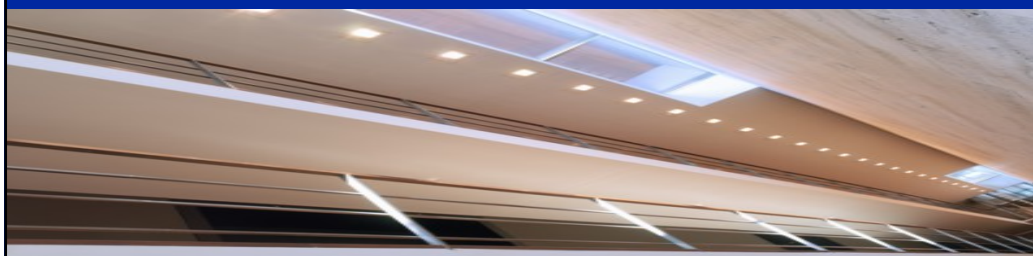


Roche: defining priorities for a high tech healthcare company

*Erich Hunziker, Chief Financial Officer
February 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.

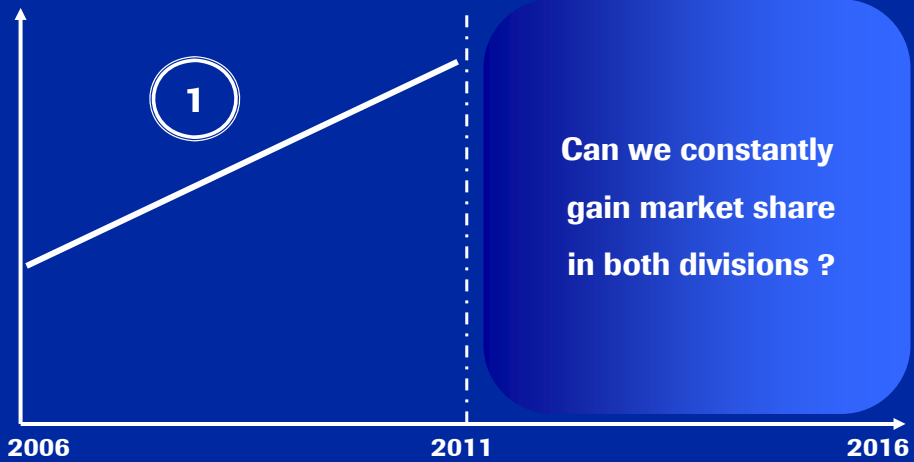
Any statements regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Roche's earnings or earnings per share for this year or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Roche.

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Roche Challenge # 1

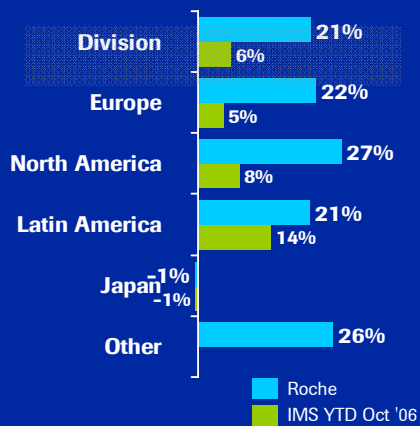
Achieve above peer level sales growth for both divisions



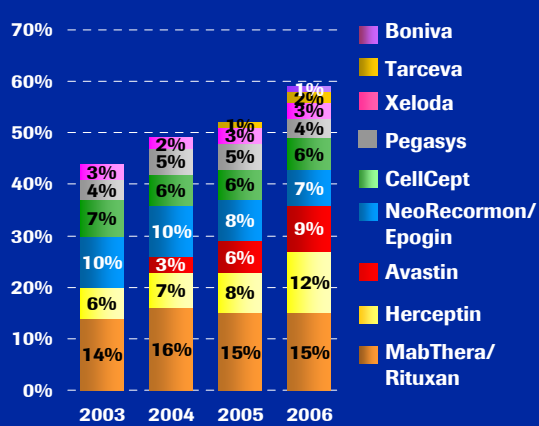
2006: we have gained market share around the globe!

