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Roche posts very good results: strong market outperformance – guidance confirmed

Group

- Group sales increase 10% in local currencies (excluding Tamiflu pandemic sales) to 22 billion Swiss francs (+1% in Swiss francs; +18% in US dollars).
- Including Tamiflu pandemic sales, Group sales rise 4% in local currencies (-4% in Swiss francs; +13% in US dollars).
- Net income reaches 5.7 billion Swiss francs with the margin slightly increasing to 26.0% despite expected significantly lower Tamiflu sales, acquisitions and increased investments in R&D.
- Core Earnings per Share (EPS) up 3% at constant exchange rates, up 5% excluding Ventana acquisition impacts.
- Roche confirms full-year outlook.

Pharmaceuticals

- Sales increase 9%, or more than twice the global market average (excluding Tamiflu pandemic sales).
- Double-digit growth of key products more than outweighs lower Tamiflu pandemic sales; total sales up 3%.
- Profit margin up 1.9 percentage points to 38.2% despite significantly increased investments in R&D.
- Avastin receives accelerated approval for breast cancer in the United States.
- Actemra approved and launched for rheumatoid arthritis in Japan, first market worldwide for this indication.
- Acquisition of Piramed (UK) strengthens R&D pipeline in oncology and inflammatory disease.
- Late-stage development projects on track: major phase III study with CETP inhibitor dalcetrapib starts; phase III trials with GLP-1 analogue taspoglutide for type 2 diabetes to begin shortly.

Diagnostics

- Sales increase 11%, well ahead of market growth.
- Immunochemistry and DNA sequencing again major growth drivers.
- Diabetes Care sales up 2% for half-year, with accelerating growth in the second quarter.
- Ventana integration on track – tissue diagnostics sales grow at roughly twice market pace.
- Operating margin declines by 8.6 percentage points due to the impact of recent acquisitions and strong competition in the US diabetes care market.

Unless otherwise stated, all growth rates are in local currencies.

Commenting on the Group's performance in the first half of 2008, Roche CEO Severin Schwan said: 'Roche posted a very good result in the first half of 2008. Sales of our cancer portfolio and other key products in Pharma und Diagnostics are the main contributors to the strong performance. Particularly the emerging

markets record a significant growth. We could also maintain our high profitability despite significantly lower Tamiflu pandemic sales, the impact from recent Diagnostics acquisitions and considerably increased investments in R&D.’

Roche Group

Continued strong demand for key products

Key figures in millions of Swiss francs	First half		% change	
	2008	2007	in CHF	in local curr.
Sales	22,004	22,827	-4	+4
Research and development	4,107	4,017	+2	+12
Operating profit before exceptional items	7,041	7,477	-6	+2
Operating free cash flow	4,806	5,365	-10	-2
Net income	5,732	5,862	-2	-
Core EPS (in CHF)	5.75	5.95	-3	+3
Employees (in full-time equivalents)	80,136	78,604*	+2	-

* as of 31 December 2007

The Roche Group’s Pharmaceuticals and Diagnostics Divisions both achieved above-market growth in the first half of 2008. Group sales for the period totalled 22 billion Swiss francs, up 4% in local currencies (-4% in Swiss francs; 13% in US dollars)¹. Excluding Tamiflu pandemic sales to governments and corporations, total revenues rose 10% (1% in Swiss francs; 18% in US dollars). The rise in the Swiss franc against most currencies resulted in Swiss franc growth being 8 percentage points lower than growth in local currencies.

Excluding pandemic Tamiflu, the Pharmaceuticals Division’s sales grew 9% (1% in Swiss francs; 18% in US dollars) to 17.2 billion Swiss francs, more than twice as fast as the global market. Total divisional sales rose 3% (-6% in Swiss francs; 10% in US dollars). Sales growth was fuelled primarily by continued strong demand for key medicines in the division’s oncology, metabolism/bone, inflammation, transplantation and virology portfolios. Oncology sales increased significantly again, advancing 15%, led by Avastin, MabThera/Rituxan, Herceptin, Tarceva and Xeloda.

¹ Unless otherwise stated, all growth rates are in local currencies.

The Diagnostics Division's sales reached 4.7 billion Swiss francs, advancing 11% (4% in Swiss francs; 22% in US dollars). Immunochemistry and DNA sequencing products remained major growth drivers for the division. In the five months from the date of the Ventana acquisition in February to 30 June, the new Tissue Diagnostics business recorded sales of 164 million Swiss francs.

Cash generation remains strong

Operating profit before exceptional items increased 2% for the Group, to 7.0 billion Swiss francs. The corresponding margin declined 0.8 percentage points to 32.0%. With operating free cash flow at 4.8 billion Swiss francs, cash generation by the Group's underlying business remains strong.

The Pharmaceuticals Division posted an operating profit of 6.6 billion Swiss francs before exceptional items. The corresponding margin rose 1.9 percentage points for the period to 38.2%, despite sharply lower Tamiflu pandemic sales and significantly increased R&D expenditure.

In the Diagnostics Division operating profit declined 37% to 581 million Swiss francs, and the operating margin fell 8.6 percentage points to 12.2%. The margin decrease reflects significant investments associated with recent acquisitions and strong competition in the US diabetes care market.

Group's financial condition remains strong

Net income from financial assets and foreign exchange management exceeded financing costs by 237 million Swiss francs. The Group's effective tax rate for the period decreased 2.0 percentage points to 24.5%.

The Roche Group's net income for the period was 5.7 billion Swiss francs, with net income as a percentage of sales increasing to 26.0%. The Group's financial condition remains strong. The ratio of equity (including non-controlling interests) to total assets is now 70%, and 84% of total assets are financed long term.

Outlook – guidance confirmed

Roche reaffirms its targets for full-year 2008. Excluding Tamiflu pandemic sales to governments and corporations, Roche anticipates a high single-digit increase in Group sales, with above-market sales growth in both divisions. Despite considerably lower Tamiflu pandemic sales and significantly higher R&D spending, Roche is aiming for 2008 Core EPS at constant exchange rates to remain at least in line with the record level achieved in 2007.

