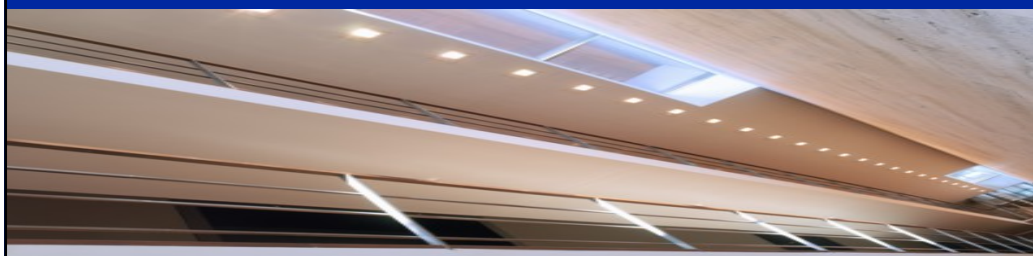


Roche: defining priorities for a high tech healthcare company

*Erich Hunziker, CFO and Deputy Head of
the Corporate Executive Committee
June 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

Ventana

Our priorities

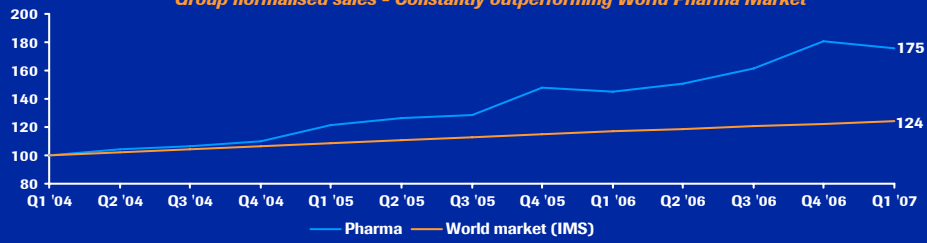
Q1 2007: Industry leading

More than CHF 1.5 billion organic growth

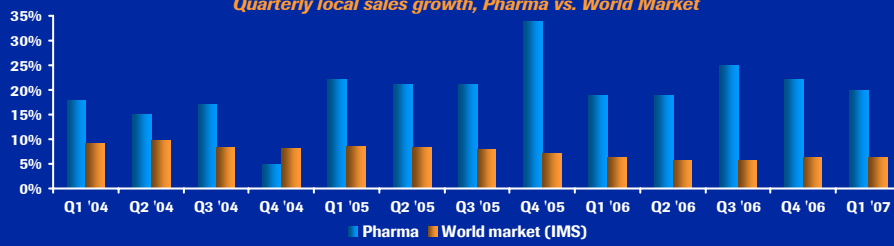
CHF bn	Q1'06	Q1'07	% change in		USD growth
			CHF	local	
Pharmaceuticals	7.7	9.1	18	20	24
Diagnostics	2.1	2.2	6	6	11
Roche Group	9.8	11.4	16	17	21

Consistently outgrowing peers

Group normalised sales - Constantly outperforming World Pharma Market



Quarterly local sales growth, Pharma vs. World Market



5

Performance up-date

Ventana

Our priorities

6

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

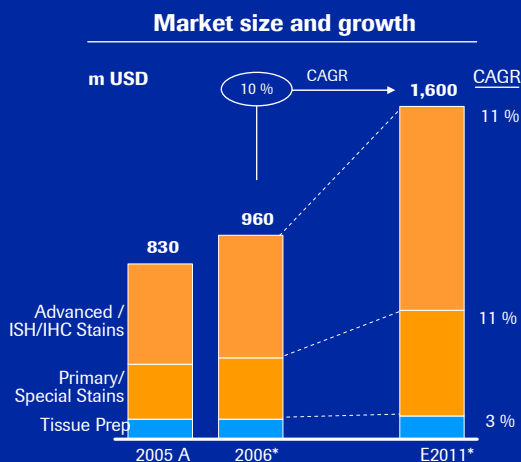


Source: Ventana Investor Presentation

7

Ventana Acquisition – New Market Potential

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



Key growth drivers

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

Source: Analyst reports, Roche Analysis
 * Analysis of the histopathology market based on Analyst forecasts

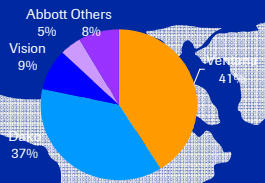
8

Roche and Ventana – Clear Market Leaders

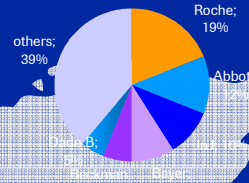
Maximising each companies market strengths



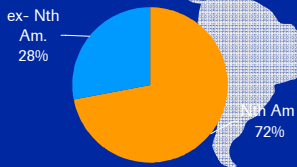
Advanced Staining Market 2006
Total: 576 m USD (+19 %)



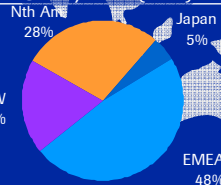
IVD Market 2006
Total: 32 bn USD (+5 %)



Ventana Sales 2006
Total: 238 m USD (+20 %)



Roche Sales 2006
CHF 8,747 m (+5 %)

