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Roche: Committed to Innovation

William M. Burns, CEO Roche Pharmaceuticals

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11 adverse publicity and news coverage.

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Growth opportunities

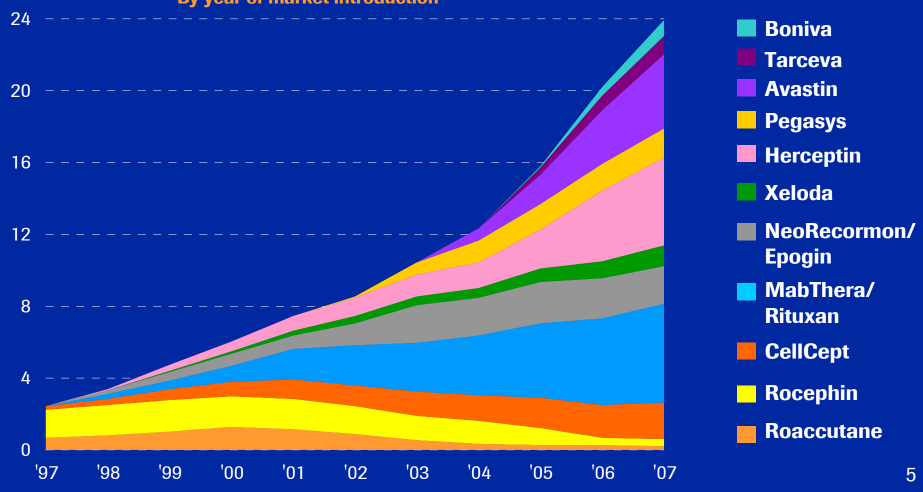
Summary

Differentiated and rejuvenated product portfolio

From 1 to 9 products with sales at or above CHF 1 billion

Pharmaceuticals key products (CHF billion)

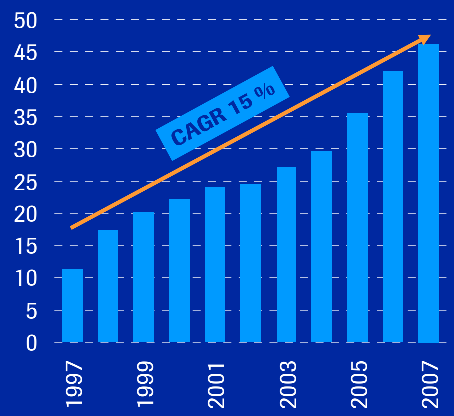
By year of market introduction



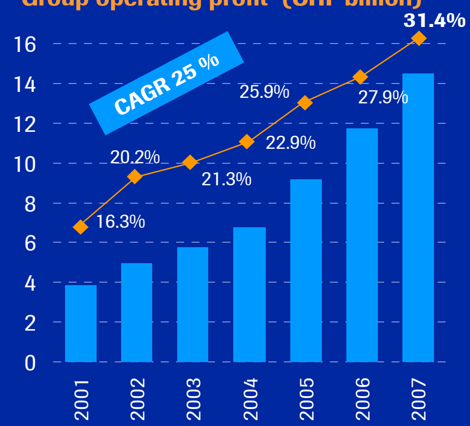
Focus on differentiated products paying off

Outstanding long-term value creation

Group sales[1] (CHF billion)



Group operating profit[2] (CHF billion)



Continuing to focus on our core assets

[1] Prescription and Diagnostics
[2] Continuing businesses, before exceptional items

New pharma model: Disease Biology Areas (DBAs)

Alignment and focus

Disease Biology Areas

Idea ⟷ Market

- DBA Oncology — DBLT
- DBA Metabolic — DBLT
- DBA CNS — DBLT
- DBA Inflammatory — DBLT
- DBA Viral — DBLT

- Clear focus
- More independent and flexible disease areas
- Faster and simpler decision processes