Pharmaceuticals Division

Key figures	In millions of CHF	% change in CHF	% change in local currencies	As % of sales
Sales	17,257	-6	3	100
– Roche Pharmaceuticals	10,938	-4	2	63
– Genentech	4,867	-7	9	28
– Chugai	1,452	-13	-11	9
Operating profit*	6,593	-1	8	38.2
Operating free cash flow	4,685	-3	6	27.1

* Before exceptional items

The Pharmaceuticals Division continued to perform strongly in the first half of 2008, with solid growth of the underlying business more than compensating for the expected sharp decline in pandemic sales of Tamiflu to governments and corporations. Divisional sales increased 3% in local currencies (-6% in Swiss francs; 10% in US dollars) to 17.3 billion Swiss francs. Excluding pandemic sales of Tamiflu, pharmaceutical sales grew 9% in local currencies, or more than twice the global market growth rate, driven primarily by key products in the division's oncology, metabolism/bone, inflammation, transplant and virology portfolios.

Excluding pandemic Tamiflu, the division recorded above-market growth in all key regions except Japan, with sales in North America advancing 10% in a virtually flat market, 8% in Western Europe (versus 6% market growth²), 14% in the CEMAI³ countries (versus 11%) and 15% in Latin America (versus 13%). Sales by Chugai in Japan were stable (versus 7% market growth), with the launches of Avastin, Tarceva and combined Pegasys–Copegus compensating for government-mandated price reductions that came into effect in April, increased pricing pressure and the return of a group of marketed products to Sanofi-Aventis.

Despite the decline in pandemic Tamiflu sales and planned increases in expenditure to support the strong research and development pipeline, compared with the year-earlier period the division's operating profit before exceptional items advanced 8% in local currencies (-1% in Swiss francs) to 6.6 billion Swiss francs, and the corresponding margin rose 1.9 percentage points to 38.2%.

² Market growth figures here and elsewhere according to IMS (to end of April 2008).

³ Central and Eastern Europe, Middle East, Africa, Indian Subcontinent

Oncology – continued strong growth led by strategic products

Roche continued to strengthen its global leadership in oncology in the first half of 2008. Sales of the division's oncology portfolio advanced 15%, led by Avastin, MabThera/Rituxan, Herceptin, Tarceva and Xeloda — products that are helping to transform cancer treatment. At this year's meeting of the American Society of Clinical Oncology (ASCO 2008), Roche and Genentech presented important data from clinical trials with Avastin, Herceptin, Tarceva and the experimental breast cancer medicine pertuzumab.

MabThera/Rituxan (rituximab), the leading treatment for patients with non-Hodgkin's lymphoma (NHL), posted solid double-digit growth in all regions, with particularly strong contributions from Europe/Rest of World (RoW)⁴ (21%) and growing uptake in Japan. Growth is being driven by increased prescriptions in the first-line indolent and aggressive NHL settings in Europe and emerging markets. MabThera/Rituxan is also benefiting from increasing use as maintenance therapy for relapsed follicular lymphoma in Europe and the United States. In January a major phase III trial in the first-line treatment of chronic lymphocytic leukemia showed that MabThera/Rituxan in combination with chemotherapy significantly increased progression-free survival (the time patients live without their cancer progressing). Roche will use these results to support a marketing application in the European Union planned for later this year.

Herceptin (trastuzumab), for HER2-positive breast cancer, continued to record double-digit sales growth in the first half-year. The product's already high market penetration in the adjuvant setting (after surgery) increased further in the United States and Europe/RoW. Strong growth in Japan (23%) was driven by the product's approval in February for the treatment of early breast cancer, with strong double-digit sales increases also seen in the Asia-Pacific and CEMAI regions. The final analysis of data from a randomised phase III trial (GBG-26), presented at ASCO 2008, demonstrated again that Herceptin helps women with metastatic HER2-positive breast cancer live longer without their cancer progressing. Moreover, the results showed that Herceptin continued to be effective in women who needed additional treatment after their cancer progressed during previous Herceptin treatment.

Global sales of **Avastin** (bevacizumab), for colorectal, breast, lung and kidney cancer, continued to show very strong growth in the first half of 2008. At 78%, growth in Europe/RoW continued to be particularly dynamic. Sales are being driven by a broader EU label in metastatic colorectal cancer and the product's newer indications in metastatic breast, lung and kidney cancer. Avastin received two major approvals in the first

⁴ Roche defines Europe/Rest of World as covering Europe and all other countries except Japan and the United States

half-year: in January the EU authorities approved an extension of the product's existing colorectal cancer indication, permitting the combination of Avastin with all standard chemotherapy regimens in first and later lines of treatment; in February the US Food and Drug Administration (FDA) granted accelerated approval for Avastin, in combination with paclitaxel chemotherapy, for the first-line treatment of patients with HER2-negative metastatic breast cancer. Final data from the phase III AVADO study presented at ASCO 2008 confirmed the results of an earlier trial (E2100), showing that Avastin combined with taxane chemotherapy significantly improves progression-free survival in this setting. Roche plans to file the AVADO data with global regulatory authorities in the second half-year.

Tarceva (erlotinib), the only EGFR oral targeted agent with proven and significant survival and symptom benefit in a broad range of patients with advanced lung and pancreatic cancer, continues to deliver strong double-digit sales growth. Sales are being driven primarily by increasing use of the product in the second-line treatment of patients with non-small cell lung cancer (NSCLC), with particularly strong gains in Europe and Asia, and by strong uptake in Japan following its launch by Chugai at the end of 2007. New data presented at ASCO 2008 from the largest phase IV trial ever conducted in patients with NSCLC showed that a broad range of patients treated with Tarceva experience clinical benefits that include longer survival, better quality of life, and control of disease symptoms and cancer progression.