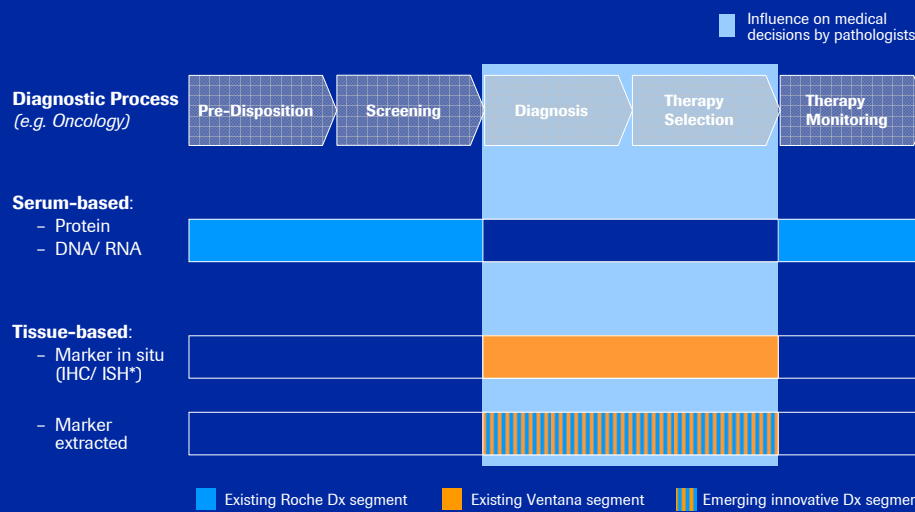


Source: Analyst reports, Roche Analysis
* Analysis of the histopathology market based on Analyst forecasts

All growth rates in local currency
**Europe, Middle East and Africa (excl. Iberia)

Ventana Acquisition – Providing Medical Value

Better diagnosis & therapy selection in oncology



Source: Roche Analysis
* IHC = Immunohistochemistry; ISH = in situ hybridization

Ventana Acquisition – Complementary Technologies



Complete tissue-based diagnostics capabilities for customers



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Ventana Acquisition – Companion Diagnostics



Strong oncology drug portfolio, combined with full diagnostics capabilities uniquely positions Roche to lead in PHC

	Roche Oncology Pipeline	Roche Capabilities		Ventana Capabilities
		PCR	Elecsys/ Others	IHC/ I SH
Late Development/ Market	Herceptin	Blue		Orange
	Tarceva	Blue		Orange
	MabThera/ Rituxan	Blue		Orange
	Pertuzumab	Blue	Blue	Orange
Early Development	R7204	Blue		Orange
	R7112	Blue	Blue	Orange
	R1507	Blue		Orange
	R7160		Blue	Orange
	R7159		Blue	Orange

12

Transaction Financials – Summary

Deploying capital for the right strategic purposes

- 1 Offer of \$75 cash per share, representing an attractive value to Ventana's stockholders
- 2 Roche committed to maintain operations in Tucson, Arizona and further invest in the business
- 3 Deal accretive to operating profit/ EBIT within next 2-3 years and to Core EPS within 4 years. Marginal dilution (<1 %) to Core EPS prior to this
- 4 Strategic flexibility of the Roche group not significantly affected

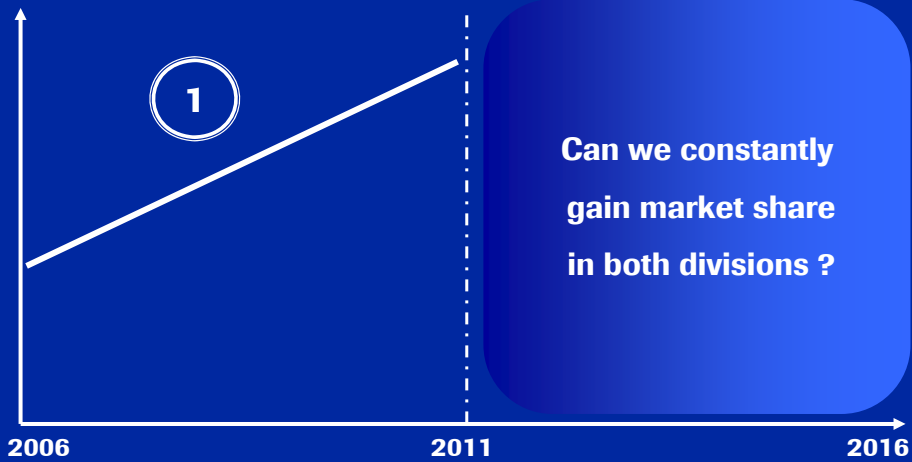
Performance up-date

Ventana

Our priorities

Roche Challenge # 1

Achieve above peer level sales growth for both divisions



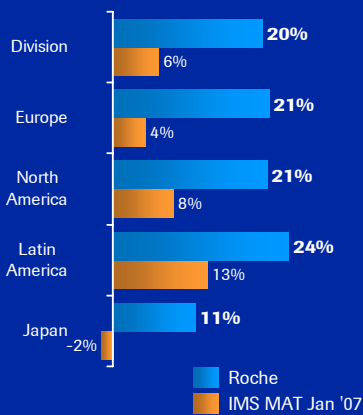
15

Q1 2007: Growing more than three times the market

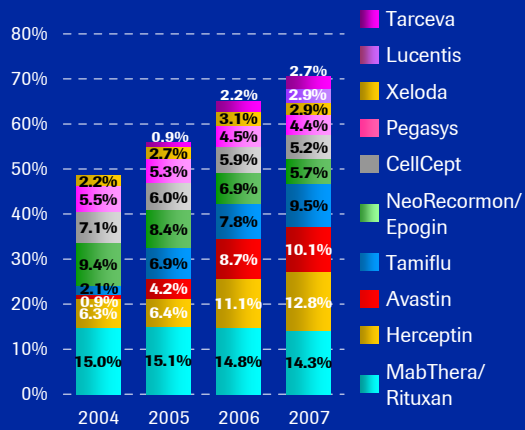
Execution of assets on hand



Local sales growth



Top 10 products as % of pharmaceutical sales

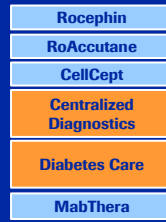


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Focus on differentiated medicines pays off

