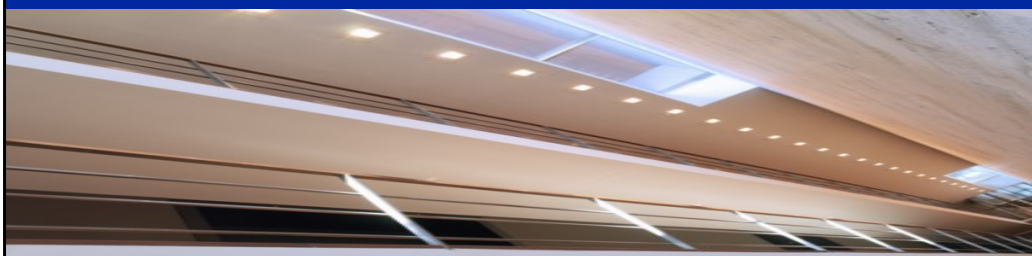


## Roche: defining priorities for a high tech healthcare company

*Erich Hunziker, Chief Financial Officer  
February 2007*



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, 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 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, 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.

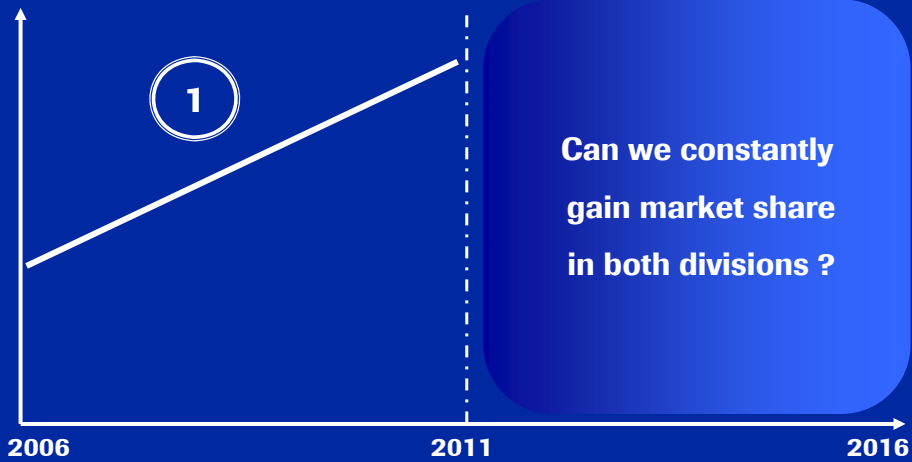
Any statements regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Roche's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Roche.

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## Roche Challenge # 1

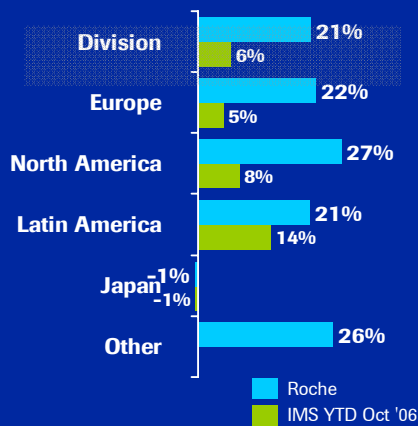
*Achieve above peer level sales growth for both divisions*



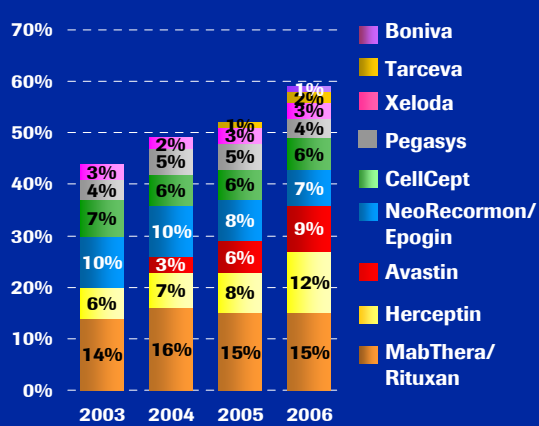
## 2006: we have gained market share around the globe!

