

Long-term value propositions in a short-term environment

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Performance update

External factors influencing our industry

Update on Avastin

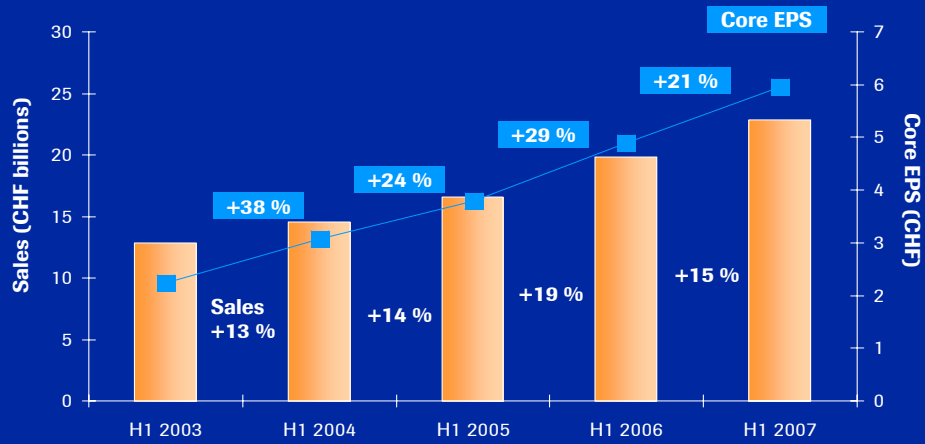
Summary

H1 2007: Core EPS growing more than sales

Operating profit grows at 2x sales

CHF bn	H1'06	H1'07	Change		loc %
			CHF bn	%	
Sales	19.8	22.8	3.0	+15	+15
Operating profit	5.8	7.5	1.7	+29	+27
<i>as % of sales</i>	29.2	32.8			
Net income	4.5	5.9	1.3	+29	
<i>as % of sales</i>	22.9	25.7			
Core EPS (CHF)	4.90	5.95	1.05	+21	

Strong rise in Group sales and Core EPS



Historical Core EPS data 2003 to 2004 restated

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Performance update



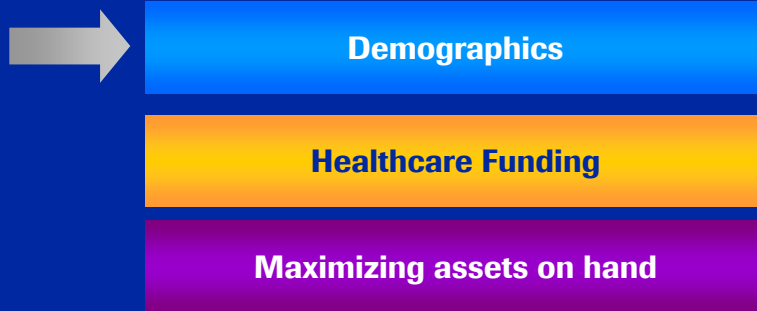
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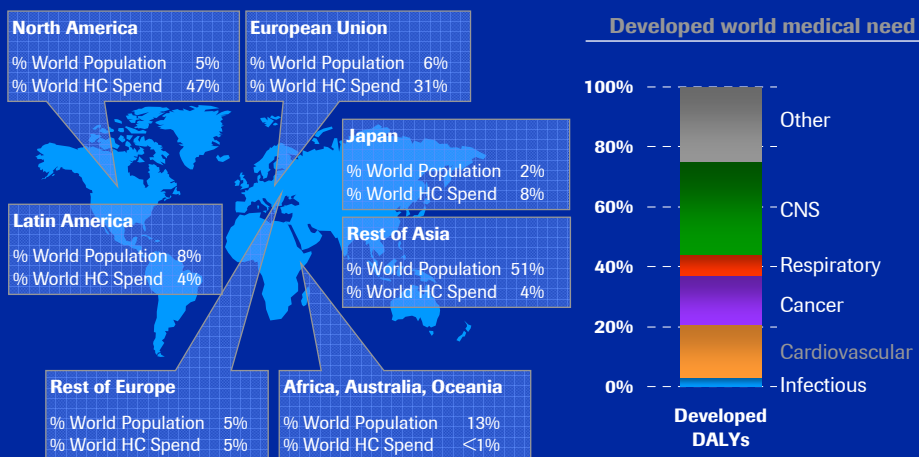
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Main trends influencing the long-term value propositions



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Demographics: Nth. America, EU and Japan over 80 % of healthcare spend



