



A 'meta' view on cancer medicines

Value adding propositions of innovative cancer products

K. Mahler May 2006



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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;
6. Increased government pricing pressures;
7. Interruptions in production;
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9. Litigation;
10. Loss of key executives or other employees; and...
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Q1 '06: A strong start for the year



- Group sales rose 15 % in local currencies, 22 % in CHF
- Oncology strong growth contribution (+52 %¹)
- Top ten products growing +38 %¹, top 20 +28 %¹
- Rituxan approved in US for first rheumatoid arthritis indication
- First in a series of filings in oncology
 - Herceptin for adjuvant breast cancer in US and EU
 - Japanese filings for Avastin in mCRC, Tarceva in NSCLC

¹ local growth

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Pharma strongly out-growing worldwide markets *CHF 1.6 bn additional organic sales*



Sales CHF m	Q1 '05	Q1 '06	% change in	
			local	CHF
Roche Pharma	3,859	4,821	19	25
Genentech	1,341	2,056	40	53
Chugai	955	862	-8	-10
Pharmaceuticals	6,155	7,739	19	26

	% of pharma sales	growth (local)	market growth
Oncology	46 %	52 %	19 % ²
Transplantation	7 %	14 %	8 % ²
Virology	7 % ¹ /15 %	-3 % ¹ /14 %	9 % ^{1,2}
Renal Anemia	5 %	0 %	9 % ³
Total	74 %	33 %	

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The view of Pharma has changed



In the nineties

- Strong demand for drugs
- Strong earnings growth: sales growth drives margins expansion
- Blockbuster business model: in particular for GP drugs

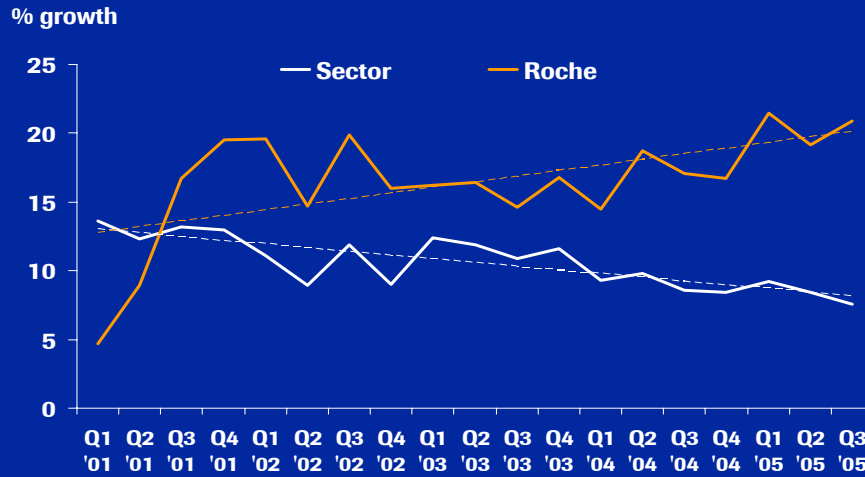
and nowadays

- Growth rates for differentiated products
- Price pressure: limited budgets for undifferentiated medicines
- Blockbuster also in specialty care

From sector to specific stock selection

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Leading growth rate in the specialty sector based on differentiated medicines

