Long term value propositions in a short term environment

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4 fluctuations in currency exchange rates and general financial market conditions;
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11 adverse publicity and news coverage.

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Performance up-date

External factors influencing our industry

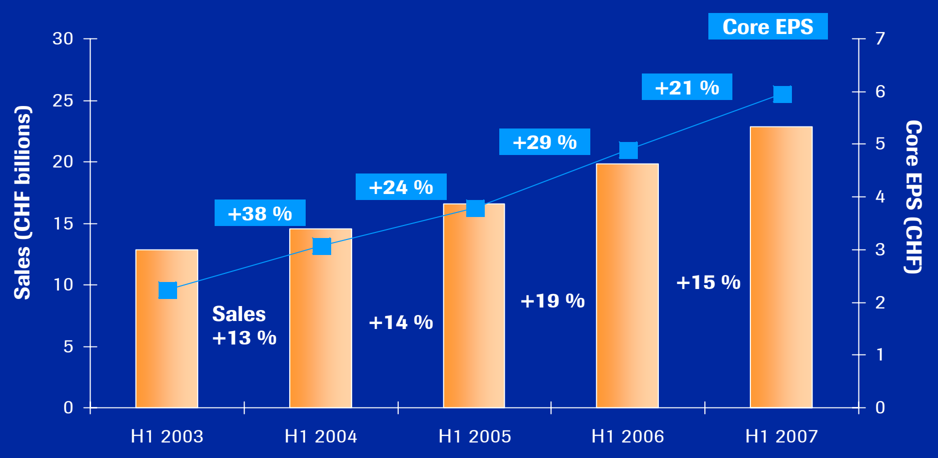
Summary

H1 2007: Core EPS growing more than sales

Operating profit grows at 2x sales

CHF bn	H1'06	H1'07	Change CHF bn	Change %	loc %
Sales	19.8	22.8	3.0	+15	+15
Operating profit	5.8	7.5	1.7	+29	+27
as % of sales	*29.2*	*32.8*			
Net income	4.5	5.9	1.3	+29	
as % of sales	*22.9*	*25.7*			
Core EPS (CHF)	4.90	5.95	1.05	+21	

Strong rise in Group sales and Core EPS



Historical Core EPS data 2003 to 2004 restated

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Performance up-date

External factors influencing our industry

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Main trends influencing the long-term value propositions

Roche

- **Demographics**
- **Healthcare Funding**
- **Maximizing assets on hand**

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Demographics: Nth. America, EU and Japan over 80 % of healthcare spend

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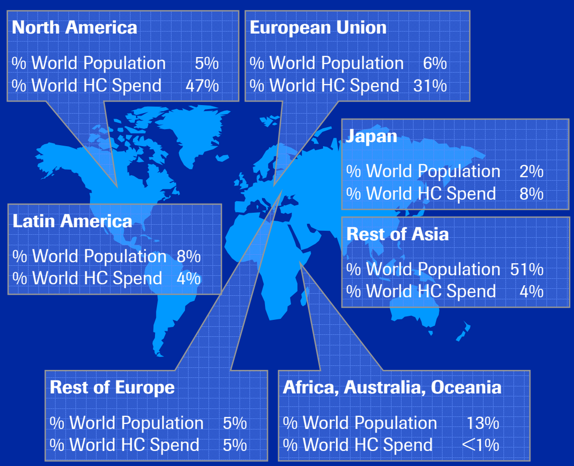

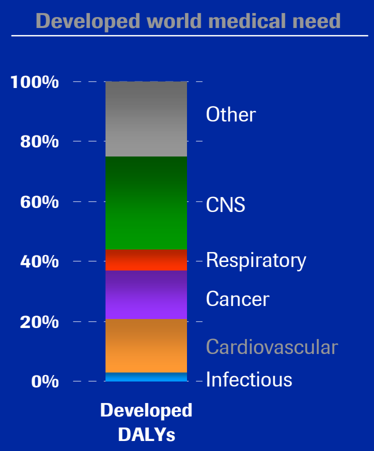

Source: WHO – Priority Medicines for Europe & World Nov 2004; World Bank;
[1] DALY = Disability-adjusted life-years (healthy life lost due to illness/premature death)

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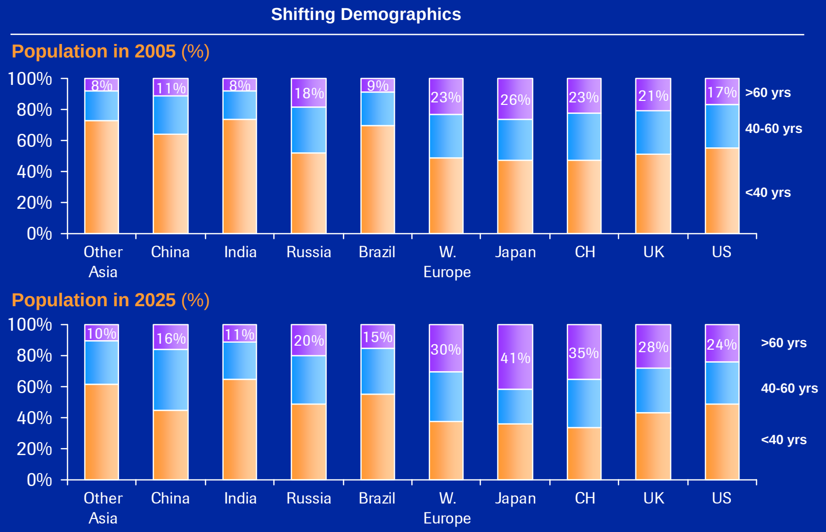
Ageing Population and Retirement

