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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Value creation through innovation

Industry trends: Drivers and challenges
Defining priorities
Roche's core strengths

Focus on differentiated medicines pays off
A young and growing portfolio

<table>
<thead>
<tr>
<th>Value drivers</th>
<th>2001</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF 1 billion or more</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>CHF 2 billion or more</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHF 4 billion or more</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales (CHF bn)</td>
<td>10</td>
<td>22</td>
</tr>
</tbody>
</table>
Improved quality of business over time

*Year over year - despite Roaccutane and Rocephin*

**Top 10 as % of pharma sales**

<table>
<thead>
<tr>
<th></th>
<th>H1 '02</th>
<th>H1 '03</th>
<th>H1 '04</th>
<th>H1 '05</th>
<th>H1 '06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avastin</td>
<td>20%</td>
<td>22%</td>
<td>23%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>Boniva</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>CellCept</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Herceptin</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>MabThera/Rituxan</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>NeoRecormon/Epogen</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pegasys</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Tarceva</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Xeloda</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Key products as % of pharma sales**

<table>
<thead>
<tr>
<th></th>
<th>H1 '02</th>
<th>H1 '03</th>
<th>H1 '04</th>
<th>H1 '05</th>
<th>H1 '06</th>
</tr>
</thead>
<tbody>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
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<td>0%</td>
<td>0%</td>
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<tr>
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</tr>
<tr>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Note: 2005 operating profits include expenses for equity-settled equity compensation plans (IFRS2); amortisation of actuarial gains/losses (IAS 19 revised) & the expected return on defined benefit plan assets and financing cost are removed from operating profits.
Value creation through innovation

Industry trends: Drivers and challenges

Defining priorities

Roche's core strengths

N. America, EU and Japan over 80% of HC spending

Growing elderly healthcare market

<table>
<thead>
<tr>
<th>Region</th>
<th>% World Population</th>
<th>% World HC Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>5%</td>
<td>47%</td>
</tr>
<tr>
<td>European Union</td>
<td>6%</td>
<td>31%</td>
</tr>
<tr>
<td>Latin America</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Africa, Australia, Oceania</td>
<td>13%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Japan</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>Rest of Asia</td>
<td>51%</td>
<td>4%</td>
</tr>
</tbody>
</table>

HC spend by patients aged 65+
(US$ bn)

2004: US, EU + other dev., Japan, Other
2015: US, EU + other dev., Japan, Other

'04-'15 CAGR = 6.7%
Age-related diseases
Increasingly important development areas

- Alzheimer’s
- Dementia
- Parkinson’s
- Depression
- Hypertension
- COPD
- Incontinence
- Diabetes T2
- Cancer
- Stroke
- CHD / Dyslipidemia
- RA / MS
- Osteoporosis

Unmet medical needs
Met medical needs

CNS  Inflammation/Bone  Cardiovascular  Respiratory  Urology  Endocrine  Tumors  Accidents/Injuries

AGE-RELATED DISEASES
Roche focus area

Higher premium for medically differentiated products
Low vulnerability to pricing and funding pressures

Vulnerability of portfolio to pricing pressure

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

Roche

High proportion of biologics and hospital products in areas of unmet need
Cancer treatment outcomes
Substantial treatment progress in recent years

- aNHL 1st line (PFS)
- iNHL 1st line (PFS)
- eBC (DFS)
- mBC 1st line (OS)
- mCRC (OS)
- mNSCLC (OS)

Median survival (months)

- 1993 - 2005
- 2001 - 2004
- 2003 - 2005
- 1985 - 2005
- 1993 - 2004
- 1999 - 2003

Oncology is 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
Partnering

Costs are rising for in-licensed products

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

Value creation through innovation

Industry trends: Drivers and challenges

Defining priorities

Roche’s core strengths
Challenge # 1
Achieve above peer level sales growth for both divisions!

Current and future key sources of growth

Illustrative
### Diagnostics: Building on market leadership

*The right product range*

#### cobas 6000 analyzer series: Next generation modular systems

2001: diverse platforms

<table>
<thead>
<tr>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC / HIA</td>
<td>Het. IA</td>
<td>CC / HIA</td>
</tr>
<tr>
<td>D2400</td>
<td>E170</td>
<td>c 701 module</td>
</tr>
<tr>
<td>H917</td>
<td>P800</td>
<td>c 501 module</td>
</tr>
<tr>
<td>I700</td>
<td>I800</td>
<td>2010 analyzer</td>
</tr>
<tr>
<td>H912</td>
<td></td>
<td>c 311 analyzer</td>
</tr>
</tbody>
</table>