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Growth opportunities

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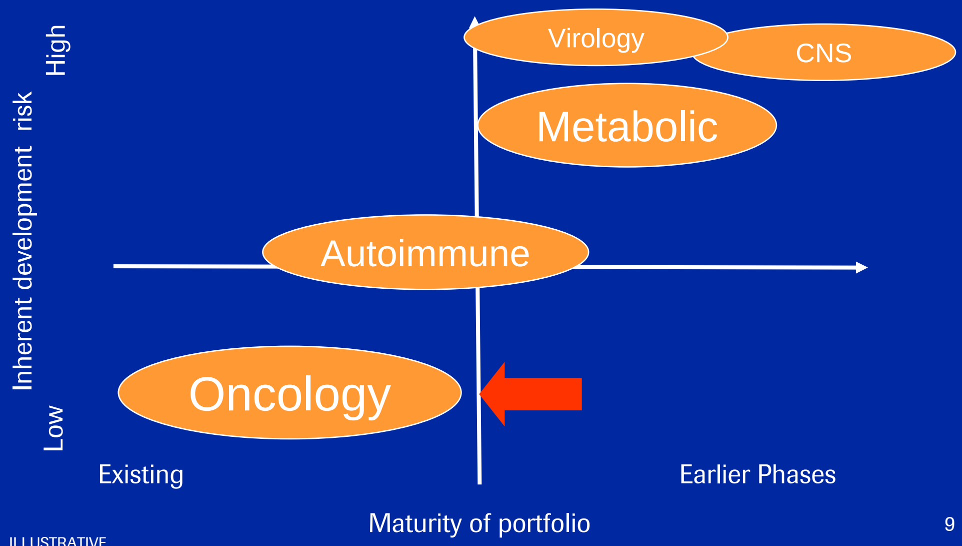
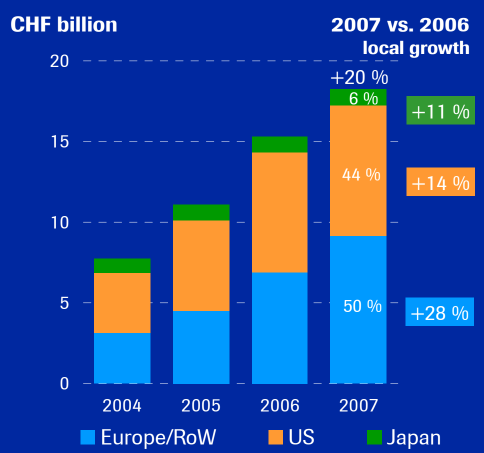
Key drivers for long term development in place

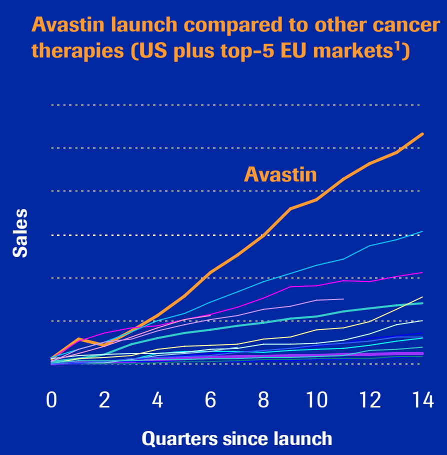
Develop the short term drivers while shaping the others



ILLUSTRATIVE

Roche Oncology: Strongest growing franchise
Avastin: Best growing oncology brand ever





[1] Source: IMS. Products included are Avastin, Alimta, Arimidex, Camptosar, Eloxatine, Erbitux, Femara, Gemzar, Herceptin, MabThera, Nexavar, Sutent, Tarceva, Taxol, Taxotere, Xeloda

Avastin still early in its journey

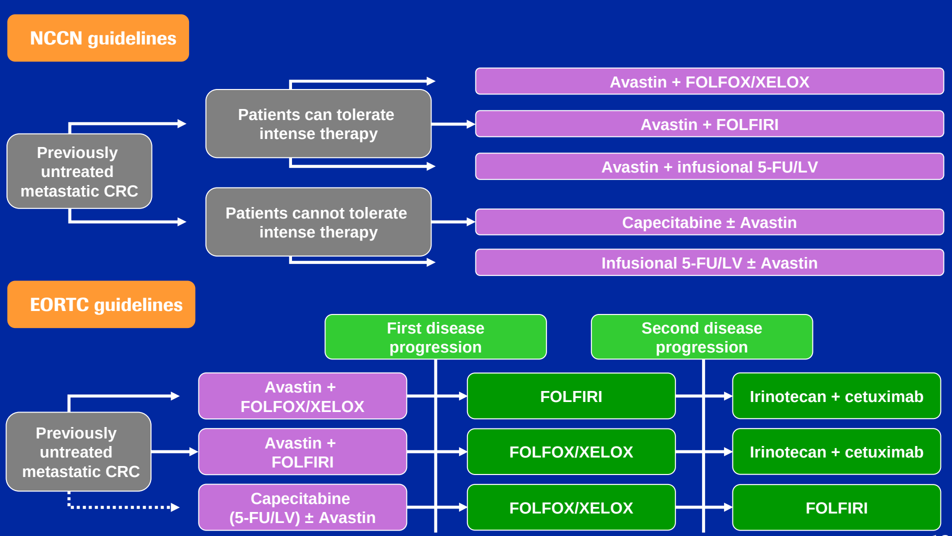
Realizing full potential across tumor types

