

Roche: Building on strength

Roadshow, October 2008

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Corporate Executive Committee and CFO*



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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Performance update

Our priorities

Our business model works – also in the current environment

Short term

- Acting from a position of stability and strength: ~CHF 3 bn organic sales growth¹
- Products serving high medical needs - less exposed to economic climate

Long term

- Demand will remain for products with clear medical value
- Progress in science will lead to more targeted treatment options
- Well positioned with an innovation-focused business model leveraging Pharma & Diagnostics

Genentech minority buy-out

- Roche reaffirms commitment to Genentech offer and a negotiated agreement

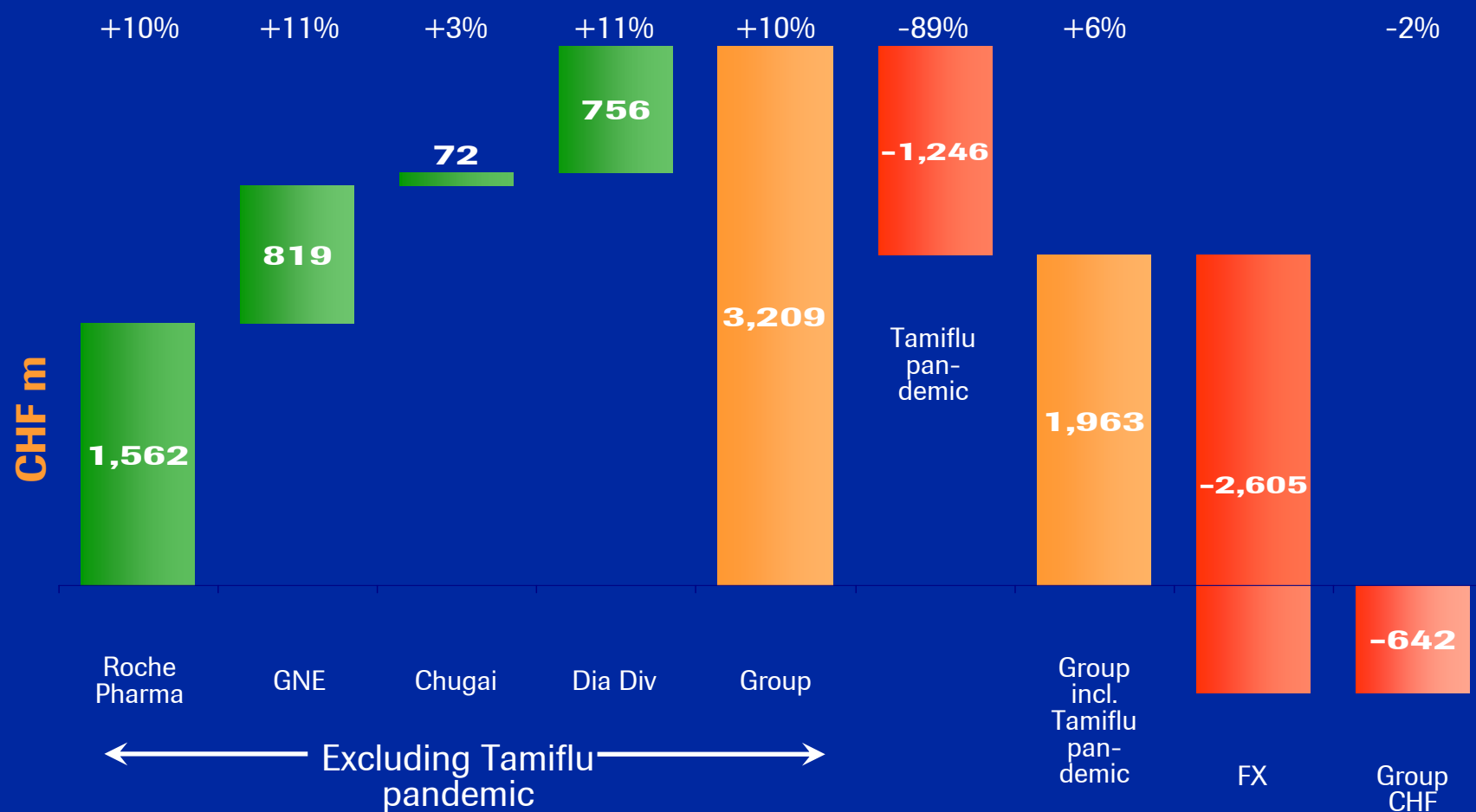
¹ YTD Sept 2008, excluding Tamiflu government and corporate pandemic sales

Continued strong growth in both divisions

CHF bn			% change in		USD growth
	YTD 9'07	YTD 9'08	CHF	local	
Pharmaceuticals	27.1	26.2	-3	4	11
excl. Tamiflu pandemic	25.7	26.1	1	10	17
Diagnostics	6.8	7.1	4	11	20
Roche Group	33.9	33.3	-2	6	13
excl. Tamiflu pandemic	32.5	33.2	2	10	17

YTD Sept '08: ~CHF 3 bn organic growth

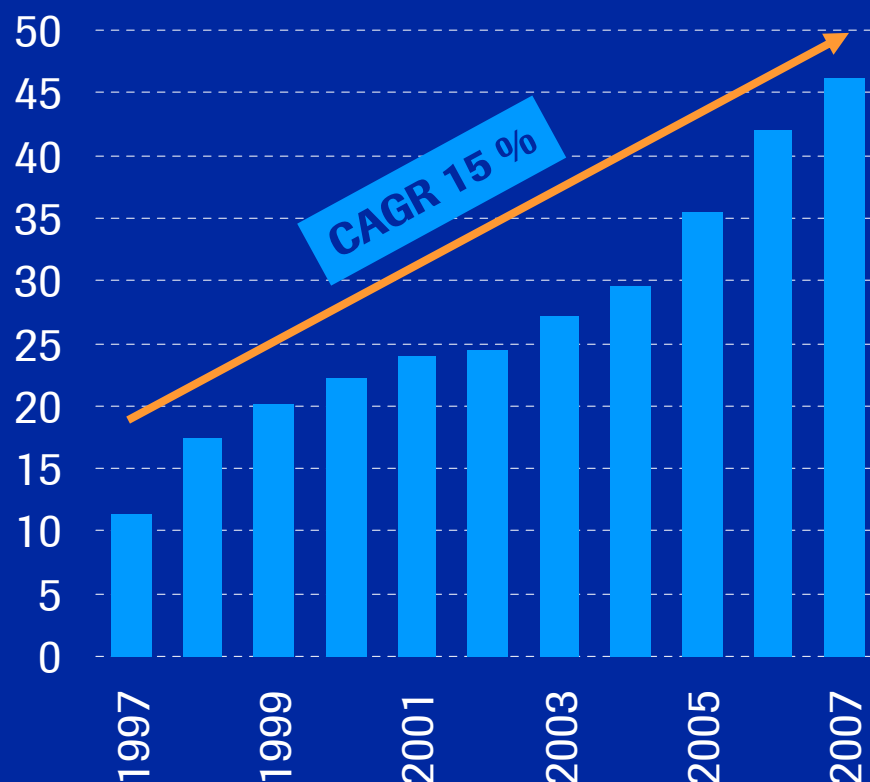
Strong underlying growth impacted by currency and Tamiflu effect



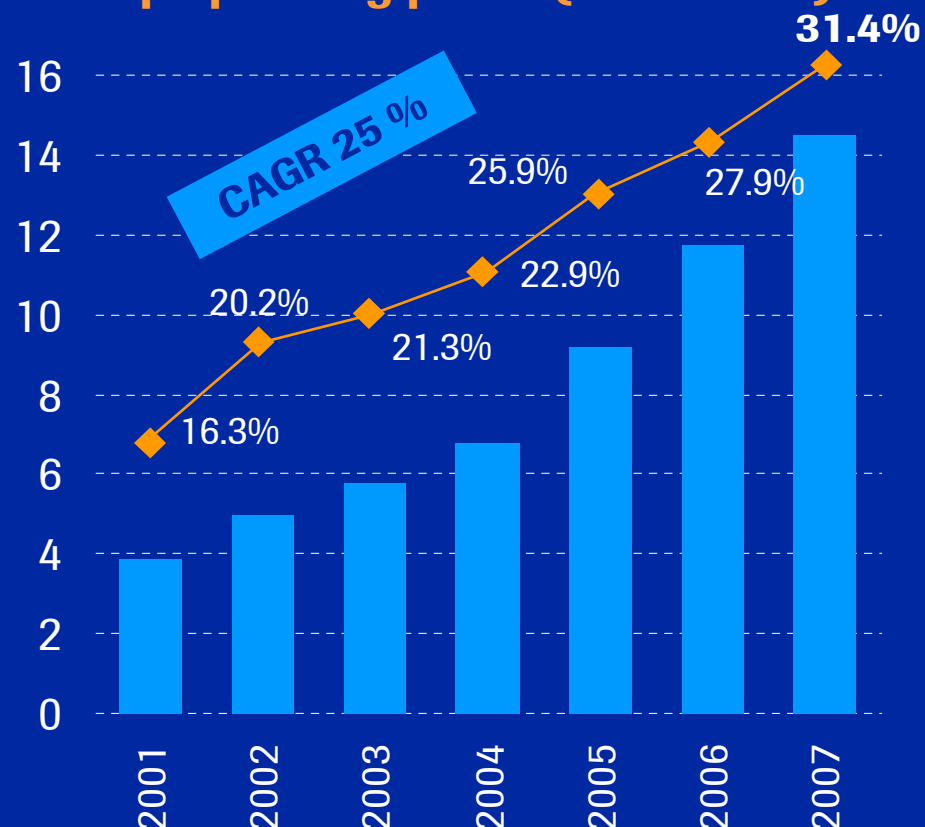
Focus on differentiated products paying off

Outstanding long-term value creation

Group sales¹ (CHF billion)



Group operating profit² (CHF billion)



Continuing to focus on our core assets

¹ Prescription and Diagnostics

² Continuing businesses, before exceptional items

Reconfirming objectives for 2008

Sales

- High single-digit local currency sales increase for Roche Group (excl. Tamiflu pandemic¹)
- Above-market sales growth¹ in both divisions

Core EPS

- Core earnings per share target² at least at record 2007 level despite significant increase in R&D investment and considerably lower Tamiflu pandemic sales

Shareholder return

- Continuous increase in dividend pay-out ratio over the next 3 years

¹ Excluding government and corporate stockpiling orders of Tamiflu for pandemic use