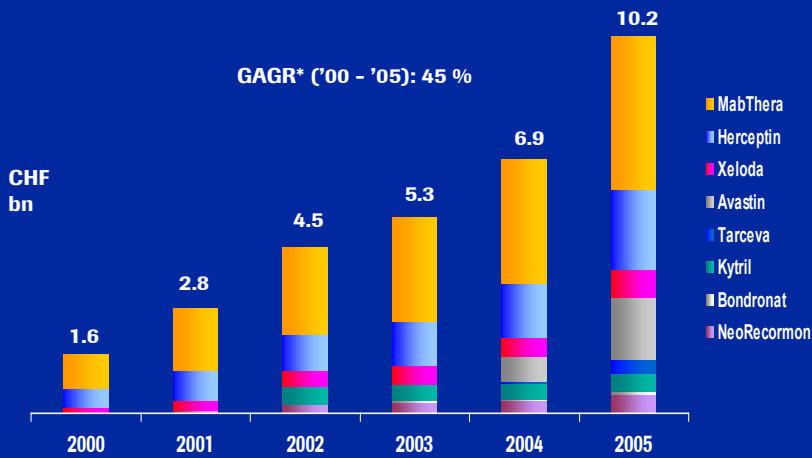


Source: IMS

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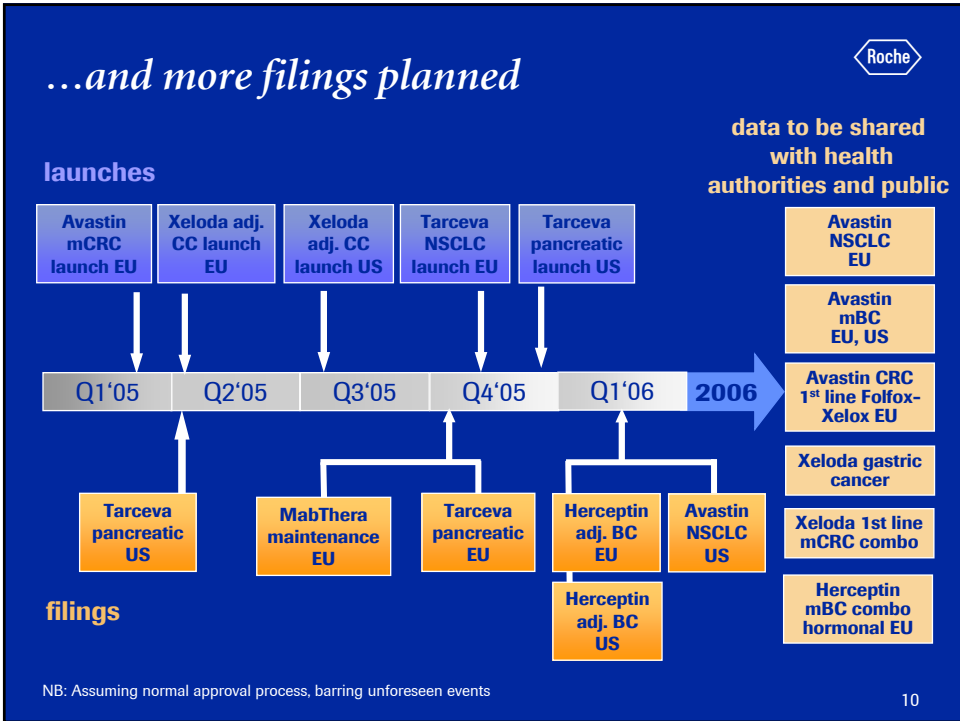
Roche Oncology: Clear market leader

Five times sales – in five years



* Compound Annual Growth Rate

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Roche Oncology in 2006

Science translated into patient benefit



Cancer types and Roche products with proven benefit

	Breast	Colorectal	NSCLC	NHL
Incidence*	1'151'298	1'023'152	1'081'706	300'571
Adjuvant	Herceptin	Xeloda		
Maintenance	n.a.	n.a.	n.a.	MabThera
1st line	Avastin Herceptin Xeloda	Avastin Xeloda	Avastin	MabThera
2nd/3rd line			Tarceva	MabThera

