Amgen Inc. v. F. Hoffmann-LaRoche LTD et al Doc. 54 Att. 18


# EXHIBIT 18

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**Equity Research**
Biotechnology / Rated: Market Overweight
*May 03, 2005*

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# Amgen (AMGN-$58.15) - Peer Perform

## 2003 Roche-Sponsored Investor Presentation May Contain Clues About CERA...

**Data**

| | | | | | |
|---|---|---|---|---|---|
| Target Price-Yr.End '05 | NA | Market Cap (MM) | $75B | Avg Day Trade Vol | 7.4MM |
| 52-Wk Range | $52.00-$66.88 | Shares Out | 1.32B | Long-Term Growth | 15% |

**Proforma Estimates**

| | Q1 Mar | Q2 Jun | Q3 Sep | Q4 Dec | Year |
|---|---|---|---|---|---|
| **2003** | 0.41 | 0.49 | 0.52 | 0.51 | 1.93 |
| **2004** | 0.56 | .62 | .64 | .58 | 2.40 |
| **2005** | 0.66 | 0.69 | 0.71 | 0.74 | 2.80 |

**EE Post Option Expense**

| | Year |
|---|---|
| **2003** | 1.74 |
| **2004** | 2.16 |
| **2005** | 2.52 |

**Key Points**

*** DURING A 2003 ROCHE-SPONSORED CONFERENCE CALL, CERA WAS DESCRIBED CLEARLY AS PEG-EPO. During a Roche-sponsored teleconference in 2003, a physician clearly described CERA as pegylated Epo with no changes in its amino acid structure or sugar (glycosylation) pattern.

*** COMMENTARY DURING THE 2003 CALL APPEARS DIFFERENT FROM MORE RECENT ROCHE STATEMENTS. Recently, Roche has repeatedly emphasized to us that CERA is NOT just pegylated Epo. However, they have declined to provide further details about CERA's structure.

*** SO WHICH STATEMENT IS CORRECT? We (and the investment community) are now faced with 2 possibly contradictory public descriptions of CERA. We have spoken to Roche about the apparent inconsistency, and they have declined to specifically comment on the 2003 investor call.

*** THE ANSWER TO THIS RIDDLE COULD HAVE BROAD IMPLICATIONS IN COURT. If CERA is, indeed, just pegylated Epo, our consultants believe it would likely infringe Amgen's US patents. If CERA is something else (such as a pegylated Epo analog with an altered glycosylation pattern), the case for infringement may be more complex.

*** MAINTAIN PEER PERFORM. Although we believe Amgen will admirably weather the recent changes in Medicare reimbursement policy, we believe increasing concerns and confusion around competitive EPO threats will cap the stock in the low/mid-$60s.

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PLEASE SEE PAGE 8 OF THIS NOTE FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATION.

# *Update: What, Exactly, Is CERA?*

CERA is a long-acting erythropoietin being developed by Roche for the treatment of anemia in patients with end stage renal disease (ESRD) and chemotherapy-induced anemia (CIA). Based on our analysis of Phase 2 data on CERA, we believe it is roughly equivalent to Amgen's Aranesp in terms of efficacy and dosing convenience. We anticipate presentation of phase 3 results for CERA in ESRD in 4Q05 and a possible filing for US and EU approval by year end. Assuming 12-18 months for approval, CERA could enter the WW market as early as 2007. For a detailed explanation of CERA, please see our

There is active debate as to what CERA is. Some references have been made to it being a pegylated version of NeoRecormon (Erythropoietin Beta), which differs from Epogen by one amino acid. NeoRecormon (Roche) is currently being marketed only in the ex-US, where it was found not to infringe on Amgen patents. In the US, Roche has an agreement with Amgen not to come to market and face the possibility of litigation. We have examined previous patents and presentations that offer more insight into potentially what CERA is and how it is made.

