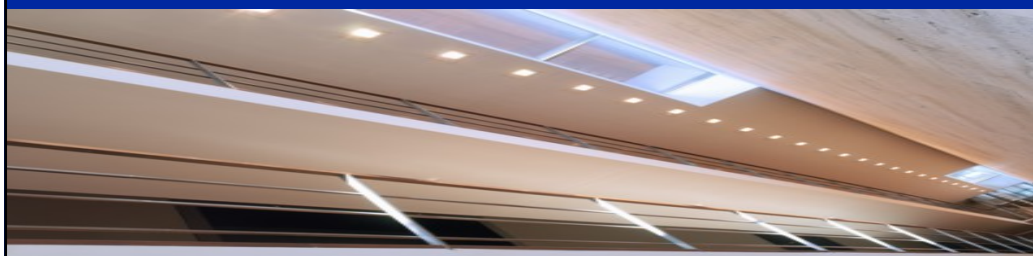


Roche: Defining priorities for a high tech healthcare company

*Erich Hunziker, Deputy Head of the
Corporate Executive Committee and CFO
October 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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Performance up-date

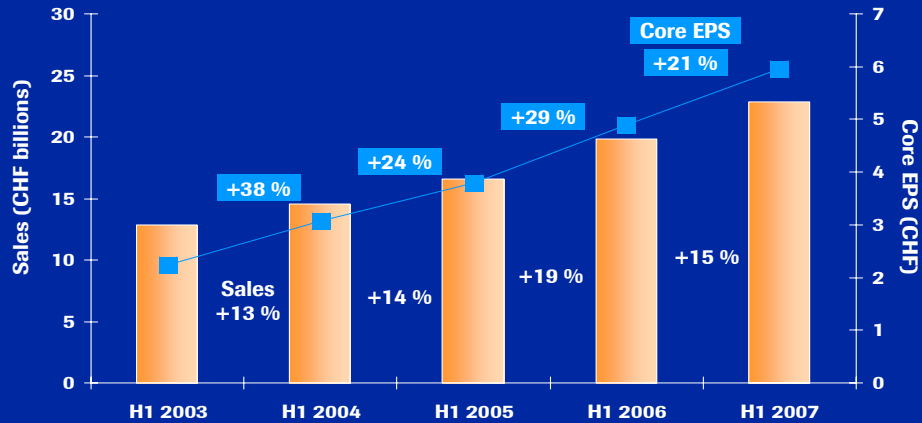
Our priorities

Continuing excellent growth

Over CHF 3.5 billion organic sales added

CHF bn	2006 YTD Sept	2007 YTD Sept	% change in CHF local		USD growth
Pharmaceuticals	23.9	27.1	13	14	17
Diagnostics	6.4	6.8	6	5	10
Roche Group	30.3	33.9	12	12	16

Strong rise in Group sales and Core EPS



Historical Core EPS data 2003 to 2004 restated

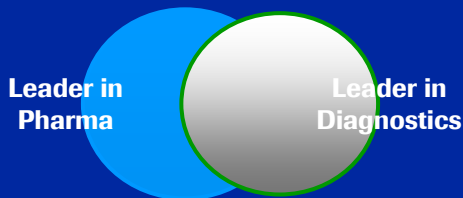
5

Strategic acquisitions and portfolio enhancements



Committed to technology leadership

Driving personalised healthcare



- **THP** (therapeutic antibody technology)
- **Alnylam** (RNA interference technology)
- **Transgene** (therapeutic HPV vaccine)
- **BioVeris** (electrochemiluminescence technology)
- **454 Life Sciences** (ultra fast gene sequencing)
- **NimbleGen** (high-density DNA microarrays)¹
- **Ventana** (tissue-based diagnostics)¹
- **Tanox** (acquired by Genentech)



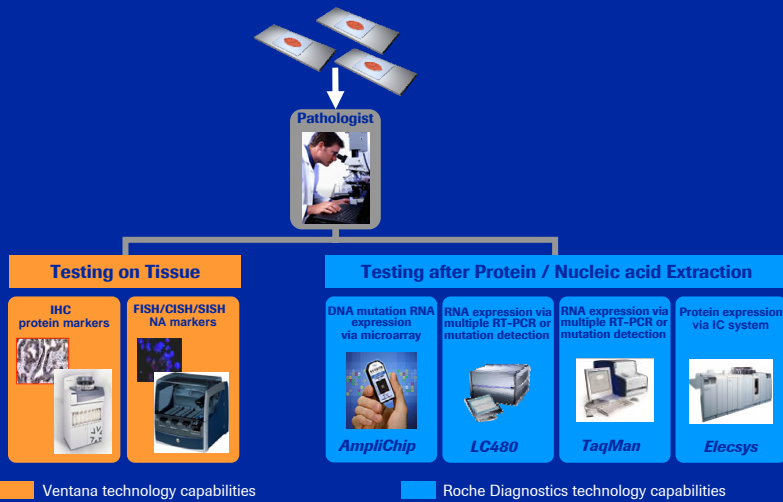
¹ Tender offer pending

² Acquisition not yet closed/ pending regulatory approval

6

Ventana Acquisition – Complementary Technologies

Complete tissue-based diagnostics capabilities for customers



7

Ventana Acquisition – Company Overview

Changing the practice of medicine in tissue-based cancer diagnosis



- **Company facts**
 - Founded 1985, based in Tucson, Arizona
 - 952 employees (year end 2006)
- **2006 Financials**
 - Revenue '06: \$ US 238 m
 - Rev. CAGR '04-'06: ~20 %
 - Operating Margin: ~19 %
- **Leader in tissue-based diagnostics**
 - Leadership in advanced staining segment
 - Large installed base in pathology labs
 - Strong U.S. presence