Tumour	Early/adjuvant (Potential for cure)	Advanced/metastatic (Extending life): 1st-line of treatment	Advanced/metastatic (Extending life): 2nd-line of treatment
Colon/ rectal	**Phase III** (AVANT, NSABP C-08, E5202, E5204)	✓ **Launched** [EU, US, JP; broad label in 1st and subsequent lines]	
Lung (NSCLC)	**Phase III** (E1505)	✓ **Launched** [EU majority of chemos, US carboplatin/paclitaxel]	**Phase III** (BETA Lung w/Tarceva)
Breast (HER2-)	**Phase III** (BEATRICE, E5103)	✓ **Launched** [EU paclitaxel] **Phase III** (AVADO, RIBBON-1)	**Phase III** (RIBBON-2, incl. w/Xeloda)
Breast (HER2+)	**Phase III** (BETH w/Herceptin)	**Phase III** (AVEREL w/Herceptin)	–
Kidney (RCC)	–	✓ **Launched** [EU; with interferon]	

Avastin also trialed in gastric, ovarian, prostate, aNHL, and brain (GBM)

(Trial names) [Approval status]. More trials are ongoing than listed above.

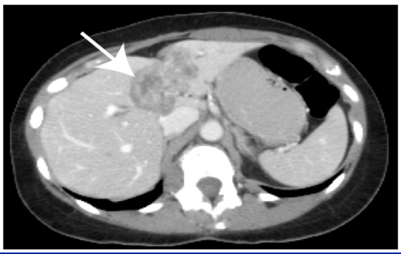
Avastin recommended first line in major treatment guidelines



New market opportunities: Trastuzumab-DM1
Very promising early data

- (24 pts evaluated, Phase 1)
- 6 objective responses, 4 responses on-going at the last data cut-off; the longest has persisted over 8 months
- In addition to trastuzumab, all responders previously received taxane &/or vinca alkaloid
- No unexpected cardiotoxicity has been observed so far

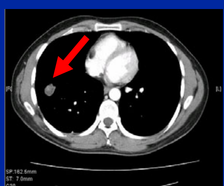
CT Liver Scan Image at Baseline



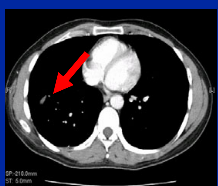
CT Liver Scan Image at End of Cycle 2

Krop et al, ECCO 2007

New market opportunities: IGF1-R Inhibitor – Impressive results in Phase I- Eligibility as multi-tumor compound?

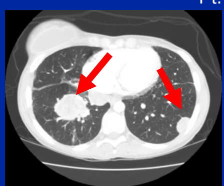


Baseline June 19, 2006

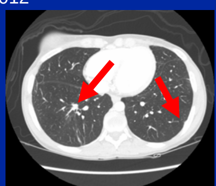


Restaging Week 25
Dec 29, 2006

Pt. 8012



Baseline Dec 8, 2006



Restaging Week 6
Jan 25, 2007

Unique Features
- Selective to IGF pathway which is a key factor in tumor growth

Drivers for Value
- IGF pathway linked to many tumor types
- Speed: Sarcoma collaborative groups to allow exclusive focused trial and rapid market access

Oncology in 2008
Preparing for new market opportunities

Breast cancer (BC)

- Phase III data (AVADO, RIBBON-1) to broaden Avastin label for combination with all major chemos
- HER2+ mBC
  - phase III for pertuzumab started in Q1 2008
  - opted-in to trastuzumab-DM1 (in phase II)
- Avastin adjuvant trials started: Large potential new market opportunity