Roche representatives stated recently that CERA is **not pegylated NeoRecormon**. They state that CERA is a product that stimulates the Epo receptor and has a long half-life because it continuously reattaches/attaches to the receptor. One representative at Roche confirmed that CERA is a pegylated product, and Roche has publicly disclosed a licensing agreement with Nektar for CERA's pegylation technology. Besides its general mechanism of action and pegylation, Roche has declined to provide greater clarity on CERA. Therefore, we have analyzed Roche's EU and US patents in order to glean bits of information. These patents hint that CERA may not only be pegylated, but may also be mutated. Based on the examination of the CERA patents, we believe that if CERA is not pegylated-EPO it might be a pegylated Epo analog as outlined in these patent claims.

## During a public investor teleconference in 2003, Roche described CERA as pegylated Epo

Some of the confusion surrounding CERA may have been due to previous Roche presentations we have located that described CERA as pegylated Epo, with no changes in altered sequence or glycosylation pattern. This appears to contradict statements Roche is currently making that CERA is not just pegylated Epo. To listen to a recording of this call, click on the following link: http://www.roche.com/inv_news_pres_confcall_171103.

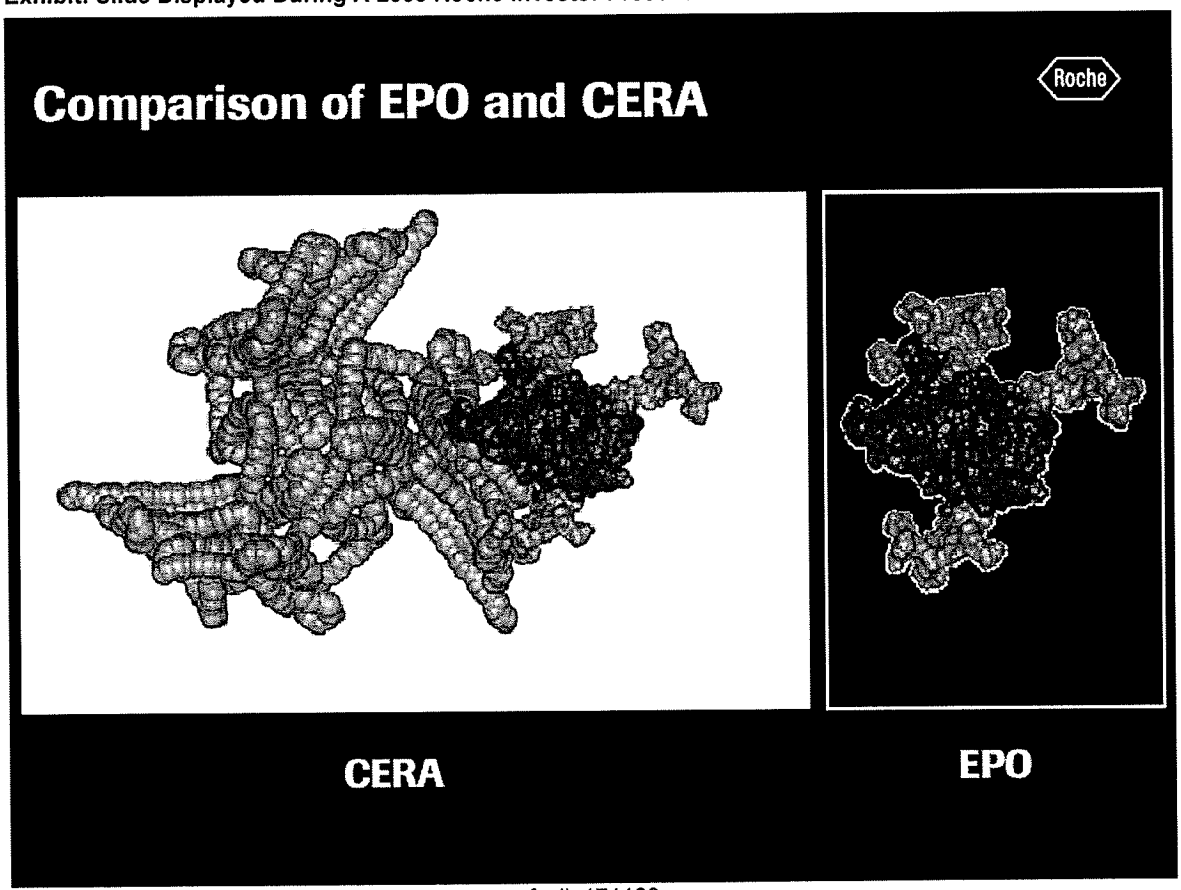
In a November 17, 2003, Roche held an Investor Telephone Conference on "Phase II CERA data in renal patients," Roche's Business Director, John Michalidis, prefaced the presentation by stating (regarding CERA patents):