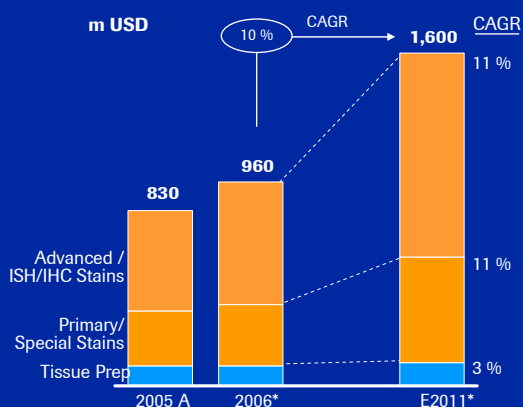
Source: Ventana Investor Presentation

8

Ventana Acquisition – New Market Potential

*Histopathology; ~1 bn market, growing 10 % p.a.**

Market size and growth



Key growth drivers

- High need for test automation and standardisation
- Increasing incidence of cancer
- Targeted cancer drugs requiring companion diagnostics

Growth objectives for 2007

Reconfirming improved outlook of Q1

Sales

- Double-digit sales growth¹ for Roche Group and Pharmaceuticals Division
- Above-market sales growth in both divisions

Core EPS target

- Core earnings per share growth above sales growth

¹ in local currencies

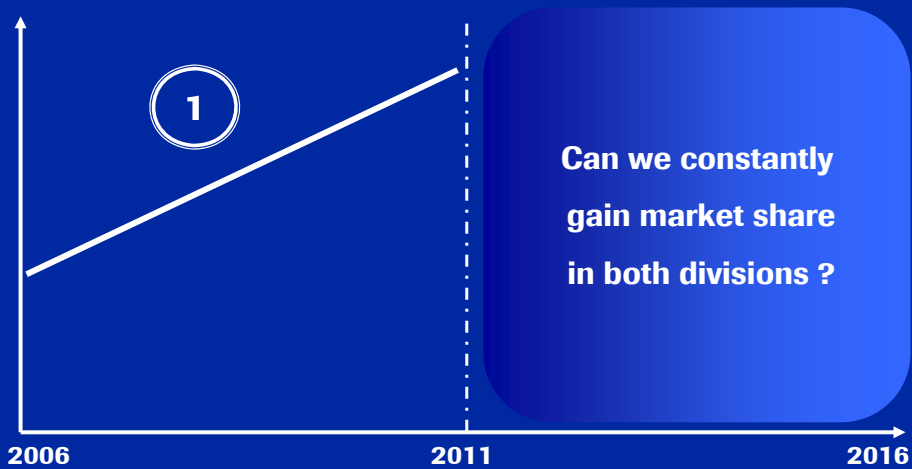
barring unforeseen events

Performance up-date

Our priorities

Roche Challenge # 1

Achieve above peer level sales growth for both divisions

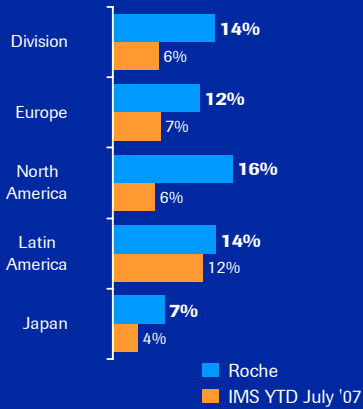


YTD Sept '07: Sales growth two to three times the market

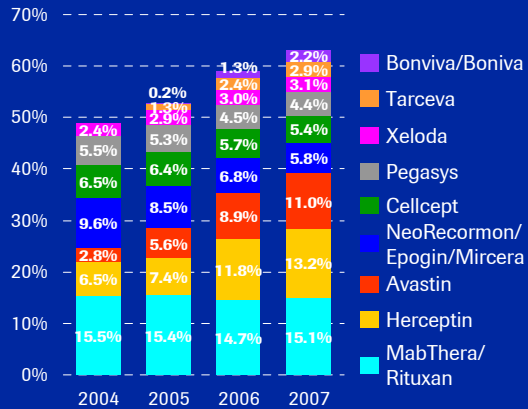
Growing share of key growth drivers



Local sales growth



Key products as % of pharma sales



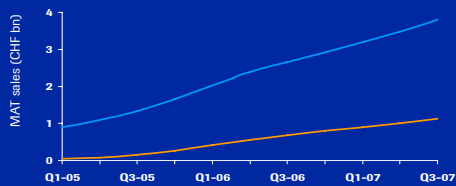
13

Key products on growth path

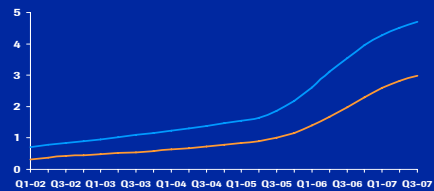
New indications provide fresh growth opportunities



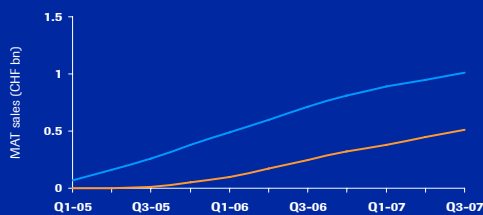
Avastin



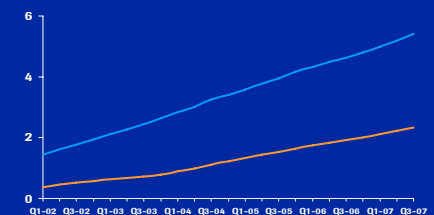
Herceptin



Tarceva



MabThera



■ Pharma Division sales
■ Roche Pharma sales

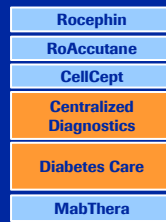
MAT = Rolling 4 quarter sales at avg. YTD Sept. '07 exchange rates

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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



