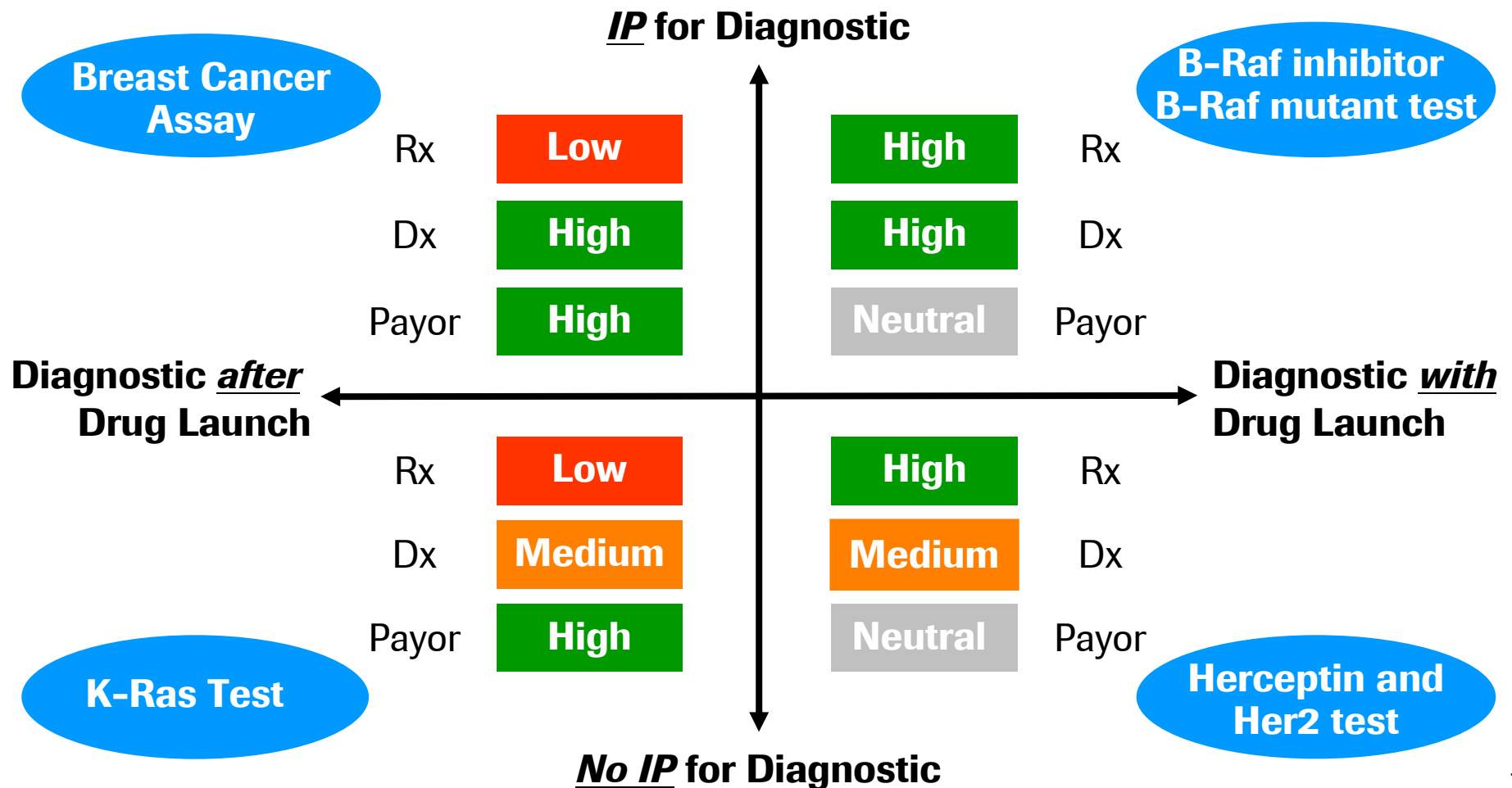
Better cost / benefit



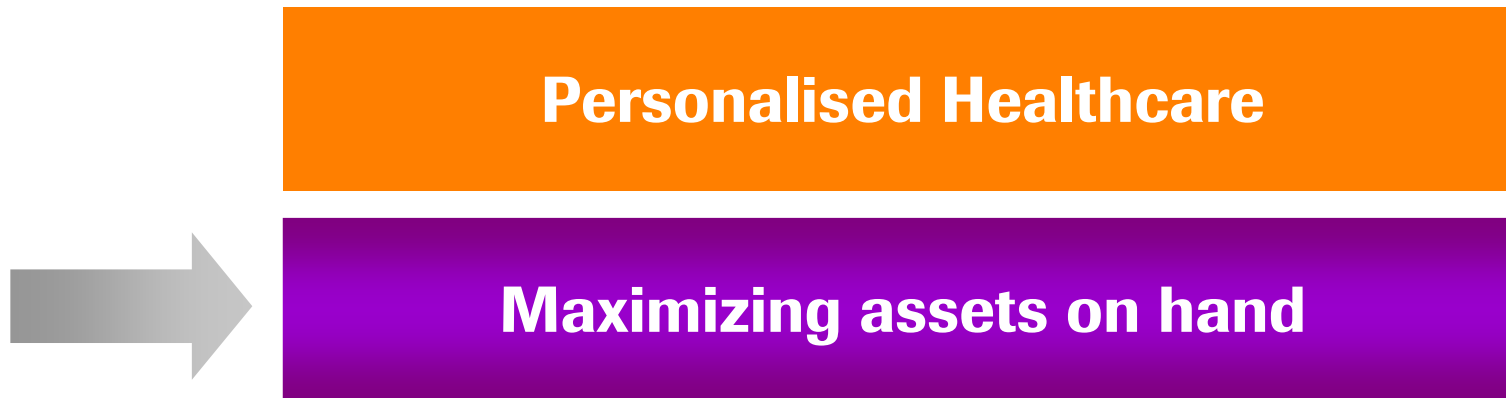
More competitive

Scenarios for PHC Added Value Distribution

Value captured by different stakeholders depending on IP and timing of diagnostic