> "A patent has been issued in the US, it was approved in June of this year, and we are very confident of developing this molecule for world-wide launch, including the US."

In the same teleconference, Dr. Iain MacDougall (Kings College London) discussed CERA's structure and mechanism of action. In the main presentation, Dr. MacDougall displayed a slide (shown below) of what he described as the structure of CERA. Here is a quote from Dr. MacDougall:

> "Before discussing the mechanism of action, I think we would like to just look at the difference in the structure of the two molecules. On the right is a slide you can see the computer generated molecule for Epo. The dark blue area is the protein backbone of the molecule, the lighter blue is the three antennory carbohydrate chains that are attached to the molecule. On the left there you see CERA which is the much much larger molecule. With a huge big polymer molecule chain to the left hand side, but yet retaining the receptor binding component of the molecule in order to stimulate erythropoiesis"

**Exhibit: Slide Displayed During A 2003 Roche Investor Presentation**




Source: http://www.roche.com/inv_news_pres_confcall_171103

In the question and answer session that followed, Dr. MacDougall went on to describe in greater depth the exact sequence of CERA. In response to a question regarding "how the protein molecule, CERA differs from native Epo," he stated:

> "There are no differences in the amino acid structure, nor are there any differences in the glycosylation pattern. That is in contrast to what was achieved with Aranesp where an additional two glycosylation chains were added to the molecule. There are no additional glycosylation chains in CERA, obviously there is the additional massive polymer, but there are no amino acid [changes]."
>
> "The amino acid residues are not altered… There is this enormous repeating carbohydrate chain, which is the polyethylene glycol polymer. That is attached to the Epo molecule at two sites. One of these sites is the N-terminus of the molecule and the other site is the lysine 52 on the molecule, but these have not been altered in anyway. These are linked by a linkage chemistry which is actually an SBA link, but there are not amino acid changes to make this polymer attach."

In our opinion, Dr. MacDougall's comments state that CERA is a pegylated form of Epo with no alterations in glycosylation pattern or amino acid sequence. However, this appears to contradict recent repeated statement by Roche that CERA is not just pegylated Epo. Thus, we are left to speculate as to whether Dr. MacDougall's statements were in fact true and, if not, what else CERA could be.

When we recently asked Roche if what was described in the November 17th investor presentation was correct, they stated that they "will not confirm or deny [Dr. MacDougall's] comments." They went on to say that they could not say anything about CERA including whether it was pegylated, its composition, or its manufacturing process. Dr. MacDougall has not returned repeated phone calls and emails. Without greater clarification, we are left with two apparently contradictory statements.

# *Amgen May Have Important Patents Pending*

## We believe Amgen has additional US patents pending

We believe Amgen may have two additional Epo patents pending in the United States. One patent may describe erythropoietin analogs with altered glycosylation sites. Another patent may describe the use of hyperglycosylated forms of Epo for the purpose of less frequent dosing. We believe these patents applications probably exist because Amgen has publicly disclosed corresponding issued or pending patents in the E.U.