Local sales growth and key products

Local sales growth

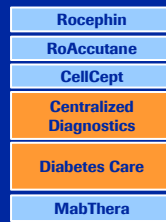


% Key products of total pharmaceutical sales



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

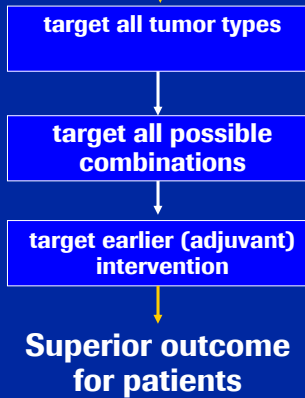


2006

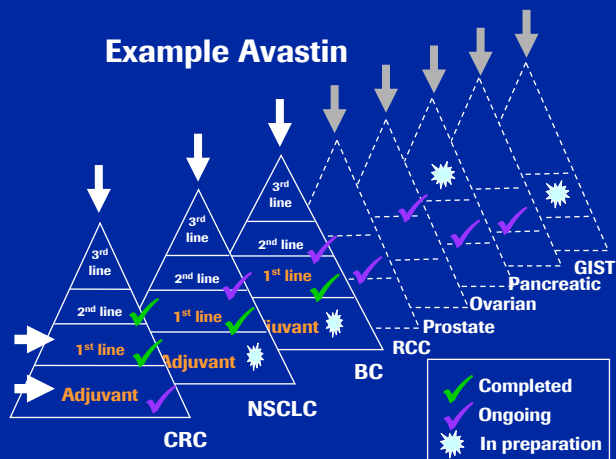
Value drivers	6	10
Sales (CHF bn)	10	27

Our oncology strategy: Setting new standards of care *New tumor types, new combinations, new lines of intervention*

Clinically differentiated product



Example Avastin



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*	Recr. completed, Final analysis H1'07	mCRC	1st line	NO16966	Positive results Q3'06, Filing H1'07
		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, Filing 2007
		RIBBON-1	Initiated Q4'05, Global recruitment launched			CALGB 90206	Awaiting results
	1st line HER2-positive	AVEREL	Initiated Q3'06	Pancreatic Ca	1st line	AVITA	Recr. completed
	2nd line	RIBBON-2	Initiated Q1'06	Ovarian Ca	1st line	GOG 218	Initiated Q3'05
Adjuvant BC	HER2-negative	E2104	Pilot initiated Q4'05, Analysis Q1'07	ICON7	Initiated Q4'06		
		E5103	To initiate 2007	2nd line	GOG 213	In preparation	
		BO20289	To initiate 2007				
	HER2-positive	006R/B-31R	In preparation	Prostate Ca	Hormone refractory	CALGB 90401	Initiated Q2'05

* Formerly called AVAIL

Xeloda/ Tarceva/ MabThera/ Herceptin:

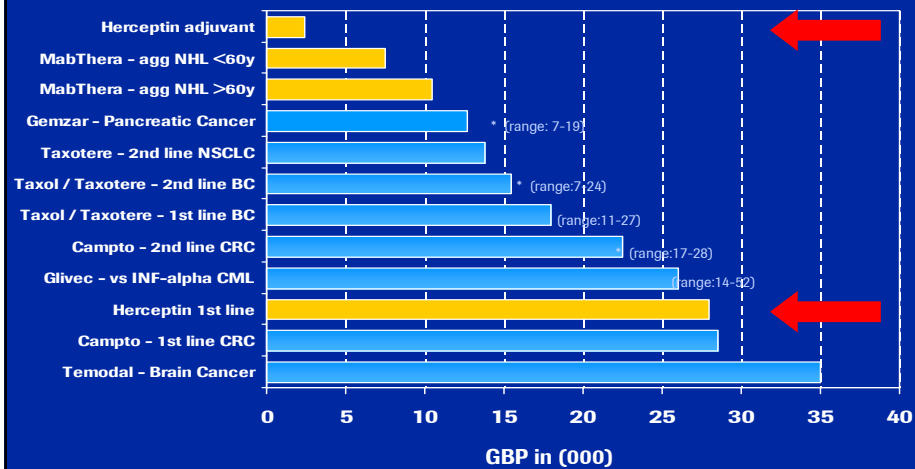
Maximizing across the portfolio

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 ✓ Herceptin mBC combo hormonal ✓ Avastin mCRC 1 st line ext. ✓ Xeloda gastric Ca ✓ Xeloda mCRC 1 st line combo ✓	
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 pancreatic Ca Avastin ovarian Ca Herceptin gastric Ca Avastin & Herceptin mBC 1 st line ext. Avastin mBC 1 st line ext. Avastin NSCLC 1 st line ext. MabThera 1 st line CLL Tarceva NSCLC 1 st line	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			