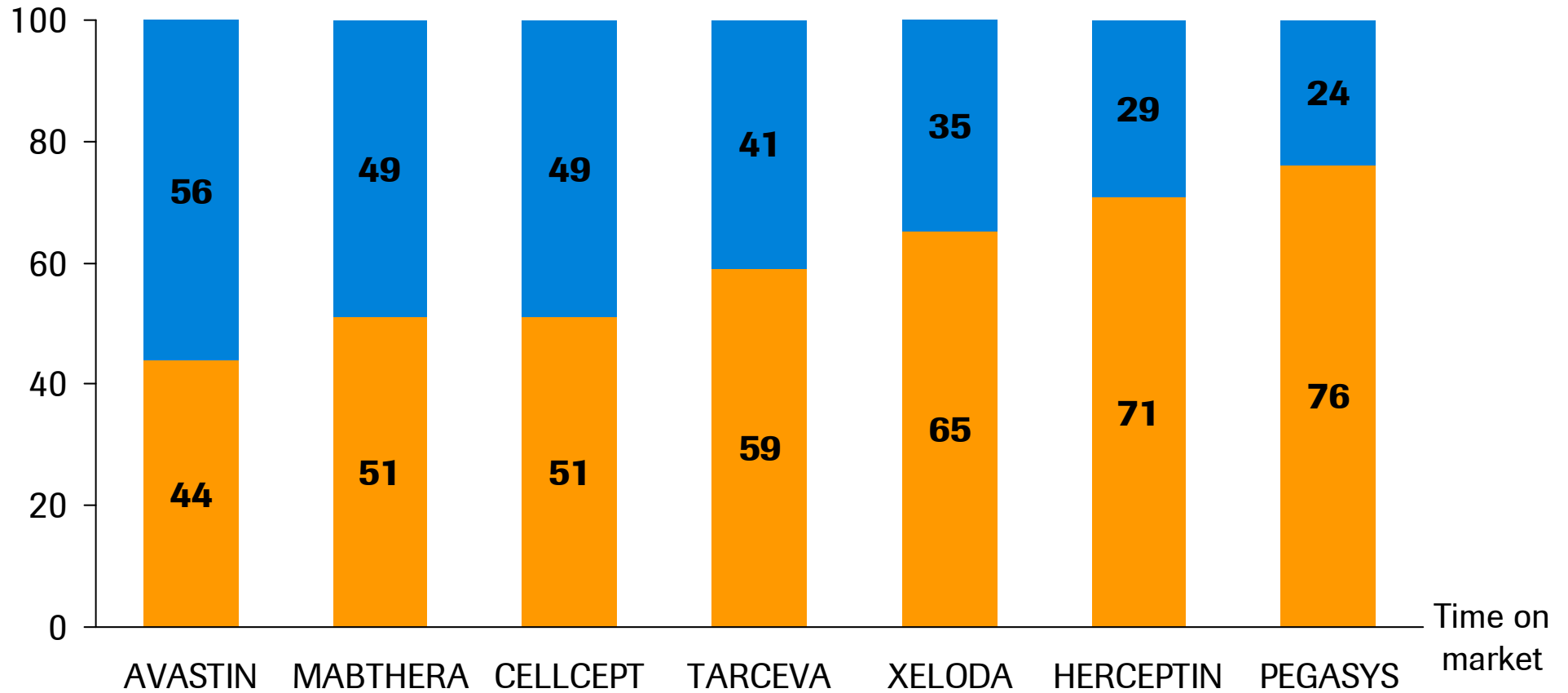


Main trends influencing the long-term value propositions



Major growth opportunities outside the US for key products

% of sales

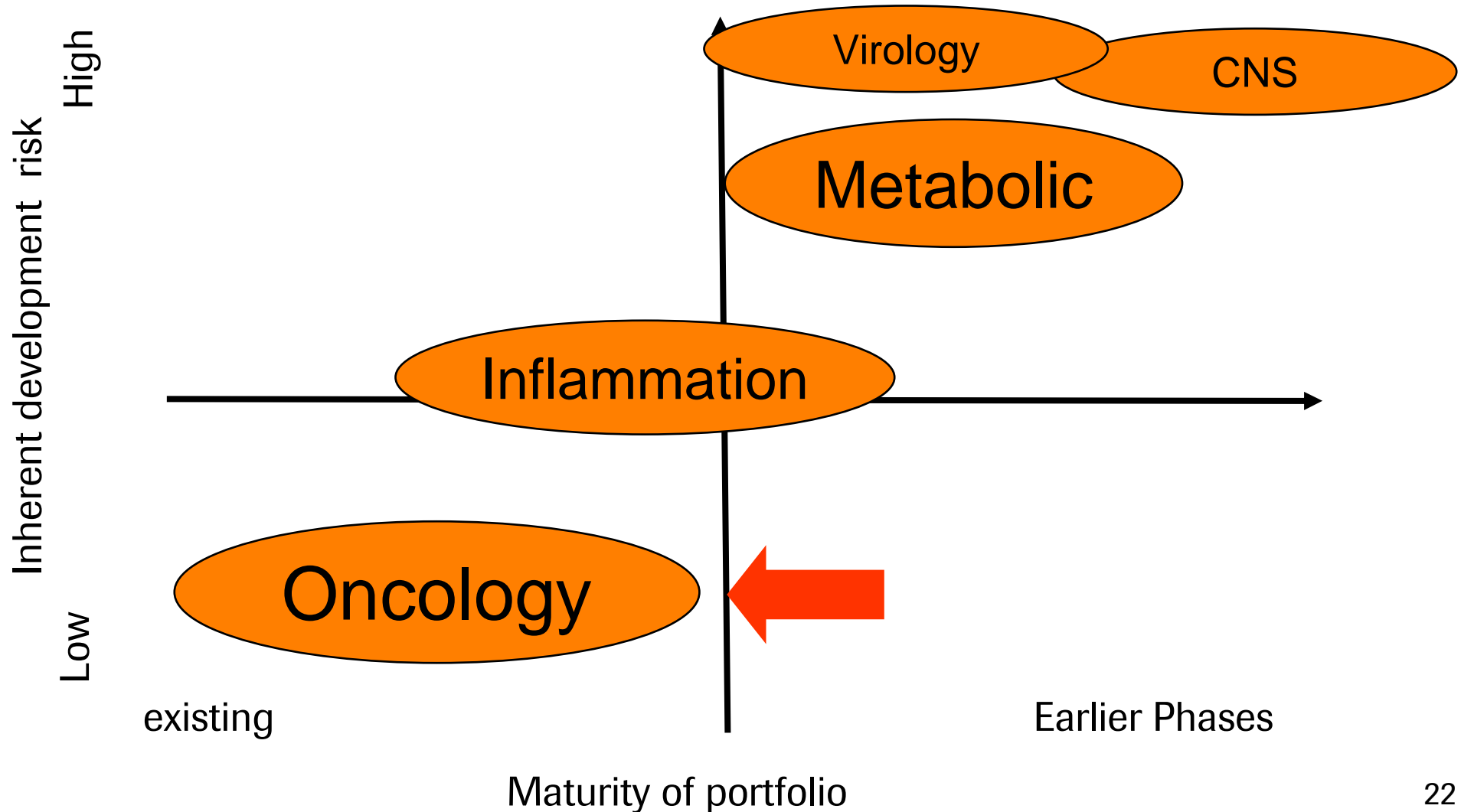


■ EU / ROW (incl. Japan)
 ■ Nth America

Key drivers for long term development in place



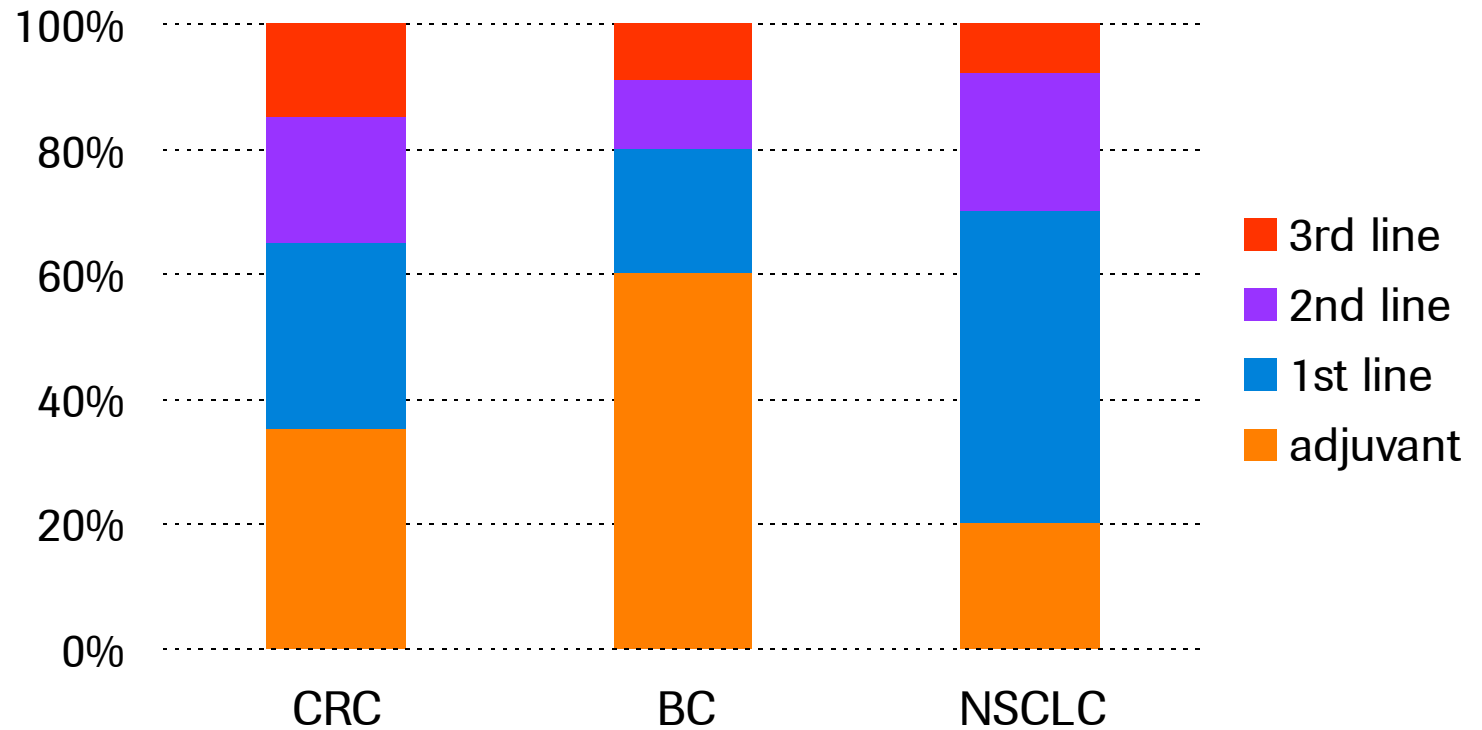
Develop the short term drivers while not neglecting the long term opportunities



Each cancer type is different

And needs a specific treatment approach

Incidence



Survival

Adjuvant DFS at 3 years*	72 %	81 %	50 %
Metastatic median OS *	25 months	36 months	11 months