*Local sales growth and key products*

Local sales growth

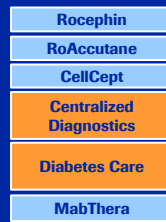


% Key products of total pharmaceutical sales



## Focus on differentiated medicines pays off *A young and growing portfolio*

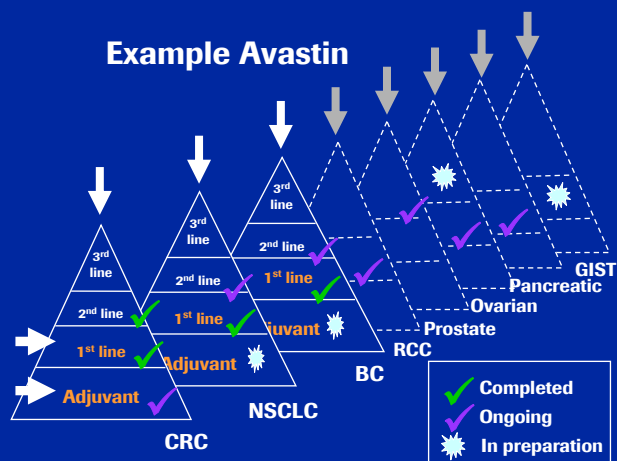
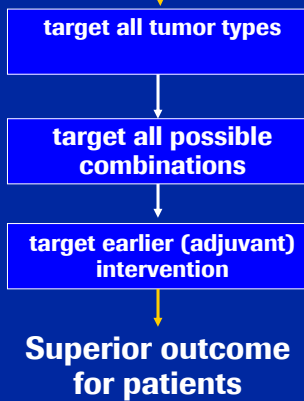
- CHF 1 billion or more
- CHF 2 billion or more
- CHF 3 billion or more
- CHF 4 billion or more



Value drivers	6	10
Sales (CHF bn)	10	27

## Our oncology strategy: Setting new standards of care *New tumor types, new combinations, new lines of intervention*

### Clinically differentiated product



## Avastin: Building standard of care, defending leadership

*Effectively maximizing an asset*

Main Indication		Status		Main Indication		Status	
<b>NSCLC</b>	1st line non-squamous	<b>Avastin in Lung*</b>	Recr. completed, Final analysis H1'07	<b>mCRC</b>	1st line	<b>NO16966</b>	Positive results Q3'06, Filing H1'07
		<b>ATLAS</b>	Initiated Q4'05			<b>Adjuvant CC</b>	<b>AVANT</b>
	1st line squamous	<b>AVASQ</b>	Initiated Q3'06	<b>NSABP C-08</b>	Recr. completed		
		<b>BRIDGE</b>	Pilot initiated Q2'06	<b>Adjuvant rectal Ca</b>	<b>E5204</b>	Initiated Q1'06	
2nd line	<b>BETA Lung</b>	Initiated Q2'05					
<b>Adjuvant NSCLC</b>		<b>ECOG 1505</b>	To initiate H1'07				
<b>mBC</b>	1st line HER2-negative	<b>AVADO</b>	Recr. to complete H1'07	<b>RCC</b>	1st line	<b>AVOREN</b>	Positive results Q4'06, Filing 2007
		<b>RIBBON-1</b>	Initiated Q4'05, Global recruitment launched			<b>CALGB 90206</b>	Awaiting results
	1st line HER2-positive	<b>AVEREL</b>	Initiated Q3'06	<b>Pancreatic Ca</b>	1st line	<b>AVITA</b>	Recr. completed
	2nd line	<b>RIBBON-2</b>	Initiated Q1'06	<b>Ovarian Ca</b>	1st line	<b>GOG 218</b>	Initiated Q3'05
<b>Adjuvant BC</b>	HER2-negative	<b>E2104</b>	Pilot initiated Q4'05, Analysis Q1'07	<b>ICON7</b>	Initiated Q4'06		
		<b>E5103</b>	To initiate 2007	2nd line	<b>GOG 213</b>	In preparation	
		<b>BO20289</b>	To initiate 2007				
	HER2-positive	<b>006R/B-31R</b>	In preparation	<b>Prostate Ca</b>	Hormone refractory	<b>CALGB 90401</b>	Initiated Q2'05