	2001	2006
Value drivers	6	10
Sales (CHF bn)	10	27

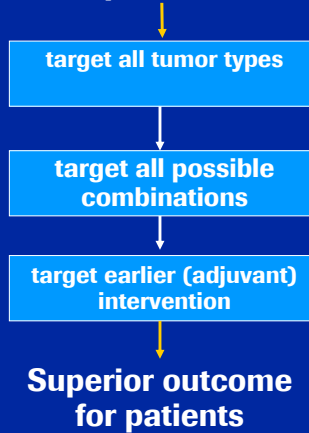
15

Our oncology strategy: Setting new standards of care

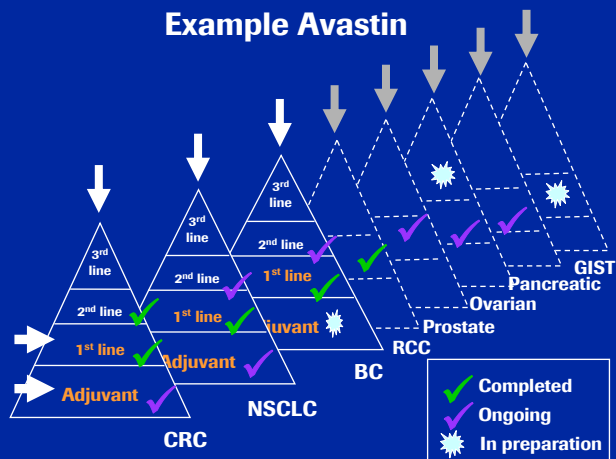
New tumor types, new combinations, new lines of intervention



Clinically differentiated product



Example Avastin



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Oncology: Many market opportunities on the horizon and addressed

	CRC	NSCLC	BC HER2+	BC HER2-	RCC	
Adjuvant	Approval	Xeloda (mono)		Herceptin		
	Trials	P3 Avastin, Xeloda (combo)	P3 Avastin; Tarceva	P3 Herceptin+ Avastin (in planning)	P3 Avastin; Xeloda	
Metastatic 1st line	Approval	Avastin, Xeloda (mono)	Avastin	Herceptin, Avastin (EU)	Avastin (EU), Xeloda	Roferon A
	Trials	Filed Avastin (EU), Xeloda (EU,US) line ext with oxaliplatin	P3 Avastin+ Tarceva, Tarceva maint.	P3 Herceptin+ Avastin; Herceptin+ pertuzumab	P3 Avastin line ext.	Filed Avastin (EU)
Metastatic 2nd line	Approval	Avastin (US)+ filed (EU)	Tarceva	Herceptin Xeloda	Xeloda	
	Trials		P3 Tarceva+ Avastin		P3 Avastin	

□ Approved
 ■ Filed
 ■ New market opportunities addressed

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Avastin: Building standard of care, defending leadership

Effectively maximizing a key asset

Main Indication	Status	Main Indication	Status
NSCLC	1 st line non-squamous AVAIL	1 st line NO16966	met primary endpoint, filed
	1 st line squamous AVASQ	Adjuvant CC	AVANT Recruitment completed Q2 2007
	2 nd line BRIDGE	Adjuvant rectal Ca	NSABP C-08 Recruitment completed Q4 2006
	Squamous and non-squamous BETA Lung		E5204 Initiated Q1'06
Adjuvant NSCLC	ECOG 1505 To start soon	RCC	1 st line AVOREN Positive results Q4'06, Filing 2007 CALGB 90206 Data available
mBC	1 st line HER2-negative AVADO	Pancreatic Cancer	1 st line AVITA Recruitment completed
	1 st line HER2-positive RIBBON-1		Ovarian Cancer
	2 nd line BEATRICE		1 st line GOG 218 Initiated Q3'05 2 nd line ICON7 Initiated Q4'06 GOG 213 In preparation
Adjuvant BC	HER2-negative E2104	Prostate Cancer	Hormone refractory CALGB 90401 Initiated Q2'05
	HER2-positive BETH	NHL aggr.	R-CHOP +/-Avastin To start in Q3'07

* Formerly called AVAIL

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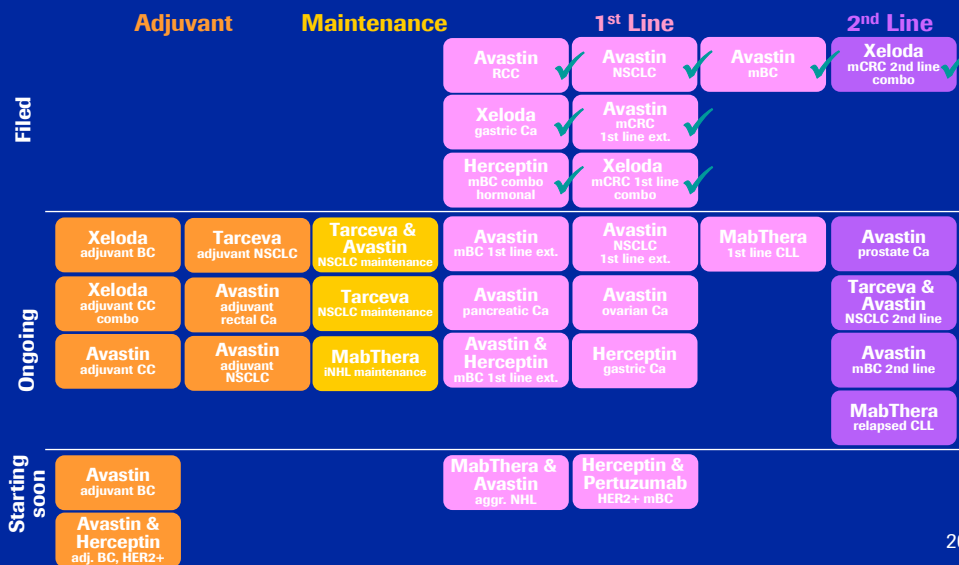
Xeloda/ Tarceva/ MabThera/ Herceptin: Maximizing across the portfolio