Impact on total market

* Worldwide, GLOBOCAN 2002

Roche Oncology portfolio

Five products with survival benefit
Survival benefit in five tumor types

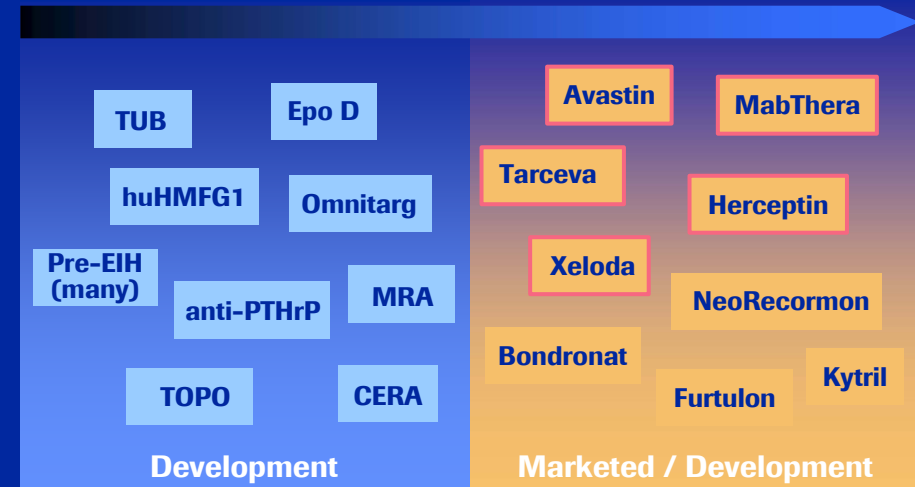


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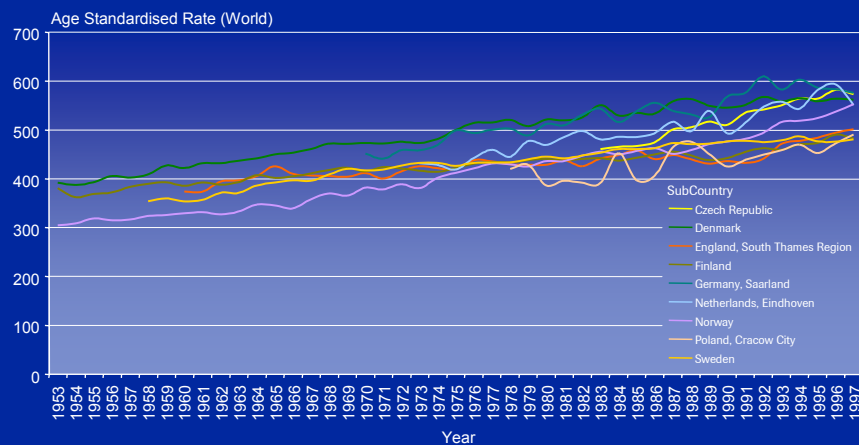
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Incidence of cancer increasing



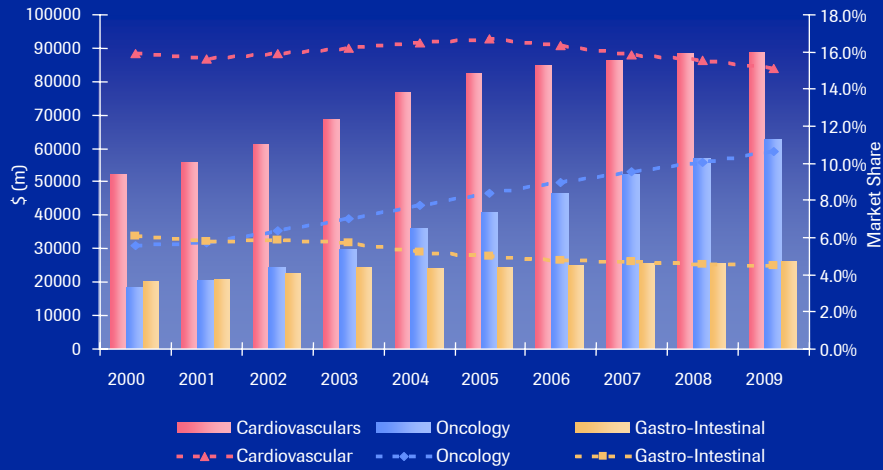
Cancer Disease: All sites but non-melanoma skin



Source: A pan European comparison regarding patient access to cancer, Karolinska Institute 2005

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The oncology therapy area is forecast to increase its share of the global market from 5% in 2000 to 10.5% by 2009



Source: Wood Mackenzie

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Cancer- a similar burden to society as cardiovascular disease

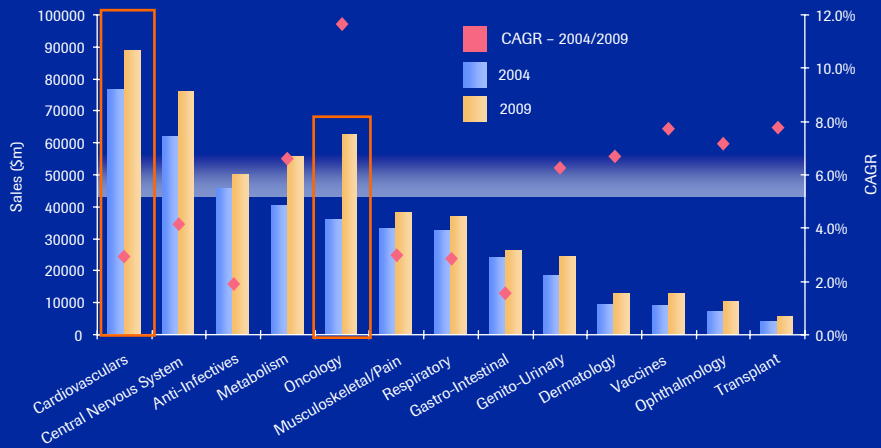


	EU 25			EU 15		
	Total DALYs	DALY /1000	%	Total DALYs	DALY /1000	%
All disease groups	58,807,846	129.7	100	47,092,868	124.2	100
Mental disease	14,857,720	32.8	25.3	12,379,282	32.7	26.3
Cardiovascular disease	10,088,093	22.2	17.1	7,637,493	20.1	16.2
Cancer	9,839,035	21.7	16.7	7,989,864	21.1	16.9
Injuries	5,099,011	11.2	8.7	3,644,620	9.6	7.7
Respiratory disease	3,523,243	7.8	5.9	3,167,675	8.4	6.7