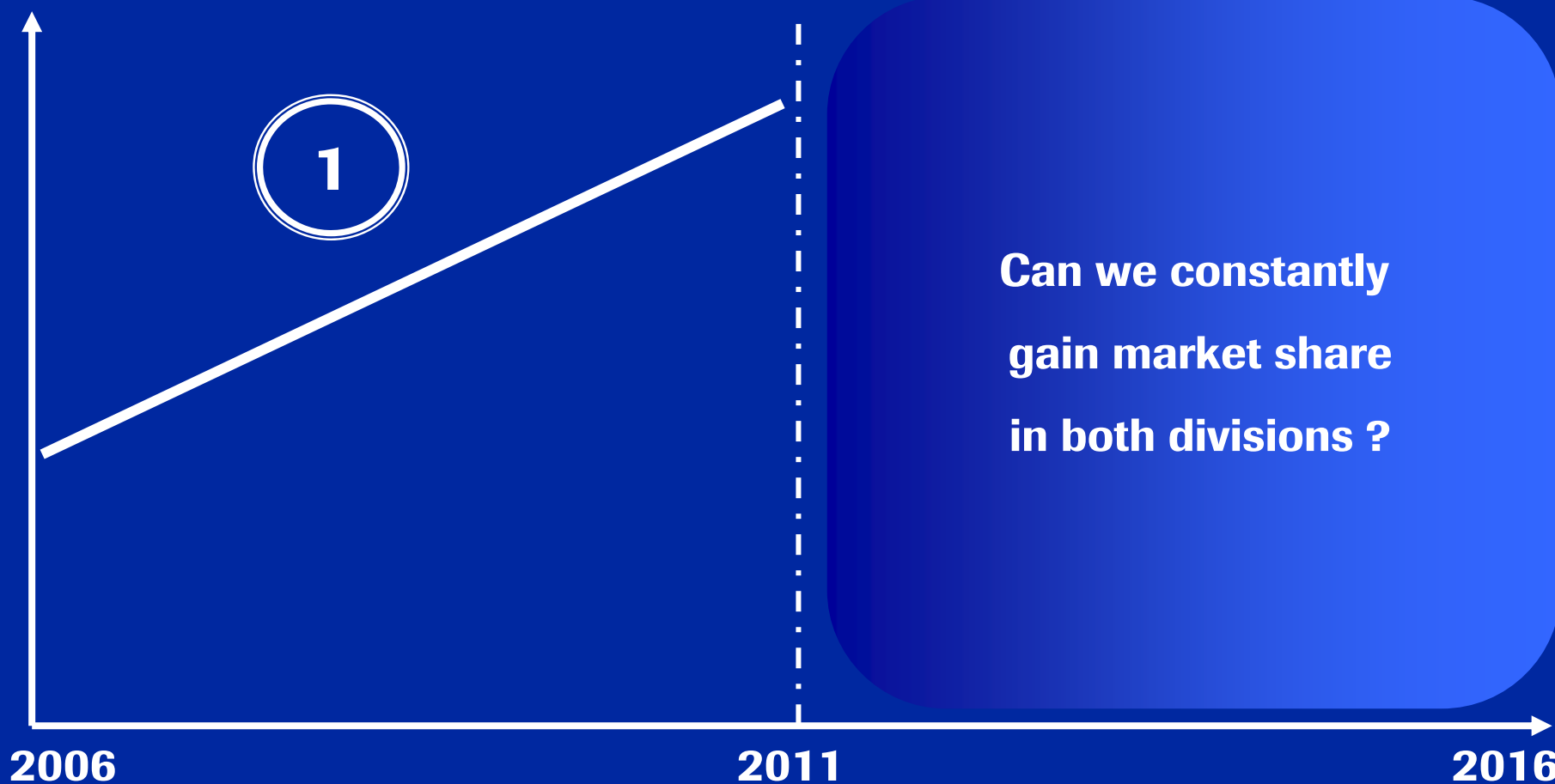
² At constant exchange rates

Performance update

Our priorities

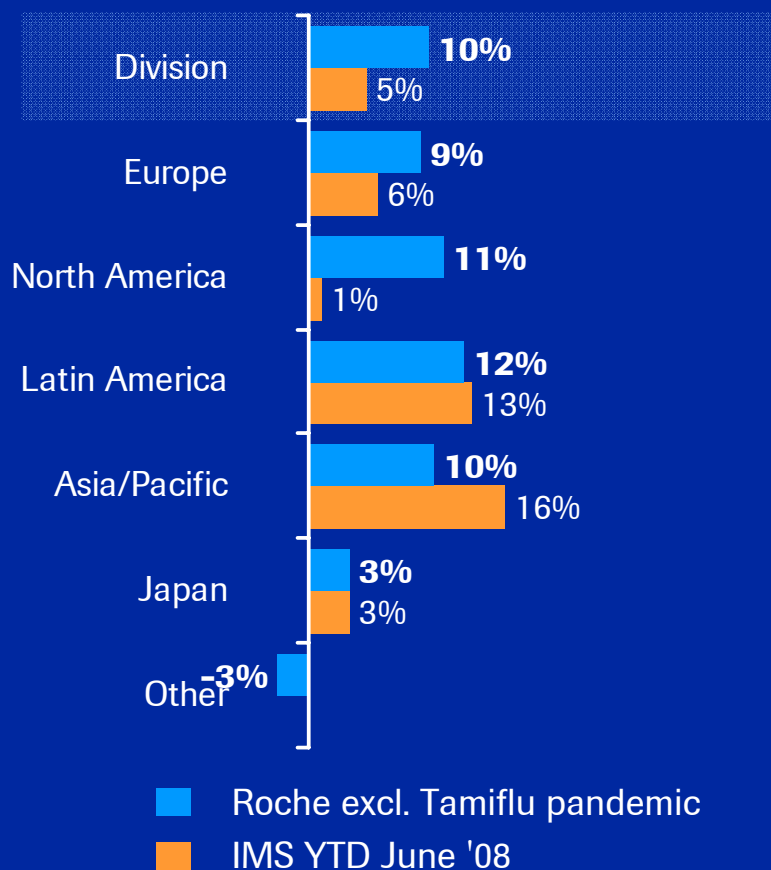
Roche Challenge # 1

Achieve above peer level sales growth for both divisions

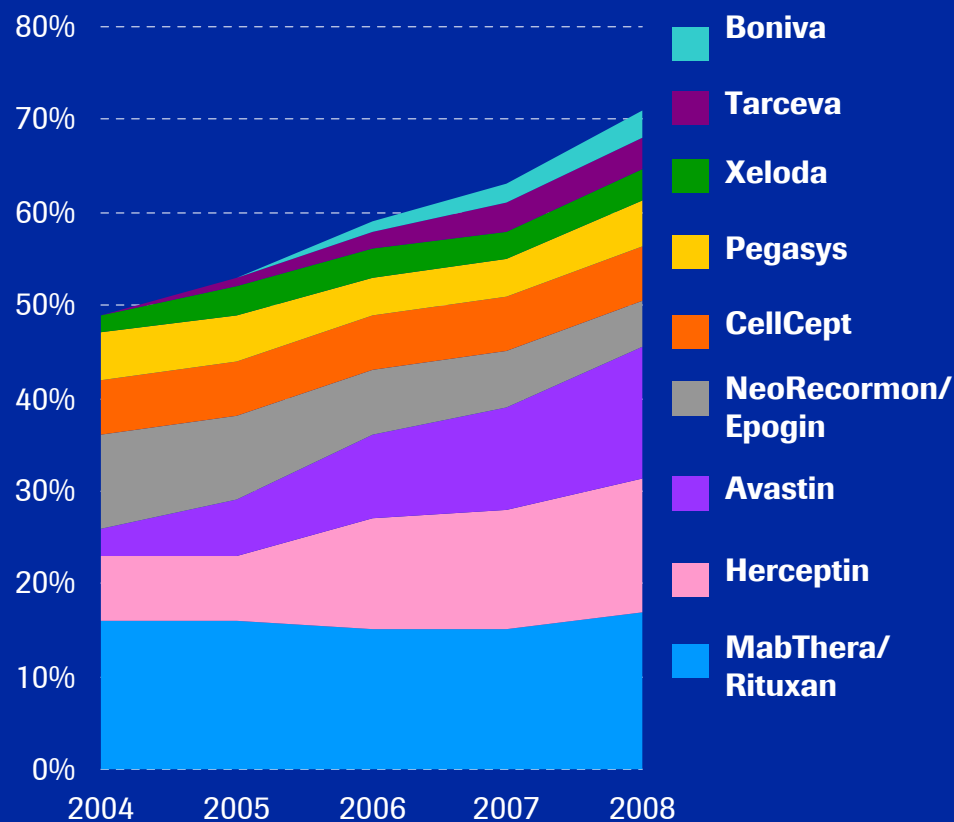


YTD Sept '08: Risk-diversified business continues to outperform the market

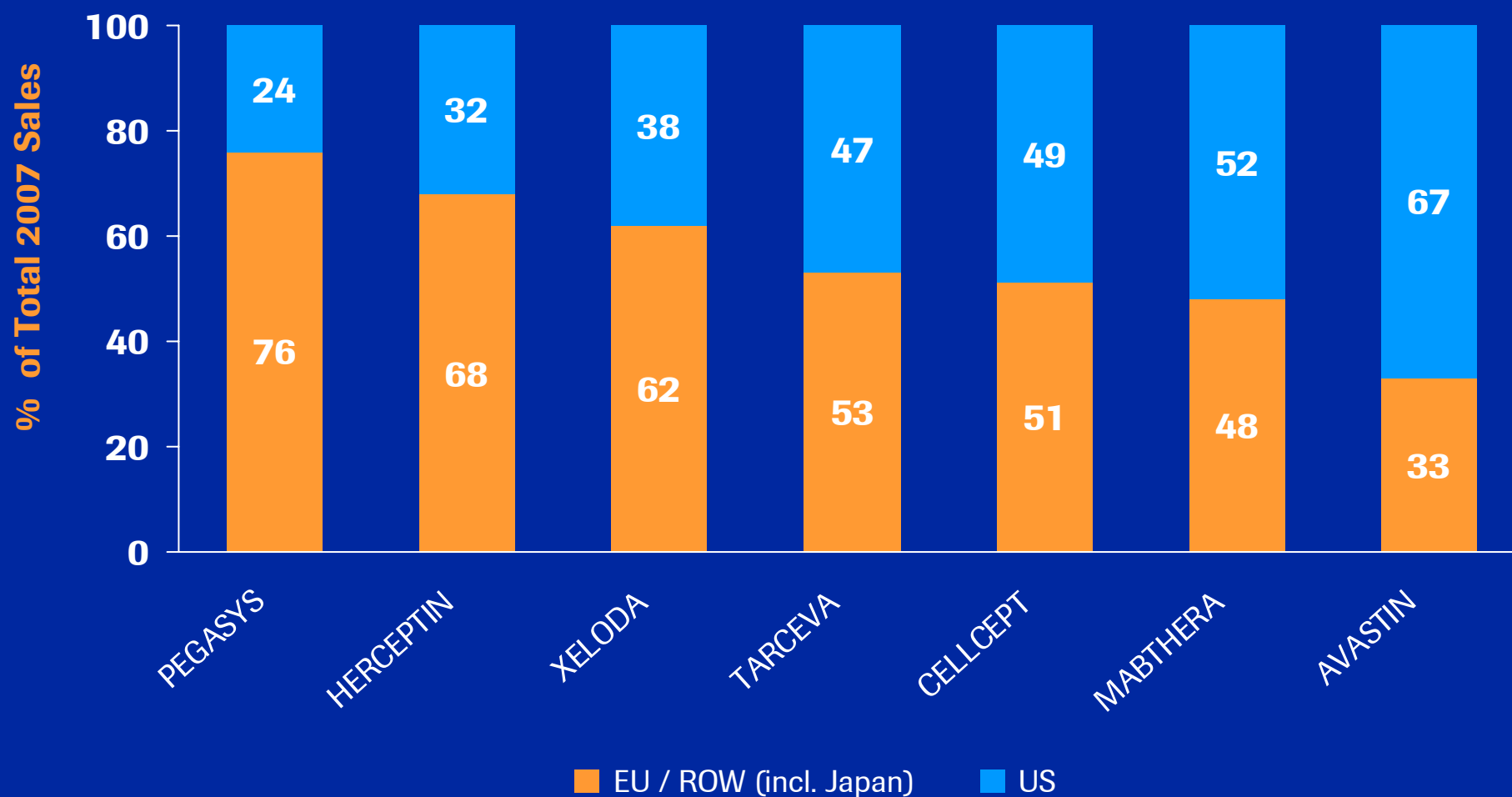
Local sales growth



Key products account for >70% of business

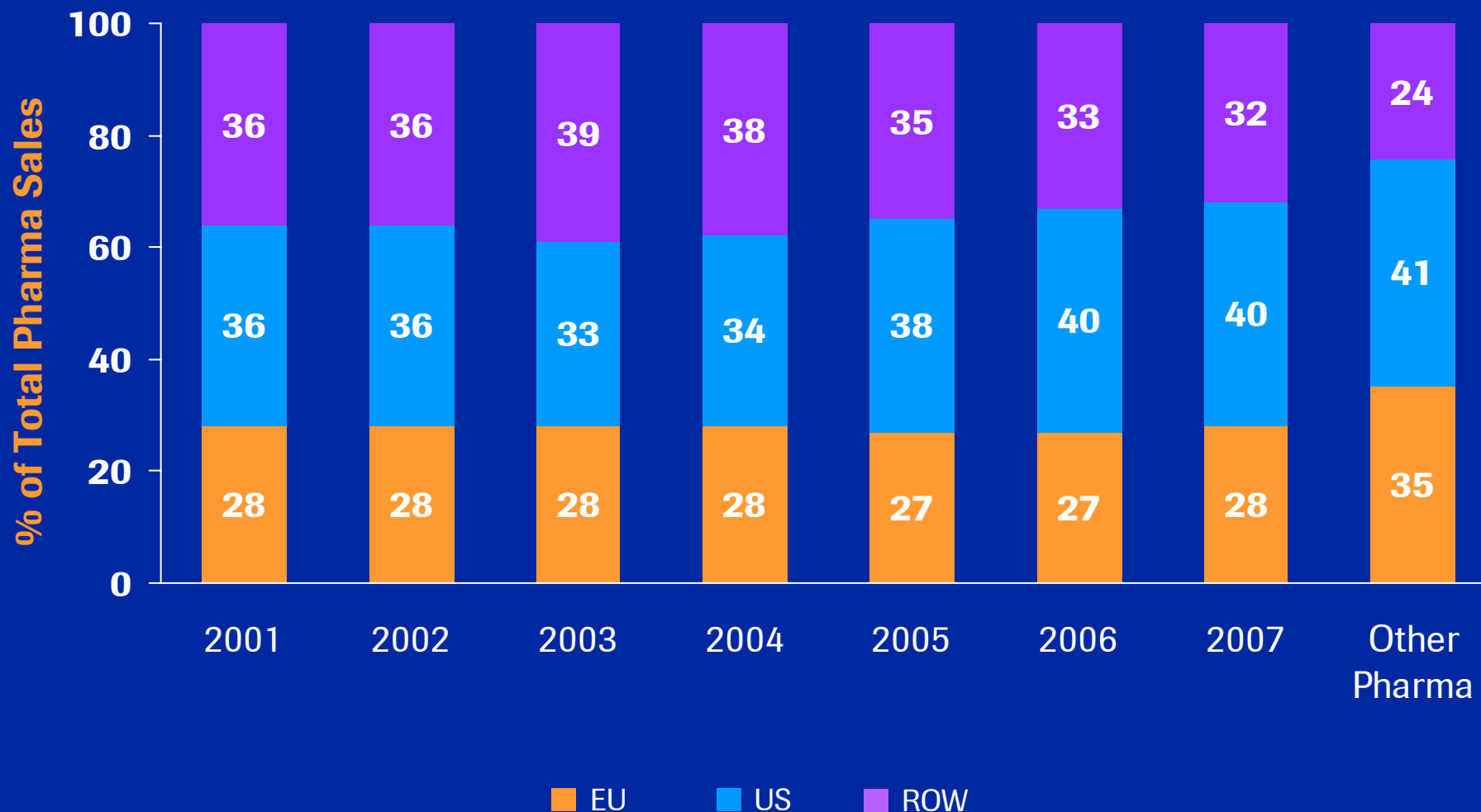


Major growth opportunities outside the US



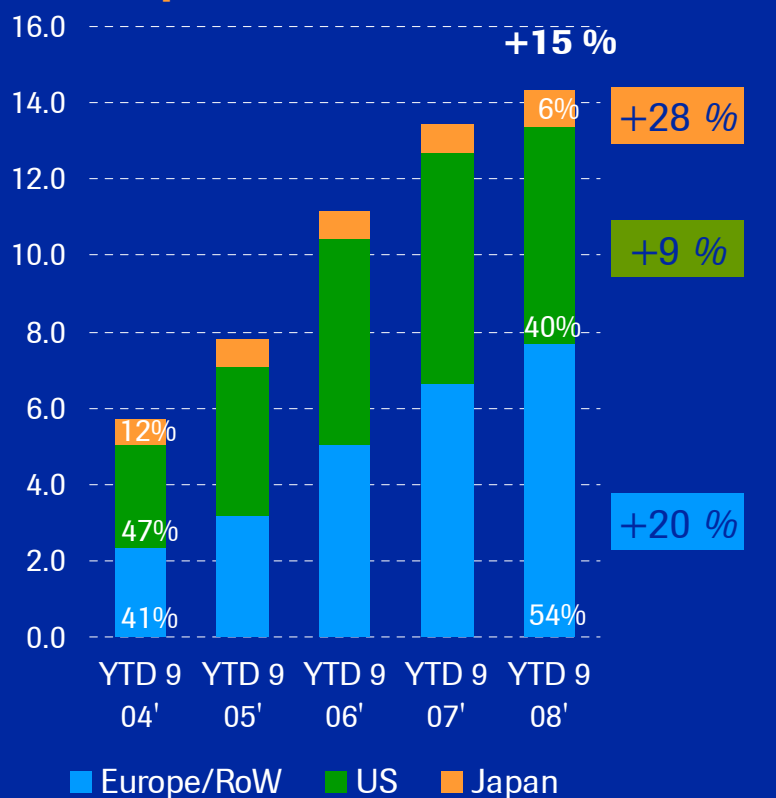
A well balanced geographic split

ROW of continued importance



Oncology: Europe/RoW continues impressive growth

Oncology sales
YTD Sept (CHF bn)



Double-digit growth outside the US

Europe/RoW

- Continued strong increase in Avastin utilization across four approved tumor types
- Emerging markets contributing to continued MabThera, Herceptin, Tarceva growth – Avastin still untapped potential

Japan

- Important progress made in portfolio roll-out
 - Avastin, Tarceva, Herceptin (adjuvant) launches

Our oncology strategy: Setting new standards of care

New tumor types, new combinations, new lines of intervention

Clinically differentiated product

