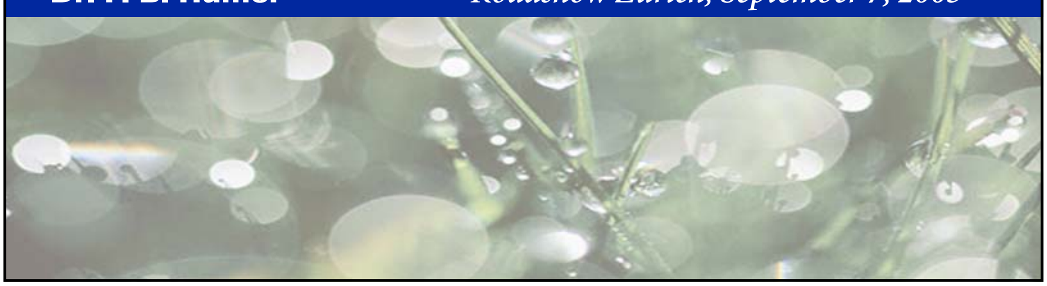
Market dynamics in the Healthcare Industry

The relevance of Roche's strategy in the current market environment

Dr. F. B. Humer

Roadshow Zurich, September 7, 2005



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This presentation 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 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 presentation 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;
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 or news coverage

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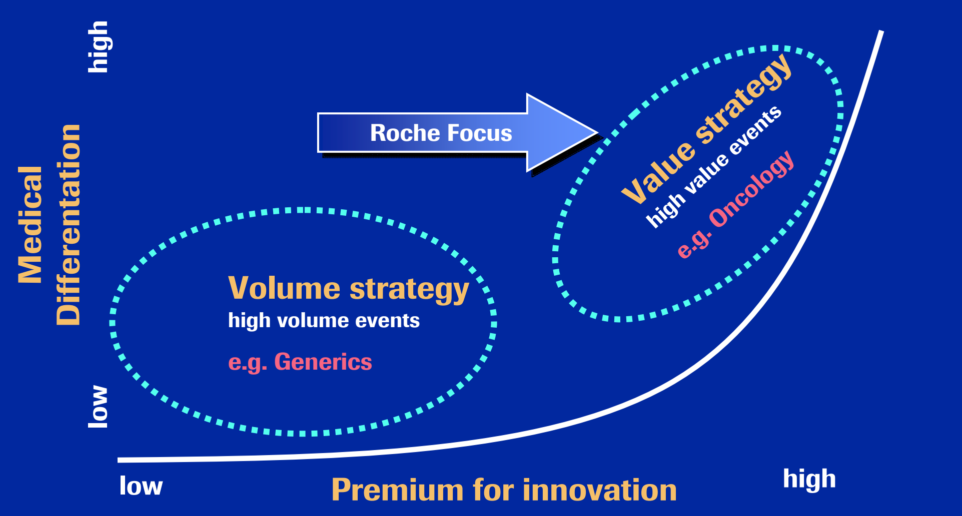
Companies can be successful in both segments

But we are a clear ‘value player’



Differentiated and personalized Medicines are critical to remain competitive in the high-value segment

- Reduced regulatory pressure
- Lower risk of adverse events
- Stronger market exclusivity
- Premium prices
- More efficient utilization of marketing resources

Some reasons why we are not in the generic business

- Comparably small part of the Pharma market (~10%)
- Large number of competitors (~400)
- Low profitability (world wide average ~11%)
  - it's a 'cost plus' business
  - product profitability not sustainable - margins decline with number of players
  - profit must constantly be renewed with 'off-patent' products

The Roche Group growing above market

Innovative medicines to drive growth rates and profit improvement

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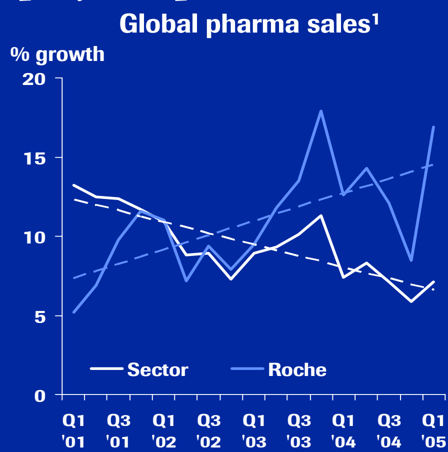

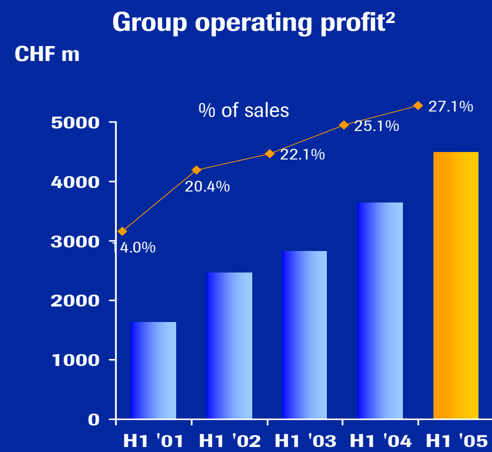

[1] Source: IMS and internal estimates

[2] before exceptional items, all excluding Genentech Equity Compensation Plan expense impact, H1 01 & H1 02 include costs for Pharma restructuring