Biggest transitions out of the workforce



Source: Economist Intelligence Unit (2005-10)

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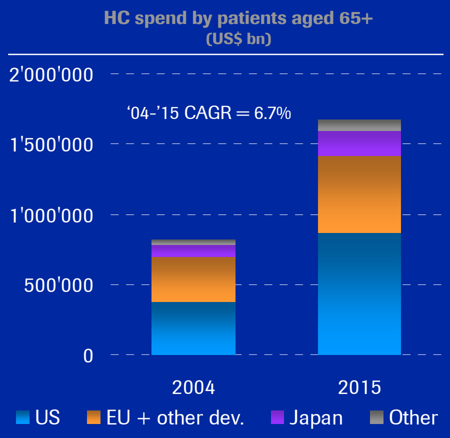
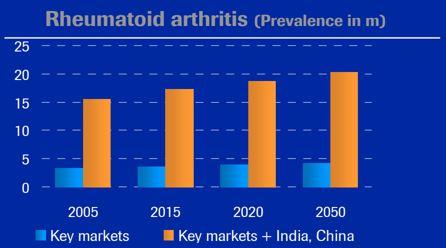
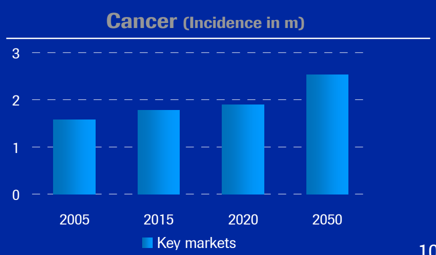
Demographics: Growing elderly healthcare market







Sources: US Census Bureau, World Bank, Deutsche Bank Nov '04
Key markets: 5 major EU countries + US, Source: Decision Resources 2005, Timely Data Resources 2005, UN World Population Prospects 2004

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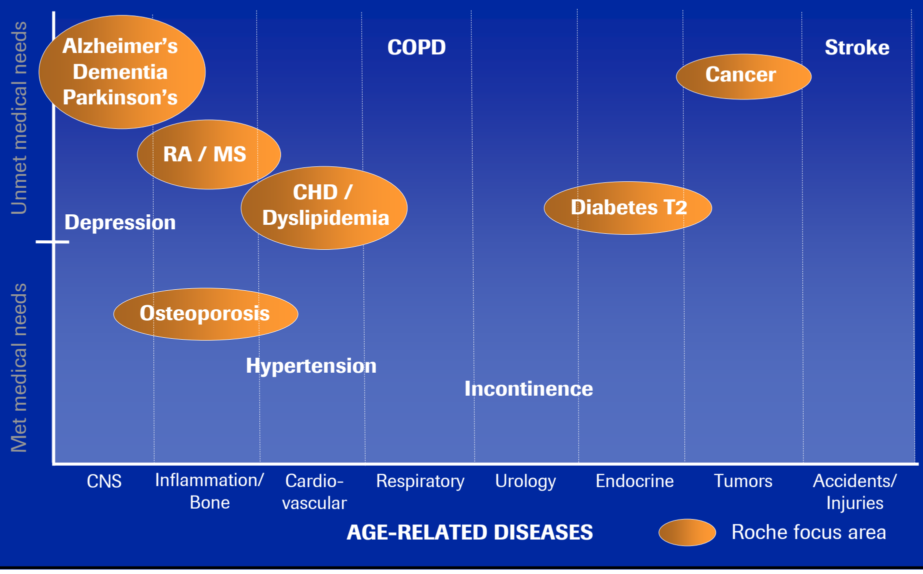
Demographics: Age-related diseases

Increasingly important areas of medical need



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Main trends influencing the long-term value propositions