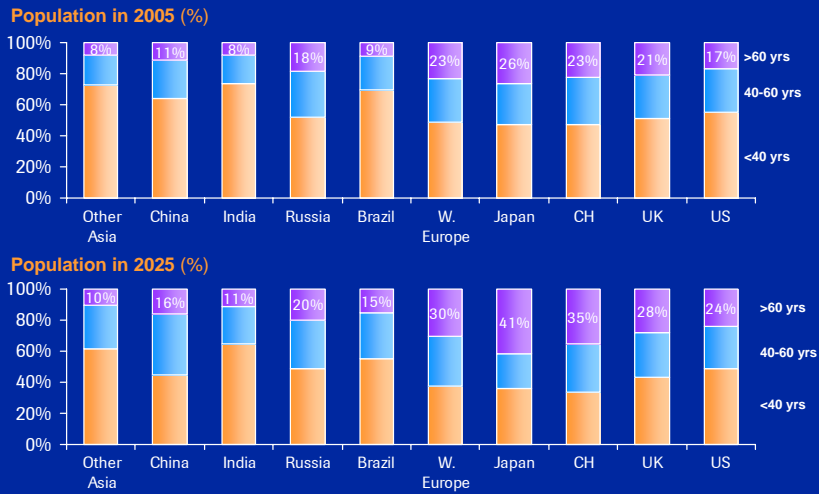
Source: WHO - Priority Medicines for Europe & World Nov 2004; World Bank;
 [1] DALY = Disability-adjusted life-years (healthy life lost due to illness/premature death)

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Ageing Population and Retirement

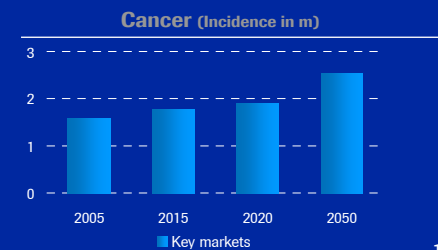
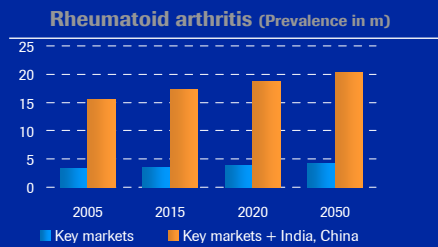
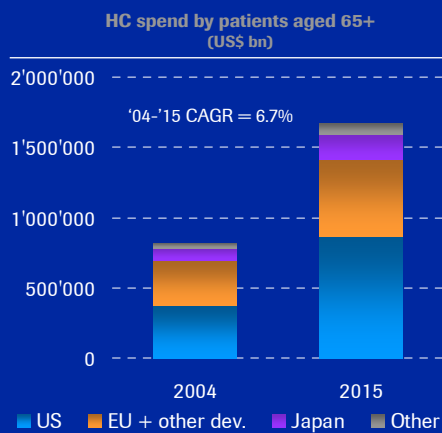
Biggest transitions out of the workforce