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

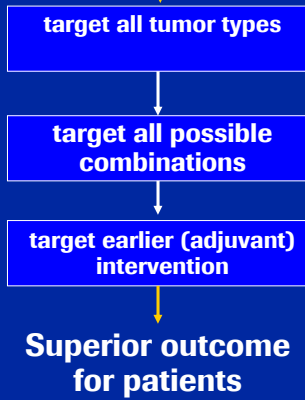
Value drivers	6	10
Sales (CHF bn)	10	27

17

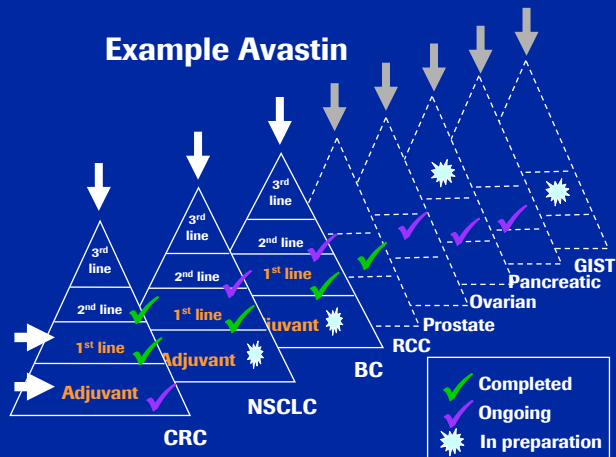
Our oncology strategy: Setting new standards of care

New tumor types, new combinations, new lines of intervention

Clinically differentiated product



Example Avastin



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Avastin: Building standard of care, defending leadership

Effectively maximizing an asset

Main Indication		Status		Main Indication		Status	
NSCLC	1st line non-squamous	Avastin in Lung*	Data completed,	mCRC	1st line	NO16966	Positive results Q3'06, Fied '07
		ATLAS	Initiated Q4'05			Adjuvant CC	AVANT
	1st line squamous	AVASQ	Initiated Q3'06		NSABP C-08	Recr. completed	
		BRIDGE	Pilot initiated Q2'06	Adjuvant rectal Ca	E5204	Initiated Q1'06	
2nd line	BETA Lung	Initiated Q2'05					
Adjuvant NSCLC		ECOG 1505	To initiate H1'07				
mBC	1st line HER2-negative	AVADO	Recr. to complete H1'07	RCC	1st line	AVOREN	Positive results Q4'06, Fied 2007
		RIBBON-1	Initiated Q4'05, Global recruitment launched			CALGB 90206	Awaiting results
	1st line HER2-positive	AVEREL	Initiated Q3'06				
	2nd line	RIBBON-2	Initiated Q1'06	Pancreatic Ca	1st line	AVITA	Recr. completed
Adjuvant BC	HER2-negative	E2104	Positive data Q1'07				
		E5103	To initiate 2007	Ovarian Ca	1st line	GOG 218	Initiated Q3'05
		BO20289	To initiate 2007		ICON7	Initiated Q4'06	
	HER2-positive	006R/B-31R	In preparation		2nd line	GOG 213	In preparation
				Prostate Ca	Hormone refractory	CALGB 90401	Initiated Q2'05

* Formerly called AVAIL

Xeloda/ Tarceva/ MabThera/ Herceptin:

Maximizing across the portfolio

Main Indications		Status	
Xeloda			
Adjuvant CC	Combo Avastin	AVANT	Recr. to complete H1'07
	Combo oxaliplatin	NO16968	Recr. completed, Final analysis end '07/early '08
Adjuvant BC		NO 17629	Recr. completed
Tarceva			
NSCLC 1st line maintenance	Combo chemotherapy	SATURN	Initiated Q4'05, Recr. to complete '07
		TITAN	Initiated Q4'05, Recr. to complete '07
	Combo Avastin	ATLAS	Initiated Q4'05
NSCLC 2nd line	Combo Avastin	BETA Lung	Initiated Q2'05
Adjuvant NSCLC		RADIANT	Initiated Q3'06
MabThera			
NHL maintenance 1st line	After MabThera induction	PRIMA	Initiated Q1'06, Recr. to complete H1'07
CLL 1st line		ML17102	Recr. completed
CLL relapsed		REACH	Recr. to complete end '07
Herceptin			
Gastric Ca		ToGA	Initiated Q3'05, Recr. to complete H2'07
Adjuvant BC	1yr vs. 2yrs treatment	HERA	Final analysis 2008/2009