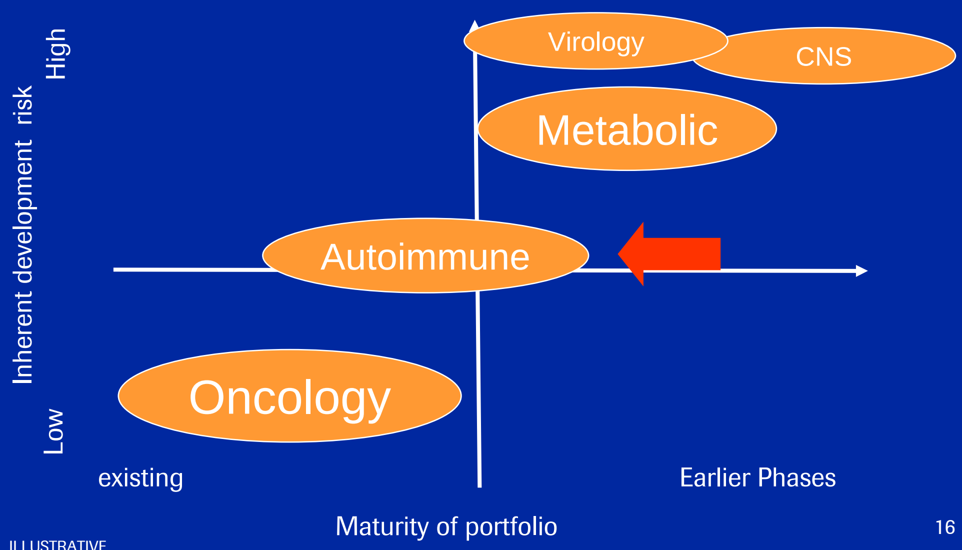
Metastatic colorectal cancer (mCRC)

- Launch of Avastin and Xeloda in 1st and later lines – not restricted by chemo choice (incl. oxaliplatin) (EU)

Chronic lymphocytic leukemia (CLL)

- Positive data in 1st line - MabThera to enter a new market in Europe

Key drivers for long term development in place
Develop the short term drivers while shaping the others



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Overview of autoimmune disorders

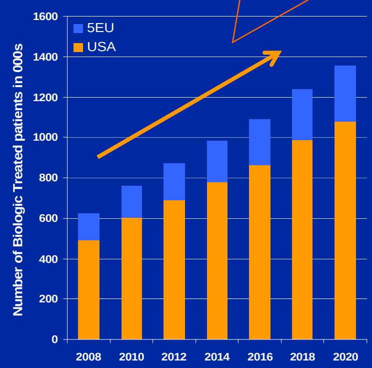
INDICATION	PRIMARY PATHOLOGY	HIGH NEED?	PREVALENCE	PATIENTS	DISEASE PROGRESSION
Rheumatoid Arthritis	Joint/bone degeneration	Yes	1% global	+60 mln WW	Mild, moderate, severe
Multiple Sclerosis	Destruction of CNS myelin	Yes	<<1% global	0.6 - 1.1 mln WW	RRMS; SPMS; PPMS; PRMS *
Systemic Lupus Erythematpsus	Tissue damage from autoantibodies	Yes	<0.5% global	0.5 mln US	Mild, intermittent, persistent, fulminant
Lupus Nephritis	Renal involvement in SLE	Yes	40 – 85% SLE patients	0.2 – 0.4 mln US	Class I - VI
Psoriasis	Autoimmune infiltration into skin	Yes	1 – 2% global	125 mln WW	Plaque-type: Mild, moderate, severe

* RRMS: Relapsing-Remitting Multiple Sclerosis; SPMS: Secondary-Progressive MS; PPMS: Primary Progressive MS; PRMS: Progressive Relapsing MS

Rheumatoid Arthritis: Continued Market Growth

Driven by increased Biologic use, novel oral DMARDs & PHC

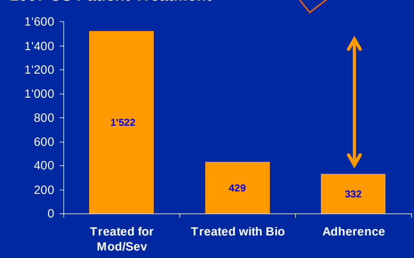
Short to mid-term growth driver
Biologic treated population projected to grow 6.7% CAGR (2008-2020)



Mid to Long-Term Opportunities

- Low biologic penetration Mod/Sev RA
- Future growth drivers:
  - Novel orals: Potent & convenient
  - PHC defined differentiation = premium pricing
  - New brand Rx combination regimens

2007 US Patient Treatment



Next generation anti-CD20s (MabThera follow-ons)

Opportunities for improvement

2nd gen. anti-CD20 (ocrelizumab)

Fully humanized

Potential clinical benefits

- Less immunogenicity
- Better tolerability
- Shorter infusion time

3rd gen. anti-CD20 (R7159)

Fc engineered (glycosylations)

- Increased CD20 binding and apoptosis
- Increased ADCC (antibody dependent cell-mediated toxicity)
- Reduced CDC (complement dependent cell toxicity)