\* Formerly called AVAIL

## Xeloda/ Tarceva/ MabThera/ Herceptin:

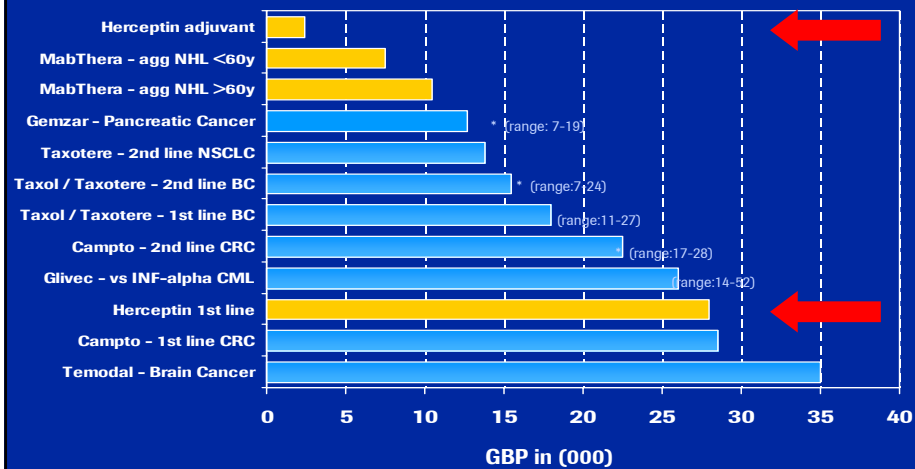
*Maximizing across the portfolio*

Main Indications		Status	
<b>Xeloda</b>			
<b>Adjuvant CC</b>	Combo Avastin	<b>AVANT</b>	Recr. to complete H1'07
	Combo oxaliplatin	<b>NO16968</b>	Recr. completed, Final analysis end '07/early '08
<b>Adjuvant BC</b>		<b>NO 17629</b>	Recr. completed
<b>Tarceva</b>			
<b>NSCLC 1st line maintenance</b>	Combo chemotherapy	<b>SATURN</b>	Initiated Q4'05, Recr. to complete '07
		<b>TITAN</b>	Initiated Q4'05, Recr. to complete '07
	Combo Avastin	<b>ATLAS</b>	Initiated Q4'05
<b>NSCLC 2nd line</b>	Combo Avastin	<b>BETA Lung</b>	Initiated Q2'05
<b>Adjuvant NSCLC</b>		<b>RADIANT</b>	Initiated Q3'06
<b>MabThera</b>			
<b>NHL maintenance 1st line</b>	After MabThera induction	<b>PRIMA</b>	Initiated Q1'06, Recr. to complete H1'07
<b>CLL 1st line</b>		<b>ML17102</b>	Recr. completed
<b>CLL relapsed</b>		<b>REACH</b>	Recr. to complete end '07
<b>Herceptin</b>			
<b>Gastric Ca</b>		<b>ToGA</b>	Initiated Q3'05, Recr. to complete H2'07
<b>Adjuvant BC</b>	1yr vs. 2yrs treatment	<b>HERA</b>	Final analysis 2008/2009

**The key goal of all our efforts in oncology:**  
*moving from extending life to potentially saving life*

	ADJUVANT	MAINT.	1 <sup>ST</sup> LINE	2 <sup>ND</sup> LINE
Filed or to file soon			Tarceva pancreatic Ca ✓ Xeloda gastric Ca ✓ Herceptin mBC combo hormonal ✓	Avastin NSCLC ✓ Xeloda mCRC 1 <sup>st</sup> line combo Avastin mCRC 1 <sup>st</sup> line ext. ✓ Avastin mBC ✓
Ongoing	Xeloda adjuvant BC Xeloda adjuvant CC combo Avastin adjuvant rectal Ca Avastin adjuvant CC Tarceva adjuvant NSCLC	Tarceva & Avastin NSCLC maintenance MabThera iNHL maintenance	Avastin RCC Avastin pancreatic Ca Avastin ovarian Ca Herceptin gastric Ca Avastin & Herceptin mBC 1 <sup>st</sup> line ext.	Avastin mBC 1 <sup>st</sup> line ext. Avastin NSCLC 1 <sup>st</sup> line ext. MabThera 1 <sup>st</sup> line CLL Tarceva NSCLC 1 <sup>st</sup> line MabThera relapsed CLL Avastin prostate Ca Tarceva & Avastin NSCLC 2 <sup>nd</sup> line Xeloda mCRC 2 <sup>nd</sup> line combo Avastin mBC 2 <sup>nd</sup> line
To start soon	Avastin adjuvant NSCLC Avastin adjuvant BC			

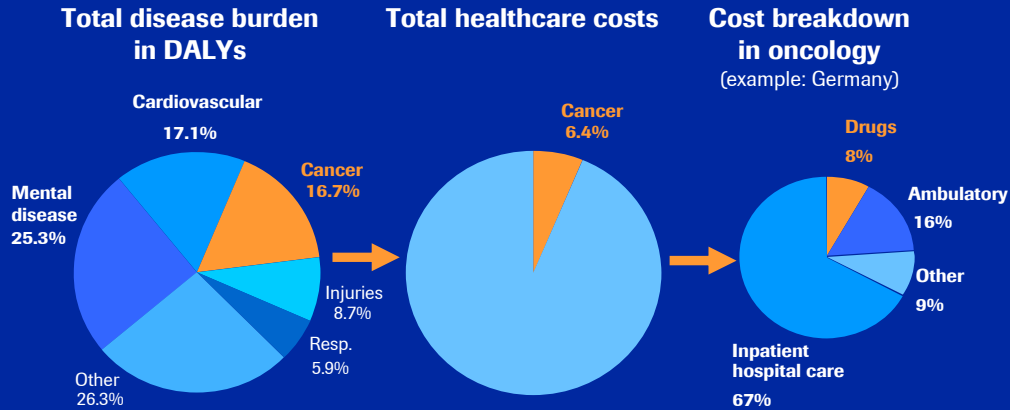
**Dramatic improvements when moving up the adjuvant status**  
*Cost per QALY – UK NICE assessment*



Source: NICE Technology Appraisal Guidance Documents [www.nice.org.uk](http://www.nice.org.uk)