Amgen's issued European patent EP06460619 describes the composition of Epo analogs with altered glycosylation patterns. Amgen lists this patent in its 10-K as its European Aranesp patent. The company has recently confirmed to us that it also has at least one Aranesp patent application pending the US We believe it is likely that the US patent application resembles the E.U. patent. Assuming the US patent was filed around the same time as the EU patent (in 1994), the US patent has potentially been under review for over 10 years. Our experts noted that while one possibility for the delay is that the patent has undergone interference (the claims may be so broad they interfere with another patent). If this were the case, the US patent may ultimately have more limited claims than the corresponding EU patent. Another possibility is that the patent office requested that Amgen perform additional experiments to support the patent's claims. Completion of these experiments may strengthen the patent's claims.

**Exhibit. Selected Issued And Pending Aranesp Patents**

| Company | Patent | Subject | Filed | Issued | Comments |
|---|---|---|---|---|---|
| Amgen | EU Patent #EP0640619 | Composition of Epo analogs with altered glycosylation | Aug-94 | Jul-97 | We suspect a similar US patent application was filed around the same time as the EU application. We believe the US patent is currently pending (US patent would expire 17 years from date of issue) |
| Amgen | EU Patent #EP1274728 | Method of use of hyperglycosylated Epo for less frequent dosing | Apr-01 | Still pending | We suspect a similar US patent is currently pending (US patent would expire 20 years from date of filing; EU patent will expire 2021) |
| Amgen | US Patent #6586398 | Pegylated Aranesp | Apr-00 | Jul-05 | Corresponding EU patent pending (EP1267942). EU and US patents expire 20 years from date of filing |

Source: Bear, Stearns & Co. Inc

## What may be covered in Amgen's pending US patents?

**Composition of Epo analogs with altered glycosylation.** In looking at the issued EU '619 patent as an example, we may surmise what is claimed in the corresponding pending US Aranesp patent. The patent goes into detail as to various forms of Epo that have been mutated to obtain altered glycosylation patterns. Regular Epo has 3 N-linked carbohydrate chains and one O-linked carbohydrate chains. The N-linked carbohydrate chains are added to the protein based on a specific amino acid "recognition" sequence. In order to alter the glycosylation of Epo, the DNA must be mutated to change the recognition sequence. Mutations can remove glycosylation sites or can create new recognition sites. The claims in this patent describe various amino acid substitutions that may make a functional Epo variant. The molecules listed may have more than one change in their glycosylation pattern and may have additional glycosylation sites added. One of the isoforms described in this patent is Aranesp, a longer lasting form of Epo with two additional glycosylation sites. Changes in glycosylation may affect the function and stability of a protein. In the '619 European patent, the properties of each of these isoforms is also described, including their stability and ability to promote erythropoiesis.

If CERA is not just pegylated erythropoietin, based on the CERA patent claims there is the possibility that it is a pegylated Epo analog. If the backbone of CERA is outlined in the Amgen claims, it could directly infringe on this patent. In fact, Roche refers to Amgen's European Aranesp patent (EP06460619) in its US CERA patent. Roche's US CERA patent includes the possibility that CERA is a pegylated version of the Epo analogs outlined in Amgen's European EP06460619 patent.

**Method of use of hyperglycosylated Epo for less frequent dosing.** Amgen's EU patent application covering *use* of hyperglycosylated Epo isoforms for the purpose of less frequent dosing was filed on April 15, 2001. Since EU patents are protected 20 years from date of filing, we expect this patent will expire around 2021. If a pending US application exists, we would also expect a similar filing and expiration date. This pending EU patent goes into depth about the method of use of hyperglycosylated Epo (an Epo with additional glycosylation sites) to increase hematocrit. Specifically, the patent describes "An analog [that] may be administered less frequently than an equivalent molar amount of recombinant human erythropoietin to obtain a comparable target hematocrit and treat anemia. Alternatively, a lower molar amount of hyperglycosylated analog may be administered to obtain comparable target hematocrit and treat anemia."

If this patent is issued in the US and EU, CERA may infringe on its claims. This is dependent on (1) CERA being a hyperglycosylated form of Epo and (2) these claims including in their scope CERA's mechanism of lowering dosing frequency by pegylation.