Potential clinical benefits

- Improved efficacy
- Less infusion reactions

In phase III in RA, and SLE
LN to start soon
Phase II in RRMS to start 2008

In phase I for oncology / hematology

Inflammation Portfolio

A rich pipeline in multiple AI indications

	LI	LO	P0	P1	P2	P3	Mkt
Rheumatology	nn nn nn nn	nn nn nn nn nn nn		nn nn	Actemra sJIA Ocrelizumab SLE	Actemra RA Ocrelizumab RA MabThera DMARD inad resp MabThera RA MTX naive	MabThera RA
Respiratory	nn nn nn	nn nn nn	nn	nn hMAb OX40L nn	RARγ		
Transplant		nn		nn			CellCept
Pain		nn		nn			
Other		nn		S1P1 Psoriasis	ocrelizumab ANCA vasculitis nn	CellCept lupus nephritis CellCept pemphigus vulgaris	

Project origin: TPI | Group Origin | External Origin | Line Extensions

Inflammation/Autoimmune in 2008

Major market opportunities in focus

Rheumatoid Arthritis

- MabThera for DMARD-IRs (1st line biologic): expect data and filing
- Actemra: regulatory approval expected (first in US)

Multiple Sclerosis

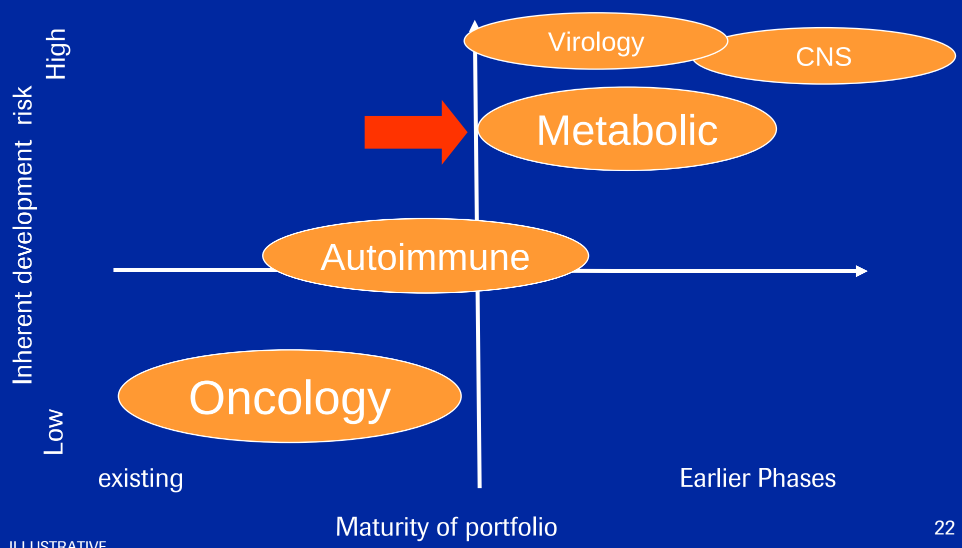
- Phase II/III data for MabThera in PPMS in H1 2008

Lupus

- Phase II / III data for MabThera in SLE in H1 2008

Key drivers for long term development in place

Develop the short term drivers while shaping the others



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Dyslipidemia: Future growth driven by HDL treatment

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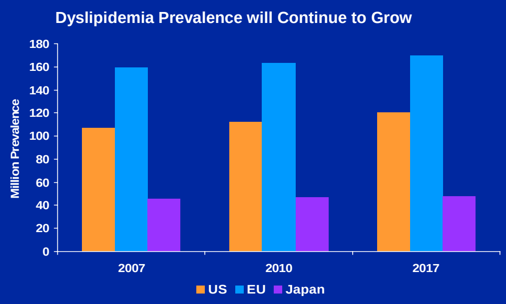

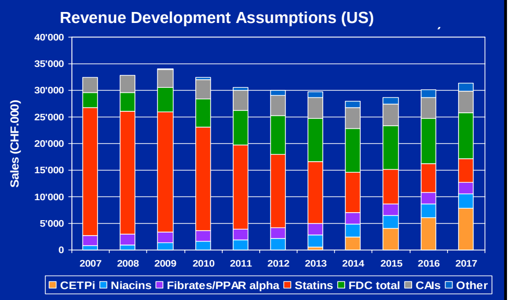

CETP inhibitors and other HDL raising drugs will be responsible for the majority of market value

Sources: Wood MacKenzie, IMS therapy forecaster, in-house assumptions
Decision Resources, Cardium Study#4, 2007; Datamonitor Pipeline Insight dyslipidemia 2007

Dyslipidemia: Low HDL-C is an Independent Factor of CHD Risk even when LDL-C is Low