Demographics

Healthcare Funding

Maximizing assets on hand

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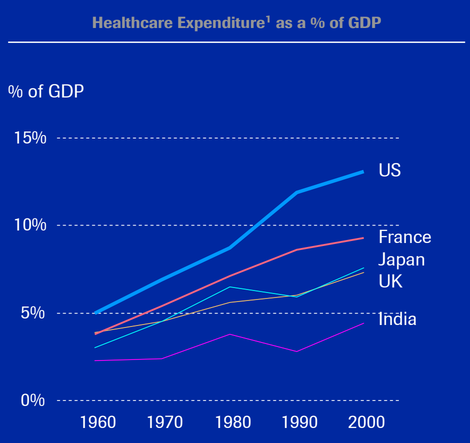
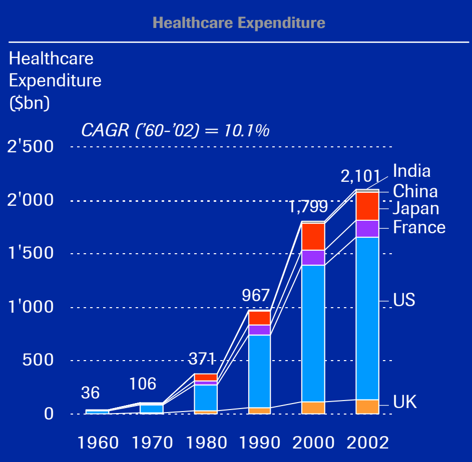
Funding: Healthcare expenditure - has increased faster than GDP in majority of global healthcare markets

Roche





[1] Healthcare spend refers to traditional healthcare (i.e. diagnostic and therapeutic products and medical services)
Sources: Decision Resources, Dec 2003; Worldbank Development Indicators

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Funding: Payers & Reimbursers- facing rising healthcare costs results in increasing emphasis on 'value for money'

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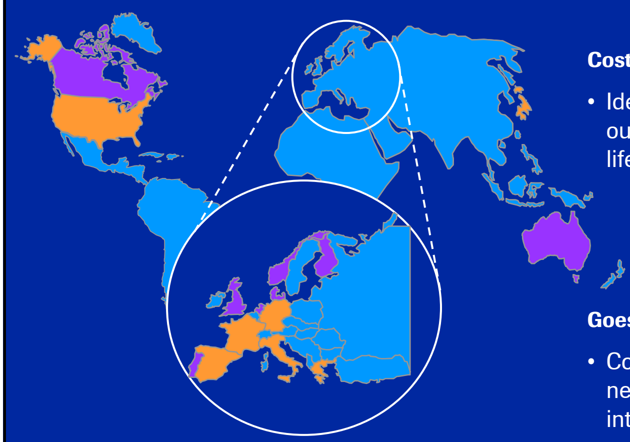

Cost-effectiveness of drug therapies

- Identifies and measures all costs and outcomes (clinical, health, quality-of-life, and survival)