DALY: Disability - Adjusted Life Years. Integrated measure of mortality and disability developed by the WHO. One DALY is one lost year of 'healthy' life and the burden of disease as a measurement of the gap between actual health and an ideal situation
Source: A pan European comparison regarding patient access to cancer, Karolinska Institute 2005

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Comparably low public expenditures on oncology



Source: Wood Mackenzie

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Treatment costs for cancer between 5% and 7% of total Healthcare cost



	Direct costs for cancer (€ million)	Direct costs for cancer per capita (€)	Cancer costs as % of total healthcare costs	Total healthcare expenditure ⁵ (€ million)	Population ⁶ (2003)
Total	54,263	120	6.4	844,800	451,263,000
Austria	923	114	6.5	14,200	8,067,000
Belgium	1,469	142	6.5	22,600	10,372,000
Czech Republic	663	65	6.5	10,200	10,202,000
Denmark	748	139	6.5	11,500	5,387,000
Finland	587	113	6.9	8,500	5,213,000
France	7,091	119	5.3	133,800	59,768,000
Germany	12,100	150	5.4	224,000	82,502,000
Greece	1,112	101	6.5	17,100	11,036,000
Hungary	566	56	6.5	8,700	10,124,000
Ireland	468	118	6.5	7,200	3,953,000
Italy	6,578	114	6.5	101,200	57,478,000
The Netherlands	1,525	94	4.1	37,200	16,224,000
Norway	871	191	6.5	13,400	4,564,000
Poland	1,300	34	6.5	20,000	38,195,000
Portugal	943	90	6.5	14,500	10,449,000
Spain	3,855	92	6.5	59,300	41,874,000
Sweden	1,253	140	7.0	17,900	8,958,000
Switzerland	1,391	189	6.5	21,400	7,343,000
UK	10,823	182	10.6 ⁸	102,100	59,554,000

Source: A pan European comparison regarding patient access to cancer, Karolinska Institute 2005

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Healthcare costs for cancer treatment

Drugs- a fraction of total cancer treatment costs

	Cancer costs as % of total healthcare costs	Inpatient care	Ambulatory care	Drugs	Total
Germany (2002)	5.4%	67% + 9% other	16%	8%	100%
Sweden (1996)	6%	94%	Not included in the estimate	6%	100%
Sweden (2002)	10%	75% (hospital)	15% (including home care)	10%	100%
France (1998)	5.3%	83%	7% + 6% transport costs	4%	100%
The Netherlands (1994)	4.6%	60% + 11% non-hospital institutional care	18%	11%	100%

Source: A pan European comparison regarding patient access to cancer, Karolinska Institute 2005

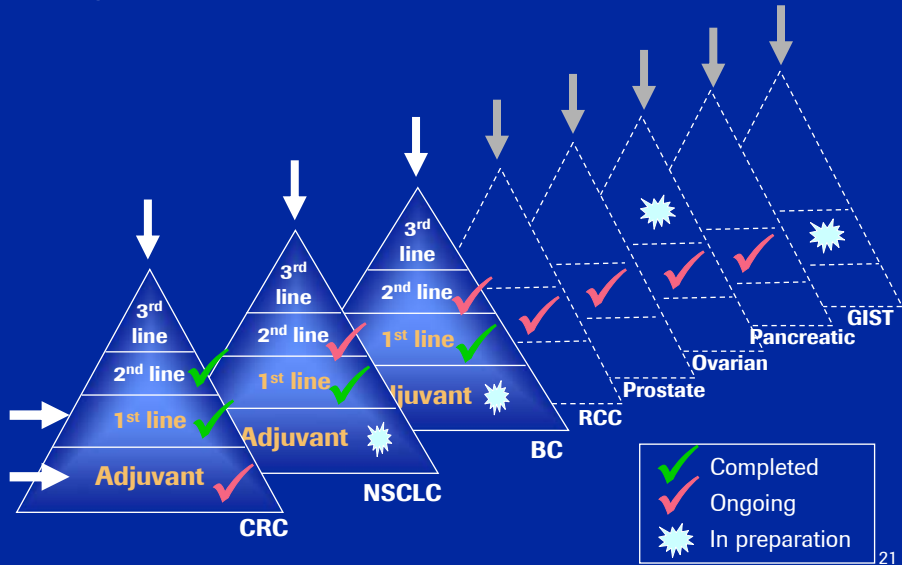
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1. Avastin: All main cancer types - late and early intervention