Rounded figures  
 \* Average of range

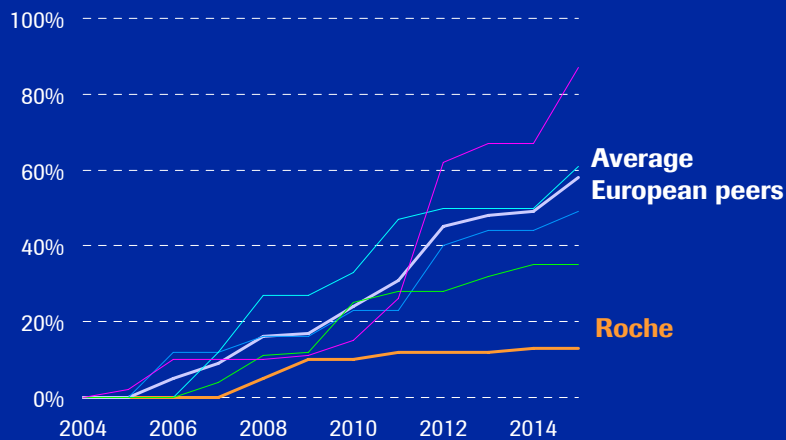
## Oncology is still dramatically under funded *Compared to other disease areas*



Source: A pan-European comparison regarding patient access to cancer drugs, Karolinska Institute  
DALY: Disability-Adjusted Life Years, figures from 2002/3; Commonly used measure of the burden of disease

## Roche has a low exposure to generics *Long-term sustainable business*

### Sales erosion due to generisation (% of 2004 sales)



## Roche has a unique „investment case“

### Roche: Unique geographic risk diversification

USA

(Greater)  
Europe

Japan

Asia China

Latin  
America

### Roche: Unique “pillars of value” risk diversification

Tamiflu

Boniva

Actemra

Avastin  
in CRC

Mircera

Herceptin

Tarceva

Xeloda

NeoRecormon

Avastin  
in NSCLC

Pegasys

MabThera in RA

CellCept

Diabetes Care

Avastin  
in BC

Immuno-  
Diagnostics

MabThera

Molecular  
Diagnostics

JTT- 705  
(R1658)

GLP-1  
R 1583

FUTURE PILLARS

## The short/medium term *sales* perspective

### Challenge # 1:

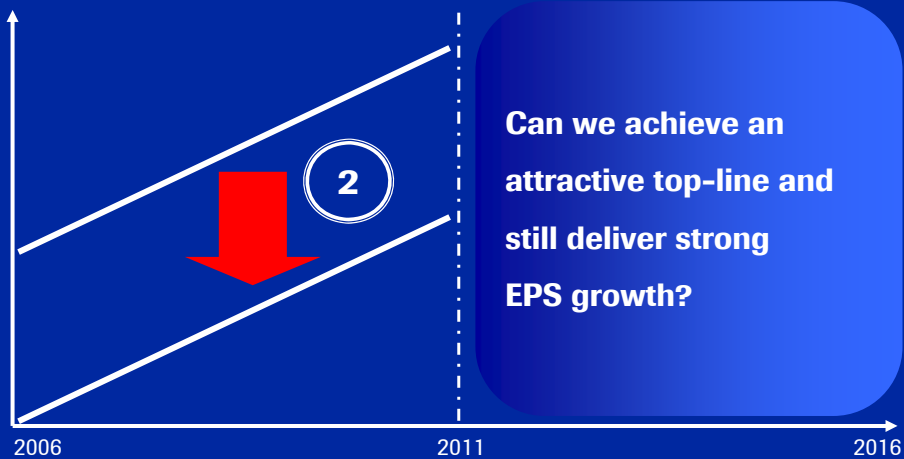
Achieve above industry-standard sales growth

### Conclusion # 1:

Roche wants to maximize assets on hands –  
and to translate value opportunities into reality

## Challenge # 2

*Turn attractive top line into attractive bottom line*



## Doing the right things *right*

*Three focus areas*

- **People are key!**

Activate potential and constantly educate: to learn faster than our competitors is the only sustainable factor of success!

