

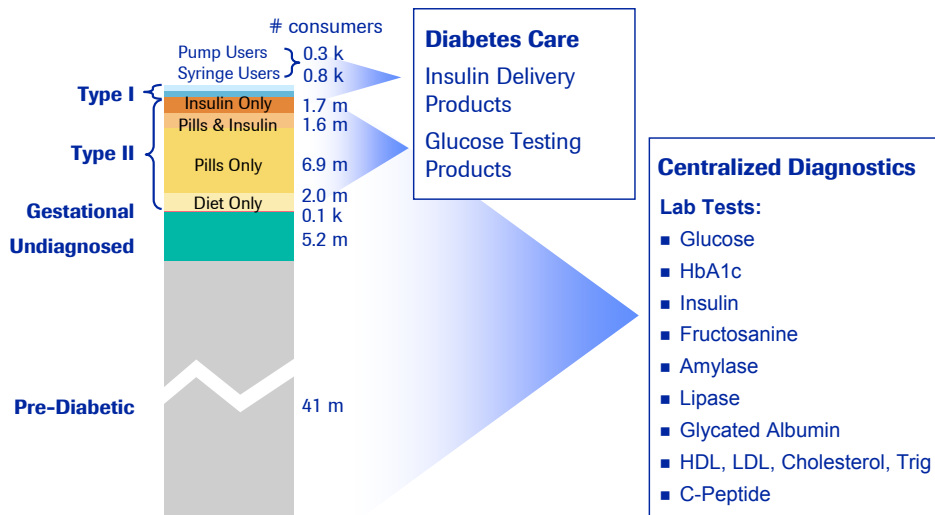
U.S. Diabetes Care Overview

Don Dumoulin
 Vice President and General Manager
 Diabetes Care, USA



Diabetes is an important disease area

The 55 million plus consumers with diabetes or pre-diabetes need multiple products from Roche portfolio



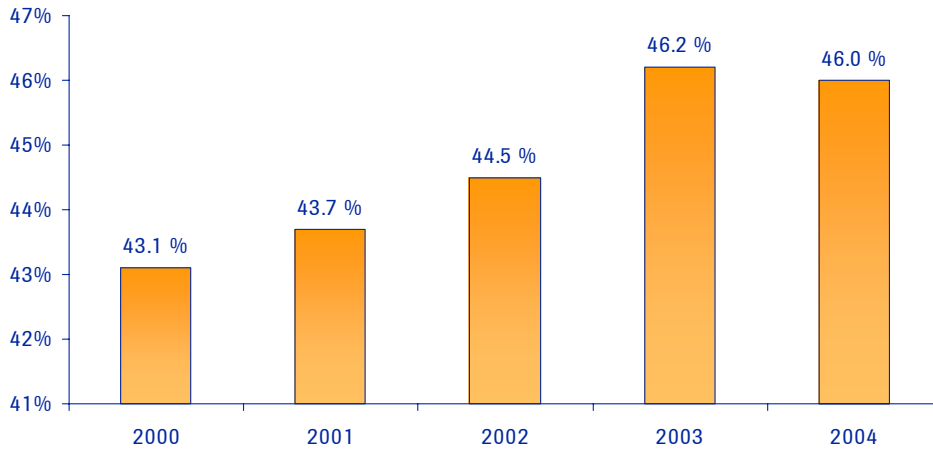
Source: CDC

Diabetes Care is a key part of U.S. portfolio Contributing over 45 % of revenue



Diagnostics

Diabetes Care revenue as % of total Roche Diagnostics US sales



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A significant share of both glucose and insulin pumps markets



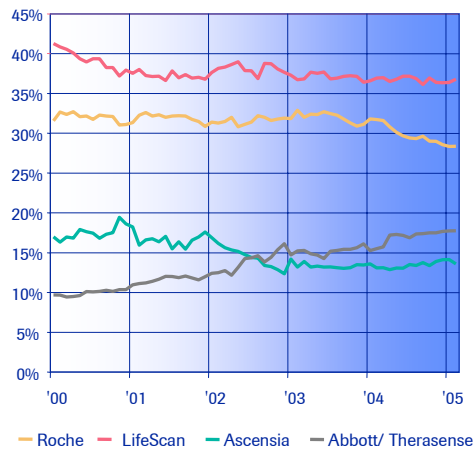
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2005 YTD Market Share