* Assuming best current care, Incidence: GLOBOCAN 2002 and Roche market research

First in class mechanisms establishing new standards of care

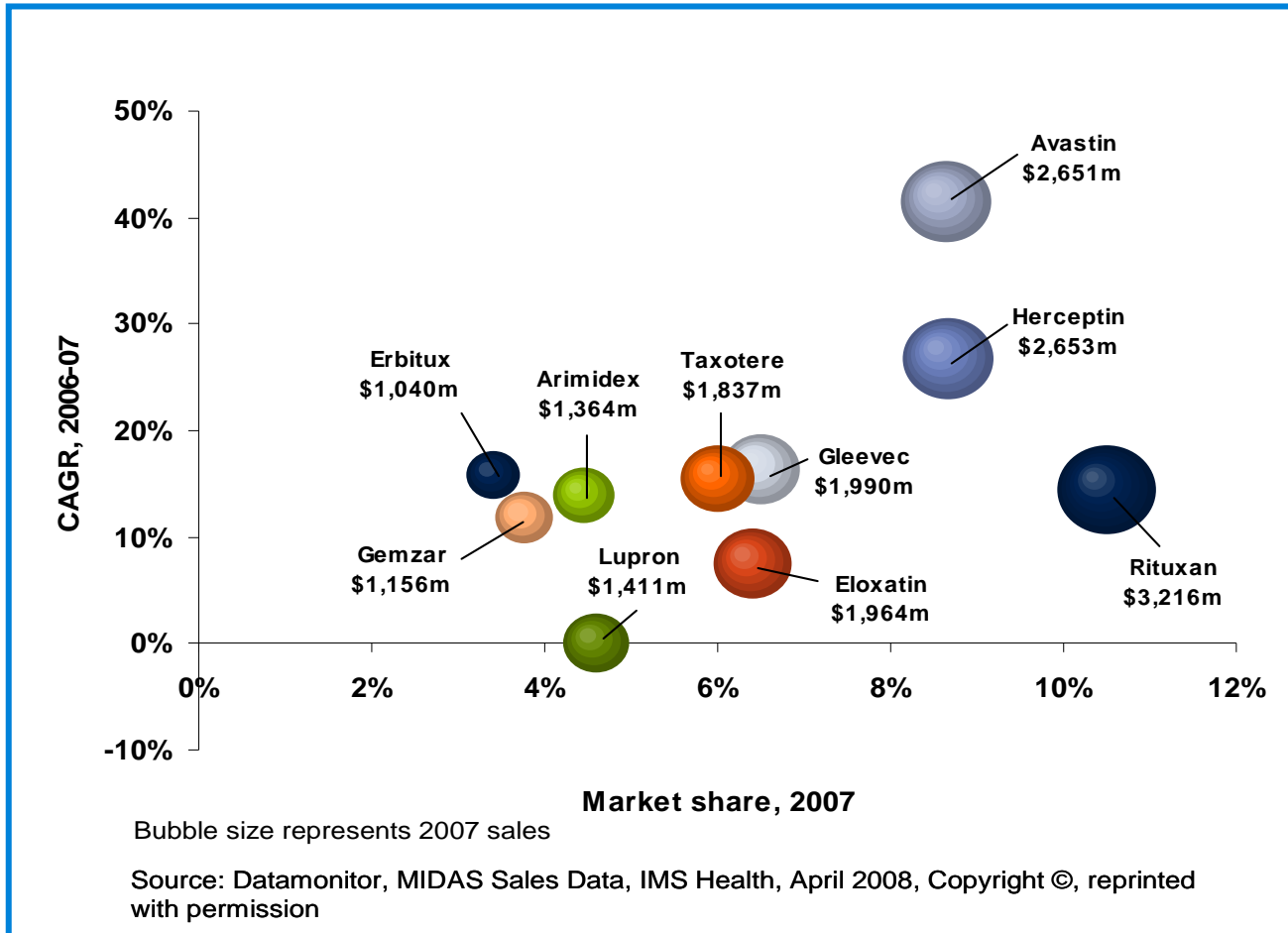
Rank	Drug	Sales (\$m) MAT 3Q08
1	MabThera	4,189
2	Herceptin	4,129
3	Avastin	4,052
4	Glivec	3,491
5	Taxotere	2745
6	Eloxatine	2,236
7	Arimidex	1,944
8	Gemzar	1,601
9	Erbitux	1,412
10	Casodex	1,343

First in class

Successful products need to be first class entrants – the race begins early in R&D

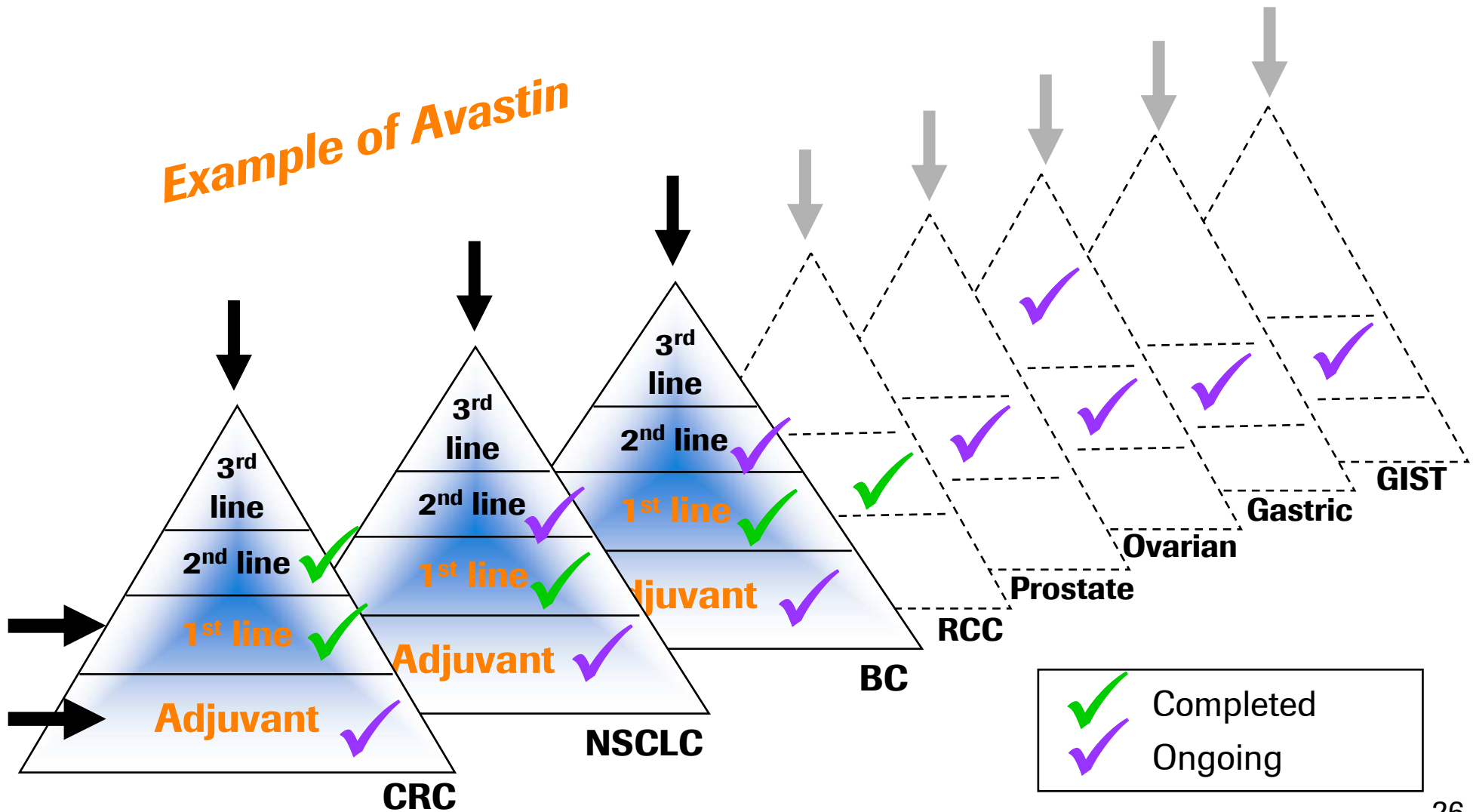
Top 10 Oncology Products

Sales and market shares in seven major markets in 2007



Roche/Genetech's MabThera, Herceptin and Avastin dominate the current cancer brands market