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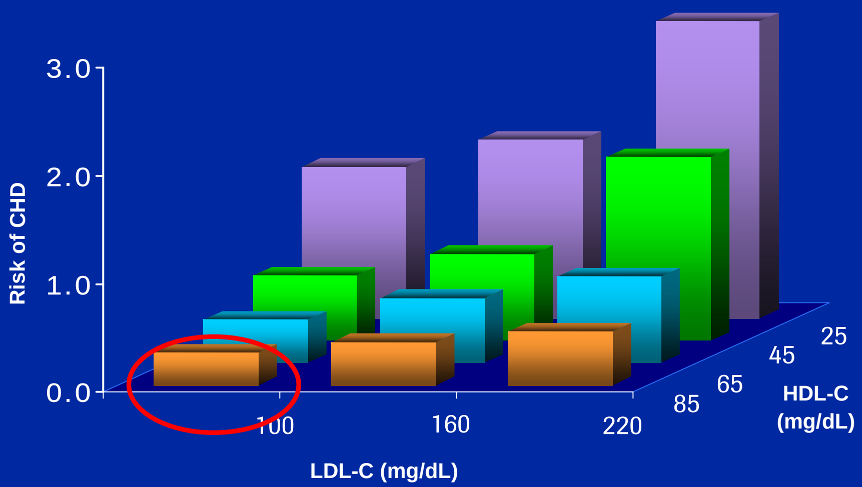
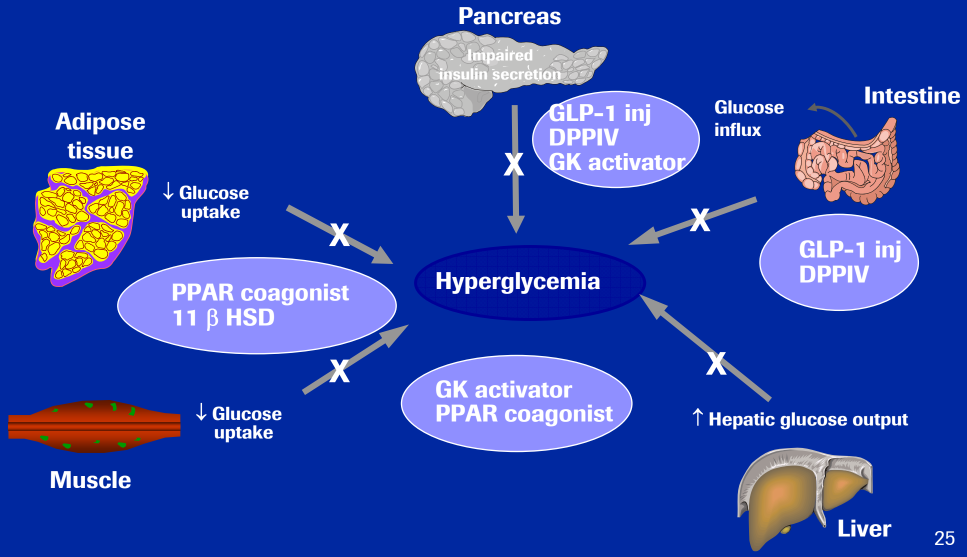