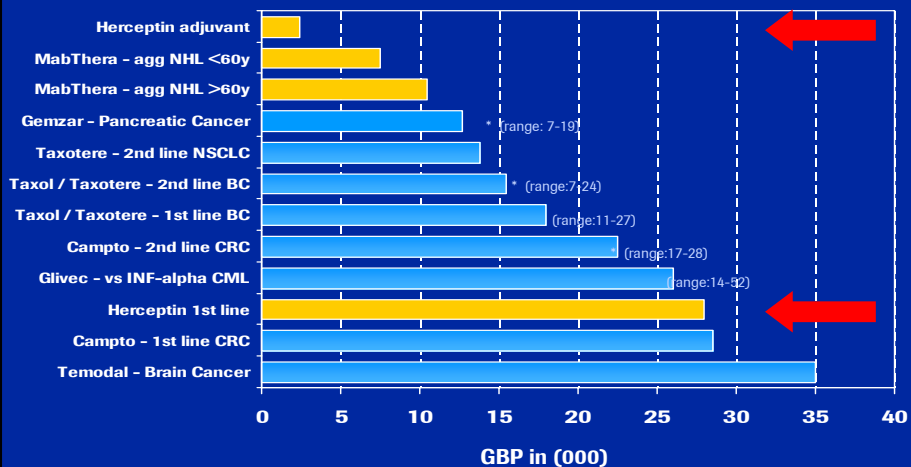
The key goal of all our efforts in oncology: moving from extending life to potentially saving life



	ADJUVANT	MAINT.	1 ST LINE	2 ND LINE
Filed or to file soon			Tarceva pancreatic Ca Avastin NSCLC Avastin mBC Xeloda gastric Ca Xeloda mCRC 1 st line combo Herceptin mBC combo hormonal Avastin mCRC 1 st line ext.	
Ongoing	Xeloda adjuvant BC Xeloda adjuvant CC combo Avastin adjuvant rectal Ca Avastin adjuvant CC Tarceva adjuvant NSCLC	Tarceva & Avastin NSCLC maintenance MabThera iNHL maintenance	Avastin RCC Avastin mBC 1 st line ext. Avastin pancreatic Ca Avastin NSCLC 1 st line ext. Avastin ovarian Ca MabThera 1 st line CLL Herceptin gastric Ca Tarceva NSCLC 1 st line Avastin & Herceptin mBC 1 st line ext.	MabThera relapsed CLL Avastin prostate Ca Tarceva & Avastin NSCLC 2 nd line Xeloda mCRC 2 nd line combo Avastin mBC 2 nd line
To start soon	Avastin adjuvant NSCLC Avastin adjuvant BC			

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Dramatic improvements when moving up the adjuvant status Cost per QALY – UK NICE assessment



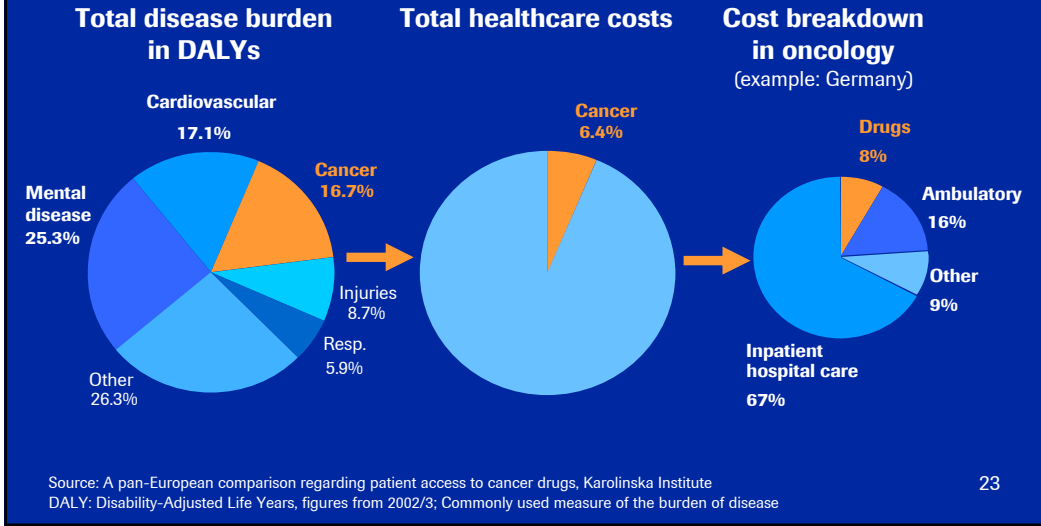
Rounded figures

* Average of range

Source: NICE Technology Appraisal Guidance Documents www.nice.org.uk

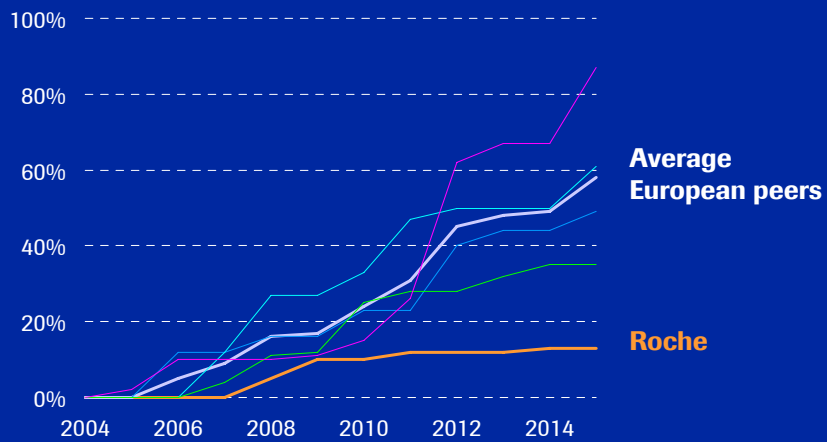
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Oncology is still dramatically under funded *Compared to other disease areas*