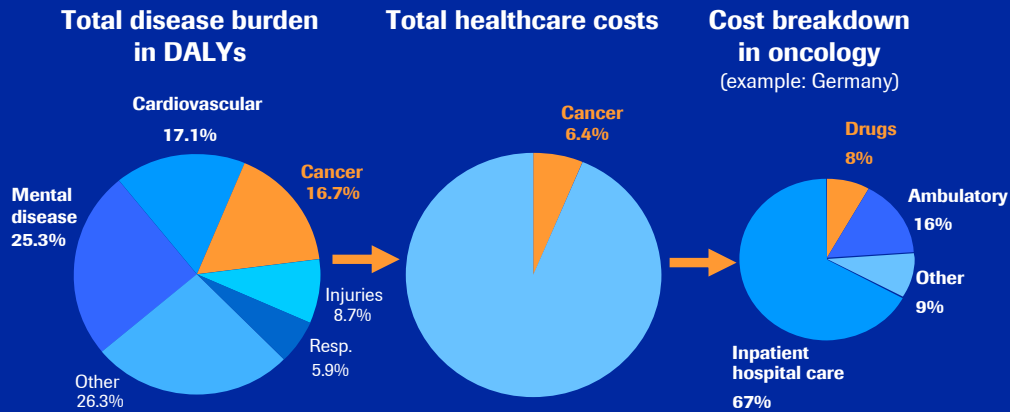
Dramatic improvements when moving up the adjuvant status
Cost per QALY – UK NICE assessment



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

Rounded figures
 * Average of range

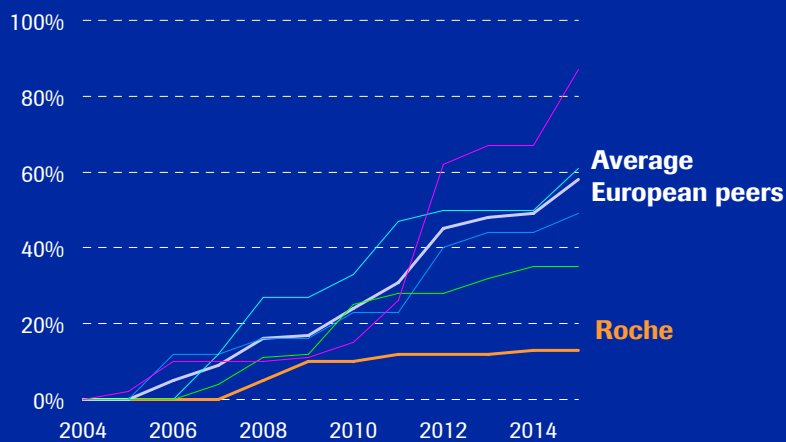
Oncology is still dramatically under funded *Compared to other disease areas*



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

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

USA

(Greater)
Europe

Japan

Asia China

Latin
America

Roche: Unique “pillars of value” risk diversification

Tamiflu

Boniva

Actemra

Avastin
in CRC

Mircera

Herceptin

Tarceva

Xeloda

NeoRecormon

Avastin
in NSCLC

Pegasys

MabThera in RA

CellCept

Diabetes Care

Avastin
in BC

Immuno-
Diagnostics

MabThera

Molecular
Diagnostics

JTT- 705
(R1658)

GLP-1
R 1583

FUTURE PILLARS

The short/medium term *sales* perspective

Challenge # 1:

