NATIONAL ASSOCIATION OF INVESTORS CORPORATION
INVESTMENT EDUCATION FOR INDIVIDUALS AND CLUBS SINCE 1951

Stock Selection Guide ®

The most widely used aid to good investment judgment

Company GENENTECH INC Date 11/14/07

Prepared by Don Ames Data taken from NAIC Data

Where traded NYSE Major product/service Biotechnolo

CAPITALIZATION --- Outstanding Amounts Reference

		% Insiders	% Institution
Preferred ($M)	0.0		
Common (M Shares)	1,053.0	0.0	0.0
Debt ($M) 2,346.0	% to Tot.Cap. 19.8	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

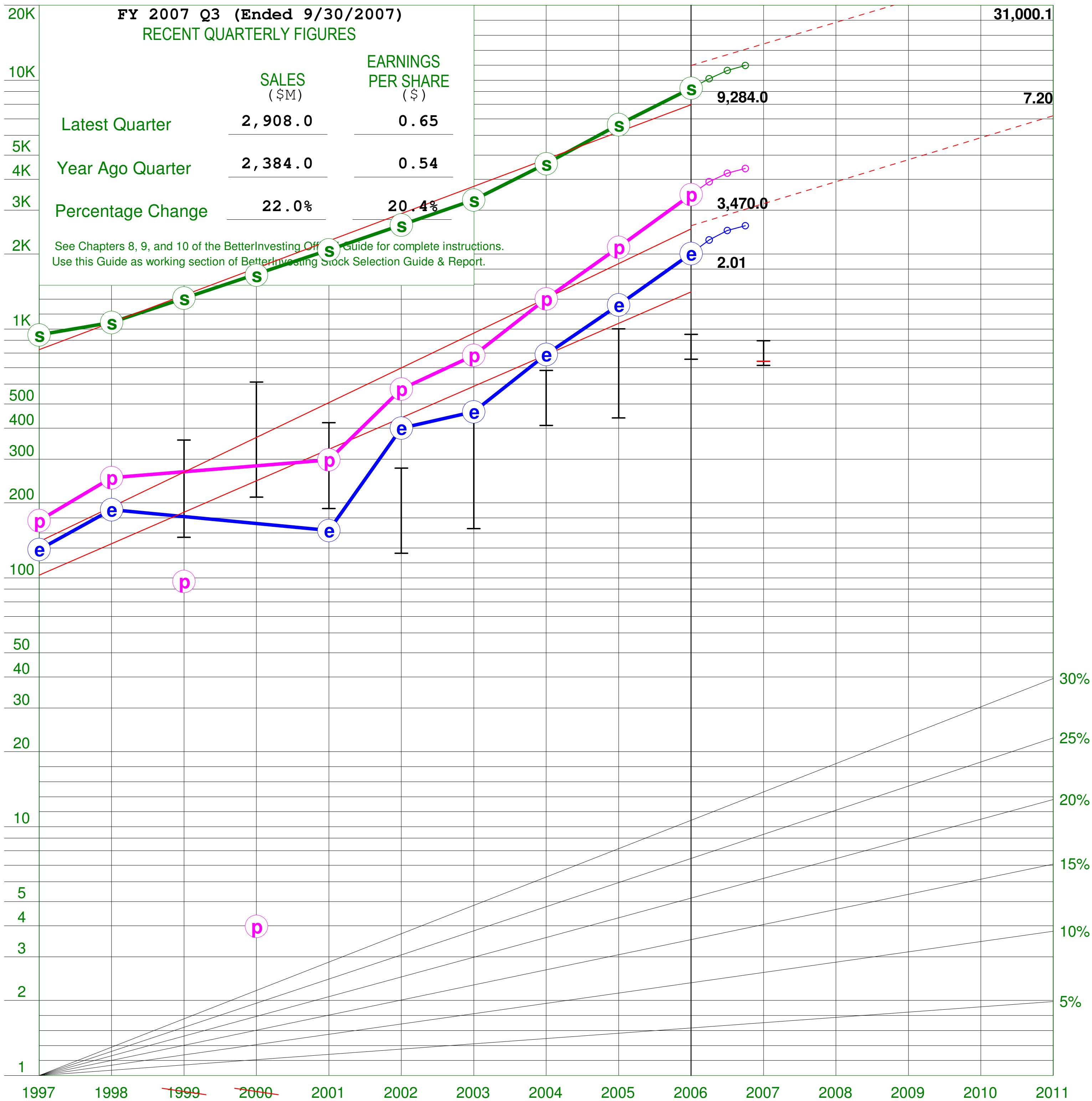
DNA

FY 2007 Q3 (Ended 9/30/2007)

RECENT QUARTERLY FIGURES

	SALES ($M)	EARNINGS PER SHARE ($)
Latest Quarter	2,908.0	0.65
Year Ago Quarter	2,384.0	0.54
Percentage Change	22.0%	20.4%

See Chapters 8, 9, and 10 of the BetterInvesting Official Guide for complete instructions.
Use this Guide as working section of BetterInvesting Stock Selection Guide & Report.



(1) Historical Sales Growth 28.7 % (3) Historical Earnings Per Share Growth 33.8 %

(2) Estimated Future Sales Growth 22.0 % (4) Estimated Future Earnings Per Share Growth 22.6 %

2 EVALUATING MANAGEMENT

Company GENENTECH INC (DNA) 11/14/07

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND UP	TREND DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	17.9	23.8	7.3	0.2	14.3	21.9	23.8	28.6	32.1	37.4	28.8	UP	
B	% Earned on Equity (E/S ÷ Book Value)	6.4	8.2	-4.0	-0.3	2.8	7.7	7.5	12.2	17.6	22.3	13.5	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE 74.210 HIGH THIS YEAR 89.730 LOW THIS YEAR 71.430

