

in business for results

5 IMPROVE OUR FINANCIAL RETURNS

To continue to be in business for life, Genentech must also be in business for results. By striving to improve financial returns, Genentech aims to build value for stockholders, new opportunities for employees and a foundation to continue the pursuit of excellent science addressing further unmet needs.

Genentech's ability to help people is dependent upon its business success. The final component of Genentech's five-point strategy for growth is to "Improve Financial Returns." Success in doing so will stem from success with the first four components of that strategy. But it will also require success with Genentech's efforts to increase productivity while carefully managing costs. While Genentech expects that expenses will continue to increase in absolute terms as the company moves projects through its clinical pipeline, it will seek to decrease expenses as a percent of revenues as revenues increase with new-product introductions. In the 21st century, Genentech seeks to achieve a level of profitable growth and productivity — when measured by net income as a percentage of revenues — that is in the top quartile of the biopharmaceutical industry. An ambitious goal, yes. One that might not be achieved due to many factors, some of which —

like changes in the industry — are beyond the company's control. But Genentech believes it has laid the groundwork to accomplish this goal.

From its founding, Genentech's efforts have helped people. They have helped employees by providing unparalleled career opportunities. They have provided stockholders with a unique investment opportunity. Since the company launched its first product, Protropin, through the introduction of its latest, Herceptin, the company's efforts have helped hundreds of thousands of patients.

Now 23, former Protropin patient Chris Ratteree benefited from Genentech's first product, Protropin. Chris was treated for growth hormone deficiency with a Genentech growth hormone product from 1989 to 1994. In high school, Chris wrote a biology paper about how taking Protropin changed his life by boosting his confidence.



Breast cancer patient Shirley Michaelsen has benefited from Herceptin, Genentech's newest product. Since being diagnosed with breast cancer, Shirley has undergone a mastectomy, chemotherapy, radiation therapy and a stem cell transplant. Nonetheless, her cancer metastasized into her lungs and liver. In April 1998, Shirley began treatment with Herceptin through the Genentech expanded access program, which was in place before the medicine received regulatory approval. After eight treatments, she experienced a 75 percent reduction in her liver tumors and a significant decrease in her lung tumors. She continues on Herceptin treatment today.



LIFE
named Herceptin 11th on its list of the
100 BEST THINGS ABOUT AMERICA NOW
NOVEMBER 1998

BUSINESS WEEK
named Herceptin one of the
BEST PRODUCTS OF 1998
DECEMBER 21, 1998

DISCOVER
named Herceptin one of
THE TOP SCIENCE STORIES OF 1998
JANUARY 1999

HARPER'S BAZAAR
named Herceptin one of the
10 BIGGEST BREAKTHROUGHS
for breast cancer
OCTOBER 1998

Genentech's strategy seeks to take the company's business to new heights. Achieving the goals of the strategy and Long-Range Plan will enable Genentech to continue its pursuit of excellent science. It will provide exciting new opportunities for even more

employees, while at the same time building value for stockholders. Most important, it will allow Genentech to help even more patients. Thanks to a solid business plan, Genentech truly is in business for life.