Main Indications		Status	
Xeloda			
Adjuvant CC	Combo with Avastin	AVANT	Recruitment completed Q2 2007
	Combo with oxaliplatin	NO16968	Recr. completed, Final analysis end '07/early '08
Adjuvant BC		NO 17629	Recr. completed
Tarceva			
NSCLC 1st line maintenance	Combo with chemotherapy	SATURN	Initiated Q4'05, Recruitment to complete '07
	Combo with Avastin	ATLAS	Initiated Q4'05, Recruitment to complete end '07
NSCLC 2nd line	Combo with Avastin	BETA Lung	Initiated Q2'05
Adjuvant NSCLC		RADIANT	Initiated Q3'06
MabThera			
NHL maintenance 1st line	After MabThera induction	PRIMA	Recruitment completed Q1 2007
CLL 1st line		ML17102	Recr. completed
CLL relapsed		REACH	Recruitment to complete end '07
Herceptin			
Gastric Ca		ToGA	Initiated Q3'05, final analysis in 2009
Adjuvant BC	1yr vs. 2yrs treatment	HERA	Final analysis 2008/2009, event driven

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



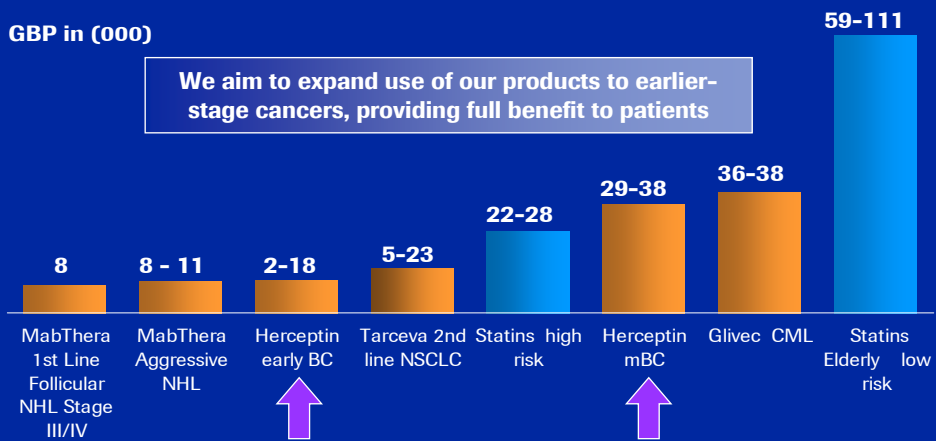
20

Funding: Roche oncology products are cost-effective



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

GBP in (000)

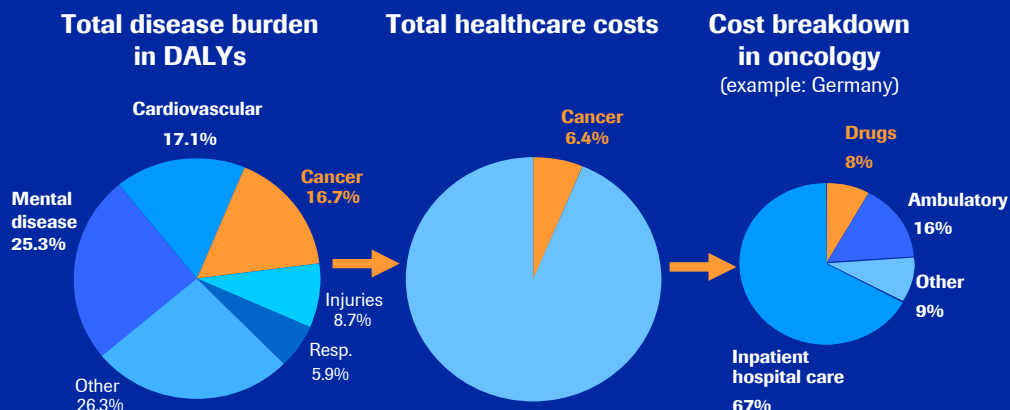


We aim to expand use of our products to earlier-stage cancers, providing full benefit to patients

21

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

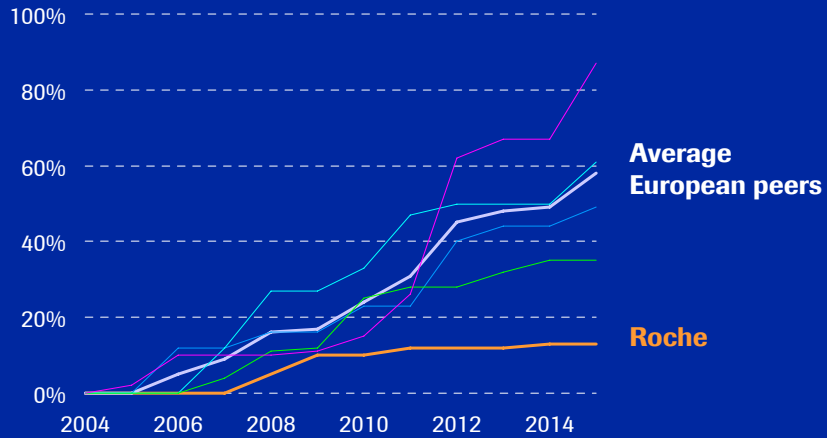
22

Roche has a low exposure to generics

Long-term sustainable business



Sales erosion due to generisation (% of 2004 sales)



23

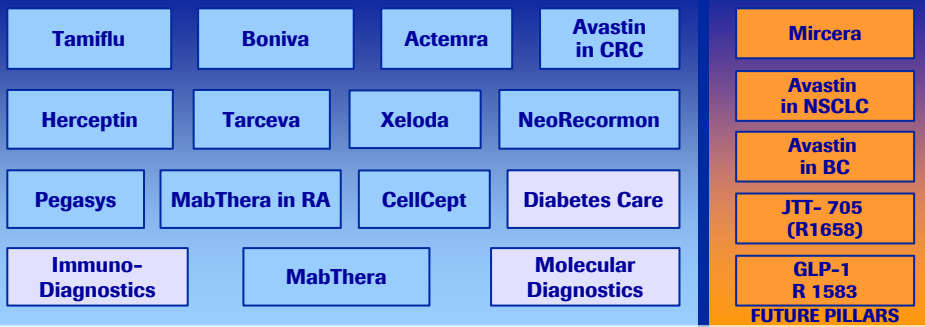
Roche has a unique „investment case“



Roche: Unique geographic risk diversification



Roche: Unique “pillars of value” risk diversification



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The short/medium term *sales* perspective