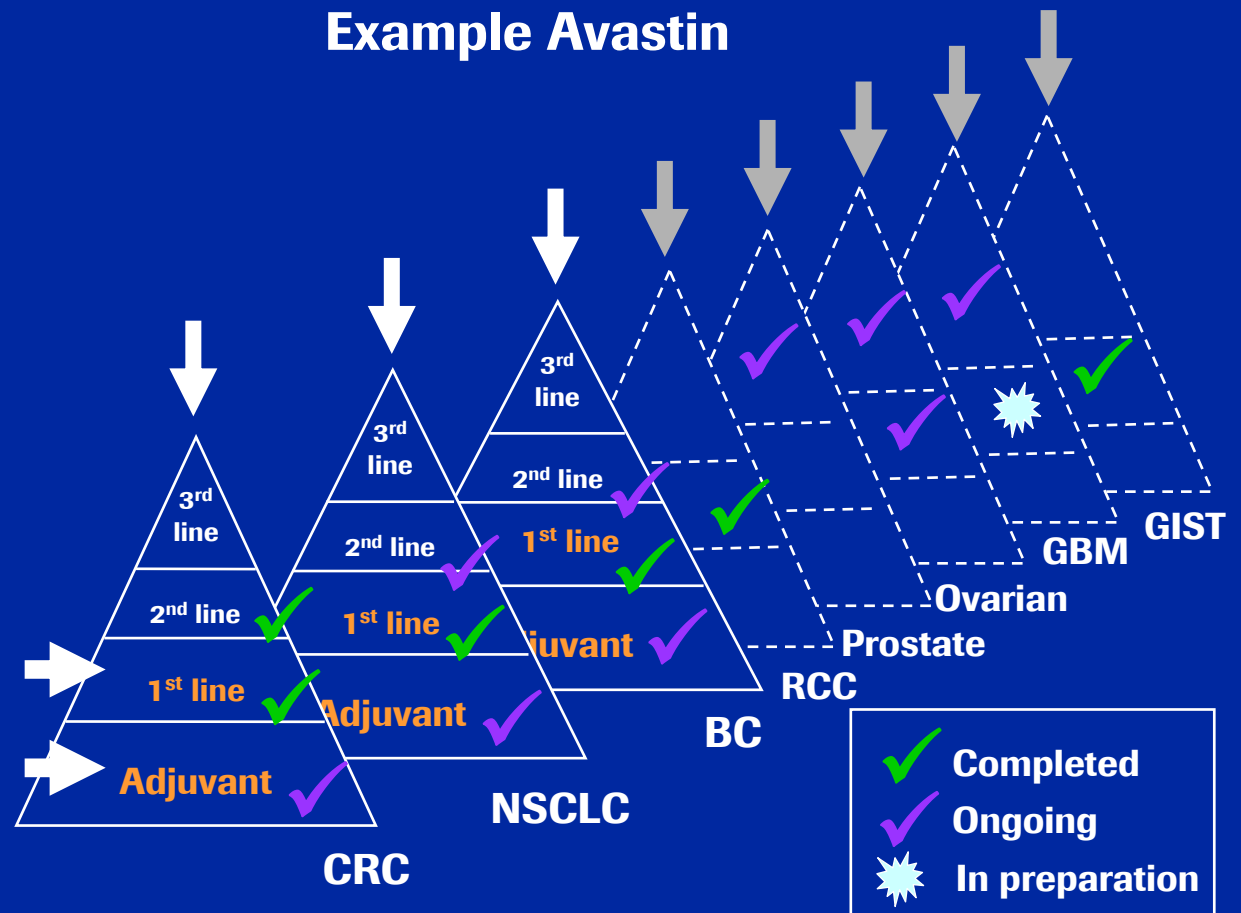
target all tumor types

target all possible combinations

target earlier (adjuvant) intervention

Superior outcome for patients

Example Avastin



Avastin still early in its journey

Realising full potential across tumour types

Tumour	Early/adjvant (Potential for cure)	Advanced/metastatic (Extending life)	
		1 st -line of treatment	2 nd -line of treatment
Colon/ rectal	Phase III (AVANT, NSABP C-08, E5202, E5204)	Launched [EU, US, JP; broad label in 1st and subsequent lines]	
Lung (NSCLC)	Phase III (E1505)	Launched [EU majority of chemos, US carboplatin/paclitaxel]	Phase III (BETA Lung w/Tarceva)
Breast (HER2-)	Phase III (BEATRICE, E5103)	Launched [EU paclitaxel] Phase III (AVADO, RIBBON-1)	Phase III (RIBBON-2, incl. w/Xeloda)
Breast (HER2+)	Phase III (BETH w/Herceptin)	Phase III (AVEREL w/Herceptin)	-
Kidney (RCC)	-	Launched [EU; with interferon]	

Avastin also trialed in gastric, ovarian, prostate, aNHL, and brain (GBM)

(Trial names) [Approval status]. More trials are ongoing than listed above.

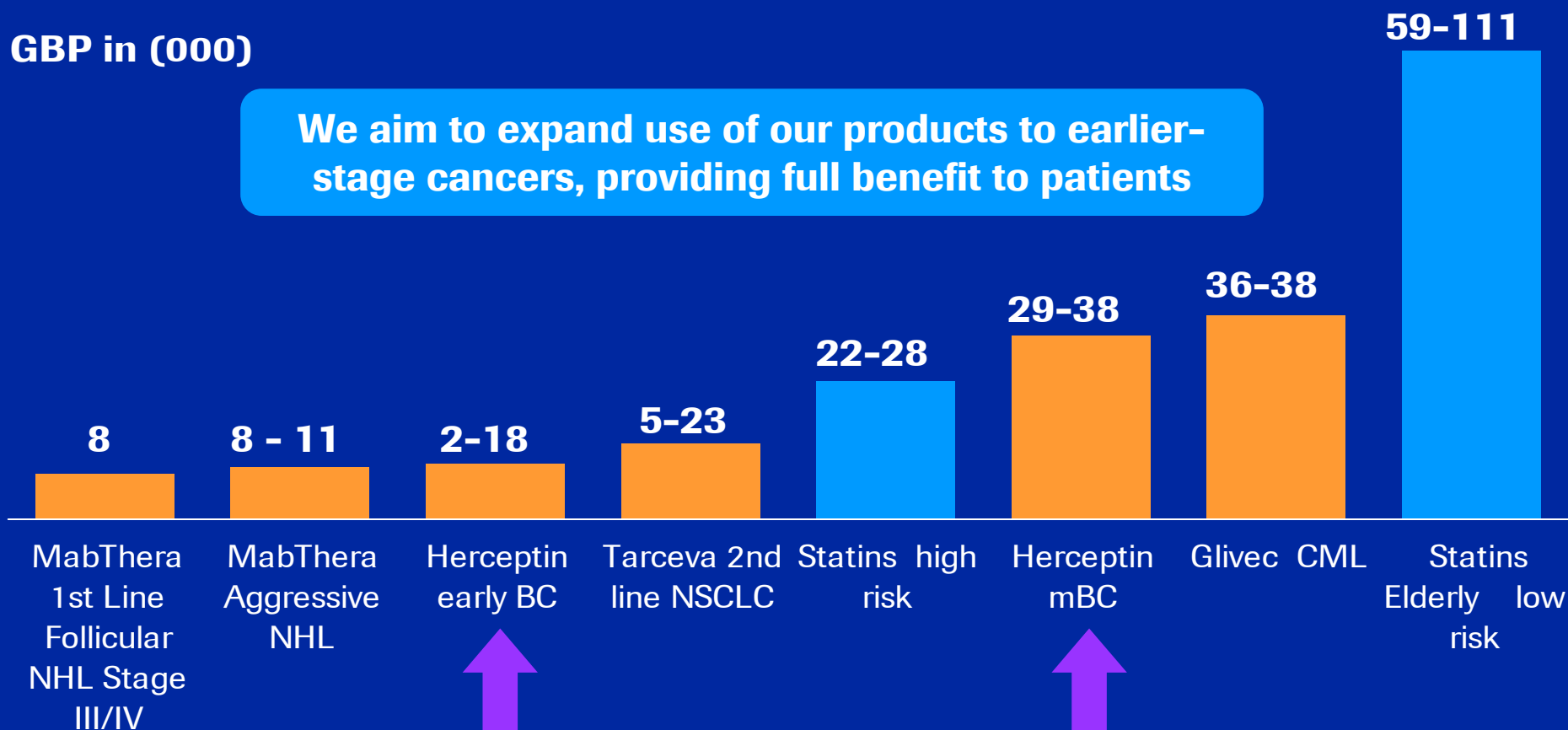
Funding

Roche oncology products are cost-effective

Cost per QALY for selected drugs (UK data – NICE/SMC)

