Roche: adapting to the changing environment

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Tokyo, 8 October 2010

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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 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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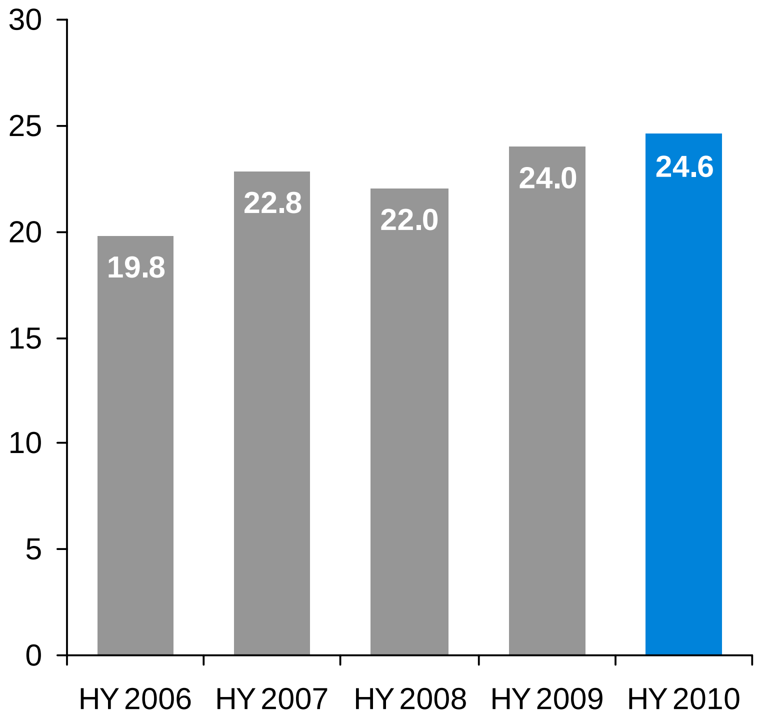
A position of strength

Operational Excellence – adapting to a changing environment

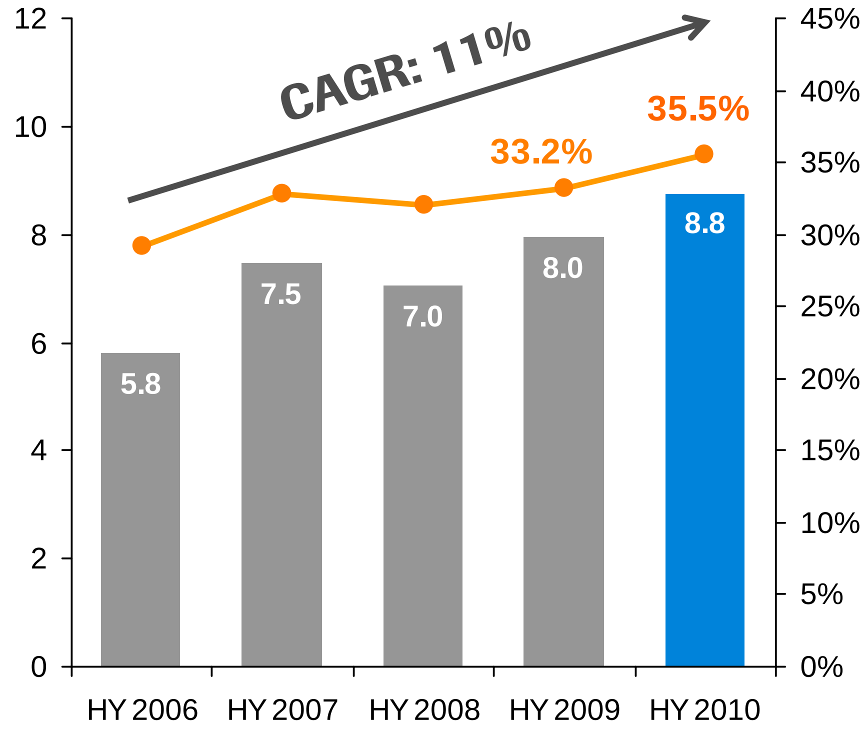
Continued focus on innovation

Continuous growth in sales and margin

Group sales (CHF bn)