	Strips		Meters	
	2005 YTD Market Share	Roche Position	2005 YTD Market Share	Roche Position
Total Roche	28 %	#2	33 %	#1
Managed Care	28 %		-	
DME Mail Order	26 %		30 %	
Retail	29 %		29 %	
Hospital Out-patient	40 %		63 %	

	Pumps		Disposables	
	2005 YTD Market Share	Roche Position	2005 YTD Market Share	Roche Position
Total Roche		#2		#2

U.S. Strip Market Share Trends



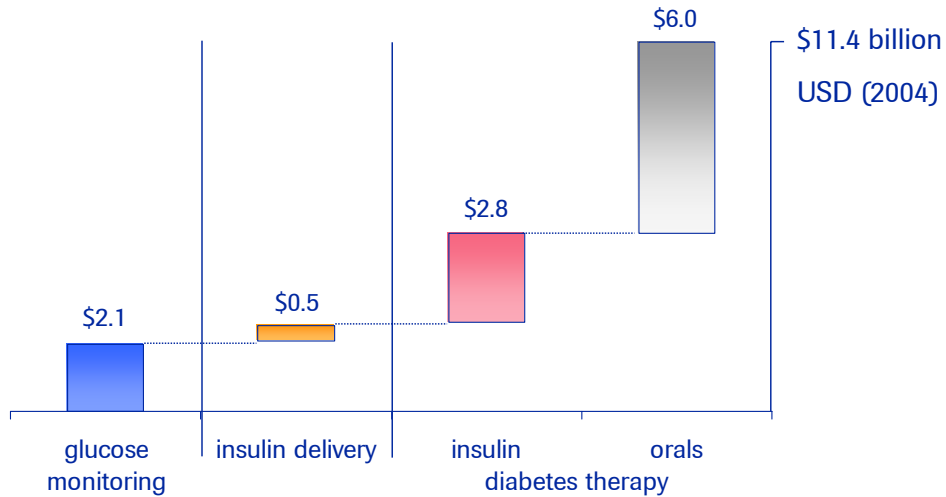
Source: Roche research, IMS data

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Glucose monitoring and insulin delivery represents nearly 25 % of overall U.S. diabetes market



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Source: Roche estimates, company reports, IMS data

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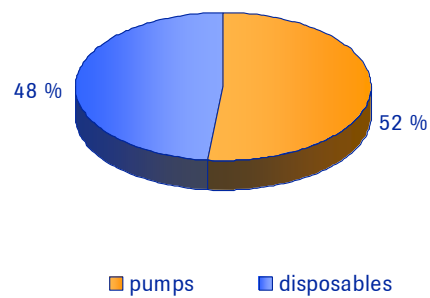
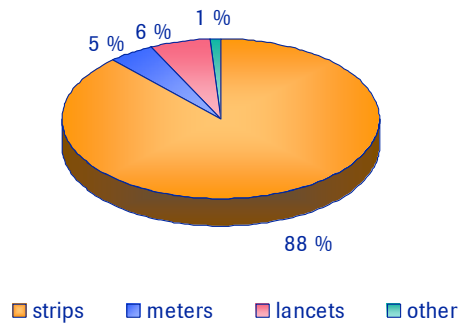
U.S. Diabetes Care market exceeded \$2.6 billion in sales in 2004



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Glucose Testing Products USD 2.1 bn 2004