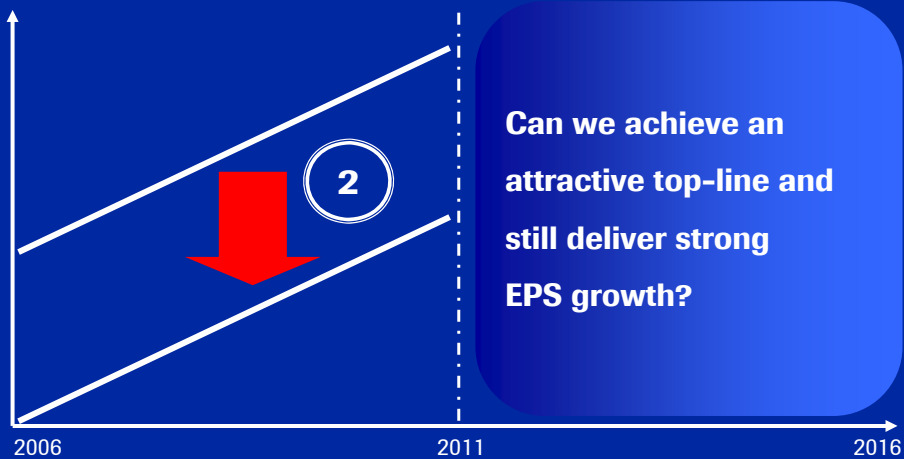
Achieve above industry-standard sales growth

Conclusion # 1:

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

Challenge # 2

Turn attractive top line into attractive bottom line



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**

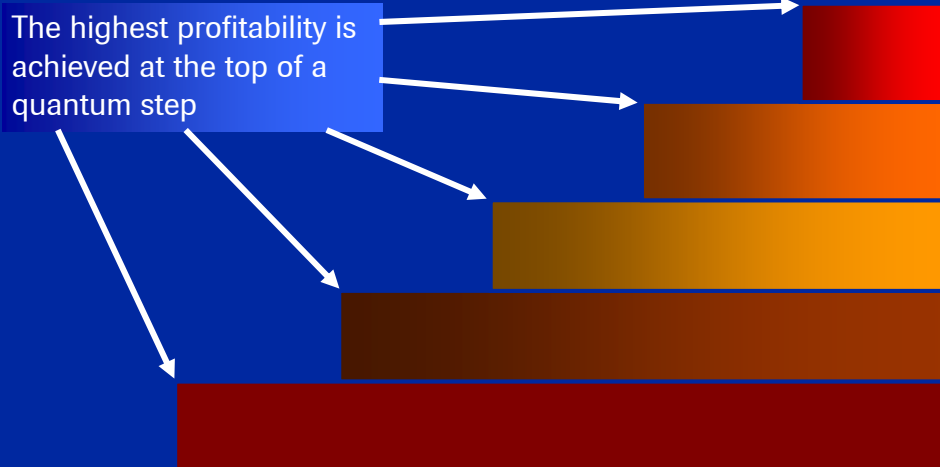
Activate our employees' potential

Constant education to overcome fear of change



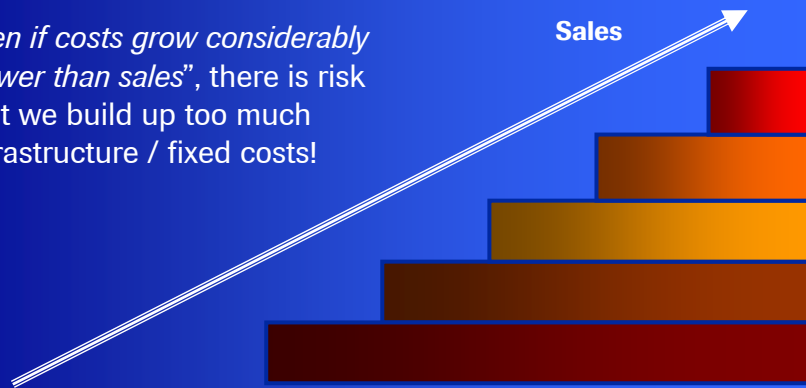
Organizations do not grow linearly

Fixed cost base grows in quantum steps



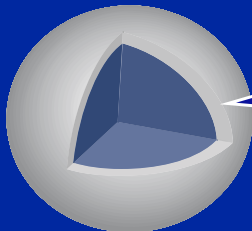
What is the right quantum size for a “sustainable” Roche?