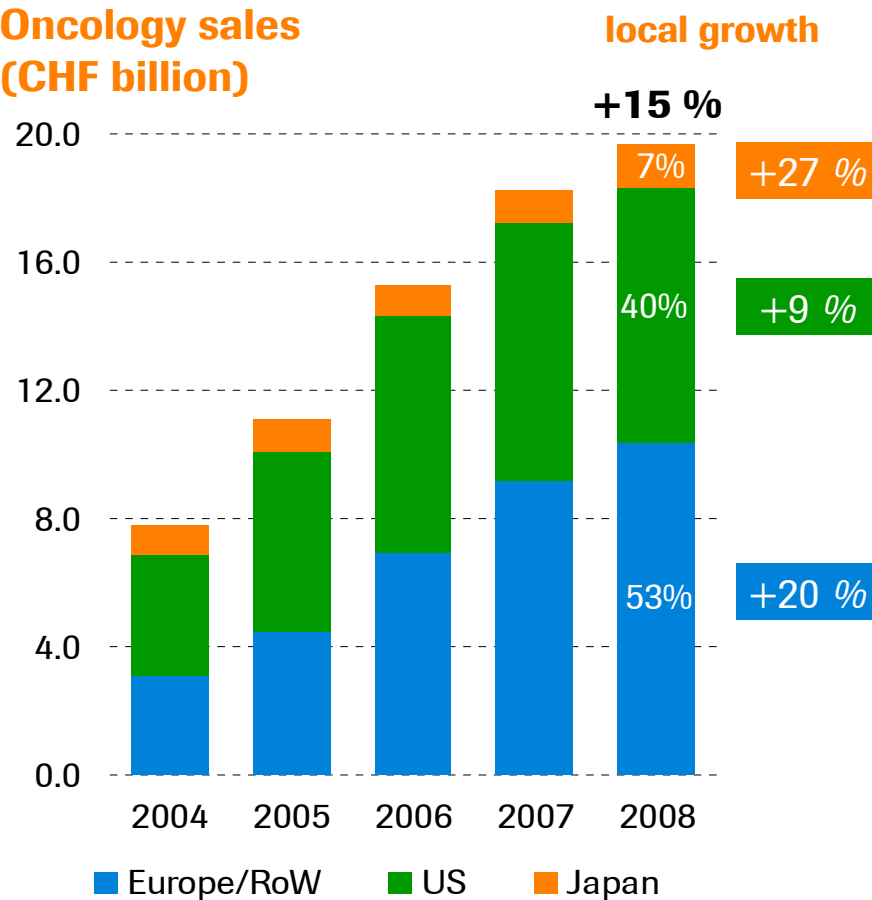
Paradigm change: Development of all main cancer types in parallel



Oncology franchise approaches CHF 20 billion in sales



Oncology sales (CHF billion)



Double-digit growth continues

Europe/RoW

- Continued strong increase in Avastin sales, driven by strong uptake in mCRC and mBC
- Emerging markets contributing to continued growth of MabThera, Herceptin and Tarceva

Japan

- Strong launches of Avastin, Tarceva, and adjuvant Herceptin

Exciting mid / early-stage opportunities in oncology

3rd generation anti-CD20- potential for improvement over MabThera based on Glycart technology

Improved product features

Increased direct cell death

Increased ADCC

Lower CDC

Phase I in NHL

Extended patent life for many other monoclonal antibodies?

MabThera

Herceptin

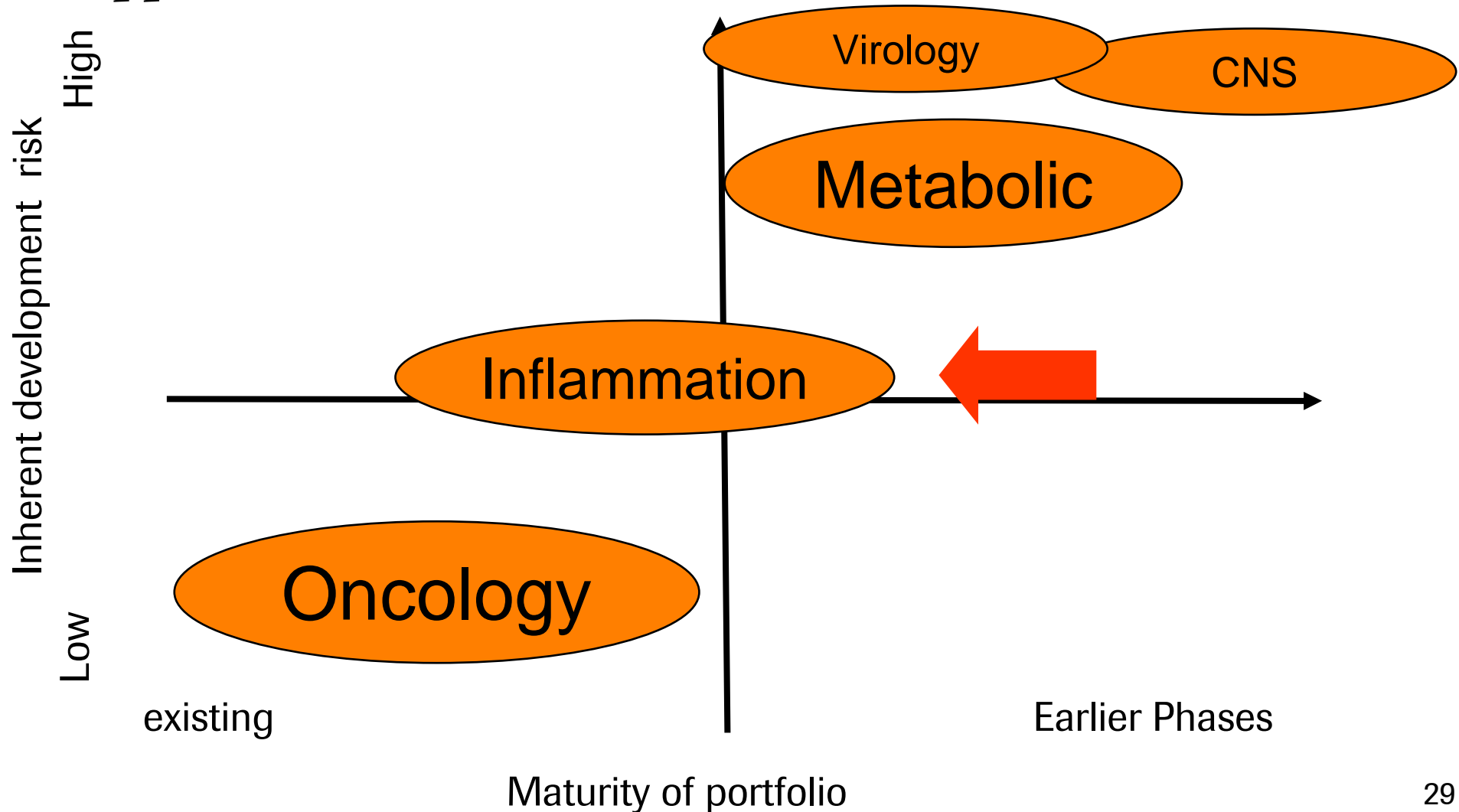
Pertuzumab.

**GA101: Phase II ongoing
Phase I data presented at ASH 2009**

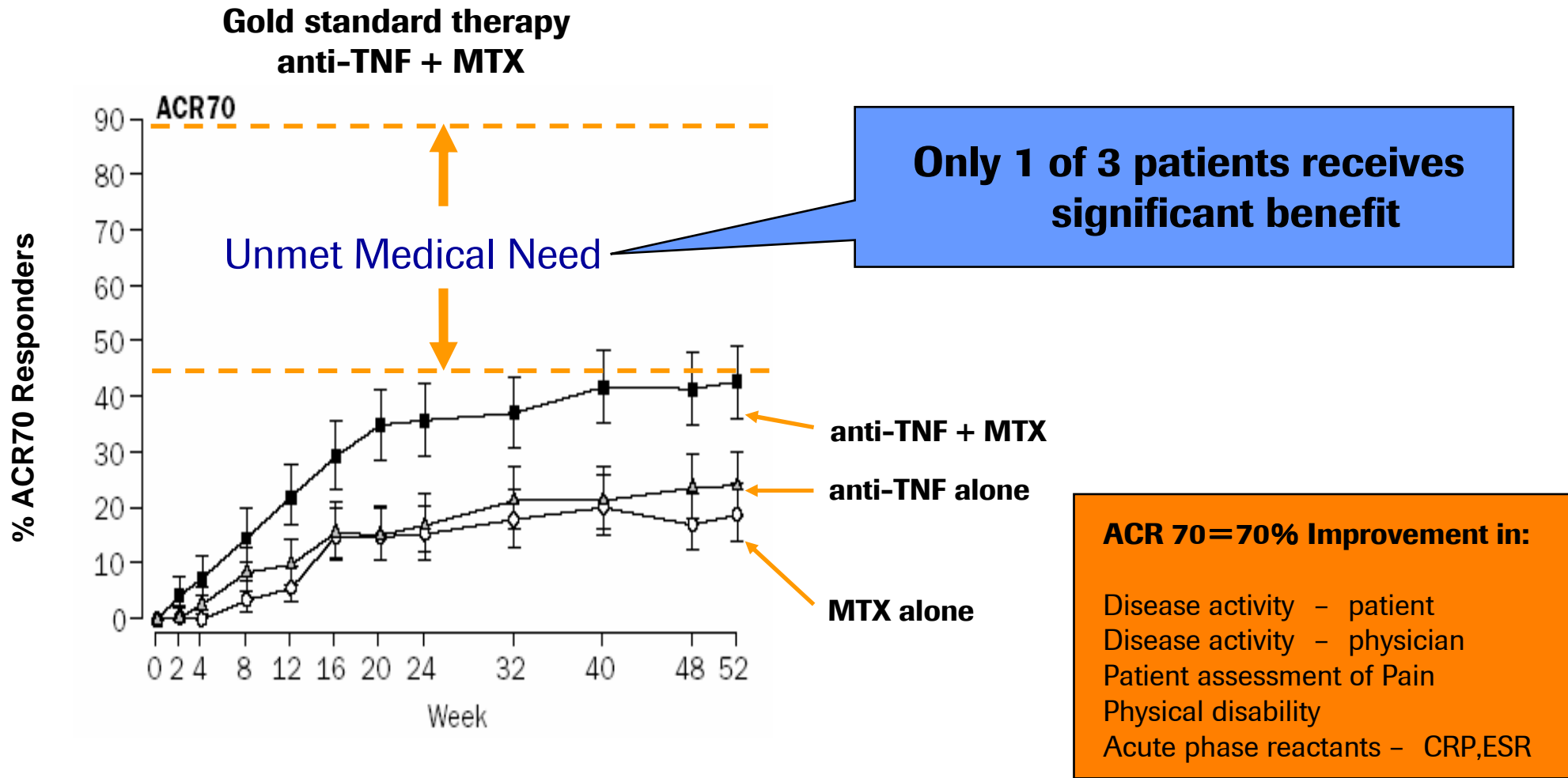
Key drivers for long term development in place