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1	~~2002~~	27.6	~~12.6~~	0.40	~~69.0~~	~~31.5~~	0.000	~~0.0~~	~~0.0~~
2	2003	47.7	15.8	0.47	~~102.6~~	34.0	0.000	0.0	0.0
3	2004	68.3	41.0	0.79	~~86.5~~	~~51.9~~	0.000	0.0	0.0
4	2005	100.2	43.9	1.25	~~80.2~~	35.1	0.000	0.0	0.0
5	2006	95.2	75.6	2.01	47.4	37.6	0.000	0.0	0.0
6	TOTAL		176.3		47.4	106.7		0.0	
7	AVERAGE		44.1		47.4	35.6		0.0	
8	AVERAGE PRICE EARNINGS RATIO			41.5	9 CURRENT PRICE EARNINGS RATIO			28.5	

Proj. P/E [23.28] Based on Next 4 qtr. EPS [3.19] Current P/E Based on Last 4 qtr. EPS [2.60] PEG=103

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~47.4~~ 30.0 (3D7 as adj.) X Estimate High Earnings/Share 7.20 = Forecast High Price $ 216.0 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~35.6~~ 20.0 (3E7 as adj.) X Estimated Low Earnings/Share ~~2.01~~ 2.60 = $ 52.0

(b) Avg. Low Price of Last 5 Years = 44.1 (3B7)

(c) Recent Severe Market Low Price = 43.9

(d) Price Dividend Will Support Present Divd. / High Yield (H) = 0.000 / 0.000 = 0.0

Selected Estimate Low Price = $ 52.0 (4B1)

C ZONING

216.0 (4A1) High Forecast Price Minus 52.0 (4B1) Low Forecast Price Equals 164.0 (C) Range. 1/3 of Range = 54.7 (4CD)

(4C2) Lower 1/3 = (4B1) 52.0 to 106.7 (Buy)

(4C3) Middle 1/3 = 106.7 to 161.3 (Maybe)

(4C4) Upper 1/3 = 161.3 to 216.0 (4A1) (Sell)

Present Market Price of 74.210 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 216.0 Minus Present Price 74.210 / Present Price 74.210 Minus Low Price (4B1) 52.0 = 141.8 / 22.2 = 6.4 (4D) To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 216.0 / Present Market Price 74.210 = (2.911) X 100 = (291.1) - 100 = 191.1 (4E) % Appreciation