Even if costs grow considerably slower than sales”, there is risk that we build up too much infrastructure / fixed costs!



Constantly improving operational productivity

Operational productivity is an important key enabler for the Roche Group

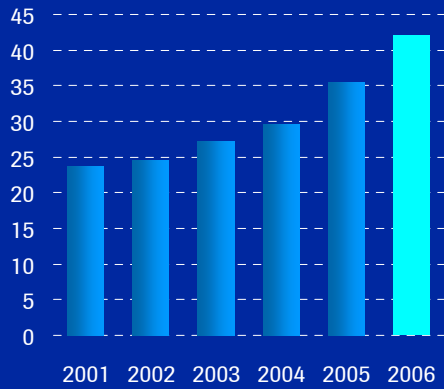


We must become better and cheaper in whatever we do!

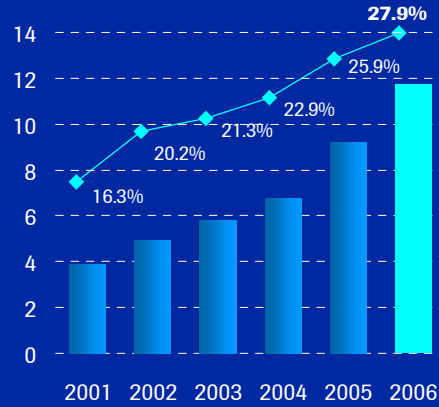
Focus on differentiated products paying off

Sales doubling, operating profits tripling

Group sales¹ (CHF bn)



Group operating profit² (CHF bn)