Gordon T et al. *Am J Med* 1977;62:707-714

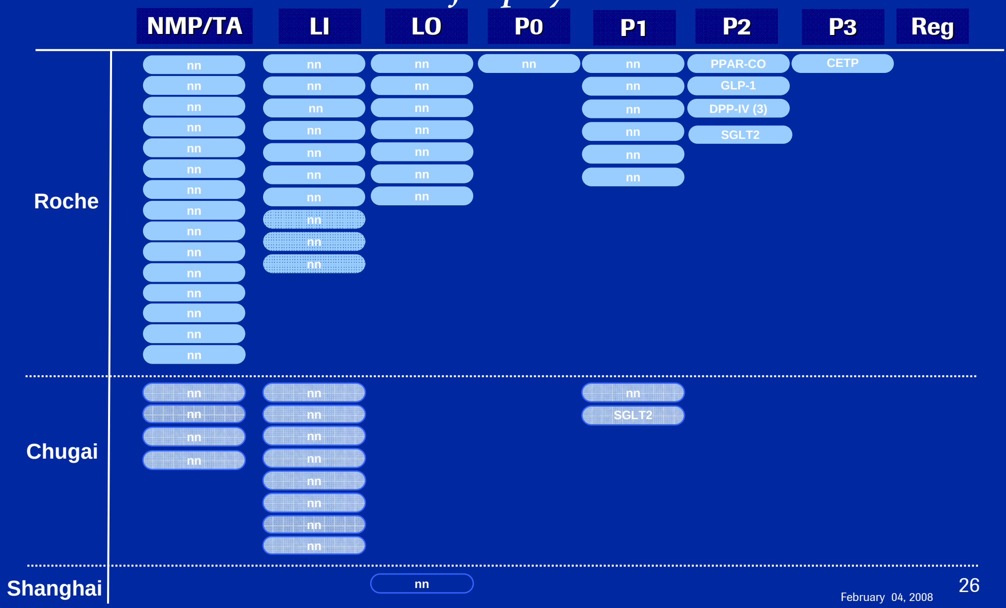
Roche diabetes portfolio

Targeting All three Underlying Pathologies



Our metabolic pipeline: maturing quickly

Committed to become a major player



Metabolism/Diabetes in 2008
Committed to become a major player

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CETP Inhibitor to move into phase III

- Safety data to be presented at major medical meetings

GLP-1 phase II data available

- Decision for phase III to be taken in H1 2008
- Publication planned for 2008

Phase II data for DPP-IV (3) and PPARαγ expected

- Looking for a differentiated profile (e.g. weight reduction for DPP-IV)
- Go/no-go decisions for phase III trials to be taken this year

Key drivers for long term development in place
Develop the short term drivers while shaping the others

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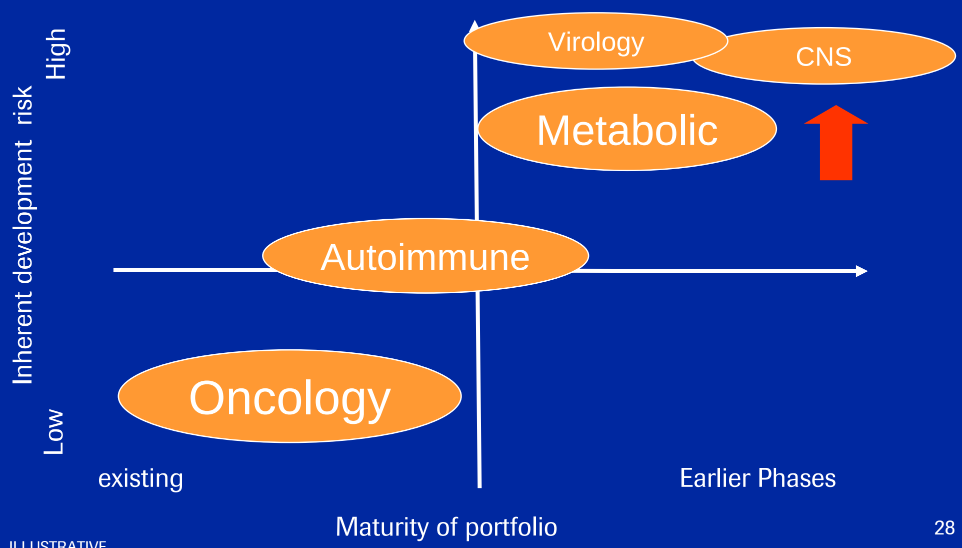

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CNS; One of the top 3 in the market

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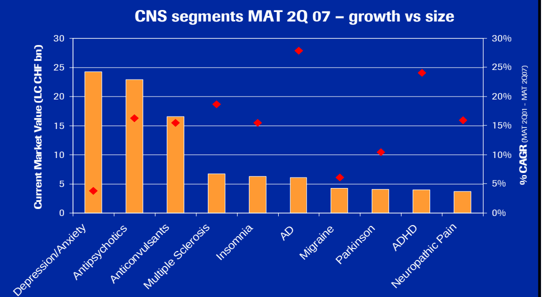
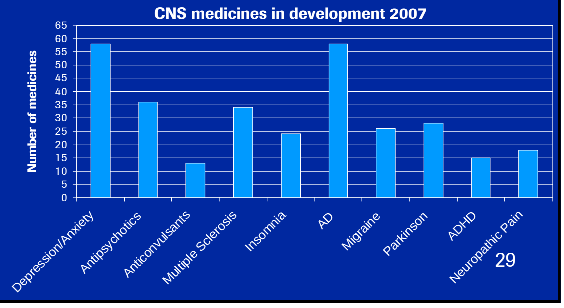
Growth driven by elderly and adolescent patient populations

2018 US: Alzheimer expect to rank number 3 after cancer/diabetes

High unmet medical needs
- Limited efficacy in various indications
- Long term patient benefit
- Need to improve patient functioning

Diagnosis of limited benefit
- Based on behavior and not etiology
- Biological criteria will play major role for future diagnostic criteria