- **The right “quantum” size for Roche ?**

Fixed cost versus variable cost

- **Operational productivity**

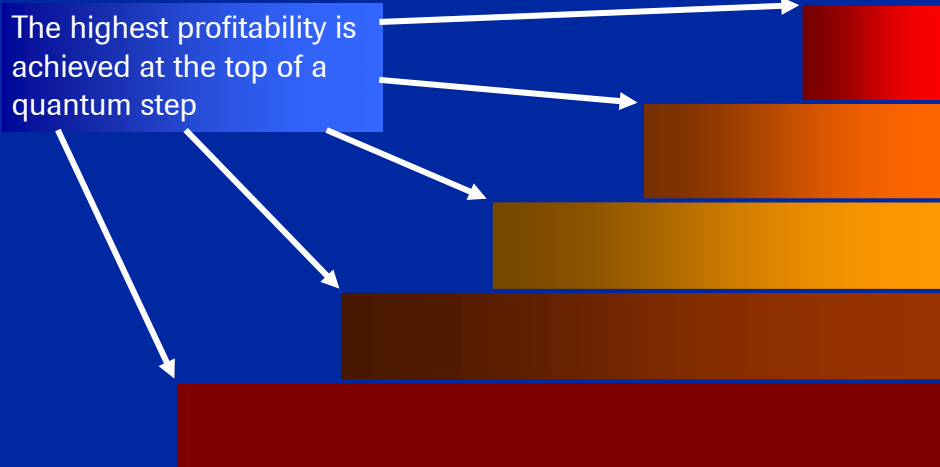
## Activate our employees' potential

*Constant education to overcome fear of change*



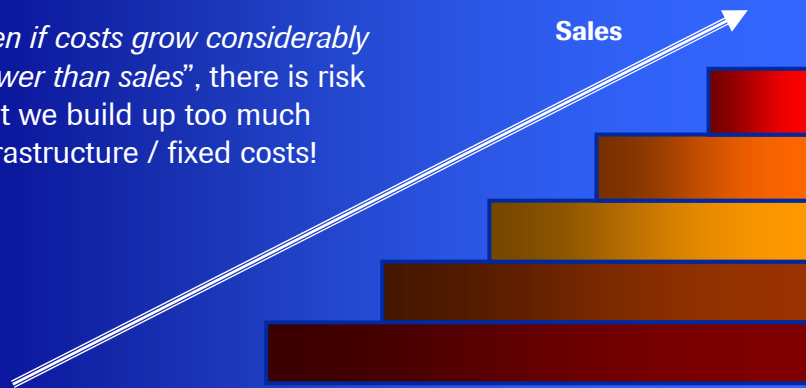
## Organizations do not grow linearly

*Fixed cost base grows in quantum steps*



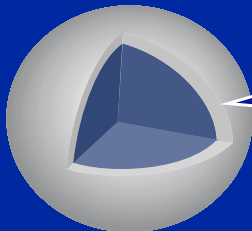
## What is the right quantum size for a “sustainable” Roche?

*Even if costs grow considerably slower than sales”, there is risk that we build up too much infrastructure / fixed costs!*



## Constantly improving operational productivity

Operational productivity is an important key enabler for the Roche Group

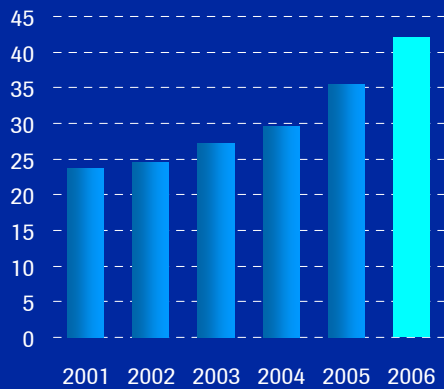


We must become better and cheaper in whatever we do!

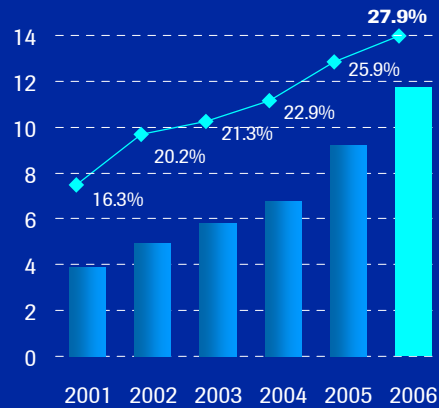
## Focus on differentiated products paying off

*Sales doubling, operating profits tripling*

Group sales<sup>1</sup> (CHF bn)



Group operating profit<sup>2</sup> (CHF bn)



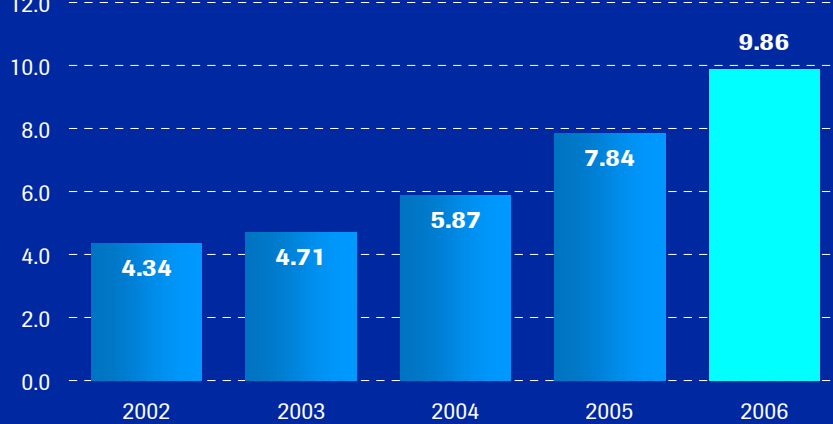
<sup>1</sup> Pharmaceuticals and Diagnostics