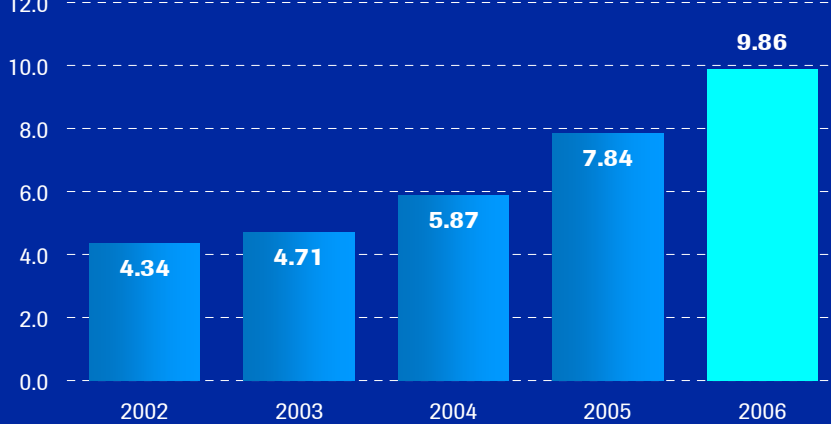
¹ Pharmaceuticals and Diagnostics

² before exceptional items

Core EPS rising steadily

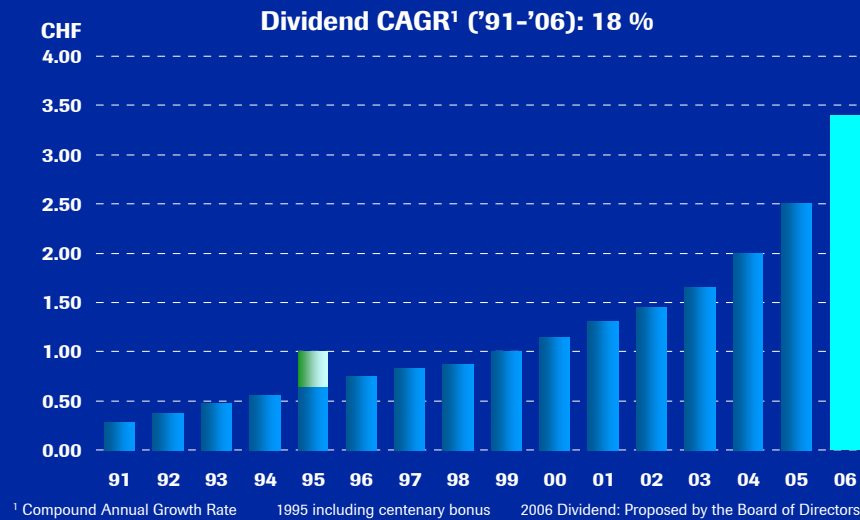
CHF

Core EPS CAGR¹ ('02 - '06): 23 %



¹ Compound Annual Growth Rate

Economic success translated into shareholder returns *Again a substantial increase in 2006*



Short/medium term *bottom-line* perspective

Challenge # 2:

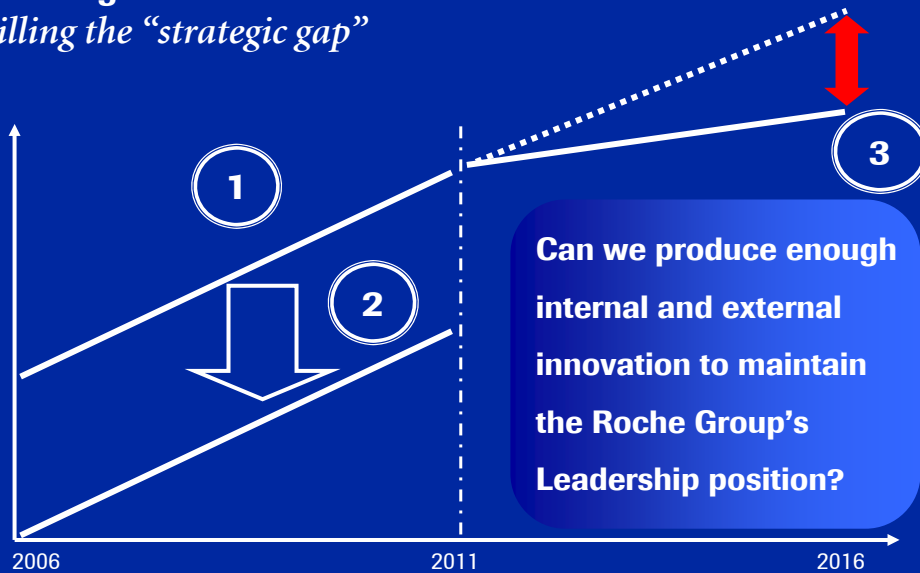
Achieve above industry-standard value creation

Conclusion # 2:

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

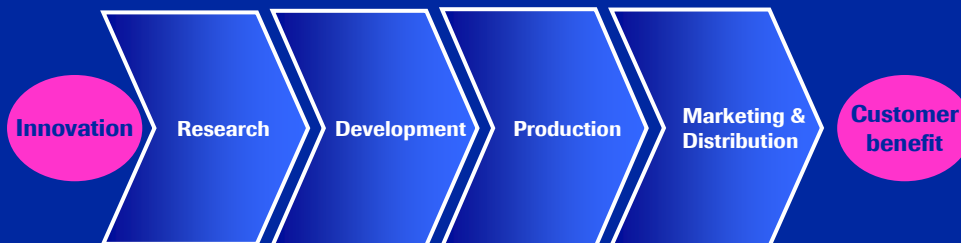
Challenge # 3

Filling the “strategic gap”