GBP in (000)

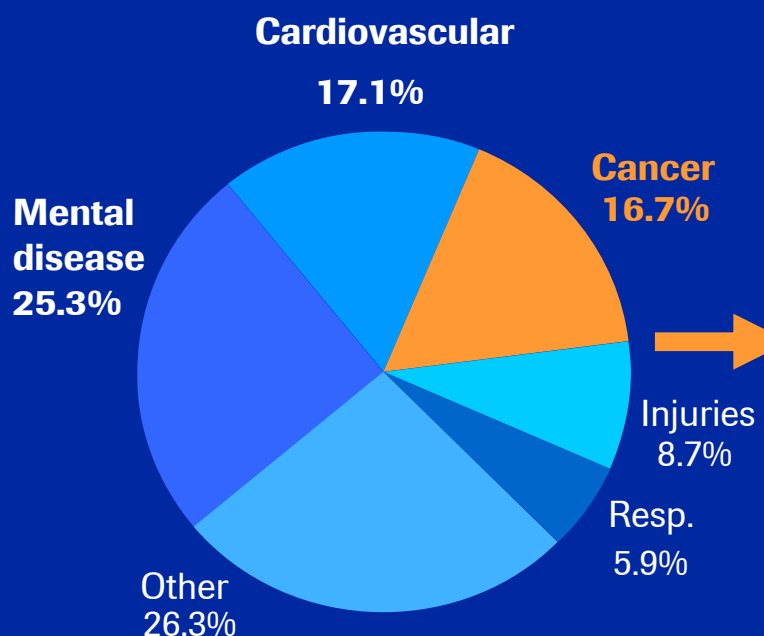
We aim to expand use of our products to earlier-stage cancers, providing full benefit to patients



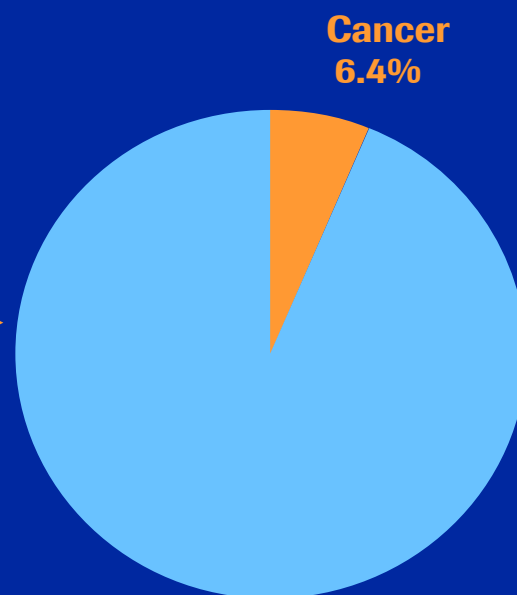
Oncology is still dramatically under funded

Compared to other disease areas

Total disease burden in DALYs

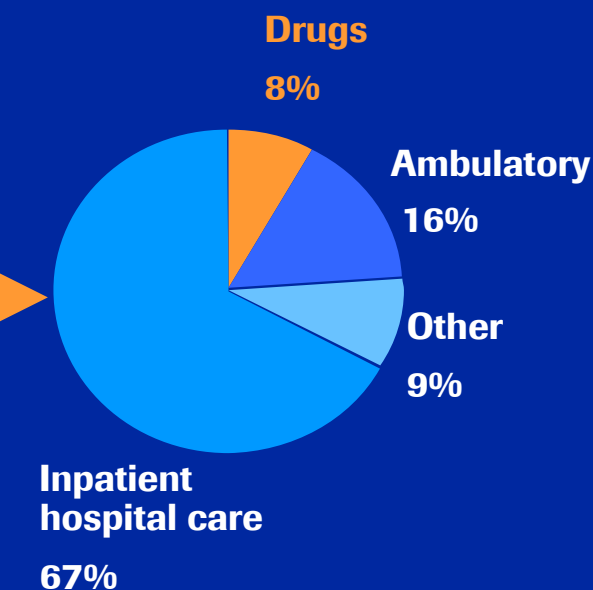


Total healthcare costs



Cost breakdown in oncology

(example: Germany)

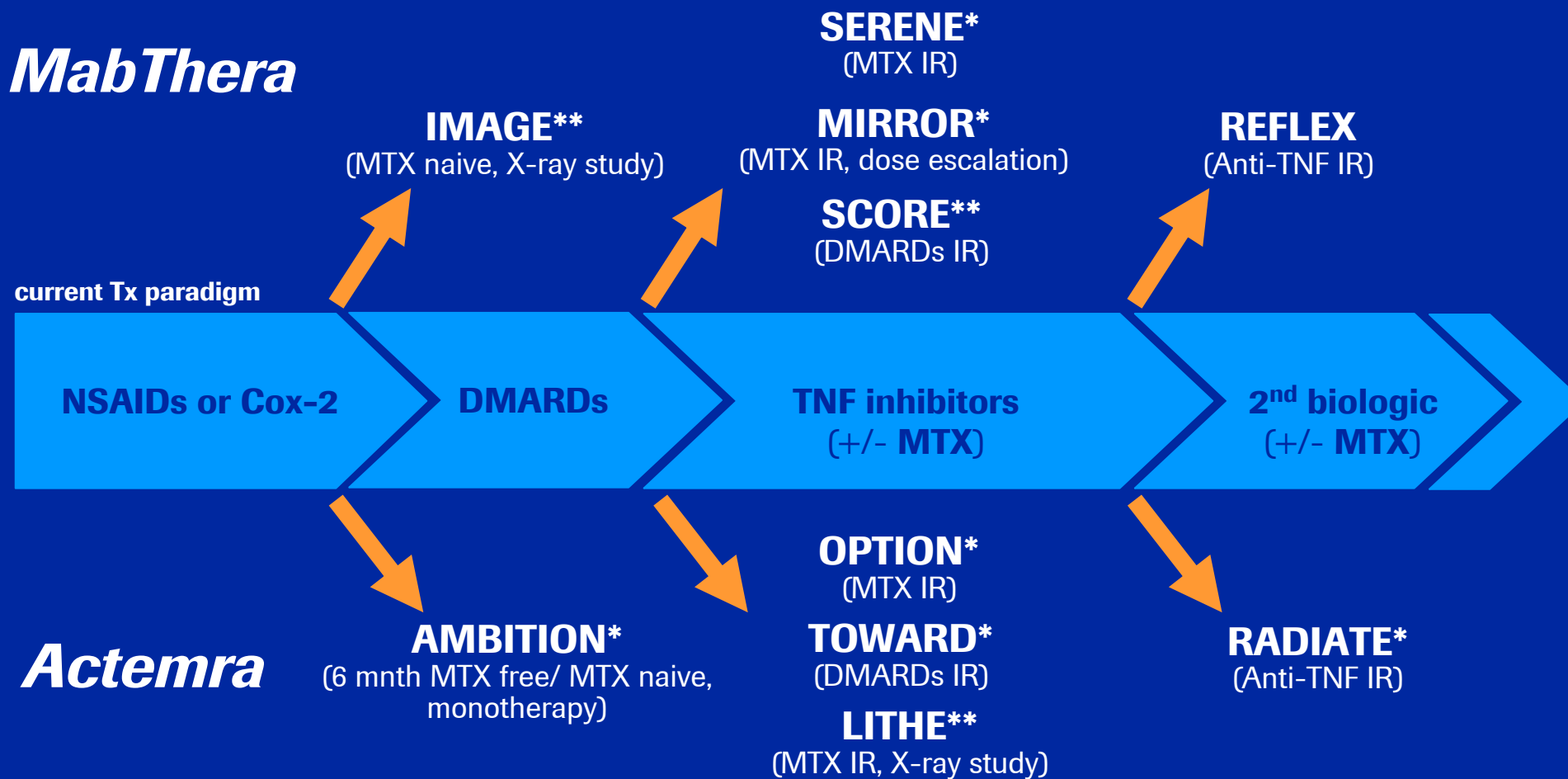


Source: A pan-European comparison regarding patient access to cancer drugs, Karolinska Institute
 DALY: Disability-Adjusted Life Years, figures from 2002/3; Commonly used measure of the burden of disease