Relative Value: 68.7% Proj. Relative Value: 56.1%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend $ 0.000 / Present Price of Stock $ 74.210 = 0.000 X 100 = 0.0 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 4.79 X Avg. % Payout (3G7) 0.0 = 0.0 / Present Price $ 74.210 = 0.0 (5B) %

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 191.1 / 5 = 38.2 %

Average Yield (5B) 0.0 %

Average Total Annual Return Over the Next 5 Years (5C) 38.2 %

	P.A.R.	Tot. Ret.
Average Yield	0.0%	0.0%
Annual Appreciation	19.4%	23.8%
% Compd Ann Rate of Ret	19.4%	23.8%

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Portfolio Management Guide

See Chapter 16 of the Investors Manual for instructions on the use of this guide.

Stock GENENTECH INC Analyst Don Ames

1 PRICE EARNINGS ZONES

Refer to Section 3, columns D and E, Line 7, of your Stock Selection Guide study of this company for the information in columns 2 and 3 below.

1	2	3	4	5	6
YEAR	Average Price Earnings Ratios for Previous Five Years		Sum of Cols. 2 and 3	Column 4 Divided by 2	Column 5 Multiplied by 1½
	High	Low		Low P/E Guide Line	High P/E Guide Line
2003	0.0	0.0	0.0		
2004	0.0	33.9	33.9		
2005	0.0	33.9	33.9		
2006	0.0	34.5	34.5		
2007	47.4	35.6	83.0	41.5	62.3

2 PRICE ZONES

See Section 4C of Stock Selection Guide. 1 below is top of Buy Zone. 2 Below is bottom of Sell Zone

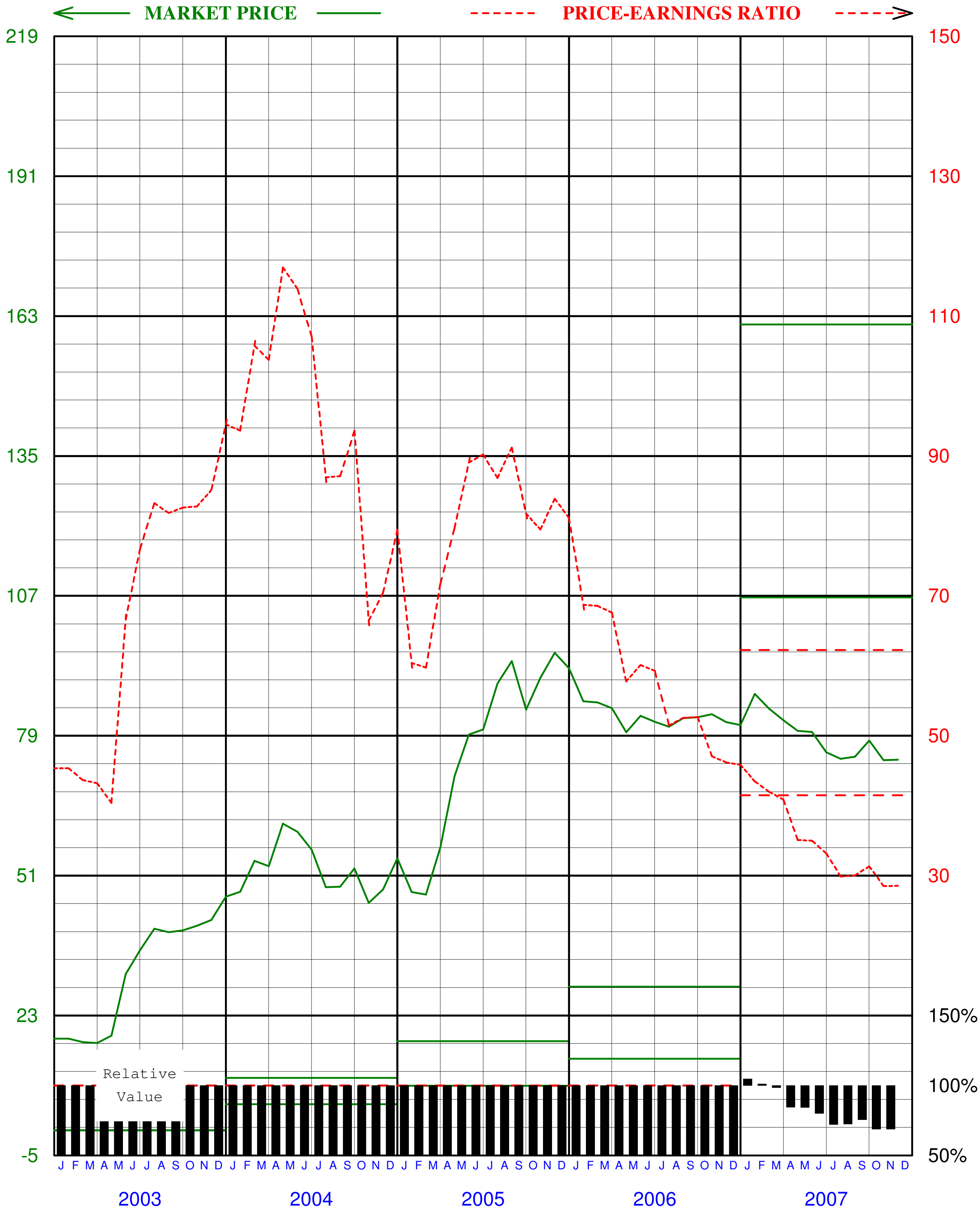
YEAR	1. Consider Buying Below	2.Consider Selling Above
2003	0.0	0.0
2004	10.5	5.3
2005	17.9	8.9
2006	28.8	14.4
2007	106.7	161.3