Shifting Demographics

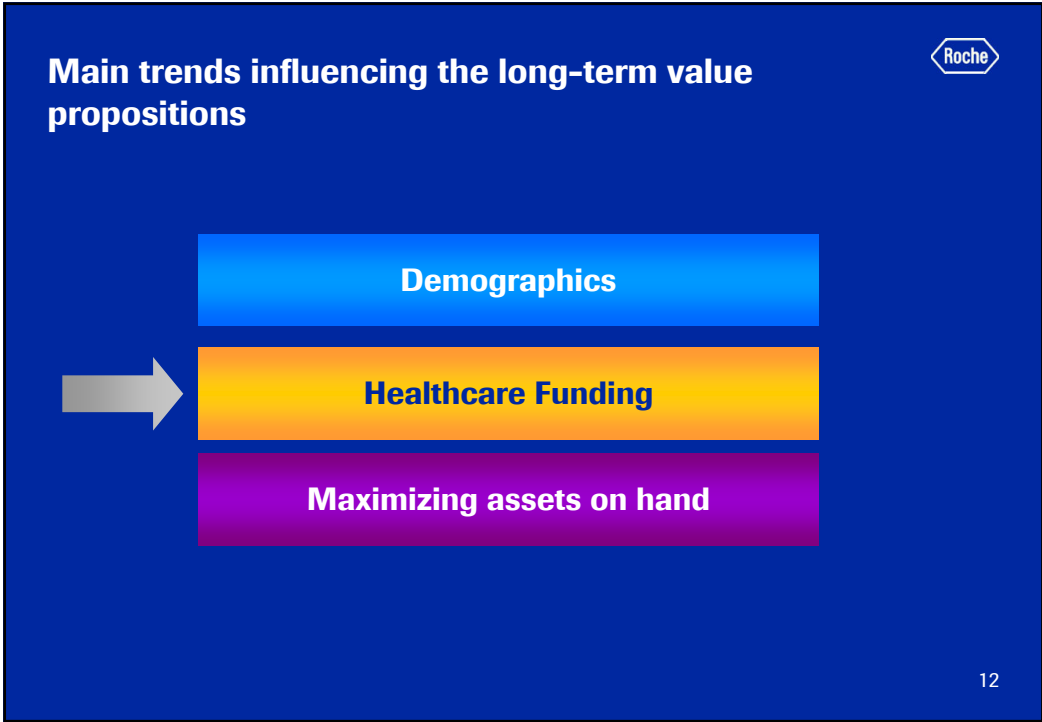
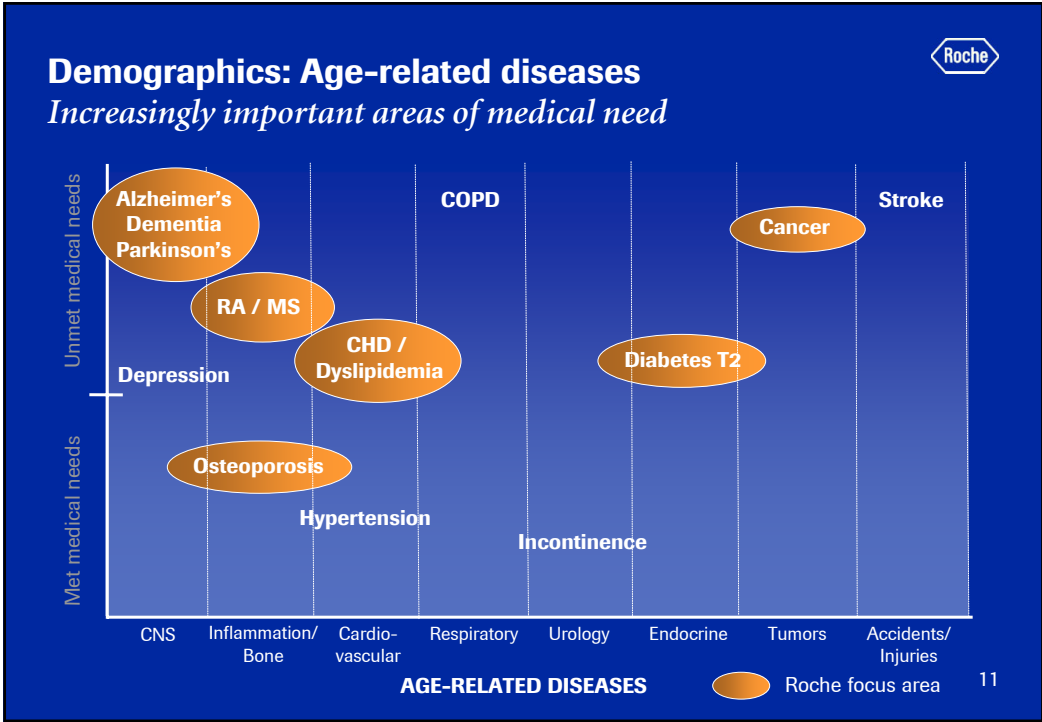


Source: Economist Intelligence Unit (2005-10)

Demographics: Growing elderly healthcare market

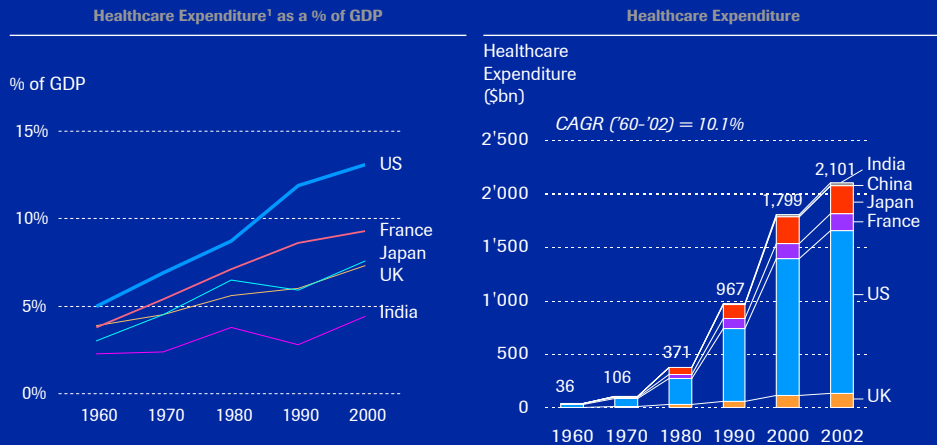


Sources: US Census Bureau, World Bank, Deutsche Bank Nov '04
 Key markets: 5 major EU countries + US, Source: Decision Resources 2005, Timely Data Resources 2005,
 UN World Population Prospects 2004