Xeloda (capecitabine), an oral medicine that greatly simplifies the treatment of colorectal, breast and stomach cancer, continued its double-digit sales growth globally and in key regions. Growth in Japan was particularly strong (62%), with double-digit gains also recorded in North America and Europe/RoW. Sales growth is being driven by new and expanded indications approved in 2007 and 2008, notably in stomach and colorectal cancer, and by greater uptake in the treatment of breast cancer. In February the EU authorities approved Xeloda for the treatment of metastatic colorectal cancer in combination with any chemotherapy in all lines of treatment, with or without Avastin. Also in February, Chugai filed an application in Japan to expand the product's approval to allow its combination with oxaliplatin, with or without Avastin, for the treatment of metastatic colorectal cancer.

Anemia – sales affected by pricing pressure

In a highly competitive market, combined sales of the anemia medicines **NeoRecormon** and **Epogin** (epoetin beta), from Roche and Chugai respectively, declined further in the first half-year. In Europe/RoW erosion of NeoRecormon sales has been moderate (-10%) despite general downward pricing pressure on erythropoietin-stimulating agents following the entry of several new biosimilar versions of epoetin alfa since

the last quarter of 2007. In Japan sales of Epogin declined by 23% due to competitive pressure and the latest government-mandated price cuts, which came into force in April.

Mircera (methoxy polyethylene glycol-epoetin beta), the first continuous erythropoietin receptor activator for the treatment of symptomatic anemia associated with chronic kidney disease, has now been approved in 54 countries and is currently marketed in 23. Sales of Mircera are progressing slowly due to the challenging overall market environment but are increasing as Roche wins more contracts and launches the product in additional markets. In the patent dispute with Amgen, Roche has appealed against a court order that prevents the sale of Mircera in the United States. The appeal is currently pending before the Federal Circuit Court of Appeals in Washington, DC.

Transplantation – continued double-digit growth of CellCept

CellCept (mycophenolate mofetil) is the world's most widely used immunosuppressant medication and the cornerstone of treatment to prevent organ rejection in patients with solid organ transplants. In the first half of 2008, despite the loss of market exclusivity in certain countries, CellCept continued the trend of steadily growing overall sales seen in 2007. The main contributions to growth came from the United States (15%) and Europe/RoW (12%). Improved survival of transplant patients means that they are taking immunosuppressant therapy for longer, and this is reflected in a steady increase in prescriptions for CellCept.

Virology – latest Pegasys approval enables personalised hepatitis C therapy

Pegasys (peginterferon alfa-2a), for the treatment of hepatitis B and C, maintained its clear leadership of the global pegylated interferon market and continued to gain market share worldwide. While the overall sales increase in the first half-year was modest, very strong growth in Japan and strong gains in the Asia and CEMAI regions helped offset continued market volume declines in the United States and Western Europe. In June the EU authorities approved a shortened course of treatment with Pegasys plus Copegus (ribavirin) for patients with genotype 2 or 3 hepatitis C virus infection who have low virus levels and show a rapid virological response. The approval personalises therapy for these patients, offering a chance for cure with only four months' treatment. This new approach is made possible by Roche Diagnostics' highly sensitive, real-time cobas PCR diagnostic tests.

As forecast, sales of the anti-influenza medicine **Tamiflu** (oseltamivir) declined substantially due to reduced pandemic stockpiling orders from governments and corporations. The sharp fall-off in pandemic sales, down 1.1 billion Swiss francs versus the first half of 2007, was only partly offset by a rise of 122 million Swiss francs

in seasonal sales, driven by a severe influenza season in the US. Seasonal sales in Europe and Japan were low due to a mild influenza season.

Following last year's recall of the HIV/AIDS medicine **Viracept** (nelfinavir) in all markets where Roche supplies the product, the EU authorities approved a change in the manufacturing process early this year. Roche started resupplying Viracept in some EU countries in the second quarter. Roche has conducted extensive research to better define the potential risk of exposure to the chemical impurity that led to the recall. The studies show that the levels of the impurity present in certain production batches of Viracept tablets between June and September 2007 were not harmful for patients.

Inflammation and autoimmune disorders— first worldwide approval for Actemra in Japan

MabThera/Rituxan (rituximab), the first and only selective B cell therapy for the treatment of rheumatoid arthritis, is now established as a proven choice for patients with inadequate response to tumour necrosis factor (TNF) inhibitor therapy. Market penetration continues to increase strongly, as more and more rheumatologists switch patients to MabThera/Rituxan following an inadequate response to their first TNF inhibitor. The use of MabThera/Rituxan in this setting is supported by a growing body of evidence, including new clinical trial data showing sustained or improved reduction of disease activity with repeated treatment courses and sustained inhibition of the progression of joint damage.

Actemra (tocilizumab), a first-in-class humanised monoclonal antibody designed to block the interleukin-6 receptor, represents a new approach to the treatment of rheumatoid arthritis (RA). Following approval in Japan for the treatment of rheumatoid arthritis, the medicine's first approval worldwide in this indication, Chugai commenced the market rollout in June. Marketing applications by Roche are currently being reviewed by the US, EU and other health authorities globally; the FDA action date is in September 2008. The results of two large clinical trials presented at a major medical conference in June show that Actemra is the first biologic medicine to demonstrate clinical superiority over the standard RA treatment methotrexate, and that it is effective in patients with an inadequate response to anti-TNF biologics.

Metabolic disorders – Bonviva/Boniva shows robust sales growth

Bonviva/Boniva (ibandronic acid) is a highly effective and well tolerated medicine for women with postmenopausal osteoporosis. It is available as a once-monthly tablet and a three-monthly injection. Bonviva/Boniva continued to record robust sales growth in the first half of 2008, advancing 68% in Europe/RoW and 43% in the United States, where Boniva continues to gain market share despite recent

launches of generic versions of another bisphosphonate.