# *So What Might All Of This Mean?*

## Scenario #1: What if CERA is what Dr. MacDougall said it was in 2003?

If we assume Dr. MacDougall's comments during the 2003 Roche-sponsored teleconference are correct, then CERA is probably just pegylated Epo.

### CERA might infringe Amgen's manufacturing patents if it is made in mammalian cells

Just because CERA has an issued patent in the US, does not mean it would not infringe on Amgen's patent claims. If CERA is made in mammalian cells, it may infringe on Amgen's manufacturing claims. In a previous case involving Amgen vs. TKT, TKT's manufacturing process was found to infringe on Amgen's claims. TKT's Epo product, Dynepo was found to infringe on Amgen's process of manufacture claims despite two key differences: (1) Dynepo was made in a human cell line, while Epogen was manufactured in a Chinese Hamster Ovary cell line and (2) Dynepo was made from the expression of endogenous human Epo, while Epogen is made from expression of an exogenous human Epo gene. Therefore, we expect if CERA is just pegylated version of erythropoietin made in mammalian cells, it may infringe on Amgen's current patent estate. Roche has stated that it may get around Amgen's process manufacturing patents by producing CERA outside of the US. Several experts we have spoken with do not believe to be a possibility. Even if CERA is manufactured elsewhere, and imported in the US, it could still infringe on Amgen's process manufacture claims.

### CERA may infringe under "doctrine of equivalence"

Even if CERA is a pegylated version of regular Epo, there is still the possibility that it infringes under doctrine of equivalents. Roche will have to prove that CERA is not included in Amgen's scope of patent claim. It is possible that Amgen's patent claim "scope" includes other forms of Epo that are used to increase erythrocytes and red blood cells to treat anemia. In the Amgen vs. TKT case, although Dynepo was found to be functionally equivalent, it was found to infringe Amgen's patent claims under the doctrine of equivalents.

### CERA's Epo core may directly infringe on Amgen's pharmaceutical composition patents

If an inventor improves on an existing invention, when the product is marketed it may infringe on the original invention's claims. If CERA is a pegylated version of an Epo product Amgen has claims to, it may infringe on Amgen's patent claims. The question becomes: Does Amgen still have claims to the original Erythropoietin pharmaceutical composition? While Amgen's patent for Epo sequence has expired, it still has some claims on Epo composition. If the Epo backbone of CERA is covered in the scope of these claims, in may directly infringe. In the Amgen vs. TKT case, TKT was found to infringe on Amgen's pharmaceutical composition patent claims.

## Scenario #2: What if CERA is a pegylated Epo analog with altered amino acid sequence and glycosylation pattern

### CERA might infringe Amgen's manufacturing patents

If CERA is a pegylated Epo analog with an altered amino acid sequence and glycosylation pattern and is made in mammalian cells, it may infringe on Amgen's original Epo process patent claims and under the doctrine of equivalents (as described above). In addition, it may face infringement issues with pending Amgen patents as described above.

**CERA may infringe on Aranesp EU patents and pending US patents**

If CERA is not just pegylated erythropoietin, based on the CERA patent claims there is the possibility that it is a pegylated Epo analog. If the backbone of CERA is outlined in the Amgen claims, it could directly infringe on this patent. In fact, Roche refers to Amgen's European Aranesp patent (EP06460619) in its US CERA patent. Roche's US CERA patent includes the possibility that CERA is a pegylated version of the Epo analogs outlined in Amgen's European EP06460619 patent. If Amgen's method of use of hyperglycosylated Epo (for less frequent dosing) patent is issued in the US and EU, we believe CERA may also infringe on its claims. This is dependent on (1) CERA being a hyperglycosylated form of Epo and (2) these claims including in their scope CERA's mechanism of lowering dosing frequency by pegylation.