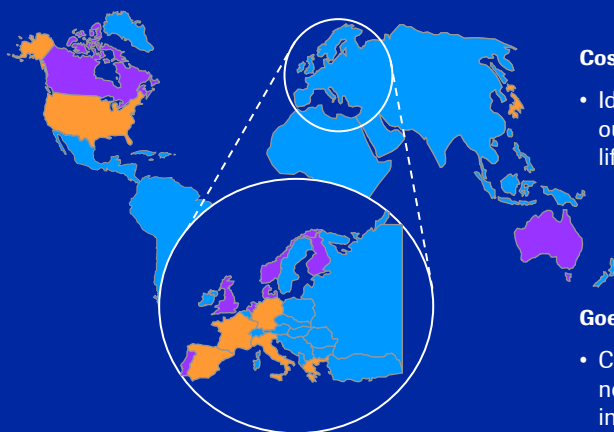
Funding: Healthcare expenditure - has increased faster than GDP in majority of global healthcare markets



[1] Healthcare spend refers to traditional healthcare (i.e. diagnostic and therapeutic products and medical services)
Sources: Decision Resources, Dec 2003; Worldbank Development Indicators



Funding: Payers & Reimbersers - facing rising healthcare costs results in increasing emphasis on 'value for money'



Cost-effectiveness of drug therapies

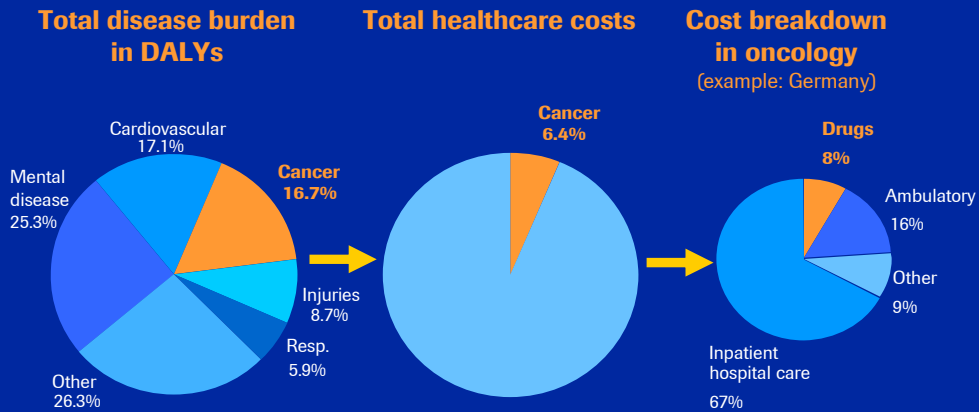
- Identifies and measures all costs and outcomes (clinical, health, quality-of-life, and survival)

Goes beyond the safety and efficacy

- Compares costs and outcomes of a new drug to those of a standard intervention

Countries with formal Pharmacoeconomics requirements
 Countries with Pharmacoeconomics guidelines

Oncology is 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

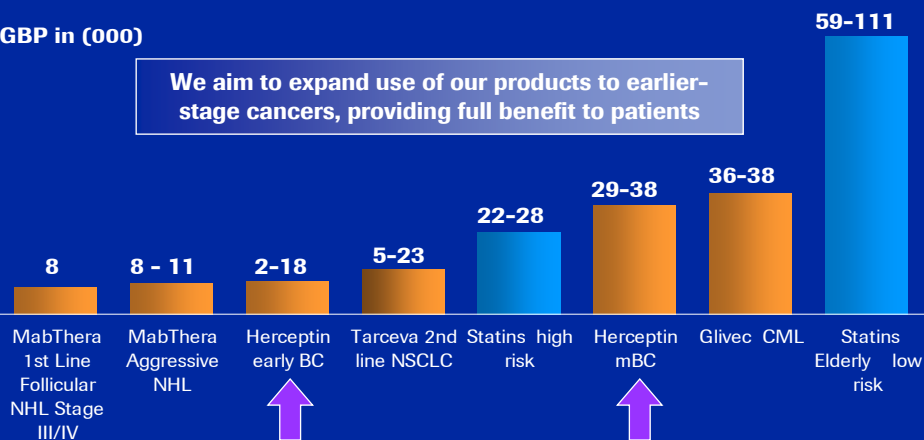
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Funding: Roche oncology products are cost-effective



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

GBP in (000)



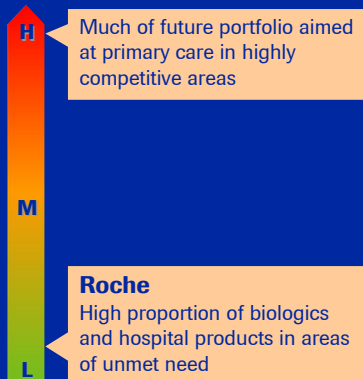
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Higher premium for medically differentiated products