Research and development – all major projects on track

In the first six months of 2008 the Pharmaceuticals Division gained eight major regulatory approvals and filed three major marketing applications. At the end of June the division's R&D pipeline included 65 new molecular entities (NMEs) and 54 additional indications. Forty-one NMEs are currently in phase I, 18 in phase II and four in phase III development; two have been filed for regulatory review. In the first half-year eight projects entered phase I, two entered phase II and four entered phase III; one phase II project and three additional-indication projects in phase III were discontinued.

Encouraging data from a phase II trial investigating **Avastin** in the treatment of glioblastoma multiforme, an aggressive form of brain cancer, were presented at ASCO 2008. The results show that Avastin, given alone or in combination with chemotherapy, was able to slow progression of the cancer. Because of the high medical need and lack of approved treatments, Roche and Genentech plan to use these data as the basis for EU and US marketing applications in the second half of 2008. Roche is also preparing to start phase III testing of Avastin in the first-line treatment of the disease. A global phase III study investigating Avastin in combination with Herceptin in early HER2-positive breast cancer commenced recruitment in May.

Pertuzumab is the first in a new class of targeted antibodies known as HER dimerisation inhibitors.

Pertuzumab inhibits the pairing of HER2 with other HER receptors, a key mechanism of tumour growth. Final results from a phase II trial in women with pretreated HER2-positive metastatic breast cancer were presented at ASCO 2008. The data showed high response and very good clinical benefit rates for patients who received pertuzumab plus Herceptin. A phase III study evaluating combined Herceptin and pertuzumab plus chemotherapy in first-line metastatic breast cancer began recruiting patients in January.

MabThera/Rituxan is currently in phase III development for use in rheumatoid arthritis patients who have not responded sufficiently to treatment with disease-modifying antirheumatic drugs (DMARDs) or who have not previously received treatment with methotrexate (MTX). A major trial in this programme met its primary endpoint in January, with significantly more patients treated with MabThera/Rituxan plus MTX achieving an improvement in disease signs and symptoms than those who received MTX alone. A phase III radiographic study assessing the ability of MabThera/Rituxan to inhibit structural joint damage in patients not previously treated with MTX is progressing as planned. Roche plans to use the signs and symptoms data in conjunction with the radiographic data to support marketing applications for these indications in 2009.

Ocrelizumab is a humanised anti-CD20 monoclonal antibody being developed by Roche, Genentech and Chugai for the treatment of autoimmune diseases. Phase III development of the medicine in rheumatoid arthritis is progressing according to plan. As already announced, in May a phase III trial of ocrelizumab in systemic lupus erythematosus was stopped due to the negative results of a trial with MabThera/Rituxan in a similar patient population. A phase III trial of ocrelizumab in patients with lupus nephritis is continuing as planned. A phase IIb trial in multiple sclerosis started in mid-July.

A major phase III trial with **R1658** (dalcetrapib, JTT-705), a cholesteryl ester transfer protein (CETP) inhibitor licensed from Japan Tobacco, started in April. Dalcetrapib increases levels of HDL-C, or ‘good’ cholesterol, which is thought to have protective effects on the heart. It is hoped that the drug can help reduce the risk of cardiovascular disease and death in high-risk patients. Data presented at the American Congress of Cardiology in February show that dalcetrapib, which has a unique chemical structure different to that of other CETP inhibitors in clinical development, is well tolerated and has a good safety profile when given alone or in combination with statins.

R1583 (taspoglutide, BM 51077, licensed from Ipsen), the first once-weekly human glucagon-like peptide-1 (GLP-1) analogue, is being developed by Roche for type 2 diabetes. Based on promising phase II results presented at the annual meeting of the American Diabetes Association in June, Roche has decided to move taspoglutide into phase III clinical trials. The programme is expected to start in the second half of 2008. In clinical trials to date, taspoglutide was generally well tolerated and significantly improved glucose control and weight loss after only eight weeks of treatment.

Acquisitions and partnering agreements – enabling access to new technologies

The acquisition of Piramed, a privately owned UK company focusing on therapeutics targeting PI3-kinase (PI3-K), was announced in April and completed in May. This adds promising compounds to the division’s R&D pipeline in the areas of oncology and inflammatory disorders. In June Roche signed a licensing agreement with ThromboGenics and BioInvent for their anti-cancer agent TB-403, a novel monoclonal antibody which blocks placental growth factor (PlGF), one of the growth factors responsible for the development of new blood vessels.

Diagnosics Division

Key figures	In millions of CHF	% change in CHF	% change in local currencies	As % of sales
Sales	4,747	4	11	100
– Professional Diagnostics	2,183	3	9	46
– Diabetes Care	1,482	-4	2	31
– Molecular Diagnostics	551	-4	4	12
– Applied Science	367	11	21	8
– Tissue Diagnostics *	164	n/a	n/a	3
Operating profit	581	-39	-37	12.2
Operating free cash flow	251	-66	-61	5.3

* Sales from date of Ventana acquisition in early February to 30 June 2008

In the first half of 2008 the Diagnostics Division extended its global market leadership with sales of 4.7 billion Swiss francs, an increase of 11% in local currencies (4% in Swiss francs; 22% in US dollars). Sales again grew ahead of or in line with the market in all regions, with strong performances particularly in Japan and the emerging markets in Europe and Asia-Pacific. All business areas contributed to growth. Immunochemistry and DNA sequencing products delivered very robust growth, contributing to further above-market sales increases in the Professional Diagnostics and Applied Science units. Diabetes Care's sales accelerated to a 7% increase in the second quarter and were up 2% for the half-year. Molecular Diagnostics posted a 4% sales increase overall, with continued growth in virology automation. The acquisition of Ventana Medical Systems, Inc., was completed in early February. In the five months to 30 June the new business area's sales totalled 164 million Swiss francs, or 3% of divisional sales; this was an even stronger performance than expected.