Goes beyond the safety and efficacy

- Compares costs and outcomes of a new drug to those of a standard intervention

Countries with formal Pharmacoeconomics requirements

Countries with Pharmacoeconomics guidelines

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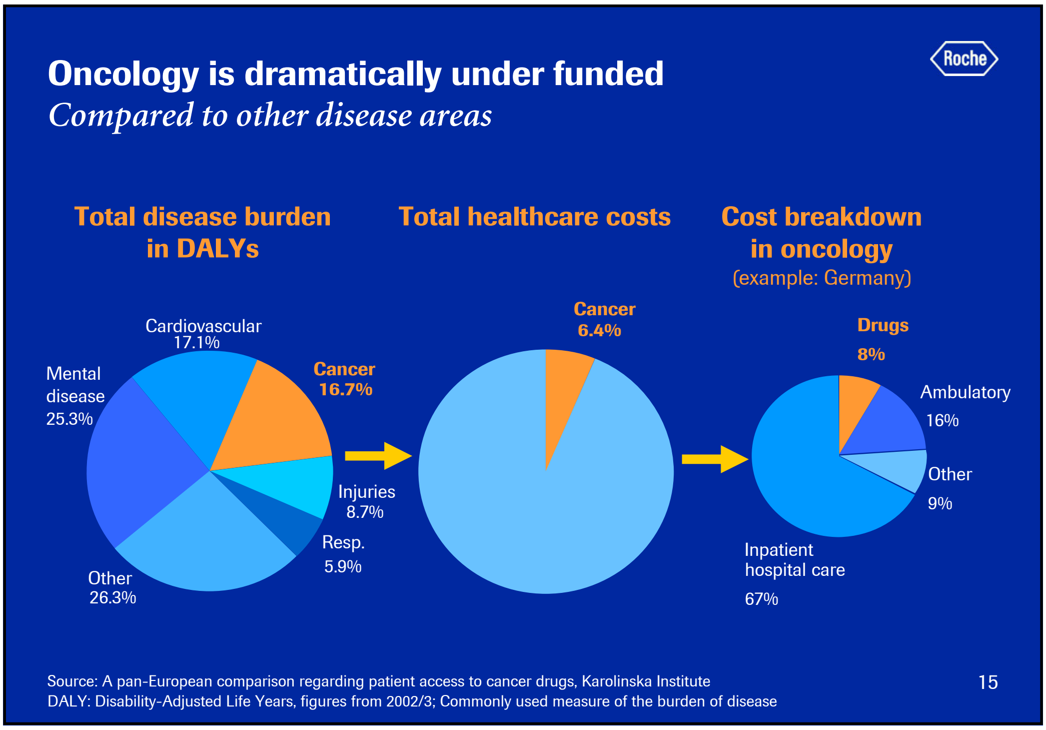
Oncology is dramatically under funded
Compared to other disease areas
Roche
Total disease burden in DALYs
Total healthcare costs
Cost breakdown in oncology
(example: Germany)
Cardiovascular 17.1%
Mental disease 25.3%
Cancer 16.7%
Injuries 8.7%
Resp. 5.9%
Other 26.3%
Cancer 6.4%
Drugs 8%
Ambulatory 16%
Other 9%
Inpatient hospital care 67%
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
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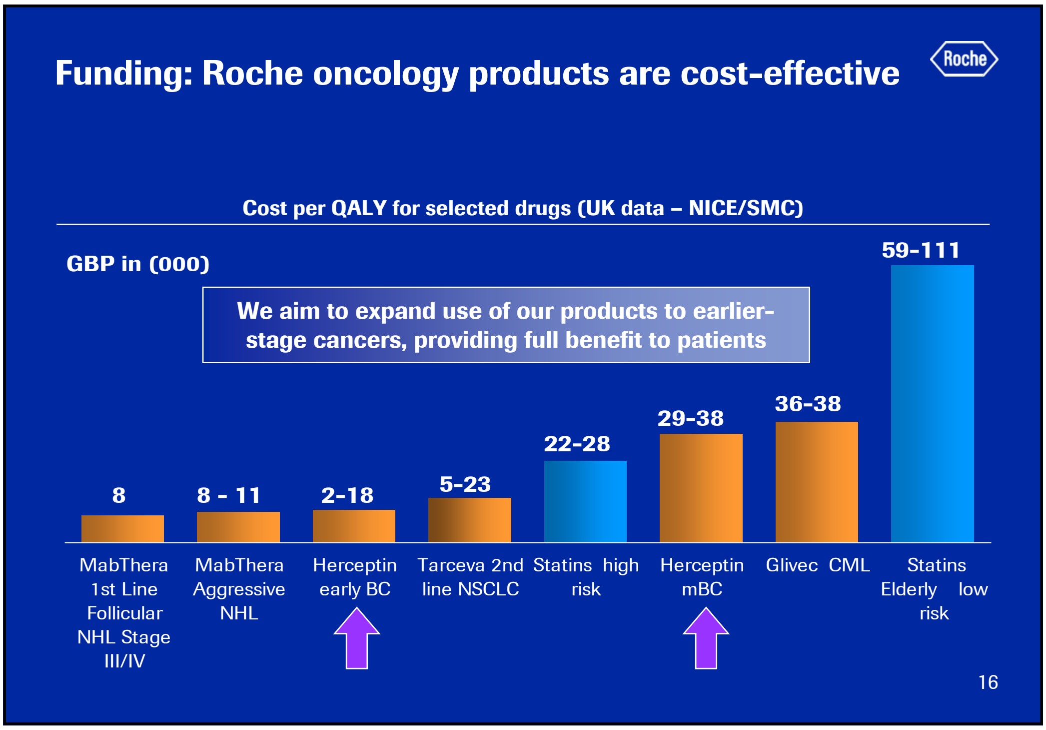
Funding: Roche oncology products are cost-effective
Roche
Cost per QALY for selected drugs (UK data – NICE/SMC)
GBP in (000)
We aim to expand use of our products to earlier-stage cancers, providing full benefit to patients
8
8 - 11
2-18
5-23
22-28
29-38
36-38
59-111
MabThera 1st Line Follicular NHL Stage III/IV
MabThera Aggressive NHL
Herceptin early BC
Tarceva 2nd line NSCLC
Statins high risk
Herceptin mBC
Glivec CML
Statins Elderly low risk
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Examples of Personalised Healthcare (PHC)

Already a reality

Oncology

Tamoxifen	ER/PR Status
Tamoxifen	BRCA1
Tamoxifen	BRCA2
Tamoxifen	CYP2D6
Chemotherapy	OncotypeDx
Arimidex	ER/PR status
Herceptin	HER2 assay
Xeloda	Enzyme activity
6-Mercaptopurine	TPMT
Gleevec (CML)	BCR-ABL
Gleevec (GIST)	C-Kit
Dasatinib	BCR-ABL
Iressa	EGFR Status
Tarceva	EGFR/HER1
Irinotecan	UGT1A1
Erbitux	EGFR status
Retinoic acid	PML/RAR gene
MabThera	*CD20*
Tykerb	*EGFR status*

Autoimmune and Transplant

Cellcept	IA
Azathioprine	*TPMT*
Neoral (Cyclosporine)	*IA's for CsA*
Prograf (Tacrolimus)	*IA*
Rapamune (Sirolimus)	*IA*
MabThera	*RA profiles*

Virology/Infectious Diseases

Pegasys/Copegus	HCV Genotyping
HIV Prot. Inh. (1st to mkt)[1]	Viral Load
HIV Prot. Inh. (2nd to mkt)[2]	Viral Load
HIV Prot. Inh. (1st to mkt)[1]	Viral Genotyping
HIV Prot. Inh. (2nd to mkt)[2]	Viral Genotyping
Isoniazid	NAT
Tamiflu	Influenza A/B test
PegintronA	*HCV EVL*
Roferon	*HCV EVL*