<sup>2</sup> before exceptional items

## Core EPS rising steadily

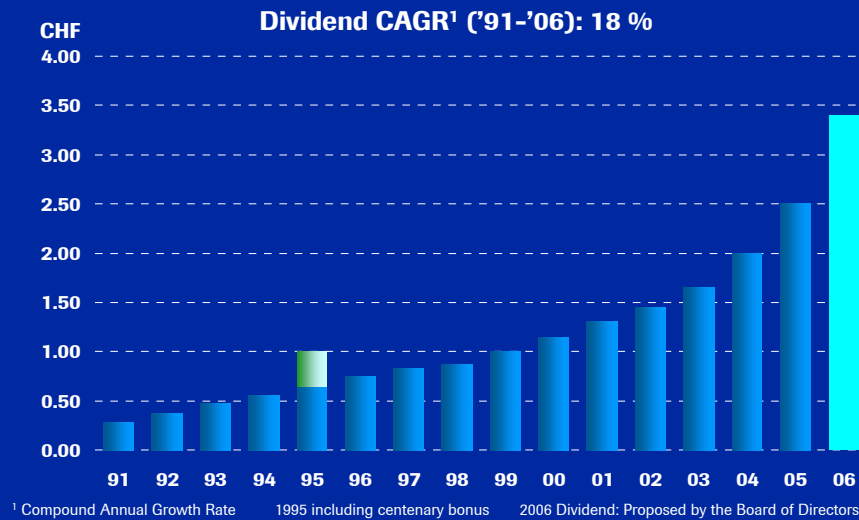
CHF

Core EPS CAGR<sup>1</sup> ('02 - '06): 23 %



<sup>1</sup> Compound Annual Growth Rate

## Economic success translated into shareholder returns *Again a substantial increase in 2006*



## Short/medium term *bottom-line* perspective

### Challenge # 2:

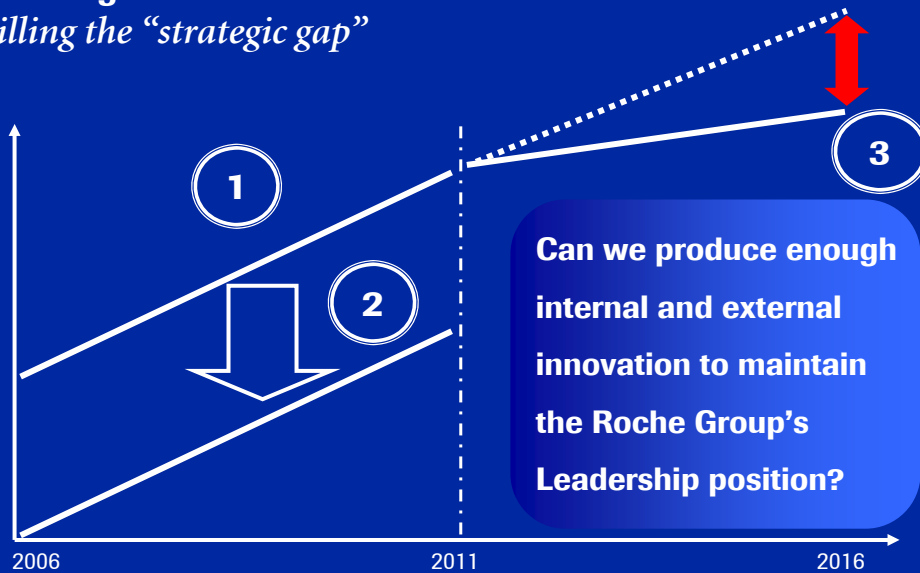
Achieve above industry-standard value creation

### Conclusion # 2:

Roche has many programs running to ensure above industry standard EPS-growth

### Challenge # 3

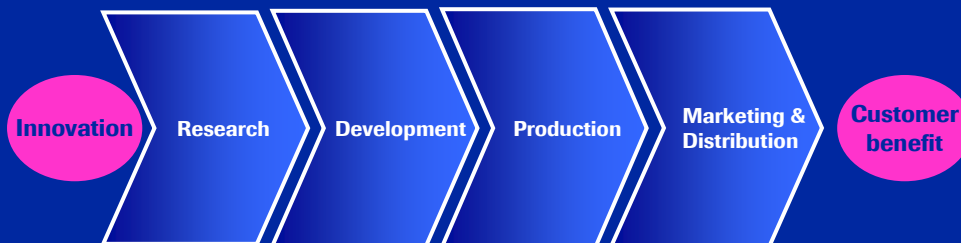
Filling the “strategic gap”



Can we produce enough internal and external innovation to maintain the Roche Group's Leadership position?

