

## GENENTECH BUSINESS HIGHLIGHTS IN 1997 AND EARLY 1998

In 1997, Genentech refined its Long-Range Plan (LRP) to manage the company toward both solid earnings and a strong early- and late-stage pipeline in 1999, while providing a plan for sound and consistent growth into the next century. As part of the LRP, Genentech continues to implement its four-point strategy and has already made significant headway:

### 1. Maximize Sales of Marketed Products

- With partner IDEC Pharmaceuticals Corporation, received approval for Rituxan for the treatment of patients with relapsed or refractory low-grade or follicular, CD20-positive B-cell non-Hodgkin's lymphoma.
- Received approval for Nutropin and Nutropin AQ for the treatment of growth hormone deficiency in adults.
- Received approval for Nutropin AQ for the treatment of short stature associated with Turner syndrome.
- Launched a new BioOncology initiative that includes the marketed product Rituxan as well as the oncology products that Genentech has under clinical development.
- Launched a service to growth hormone patients, oncology patients and their physicians called SPOC, Single Point of Contact, to provide customer-focused reimbursement assistance.

### 2. Accelerate and Expand Product Development

- Based on positive preliminary Phase III results, began preparing regulatory filings seeking approval for Herceptin for the treatment of breast cancer.
- Boehringer Ingelheim International GmbH (BI) completed enrollment in its ECASS II stroke study, which is investigating using Alteplase, a tissue-plasminogen activator (t-PA), for acute ischemic stroke within the first six hours of symptom onset. (Activase currently is approved for acute ischemic stroke within the first three hours of symptom onset.)
- With partner BI, began a Phase III trial for TNK, a t-PA, for acute myocardial infarction.
- Began a Phase III trial of nerve growth factor in diabetic patients with sensory peripheral neuropathy.
- Began a Phase III Early Intervention Trial with Pulmozyme in a large group of cystic fibrosis patients with relatively preserved lung function.
- Roche began Phase III clinical trials of Xubix for acute coronary syndrome. In 1997, Roche assumed development of Xubix. Genentech will provide clinical and scientific input and may subsequently opt in and join development at any time up to the New Drug Application filing for the first indication.
- With partners Novartis AG and Tanox Biosystems, Inc., began a Phase III trial of an anti-IgE antibody for the treatment of allergic asthma.

- With partner Alkermes, Inc., began a pivotal Phase III trial of ProLease human growth hormone.
- Began planning Phase II clinical trials of the anti-CD18 antibody for the treatment of acute myocardial infarction.
- Began planning a Phase II trial of vascular endothelial growth factor (VEGF) in patients with coronary artery disease.
- Completed one and began a second of two planned Phase I safety trials of Genentech's anti-VEGF antibody in patients with cancer. Also began planning a Phase II trial with this antibody for this indication.
- Discontinued IGF-I development effort in Type I and Type II diabetes based on the scope and extended time frame of the clinical program required to address potential concerns about diabetic retinopathy.
- With partner Scios, Inc., discontinued development of Auriculin after an interim analysis of data from an ongoing Phase III study in oliguric acute renal failure suggested a low probability of a positive outcome.

### 3. Increase the Pace of Forming Strategic Alliances

- Agreed to provide Sumitomo Pharmaceuticals Co., Ltd. exclusive rights to develop, import and distribute in Japan Nutropin AQ and ProLease.
- Agreed with Alteon, Inc. to continue development and ultimately to market pimagedine, currently in Phase III trials to treat kidney complications associated with diabetes.
- Agreed with LeukoSite, Inc. on the development and commercialization of LeukoSite's LDP-02, a humanized monoclonal antibody for the treatment of inflammatory bowel diseases.
- Agreed to provide to Pharmacia & Upjohn (P&U) exclusive worldwide rights for thrombopoietin (TPO), which is in Phase II trials for potential use in treating patients with complications of cancer chemotherapy. P&U and Genentech will jointly develop TPO for this indication.

### 4. Improve Financial Returns

- 1997 earnings: \$129.0 million
- 1997 revenues: \$1.02 billion
- 1997 earnings as a percent of revenues: 12.7 percent.

Actimmune® (Interferon gamma-1b); Activase® (Alteplase, recombinant), a tissue-plasminogen activator (t-PA); Auriculin® (anaritide); Herceptin™ (trastuzumab) anti-HER2 antibody; Nutropin® [somatropin (rDNA origin) for injection] growth hormone; Nutropin AQ® [somatropin (rDNA origin) injection] liquid formulation growth hormone; ProLease® encapsulated sustained-release growth hormone; Protropin® (somatrem for injection) growth hormone; Pulmozyme® (dornase alfa, recombinant) Inhalation Solution; Rituxan™ (Rituximab); Xubix™ (sibrafiban) oral IIb/IIIa antagonist.