## AMGEN HISTORICAL AND FORECASTED INCOME STATEMENT

| | | | | Prior | Difference | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **AMGEN** | **2002A** | **2003A** | **2004A** | **1Q05E** | **1Q05E** | **1Q05A** | **2Q05E** | **3Q05E** | **4Q05E** | **2005E** | **2006E** | **2007E** | **2008E** | **2009E** | **2010E** |
| **REVENUES** | | | | | | | | | | | | | | | |
| Epogen | $2,257 | $2,435 | $2,601 | $677 | ($94) | $583 | $670 | $690 | $700 | $2,731 | $2,880 | $3,012 | $3,160 | $3,355 | $3,500 |
| Aranesp | $416 | $1,544 | $2,473 | $736 | ($13) | $723 | $708 | $734 | $751 | $2,906 | $3,310 | $3,746 | $4,065 | $4,566 | $4,973 |
| *Anemia Franchise* | *$2,673* | *$3,978* | *$5,074* | *$1,413* | ($107) | *$1,306* | *$1,378* | *$1,424* | *$1,451* | *$5,559* | *$6,190* | *$6,758* | *$7,245* | *$7,921* | *$8,473* |
| Neupogen | $1,379 | $1,267 | $1,175 | $314 | ($20) | $294 | $290 | $260 | $246 | $1,090 | $1,078 | $1,033 | $1,011 | $1,026 | $1,047 |
| Neulasta | $467 | $1,255 | $1,740 | $485 | $16 | $501 | $497 | $550 | $576 | $2,034 | $2,370 | $2,713 | $3,198 | $3,449 | $3,720 |
| *Neutropenia Franchise* | *$1,846* | *$2,522* | *$2,915* | *$799* | ($4) | *$795* | *$787* | *$810* | *$822* | *$3,124* | *$3,448* | *$3,746* | *$4,208* | *$4,475* | *$4,787* |
| Enbrel | $362 | $1,300 | $1,900 | $605 | ($13) | $592 | $635 | $654 | $667 | $2,548 | $3,058 | $3,138 | $3,701 | $3,956 | $4,230 |
| Sensipar | $0 | $0 | $40 | $22 | $0 | $22 | $28 | $30 | $32 | $112 | $250 | $396 | $460 | $521 | $574 |
| Palifermin | $0 | $0 | $0 | $18 | $2 | $20 | $36 | $42 | $46 | $144 | $220 | $315 | $521 | $784 | $966 |
| Pamimbumumab | $0 | $0 | $0 | | | | | | | $0 | $41 | $81 | $141 | $205 | $239 |
| AMG-162 | $0 | $0 | $0 | $0 | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $174 | $360 | $544 |
| **Total Product Revenues** | **$4,991** | **$7,888** | **$9,977** | **$2,857** | ($122) | **$2,735** | **$2,864** | **$2,960** | **$3,018** | **$11,577** | **$13,258** | **$14,489** | **$16,510** | **$18,282** | **$19,857** |
| **Total Revenues** | **$5,523** | **$8,356** | **$10,550** | **$2,971** | **($138)** | **$2,833** | **$2,973** | **$3,084** | **$3,117** | **$12,003** | **$13,705** | **$14,953** | **$16,992** | **$18,783** | **$20,378** |
| COGS | $736 | $1,341 | $1,729 | $542 | ($53) | $489 | $547 | $565 | $576 | $2,178 | $2,387 | $2,608 | $2,972 | $3,108 | $3,376 |
| R&D | $1,117 | $1,655 | $1,996 | $624 | ($103) | $521 | $565 | $582 | $592 | $2,260 | $2,604 | $2,841 | $3,568 | $3,944 | $4,279 |
| SGA | $1,462 | $1,952 | $2,556 | $685 | ($108) | $577 | $690 | $713 | $727 | $2,708 | $3,161 | $3,325 | $3,800 | $4,195 | $4,551 |
| *Total Operating Expenses* | *$3,173* | *$4,924* | *$6,281* | *$1,850* | ($266) | *$1,584* | *$1,802* | *$1,861* | *$1,896* | *$7,143* | *$8,152* | *$8,774* | *$10,340* | *$11,248* | *$12,206* |
| **EBITA** | **$2,350** | **$3,432** | **$4,269** | **$1,121** | **$128** | **$1,249** | **$1,171** | **$1,204** | **$1,221** | **$4,845** | **$5,553** | **$6,179** | **$6,652** | **$7,536** | **$8,172** |