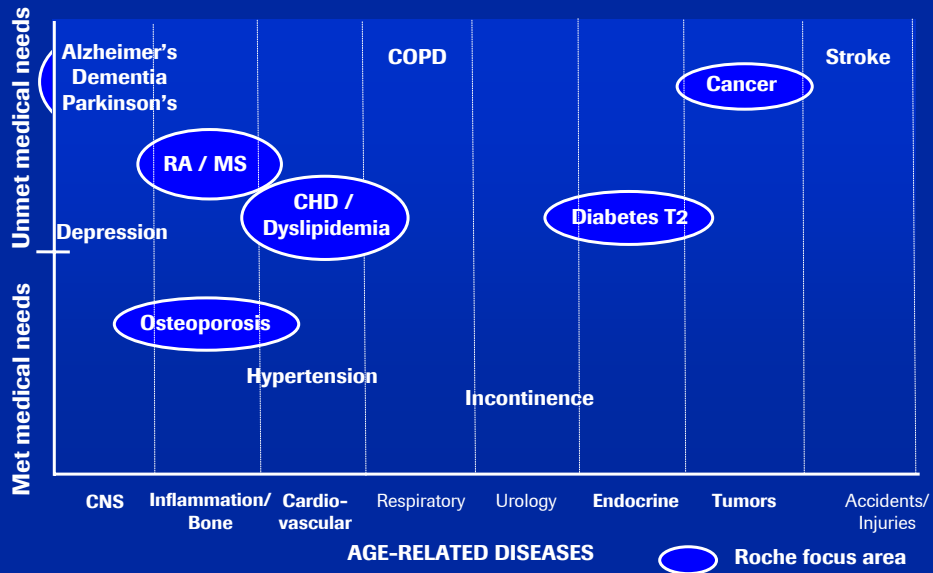
### Sustainable leadership

*How can we constantly provide benefit to customers?*

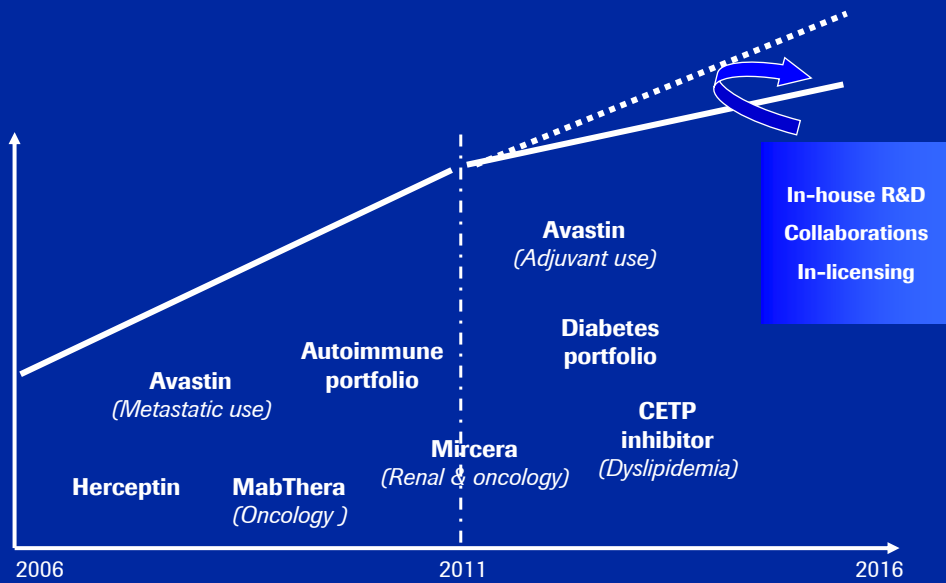


Which degree of innovation (= medical differentiation) is necessary to jump regulatory and reimbursement hurdles?

## The potential is there: unmet medical needs in many age-related diseases



## Current and future key sources of growth



Illustrative

## Rheumatoid Arthritis/ Auto Immune

### Major indications in phase III development

Main Indication		Status		Main Indication		Status	
<b>Rheumatoid arthritis</b>				<b>Multiple sclerosis</b>			
<b>MabThera</b>	MTX - inadequate responders	<b>SERENE, SUNRISE, MIRROR</b>	Recr. completed	<b>MabThera</b>	PPMS	<b>OLYMPUS</b>	Recr. completed Q4'05
	MTX -naive	<b>IMAGE</b>	Initiated Q1'06		RRMS	<b>HERMES</b>	Met primary endpoint Q3'06. To be presented at AAN'07
	Combo Enbrel	<b>TAME</b>	Initiated Q2'06	<b>Ocrelizumab</b>	RRMS	<b>Phase II or III</b>	In discussion
<b>Actemra</b>	MTX (DMARD) - inadequate resp. or -naive	<b>OPTION, TOWARD, AMBITION</b>	Recr. completed, Final analysis by mid '07 (OPTION January '07)	<b>Lupus nephritis</b>			
	Anti-TNF inadequate resp.	<b>RADIATE</b>	Recr. completed, Final analysis by mid '07	<b>MabThera</b>		<b>LUNAR</b>	To complete recr. H2'07
	MTX inadequate responders	<b>LITHE</b>	Recr. completed	<b>Ocrelizumab</b>		<b>Phase III</b>	To initiate Q2'07
<b>Ocrelizumab</b>	MTX inadequate responders	<b>Phase III</b>	Initiated Q4'06	<b>CellCept</b>		<b>Phase III</b>	Recr. completed, Results (inducation phase) H1'07
	Anti-TNF inadequate responders	<b>Phase III</b>	To initiate H1'07	<b>SLE</b>			
	X-ray study	<b>Phase III</b>	To initiate H1'07	<b>MabThera</b>		<b>EXPLORER</b>	To complete recr. Q1'07
<b>ANCA ass. vasculitis</b>				<b>Ocrelizumab</b>		<b>Phase III</b>	To initiate in Q2'07
<b>MabThera</b>		<b>RAVE</b>	Initiated Q4'04				