Operating profit in the Diagnostics Division decreased 37% in local currencies to 581 million Swiss francs for the first half of 2008, and the operating margin was down 8.6 percentage points to 12.2%. Roughly half of the margin decrease resulted from the impact of recent acquisitions, including amortisation of acquired intangible assets and investments to develop the acquired businesses. The rest was mainly due to strong competition in the US diabetes care market and portfolio mix effects.

Professional Diagnostics – 30 quarters of double-digit growth in immunochemistry

In the first half of 2008 Roche Professional Diagnostics' sales rose 9% to 2,183 million Swiss francs. At 10%, sales of serum work area (clinical chemistry and immunochemistry) systems grew significantly faster than the market. Immunochemistry sales, which have been growing by double digits for 30 consecutive quarters, were

up 19%, with double-digit increases in all regions. Clinical chemistry sales advanced 2%, slightly below the market average.

Six new Elecsys immunoassays were launched globally outside the US, including a fully automated assay for anti-TSH receptor antibodies (diagnosis of Grave's disease) and an anti-CCP immunoassay (highly specific test for the diagnosis of rheumatoid arthritis). An anti-HCV assay for hepatitis C infection, launched in the first quarter for the Elecsys 2010 and cobas e 411 instruments, is now available for all Roche immunochemistry platforms.

Hematology sales were up strongly in all territories covered by Roche's exclusive distribution agreement with Sysmex Corporation (Japan). Growth was driven mainly by the Sysmex XS 1000i, one of a new line of compact, fully automated analysers.

Point-of-care cardiac assays posted solid double-digit growth, fuelled by increased uptake of the Roche Cardiac proBNP assay (diagnosis and assessment of heart failure) and the recently launched cobas h 232 portable cardiac testing device. Coagulation monitoring continued its strong double-digit growth, driven mainly by the CoaguChek XS monitor for professional use and patient self-testing.

Diabetes Care – strong second-quarter rise in US sales

Roche Diabetes Care remained the global market leader, with interim sales up 2% to 1,482 million Swiss francs. Second-quarter sales were up 7% overall from the year-earlier period, helped by substantial investments in new products. All regions contributed to interim sales growth except North America. Despite strong competition, however, sales also grew strongly in the US (9%) in the second quarter, following weak order volume in the first three months of this year.

The new Accu-Chek blood glucose monitoring systems fuelled accelerating revenue growth, with double-digit sales increases for these systems more than offsetting declining sales of older products. Accu-Chek Aviva and Accu-Chek Performa, both of which were launched in additional markets, were the main growth drivers. The new Accu-Chek Compact Plus 'all-in-one' monitoring system was successfully launched in the US and Japan in April and June, respectively.

Insulin delivery systems faced strong competition in the first half-year, particularly in the US. The majority of Roche's existing pump customers have already upgraded to the Accu-Chek Spirit, so the focus is now on

acquiring new customers.

Molecular Diagnostics – growing the core business, preparing for new markets

Roche Molecular Diagnostics' sales advanced 4% to 551 million Swiss francs in the first six months of 2008. Fully automated tests for HIV and hepatitis B and hepatitis C (HBV, HCV) infection fuelled sales growth in virology. In blood screening, revenues declined as a result of mounting pressure on prices.

The cobas TaqScreen MPX Test, a multiplex blood screening assay for simultaneous detection of HIV-1 (groups M&O), HIV-2, HCV and HBV, is in the final stages of FDA review. The test will run in the US on the fully automated cobas s 201 system. In June the Japanese Red Cross began screening its blood supply with the MPX test on the fully integrated cobas s 401 system, under a five-year contract.

In Europe the cobas TaqMan CT Test v2.0 was launched for clinical use following CE mark certification in June. This new test offers improved detection of all known strains of *Chlamydia trachomatis*, the cause of the most commonly reported bacterial sexually transmitted disease in Europe.

Roche has initiated patient recruitment for a study to support a US filing of our HPV (human papillomavirus) detection and genotyping tests.

In June Roche signed an exclusive distribution agreement with DxS Ltd. (UK) for its TheraScreen K-RAS Mutation Test and TheraScreen EGFR 29 Mutation Test. Used in conjunction with other clinically relevant information, these tests can aid doctors in determining patients' suitability for specific cancer therapies.

Applied Science – leadership in advanced genomics strengthened

Roche Applied Science posted interim sales of 367 million Swiss francs. This was an increase of 21% for the period, or roughly three times the estimated market growth rate. The Genome Sequencer FLX system, the LightCycler 480 platform for real-time PCR-based DNA amplification and detection and microarrays were the main growth drivers. Sales of sequencing products more than doubled despite increased pressure from competitors. Major launches included an update of the ultra-fast Genome Sequencer FLX and the new LightCycler 480 II, both designed for an even wider range of research applications. Over 40 NimbleGen HD2 microarrays, offering the highest resolution on the market, were launched worldwide for applications ranging from gene expression studies to DNA sequencing.

Tissue Diagnostics — integration on track, growth momentum maintained

In February Roche completed the acquisition of US-based Ventana Medical Systems, Inc., a leader in tissue-based diagnostic testing. Integration of the company is proceeding as planned.

The Diagnostics Division's revenues include Ventana sales of 164 million Swiss francs, for the period from early February to 30 June. These additional revenues represent 4 percentage points of divisional sales growth. On a stand-alone basis, Ventana's sales for the entire first half-year totalled 183 million US dollars, an increase of 27% in local currencies (34% in US dollars) from the first half of 2007. This was roughly twice the market growth rate and translated into further market share gains in North America and the EMEA region (Europe, Middle East, Africa).

Advanced staining (immunohistochemistry and *in situ* hybridisation) remained the biggest growth driver, delivering robust reagent sales and an even stronger than expected rise in instrument sales. Symphony staining system enhancements released in the US in July 2008 are expected to accelerate penetration of the high-volume primary (hematoxylin & eosin) staining market. The Vantage workflow solution, launched in the US in May 2008, is the first complete workflow management system for the anatomical pathology laboratory.