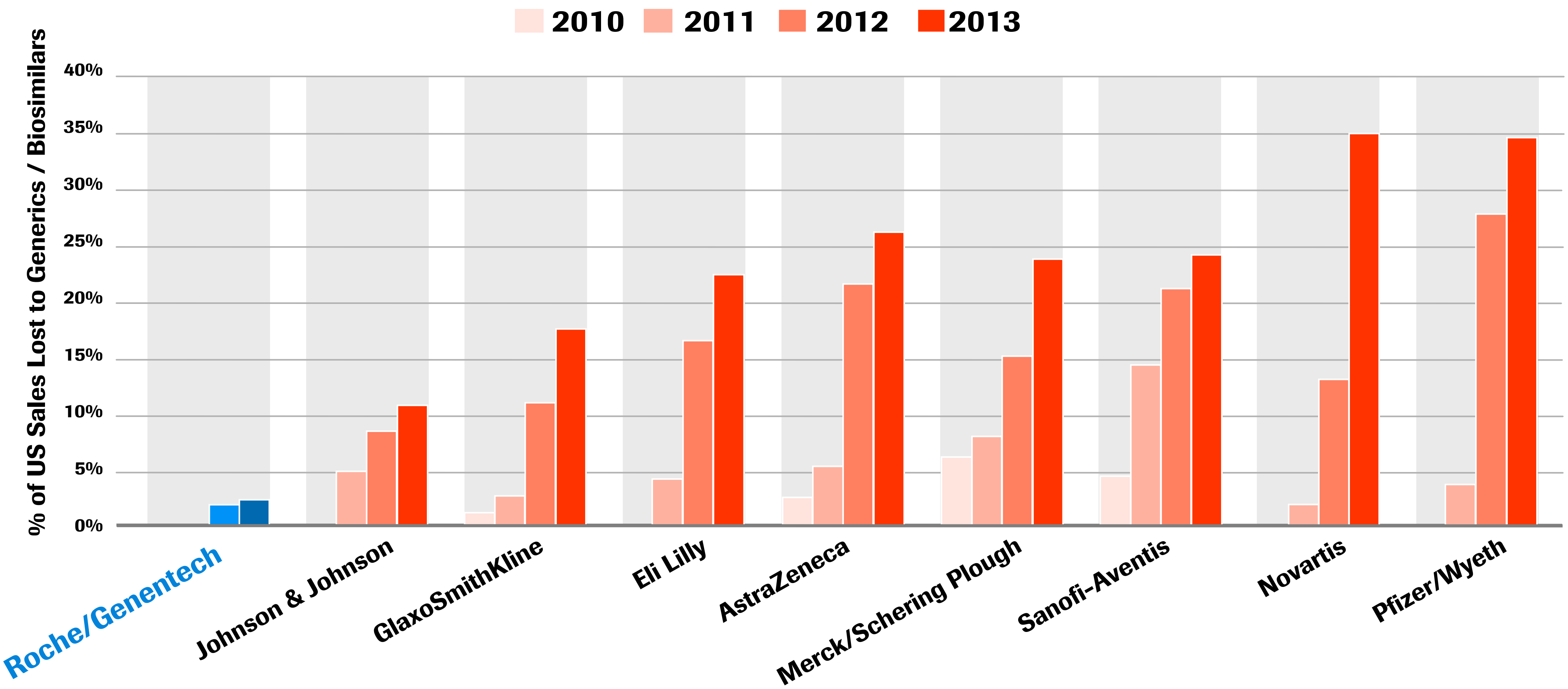


Operating profit[1] (CHF bn) and margin



[1] before exceptional items

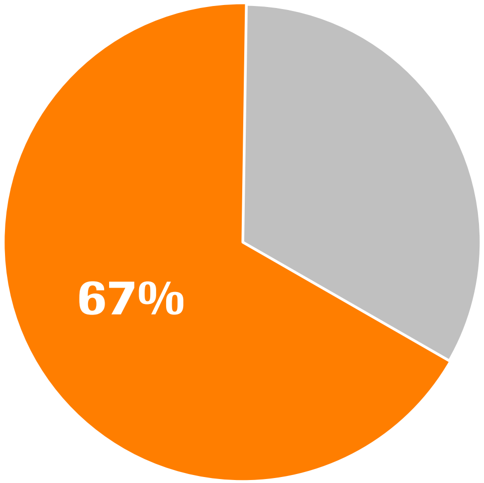
Limited exposure to patent expiries



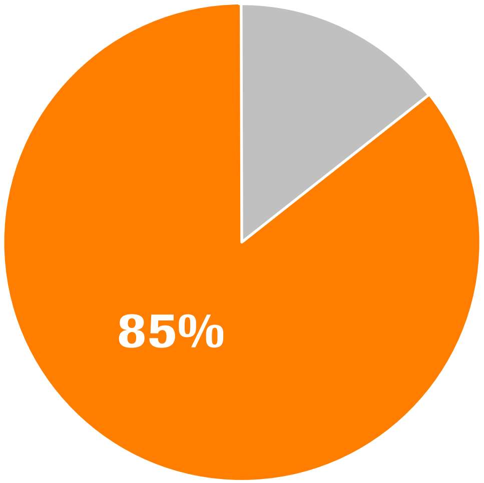
% Sales Lost calculated by subtracting given year sales ('10, '11, '12, '13) from full year sales from year prior to LOE.
Data excludes sales lost impact of products with LOE prior to 2010.
Source: Evaluate Pharma