2. Avastin: Establish as combination partner to current standards



CRC	NSCLC	BC
<ul style="list-style-type: none"> • 5-FU/Leucovorin • Irinotecan ❖ Oxaliplatin ❖ Xeloda ○ New biologics 	<ul style="list-style-type: none"> • Platinum-based chemotherapy ❖ Single agent (navelbine or gemcitabine) ❖ Non-platinum based regimens ❖ Tarceva ○ New biologics 	<ul style="list-style-type: none"> • Taxanes ❖ Anthracyclines ❖ Xeloda ○ Hormones ○ Herceptin ○ New biologics

- positive data
- ❖ trials ongoing
- trials planned

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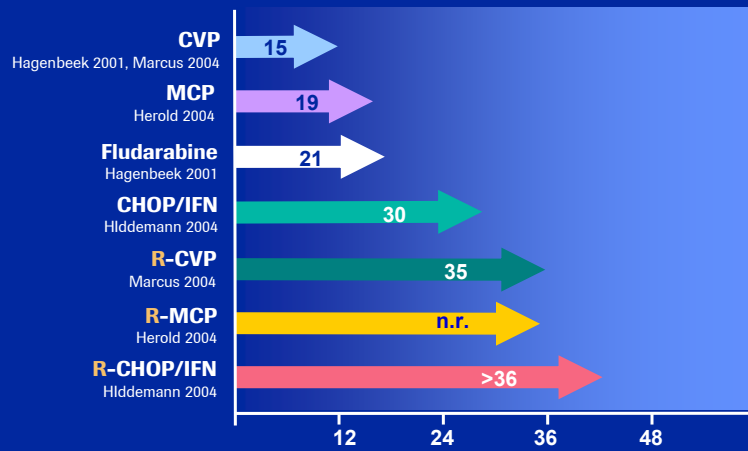
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Indolent Non Hodgkin lymphoma: More than doubled PFS over the past decade



Median progression free survival in 1st line iNHL



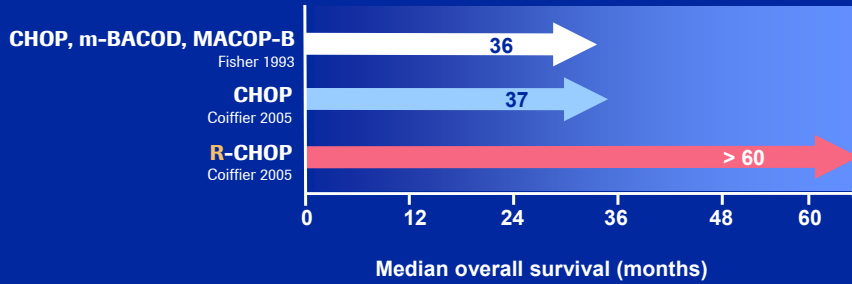
n.r. not reached

Median progression free survival (months)

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Aggressive Non Hodgkin lymphoma: Cure and considerable prolongation of life Roche

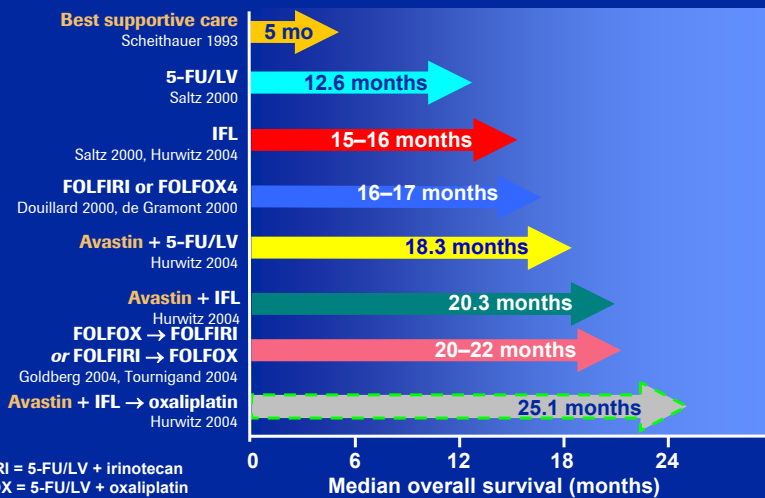
Median overall survival in 1st line aNHL



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Colon rectal cancer: Median Survival prolonged 5 times over the past decade Roche