Nine key brands growing strongly

Representing over 50 % of portfolio

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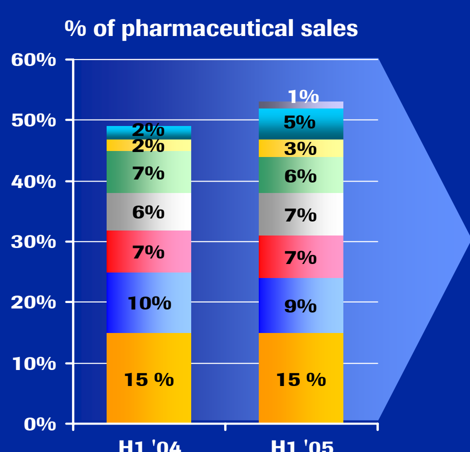
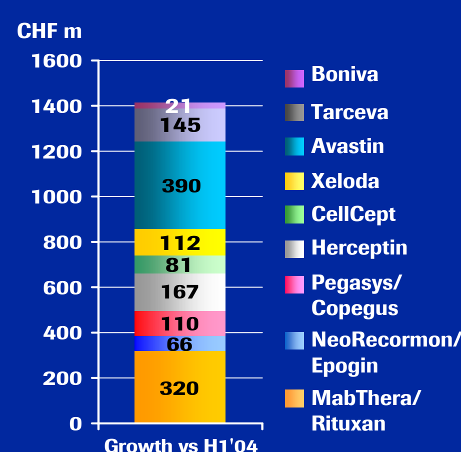


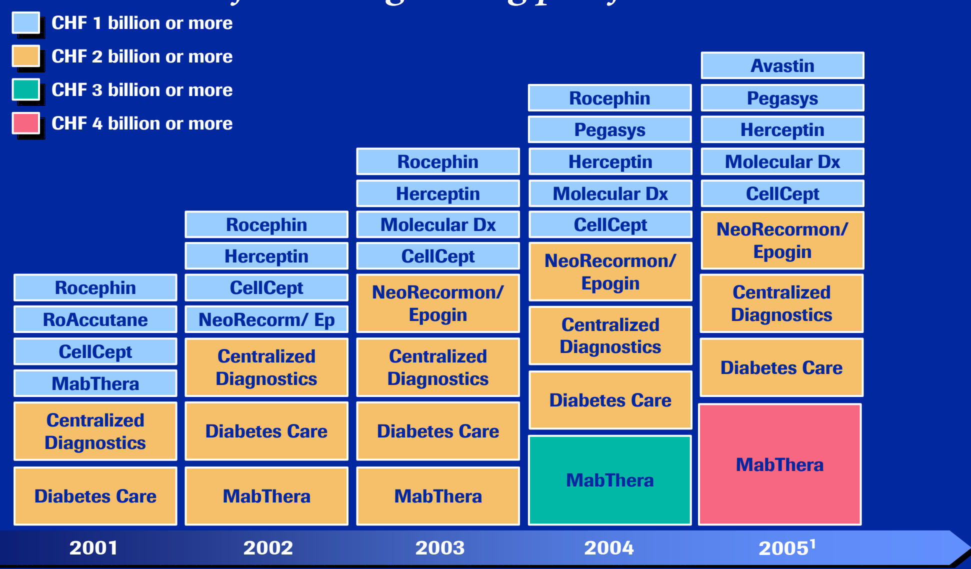


~ CHF 1.4 bn additional sales

(~ CHF 1.9 bn including Tamiflu)

Major value drivers

A risk diversified and growing portfolio



[1] annualized sales

2004/05: An outstanding success rate in R&D

Nineteen out of twenty phase III trials met primary endpoint

2004: 11 out of 12 phase III trials met primary endpoint

√ **MabThera** – maintenance iNHL (EORTC)	√ **Xeloda** – adjuvant CRC (XACT)
√ **MabThera** - maintenance iNHL (E1496)	Pemtumomab – ovarian Ca
√ **MabThera** - aNHL <60 y. (MInT)	√ **Boniva** – osteoporosis, oral (MOBILE)
√ **Tarceva** - NSCLC (BR 21)	√ **Boniva** – osteoporosis i.v. (DIVA)
√ **Tarceva** - pancreatic Ca (PA3)	√ **Pegasys** – HIV-HCV coinf (APRICOT)
√ **Avastin** – CRC 2nd line (E3200)	√ **Pegasys** - HBV

H1 2005: 8 out of 8 phase III trials met primary endpoint

√ **Avastin** - NSCLC (E4599)	√ **MabThera** – RA (REFLEX)
√ **Avastin** - mBC (E2100)	√ **MabThera** – maintenance iNHL (GLSG)
√ **Herceptin** – adj. BC (NSABP / NCCTG)	√ **Pegasys/Copegus** – Japanese trial
√ **Herceptin** – adj. BC (HERA)	√ **Lucentis** – AMD (MARINA)

A rich and low risk late-stage pipeline

*32 ongoing or planned projects**

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Phase III ongoing

- MabThera 1st line CLL
- MabThera relapsed CLL
- MabThera maintenance iNHL √
- Xeloda mCRC 1st/2nd line combo
- Xeloda adjuvant CRC combo
- Xeloda adjuvant BC
- Avastin NSCLC √
- Avastin adjuvant CRC
- Avastin pancreatic Ca
- Avastin mBC √
- Avastin RCC
- Avastin prostate Ca
- Tarceva NSCLC 1st line
- Tarceva pancreatic Ca √
- Tarceva & Avastin NSCLC 2ndline
- Herceptin adjuvant BC √
- Herceptin mBC combo hormonal
- Bondronat MBP
- MRA RA
- MRA SoJIA
- MabThera RA TNF non-responders √
- MabThera AI diseases
- CERA renal anemia
- CellCept lupus nephritis
- Lucentis MD √
- Xolair pediatric asthma
- ED-71 osteoporosis

Phase III to start

- Tarceva adjuvant NSCLC
- Avastin ovarian Ca
- Herceptin gastric Ca
- MabThera RA DMARD failures
- CERA chemotherapy-induced anemia

Status as of June 30, 2005

* excl. filed projects