CNS Portfolio 2008- A clear commitment

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Development Phase

	TA	LI	LO	P0	P1	P2	P3
Neurology	nn	nn	nn	nn	nn	Nic-a7 mem345	Rituximab
	nn	nn		nn	nn	Ocrelizumab	
					S1P1		
					nn		
Psychiatry	nn	nn	nn		nn		
	nn	nn	nn		GLYT1		
		nn	nn		GLYT1(2)		
		nn	nn				
		nn	nn				
		nn	nn				
			nn				

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Growth opportunities

Summary

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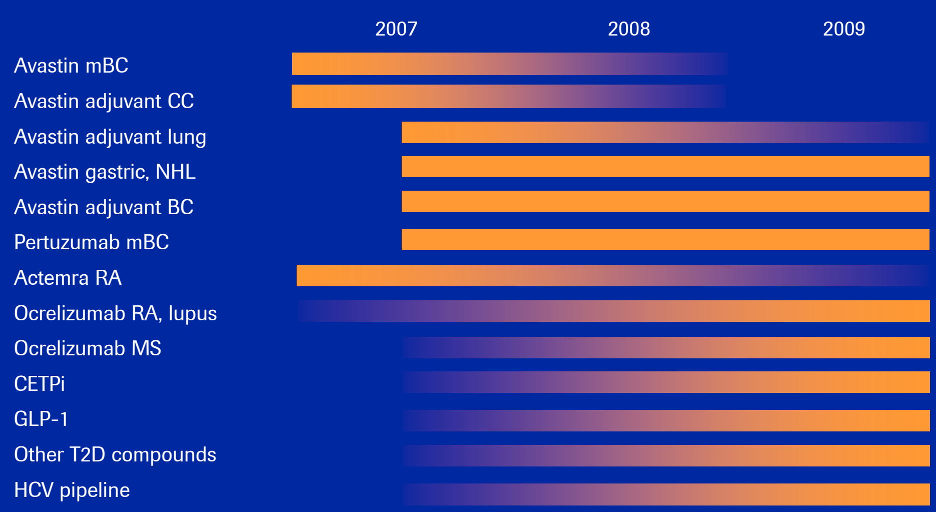
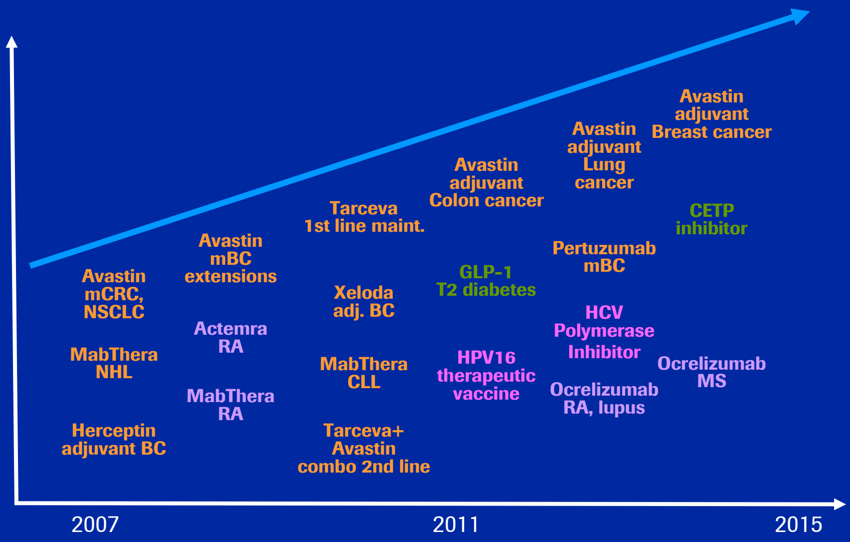
Major phase III commitments – large investments

Additional large phase III trials started or starting soon



Key drivers in place for sustainable growth

Current and projected sources of value creation (phase IIb and III)



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Our objectives for 2008

Sales

- High single-digit local currency sales increase for Roche Group (excl. Tamiflu pandemic[1])
- Above-market sales growth[1] in both divisions

Core EPS

- Core earnings per share target[2] at least at record 2007 level despite significant increase in R&D investment and considerably lower Tamiflu pandemic sales

Shareholder return

- Continuous increase in dividend pay-out ratio over the next 3 years

[1] Excluding government and corporate stockpiling orders of Tamiflu for pandemic use
[2] At constant exchange rates

Barring unforeseen events

Major growth opportunities outside the US

Herceptin leading the way