Develop the short term drivers while not neglecting the long term opportunities



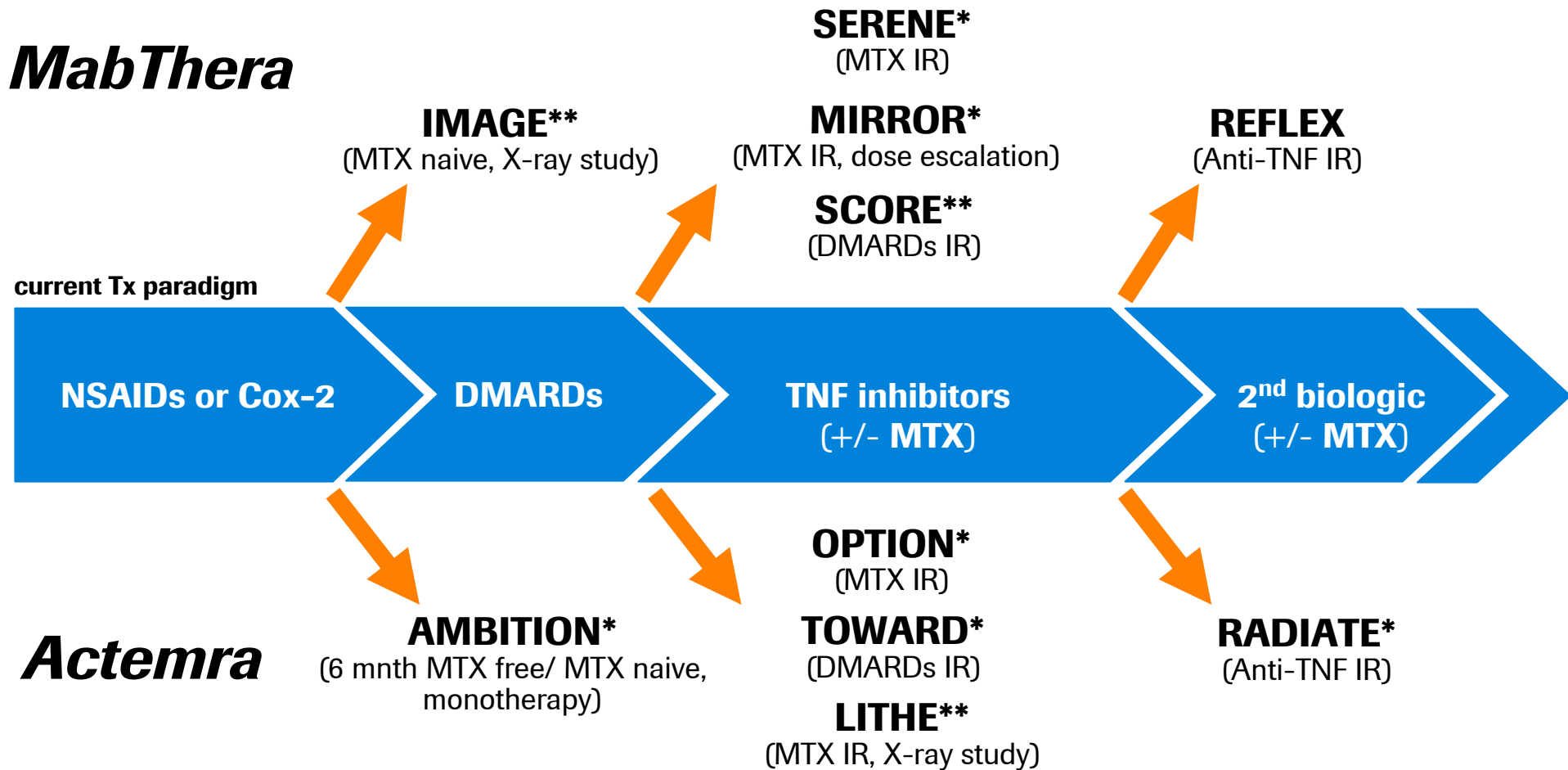
Rheumatoid Arthritis: Not all patients respond to current therapy



Comprehensive development program in RA

Covers all treatment stages

MabThera



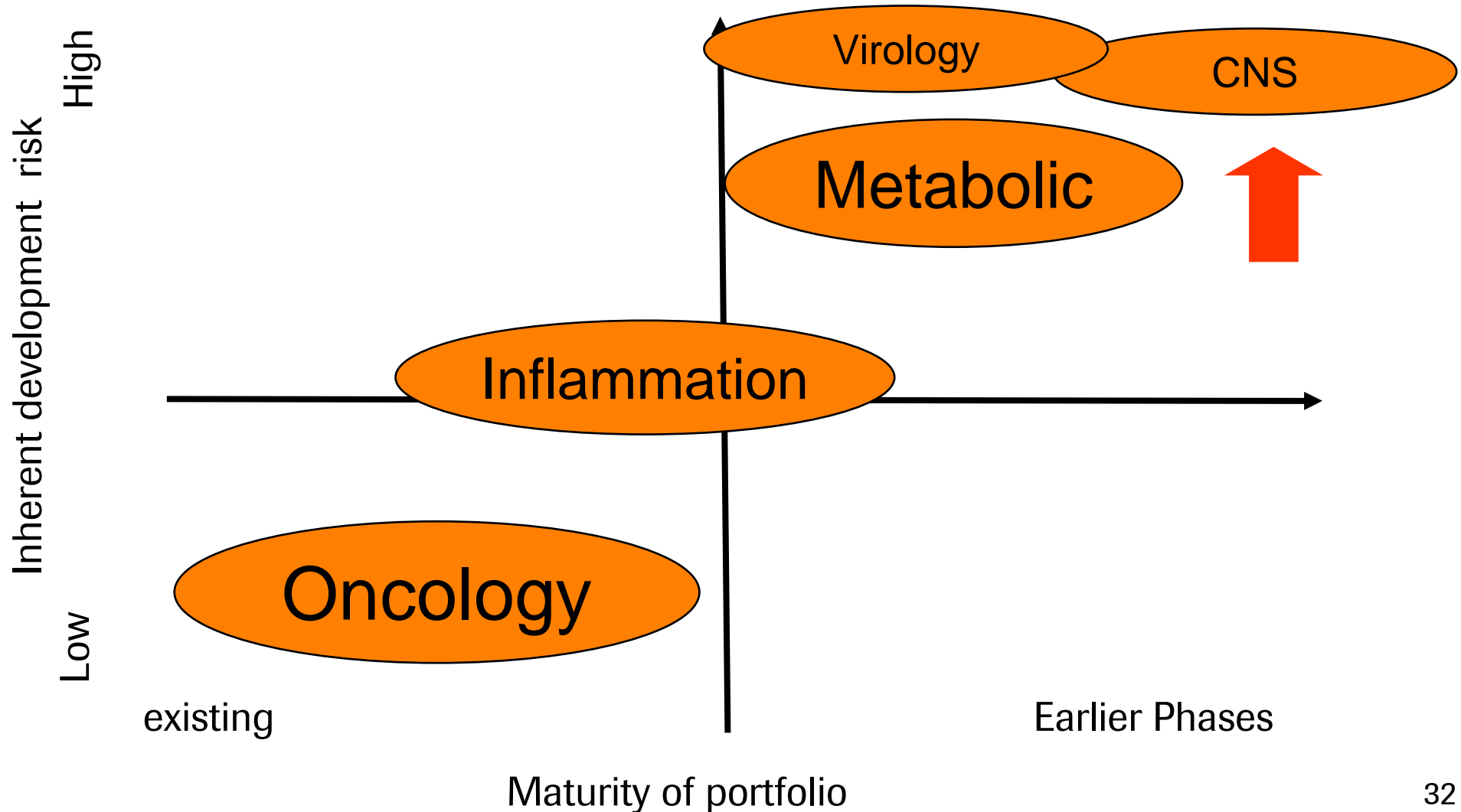
* Indication not yet approved, awaiting regulatory approval

