

Basel, 21 July 2008

Roche makes offer to acquire all outstanding shares of Genentech for US\$89.00 per share in cash

- **Combination to enhance innovation by allowing for diversity of research approaches while also encouraging sharing of IP, technologies, partnerships and other key assets**
- **Improved operational efficiency to result from reduced complexity, elimination of duplications and increased scale in the U.S.**
- **Genentech's unique research culture to be maintained; South San Francisco site to operate as an independent research and early development center and become headquarters of combined U.S. commercial operations**
- **Transaction to deliver annual pre-tax synergies of US\$750 - \$850 million; Expected to be EPS accretive in the first year after closing**
- **Offer represents a one day premium to Genentech shareholders of 8.8% and a one month premium of 19.0%**

Roche (SWX: ROG.VX; RO.S; OTCQX; RHHBY), a world-leading healthcare company, announced today that it has proposed to acquire the outstanding publicly held interest in Genentech (NYSE: DNA), a leading biotechnology company, for US\$89.00 per share in cash, or a total payment of approximately US\$43.7 billion to equity holders of Genentech other than Roche. Roche acquired a majority in Genentech in 1990 and currently owns 55.9% of all outstanding shares.

Commenting on the proposal, Franz Humer, Chairman of the Board of Roche, said, "Our long and successful participation in Genentech has provided great benefits to both of our companies and shareholders. It has resulted in one of the biggest success stories in the healthcare industry. Roche's significant investment in Genentech over many years has helped it to focus on innovation and long-term projects, leading to some of the most important breakthroughs in the treatment of cancer and other life-threatening diseases. The transaction will create a unique opportunity to evolve Roche's hub-and-spoke model into a structure that allows us to strengthen the focus on innovation and accelerate the search for new solutions for unmet

medical needs. Combining the strengths of Roche and Genentech will create significant value and result in benefits for patients, employees and shareholders.”

Severin Schwan, CEO of Roche, said, “We are looking forward to working more closely with our colleagues from Genentech. We have great respect for their achievements and we will take the necessary steps to nurture Genentech’s innovative and unique science-driven culture. The Genentech Founders Research Center will operate as an independent unit within the Roche Group to safeguard a diversity of different approaches and to foster the long term flow of novel breakthrough medicines. At the same time, we will be better able to share technologies and expertise in pharmaceuticals and diagnostics across the Group and broaden the mutual access to the external innovation networks of both companies. As Genentech has grown from a research-focused biotech venture into an integrated pharmaceutical organization, the transaction will also unlock synergies by leveraging the scale of the combined operations in the U.S. and improving operational efficiency.”

Combined company structured to foster innovation

Genentech will operate as an independent research and early development center within Roche from its existing campus in South San Francisco, retaining its talent and approach to discovering and progressing new molecules. Roche’s Palo Alto Virology research and development activities will relocate to South San Francisco, while its Palo Alto Inflammation group will become part of Roche’s Nutley, NJ research and development organization. Nutley will host two global Disease Biology Areas (Oncology and Inflammation) as well as key functions in Metabolism and will remain an important pillar for the U.S. and Roche’s global organization. With Genentech’s site in South San Francisco and Roche’s New Jersey-based campus, the U.S. will be home to the biggest research and development centers within the Roche Group.

The structure of the combined company will allow for a diversity of approaches in research and early development, while also strengthening cross fertilization between the companies, leading to enhanced overall innovation within the Group. Roche’s recently adopted Disease Biology Area approach, which allows five diverse groups to manage their innovative portfolios, will be maintained and strengthened. This, together with recent moves into RNAi (Ribonucleic Acid interference) and delivery technologies, as well as licensing activities, continues to provide a stimulating environment for the creation of medically differentiated medicines.

Roche's Pharma commercial operations in the U.S. will be moved from Nutley to Genentech's site in South San Francisco. The combined company's U.S. commercial operations in pharmaceuticals will reflect the Genentech name, leveraging the strong brand value of Genentech in the U.S. market. The existing U.S. sales organizations of both companies will be maintained, resulting in a very strong presence in several specialty areas.

Genentech's Late Stage Development and Manufacturing operations will be combined with the global operations of Roche, achieving substantial scale benefits, operational synergies and cost avoidance. Roche's manufacturing in Nutley will be closed and support functions, such as informatics and finance, will be consolidated.

Enhanced ability to innovate

The transaction will over time significantly enhance cooperation and cross fertilization among all research hubs inside and outside of the combined company. Sharing of technologies (e.g. RNAi, novel protein architectures), assets (e.g. chemical libraries), intellectual property (e.g. antibody production), unique capabilities (e.g. exploratory development, modeling and simulation) and know-how of the combined research organization will strengthen the Group's ability to innovate. Genentech and Roche have many complementary strengths and assets and joining their respective experience and knowledge will be mutually beneficial. The separate research and early development unit in South San Francisco led by Genentech will be given the operational freedom to maintain a high level of creativity and independent decision making. Genentech will also have access to the full strength of Roche's worldwide development organization, thus significantly enhancing its ability to leverage international clinical trials and expertise. The combined company will have one of the strongest emerging product pipelines in the industry, with a number of exciting compounds in development across key therapeutic areas.