Low vulnerability to pricing and funding pressures



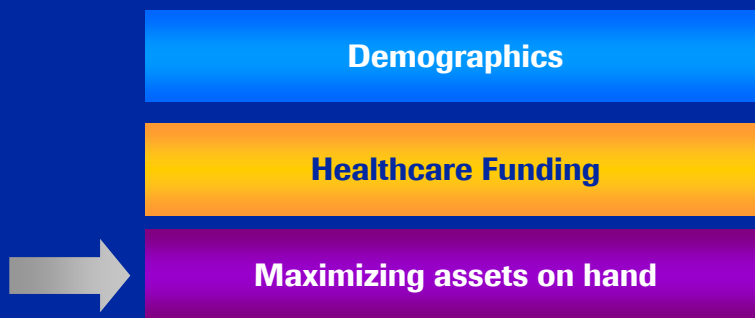
Vulnerability of portfolio to pricing pressure



- 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

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Main trends influencing the long-term value propositions

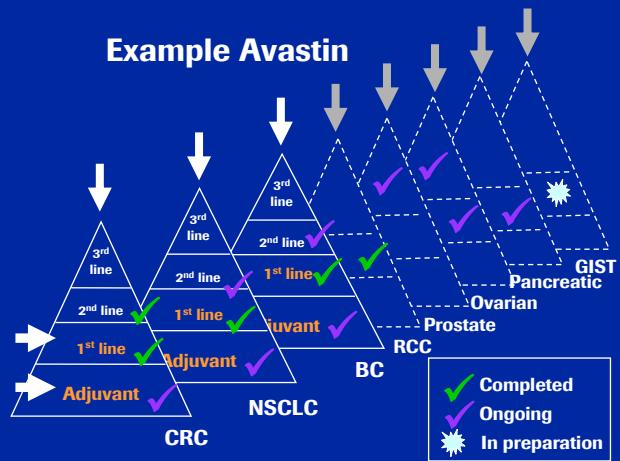
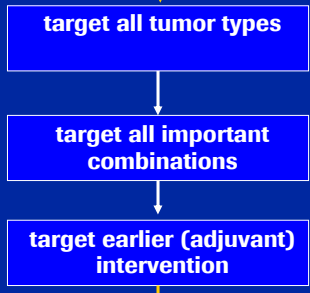


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Our oncology strategy: Move the standards of care
New tumor types, new combinations, new lines of intervention



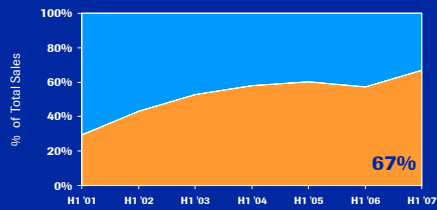
Clinically differentiated product



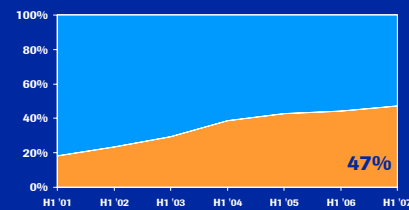
Major growth opportunities outside the US



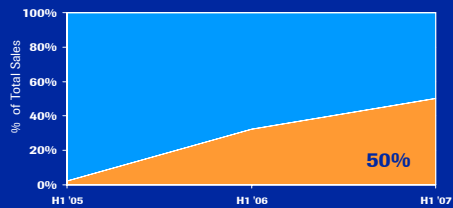
Herceptin



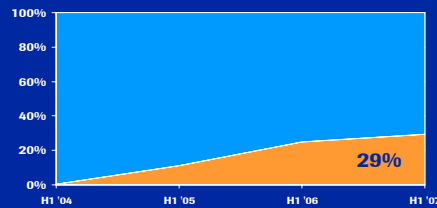
MabThera/Rituxan



Tarceva



Avastin



■ EU / ROW (incl. Japan) ■ US

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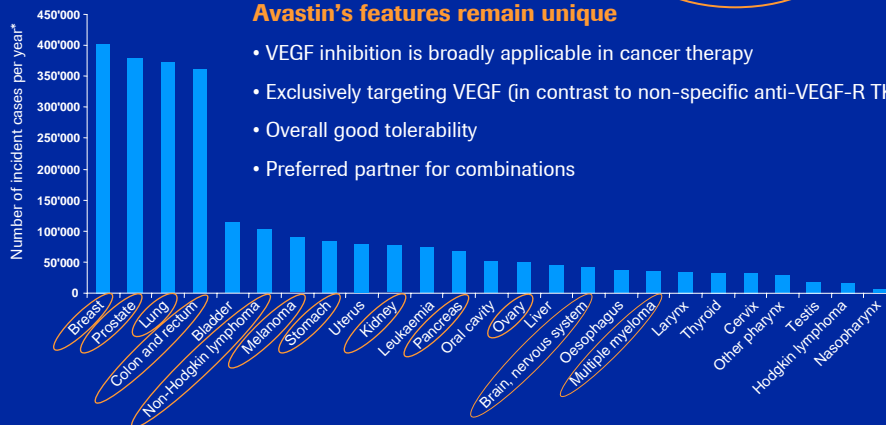
Avastin