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 totalled 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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Additional information

- Investor Update including a full set of tables: <http://www.roche.com/irhy08e.pdf>
- Half-Year Report 2008: www.roche.com/fig_halfyearrep_2008
- Presentation (Investor Relations): www.roche.com/irphy08.pdf
- Roche Pharma Pipeline: www.roche.com/inv_pipeline
- Date of publication of the nine months sales release 2008: 21 October (tentative)

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Disclaimer: Cautionary statement regarding 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, 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) fluctuations in currency exchange rates and general financial market conditions; (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, unexpected side-effects of pipeline or marketed products; (6) increased government pricing pressures; (7) interruptions in production; (8) loss of or inability to obtain adequate protection for intellectual property rights; (9) litigation; (10) loss of key executives or other employees; and (11) adverse publicity and news coverage. The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Roche's earnings or earnings per share for 2006 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Roche.

Investor and Analyst Call on Monday July 21st, 2008

The morning Telephone Conference is being held by senior management followed by a Q&A session at 7:45 CET / 6.45 GMT / 1.45 am EDT.

Participants will be

Severin Schwan, Chief Executive Officer

Erich Hunziker, CFO and Deputy Head of the Corporate Executive Committee

William M. Burns, CEO Division Roche Pharma

Jürgen Schwiezer, CEO Division Roche Diagnostics

Karl Mahler, Head of Investor Relations

Please dial in to the conference 10-15 min prior to the scheduled start using the following numbers:

+41 91 610 56 00 (Europe and ROW) or +44 207 107 06 11 (UK) or +1 866 291 41 66 (USA)

Alternatively, a live audio webcast can be accessed via <http://ir.roche.com>.

A second Telephone Conference and Q&A is being held by senior management

at 2:00 pm CET / 8:00 am EDT / 1:00 pm GMT.

Please dial in to the second conference 10-15 min prior to the scheduled start using the following numbers:

+41 91 610 56 00 (Europe and ROW) or +44 207 107 06 11 (UK) or +1 866 796 1569 (USA)

Alternatively, a live audio webcast can be accessed via <http://ir.roche.com>.

Roche will host an investor meeting on Tuesday, July 22 at 10:00 am EDT / 16:00 pm CET / 15:00 pm GMT in New York. The presentation will be held at the St. Regis Hotel, 2 East 55th Street (between 5th Madison Avenue), New York, NY 10022.

This presentation can be viewed through a live audio webcast accessed via <http://ir.roche.com>.

Alternatively, you can dial in to the conference using the following dial-in numbers (listen-only mode, no live-access to speakers):

+ 1 973 200 3082 (International / New York) or +1 866 516 0017 (USA/Canada)

REPLAYS

Replays for the Telephone Conference held on July 21st will be available one hour after the respective event, for 48 hours. Access is by dialing:

+41 91 612 43 30 (Europe) or +44 207 108 62 33 (UK) or +1 866 416 25 58 (USA).

- Morning Telephone Conference: ID 12044 followed by the # sign.

- Afternoon Telephone Conference: ID 12997 followed by the # sign.

Replay for the Investor / Analyst Event held on July 22nd in New York will be available one hour after the event, for 48 hours.

Access is by dialing: (800) 642 1687 or +1 706 645 9291 – Conference ID 57051285

1. Sales January to June 2008 and 2007

	2008	2007	% change	
	CHF m	CHF m	In CHF	In local currencies
January – June				
Pharmaceuticals Division	17,257	18,268	-6	+3
Roche Pharmaceuticals	10,938	11,367	-4	+2
Genentech	4,867	5,227	-7	+9
Chugai	1,452	1,674	-13	-11
Diagnostics Division	4,747	4,559	+4	+11
Roche Group	22,004	22,827	-4	+4

2. Sales January to June 2008 and 2007 excluding Pandemic Tamiflu*

	2008	2007	% change	
	CHF m	CHF m	In CHF	In local currencies
January – June				
Pharmaceuticals Division	17,162	17,062	+1	+9
Roche Pharmaceuticals	10,845	10,354	+5	+11
Genentech	4,867	5,227	-7	+9
Chugai	1,450	1,481	-2	0
Diagnostics Division	4,747	4,559	+4	+11
Roche Group	21,909	21,621	+1	+10

* excluding government & corporate pandemic Tamiflu sales; including seasonal Tamiflu sales

3. Quarterly local sales growth by Division in 2007 and 2008

	Q3 2007 vs. Q3 2006	Q4 2007 vs. Q4 2006	Q1 2008 vs. Q1 2007	Q2 2008 vs. Q2 2007
Pharmaceuticals Division	+6	+5	+1	+5
Roche Pharmaceuticals	+1	+7	+1	+3
Genentech	+18	+6	+9	+9
Chugai	+8	-8	-23	+2
Diagnostics Division	+4	+8	+9	+13
Roche Group	+6	+6	+2	+7

4. Quarterly local sales growth by Division in 2007 and 2008 excluding Pandemic Tamiflu*

	Q3 2007 vs. Q3 2006	Q4 2007 vs. Q4 2006	Q1 2008 vs. Q1 2007	Q2 2008 vs. Q2 2007
Pharmaceuticals Division	+12	+11	+9	+10
Roche Pharmaceuticals	+10	+14	+11	+11
Genentech	+18	+6	+9	+9
Chugai	+4	+4	-2	+2
Diagnostics Division	+4	+8	+9	+13
Roche Group	+10	+10	+9	+10

* excluding government & corporate pandemic Tamiflu sales; including seasonal Tamiflu sales

5. Quarterly sales by Division in 2007 and 2008

CHF millions	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Pharmaceuticals Division	9,126	8,856	9,659	8,568	8,689
Roche Pharmaceuticals	5,665	5,425	6,178	5,498	5,440
Genentech	2,680	2,623	2,564	2,399	2,468
Chugai	781	808	917	671	781
Diagnostics Division	2,343	2,264	2,527	2,287	2,460
Roche Group	11,469	11,120	12,186	10,855	11,149