3 CUMULATIVE EARNINGS AND CURRENT PRICE-EARNINGS RATIO COMPUTATIONS

1	2	3	4	5	6	7	8	9	10	11	12
3 Months Ending	Earnings per Share	Total Earnings for last 4 Quarters	Date	Price	P/E Ratio at Time of Meeting	Date	Price	P/E Ratio at Time of Meeting	Date	Price	P/E Ratio at Time of Meeting
03/03	0.16	0.47	04/03	19.00	40.4	05/03	31.31	66.6	06/03	36.06	76.7
06/03	0.14	0.49	07/03	40.38	83.2	08/03	39.70	81.9	09/03	40.07	82.6
09/03	0.11	0.50	10/03	40.99	82.8	11/03	42.15	85.2	12/03	46.79	94.5
12/03	0.12	0.51	01/04	47.75	93.6	02/04	53.95	105.8	03/04	52.91	103.7
03/04	0.17	0.53	04/04	61.40	117.0	05/04	59.81	113.9	06/04	56.20	107.0
06/04	0.17	0.56	07/04	48.68	86.9	08/04	48.78	87.1	09/04	52.42	93.6
09/04	0.23	0.69	10/04	45.53	66.5	11/04	48.25	70.4	12/04	54.44	79.5
12/04	0.22	0.79	01/05	47.71	60.4	02/05	47.20	59.7	03/05	56.61	71.7
03/05	0.27	0.89	04/05	70.94	79.7	05/05	79.25	89.0	06/05	80.28	90.2
06/05	0.31	1.03	07/05	89.45	86.8	08/05	93.94	91.2	09/05	84.21	81.8
09/05	0.34	1.14	10/05	90.60	79.5	11/05	95.62	83.9	12/05	92.50	81.1
12/05	0.33	1.25	01/06	85.92	68.7	02/06	85.69	68.6	03/06	84.51	67.6
03/06	0.40	1.38	04/06	79.71	57.8	05/06	82.96	60.1	06/06	81.80	59.3
06/06	0.50	1.57	07/06	80.82	51.5	08/06	82.52	52.6	09/06	82.70	52.7
09/06	0.54	1.77	10/06	83.30	47.1	11/06	81.75	46.2	12/06	81.13	45.8
12/06	0.57	2.01	01/07	87.37	43.5	02/07	84.41	42.0	03/07	82.12	40.9
03/07	0.67	2.28	04/07	79.99	35.1	05/07	79.77	35.0	06/07	75.66	33.2
06/07	0.71	2.49	07/07	74.38	29.9	08/07	74.81	30.0	09/07	78.02	31.3
09/07	0.65	2.60	10/07	74.13	28.5	11/07	74.21	28.5	12/07		
12/07			01/08			02/08			03/08		
03/08			04/08			05/08			06/08		
06/08			07/08			08/08			09/08		
09/08			10/08			11/08			12/08		
12/08			01/09			02/09			03/09		