Backbone of cancer therapy

Major cancers tested with Avastin

Avastin's features remain unique

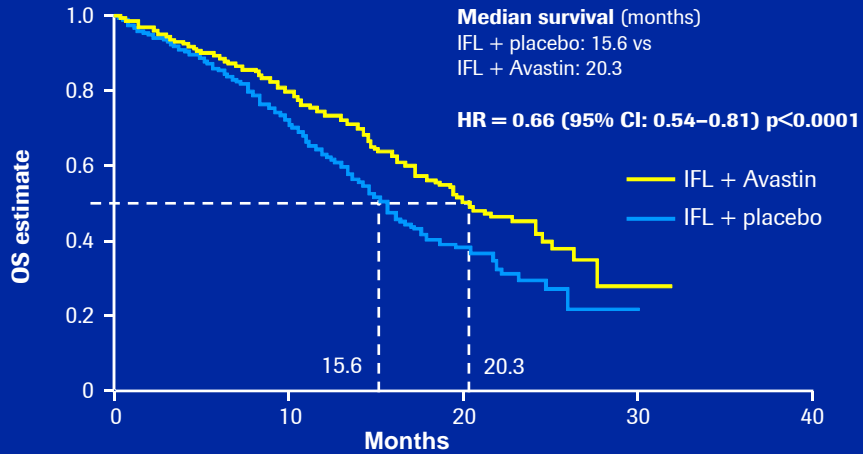
- VEGF inhibition is broadly applicable in cancer therapy
- Exclusively targeting VEGF (in contrast to non-specific anti-VEGF-R TKIs)
- Overall good tolerability
- Preferred partner for combinations



*in USA plus top 5 EU countries

Avastin in 1st line mCRC

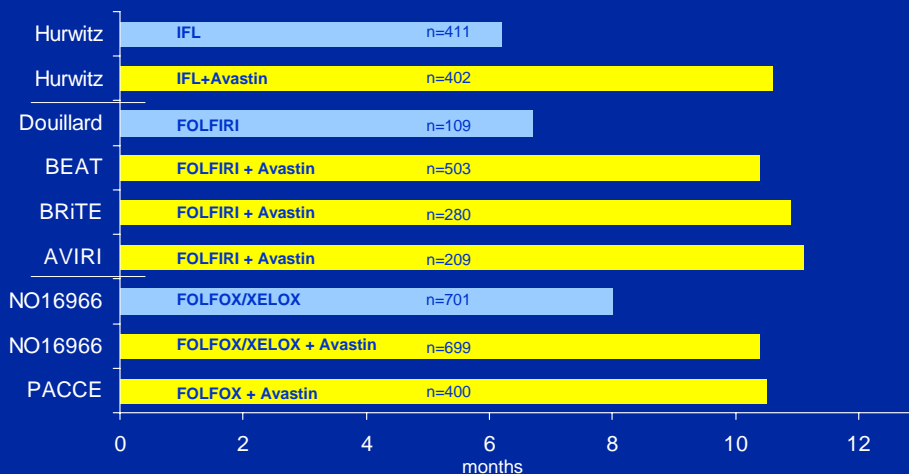
Largest improvement in overall survival in phase III



CI = confidence interval; IFL irinotecan, bolus 5-FU/FA
 H. Hurwitz, et al. *NEJM* 2004;350:2335-42

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Avastin in 1st line mCRC - Consistently delivers around 11 months PFS outcome

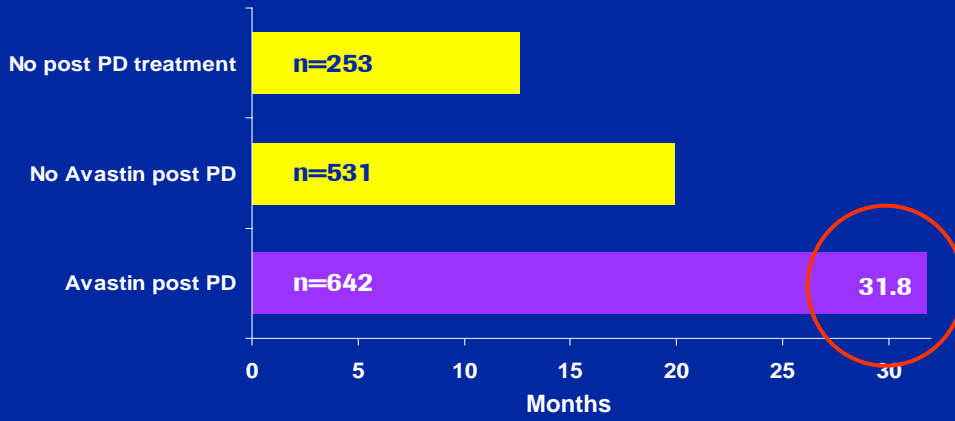


**Avastin: The only biologic agent with OS benefit in 1st line mCRC
 Adds benefit to all chemos**

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BRiTE: post 1st progression therapy