Challenge # 1:

Achieve above industry-standard sales growth

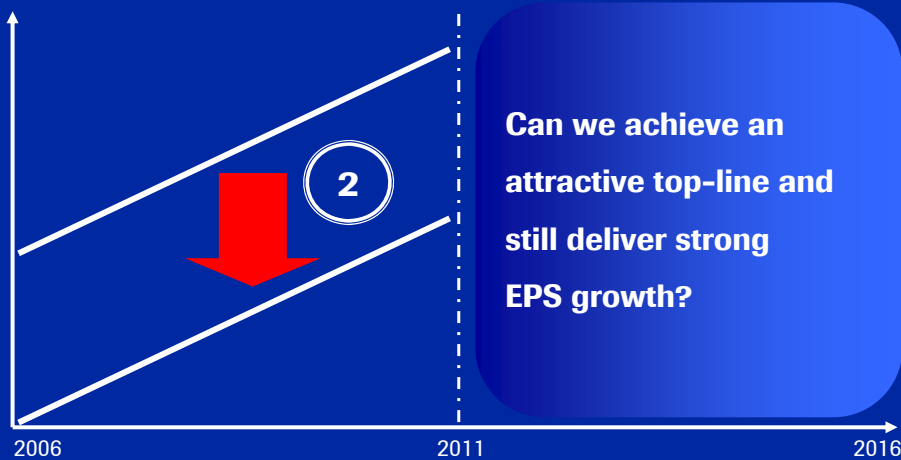
Conclusion # 1:

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

25

Challenge # 2

Turn attractive top line into attractive bottom line



26

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**

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Activate our employees' potential

Constant education to overcome fear of change



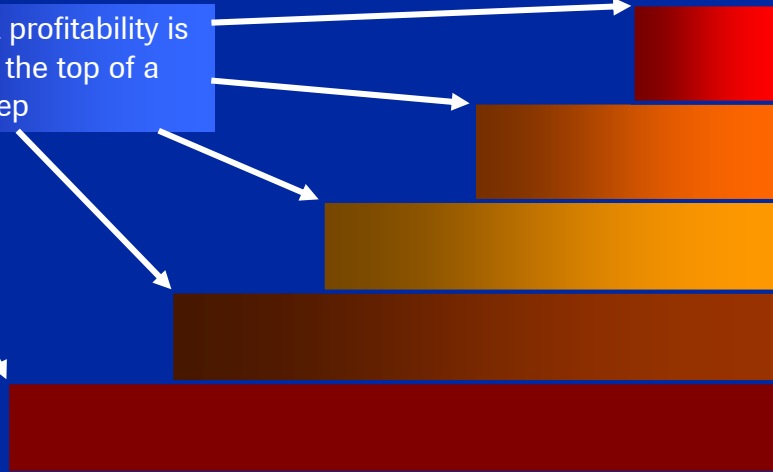
28

Organizations do not grow linearly

Fixed cost base grows in quantum steps



The highest profitability is achieved at the top of a quantum step

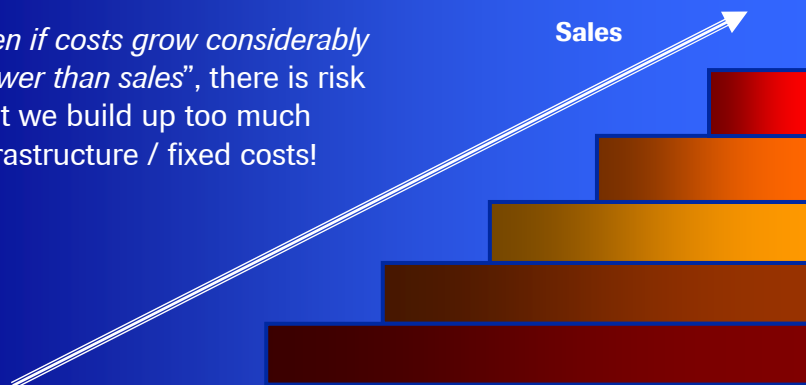


29

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!

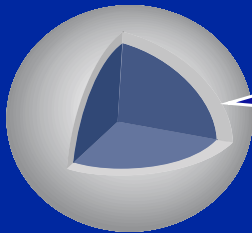


30

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!

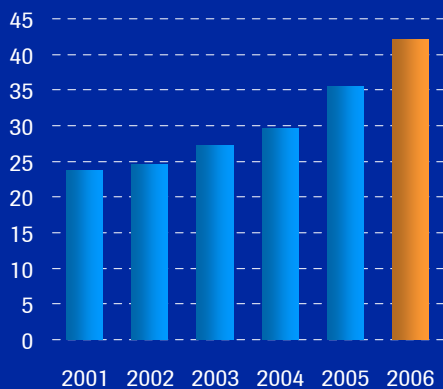
31

Focus on differentiated products paying off

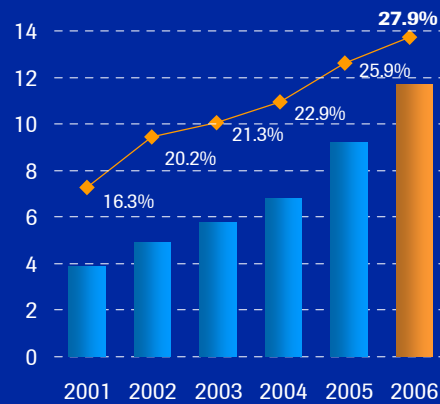
Sales doubling, operating profits tripling



Group sales¹ (CHF bn)



Group operating profit² (CHF bn)