Comprehensive development program in RA

Covers all treatment stages

MabThera



* Indication not yet approved, awaiting regulatory approval

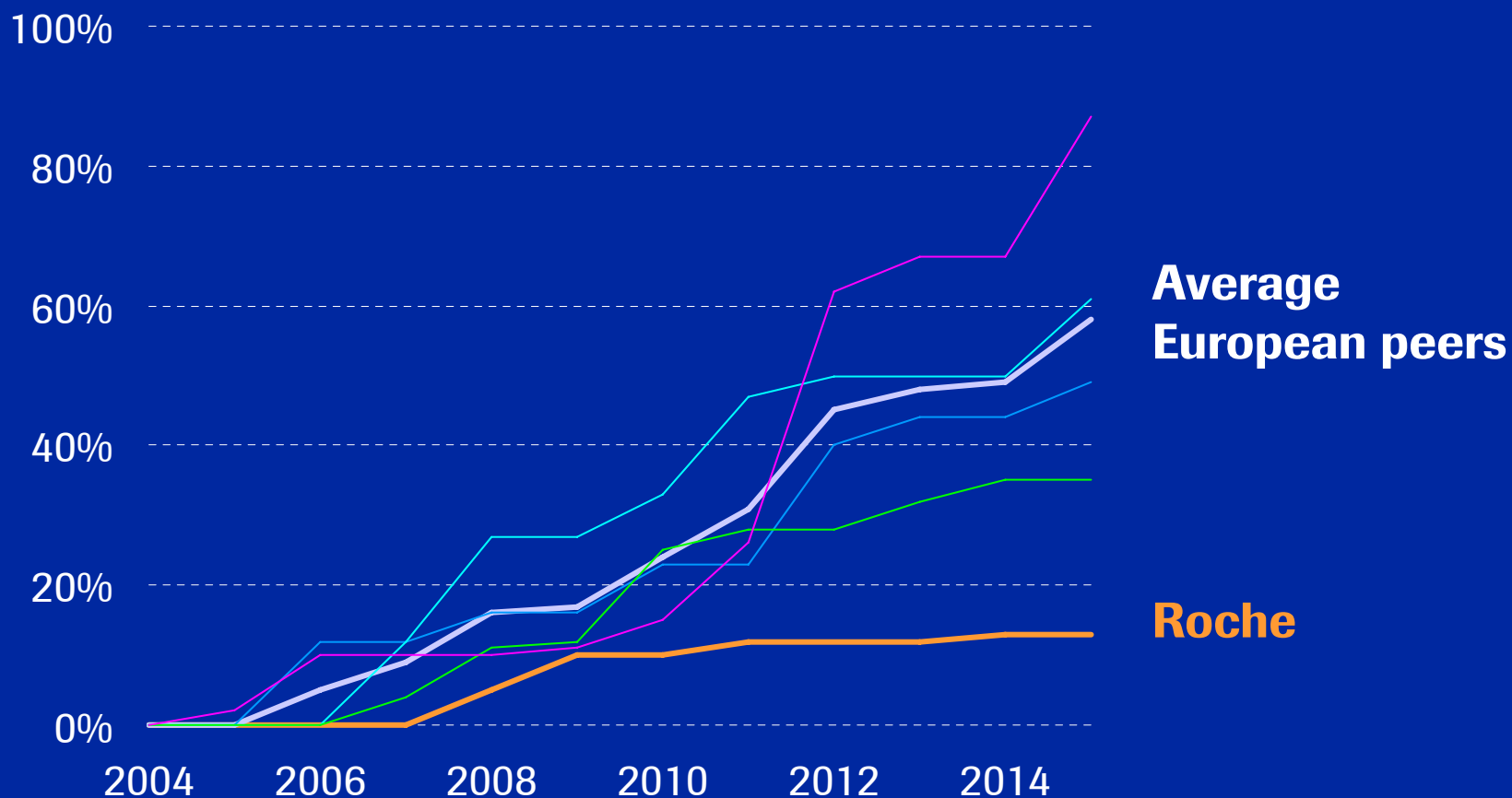
** Phase III trial in progress



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

Avastin
in CRC

Avastin
in NSCLC

Avastin
in BC

MabThera

Xeloda

Herceptin

Tarceva

Actemra

MabThera in RA

Pegasys

Neo Recormon
Mircera

Boniva

CellCept

Immuno-
Diagnostics

Diabetes Care

Molecular
Diagnostics

Avastin adjuvant
CC

Avastin adjuvant
NSCLC

Avastin adjuvant
BC

CETP i

GLP-1

Pertuzumab

Ocrelizumab (AI)

FUTURE PILLARS

The short/medium-term *sales* perspective

Challenge # 1:

Achieve above industry-standard sales growth

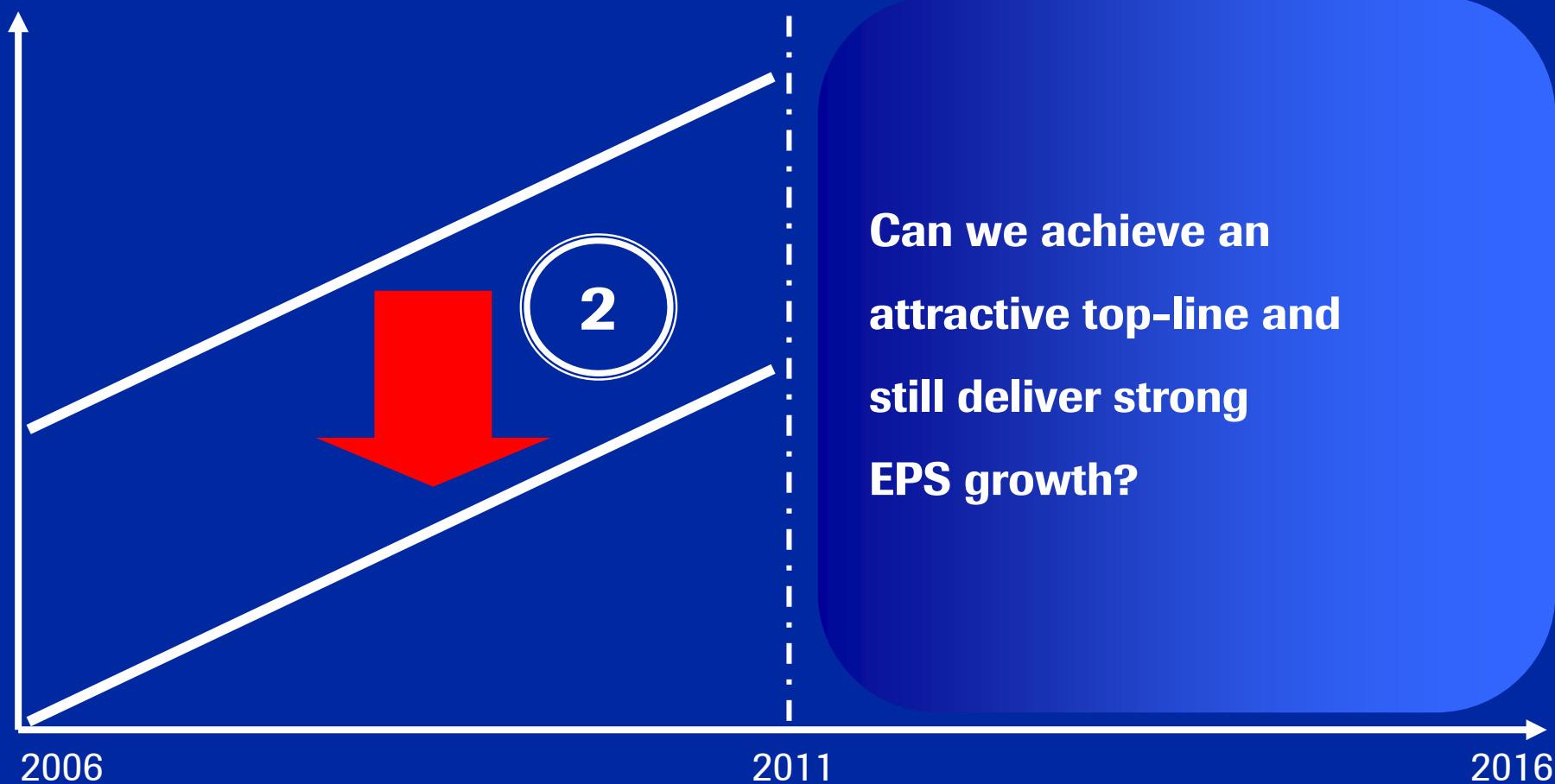
A blue arrow pointing to the right, indicating a flow or transition from the challenge to the conclusion.

Conclusion # 1:

Roche wants to maximize assets on hand –
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

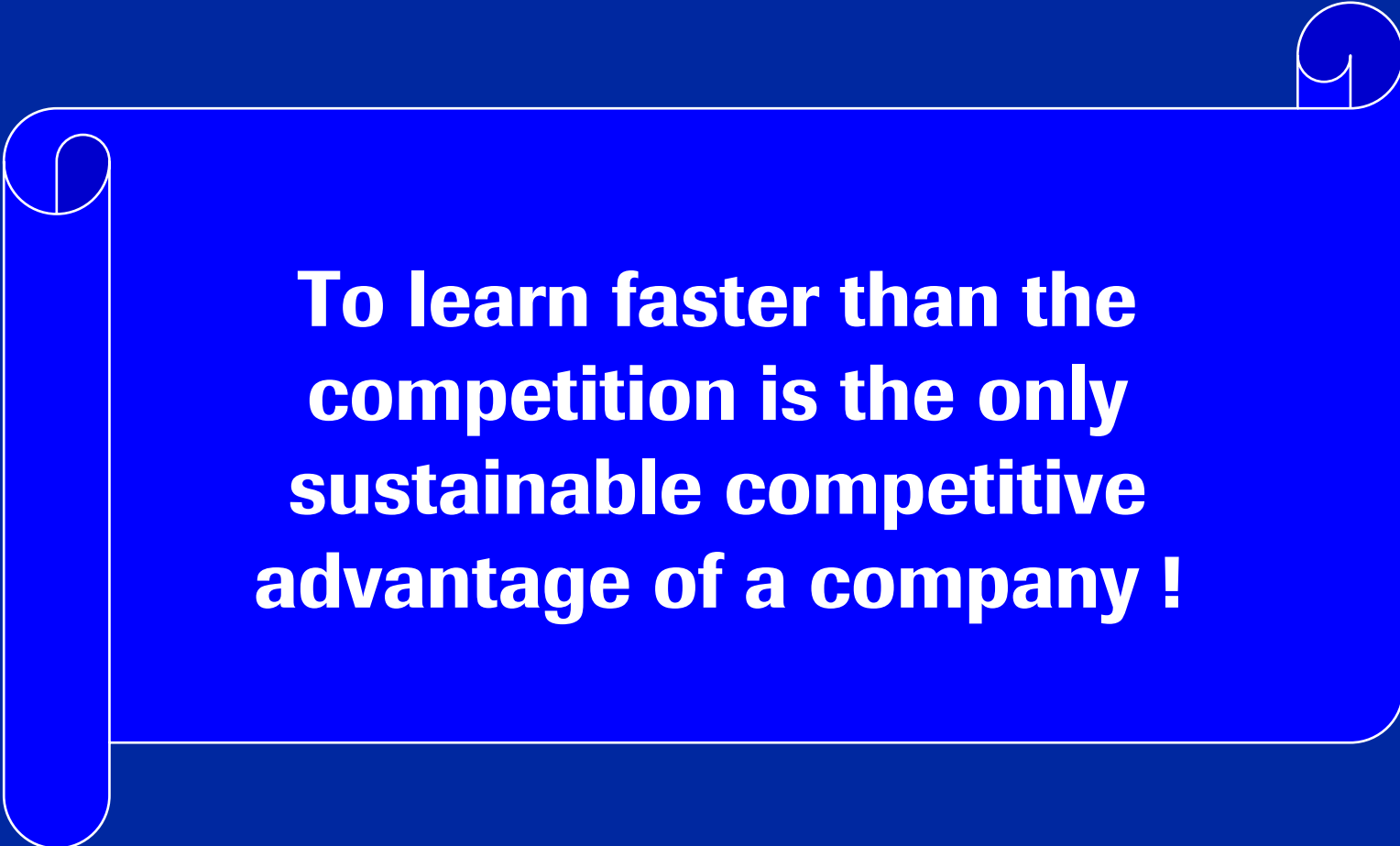
- **People are key!**

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**

A large, white-outlined scroll graphic that frames the central text. It has a vertical scroll on the left side and a horizontal scroll at the top right, with the scroll ends curving inward.