| Pre-Tax Income | ($685) | $3,174 | $3,429 | $1,065 | $125 | $1,190 | $1,115 | $1,148 | $1,214 | $4,666 | $5,273 | $5,928 | $6,443 | $7,378 | $8,081 |
| Tax Provision | $707 | $914 | $1,104 | $277 | $55 | $332 | $290 | $298 | $316 | $1,236 | $1,318 | $1,423 | $1,482 | $1,697 | $1,859 |
| **Net Income** | **($1,392)** | **$2,260** | **$2,326** | **$788** | $70 | **$858** | **$825** | **$849** | **$898** | **$3,430** | **$3,955** | **$4,505** | **$4,961** | **$5,681** | **$6,223** |
| **Adjusted EPS, F.D.** | **$1.45** | **$1.93** | **$2.40** | **$0.66** | **$0.06** | **$0.72** | **$0.69** | **$0.71** | **$0.74** | **$2.86** | **$3.25** | **$3.67** | **$4.01** | **$4.56** | **$4.97** |
| FD Shares Outstanding | 1,209 | 1,345 | 1,320 | 1,320 | 0 | 1,320 | 1,320 | 1,320 | 1,320 | 1,320 | 1,320 | 1,320 | 1,320 | 1,320 | 1,320 |
| **Growth** | | | | | | | | | | | | | | | |
| Epogen | 7% | 8% | 7% | | | -1% | 15% | 3% | 1% | 5% | 5% | 5% | 5% | 6% | 4% |
| Aranesp | 901% | 271% | 60% | | | 33% | -2% | 4% | 2% | 18% | 14% | 13% | 9% | 12% | 9% |
| *Anemia Franchise* | 24% | 49% | 28% | | | -7% | 6% | 3% | 2% | 10% | 11% | 9% | 7% | 9% | 7% |
| Neupogen | 2% | -8% | -7% | | | | | | | -7% | -1% | -4% | -2% | 2% | 2% |
| Neulasta | | 169% | 39% | | | 7% | -1% | 11% | 5% | 17% | 17% | 14% | 18% | 8% | 8% |
| *Neutropenia Franchise* | 37% | 37% | 16% | | | 2% | -1% | 3% | 1% | 7% | 10% | 9% | 12% | 6% | 7% |
| Enbrel | | 259% | 46% | | | 5% | 7% | 3% | 2% | 34% | 20% | 3% | 18% | 7% | 7% |
| Sensipar | | | | | | | | | | 180% | 123% | 59% | 16% | 13% | 10% |
| Palifermin | | | | | | | | | | | 53% | 43% | 66% | 50% | 23% |
| Total Product Revenues | 42% | 58% | 27% | | | -2% | 5% | 3% | 2% | 16% | 15% | 9% | 14% | 11% | 9% |
| **Total Revenues** | **38%** | **51%** | **26%** | | | | | | | **14%** | **15%** | **9%** | **14%** | **11%** | **9%** |
| R&D | 29% | 48% | 21% | | | | | | | 13% | 15% | 9% | 26% | 11% | 8% |
| EBITA | 35% | 46% | 24% | | | | | | | 13% | 15% | 11% | 8% | 13% | 8% |
| **Adjusted EPS, F.D.** | **40%** | **33%** | **25%** | | | **23%** | **-4%** | **3%** | **5%** | **19%** | **14%** | **13%** | **9%** | **14%** | **9%** |
| **% Revenues** | | | | | | | | | | | | | | | |
| Gross Margin | 85% | 83% | 83% | | | 82% | 81% | 81% | 81% | 81% | 82% | 82% | 82% | 83% | 83% |
| R&D | 20% | 20% | 20% | | | 21% | 19% | 19% | 19% | 19% | 19% | 19% | 21% | 21% | 21% |
| SG&A | 26% | 23% | 24% | | | 20% | 23% | 23% | 23% | 23% | 23% | 22% | 22% | 22% | 22% |
| **EBITA Margin** | **43%** | **41%** | **40%** | | | **44%** | **39%** | **39%** | **39%** | **40%** | **41%** | **41%** | **39%** | **40%** | **40%** |
| EBITDA | $2,642 | $3,783 | $4,651 | | | | | | | $5,357 | $6,206 | $6,986 | $7,603 | $8,629 | $9,401 |
| EBITDA Margin | 53% | 48% | 47% | | | | | | | 46% | 47% | 48% | 46% | 47% | 47% |
| Tax Rate | -103% | 29% | 32% | 26.00% | | 27.90% | 26% | 26% | 26% | 26% | 25% | 24% | 23% | 23% | 23% |
| Net Income | -25% | 27% | 22% | | | 30% | 28% | 28% | 29% | 29% | 29% | 30% | 29% | 30% | 31% |