¹ Pharmaceuticals and Diagnostics

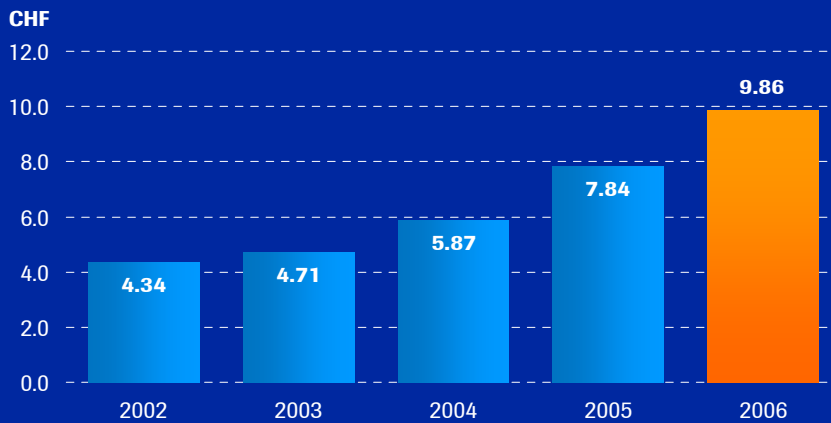
² before exceptional items

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Core EPS rising steadily



Core EPS CAGR¹ ('02 - '06): 23 %



¹ Compound Annual Growth Rate

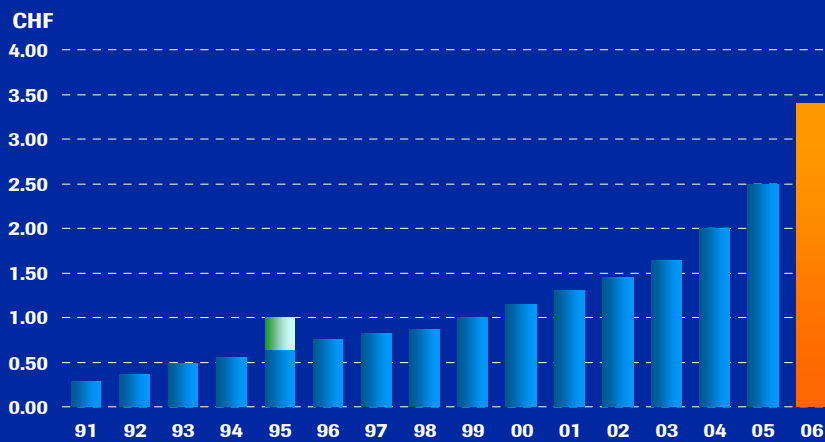
33

Economic success translated into shareholder returns



Again a substantial increase in 2006

Dividend CAGR¹ ('91-'06): 18 %



¹ Compound Annual Growth Rate

1995 including centenary bonus

2006 Dividend: Proposed by the Board of Directors

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Short/medium term *bottom-line* perspective



Challenge # 2:

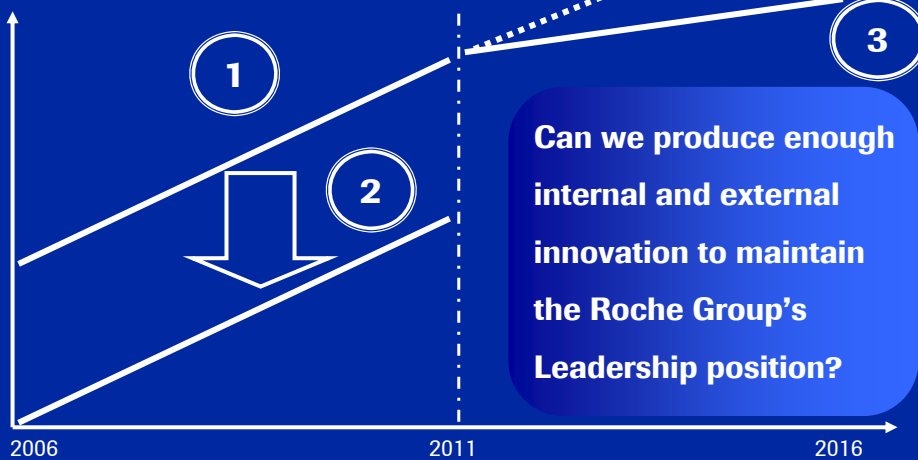
Achieve above industry-standard value creation

Conclusion # 2:

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

35

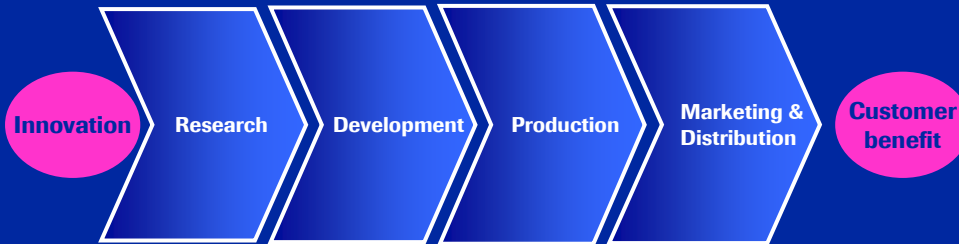
Challenge # 3 *Filling the "strategic gap"*



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Sustainable leadership

How can we constantly provide benefit to customers?

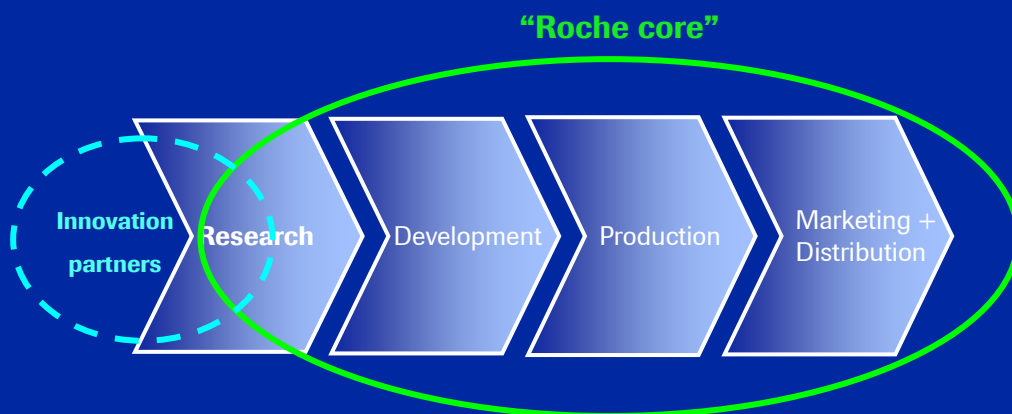


Which degree of innovation (= medical differentiation) is necessary to jump regulatory and reimbursement hurdles?