Biotech products drive growth in both divisions

Pharma Division



Diagnostics Division



Biotech products as % of sales

Long patent protection
Biosimilars facing high hurdles

Long primary patent protection of our key biologics

Patents	US	EU ROW/EM
Avastin	2019	similar
Lucentis	2019	marketed by Novartis
Rituxan/ MabThera	2018	earlier
Herceptin	2019	earlier
Pegasys	2018	similar

Biosimilars outlook

US: recent healthcare legislation opens pathway for biosimilars

FDA in the process of developing guidelines

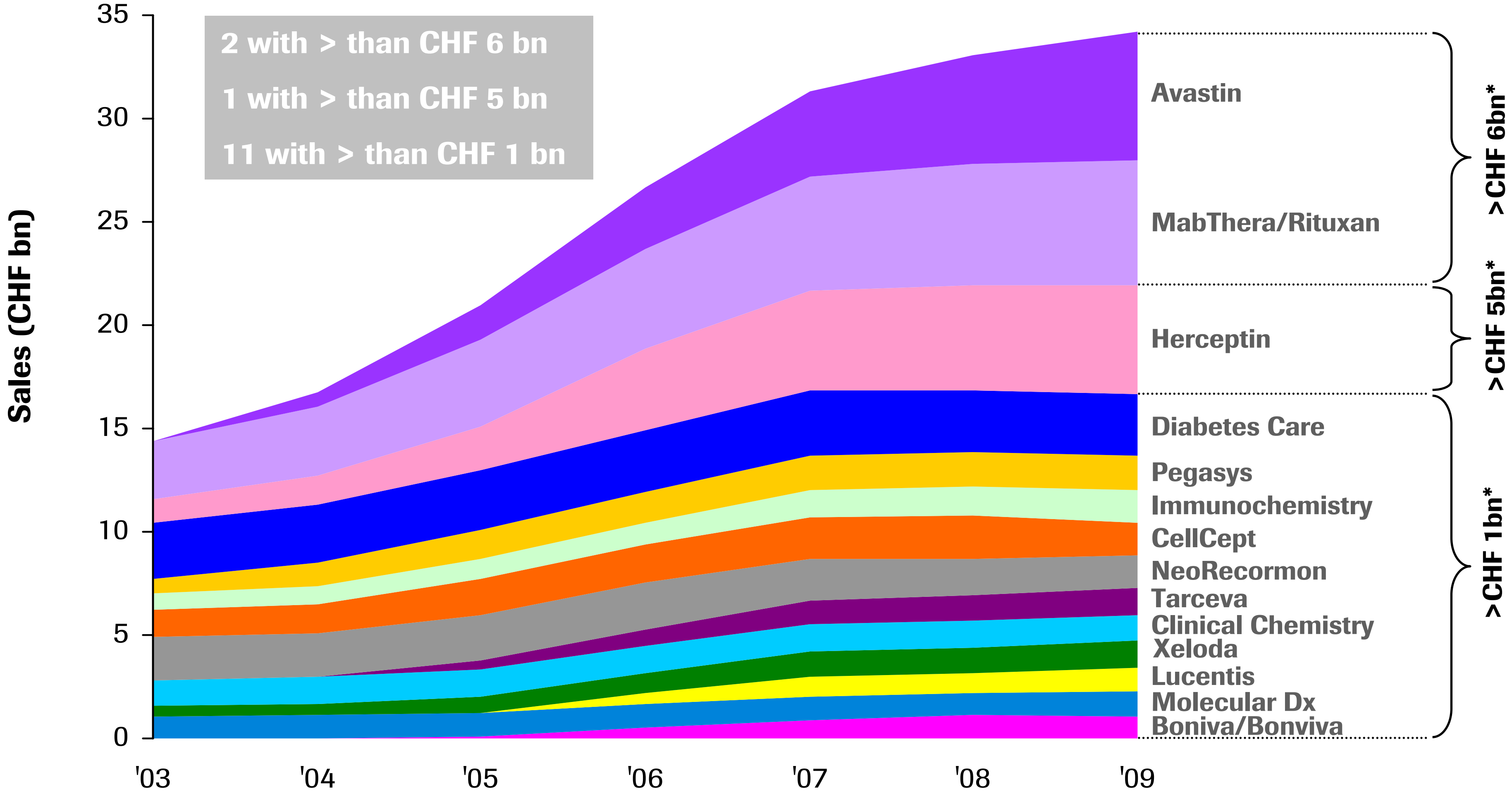
Data exclusivity for biologics 12 years

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

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

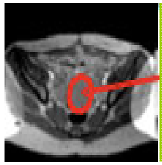
Brand awareness important

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



* Sales 2009

Avastin: Portfolio within a portfolio
Key treatment option in multiple tumor types