**To learn faster than the
competition is the only
sustainable competitive
advantage of a company !**

Activate our employees' potential

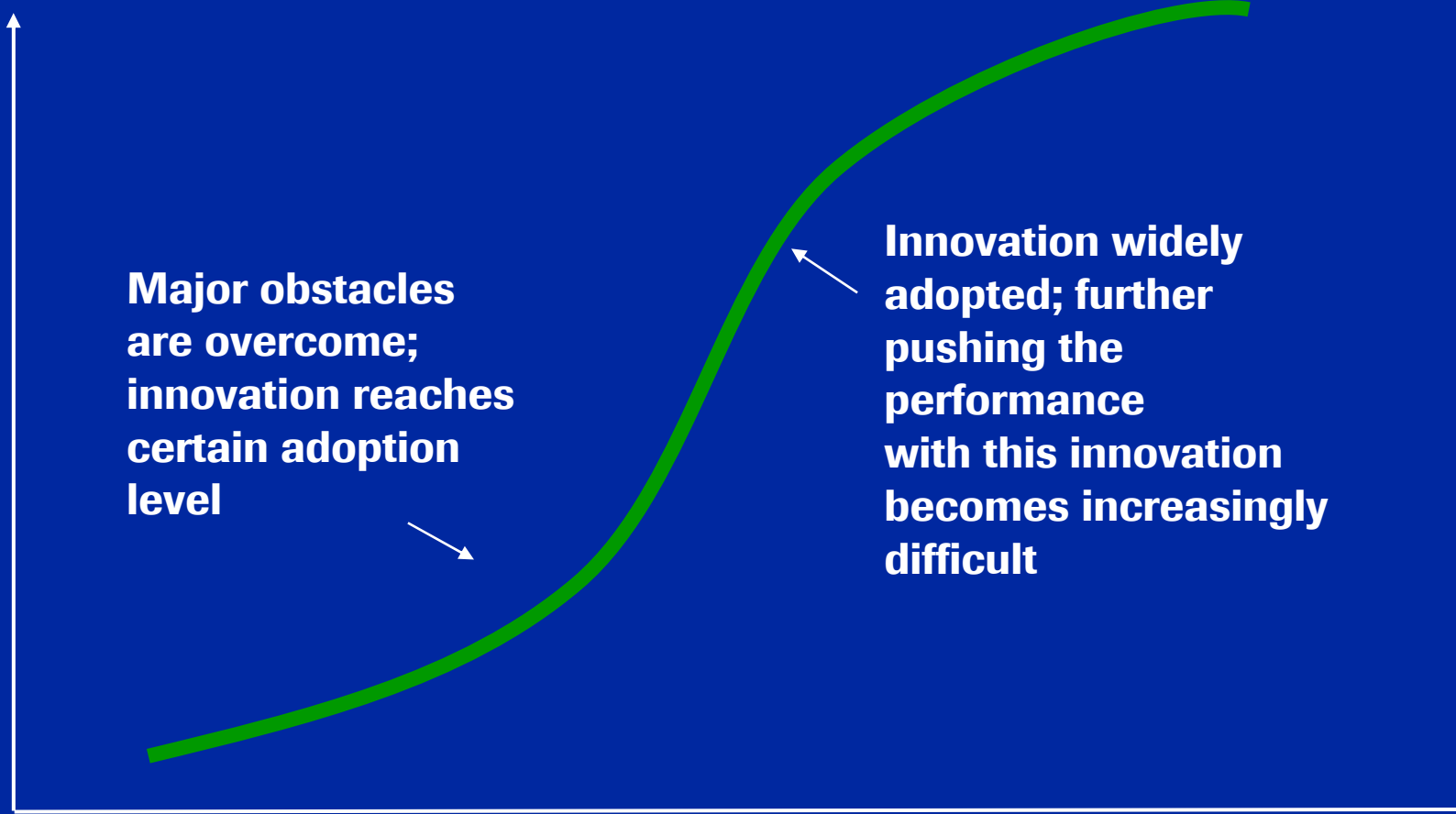
Constant education to overcome fear of change



Innovation and Change Management

Performance improvements are not linear

Performance



Major obstacles are overcome; innovation reaches certain adoption level

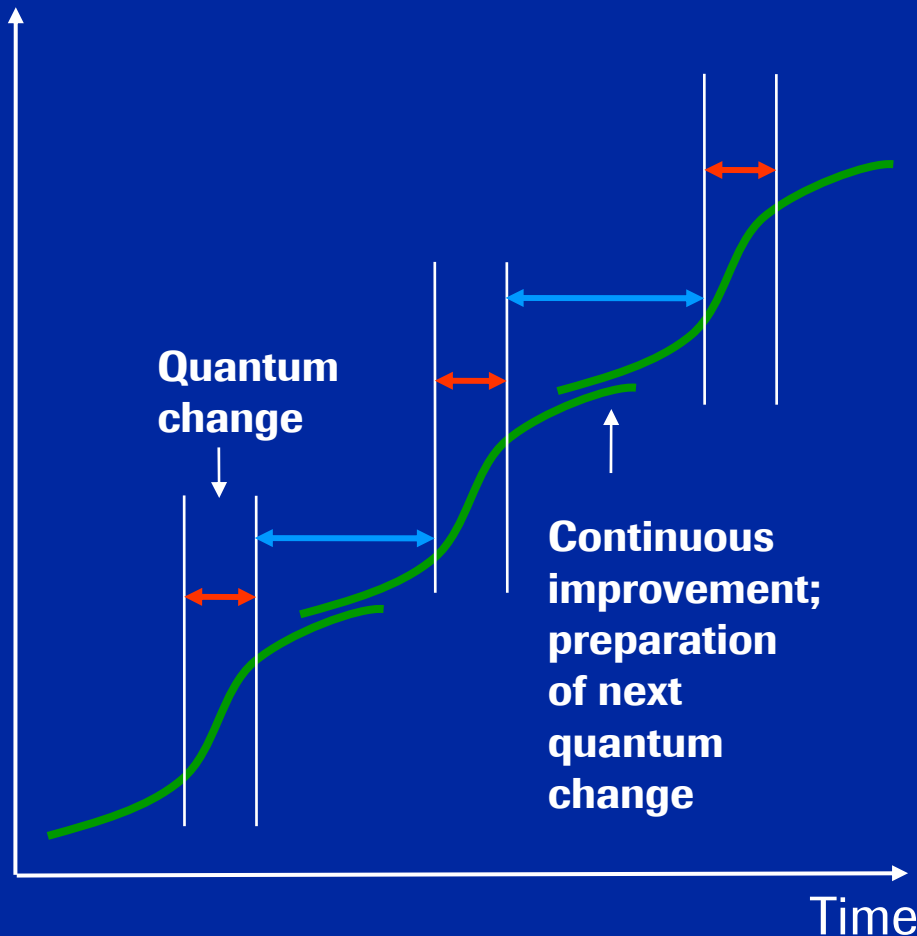
Innovation widely adopted; further pushing the performance with this innovation becomes increasingly difficult

Time

Large-Scale Transformation

Requires multiple S-Curves building on each other

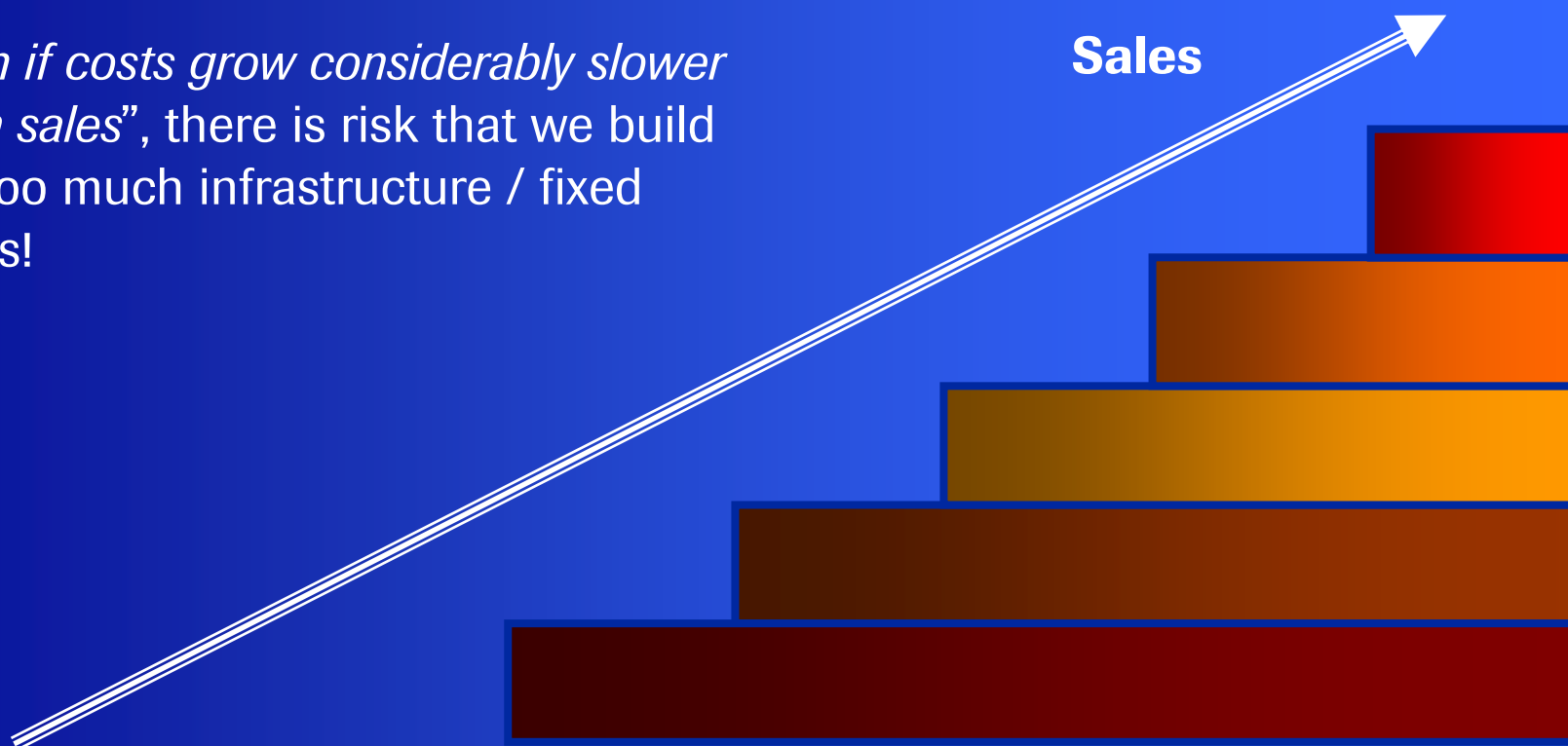
Performance



- Critical for large scale transformation is that major innovations build on each other
- Combination of quantum-leap progress and continuous improvement
 - Organisation needs a major step change every few years followed by a period of stability to digest, optimize and continuous improvements

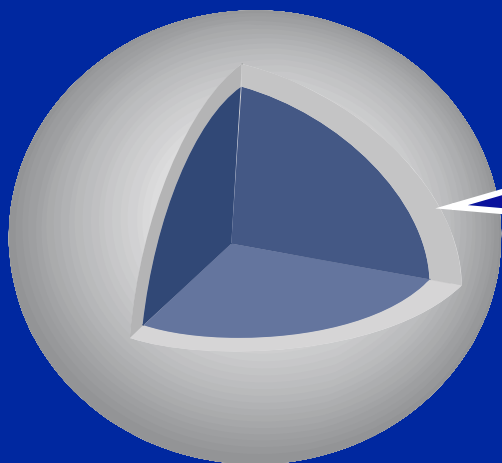
What is the right quantum size for a “sustainable” Roche?

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



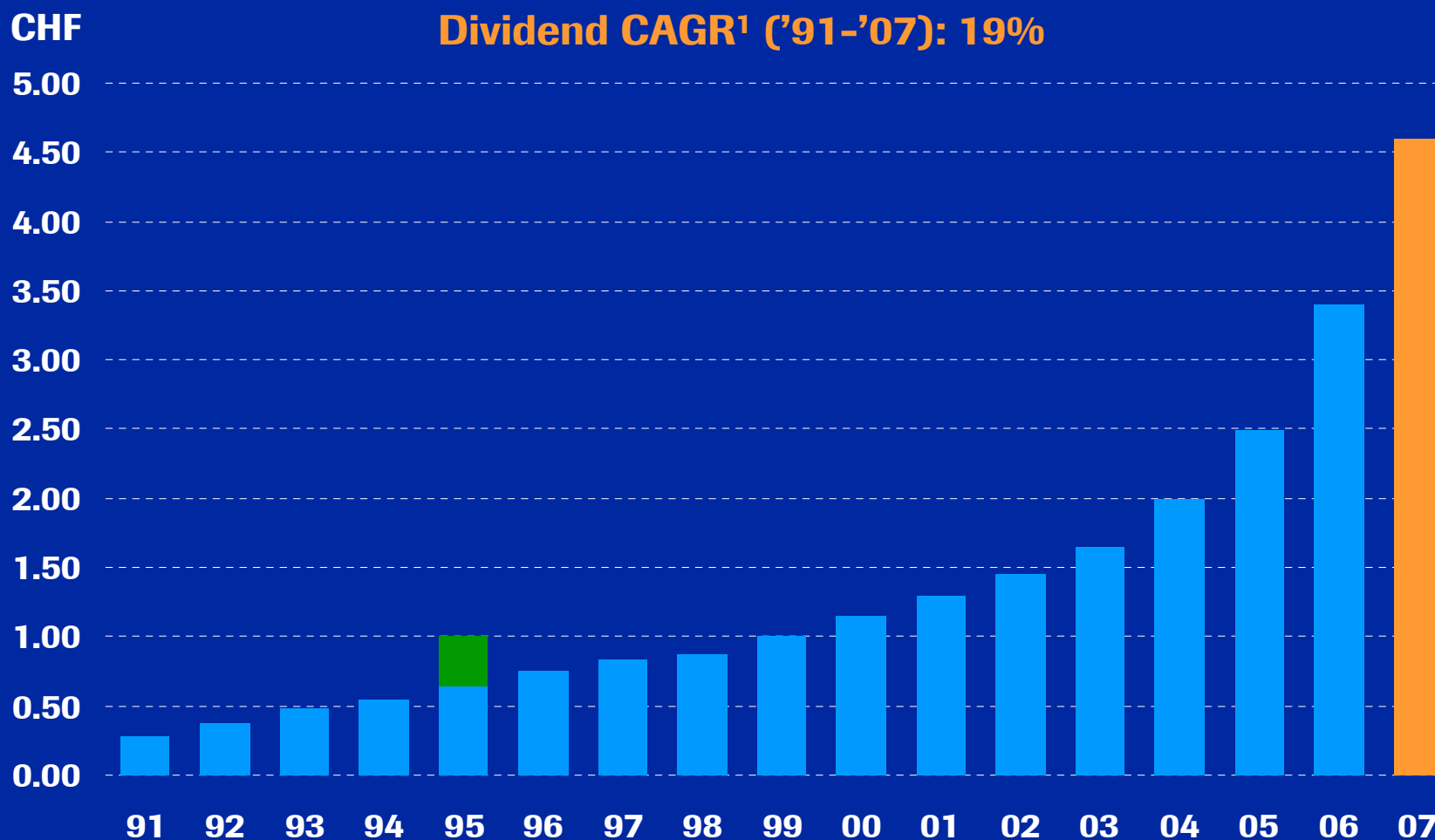
Constantly improving operational productivity

Operational productivity is an important key enabler for the Roche Group



We must become better and cheaper in whatever we do!