(Source: Bear, Stearns & Co. Inc estimates)

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**Valuation Method for Target Price: Blended average of PE, PEG, and DCF analyses**
Investment Risks: Slowing growth, impact of Medicare reform, competition for key products, and poor clinical data

***Companies Mentioned***

ROCHE AG ( ROCZg.VX - CHF 145.00 ) - Outperform

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## IMPORTANT DISCLOSURES

### ANALYST CERTIFICATION

The Research Analyst(s) who prepared the research report hereby certify that the views expressed in this research report accurately reflect the analyst(s) personal views about the subject companies and their securities. The Research Analyst(s) also certify that the Analyst(s) have not been, are not, and will not be receiving direct or indirect compensation for expressing the specific recommendation(s) or view(s) in this report.
Mark Schoenebaum, MD

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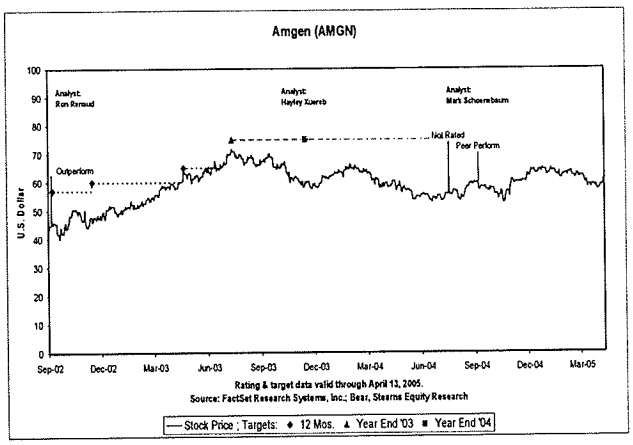


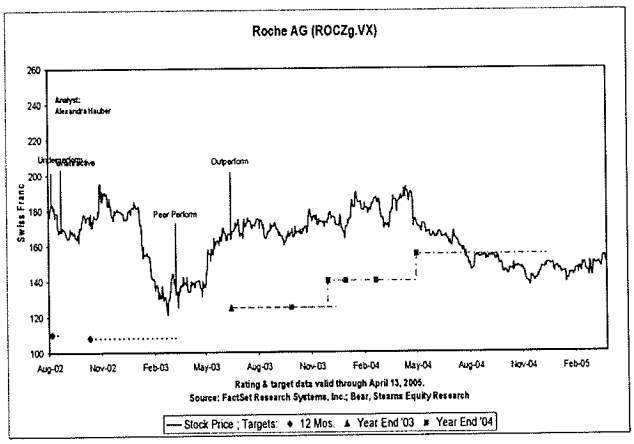


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