Ovarian

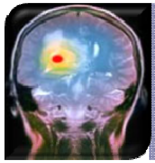
- Superior PFS front line

Metastatic Breast

- Superior PFS in multiple 1st line trials
- Superior PFS in 2nd line

Renal

- **Superior PFS in 1st line**



Recurrent Glioblastoma

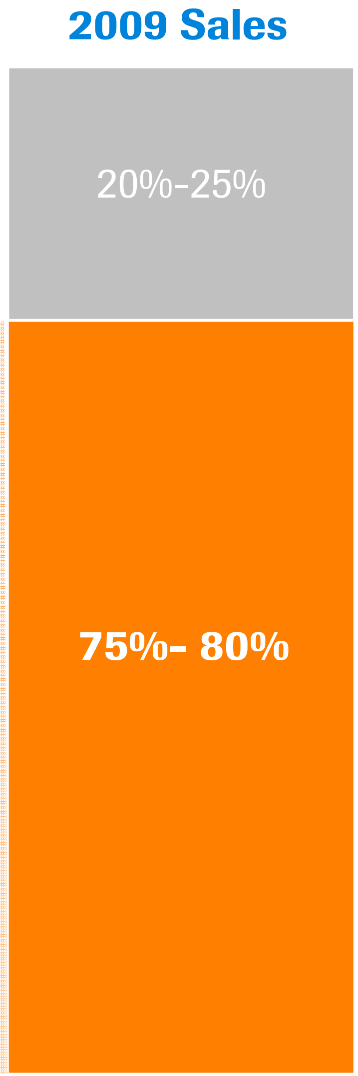
- **Unsurpassed PFS and OS**

Advanced Non-Small Cell Lung Cancer

- **Superior OS 1st line**
- Superior PFS 1st and 2nd line

Metastatic Colorectal