** Phase III trial in progress

Key drivers for long term development in place

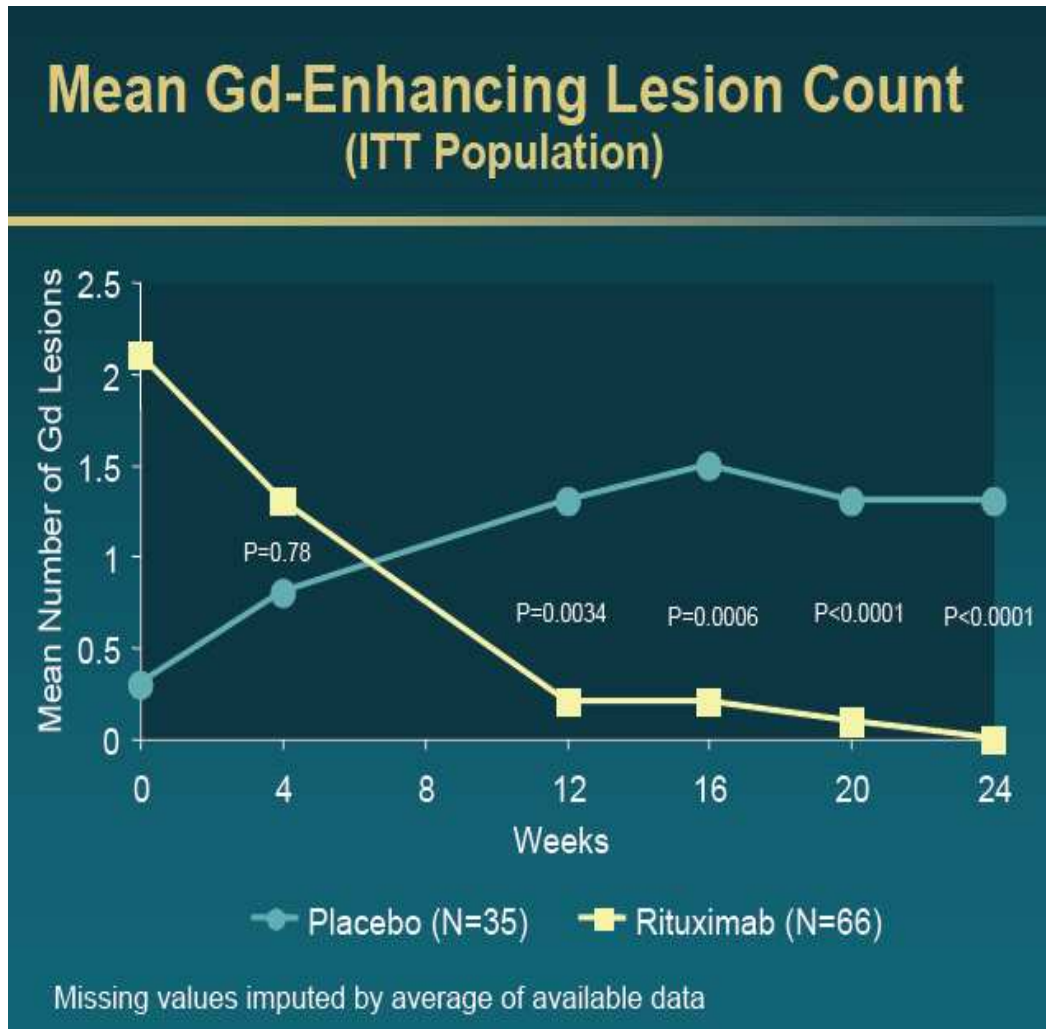


Develop the short term drivers while not neglecting the long term opportunities



CD20 targeting: new treatment strategy for MS

Very promising signals from Phase II with rituximab



- Total cumulative mean number of gadolinium lesions was reduced by 91 % (p<0.0001)
- Patients with relapses over 24 weeks in the treated arm was 14.5 % compared to 34.3 % in the placebo (58 percent relative reduction, p = 0.0238)