Insulin Infusion Products USD 0.5 bn 2004



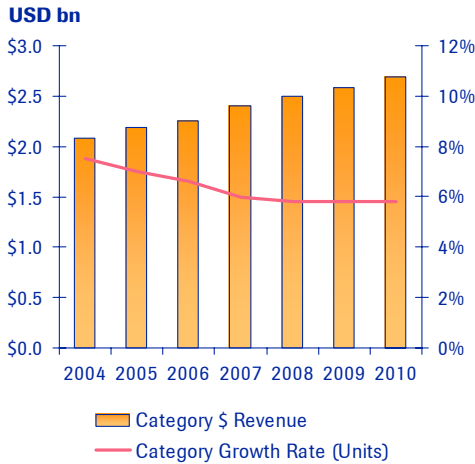
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Combined category growth will exceed 8 % Yielding almost \$4 bn market by 2010

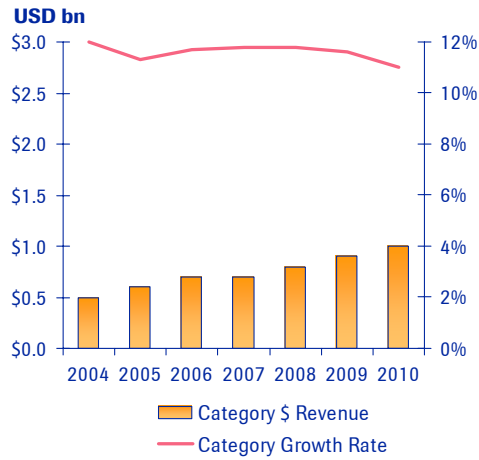


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Glucose Monitoring Products



Insulin Delivery Products



Source: Roche estimates, company reports, IMS and Consumer Market research

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Disease definition defines treatment and product selection



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Type 1		Type 2
Insulin Deficiency Ave. age of diagnosis: 14 yrs	Definition	Insulin Resistance Traditionally adult onset
6 %	% of diabetic population	94 %
Insulin (conventional, intensive or pump therapy)	Treatment regimen	~60 % on Orals, 10 % on diet and exercise. Insulin is secondary treatment
More likely to use faster, newer technology BGM systems, data management and insulin pumps	Products	Prefer AST features More likely to use more basic BGM systems
\$860 m	\$ Volume 2004 glucose and infusion category volume	\$1,747 m

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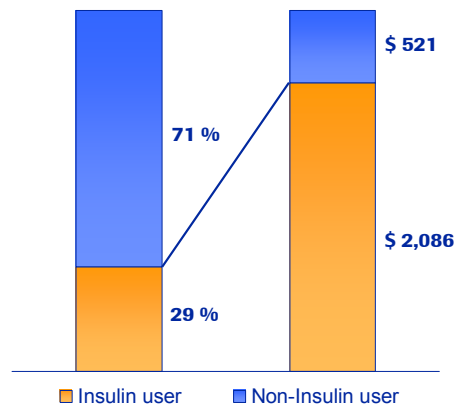
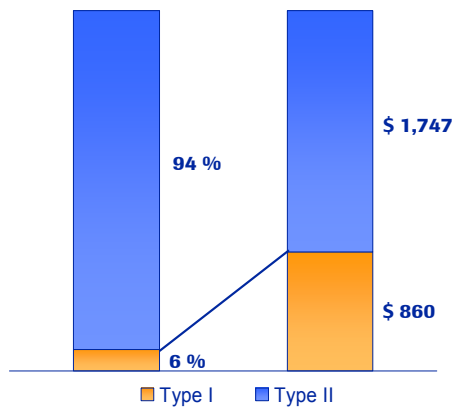
Value proposition is insulin using consumer *Represents 80 % of market revenue*



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Type I consumers represent small portion of population

Type I and 2 consumers on insulin therapy represent 80 % of testing and pump volume