- **Superior OS 1st and 2nd line**
- Superior PFS 1st and 2nd line

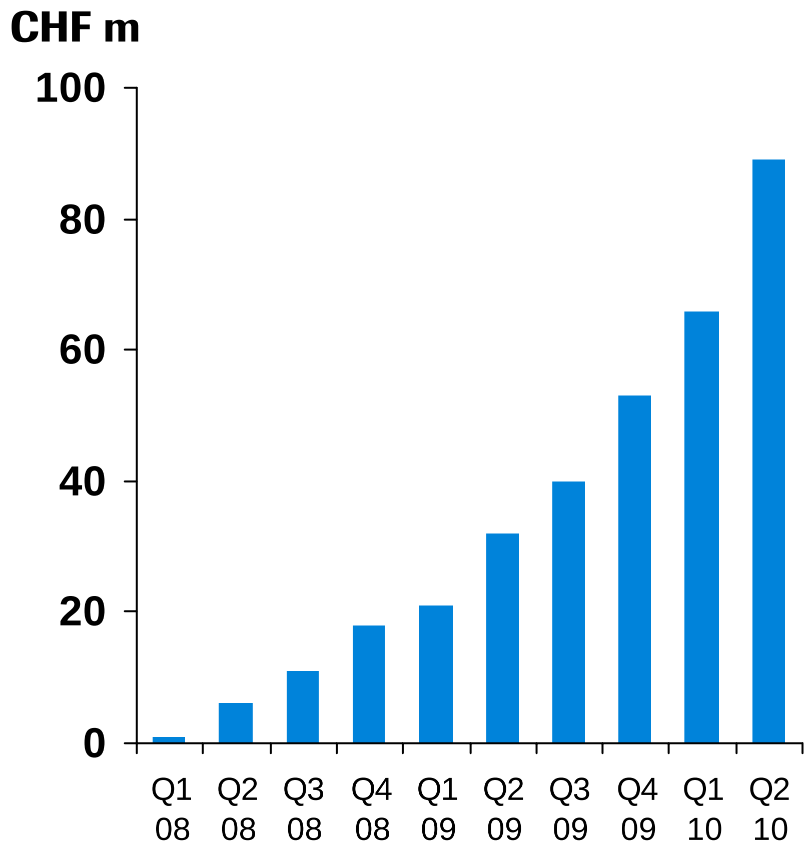


Actemra/RoActemra
Building new pillar

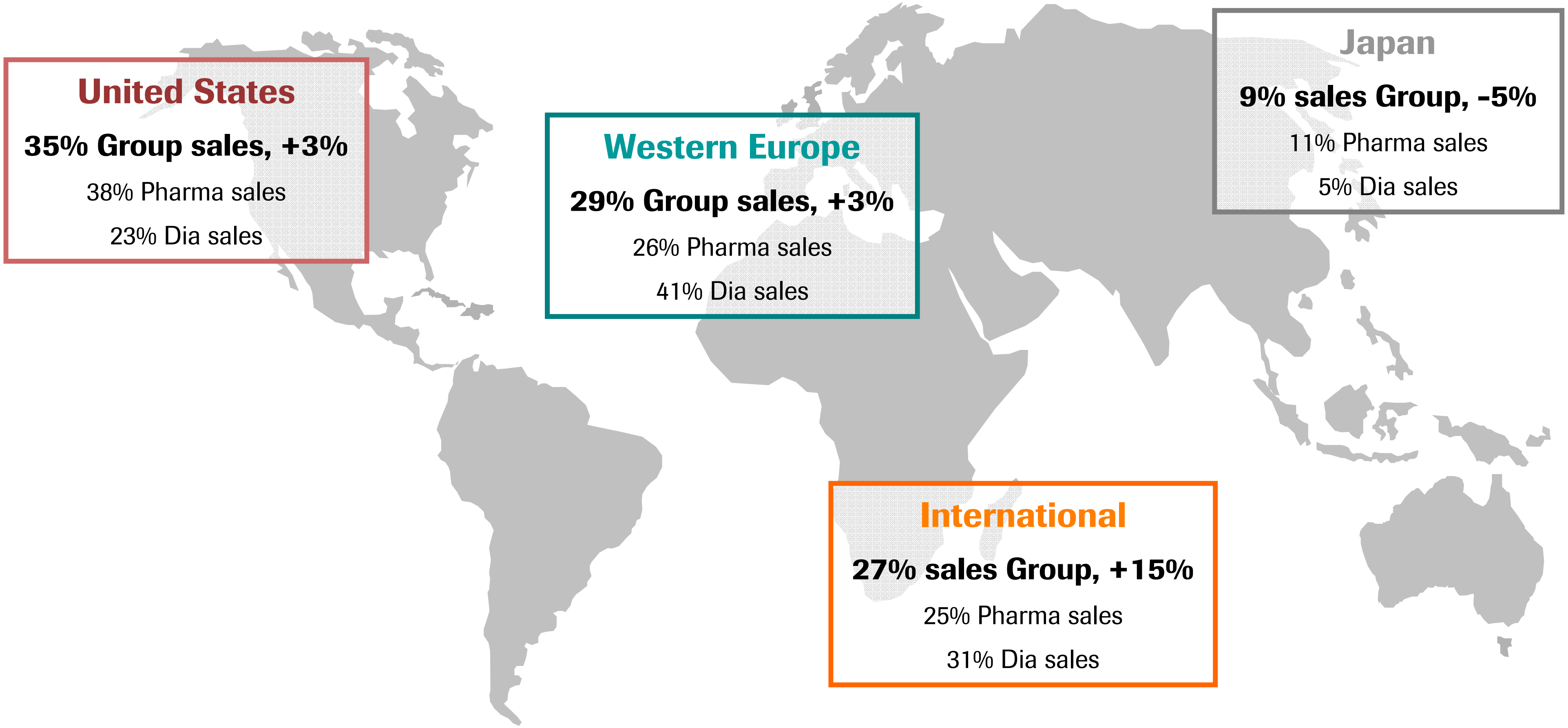
- Launched in ~50 countries so far
- Uptake in Japan remains strong
- In US after only 5 months, Actemra already prescribed by more than 50% of rheumatologists
- US patient share constantly increasing (currently 3-6% following anti-TNFs)

