

financial highlights (UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AND EMPLOYEE DATA)

YEARS ENDED DECEMBER 31,	2003	2002	2001	% CHANGE FROM PRECEDING YEAR	
				2003/2002	2002/2001
Total operating revenues	\$3,300.2	\$2,583.7	\$2,044.1	28%	26%
Product sales	2,621.4	2,163.6	1,742.9	21	24
Cost of sales (COS)	480.1	441.6	354.5	9	25
Research and development (R&D) expenses	722.0	623.5	526.2	16	18
R&D expenses as a % of operating revenues	22%	24%	26%	—	—
Marketing, general and administrative expenses	794.8	546.2	446.9	46	22
Collaboration profit sharing	457.5	350.7	246.7	30	42
Recurring charges related to redemption ⁽¹⁾	154.3	155.7	321.8	(1)	(52)
Special items: litigation-related ⁽²⁾	(113.1)	543.9	—	(121)	—
Cumulative effect of accounting change, net of tax ⁽³⁾	47.6	—	5.6	—	(100)
Net income ⁽⁴⁾	562.5	63.8	150.3	782	(58)
Diluted earnings per share	1.06	0.12	0.28	783	(57)
Non-GAAP net income ⁽⁵⁾	\$ 634.9	\$ 483.6	\$ 404.5	31%	20%
Non-GAAP diluted EPS ⁽⁵⁾	1.20	0.92	0.76	30	21
Non-GAAP net income as a % of operating revenues ⁽⁵⁾	19%	19%	20%	—	—
Shares used to compute diluted earnings per share	528.8	524.4	535.3	1	(2)
Actual shares at year-end	524.7	512.8	528.3	2	(3)
Stock price at year-end	\$ 93.57	\$ 33.16	\$ 54.25	182	(39)
<i>No cash dividends were paid</i>					
Cash, cash equivalents, short-term investments, and long-term marketable debt and equity securities	\$2,934.7	\$1,601.9	\$2,864.9	83	(44)
Property, plant and equipment, net	1,617.9	1,068.7	865.7	51	23
Total assets	8,736.2	6,758.1	7,146.9	29	(5)
Total stockholders' equity	6,520.3	5,338.9	5,919.8	22	(10)
Capital expenditures	322.0	322.8	213.4	—	51
Number of employees at year-end	6,226	5,252	4,950	19	6

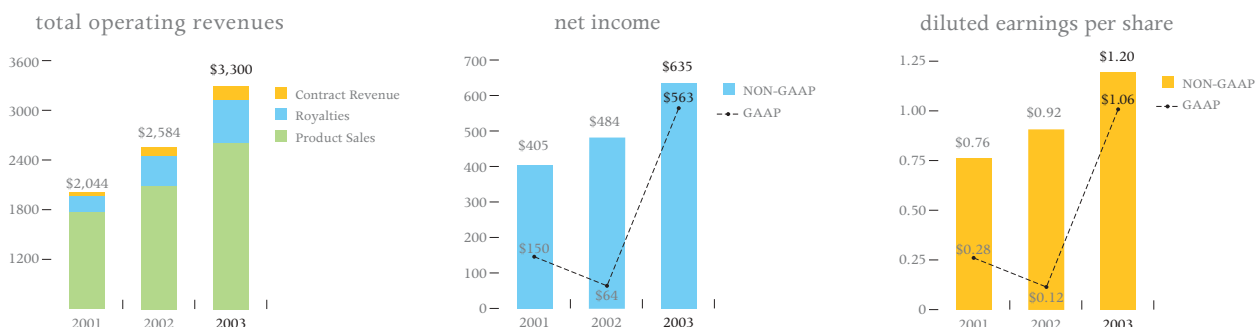
(1) Amounts primarily relate to the amortization of other intangible assets in 2003, 2002 and 2001, and the amortization of goodwill in 2001, due to the June 30, 1999 redemption of our special common stock (or Redemption) and the effects of push-down accounting.

(2) Amount in 2003 includes litigation-related special items comprised of Amgen and Bayer litigation settlements (net of City of Hope litigation-related charges) in 2003. Amount in 2002 includes litigation-related special charges for the City of Hope judgment in the second quarter of 2002, including accrued interest and costs related to obtaining a surety bond, and certain other litigation-related matters. For further information on these items, see the "Results of Operations" section of Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of Part II of our 2003 Form 10-K on file with the Securities and Exchange Commission (or SEC).

(3) We adopted Financial Accounting Standards Board Interpretation No. 46 (or FIN 46), "Consolidation of Variable Interest Entities," on July 1, 2003, which resulted in a \$47.6 million charge, net of tax, (or \$0.09 per share) as a cumulative effect of a change in accounting principle. We adopted Statement of Financial Accounting Standards No. 133 (or FAS 133) on January 1, 2001 and recorded \$5.6 million, net of tax, as a cumulative effect of a change in accounting principle and recorded \$10.0 million for the changes in fair value of certain derivatives as "other income, net."

(4) We adopted FAS 141 on Business Combinations and FAS 142 on Goodwill and Other Intangible Assets on January 1, 2002. As a result of our adoption, reported net income in 2002 increased by \$157.6 million, net of tax, (or \$0.30 per share), due to the cessation of goodwill amortization and the amortization of our trained and assembled workforce intangible asset related to the Redemption and push-down accounting.

(5) Non-GAAP amounts exclude the recurring charges related to the Redemption, litigation-related special items, cumulative effects of accounting changes, and all related tax effects. GAAP net income as a percentage of operating revenues was 17 percent in 2003, two percent in 2002, and seven percent in 2001. See below and page 10 for the reconciliation to our GAAP numbers. For further information on these items, see the "Results of Operations" section of Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of Part II of our 2003 Form 10-K on file with the SEC.