Ocrelizumab: Phase II placebo-controlled program in RRMS

Performance up-date

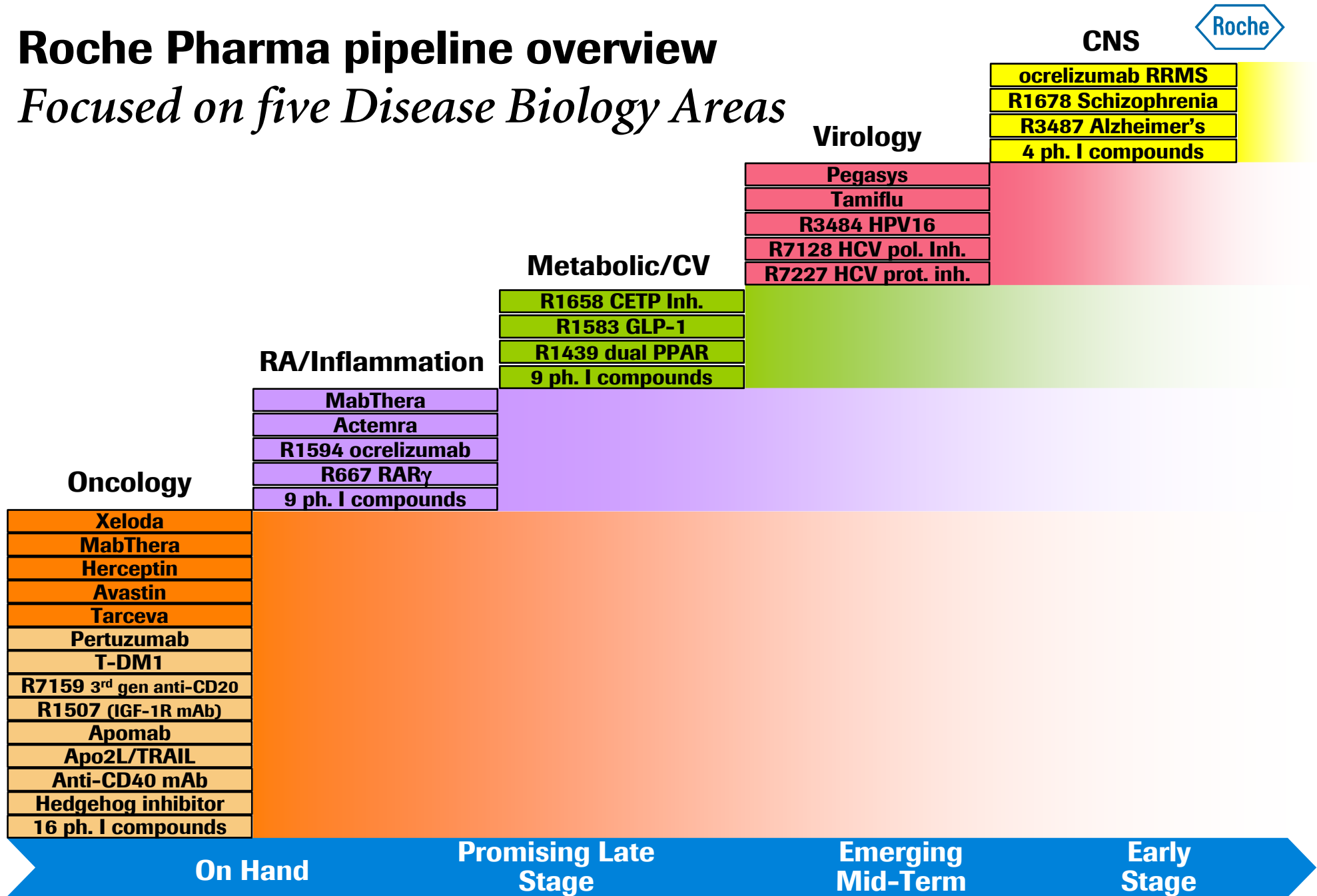
Strategy

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Summary

Roche Pharma pipeline overview

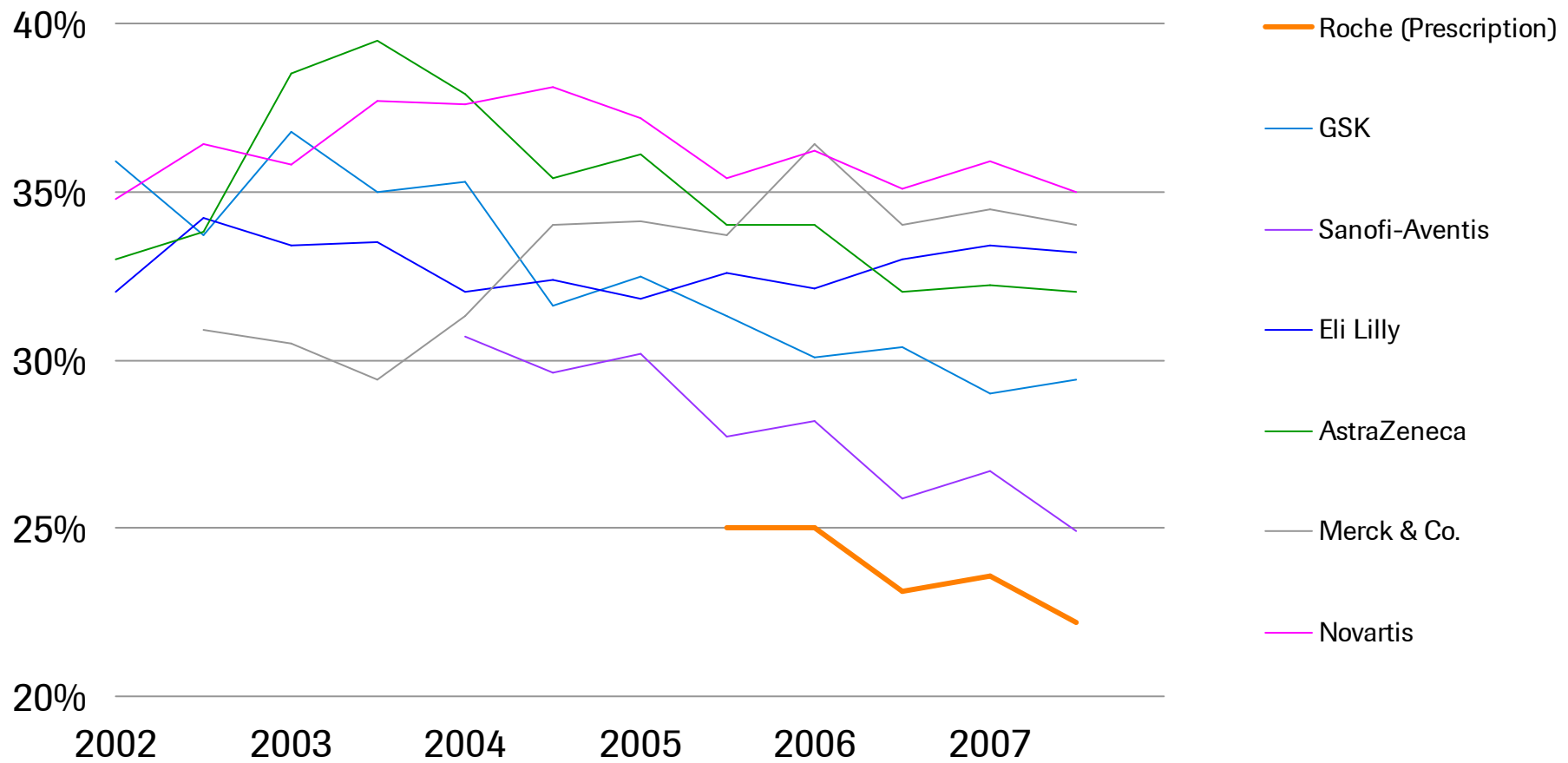
Focused on five Disease Biology Areas





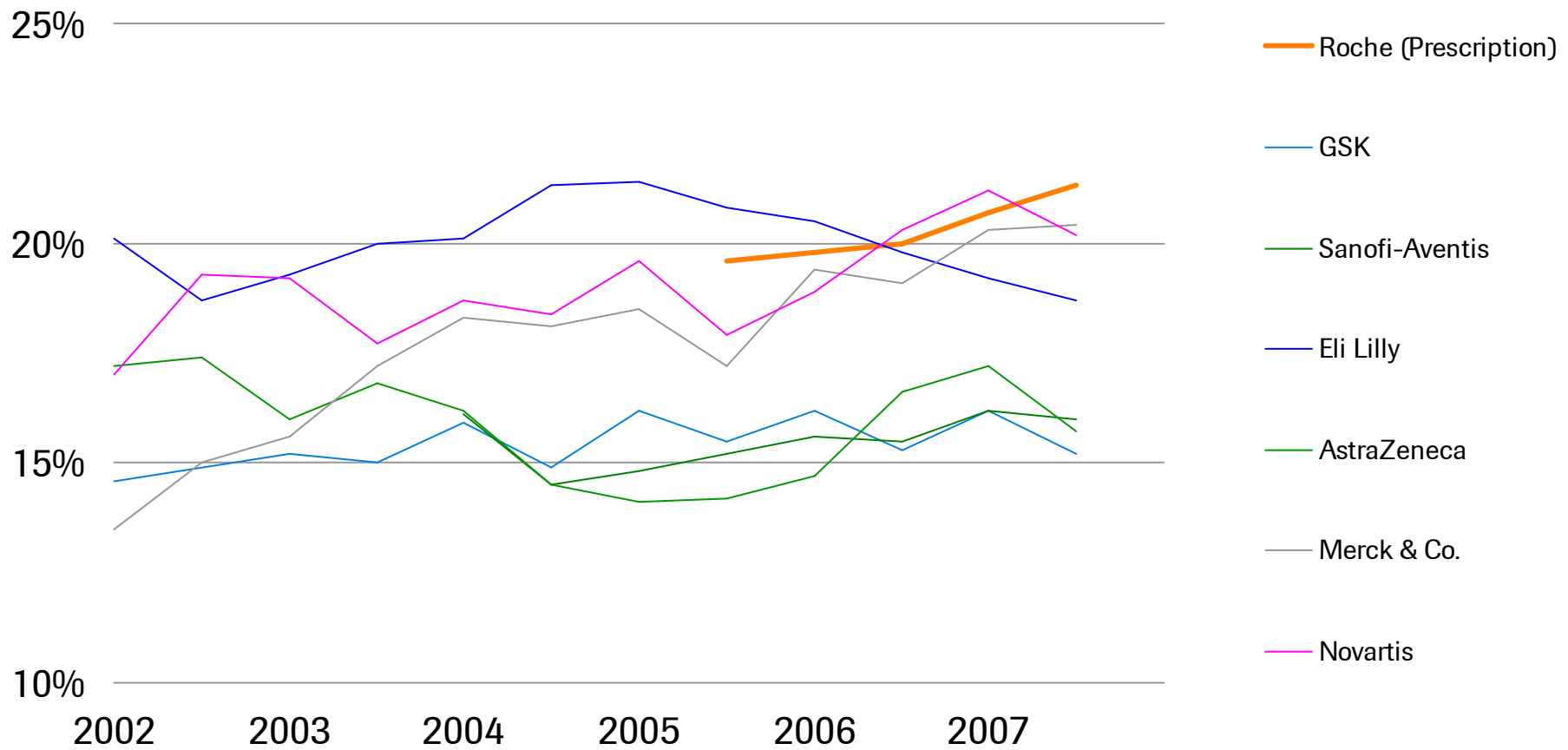
Roche: M&D and G&A % to sales

Freeing up resources for innovation



Investing into the future

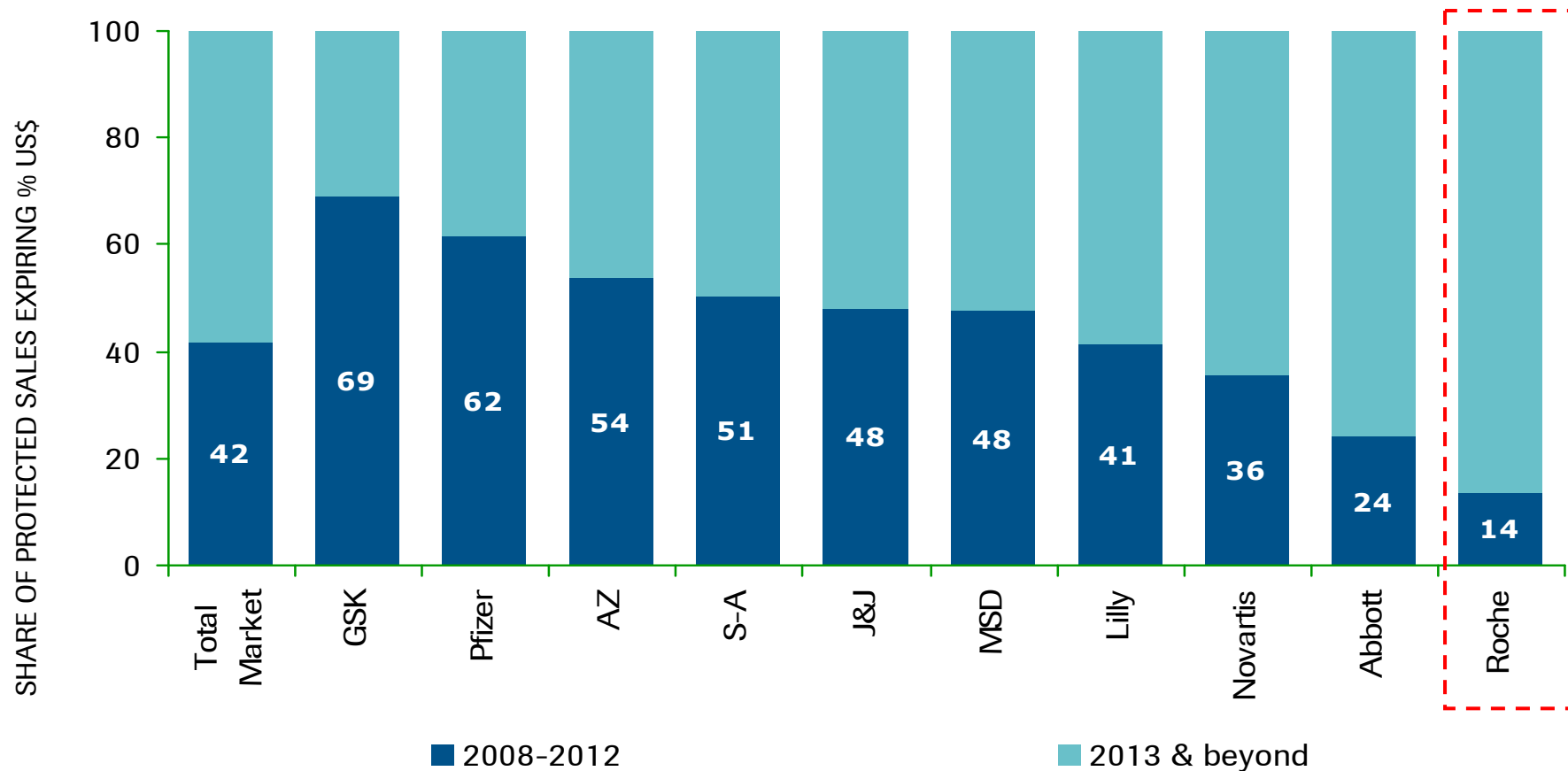
R&D % to sales



Patent expiry 2008-2012

Roche short-/medium-term has the strongest patent protected portfolio... and highest share of biotech products

Top 10 Corporations Protected Sales Expiring to 2012 & Beyond (US\$ Const)