Actemra vs Humira H2H trial
Enrolling patients

Actemra/RoActemra quarterly sales

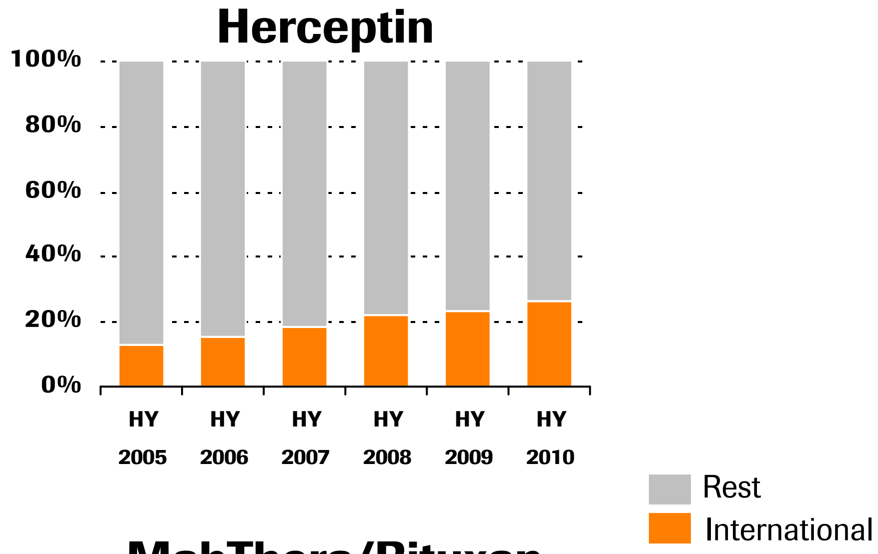


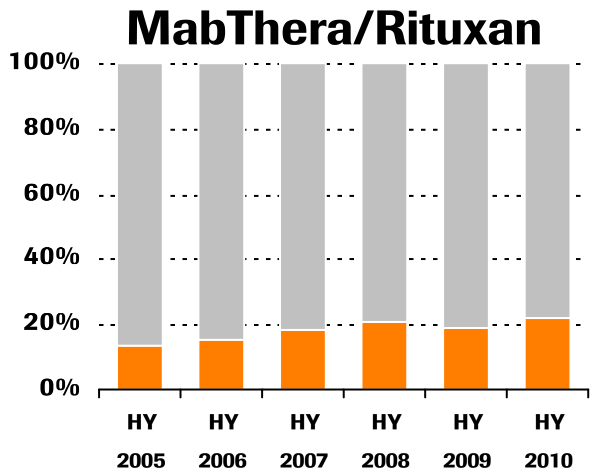
Roche in Emerging Markets
Gaining in significance



H1’ 2010: All growth in local currencies

Roche in Emerging Markets
Oncology leading the trend





Roche
Acting from a position of strength

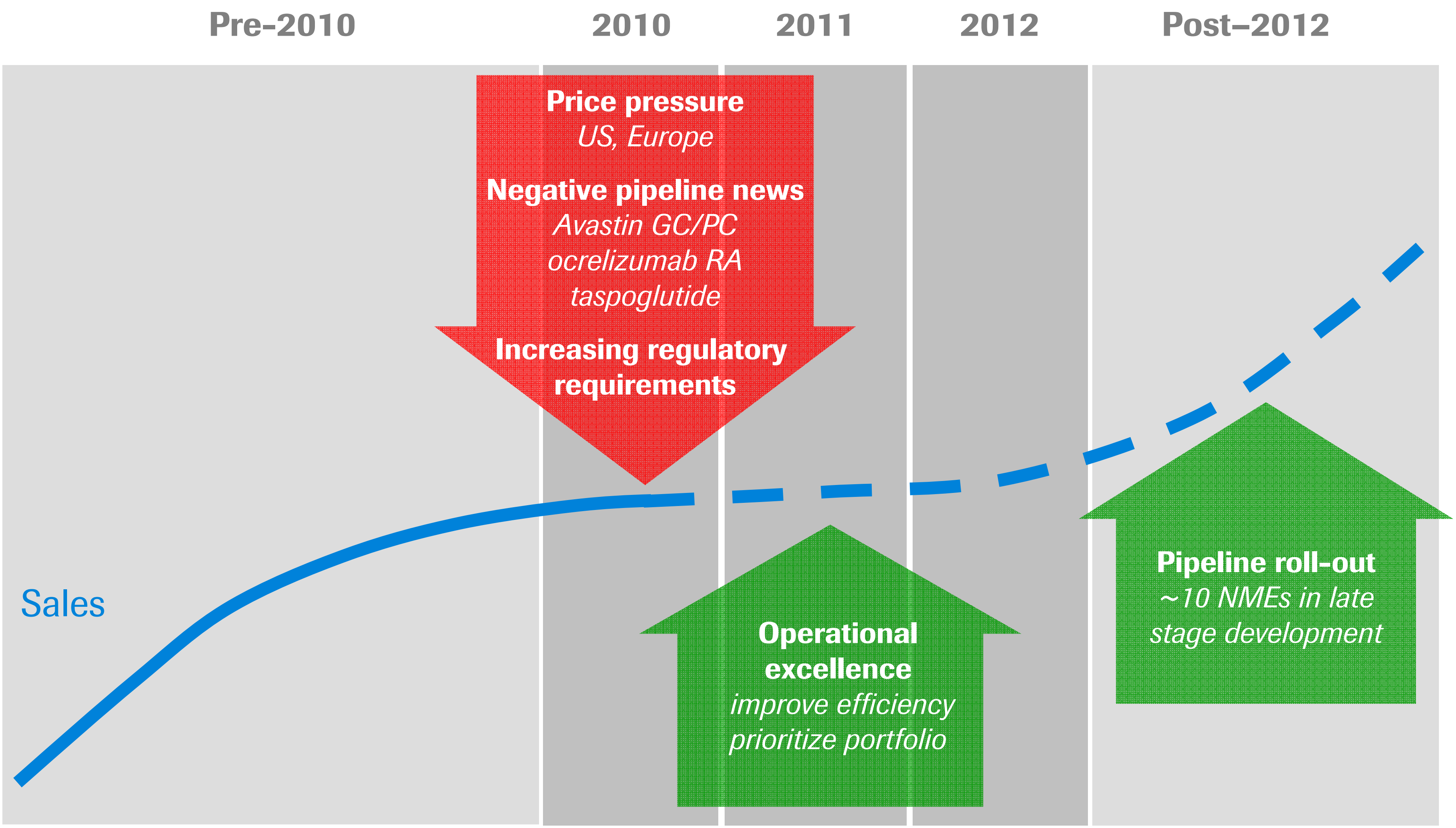
- Protection of current portfolio:
  - long patent protection
  - hurdles for biosimilars
- Diversified portfolio; 14 franchises with >CHF 1 bn sales
- Significant opportunities for Avastin based on approved indications
- Growth in emerging markets