Roche has a low exposure to generics *Long-term sustainable business*

Sales erosion due to generisation (% of 2004 sales)



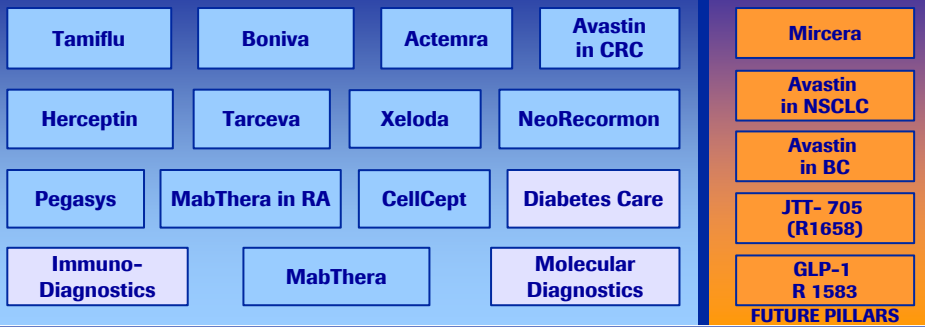
Roche has a unique „investment case“



Roche: Unique geographic risk diversification



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

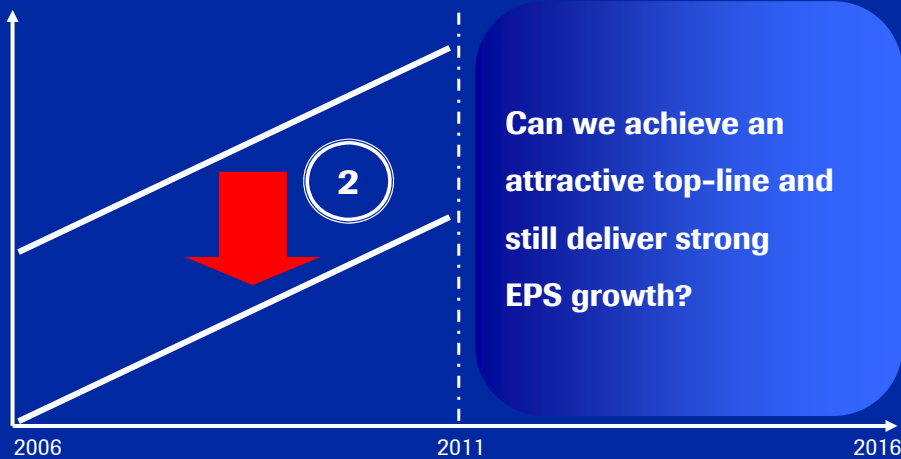
Conclusion # 1:

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

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Challenge # 2

Turn attractive top line into attractive bottom line



27

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



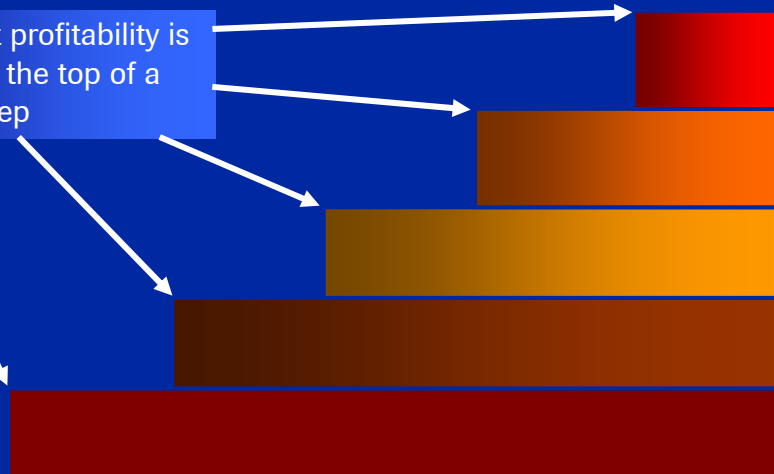
29

Organizations do not grow linearly

Fixed cost base grows in quantum steps



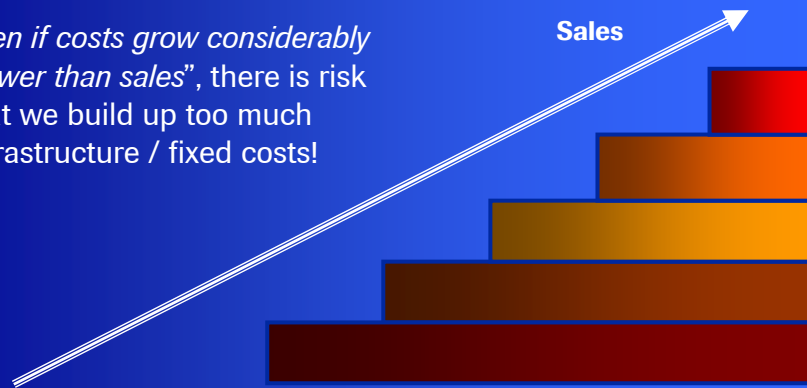
The highest profitability is achieved at the top of a quantum step



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!