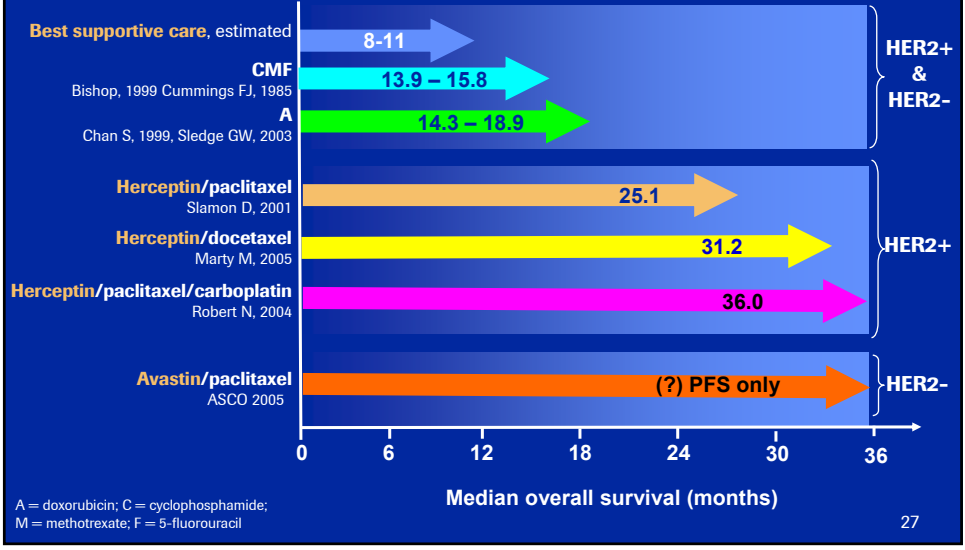
Median overall survival in 1st line metastatic CRC



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Breast Cancer: Significant and clinically meaningful prolongation of life

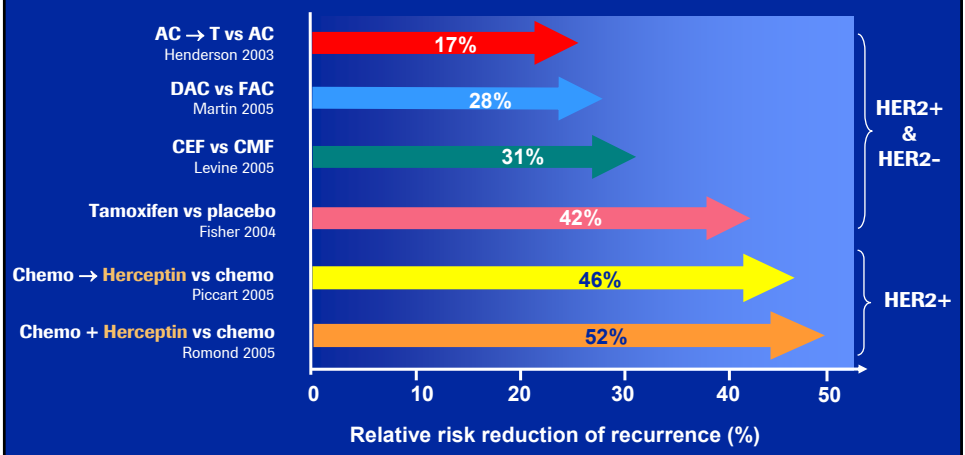
Median overall survival in 1st line mBC



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Breast Cancer: Best chance of a cure with new adjuvant treatment options

Relative risk reduction of recurrence in eBC



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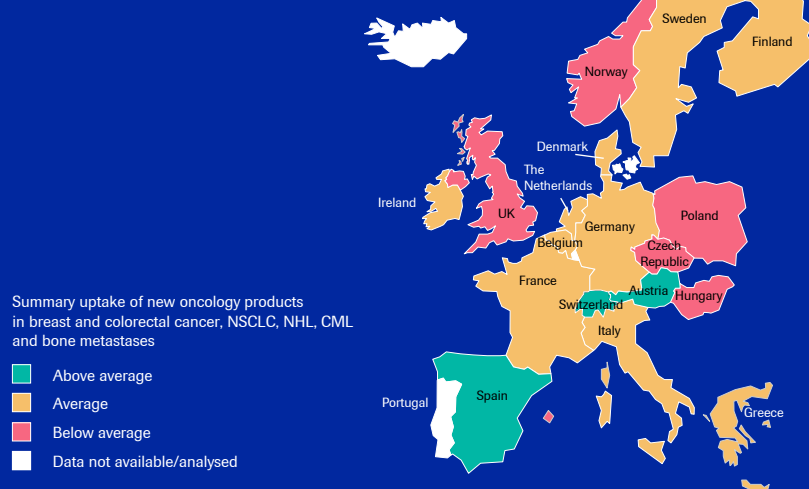
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Access to innovative cancer medicines