37

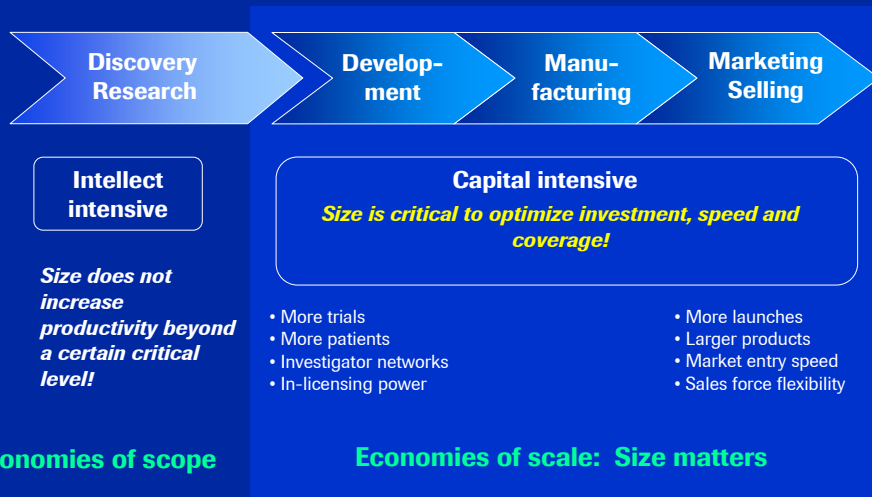
The Roche "hub & spoke"-model:

Roche controls the global value chain, but is open for Research partnerships



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Why do we network in the Research field?



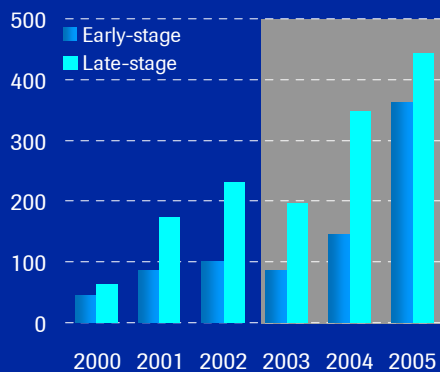
39

Access to Innovation is key - competition growing



Costs of third party innovation is raising steeply!

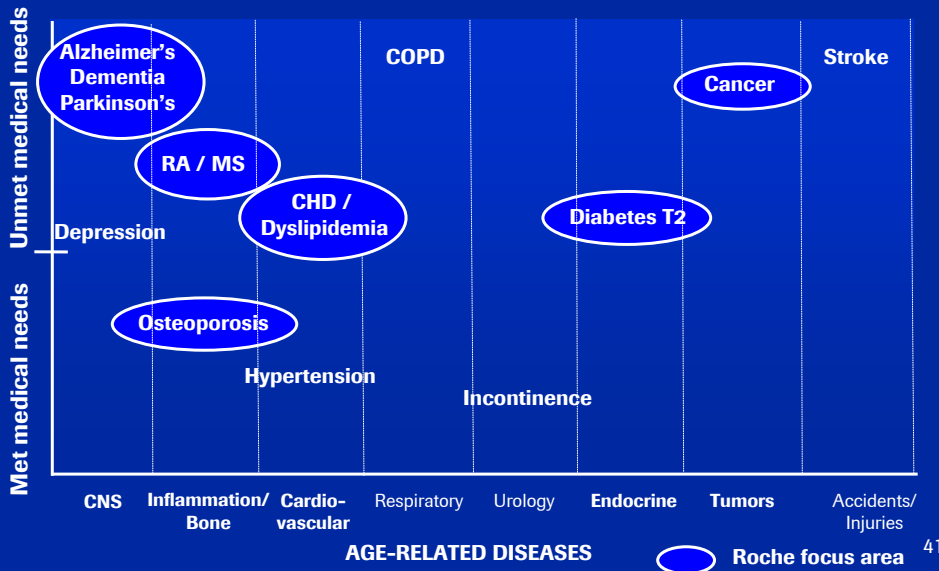
Average cost of in-licensing (Rx), \$m



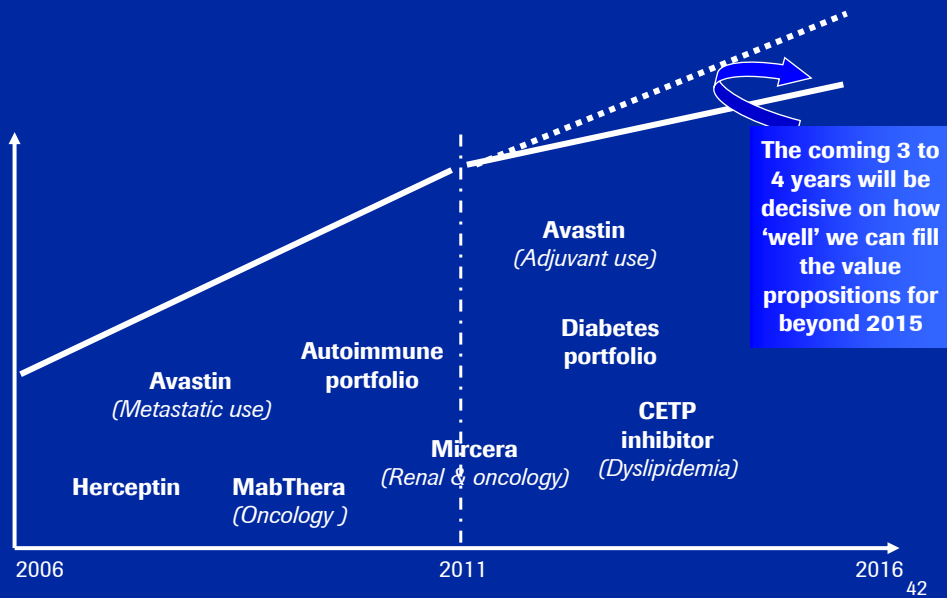
- Average cost of in-licensing deals rose 40% (CAGR) since 2000
- By 2010, 40% of Pharma peers' revenues expected to come from external sources of innovation