2006+: modular platforms

<table>
<thead>
<tr>
<th>Core</th>
<th>c 501 module</th>
<th>e 601 module</th>
</tr>
</thead>
<tbody>
<tr>
<td>D2400</td>
<td>E170</td>
<td>c 701 module</td>
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<td>2010 analyzer</td>
</tr>
<tr>
<td>H912</td>
<td></td>
<td>c 311 analyzer</td>
</tr>
</tbody>
</table>

- # of systems: 13
- # of systems: 5

---

### Renewed Accu-Chek Portfolio

*Driving positive quarterly growth development*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 05</td>
<td>+7%</td>
<td></td>
</tr>
<tr>
<td>Q4 05</td>
<td></td>
<td>+6%</td>
</tr>
<tr>
<td>Q1 06</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Q2 06</td>
<td>-5%</td>
<td></td>
</tr>
</tbody>
</table>

- *Blood Glucose Market Growth - 7%*
The short/medium term sales perspective

**Challenge # 1:**
Achieve above industry-standard sales growth

**Conclusion # 1:**
Maximize assets on hands –
Translate value opportunities into reality
Challenge # 2
Turn attractive top line into attractive bottom line

Can we achieve an attractive top-line and still deliver a strong bottom line?
(Most of our peers are focused on bottom line)

Even if the strategy is the right one, we still have to do it right!

Doing the right things right:
Even a brilliant strategy needs perfect execution to be successful!

Doing the right things:
If the strategy is wrong, there is neither future nor industry leadership.

Success of Roche 2015 is key!
Doing the right things right
Three priority areas

- **People are key!** Activate potential and constantly educate (this topic also has a strategic dimension!)

- **The right “quantum” size for Roche**
  Fixed cost versus variable cost

- **Operational productivity**

Activate our employees’ potential
Constant education to overcome fear of change

To achieve our ambitions we have to activate the potential of our 72,000 employees!

Our leadership and communications efforts have to concentrate here.
Organizations do not grow linearly

*Fixed cost base grows in quantum steps*

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

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!
We must become better and cheaper in whatever we do!

Operational productivity is an important key enabler for the Roche Group

Challenge # 2:
Achieve above industry-standard value creation

Conclusion # 2:
- Market looks toward operating improvements
- Pharma peer group focuses on bottom line (not top line) in its communication
Challenge # 3  
*Fill the strategic gap*

1. Can we produce enough internal and external innovation to maintain the Roche Group’s leadership?

Sustainable leadership  
*How can we constantly provide benefit to customers?*

Which degree of innovation is necessary to achieve a market premium?
The future of any (healthcare) company depends on its ability to foster innovation…

Challenge # 3: How can we constantly innovate?

Roche 2015 – This crucial program helps us to identify strategic priorities for the future.

Roche 2015

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

- **Scope of Innovation**: Choices around where we should focus to ensure advantaged participation.
- **Innovation Capabilities**: Choices around how we will run our Innovation Model.
- **Innovation Investment**: Choices around how much resources to allocate and deploy.

Source: WtF ‘Our Group Strategy for the Next 10 Years and Beyond’
**Scope of innovation**

*Choices around where we should focus to ensure advantaged participation*

1. We will focus on developing **medically differentiated products/services** in therapy areas of **high medical need**.
2. We will use the evolving science of **personalised healthcare** as a source for developing medically differentiated products.
3. We will invest in what we identify as **emerging technologies** critical to securing our R&D pipelines.

Source: WhF ‘Our Group Strategy for the Next 10 Years and Beyond’

---

**Innovation capabilities**

*Choices around how we will run our innovation model*

4. We will build an **internal innovation** capability of sufficient size and scope to:
   - deliver projects where we have a clear advantage
   - identify, assess, integrate and manage external projects
5. We will use **external innovation** partnerships (i.e., small, large, commercial and academic organisations) to strengthen / complement our areas of focus.
6. We will continue to build an advantaged **innovation network** by being the partner of choice for innovative healthcare companies.

Source: WhF ‘Our Group Strategy for the Next 10 Years and Beyond’
Innovation investment

*Choices around how much resources to allocate and deploy*

We will structure our *innovation funding* according to the availability of attractive opportunities.