6. Quarterly sales by Division in 2007 and 2008 excluding Pandemic Tamiflu*

CHF millions	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
Pharmaceuticals Division	8,666	8,664	9,201	8,523	8,639
Roche Pharmaceuticals	5,203	5,314	5,736	5,455	5,390
Genentech	2,680	2,623	2,564	2,399	2,468
Chugai	783	727	901	669	781
Diagnostics Division	2,343	2,264	2,527	2,287	2,460
Roche Group	11,009	10,928	11,728	10,810	11,099

* excluding government & corporate pandemic Tamiflu sales; including seasonal Tamiflu sales

7. Top 20 Pharmaceuticals Division product sales¹ and local growth² in YTD June 2008: US, Japan and Europe/Rest of World

	Total		US		Japan		Europe/RoW	
	CHF m	%	CHF m	%	CHF m	%	CHF m	%
MabThera/Rituxan	2,867	17%	1,381	13%	95	12%	1,391	21%
Herceptin	2,474	11%	712	6%	98	23%	1,664	14%
Avastin	2,351	36%	1,313	14%	71	2597%	967	78%
CellCept	1,010	13%	458	15%	19	17%	533	12%
NeoRecormon/Epogin	892	-14%	-	-	217	-23%	675	-10%
Pegasys	785	3%	176	-2%	41	71%	568	3%
Tarceva	587	28%	242	13%	20	-	325	34%
Xeloda	573	14%	186	10%	20	62%	367	14%
Bonviva/Boniva	507	51%	312	43%	-	-	195	68%
Lucentis	440	-2%	440	-2%	-	-	-	-
Tamiflu	327	-71%	264	-34%	16	-93%	47	-92%
Xenical	264	-16%	26	-40%	-	-	238	-12%
Valcyte/Cymevene	261	10%	116	8%	-	-	145	12%
Xolair	259	7%	259	7%	-	-	-	-
Pulmozyme	237	13%	126	12%	-	-	111	15%
Nutropin	195	-5%	188	-5%	-	-	7	-7%
Neutrogen	192	1%	-	-	192	1%	-	-
Rocephin	176	-9%	4	-62%	28	3%	144	-6%
Activase/TNKase	164	-7%	142	-9%	-	-	22	13%
Madopar	154	5%	-	-	9	5%	145	5%

¹ Roche Pharmaceuticals, Genentech and Chugai combined ² versus YTD June 2007

8. Top 20 Pharmaceuticals Division quarterly local product sales growth¹ in 2007 and 2008

	Q3 2007 vs. Q3 2006	Q4 2007 vs. Q4 2006	Q1 2008 vs. Q1 2007	Q2 2008 vs. Q2 2007
MabThera/Rituxan	17%	12%	17%	16%
Herceptin	18%	14%	11%	12%
Avastin	45%	41%	35%	38%
CellCept	4%	16%	11%	16%
NeoRecormon/Epogin	-5%	-15%	-13%	-14%
Pegasys	7%	14%	-3%	10%
Tarceva	28%	24%	28%	27%
Xeloda	20%	22%	13%	14%
Bonviva/Boniva	62%	63%	56%	47%
Lucentis	31%	-9%	-5%	2%
Tamiflu	-60%	-46%	-64%	-86%
Xenical	-9%	-17%	-11%	-21%
Valcyte/Cymevene	9%	7%	9%	10%
Xolair	11%	2%	6%	7%
Pulmozyme	14%	13%	15%	11%
Nutropin	3%	-8%	-5%	-5%
Neutrogen	15%	14%	1%	1%
Rocephin	-2%	-4%	-4%	-13%
Activase/TNKase	6%	-2%	-3%	-11%
Madopar	5%	14%	0%	9%

¹ Roche Pharmaceuticals, Genentech and Chugai combined

9. Pharmaceuticals Division quarterly local product sales growth¹ US in 2007 and 2008

	Q3 2007 vs. Q3 2006	Q4 2007 vs. Q4 2006	Q1 2008 vs. Q1 2007	Q2 2008 vs. Q2 2007
MabThera/Rituxan	14%	4%	14%	13%
Herceptin	6%	1%	9%	3%
Avastin	37%	23%	13%	15%
CellCept	-1%	17%	14%	15%
NeoRecormon/Epogin	-	-	-	-
Pegasys	-27%	-3%	-10%	5%
Tarceva	1%	5%	10%	17%
Xeloda	30%	19%	16%	5%
Bonviva/Boniva	27%	40%	47%	39%
Lucentis	31%	-9%	-5%	2%
Tamiflu	-71%	52%	83%	-87%
Xenical	-30%	-46%	-35%	-46%
Valcyte/Cymevene	4%	3%	11%	5%
Xolair	11%	2%	6%	7%
Pulmozyme	14%	10%	10%	14%
Nutropin	3%	-8%	-6%	-4%
Neutrogen	-	-	-	-
Rocephin	-13%	-32%	-34%	-85%
Activase/TNKase	6%	0%	-6%	-12%
Madopar	-	-	-	-

¹ Roche Pharmaceuticals and Genentech combined

10. Pharmaceuticals Division quarterly local product sales growth Japan¹ in 2007 and 2008

	Q3 2007 vs. Q3 2006	Q4 2007 vs. Q4 2006	Q1 2008 vs. Q1 2007	Q2 2008 vs. Q2 2007
MabThera/Rituxan	4%	2%	13%	11%
Herceptin	3%	0%	16%	29%
Avastin	-	-	-	1567%
CellCept	14%	18%	13%	21%
NeoRecormon/Epogin	-12%	-22%	-16%	-29%
Pegasys	34%	53%	98%	53%
Tarceva	-	-	-	-
Xeloda	11%	14%	48%	73%
Bonviva/Boniva	-	-	-	-
Lucentis	-	-	-	-
Tamiflu	48%	-58%	-93%	-78%
Xenical	-	-	-	-
Valcyte/Cymevene	-	-	-	-
Xolair	-	-	-	-
Pulmozyme	-	-	-	-
Nutropin	-	-	-	-
Neutrogen	15%	14%	1%	1%
Rocephin	11%	-1%	9%	-2%
Activase/TNKase	-	-	-	-
Madopar	2%	3%	5%	5%