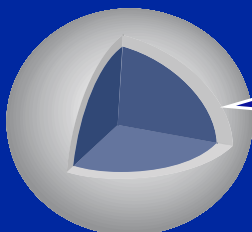


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Constantly improving operational productivity



Operational productivity is an important key enabler for the Roche Group



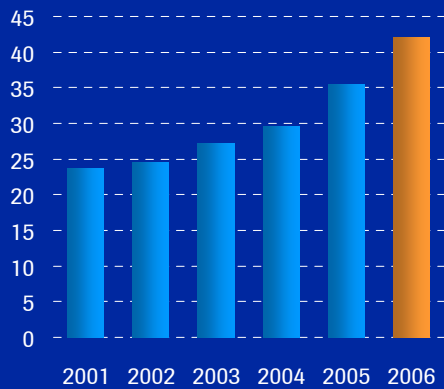
We must become better and cheaper in whatever we do!

32

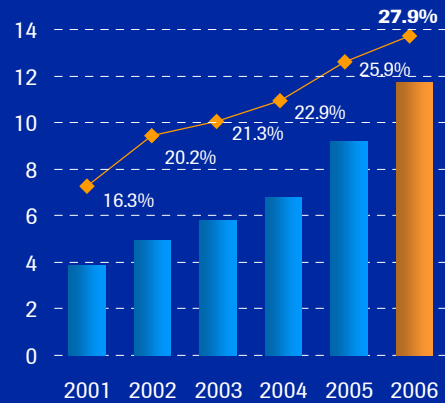
Focus on differentiated products paying off Sales doubling, operating profits tripling



Group sales¹ (CHF bn)



Group operating profit² (CHF bn)



¹ Pharmaceuticals and Diagnostics

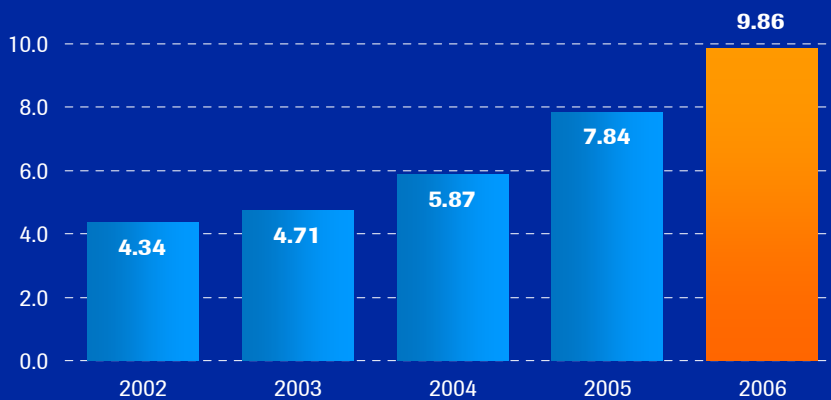
² before exceptional items

Core EPS rising steadily



CHF

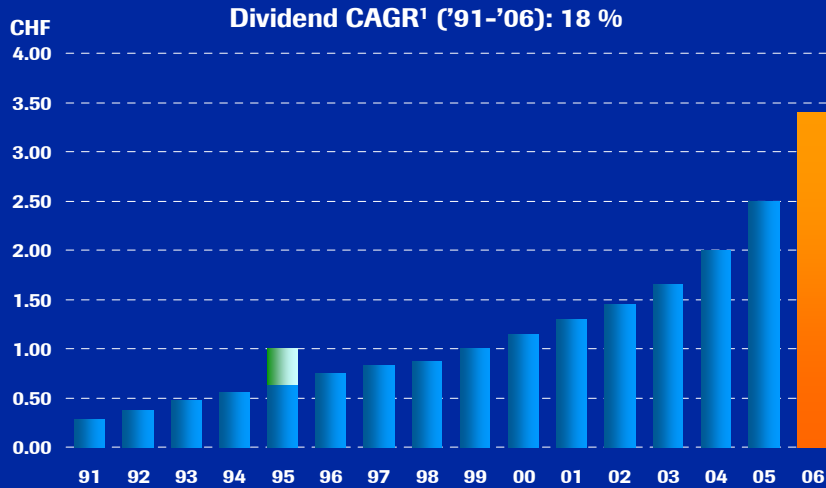
Core EPS CAGR¹ ('02 - '06): 23 %



¹ Compound Annual Growth Rate

Economic success translated into shareholder returns

Again a substantial increase in 2006



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:

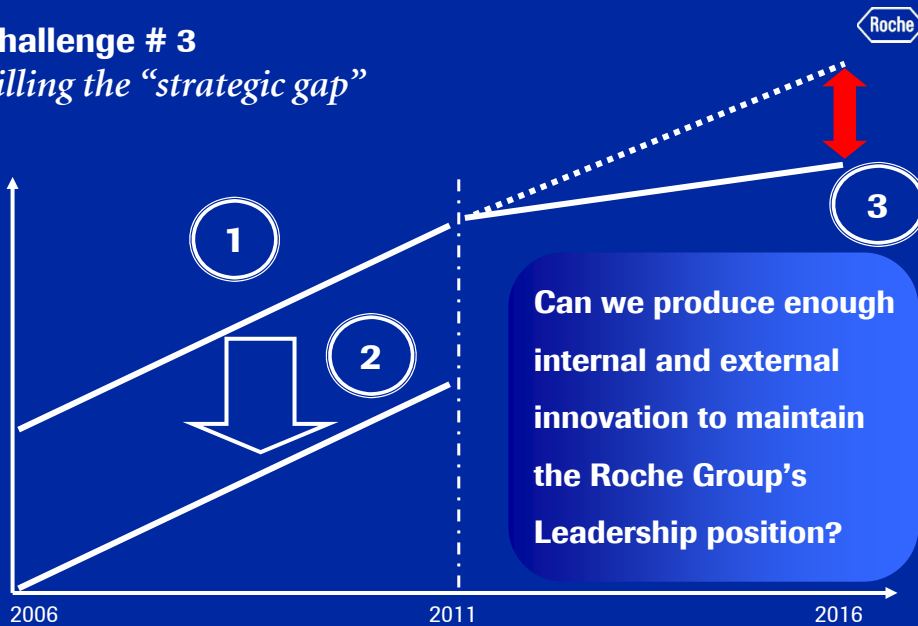
Roche has many programs running to ensure above industry standard EPS-growth



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Challenge # 3

Filling the “strategic gap”



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Sustainable leadership

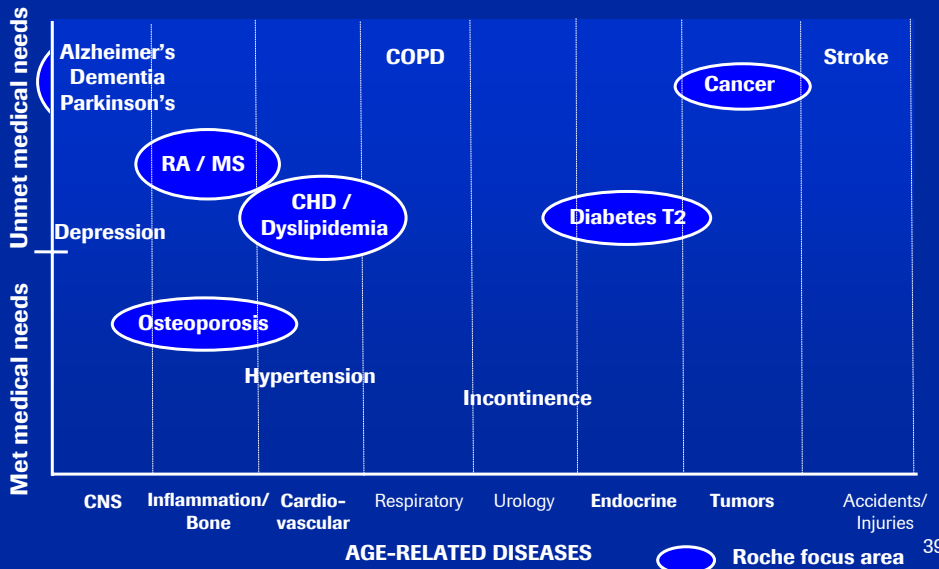
How can we constantly provide benefit to customers?



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

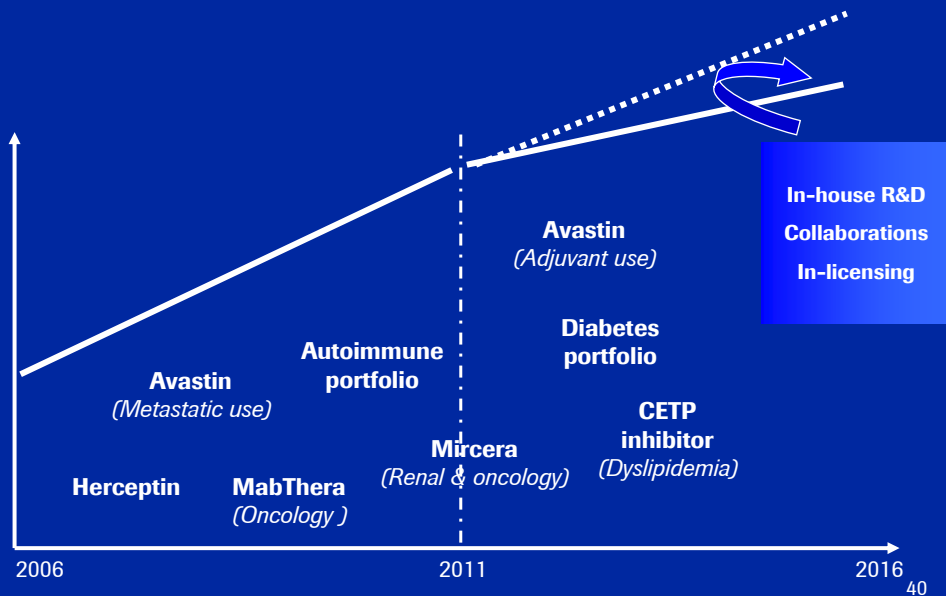
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The potential is there: unmet medical needs in many age-related diseases



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Current and future key sources of growth



