

SCIENCE IS...

driven



Margaret O'Donnell is a participant in a clinical trial of Herceptin, the anti-HER2 antibody, for metastatic breast cancer.

WITH A RESOLVE TO SUCCEED, GENENTECH IS DRIVEN TO ACHIEVE ITS MANY OBJECTIVES. BUT CENTRAL TO THE COMPANY'S DRIVE IS DETERMINATION TO ORGANIZE COLLECTIVE EFFORTS INTO THE MOST COMPELLING LONG-TERM SUCCESS POSSIBLE. THE COMPANY'S LONG-RANGE PLAN, REFINED IN 1997, PROVIDES THE REQUIRED FOCUS, STRATEGIC THINKING AND DISCIPLINED RESOURCE DEPLOYMENT TO HELP GENENTECH ACCOMPLISH THIS OBJECTIVE.

The most prolific scientists and scientific institutions are driven both by a desire

for knowledge and by clear goals. While a quest for knowledge motivates Genentech scientists, all Genentech employees are driven by a shared desire to provide innovative medicines that help people and to benefit Genentech stockholders (which the majority of Genentech employees themselves are). The clear, quantitative goals of Genentech's Long-Range Plan (LRP) give everyone at Genentech a road map of disciplined business principles to achieve these objectives.

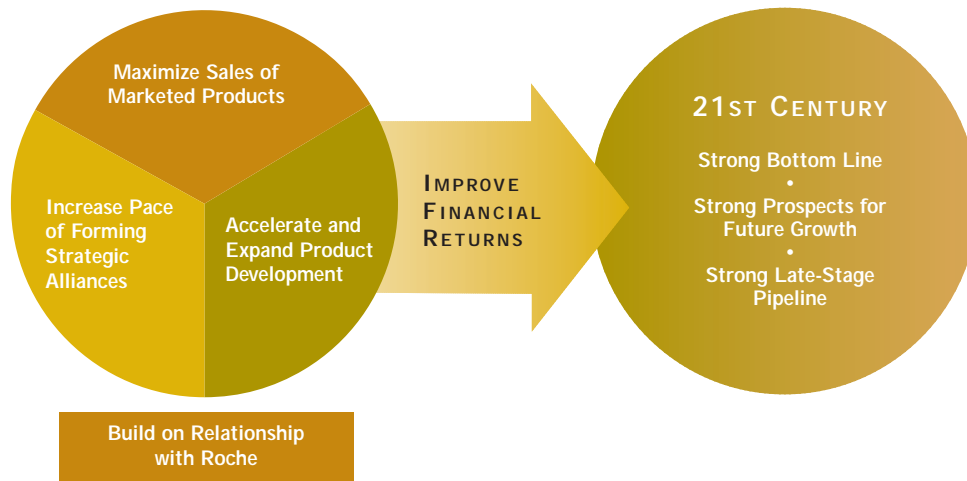
That road map lays out a desired route for Genentech as it heads into the 21st century with a destination clearly targeted. It reaffirms Genentech's commitment to implement the four-point strategy the company established in 1995: 1. maximize sales of marketed products; 2. accelerate and expand product development; 3. increase the pace of forming strategic alliances; and 4. improve financial returns. Through achieving success in these areas, the LRP looks to Genentech's achieving a strong late-stage pipeline with excellent prospects for growth and a solid bottom line.

Through its LRP, Genentech aspires for excellence. The plan sets ambitious targets for product sales. It sets development goals for major value drivers in the pipeline. And it outlines specific goals to improve efficiency in product development by optimizing activities, costs, timelines and risks. Looking toward the goals of the LRP, in 1997 Genentech successfully implemented programs throughout the company designed to increase efficiency and improve productivity at all levels.

Following the LRP, Genentech anticipates validating the intrinsic value of its product development pipeline by the year 2000. In doing so, Genentech will build on its focus areas of cardiovascular medicine, oncology and endocrinology, while continuing to be opportunistic in other areas. An important tactic of the LRP is to broaden Genentech's market platform. Success in building its BioOncology initiative and developing key opportunistic products will give Genentech four instead of two therapeutic-area legs on which to stand firmly in the healthcare marketplace.

Addressing longer-term value, Genentech will continue to nurture its industry-leading research. Combining research with strategic alliances, Genentech will build

1997 LONG-RANGE PLAN



toward an average of four new development projects annually by the year 2000. The LRP calls for Genentech to use its solid cash position to build value through product or company acquisitions or value-enhancing financial strategies. It establishes specific targets for improving Genentech's financial returns as the company's revenues increase. Following the LRP, Genentech seeks increased earnings growth in 1998. And it seeks to sustain that growth as it moves into the next century.

Genentech's LRP is a guide for the company's growth and progress toward building increased value for stockholders. Yet it provides the flexibility for Genentech to continue to assess its situation and adjust tactics as needed.

The LRP outlines research and development (R&D) and business strategies to maximize Genentech's value over both the short term and the long term – not one at the expense of the other. Its challenges are ambitious but achievable, and Genentech's employees are ready to meet them. The LRP maximizes the value of the company's strengths. And it is adaptable to changes in Genentech's business environment. Most important, it sets clear goals and priorities for Genentech's efforts to bring increasing value to all its stockholders. These clear goals can help fuel Genentech employees' already significant drive.

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THE LRP SETS QUANTITATIVE GOALS TO GROW REVENUES AND PROFITS, INCLUDING:

Achieve ambitious product sales targets
Meet development goals for pipeline's major value drivers
Improve productivity in all areas
Validate value of pipeline by year 2000
Build on focus areas — cardiovascular, oncology, endocrinology — and remain opportunistic
Ensure industry-leading research, building toward four new development projects annually (including some from alliances) by the turn of the century
Use strong cash position to build value
Improve financial returns toward specific targets