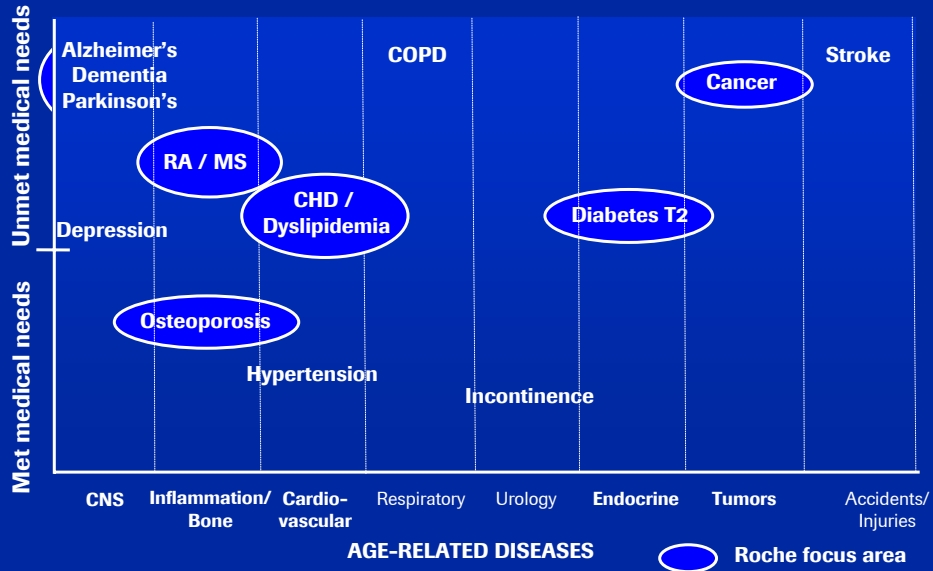
Sustainable leadership

How can we constantly provide benefit to customers?

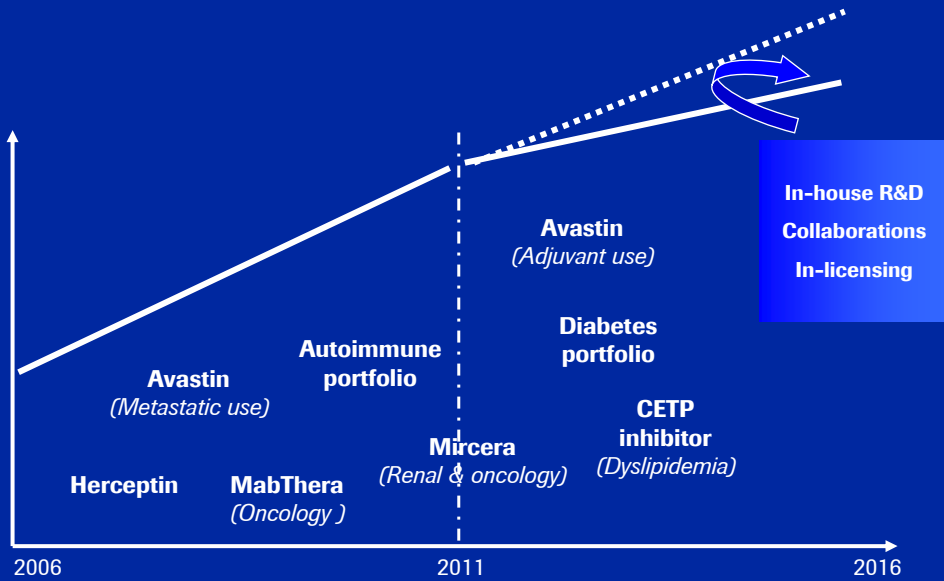


Which degree of innovation (= medical differentiation) is necessary to jump regulatory and reimbursement hurdles?

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



Current and future key sources of growth



Illustrative

Rheumatoid Arthritis/ Auto Immune

Major indications in phase III development

Main Indication		Status		Main Indication		Status	
Rheumatoid arthritis				Multiple sclerosis			
MabThera	MTX - inadequate responders	SERENE, SUNRISE, MIRROR	Recr. completed	MabThera	PPMS	OLYMPUS	Recr. completed Q4'05
	MTX -naive	IMAGE	Initiated Q1'06		RRMS	HERMES	Met primary endpoint Q3'06. To be presented at AAN'07
	Combo Enbrel	TAME	Initiated Q2'06	Ocrelizumab	RRMS	Phase II or III	In discussion
Actemra	MTX (DMARD) - inadequate resp. or -naive	OPTION, TOWARD, AMBITION	Recr. completed, Final analysis by mid '07 (OPTION January '07)	Lupus nephritis			
	Anti-TNF inadequate resp.	RADIATE	Recr. completed, Final analysis by mid '07	MabThera		LUNAR	To complete recr. H2'07
	MTX inadequate responders	LITHE	Recr. completed	Ocrelizumab		Phase III	To initiate Q2'07
Ocrelizumab	MTX inadequate responders	Phase III	Initiated Q4'06	CellCept		Phase III	Recr. completed, Results (inducation phase) H1'07
	Anti-TNF inadequate responders	Phase III	To initiate H1'07	SLE			
	X-ray study	Phase III	To initiate H1'07	MabThera		EXPLORER	To complete recr. Q1'07
ANCA ass. vasculitis				Ocrelizumab		Phase III	To initiate in Q2'07
MabThera		RAVE	Initiated Q4'04				