A position of strength

Operational Excellence – adapting to a changing environment

Continued focus on innovation

Roche's response to new environment



Illustrative

Roche's response to new environment
Operational excellence initiative

Objectives

- protect our profitability and safeguard financial flexibility
- adapt cost structure while sustaining innovation leadership
- focus our resources towards investments that will drive innovation

Scope and timeline

- Group-wide
- measures decided before end of the year
- implementation in 2011 and 2012

Roche's response to new environment
Adapting to evolving regulatory environment (T-DM1 trial)

Patient Population	Second-line Treatment HER2-positive Metastatic Breast Cancer		Second-line Treatment HER2-positive Metastatic Breast Cancer
Phase/Study	**Phase III EMILIA (TDM4370g)**		**Phase III EMILIA (TDM4370g)***
# of Patients	N=580	→	**N=~980**
Design	▪ **ARM A:** T-DM1 ▪ **ARM B:** Xeloda plus lapatinib		▪ **ARM A:** T-DM1 ▪ **ARM B:** Xeloda plus lapatinib
Primary Endpoint	▪ Progression-free survival	→	▪ Progression-free survival ▪ **Overall survival**
Status	▪ FPI Q1 2009 ▪ Expect data early 2012	→	▪ FPI Q1 2009 ▪ **Expect PFS data 2012**

Trial recruiting well.
Filing for accelerated approval expected in mid-2012, with mature PFS data.
OS data to be provided within 3 years thereafter.