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

Roche: A unique “investment case”

Clear and focused strategy

- Medically differentiated products
- Poised to become leader in Personalised Healthcare

Attractive risk profile

- Low generic risk; lowest among European large-cap players

Assets in place for sustained success

- World market leader in Oncology
- Emerging Rheumatology & Autoimmune, and Metabolic franchises

Industry-leading organic growth

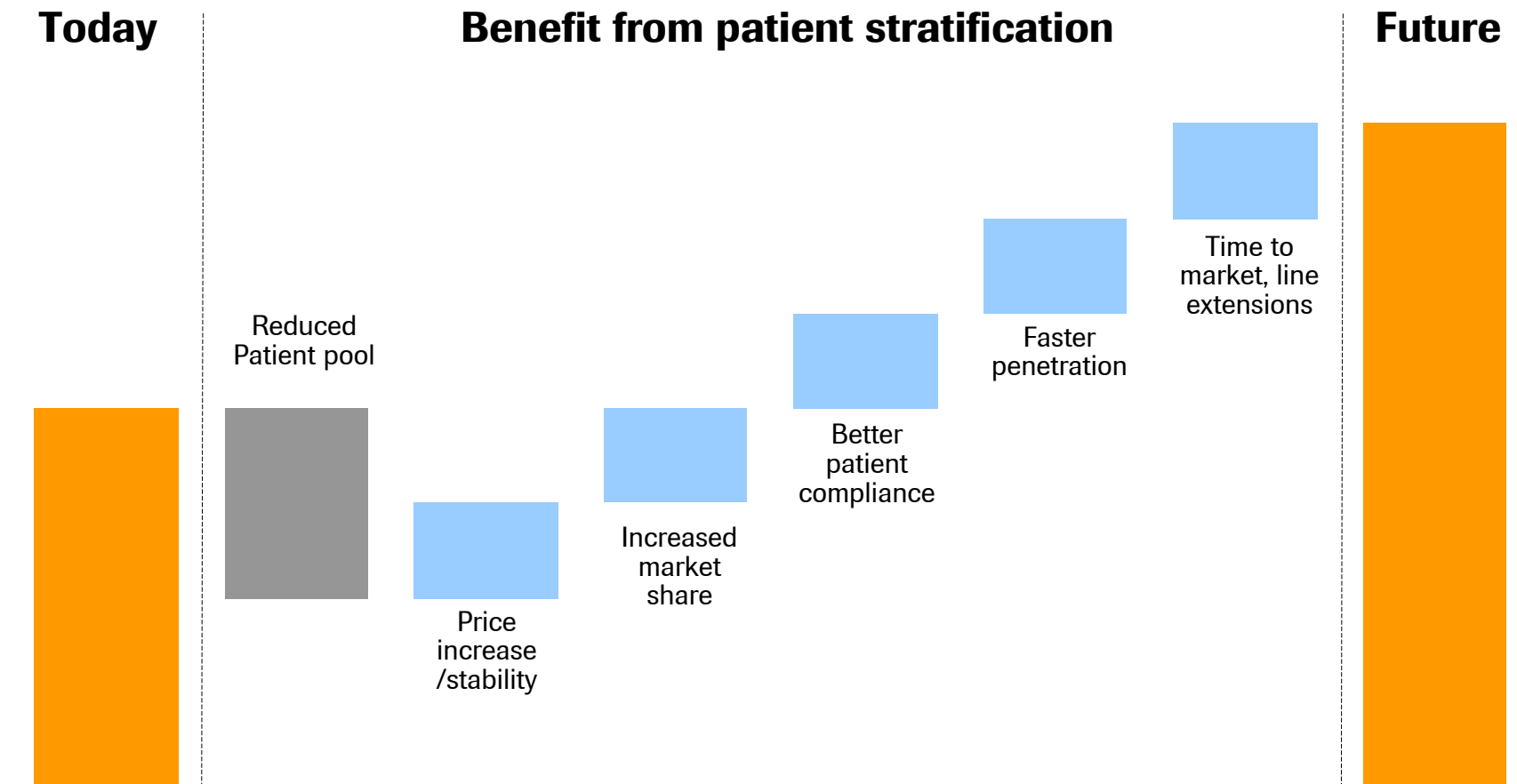
Unique high-tech healthcare investment



We Innovate Healthcare

Personalised Healthcare

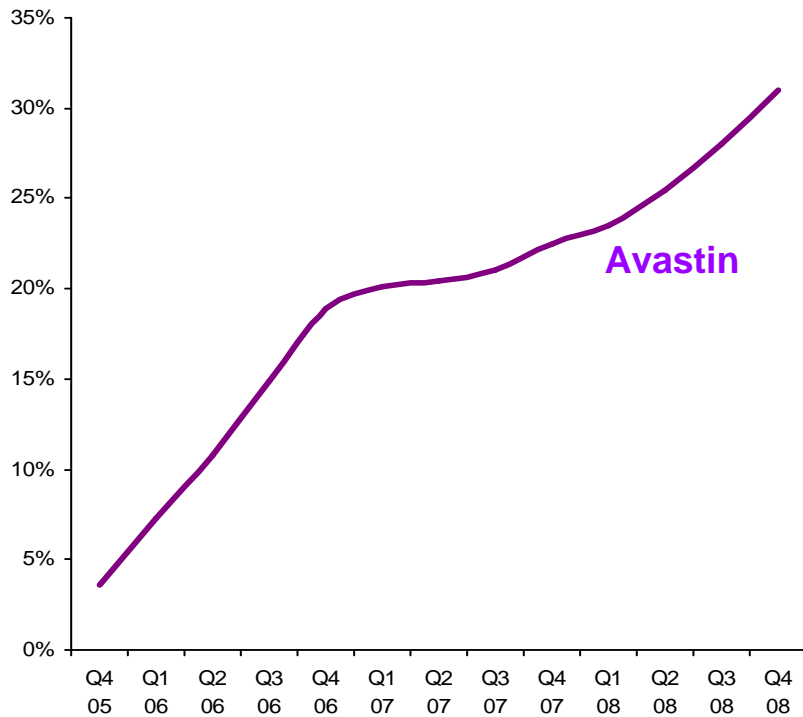
Benefit for industry



Avastin in mCRC: Strong uptake continues

First line

Patient share



Second line

Patient share