Greater operational efficiency

By reducing complexity and eliminating duplicative functions in areas like development, manufacturing, corporate administration and support functions, the combination will result in well-aligned structures and lean processes. Bringing these functions into the Roche global structures will reduce complexity at Genentech's South San Francisco site, concentrating Genentech's focus on innovative research and early development and science.

Stronger competitive position and scale in the U.S.

The combined entity will be the seventh largest U.S. pharmaceuticals company in terms of market share. It will generate more than US\$15 billion in annual revenues and will employ around 17,500 pharma employees in the U.S. alone, including a combined sales force of approximately 3,000 people. Including diagnostics, the Roche Group will employ around 25,000 people in the U.S. The company's combined broad portfolio and expansive commercial operations will enhance its ability to successfully commercialize emerging new medicines in the critical, but challenging and rapidly evolving, U.S. healthcare market.

Strong financial benefits for both Genentech and Roche shareholders

The transaction will create significant value for shareholders of both Genentech and Roche. The offer represents a one day premium of 8.8% to Genentech's closing price of US\$81.82 on July 18, 2008 and a one month premium of 19.0% to Genentech's closing price of US\$74.76 on June 20, 2008.

Roche expects the combination to generate annual pre-tax cost synergies of approximately US\$750 to \$850 million. Savings resulting from this combination will enable the new company to increase and better focus its investment in innovation.

The transaction is expected to be accretive to Roche's earnings per share in the first year after closing. The combined company will generate substantial free cash flow that will enable it to reduce acquisition-related debt rapidly, invest in further product launches and retain strategic flexibility.

No impact on guidance for 2008 and dividend policy

The transaction will have no impact on Roche's sales and Core EPS targets for 2008, as communicated earlier in the year. Roche also remains committed to increasing its dividend pay-out ratio for the next three years as previously announced.

Next steps

Roche expects that the Genentech Board of Directors will establish a committee consisting solely of independent directors to evaluate Roche's proposal with the assistance of independent outside financial and legal advisors. Genentech Board members who are employees of Roche will not participate in the evaluation of the proposal. Roche currently contemplates that the transaction would be implemented through a cash merger between Genentech and a Roche subsidiary, pursuant to which all currently outstanding shares and options of Genentech other than shares owned by Roche would be converted into cash. The precise terms of

the transaction, as well as the conditions to its consummation, will be determined through negotiations with the independent directors. It is anticipated that, in addition to customary conditions, the merger would be subject to the approval of holders of a majority of the Genentech outstanding shares not held by Roche. Roche expects to complete the transaction as soon as possible following negotiation of a definitive merger agreement.

Roche has advised Genentech that its sole interest is in acquiring the remaining shares of Genentech held by the minority shareholders and that it has no interest in a disposition of its controlling equity stake in Genentech.

Greenhill & Co. is acting as financial advisor to Roche and Davis Polk & Wardwell is acting as legal counsel. Roche will finance the transaction through a combination of its own funds and debt financing. Roche is confident that it can raise the necessary debt financing to consummate the proposed transaction.

Following is the text of the letter Roche sent on July 21, 2008 to the independent directors on Genentech's Board of Directors:

Dear Ms. Reed, Dr. Boyer and Dr. Sanders:

The healthcare industry, particularly with regard to pharmaceuticals, remains under significant pressure to improve innovation and to deliver more and better care and products of high value to society. A combination of these external pressures, our desire to achieve the best possible results for patients, and the necessary delivery of acceptable returns for our shareholders has caused Roche continually to seek ways to enhance innovation and improve our efficiency of operation and overall performance.

Over the course of the nearly 20 years that Roche has owned a majority of the stock of Genentech, the two companies have worked together with great success, to the benefit of all of our shareholders. During those 20 years Genentech has made great innovative contributions to patient care. Roche, over the same period, has progressed from a more diversified healthcare group to one with a sharper focus on innovation-driven activities within therapeutics and diagnostics, and importantly on the interplay between the two in developing personalized solutions and treatment for patients. While continuing its extraordinary research efforts Genentech has also, through its success and resulting growth, gradually come to resemble a major pharmaceutical company, both in terms of overall revenues and functional split of employees. As a result, there is today an opportunity to realize significant synergies by combining the two companies and integrating their operations while continuing the Genentech research engine and early development activities as an independent center under the Genentech name and leadership.