Respiratory

Prolastin	PiZZ, PiZ Pi
Theophylline	CYP2D6

GIT

Omeprazole	CYP2C19
Proton pump inh. and Antibiotics	*H Pylori*

Cardiovascular

BiDiL	Ethnicity
Hydralazine	*NAT*
Procainamide	*NAT*
GPIIb/IIIa	*Troponin*
Streptokinase	*Troponin*

CNS

Phenytoin	CYP2C9
Venlafaxine	CYP2D6
Modafinil	CYP2D6
Resperidone	CYP2D6
Atomoxetine	CYP2D6
Thioridazine	CYP2D6
Levodopa	COMT
Tasmar	COMT
Aripiprazole	CYP2D6

Metabolic and Vascular Disease

Fosamax	P1NP
Somatropin	*Chr 15*
Insulin	*HbA1c*
Simvastatin	*Lipid profiles*

Haematology

Warfarin	CYP2C9
Warfarin	VKORC1
Heparin	*APTT*
EPO	*CBC*

Anaesthesia

Succinylcholine	*Pseudocholin-esterase levels*

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Stakeholder behaviour will drive PHC

Stratification will become a necessity

Stakeholders	How they will drive the environment for PHC
Competitors	• Deliver more clinically-differentiated medicine • Diagnostic stratification as source for additional revenues
 Regulators & Policy Makers	• Potential to reduce toxicity, increase efficacy and control rising healthcare costs
 Payers & Reimbursers	• Provide more cost-effective healthcare • Probably willing to share savings with innovators
 Physicians & Providers	• Early detection can increase chance of cure • Patients selected to maximise benefit & minimise toxicity
 Patients	• Welcome any better medicine

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Higher premium for medically differentiated products

Low vulnerability to pricing and funding pressures

Vulnerability of portfolio to pricing pressure

H

Much of future portfolio aimed at primary care in highly competitive areas

M

Roche
High proportion of biologics and hospital products in areas of unmet need

L

- Focus on clearly differentiated products lowers vulnerability to increasing pricing environment
  - Price controls
  - Higher patient co-payments
- Higher proportion of biopharmaceuticals products lowers vulnerability to generic competition

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Main trends influencing the long-term value propositions

Demographics

Healthcare Funding

Maximizing assets on hand

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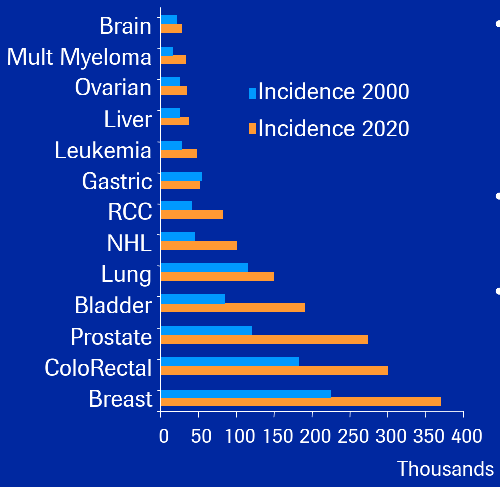
Incidence of cancer likely to increase

Roche



- Expected to grow further (2000-2020):
  - > 25 % in Western World
  - > 60 % in ROW
- Main epidemiological factors:
  - aging, lifestyle, diet
- Slower rate of death vs. incidence:
  - improvement in early detection
  - better treatments

Incidence chart for 5 major EU countries
Source : GLOBOCAN 2002 and Roche market research 2004

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Major growth opportunities outside the US

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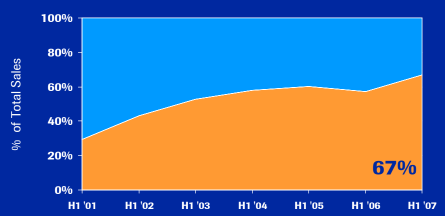
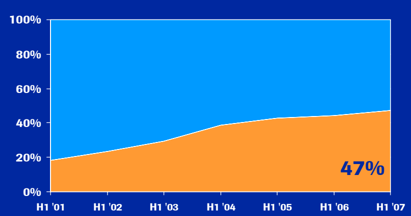
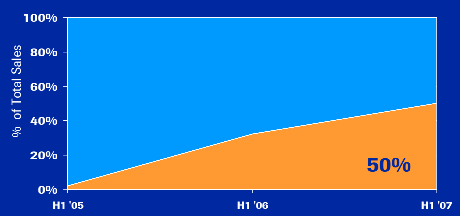
Herceptin



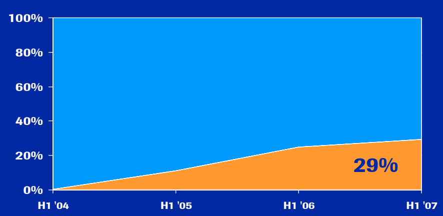
MabThera/Rituxan



Tarceva



Avastin



EU / ROW (incl. Japan) US

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Access to innovative cancer medicines varies by country