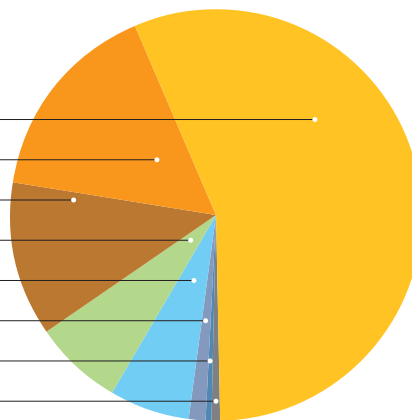


marketed products (UNAUDITED)

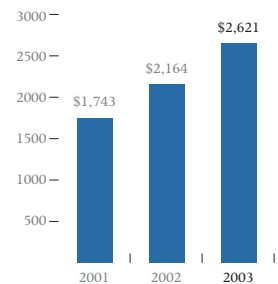
(IN MILLIONS)

2003 product sales

Rituxan	\$1,489
Herceptin	425
Growth Hormone	322
Thrombolytic	185
Pulmozyme	167
Xolair	25
RAPTIVA	1
Other	7
Total	\$2,621

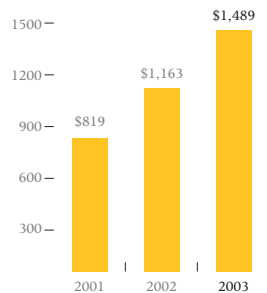


Total Product Sales



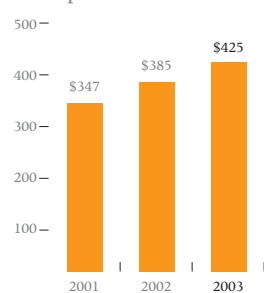
Total net product sales were \$2,621 million in 2003, an increase of 21 percent from 2002. The increase in 2003 is primarily a result of higher product sales, in particular Rituxan® (Rituximab). Combined sales of our BioOncology products, Rituxan and Herceptin® (Trastuzumab), represented 73 percent of total product sales in 2003 and 72 percent in 2002.

Rituxan Sales



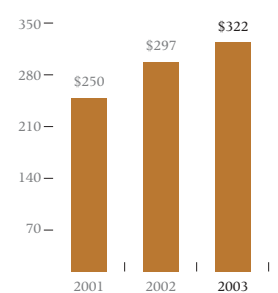
Net sales of Rituxan were \$1,489 million in 2003, a 28 percent increase from 2002. This increase in 2003 was driven primarily by increased use of the product for the treatment of B-cell non-Hodgkin's lymphoma, as well as chronic lymphocytic leukemia. Hoffmann-La Roche holds marketing rights for Rituximab outside of the United States, excluding Japan.

Herceptin Sales



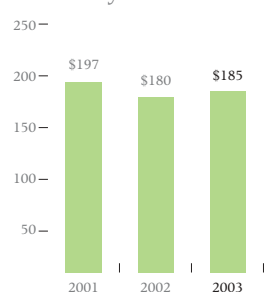
Net sales of Herceptin were \$425 million in 2003, a 10 percent increase from 2002. The 2003 increase was driven by multiple factors, including treating more patients and extending the average treatment duration. Hoffmann-La Roche has exclusive marketing rights to Herceptin outside of the United States.

Growth Hormone Product Sales



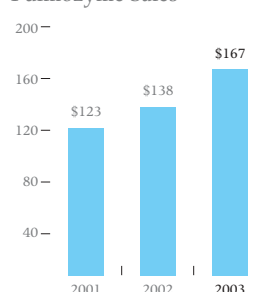
Combined net sales of our four growth hormone products, Nutropin Depot® [somatotropin (rDNA origin) for injectable suspension], Nutropin AQ® [somatotropin (rDNA origin) injection], Nutropin® [somatotropin (rDNA origin) for injection], and Protropin® (somatrem for injection), were \$322 million in 2003, an eight percent increase from 2002. The increase in 2003 was attributable to various factors, including continued strong demand for our Nutropin products.

Thrombolytic Product Sales



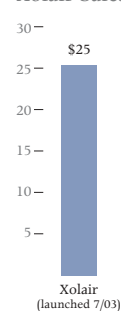
Combined net sales of our three thrombolytic products, Activase® (Alteplase, recombinant), TNKase™ (Tenecteplase) and Cathflo™ Activase® (Alteplase), were \$185 million in 2003, a three percent increase from 2002. The increase in 2003 was positively impacted by the implementation of a new business model, which took advantage of our comprehensive thrombolytic portfolio and allowed us to focus our marketing efforts on accounts with the highest potential. The higher sales in 2003 were primarily due to Cathflo Activase for catheter clearance.

Pulmozyme Sales



Net sales of Pulmozyme® (dornase alfa, recombinant) were \$167 million in 2003, a 21 percent increase from 2002. The increase in 2003 primarily reflects an increased focus on aggressive treatment of cystic fibrosis early in the course of the disease.

Xolair Sales



We received FDA approval to market Xolair® (Omalizumab) in June 2003 and began shipping Xolair in July 2003. Xolair achieved total net sales of \$25 million in 2003, reflecting distribution of product into the supply channel and positive physician adoption rates.

RAPTIVA Sales



We received FDA approval to market RAPTIVA™ (efalizumab) in October 2003 and began shipping RAPTIVA in November 2003. RAPTIVA achieved total net sales of \$1 million in 2003, reflecting initial distribution of product into the supply channel. The RAPTIVA reimbursement model has been received positively.