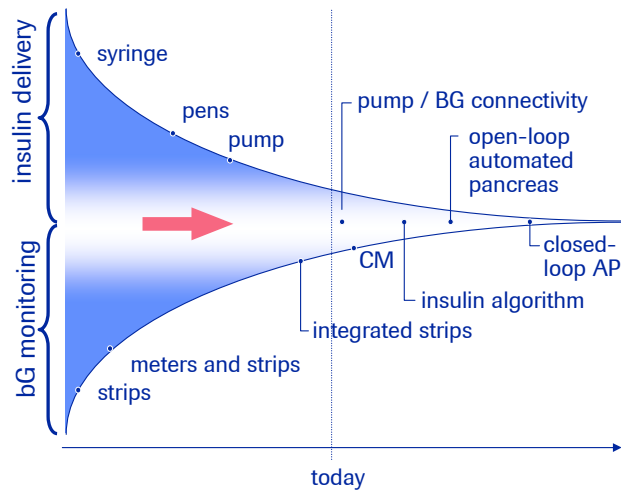
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Consumers on intensive insulin therapy benefit most from Roche current offerings and future programs



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- High-frequency testers of blood glucose
- Targets for pump usage
- Audience for automated pancreas, combining monitoring and insulin delivery

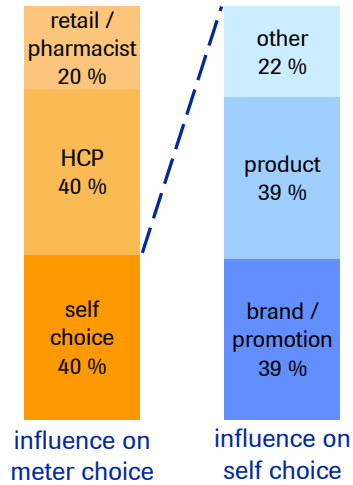


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As consumers become more involved in their disease, individuals increasingly drive meter and pump decisions

- Increasing self-choice as consumers become more experienced
- Healthcare professionals remain important influencers, especially for newly diagnosed people
- In some markets, role of employers seems to increase
- Increasing role of payer groups/ government in recent years

buying decision influencers








Source: Roche analysis

The many Faces of Diabetes are the key growth engine for the category



Different consumers with very different needs

Targeted sales and marketing approach

	Primary Care Giver	Psychographic Profile	Need
 Type 1 Ped	Pediatric Endocrinologist	<ul style="list-style-type: none"> Diabetes often leads to hospital visit where diagnosis occurs Parents devastated, hungry for knowledge 	<ul style="list-style-type: none"> Education/ Support group Controlled therapy Data management Pump therapy
 Type 1 Teen	Pediatric/ Adult Endocrinologist	<ul style="list-style-type: none"> Denial, wanting to fit in Not active in disease management, may feel pressured by caregivers 	<ul style="list-style-type: none"> Self-motivation Confidence, social acceptance Easy-to-use solutions
 Type 2 Teen	PCP	<ul style="list-style-type: none"> Overweight Poor exercise, eating habits 	<ul style="list-style-type: none"> Support towards healthier habits for family and child User-friendly products
 Type 1 Adult	Endocrinologist	<ul style="list-style-type: none"> Experienced, well informed Multiple shots insulin Morale at times low 	<ul style="list-style-type: none"> Latest products, disease information Data management Pump therapy
 Type 2 Adult	PCP	<ul style="list-style-type: none"> Poor exercise, eating habits likely led to disease 	<ul style="list-style-type: none"> Education Managing health costs

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Insulin pump therapy provides important health tool for consumers and allows for state-of-the-art care by physicians

People with diabetes choose pumps for:

- A freer lifestyle
- Improved HbA1c values
- Better blood sugar control
- Flexibility in meal timing and size
- Fewer and less severe insulin reactions
- Ability to exercise without losing control
- Control while traveling or working variable schedules

People with diabetes choose pumps for:

- Managing the Dawn Phenomenon
- Reversing hypoglycemia unawareness
- Preventing, delaying or reversing complications
- Improving control during the growth spurts of adolescence
- Reducing wide blood sugar fluctuation in "brittle" diabetes