Illustrative



Rheumatoid Arthritis/ Auto Immune

Major indications in phase III development

Main Indication		Status	
Rheumatoid arthritis			
MabThera	MTX - inadequate responders	SERENE, SUNRISE, MIRROR	Recr. completed
	MTX -naive	IMAGE	Initiated Q1'06
	Combo Enbrel	TAME	Initiated Q2'06
Actemra	MTX (DMARD) - inadequate resp. or -naive	OPTION, TOWARD, AMBITION	Recr. completed, Final analysis by mid '07 (OPTION January '07)
	Anti-TNF inadequate resp.	RADIATE	Recr. completed, Final analysis by mid '07
	MTX inadequate responders	LITHE	Recr. completed
Ocrelizumab	MTX inadequate responders	Phase III	Initiated Q4'06
	Anti-TNF inadequate responders	Phase III	To initiate H1'07
	X-ray study	Phase III	To initiate H1'07
ANCA ass. vasculitis			
MabThera		RAVE	Initiated Q4'04

Main Indication		Status	
Multiple sclerosis			
MabThera	PPMS	OLYMPUS	Recr. completed Q4'05
	RRMS	HERMES	Met primary endpoint Q3'06, presented at AAN'07
Ocrelizumab	RRMS	Phase II or III	In preparation

Lupus nephritis			
MabThera		LUNAR	To complete recr. H2'07
Ocrelizumab		Phase III	To initiate Q2'07
CellCept		Phase III	Recr. completed, Results (inducation phase) H1'07

SLE			
MabThera		EXPLORER	To complete recr. Q1'07
Ocrelizumab		Phase III	To initiate in Q2'07



Metabolic and vascular diseases

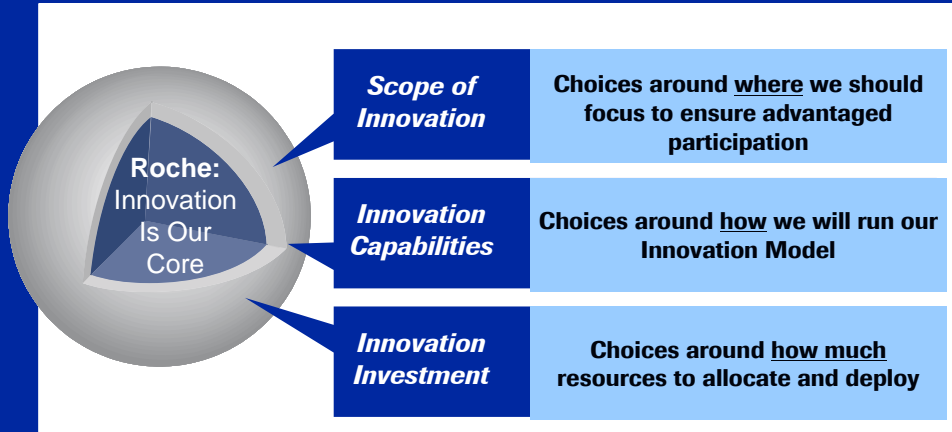
Major decision points in 2007

Main Indications		Status	
Type 2 Diabetes			
R1440 (GKA)	Phase II	Initiated Q4'05	First phase II data available 2007 Filing 2009
R1583 (GLP-1)	Phase II immediate release formulation	Presented at ADA'06	
	Phase II sustained release formulation	Initiated in Q1' 2007	
R1439 (PPAR α/γ)	Phase II	Initiated Q4'06	
R1579	Phase I	Ongoing	
R1511	Phase I	Ongoing	
Dyslipidemia			
R1658 (JTT-705)	Phase II efficacy	Encouraging data obtained H1'06	
	Phase II safety	Results by mid'07 Go/ No go decision for phase III in 2007 Filing 2010	

Roche 2015



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



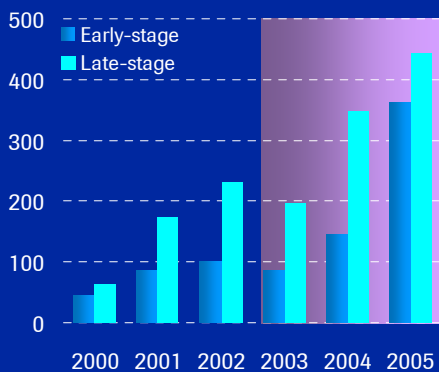
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Access to Innovation is key - competition growing



Costs of third party innovation is raising steeply!

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



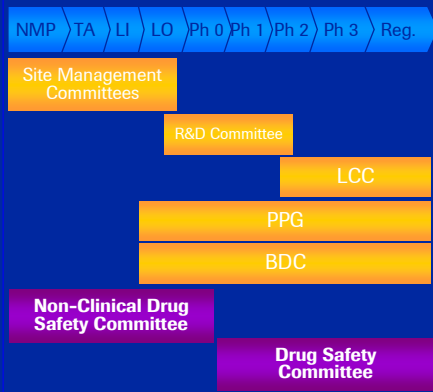
- Average cost of in-licensing deals rose 40% (CAGR) since 2000
- By 2010, 40% of Pharma peers' revenues expected to come from external sources of innovation

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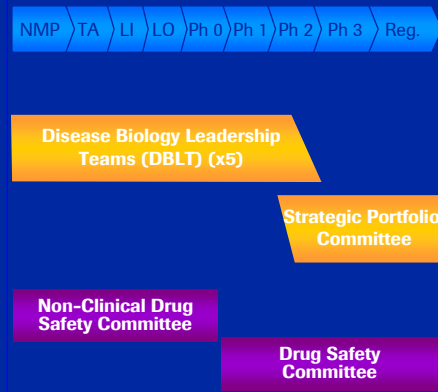
Roche internal R&D: 5 Disease Biology Leadership Teams responsible for the start of the value chain



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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