Company: GENENTECH INC (DNA)

4 CHART OF PRICES AND PRICE-EARNINGS RATIO



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PERT Worksheet-A

Company GENENTECH INC (DNA)

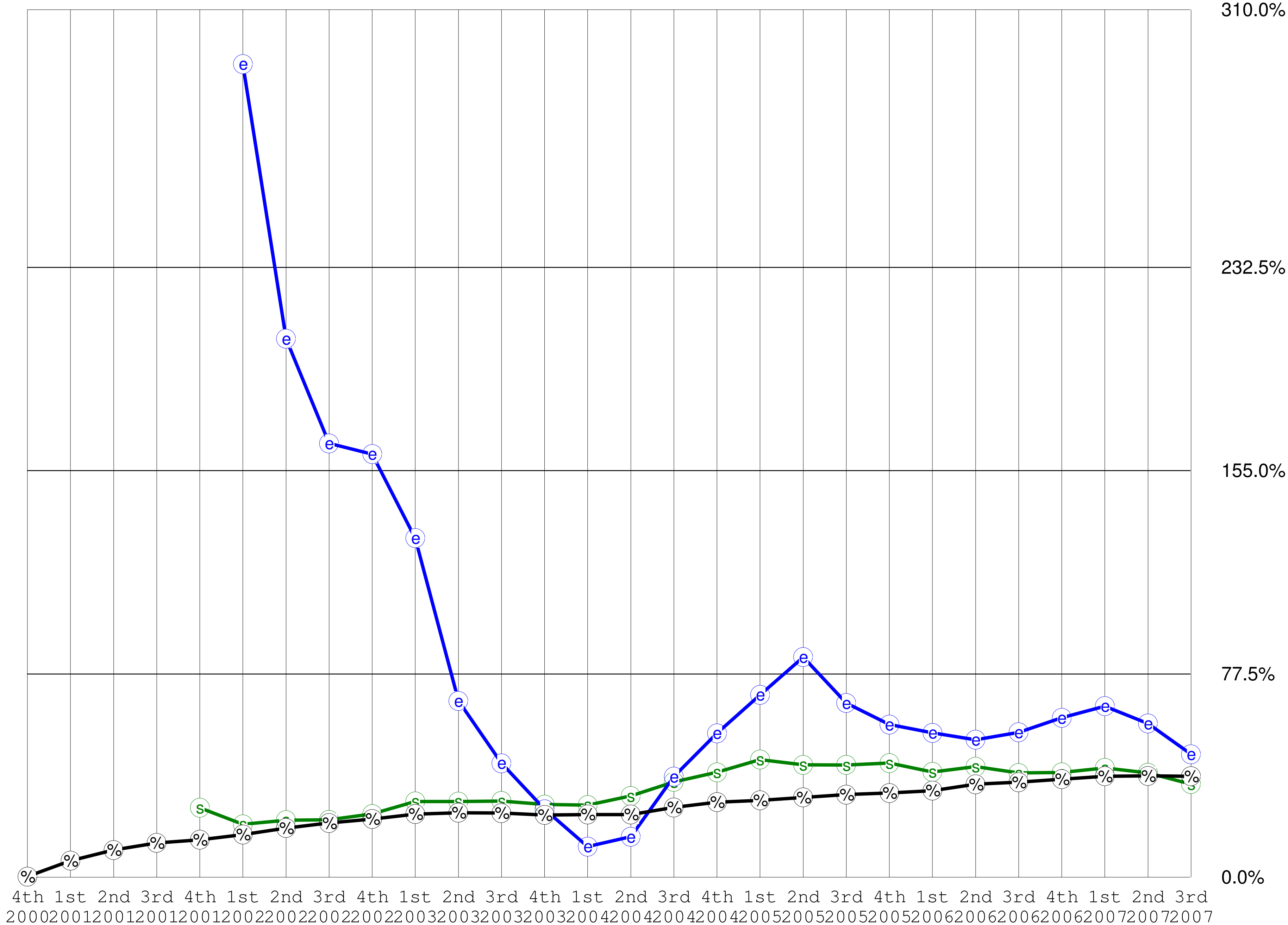
	QUARTERLY DATA								LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS $	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	$	% CHANGE	$ MIL	% SALES	% CHANGE	$ MIL	% CHANGE			$ MIL	% SALES		$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
03/00	-0.03		-31.47	-8.6		366.38		17.5						242.3			
06/00	-0.01		-13.86	-3.5		393.56		24.8						169.2			
09/00	0.01		11.67	2.8		421.63		53.6						103.3			
12/00	0.02		37.64	8.1		464.38		57.2	-0.02	3.97	0.2	1,645.9	1.5	38.3			
03/01	0.04	NMF	77.65	15.4	NMF	505.02	37.8	44.9	0.05	113.09	6.3	1,784.6	51.0	45.1			
06/01	0.04	NMF	67.70	14.0	NMF	483.64	22.9	44.7	0.10	194.65	10.4	1,874.7	97.4	50.1			
09/01	0.04	700.0	75.66	14.4	548.5	523.69	24.2	43.6	0.13	258.64	13.1	1,976.7	123.0	47.6			
12/01	0.04	166.7	76.99	13.5	104.5	569.38	22.6	44.2	0.16	297.99	14.3	2,081.7	132.1	44.3	NMF	400.3	26.5
03/02	0.09	125.0	128.93	22.7	66.0	568.08	12.5	25.3	0.21	349.27	16.3	2,144.8	137.8	39.4	310.0	208.8	20.2
06/02	0.12	242.9	147.59	23.7	118.0	622.24	28.7	15.4	0.29	429.17	18.8	2,283.4	137.9	32.1	205.3	120.5	21.8
09/02	0.10	137.5	144.64	22.2	91.2	650.14	24.1	31.8	0.35	498.15	20.7	2,409.8	145.4	29.2	165.4	92.6	21.9
12/02	0.10	150.0	152.50	20.5	98.1	743.20	30.5	31.9	0.41	573.65	22.2	2,583.7	149.8	26.1	161.3	92.5	24.1
03/03	0.16	72.2	220.75	29.4	71.2	749.67	32.0	27.4	0.47	665.47	24.1	2,765.2	177.2	26.6	129.3	90.5	28.9
06/03	0.14	12.5	206.82	25.9	40.1	799.71	28.5	31.7	0.49	724.70	24.6	2,942.7	222.5	30.7	67.2	68.9	28.9
09/03	0.11	10.5	180.43	22.1	24.7	817.05	25.7	38.0	0.50	760.49	24.5	3,109.6	245.3	32.3	43.5	52.7	29.0