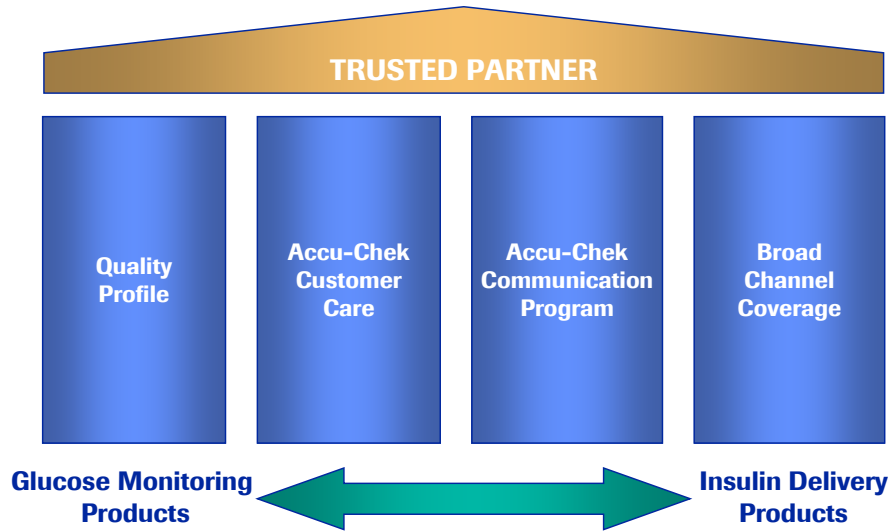
Source: Pumping Insulin, John Walsh, P.A., C.D.E. and Ruth Roberts, M.A.

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“Accu-Chek” Brand Experience



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Roche Diabetes Care *Portfolio for growth*



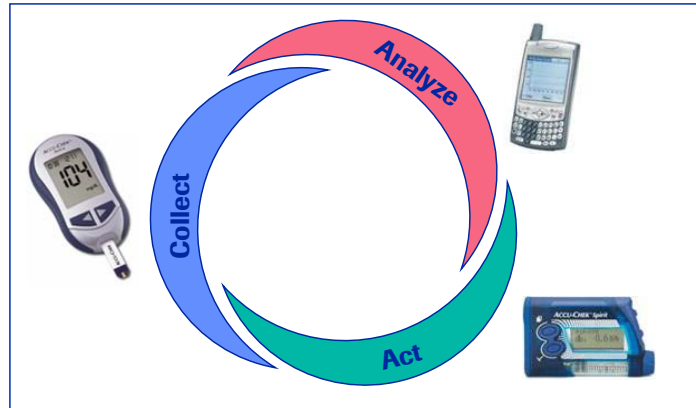
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Completing the Circle of Care

People with diabetes need to be surrounded by a community of care, supported by best-in-class diagnostic products, expert analysis and diabetes management information ... a **Circle of Care** that empowers each person to live life to the fullest



Diabetes Care objective

Achieve and sustain market leadership

	Distribution	Channels	Consumers
Strip BGM Market			
Strategic Objective	Best-in-class partnerships that optimize product availability	Market-shaping strategies that maximize access and drive share leadership	Brand equity/ high frequency tester share leadership
Results	<ul style="list-style-type: none"> Received <i>Supplier of the Year</i> award from Big 3 wholesalers Broadest distribution – 99 % of retail 	<ul style="list-style-type: none"> Broadest managed care & hospital access in industry 83 % of DME volume contracted Pharmacy editing in over 24,000 stores nationwide 	<ul style="list-style-type: none"> Current campaign leads consumer products industry norms and competitive copy in overall persuasion scores Tester is 1.7 times more likely to acquire an Accu-Chek meter if advertising is seen Accu-Chek Compact preference continues to grow among high-prescribing physicians who see ICT patients

Award Winning Advertising Campaign



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Twins



Yaa

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Strategic imperatives



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Imperatives

Establish renewed Accu-Chek glucose portfolio

Re-enter insulin pump market and demonstrate strategic advantage of broad portfolio

Realize inherent consumer and healthcare provider value from implementation of Accu-Chek Circle of Care

Actions

- Launch Accu-Chek Aviva
- Launch Accu-Chek MultiClix
- Launch Accu-Chek Compact Plus

- Launch Accu-Chek Spirit

- Demonstrate health care outcomes via portfolio and Circle of Care programs

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