---

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
## Value creation through innovation

### Industry trends: Drivers and challenges

### Defining priorities

#### Roche's core strengths

---

### Oncology: A rich phase III pipeline

**Targeting main tumor types and use in early intervention**

<table>
<thead>
<tr>
<th>ADJUVANT</th>
<th>MAINT.</th>
<th>1st LINE</th>
<th>2nd LINE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Filed or to file soon</strong></td>
<td><strong>Tarceva pancreatic Ca</strong>&lt;br&gt;<strong>Xeloda gastric Ca</strong>&lt;br&gt;<strong>Herceptin mBC combo hormone</strong>&lt;br&gt;<strong>Avastin mCRC</strong></td>
<td><strong>Avastin NSCLC</strong>&lt;br&gt;<strong>Xeloda mCRC 1st line combo</strong>&lt;br&gt;<strong>Avastin mCRC 1st line ext.</strong></td>
<td><strong>MabThera relapsed CLL</strong>&lt;br&gt;<strong>Avastin prostate Ca</strong>&lt;br&gt;<strong>Tarceva &amp; Avastin NSCLC 2nd line</strong>&lt;br&gt;<strong>Avastin mCRC 2nd line</strong></td>
</tr>
<tr>
<td><strong>Ongoing</strong></td>
<td><strong>Tarceva &amp; Avastin NSCLC 1st line</strong></td>
<td><strong>Avastin RCC</strong>&lt;br&gt;<strong>Avastin gastric Ca</strong>&lt;br&gt;<strong>Avastin prostate Ca</strong>&lt;br&gt;<strong>Herceptin gastric Ca</strong>&lt;br&gt;<strong>Herceptin NSCLC 1st line</strong>&lt;br&gt;<strong>Avastin &amp; Herceptin mBC 1st line ext.</strong></td>
<td><strong>MabThera relapsed CLL</strong>&lt;br&gt;<strong>Avastin prostate Ca</strong>&lt;br&gt;<strong>Tarceva &amp; Avastin NSCLC 2nd line</strong>&lt;br&gt;<strong>Xeloda mCRC 2nd line combo</strong>&lt;br&gt;<strong>Avastin mCRC 2nd line</strong></td>
</tr>
<tr>
<td><strong>To start soon</strong></td>
<td><strong>Xeloda adjuvant BC</strong>&lt;br&gt;<strong>Xeloda adjuvant CC combo</strong>&lt;br&gt;<strong>Avastin adjuvant rectal Ca</strong>&lt;br&gt;<strong>Avastin adjuvant CC</strong>&lt;br&gt;<strong>Avastin adjuvant NSCLC</strong>&lt;br&gt;<strong>Tacevea adjuvant NSCLC</strong>&lt;br&gt;<strong>Avastin adjuvant NSCLC</strong></td>
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</tr>
</tbody>
</table>
Roche in autoimmune diseases

Building a new therapeutic franchise

**MabThera**
- Launched in RA anti-TNF inadequate responders in US and EU
- Phase III in RA MTX inadequate responders on track, filing EU 2008
- Phase III for repeated treatment courses on track, filing EU 2008

**Actemra**
- Japanese phase III in DMARD inadequate responders met primary endpoints - filed in J
- Phase III in RA MTX IR, DMARD IR (RoW) on track, recruitment to complete by end 2006
- Global filing 2007

**CellCept**
- Phase III in Lupus Nephritis completed recruitment, filing 2007

**MabThera**
- Phase III in LN, PPMS, ANCA ass. vasculitis and SLE ongoing

**Ocrelizumab**
- Phase II trial met primary and secondary endpoints, to be presented at ACR '06
- Phase III program to be finalized and initiated soon

**R1503 (p38 kinase inhibitor)**
- Phase II initiated in Q4'05

**Phase 1**
- 7 compounds in development for autoimmune diseases

**R1503 (p38 kinase inhibitor)**
- Phase II in RRMS met primary endpoints

**Phase 1**
- 7 compounds in development for autoimmune diseases

Roche in metabolic/ cardiovascular diseases

Major decision points within the near future

**R1583 (GLP-1)**
- Phase II data on immediate release formulation presented at ADA'06
- Start of phase II with sustained release formulation early 2007
- Filing post 2009

**R1440 (GKA)**
- Phase II started Q4'05
- First phase II data available 2007
- Filing 2009

**R1658 (CETP inhibitor)**
- First phase II completed – efficacy and safety confirmed
- Phase II safety trial ongoing
- Go/ No go decision for phase III in 2007
- Filing post 2009

**Phase 1**
- 2 compounds in development for T2D
- 2 compounds in development for dyslipidemia

**Phase 0**
- 4 compounds in development for metabolic/ CV diseases

**3 phase II projects**

**4 phase I projects**
Low generic risk
Long-term sustainable business

Sales erosion due to generisation (% of 2004 sales)

Source: citigroup

Roche: Unique geographic risk diversification

Roche: Unique “pillars of value” risk diversification