12/03	0.12	15.0	176.39	18.9	15.7	933.90	25.7	30.1	0.51	784.38	23.8	3,300.3	249.5	31.8	25.9	36.7	27.7
03/04	0.17	9.7	280.68	28.8	27.1	975.14	30.1	34.5	0.53	844.31	23.9	3,525.8	283.6	33.6	11.7	26.9	27.5
06/04	0.17	25.9	283.87	25.2	37.3	1,128.08	41.1	34.9	0.56	921.36	23.9	3,854.2	316.7	34.4	15.5	27.1	31.0
09/04	0.23	119.0	387.00	32.2	114.5	1,202.64	47.2	36.0	0.68	1,127.93	26.6	4,239.8	382.1	33.9	38.4	48.3	36.3
12/04	0.22	91.3	370.66	28.2	110.1	1,315.30	40.8	36.4	0.79	1,322.20	28.6	4,621.2	468.8	35.5	54.9	68.6	40.0
03/05	0.27	58.8	457.72	31.3	63.1	1,461.58	49.9	37.1	0.89	1,499.25	29.4	5,107.6	541.2	36.1	69.5	77.6	44.9
06/05	0.31	82.4	461.86	30.2	62.7	1,526.88	35.4	27.3	1.03	1,677.24	30.5	5,506.4	573.4	34.2	83.9	82.0	42.9
09/05	0.34	47.8	619.13	35.3	60.0	1,751.82	45.7	40.3	1.14	1,909.37	31.5	6,055.6	673.4	35.3	66.4	69.3	42.8
12/05	0.33	50.0	592.91	31.3	60.0	1,893.09	43.9	39.9	1.25	2,131.62	32.1	6,633.4	770.0	36.1	58.2	61.2	43.5
03/06	0.40	48.1	691.00	34.8	51.0	1,986.00	35.9	37.8	1.38	2,364.90	33.0	7,157.8	858.5	36.3	55.1	57.7	40.1
06/06	0.50	61.3	872.00	39.7	88.8	2,199.00	44.0	38.5	1.57	2,775.04	35.4	7,829.9	1,085.3	39.1	52.4	65.5	42.2
09/06	0.54	58.8	910.00	38.2	47.0	2,384.00	36.1	36.4	1.77	3,065.91	36.2	8,462.1	1,169.0	38.1	55.3	60.6	39.7
12/06	0.57	72.7	997.00	36.7	68.2	2,715.00	43.4	38.7	2.01	3,470.00	37.4	9,284.0	1,312.9	37.8	60.8	62.8	40.0
03/07	0.67	67.5	1,128.00	39.7	63.2	2,843.00	43.2	36.4	2.28	3,907.00	38.5	10,141.0	1,464.7	37.5	65.2	65.2	41.7
06/07	0.71	42.0	1,195.00	39.8	37.0	3,004.00	36.6	36.4	2.49	4,230.00	38.6	10,946.0	1,564.2	37.0	58.6	52.4	39.8
09/07	0.65	20.4	1,098.00	37.8	20.7	2,908.00	22.0	36.7	2.60	4,418.00	38.5	11,470.0	1,637.3	37.1	46.9	44.1	35.5
12/07								35.5						36.3			