40

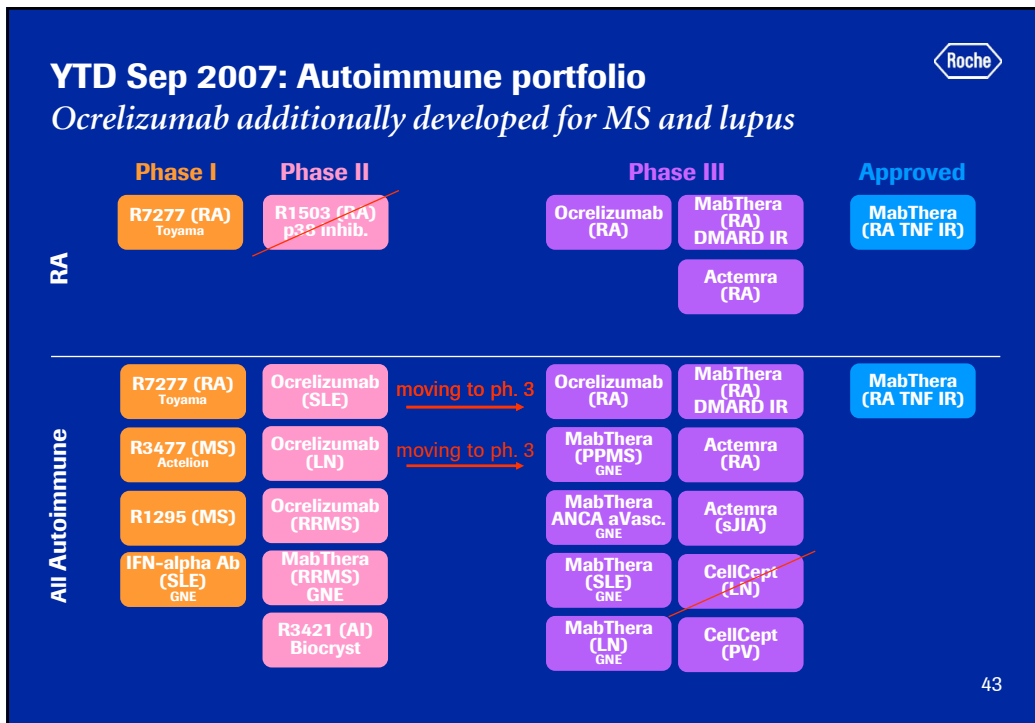
The potential is there: unmet medical needs in many age-related diseases




Current and future key sources of growth



Illustrative





YTD Sep 2007 Metabolism/Diabetes pipeline making good progress- major new area for Roche emerging

CETP Inhibitor

- Phase IIb data available internally: very encouraging
- Torcetrapib side effects (elevated blood pressure) appear compound-specific

GLP-1 phase II data available soon

- First phase II data (sustained release formulation) before year end
- Decision for phase III to be taken in early 2008

DDP-IV (3) moves into phase II

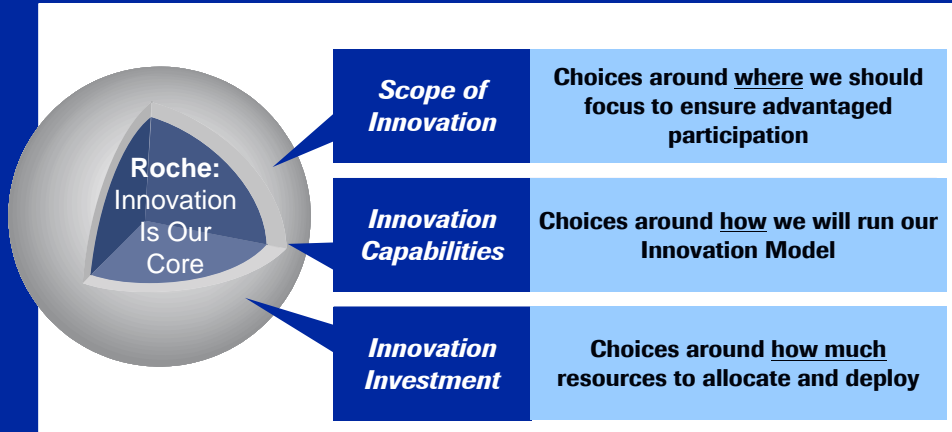
- Good safety profile
- Potential for weight reduction?

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Roche 2015



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



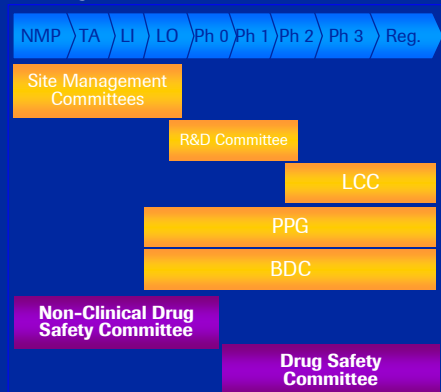
45

Roche internal R&D

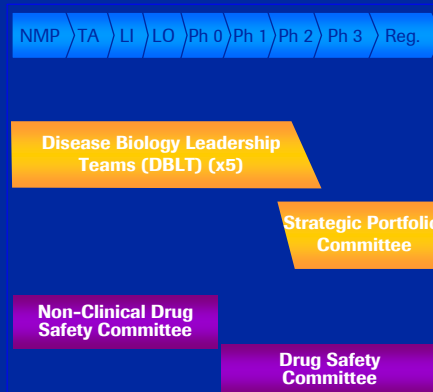


5 Disease Biology Leadership Teams responsible for the start of the value chain

Today's model



New model



Decision Making Committees
 Decision Making Committees & Peer Reviews

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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

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We Innovate Healthcare