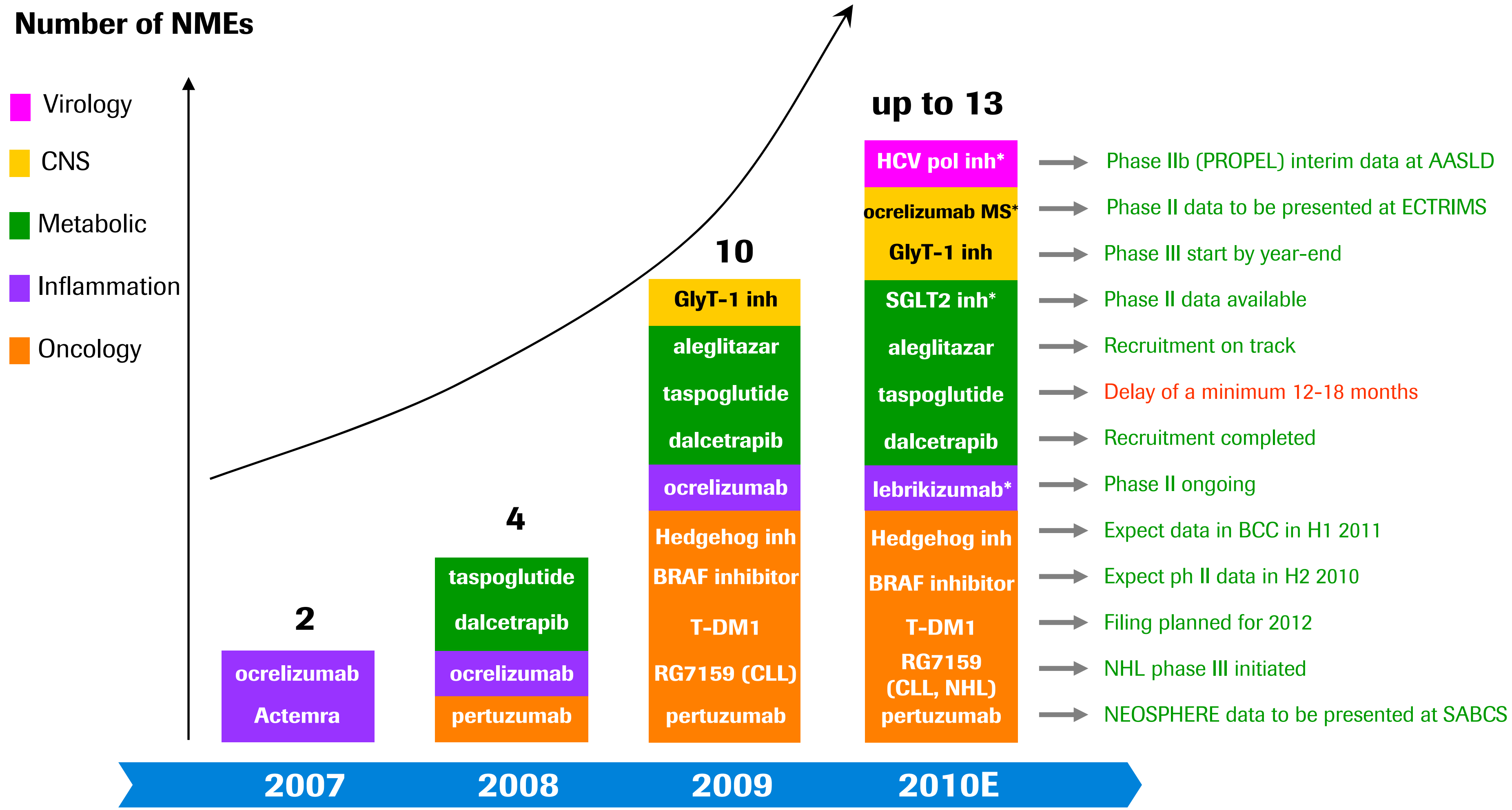
*subject to agreement with FDA

A position of strength

Operational Excellence – adapting to a changing environment

Continued focus on innovation

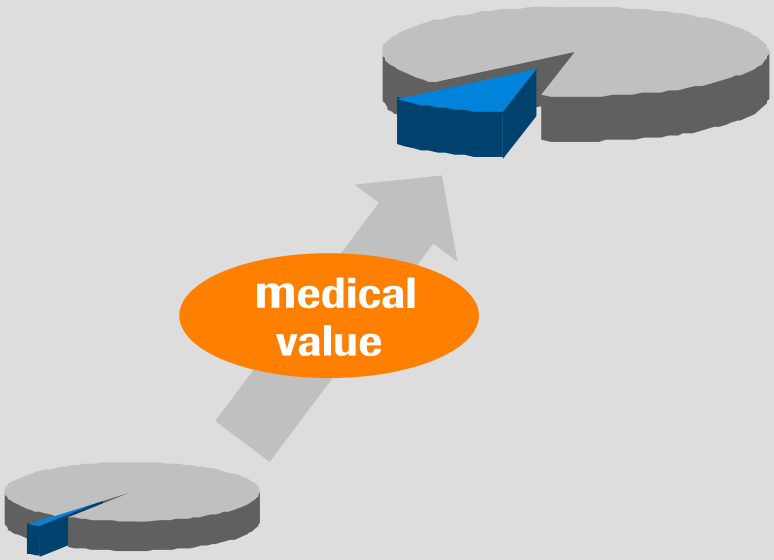
Late-stage pipeline continues to build up
Expanding into new therapeutic areas



* LIP or phase III decision pending

Diagnostics
Continued high growth driven by need for medical value

Potential to improve healthcare efficiency



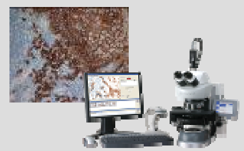
IVD <2 % total worldwide healthcare spend

Influences >60 % of critical decision making

Innovative tests in areas of medical need

Testing efficiency

Patch pump
diabetes care



Digital Pathology
tissue analysis

Diagnosis

MRSA
screening

HPV
early diagnosis

Companion Diagnostics

dual HER2 protein & gene

BRAF test
patient selection

Personalised Healthcare to deliver medical value

Leveraging Pharma & Diagnostics from discovery to commercialisation

Research

- Molecular biology foundation
- Unrestricted knowhow & IP exchange

Improved target selection

Development

- Prospective biomarker analysis
- Correct sample collection and patient consent

More targeted clinical trials

Commercialisation

- Defined label on launch
- Potential companion diagnostic

Safer, more efficacious medicine

Roche

We Innovate Healthcare