Roche

Summary uptake of new oncology products in breast and colorectal cancer, NSCLC, NHL, CML and bone metastases

- Above average
- Average
- Below average
- Data not available/analysed

Source: A pan European comparison regarding patient access to cancer, Karolinska Institute 2005

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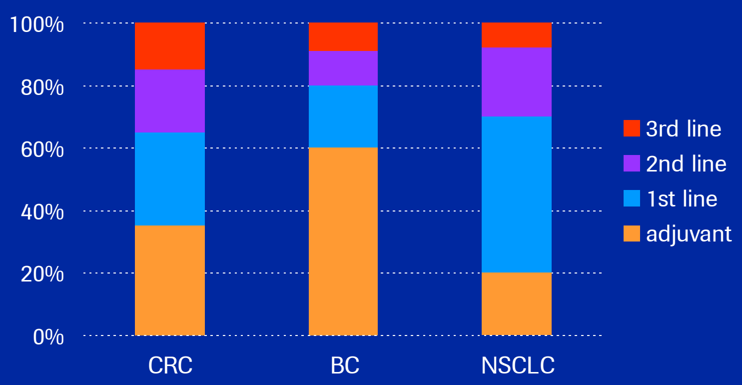
Each cancer type is different

And needs a specific treatment approach

Roche

Incidence



Survival

	CRC	BC	NSCLC
Adjuvant DFS at 3 years*	72 %	81 %	50 %
Metastatic median OS *	25 months	36 months	11 months

* Assuming best current care, Incidence: GLOBOCAN 2002 and Roche market research

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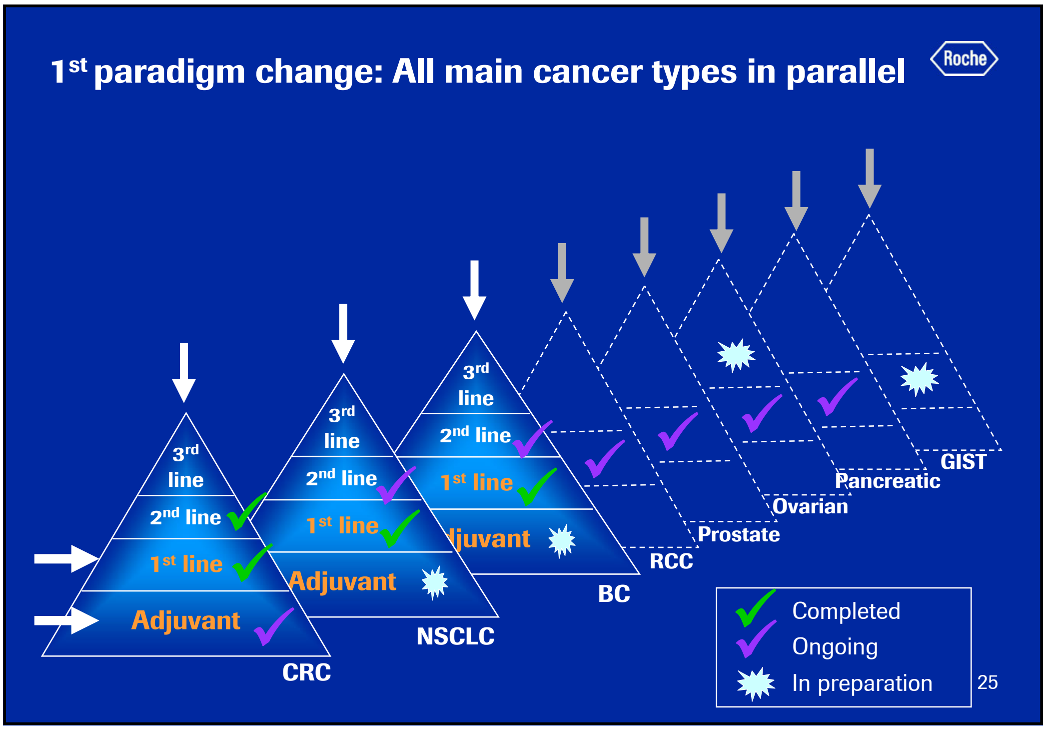
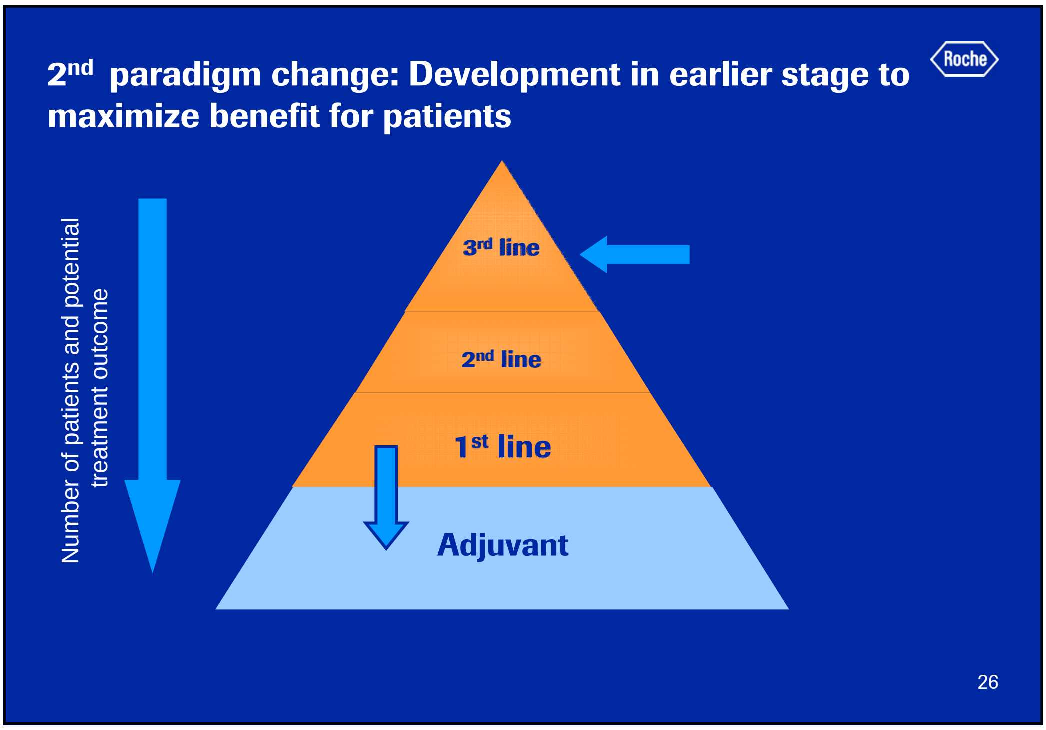