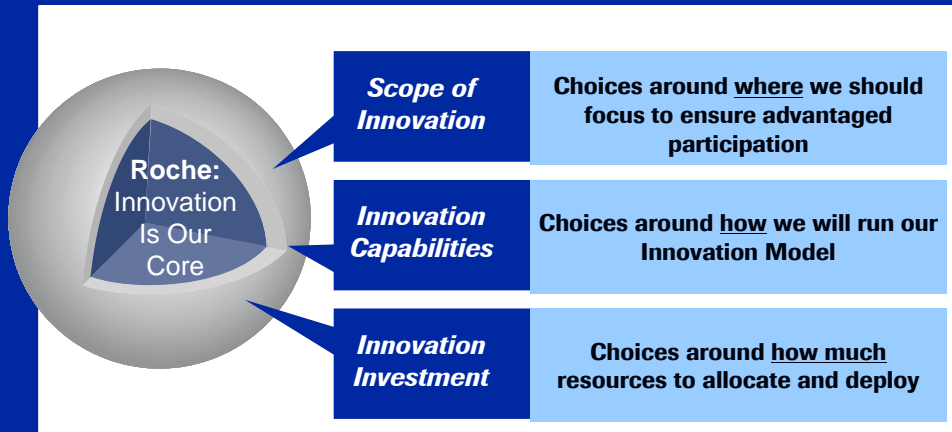
## Metabolic and vascular diseases

### Major decision points in 2007

Main Indications	Status	
<b>Type 2 Diabetes</b>		
<b>R1440 (GKA)</b>	Phase II	Initiated Q4'05 First phase II data available 2007 Filing 2009
<b>R1583 (GLP-1)</b>	Phase II immediate release formulation	Presented at ADA'06
	Phase II sustained release formulation	To initiate early 2007
<b>R1439 (PPAR <math>\alpha/\gamma</math>)</b>	Phase II	Initiated Q4'06
<b>R1579</b>	Phase I	Ongoing
<b>R1511</b>	Phase I	Ongoing
<b>Dyslipidemia</b>		
<b>R1658 (JTT-705)</b>	Phase II efficacy	Encouraging data obtained H1'06
	Phase II safety	Results by mid'07 Go/ No go decision for phase III in 2007 Filing 2010

## Roche 2015

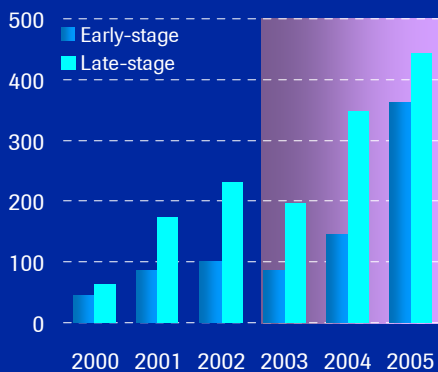
*This program provides strategic direction and aligns our priorities to fill 'sustainable long-term growth' gap*



## Access to Innovation is key - competition growing

*Costs of third party innovation is raising steeply!*

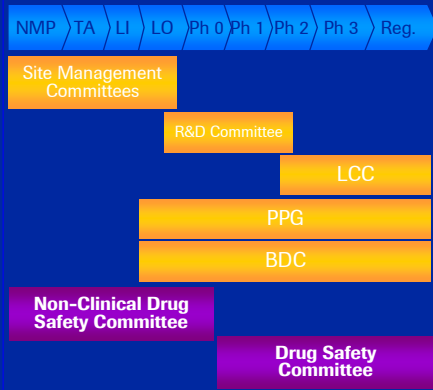
Average cost of in-licensing (Rx), \$m



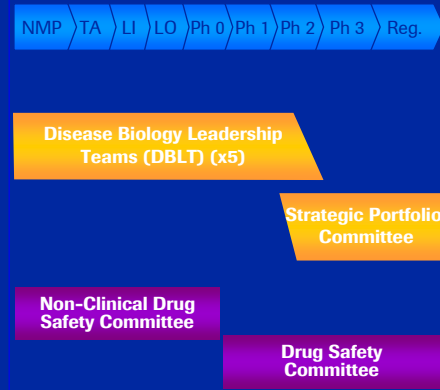
- Average cost of in-licensing deals rose 40% (CAGR) since 2000
- By 2010, 40% of Pharma peers' revenues expected to come from external sources of innovation

## Roche internal R&D: 5 Disease Biology Leadership Teams responsible for the start of the value chain

### Today's model



### New model



Decision Making Committees  
 Decision Making Committees & Peer Reviews

## Long-term perspective *Roche 2015 is a crucial platform*

**Challenge # 3:  
Filling the value gap**

### Conclusion 3:

With Roche 2015 we have the right platform in place  
to identify the right priorities



*We Innovate Healthcare*