A B C D E F G H I J K L M N O P Q R S T

Trailing 4 quarters

PERT Worksheet-A Graph

Company GENENTECH INC (DNA)



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PERT Worksheet-B

Company GENENTECH INC Symbol DNA

										% PAYOUT		
		PRICE RANGE		P/E RATIO		5 YR AVG P/E RATIO			DIV/ SHARE	THIS YEAR	5 YR AVG	% HIGH YIELD
YEAR	EPS	HIGH	LOW	HIGH	LOW	HIGH	AVG	LOW				
1997	0.13			0.0	0.0				.000	.0		
1998	0.19			0.0	0.0				.000	.0		
1999	-0.21	35.8	14.6	NMF	NMF				.000	NMF		.0
2000	-0.02	61.3	21.1	NMF	NMF				.000	NMF		.0
2001	0.16	42.0	19.0	~~271.0~~	~~122.5~~				.000	.0		.0
2002	0.40	27.6	12.6	~~68.9~~	~~31.4~~				.000	.0		.0
2003	0.47	47.7	15.8	~~102.5~~	33.9			33.9	.000	.0		.0
2004	0.79	68.3	41.0	~~86.4~~	~~51.9~~			33.9	.000	.0		.0
2005	1.25	100.2	43.9	~~80.2~~	35.1			34.5	.000	.0		.0
2006	2.01	95.2	75.6	47.3	37.6	47.3	41.4	35.5	.000	.0		.0
10 Year Avg.				15.8	21.3		18.6					
A	B	C	D	E	F	G	H	I	J	K	L	M