1st paradigm change: All main cancer types in parallel
Roche
3rd line
2nd line
1st line
Adjuvant
CRC
NSCLC
BC
RCC
Prostate
Ovarian
Pancreatic
GIST
Completed
Ongoing
In preparation
25


2nd paradigm change: Development in earlier stage to maximize benefit for patients
Roche
Number of patients and potential treatment outcome
3rd line
2nd line
1st line
Adjuvant
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Avastin in adjuvant colon cancer

Key phase III trials fully recruited

	NSABP C-08	AVANT
Treatment regimen	FOLFOX-6 ± Avastin	FOLFOX-4 ± Avastin XELOX + Avastin
Number of patients	2,700	3,450
Recruitment duration	Q3 2004 until Q3 2006	Q4 2004 until Q2 2007
Efficacy analysis	First interim look: Q2 2007 Subsequently every 6 months Next interim look: end 2007/early 2008	Event-driven analysis
Filing	2010 (or earlier)	2010 (or earlier)

Incidence: 310,000 cases [1)]

1) US and top 5 EU

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3rd paradigm change: Establish as combination partner to ALL current standards

CRC

- 5-FU/Leucovorin
- Irinotecan
- ❖ Oxaliplatin
- ❖ Xeloda
- o New biologics

NSCLC

- Platinum-based chemotherapy
- ❖ Single agent (navelbine or gemcitabine)
- ❖ Non-platinum based regimens
- ❖ Tarceva
- o New biologics

BC

- Taxanes
- ❖ Anthracyclines
- ❖ Xeloda
- o Hormones
- o Herceptin
- o New biologics

• positive data
❖ trials ongoing
o trials planned

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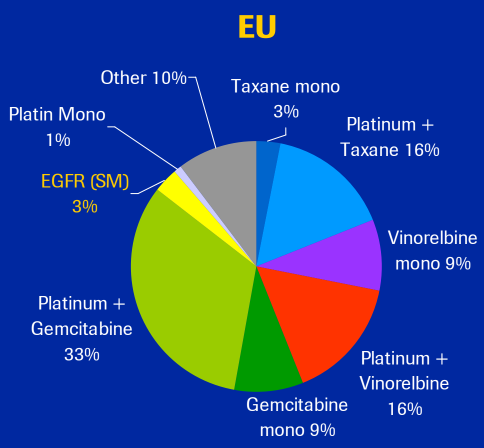
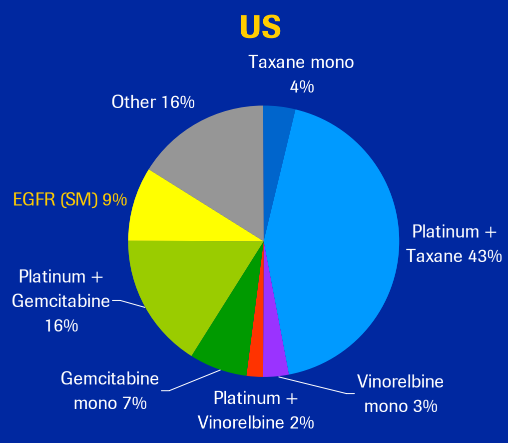
The Non-Small Cell Lung Cancer market - 1st line