Accordingly, after considerable thought, we have reached the conclusion that combining Genentech and Roche will maximize the potential performance of the two companies and is in the best interests of Roche's shareholders. In order to compensate Genentech's public shareholders appropriately, we are proposing a cash merger between Genentech and a Roche subsidiary pursuant to which all currently outstanding shares

and options of Genentech other than shares owned by Roche would be converted into cash at US\$89.00 per share. This offer would provide a total of US\$43.7 billion to equity holders of Genentech other than Roche.

The price we are offering represents a one day premium of 8.8% to Genentech's closing price of US\$81.82 on July 18, 2008 and a one month premium of 19.0% to Genentech's closing price of US\$74.76 on June 20, 2008. We believe our offer is both fair and generous and provides an opportunity for all non-Roche Genentech shareholders to receive an immediate premium for all of their shares. We note that while we are committed to a combination of Genentech and Roche, we will not consider any sale or other disposition of Roche's Genentech stock.

The merger would be subject to the negotiation of mutually acceptable documentation and the approval of a majority of the non-Roche shareholders of Genentech. We anticipate consummating the transaction promptly after Genentech shareholder approval has been obtained.

We understand your role as independent directors and your responsibility and intention to act in the best interests of the Genentech shareholders in reviewing and making a decision with respect to our offer. Accordingly, we expect and encourage you to retain counsel and financial advisors who are experienced in these matters and independent of Roche and Genentech. After you have had a chance to consider our offer with your advisors, we would welcome the opportunity to discuss our proposal with you and your advisors. Roche's investment banking advisor is Greenhill & Co., and our attorneys are Davis Polk & Wardwell. They and we will be available to discuss matters with you and your advisors at your convenience.

Because we wish to be sure that all Genentech and Roche shareholders are fully informed about the proposal we are making, we have decided to release this letter to the public. (Attached is a copy of the press release that is being issued on July 21 at 6:30 a.m. CET.)

I look forward to speaking to you soon and to working together expeditiously to bring this transaction to a prompt and successful conclusion.

Very truly yours,

Franz B. Humer

cc: Arthur Levinson, Ph.D.

About Genentech

Genentech is a leading biotechnology company that develops, manufactures and commercializes pharmaceutical products for a variety of medical conditions. Based in South San Francisco, CA, Genentech has been a biotech pioneer for over 30 years. The Company has a leading franchise in Oncology and also focuses on Immunology, Tissue Growth and Repair and Neuroscience. Genentech has one of the most diverse and robust portfolios in biotech. Roche co-develops and markets Genentech products outside North America.

About Roche

Headquartered in Basel, Switzerland, Roche is one of the world's leading research-focused healthcare groups in the fields of pharmaceuticals and diagnostics. As the world's biggest biotech company and an innovator of products and services for the early detection, prevention, diagnosis and treatment of diseases, the Group contributes on a broad range of fronts to improving people's health and quality of life. Roche is the world leader in in-vitro diagnostics and drugs for cancer and transplantation, and is a market leader in virology. It is also active in other major therapeutic areas such as autoimmune diseases, inflammatory and metabolic disorders and diseases of the central nervous system. In 2007, sales by the Pharmaceuticals Division totaled 36.8 billion Swiss francs, and the Diagnostics Division posted sales of 9.3 billion francs. Roche has R&D agreements and strategic alliances with numerous partners, including majority ownership interests in Genentech and Chugai, and invested over 8 billion Swiss francs in R&D in 2007. Worldwide, the Group employs about 80,000 people. Additional information is available on the Internet at www.roche.com.

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Media Conference

Roche will host a media conference at its headquarters in Basel (Grenzacherstrasse, Research Building 92) on Monday, July 21 at 10:00 a.m. CET. The conference will be broadcast on www.roche.com. A replay of the webcast will be archived on the website.

Video Interview with Franz B. Humer

An interview with Franz Humer can be viewed at www.roche.com and www.transactioninfo.com/roche/. Broadcast media will be able to download the interview at: <http://w3.cantos.com/08/media-download/>

Investor and Analyst Call

There will be a webcast for the investment community on Monday, July 21 at 7:45 a.m. CET / 1:45 a.m. EDT. A second webcast for the investment community will take place on Monday, July 21 at 2:00 p.m. CET / 8:00 a.m. EDT. Webcast log-in and dial in information is available on www.roche.com. A replay of the webcast will also be archived on the website.

Roche also will host an investor meeting on Tuesday, July 22 at 10:00 a.m. EDT in New York. Webcast log-in and dial-in information is available on www.roche.com and www.transactioninfo.com/roche/.

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Forward Looking Statements

This document 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.

The directors of Genentech who are also employees of Roche will not take part in the consideration of the proposed transaction by the Genentech board and accordingly are not permitted to comment or respond to questions regarding the transaction as representatives of Genentech.

For marketed products discussed in this presentation, please see full prescribing information on our website – www.roche.com.