Committed to continuously increase pay-out ratio over the next 3 years




¹ Compound Annual Growth Rate.
1995 includes centenary bonus. 2007 Dividend: Proposed by the Board of Directors.

Short/medium term *bottom-line* perspective

Challenge # 2:

Achieve above industry-standard value creation

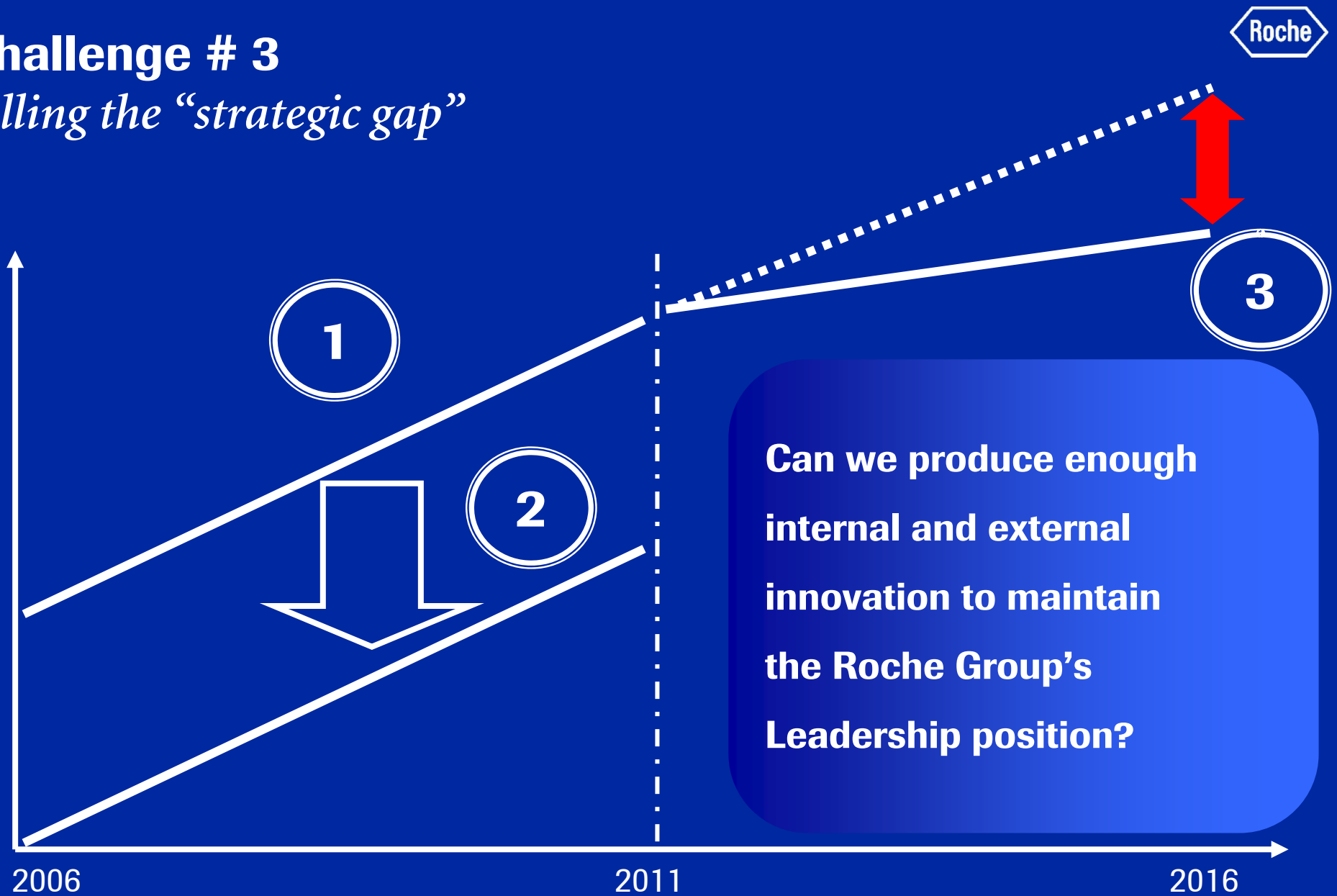
Conclusion # 2:

A blue arrow pointing to the right, indicating a flow from the challenge to the conclusion.

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

Challenge # 3

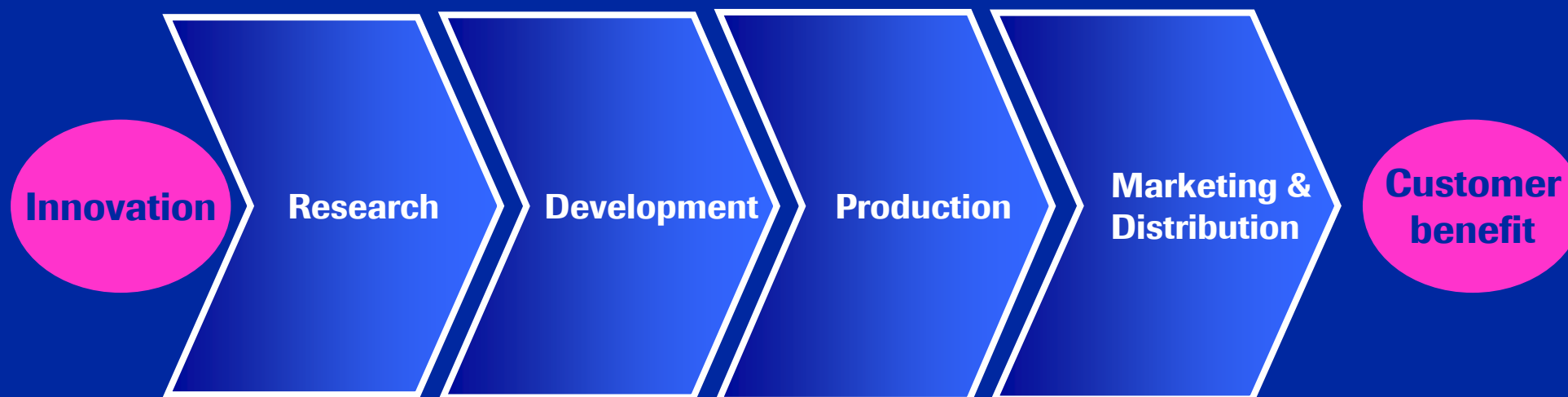
Filling the “strategic gap”



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

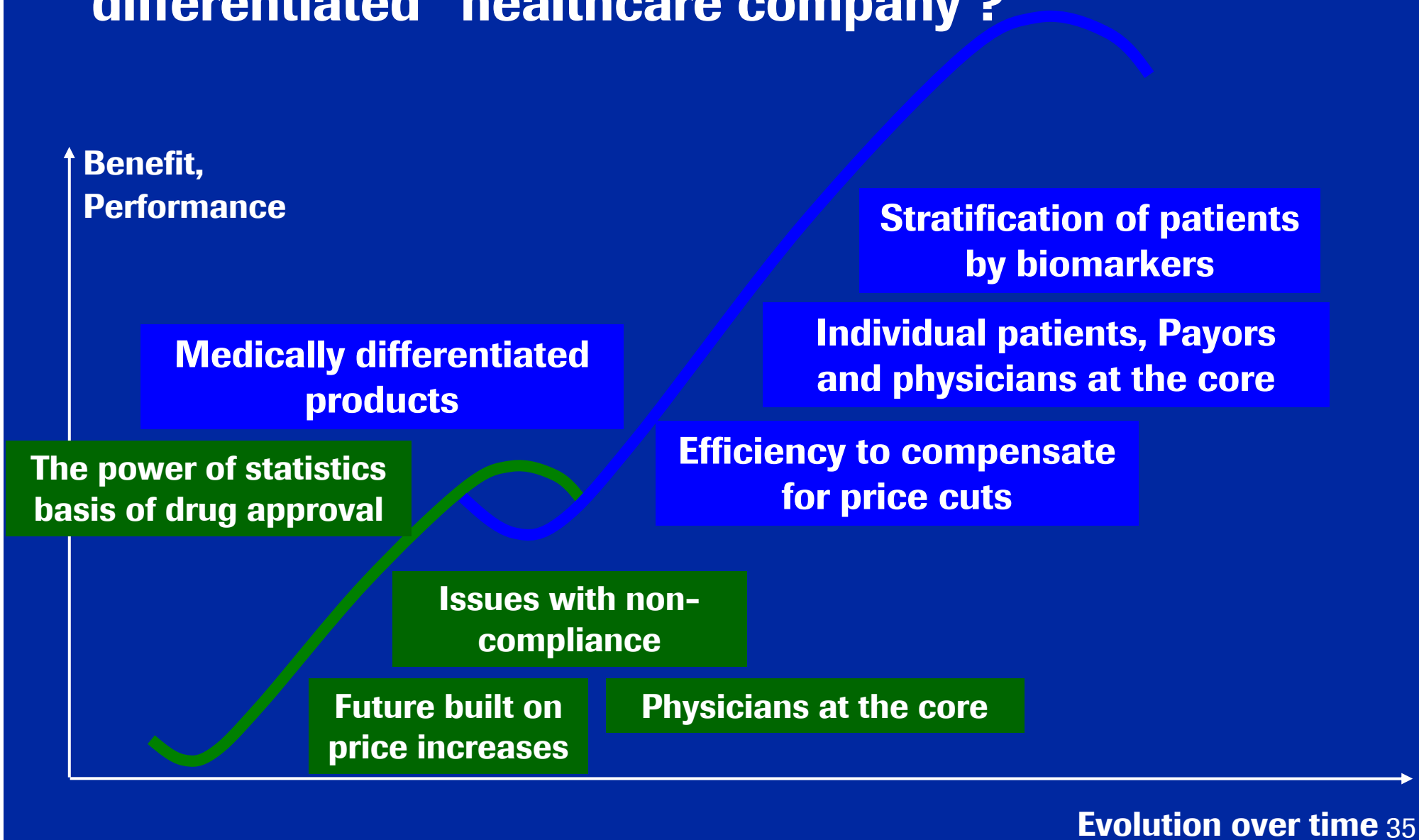
Sustainable leadership

How can we constantly provide benefit to customers?



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

How could the new S-curve look like for a “differentiated” healthcare company ?