Avastin beyond progression: potential to increase survival



Superior survival in patients continuing Avastin beyond progression demonstrated in a multivariate analysis (HR=0.53, p < 0.001)

A. Grothey et al. ASCO 2007

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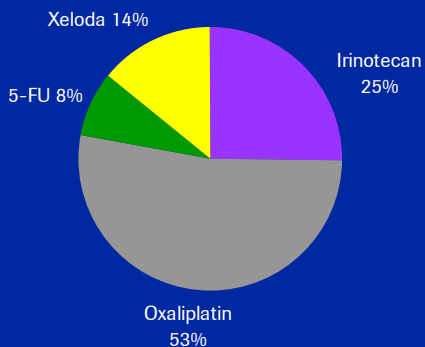
Combinations in metastatic colorectal cancer

Expanding the market for Avastin and Xeloda



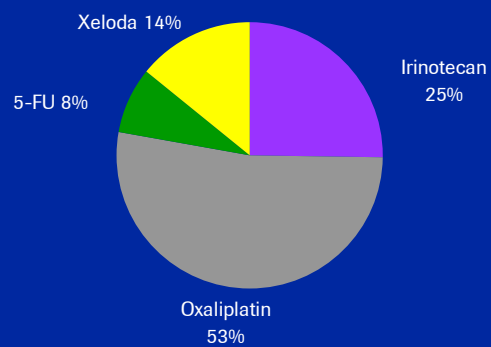
Avastin

Current EU label: iv 5-FU or 5-FU + Irinotecan-based tx
 Future label: + any fluoropyrimidine combination



Xeloda

Current label: Monotherapy
 Future label: extended to any combination including Avastin



Source: Synovate Healthcare 2005

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Avastin in mCRC



Conclusions

Four randomized trials show compelling efficacy

- AVF2107g
- E3200
- AVF2192
- NO16966

Aiming for cure

- High rates of surgeries with curative intent shown in BEAT and NO16966
- Resection rates for 'liver mets only' patients in NO16966: 19.2% in Avastin arm (vs 12.9%)
- Secondary resection as a concept is promising, but requires further investigation

Incidence: 155,000 cases ^{1, 2)}

¹⁾ US and top 5 EU, ²⁾ stage IV

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Avastin in adjuvant colon cancer



Key phase III trials fully recruited

	NSABP C-08	AVANT
Treatment regimen	FOLFOX-6 ± Avastin	FOLFOX-4 ± Avastin XELOX + Avastin
Number of patients	2,700	3,450
Recruitment duration	Q3 2004 until Q4 2006	Q4 2004 until Q2 2007
Efficacy analysis	First interim look: Q2 2007 Subsequently every 6 months Next interim look: Q2 2008	Event-driven analysis
Final analysis	Final, fully powered analysis 2010	Final, fully powered analysis 2010

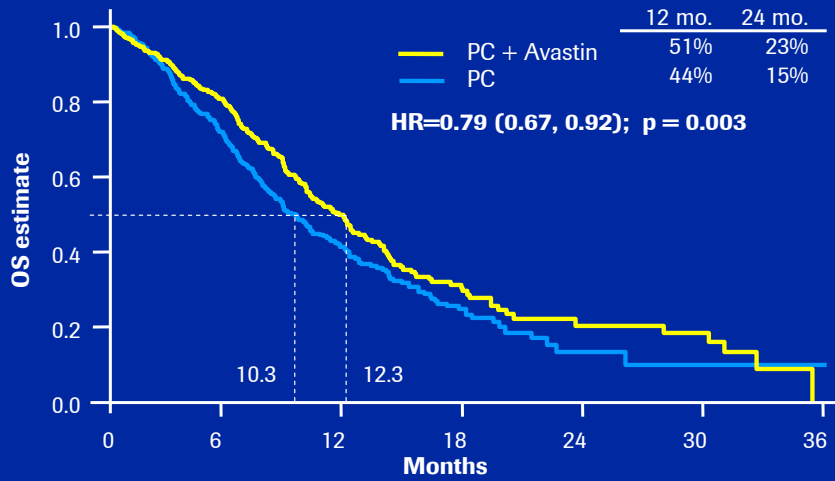
Incidence: 310,000 cases ¹⁾

¹⁾ US and top 5 EU

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Avastin in 1st line NSCLC (E4599)