May have a decisive effect on chances for survival



Source: A pan European comparison regarding patient access to cancer, Karolinska Institute 2005

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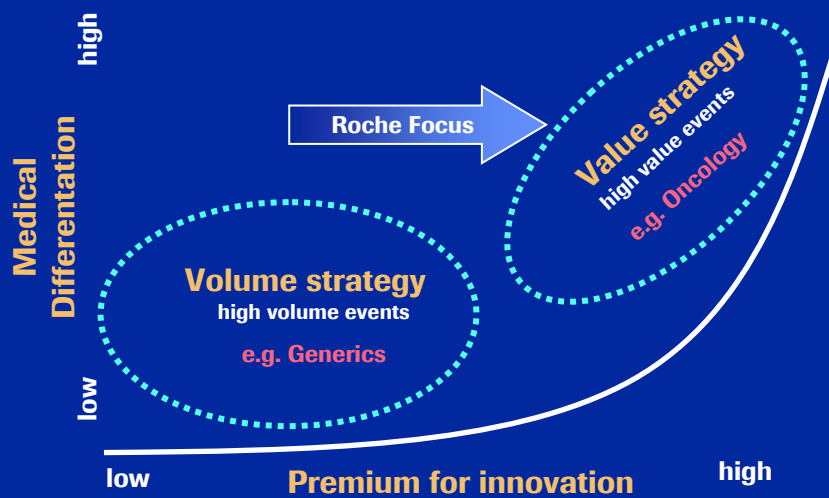
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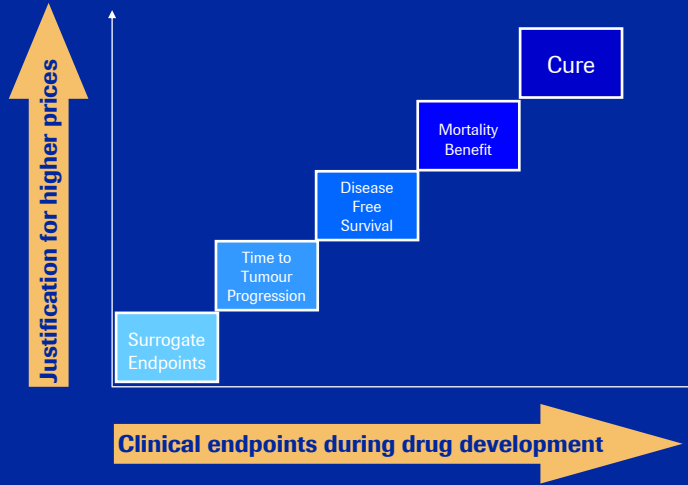
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'Oncology: Premium for innovation earned by 'medical differentiation'



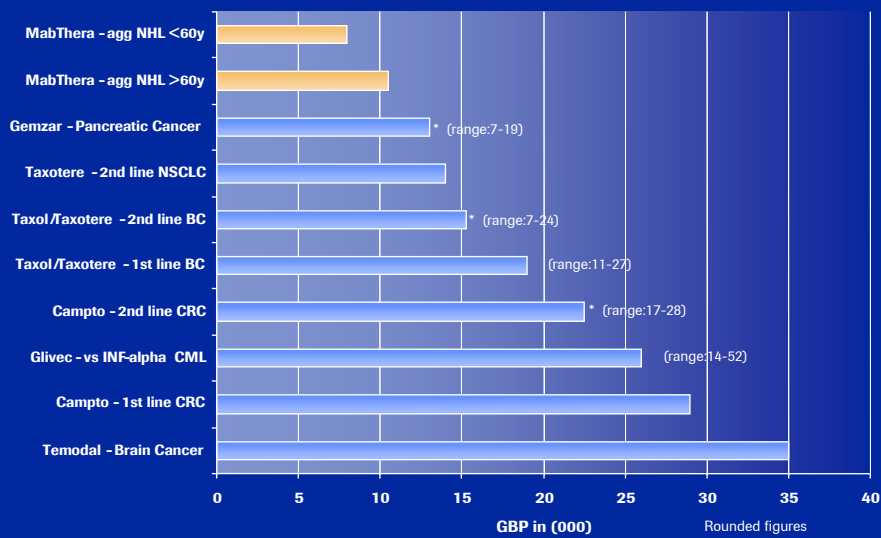
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Pricing: The 'real' benefit of a cancer drug may only become evident after a long 'development journey'