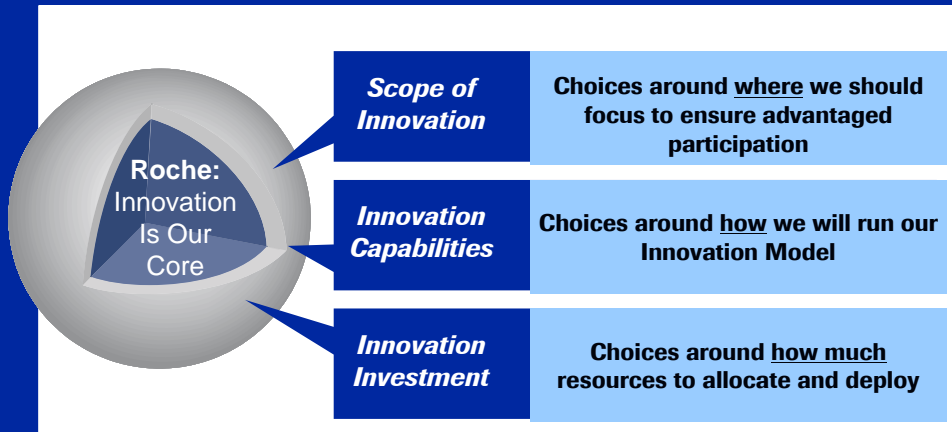
Metabolic and vascular diseases

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	To initiate early 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

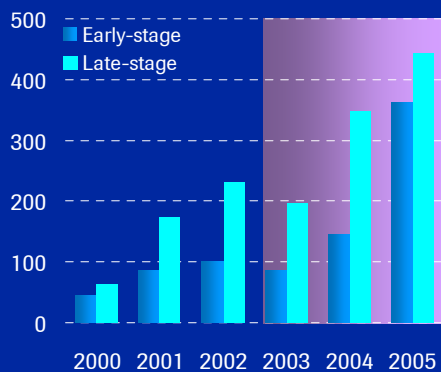
This program provides strategic direction and aligns our priorities to fill 'sustainable long-term growth' gap



Access to Innovation is key - competition growing

Costs of third party innovation is raising steeply!

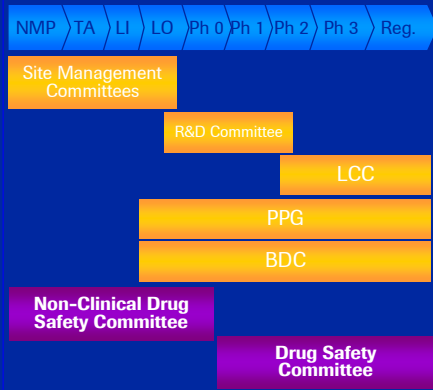
Average cost of in-licensing (Rx), \$m



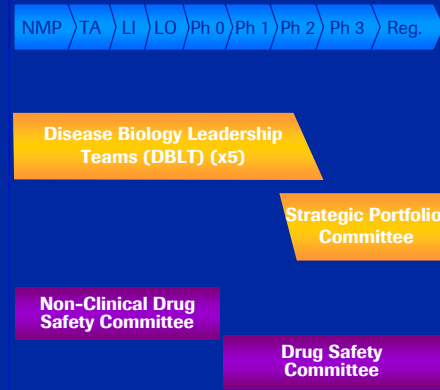
- Average cost of in-licensing deals rose 40% (CAGR) since 2000
- By 2010, 40% of Pharma peers' revenues expected to come from external sources of innovation

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

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



We Innovate Healthcare