First drug in a decade to show an overall survival benefit

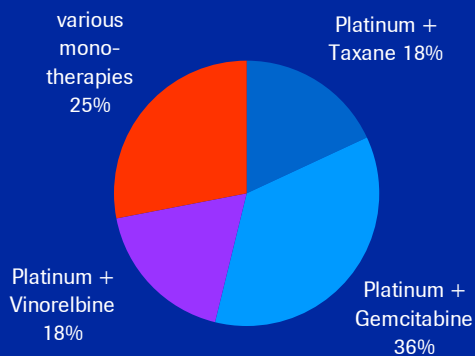


A. Sandler, et al. NEJM 2006 PC= paclitaxel/carboplatin

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The 1st line NSCLC market

By chemotherapy use in Europe



Source: Synovate Healthcare 2005

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Avastin in 1st line NSCLC

Conclusions

- First front-line treatment to demonstrate extended survival in over a decade
- Efficacy demonstrated in two randomized phase III trials (E4599 and AVAiL)
- Generally well tolerated
- Approved in US and EU with a broad label
 - in combination with any platinum-based chemotherapy regimens
 - At least 50% of NSCLC population covered

Incidence: 275,000 cases^{1,2)}

¹⁾ US and top 5 EU, ²⁾ stage IIIb and IV

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Avastin in breast cancer

Large opportunity – strong commitment

Metastatic breast cancer

Approved in EU

- Based on E2100 (paclitaxel +/- Avastin)
- Near doubling in median PFS (11.3 m vs 5.8 months) confirmed by independent review
- Safety generally consistent with previous trials of Avastin plus chemotherapy

Further phase III studies to report in 2008

- AVADO (docetaxel +/- Avastin): data in H1 2008
- RIBBON-1 (var. chemos +/- Avastin): data in H2 2008

Adjuvant opportunity

- Safety profile established
- Pilot study E2104 with anthracyclines: safety results presented at SABCS 2007
- Opens the door for large adjuvant trials

Phase III adjuvant trials

- E5103 (HER2-), initiated Q4 2007
- BEATRICE (HER2-, ER-, PR-), initiated Q4 2007
- BETH (HER2+) combo with Herceptin: in preparation

Incidence: 100,000 cases^{1,2)}

¹⁾ US and top 5 EU, ²⁾ stage IV

Incidence: 320,000 cases¹⁾

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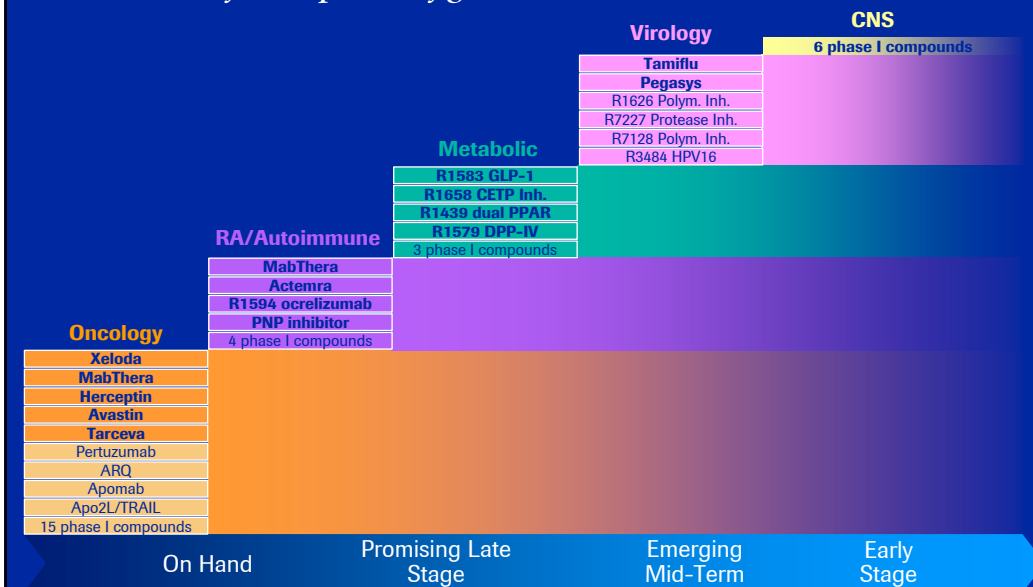
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Summary

Roche key therapeutic areas Current and future pillars of growth



Roche: A unique investment case



- **Clear and focused strategy**
 - Medically-differentiated products; poised to become leader in Personalised Healthcare
- **Attractive risk profile**
 - Low generic risk; lowest among European large-cap players
 - 40 phase III projects; many additional indications
- **Assets in place for sustained success**
 - World market leader in Oncology
 - Emerging Rheumatology & Autoimmune franchises
 - Promising phase II pipeline in Diabetes, Metabolism; early-stage compounds in CNS and Virology
- **Industry-leading organic growth & value creation**
 - H1 '07: Sales +15 %, Core EPS +21 %; Core EPS to grow ahead of sales

Unique high-tech healthcare investment

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