U.S. Centralized Diagnostics Overview

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Centralized Diagnostics
Significant value in diagnostic information

Diagnostic analysis of blood and other body fluids performed in a centralized testing facility or lab

70% patient information comes from lab

4% hospital expenditure on diag. testing
Sites performing testing are uniquely structured to meet organizational charters

Integrated Systems
- Hospitals
- Reference Labs

Centralized Diagnostics

Market growth will be moderate (~4 %)\(^1\)

Source: Roche analysis, SEC 10-K filings, company reports

\(^1\) Growth projection for the testing segments estimated for 2005 - 2010
**U.S. Lab Testing Market**

*Roche is share leader in Routine Chemistry and Immunoassay Testing*

2004 US Lab Market: $3.4 bn*

- **Chemistry**: 42%
- **Immunoassay**: 58%

![Chart showing share of Immunoassay and Chemistry test requests for various brands.]

* Includes anemia, cardiac, fertility, thyroid, tumor, TDM, DAT & HbA1c test requests

† Represents routine CC and IA revenue (excl. blood screening)

Source: Information Dynamics 2003-2004 Market Monitor

**U.S. Lab Testing Market**

*Roche has strong position in Reference Labs and is targeting growth in the Hospital Market*

Customer Segments

- **Reference Lab**: 37%
- **Hospital**: 63%

![Chart showing share of Reference Lab and Hospital test requests for various brands.]

* Represents CC and IA testing only (excl. Infectious Disease tests)

Market opportunities & challenges

**Issues**
- Labor shortage
- Financial pressure
  - average margin 4%
- Reimbursement pressure
  - based on outcomes
- Aging population
  - increasing demand tests
- Costs increasing, revenue decreasing
- Increase purchasing power as consolidation occurs (IHN)

**Objectives**
- Meet labor challenges
- Meet quality, regulatory, reimbursement standards
- Retain patients and physicians
- Meet tighter operating and capital budgets
- Improve operational efficiency
- Improve health economic outcomes

**Actions**
- Consolidation
- Standardization – testing method, processes
- Automation
- IT support tools
- Out-reach programs/ tools

Source: Roche research

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Strategic imperatives to succeed in U.S.

*Strengthen leadership position*

- **Strengthen**
  - Core business
  - Future growth drivers
  - New markets

- **Shape**
  - Professional Services
  - Disease Management Informatics

- **Stretch**
  - Expand number and claims for high value tests
  - Introduce next generation systems
  - Optimize across all segments

- **Leverage menu and systems superiority through evidence**
  - Simplify and amplify core messages
  - Build customer loyalty

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Roche US Diagnostics Event
Indianapolis, May 17, 2005
Adkins, Centralized Diagnostics
**Strengthen current market**

*Drive customer loyalty*

**Objective**

“Voice of the Customer” insights drive targeted actions… that maximize customer loyalty and therefore business growth

**Focus 2004 - 2005**

- quality selling time
- first-time fix rate
- contracting process

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**Strengthen current market**

*Simplify and amplify core messages*

**CD Value Proposition**

*The power to control your lab the way you want while making a difference…*

- Better financial performance
- Enhanced operational performance
- Improved patient outcomes

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**Message Hierarchy**

- Self Actualization
- Emotional Benefits
- Rational Benefits
- Features & Attributes

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**Strengthen current market**
*Leverage menu and systems superiority through evidence*

- Health Economic Studies
- Work process analysis (WPA)
  - labor and inventory analysis
- Roche Productivity Measure (RPM)
  - ROI analysis

**Financial**

- Work process analysis (WPA)
  - operational analysis
- Lab process analysis (LPA)
  - operational analysis
- Case Studies

**Operational**

- Clinical Studies
  - PRIDE
  - Klecker Study

**Health Outcomes**

**Shape current markets**
*Optimized system portfolio across all segments*

**L**
- Large
- MODULAR
- PRE-ANALYTICS

**M**
- Medium
- Middleware

**S**
- Small
Shape current markets
Expand number and claims for high-value tests*

Disease State View
approximately USD 600 bn driven by chronic conditions

<table>
<thead>
<tr>
<th>Disease State</th>
<th>Annual Spending</th>
<th>People Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardiac</td>
<td>$210 bn</td>
<td>60 m</td>
</tr>
<tr>
<td>Cancer</td>
<td>$55 bn</td>
<td>1-2 m</td>
</tr>
<tr>
<td>Diabetes</td>
<td>$50 bn</td>
<td>16 m</td>
</tr>
<tr>
<td>Respiratory</td>
<td>$5 bn</td>
<td>14-15 m</td>
</tr>
<tr>
<td>Other</td>
<td>$175-275 bn</td>
<td>50 m</td>
</tr>
<tr>
<td>Total</td>
<td>$500-600 bn</td>
<td>125 m</td>
</tr>
</tbody>
</table>

Categories of Menu Addition
Blue: expanded claims in development
Yellow: menu additions in development

* Products either in development or pending FDA clearance

Cardiovascular
- NT-proBNP – monitoring
- Troponin T – heparin
- Ischemia Modified Albumin (provided by ITI)
- sCD40L
- Homocysteine

Tumor
- CA 19-9 - pancreatic cancer
- CA 19-9 – gastric cancer
- CA 72-4 Cyfra 21-1
- NSE

Women’s Health
- P1NP (Bone)
- Osteocalcin (Bone)
- HIV Combi
- TORCH Tests

Stretch core business
Professional Services

BUSINESS GROWTH & CHANGE LEADERSHIP
- Strategic planning
- Market assessments
- Marketing plan development

OPERATIONAL IMPROVEMENT
- Activity-based costing
- Laboratory design
- Lean / Six Sigma education and leadership
- Interim Lab Management

INFORMATION TECHNOLOGY
- IT assessments
- IT system selection
- IT Connectivity Consultation
- IT integration and migration

PROJECT MANAGEMENT
- Program and project management
Stretch core business

Disease Management Informatics

- **Data Aggregation**
  Collect real-time information from lab and home-based sources to inform clinician decisions

- **Data Analysis and Decision Support**
  Leverage real-time clinical data to create algorithms that better interpret diagnostic information

- **Program Management**
  Create customized disease-focused services that drive diagnostic or treatment recommendations

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Strategic imperatives

<table>
<thead>
<tr>
<th>Imperatives</th>
<th>Actions</th>
</tr>
</thead>
</table>
| Maintain and strengthen market leadership in central testing market | • Build upon customer loyalty  
• Focused “single solution” message  
• Leverage superior menu and systems |
| Gain leadership in immunochemistry | • Drive Elecsys/ E170 placements  
• Increase use of novel high-value tests (NT-proBNP, P1NP, Trop T)  
• Launch new assays/ claims (cancer markers CA19.9) |
| Improve profitability through consolidation of instrument platform and reagents | • Launch cobas modular platforms |
| Enter new market space through IT solutions and services | • Pilot disease management informatics  
• Expand Professional Services business |