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Selected oncology UK NICE assessments Cost per LYG or QALY



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

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Data to be presented at upcoming ASCO *Reinforcing our oncology leadership*



Product	Indication	Trial	Regimen	Phase	Data
Avastin	mCRC 1st line	BRITE	Avastin + standard CRC chemotherapy	IV	Safety and early efficacy data
Avastin	mCRC 1st line	TREE1, TREE2	XELOX vs bFOL vs FOLFOX (+ Avastin in all arms of TREE2)	II	Final
Avastin	mCRC 1st line	BEAT	Avastin + standard CRC chemotherapy	III/IV	Safety and early efficacy data
Avastin + Tarceva	NSCLC 2nd line	OSI2950	Taxotere or Alimta vs. Taxotere or Alimta + Avastin vs. Avastin + Tarceva	II	Final
Herceptin	mBC 1st line	BCIRG 007	Taxotere + Herceptin vs. Taxotere+ Carboplatin + Herceptin	III	Interim (TTP)
Xeloda	Gastric Ca 1st line	ML17032	Cisplatin + Xeloda vs. Cisplatin + 5FU	III	Final
MabThera	iNHL	FL2000	CTx12 vs. CTx6 + MabThera	III	Final
Diagnostics microarray	Leukemia	MILE	molecular sub-classification of leukemia by gene expression profiling vs. standard lab methods	Validation	Interim data (stage I)

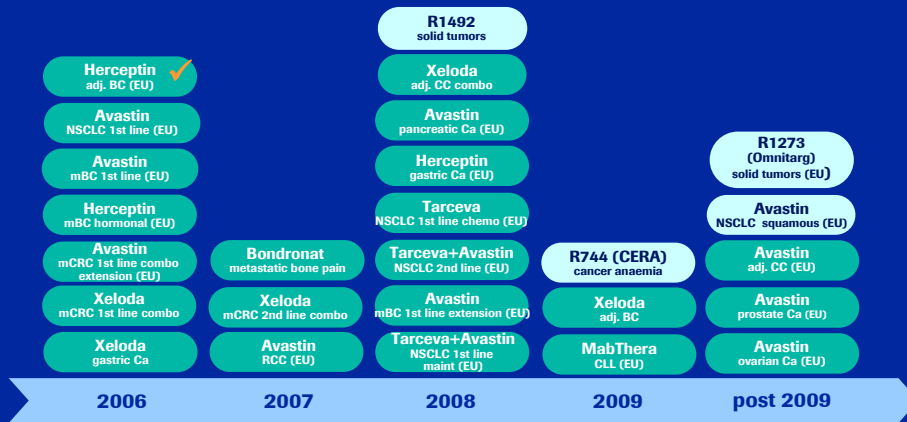
Roche Oncology Event: Zurich, June 19

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Major Roche managed projected submissions in Oncology over the next years



Phase II
Phase III



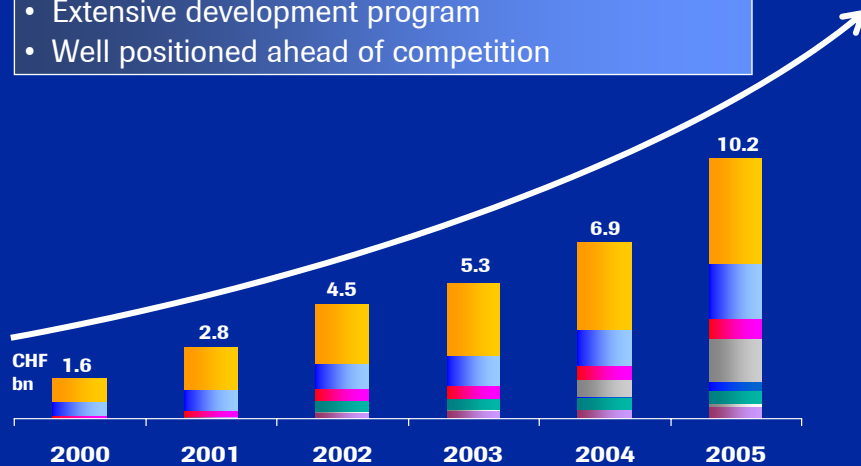
Status as of March 31, 2006

Unless stated otherwise, submissions will occur in US and EU 37

Growing from an already strong positionand setting new standards in Oncology care



- Considerable potential in commercialized products
- Extensive development program
- Well positioned ahead of competition



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