Roche is extremely well positioned to be a pioneer in “differentiated healthcare” and “personalized medicine” concepts

↑ Benefit,
Performance

Differentiated healthcare 2000+ :
“personalized medicine“
(e.g. dialysis, cancer, diabetes, HIV,
Hepatitis)

Pharma 1990:
„primary care“
versus
„specialty care“

→ Evolution over time 36



Roche 2015: Disease Biology Areas (DBAs)

Alignment and focus

Disease Biology Areas

Idea ←————→ Market

DBA Oncology

DBLT

DBA Metabolic

DBLT

DBA CNS

DBLT

DBA Inflammatory

DBLT

DBA Viral

DBLT

- Focus on five DBAs
- Decisions made by Disease Biology Leadership Teams (DBLTs) against measurable metrics
- **Up to Proof of Concept:** DBLTs manage compound progression within respective DBA
- **After Proof of Concept:** DBLTs responsible for conducting scientific/ medical reviews and providing options to Pharma Leadership Team

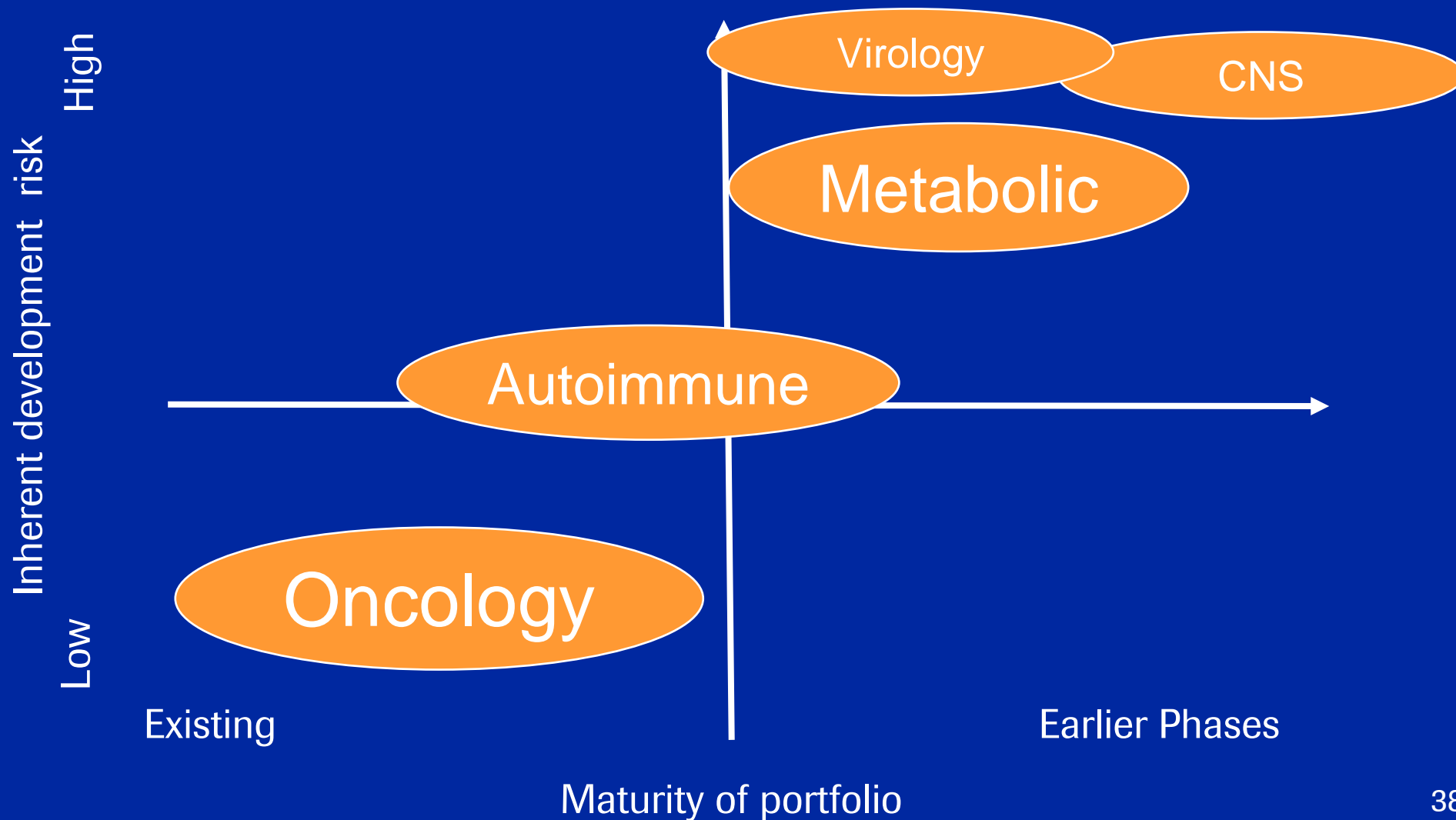
➤ **Clear focus**

➤ **More independent and flexible disease areas**

➤ **Faster and simpler decision processes**

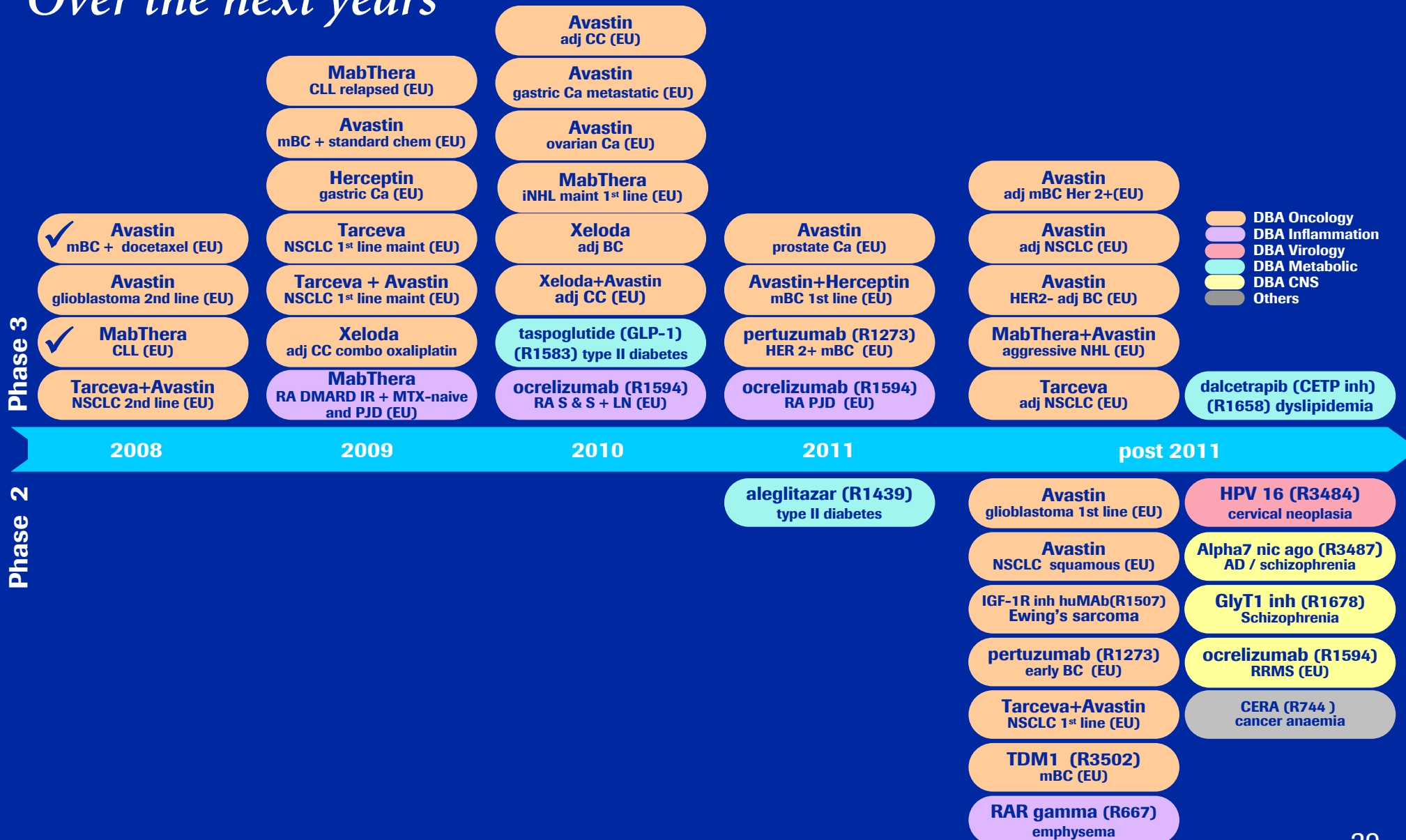
Key drivers for long term development in place

Develop the short term drivers while shaping the others



Major Roche managed projected submissions

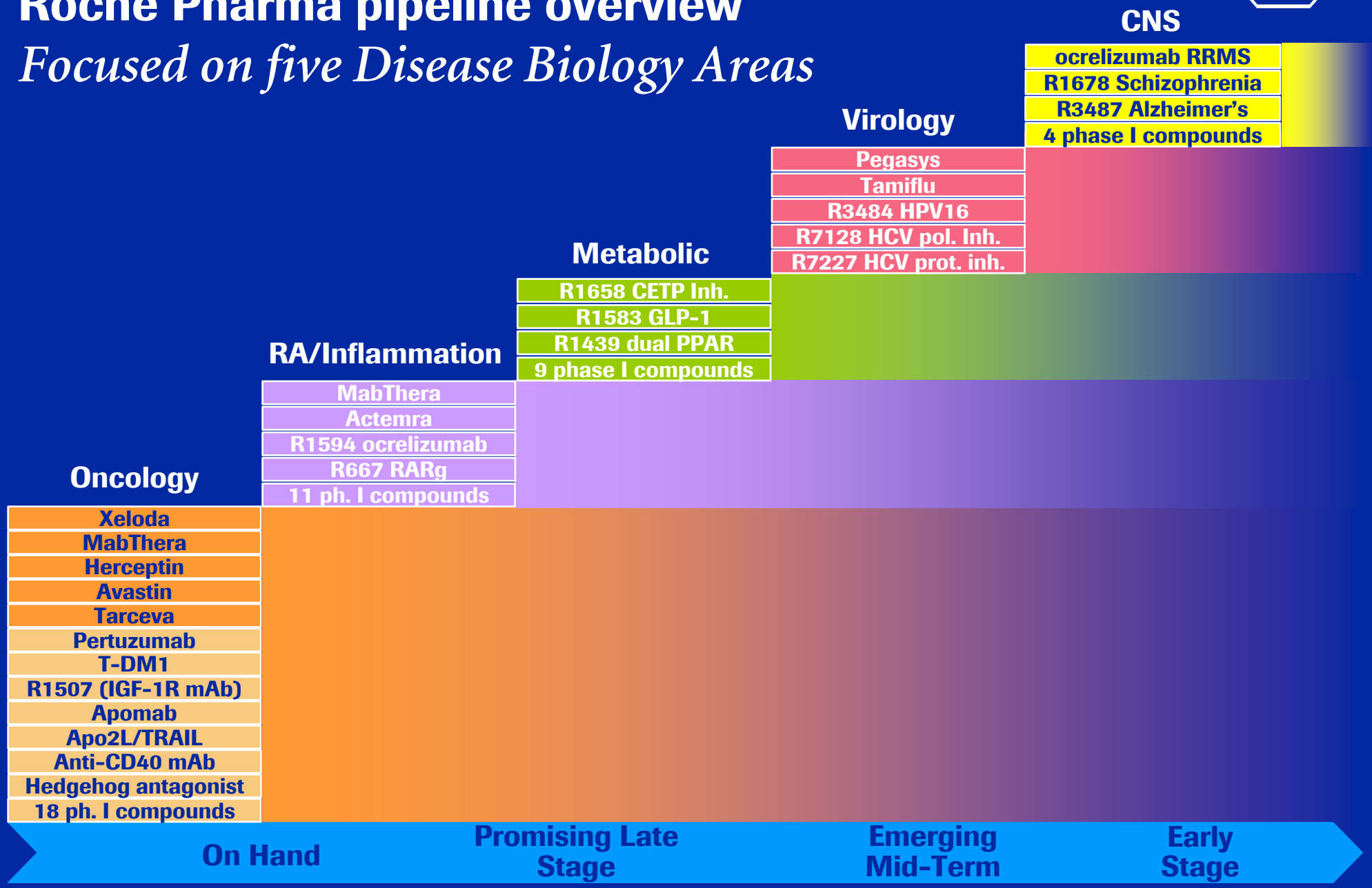
Over the next years





Roche Pharma pipeline overview

Focused on five Disease Biology Areas



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