¹ Chugai

11. Pharmaceuticals Division quarterly local product sales growth Europe/Rest of World¹ in 2007 and 2008

	Q3 2007 vs. Q3 2006	Q4 2007 vs. Q4 2006	Q1 2008 vs. Q1 2007	Q2 2008 vs. Q2 2007
MabThera/Rituxan	23%	25%	21%	21%
Herceptin	26%	23%	12%	15%
Avastin	59%	80%	78%	78%
CellCept	9%	14%	8%	16%
NeoRecormon/Epogin	-2%	-11%	-13%	-7%
Pegasys	22%	20%	-4%	9%
Tarceva	68%	47%	40%	28%
Xeloda	15%	25%	11%	18%
Bonviva/Boniva	278%	160%	77%	61%
Lucentis	-	-	-	-
Tamiflu	-70%	-92%	-94%	-83%
Xenical	-5%	-11%	-7%	-17%
Valcyte/Cymevene	15%	11%	8%	16%
Xolair	-	-	-	-
Pulmozyme	14%	17%	22%	8%
Nutropin	-7%	-10%	-1%	-12%
Neutrogin	-	-	-	-
Rocephin	-4%	-3%	-3%	-9%
Activase/TNKase	1%	-16%	30%	1%
Madopar	5%	15%	0%	9%

¹ Roche Pharmaceuticals

12. Top 20 Pharmaceuticals Division quarterly product sales¹ in 2007 and 2008

CHF millions	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
MabThera/Rituxan	1,395	1,380	1,432	1,407	1,460
Herceptin	1,214	1,209	1,261	1,225	1,249
Avastin	986	1,062	1,135	1,131	1,220
CellCept	503	485	548	487	523
NeoRecormon/Epogin	544	518	510	442	450
Pegasys	407	383	447	369	416
Tarceva	260	271	288	286	301
Xeloda	282	290	312	281	292
Bonviva/Boniva	204	230	283	241	266
Lucentis	261	239	228	215	225
Tamiflu	451	257	512	278	49
Xenical	176	151	142	136	128
Valcyte/Cymevene	137	137	144	125	136
Xolair	148	145	138	125	134
Pulmozyme	120	124	128	117	120
Nutropin	122	118	113	97	98
Neutrogen	99	100	110	95	97
Rocephin	104	95	100	91	85
Activase/TNKase	106	92	88	83	81
Madopar	77	76	83	74	80

¹ Roche Pharmaceuticals, Genentech and Chugai combined

13. Pharmaceuticals Division quarterly product sales¹ in US in 2007 and 2008

CHF millions	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
MabThera/Rituxan	742	718	709	675	706
Herceptin	403	384	375	363	349
Avastin	689	718	693	642	671
CellCept	250	232	290	215	243
NeoRecormon/Epogin	-	-	-	-	-
Pegasys	107	75	111	81	95
Tarceva	125	121	129	119	123
Xeloda	109	114	123	89	97
Bonviva/Boniva	135	150	190	153	159
Lucentis	261	239	228	215	225
Tamiflu	319	98	398	234	30
Xenical	26	17	13	14	12
Valcyte/Cymevene	70	69	73	54	62
Xolair	148	145	138	125	134
Pulmozyme	67	68	67	61	65
Nutropin	118	115	108	94	94
Neutrogen	-	-	-	-	-
Rocephin	7	5	1	3	1
Activase/TNKase	94	80	76	71	71
Madopar	-	-	-	-	-

¹ Roche Pharmaceuticals and Genentech combined

14. Pharmaceuticals Division quarterly product sales¹ in Japan in 2007 and 2008

CHF millions	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
MabThera/Rituxan	48	49	55	43	52
Herceptin	45	39	44	42	56
Avastin	3	10	23	28	43
CellCept	9	9	10	8	11
NeoRecormon/Epogin	164	124	146	103	114
Pegasys	15	17	23	19	22
Tarceva	-	-	2	8	12
Xeloda	7	7	8	8	12
Bonviva/Boniva	-	-	-	-	-
Lucentis	-	-	-	-	-
Tamiflu	-2	81	69	16	0
Xenical	-	-	-	-	-
Valcyte/Cymevene	-	-	-	-	-
Xolair	-	-	-	-	-
Pulmozyme	-	-	-	-	-
Nutropin	-	-	-	-	-
Neutrogen	99	100	110	95	97
Rocephin	16	14	16	13	15
Activase/TNKase	-	-	-	-	-
Madopar	5	4	6	4	5

¹ Chugai

15. Pharmaceuticals Division quarterly product sales in Europe/Rest of World¹ in 2007 and 2008

CHF millions	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008
MabThera/Rituxan	605	613	668	689	702
Herceptin	766	786	842	820	844
Avastin	294	334	419	461	506
CellCept	244	244	248	264	269
NeoRecormon/Epogin	380	394	364	339	336
Pegasys	285	291	313	269	299
Tarceva	135	150	157	159	166
Xeloda	166	169	181	184	183
Bonviva/Boniva	69	80	93	88	107
Lucentis	-	-	-	-	-
Tamiflu	134	78	45	28	19
Xenical	150	134	129	122	116
Valcyte/Cymevene	67	68	71	71	74
Xolair	-	-	-	-	-
Pulmozyme	53	56	61	56	55
Nutropin	4	3	5	3	4
Neutrogen	-	-	-	-	-
Rocephin	81	76	83	75	69
Activase/TNKase	12	12	12	12	10
Madopar	72	72	77	70	75

¹ Roche Pharmaceuticals