Different treatment algorithms in US & EU

Roche





Source: Synovate Healthcare 2005

4th paradigm change: targeted therapy combinations

Roche in the lead

Roche

	NSCLC			Breast Cancer			
Study	ATLAS (Phase III)	BETALung (Phase III)	Phase II	AVEREL (Phase III)	Pegram (Phase II)	Phase III	Phase II
Patient population	1st line maintenance non-squam.	2nd line	2nd line	1st line	1st line	Adjuvant	2nd line
Treatment regimen	CT + Avastin -> Avastin ± Tarceva	Tarceva ± Avastin	Avastin + Tarceva vs. Avastin + CT vs. CT	Herceptin + Taxotere ± Avastin	Herceptin + Avastin	Herceptin + Avastin tbd	Herceptin + Pertuzumab
Status	Started Q4'05	Started Q2'05	Presented ASCO'06 SABC'06	Started Q3 '06	Presented SABC '06	Planned	Presented ASCO'07

Potential patient benefits

- higher efficacy
- individualized treatment
- better tolerability

Roche setting the standard of care in combined targeted therapies

We offer more than oncology, e.g. rheumatoid arthritis / autoimmune

MabThera: RA
- Launched in RA anti-TNFα inadequate responders in US and EU
- Filing for RA in DMARD IR in 2008

MabThera: other autoimmune and MS
- In phase III for SLE, LN, ANCA ass. vasculitis
- Highly promising phase II data in RRMS
- Phase III data in PPMS in H1 2008

Actemra: RA
- Filed in Japan
- Broad phase III program addressing all important RA segments
- Four international phase III trials met primary endpoint
- Global filing by the end of 2007

Ocrelizumab: RA, lupus and MS
- Phase II trial in RA met primary and secondary endpoints, presented at ACR '06
- Phase III program in RA running
- Phase III in SLE, LN and RRMS in preparation

In phase II
- R1503 (p38 kinase inhibitor) – first RA data in 2007
- R3421 (PNP inhibitor) – study in psoriasis running

In phase 1
- 4 compounds for autoimmune diseases

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Performance up-date

External factors influencing our industry

Summary

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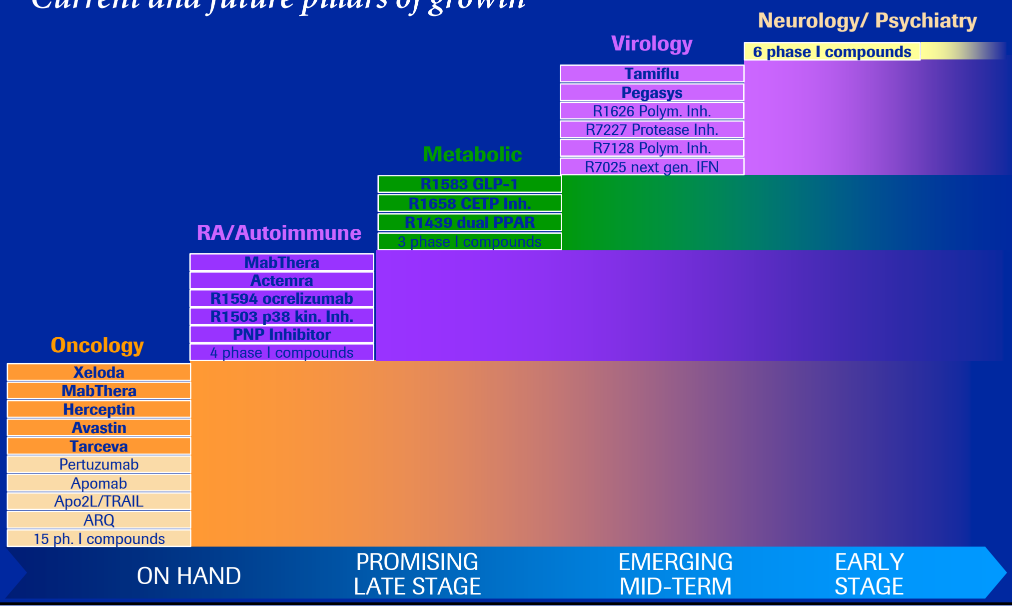
Roche key therapeutic areas

Current and future pillars of growth



Roche: A unique "investment case"

- **Clear and focused strategy**
  - Medically-differentiated products; poised to become leader in Personalised Healthcare
- **Attractive risk profile**
  - Low generic risk; lowest among European large-cap players
  - 37 Phase III projects; many additional indications
- **Assets in place for sustained success**
  - World market leader in Oncology
  - Emerging Rheumatology & Autoimmune franchises
  - Promising Phase II pipeline in Diabetes, Metabolism; early-stage compounds in CNS and Virology
- **Industry-leading organic growth & value creation**
  - H1 '07: Sales +15 %, Core EPS +21 %; Core EPS to grow ahead of sales

Unique high-tech healthcare investment

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