Annual Report 2006

for the Shareholders of BB BIOTECH



BBBIOTECH

BB BIOTECH AG

What the pictures tell

Communication with our shareholders is important to us. BB BIOTECH shares feature prominently in portfolios of some 100 000 shareholders, mainly in Switzerland, Germany and Italy. This Annual Report introduces a small selection of these people from all age and professional groups, telling us why they hold or purchased our stocks. Please visit our website www.bbbiotech.com to read many more comments from our shareholders.

Annual Report 2006

Letter to the Shareholders

Thomas Szucs

Clive Meanwell

David Baltimore

Dear Shareholders

During 2006, BB BIOTECH's share price increased by 19% (in CHF, including a dividend paid of CHF 1.80), while the Net Asset Value (NAV) increased by 16% (in CHF). This represents the fourth year in a row of double-digit performance, and is well on track with the biotech industry's long-term 10% to 15% annualized growth trajectory. The main contributor to the performance in 2005 was strong performance of BB BIOTECH's core portfolio positions, out-weighting a negative currency effect from the USD. In 2006, BB BIOTECH achieved an out-performance of its NAV against the broad Nasdaq biotech index of 25%, adding to the significant out-performance of the Company. Since its inception in 1993, BB BIOTECH's share price has risen by 11.8% p.a. in CHF, and it's NAV has increased by 14.3% p.a. in USD.

Our portfolio companies once more delivered strong operational performances, including commercial success as well as key pipeline developments. Our core holding Actelion achieved stunning growth rates with its key product Tracleer growing by over 40%. The company reported positive clinical trial results for early use of Tracleer in pulmonary hypertension patients, what should support Tracleer's franchise going forward. In December 2006, Actelion disclosed initial efficacy and safety results for one of its pipeline products called Actelion-1, which is already well progressed in clinical development and could become an important drug for the treatment of a variety of cardiovascular diseases. In summer, Actelion signed a landmark deal with Roche about another pipeline product called S1P1, which demonstrated the company's quality and success in its earlier stage drug development.

Letter to the Shareholders

Our second most important holding Celgene successfully launched its core product Revlimid in multiple hematological indications, while its established product Thalomid maintained a strong position in the market. We expect Revlimid to become the dominant drug for a number of cancer therapies.

Biogen Idec and Elan Pharmaceuticals achieved the approval of their drug Tysabri in Europe for treatment of multiple sclerosis and were allowed to re-launch the drug in the USA for the same indication, reversing the surprising withdrawal of the drug from the market in February 2005.

We increased our holding in Vertex Pharmaceuticals, because we became increasingly confident that Vertex' drug VX950 will become a very important drug for the treatment of Hepatitis C.

Our long term holding The Medicines Company enjoyed a very positive performance based on strong revenue growth of its key product Angiomax and based on the possibility of an extension of a patent covering Angiomax.

On the flip side, our portfolio company Affymetrix experienced a difficult year, mainly due to issues with the launch of a new generation of DNA arrays, which allowed competitors to take market share from the company.

During 2006, we invested in several new positions including Zymogenetics, Roche, Basilea Pharmaceutica, Arena Pharmaceuticals and Affymax. We divested holdings in Sepracor, OSI Pharmaceuticals, Theravance and Auxilium Pharmaceuticals.

In 2006, the discount – the difference between the share price and the Net Asset Value of BB BIOTECH – narrowed further to 8.9% (in CHF) at the end of the year. Our share buy back program and the cancellation of 1.8 mn shares contributed to the positive development. We remain committed to our activities aimed at closing the discount. Consistent with the dividend model we introduced in 2004, the Board of Directors will propose at the annual shareholder's meeting on March 26, 2007 to pay a dividend of CHF 2.00.

Due to the strong growth of the revenues and earnings of the biotechnology companies, valuation parameters like the PEG ratio have decreased to very attractive levels, both in historic comparisons as well as in comparison to other industries. In combination with the continuing flow of new products coming from the pipeline of the biotech industry, we are very optimistic for the next year.

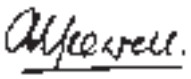
We thank you for your support in 2006.

The Board of Directors of BB BIOTECH AG

Prof. Dr. med. Thomas Szucs

Chairman

Prof. Dr. David Baltimore



Dr. Clive Meanwell

"I'm all for supporting the small biotech firms. With BB BIOTECH, I participate directly in research and development of key medications for the future."

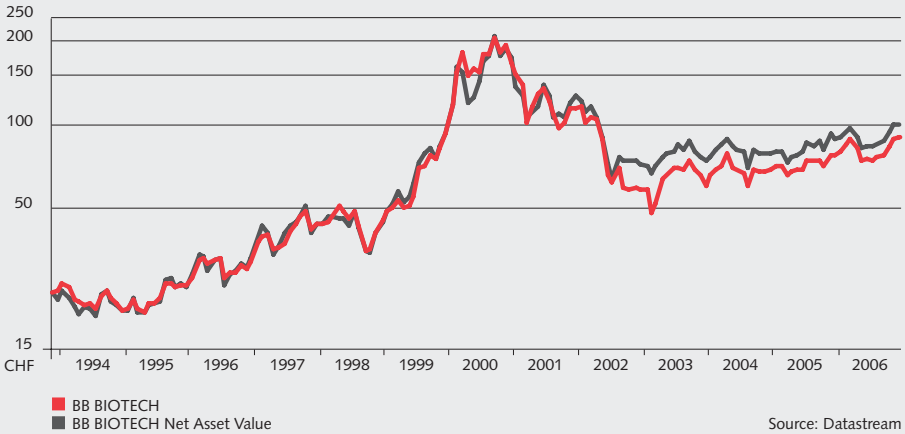
Ch.W. (aged 43) is the sales manager of a translation agency in Hamburg and is heavily involved in Mensa (www.mensa.de), an association for highly intelligent people.

Key figures

Performance

Bearer shares (Switzerland):	
12/31/2005–12/31/2006	**+19%**
Bearer shares (Germany):	
12/31/2005–12/31/2006	**+14%**
Bearer shares (Italy):	
12/31/2005–12/31/2006	**+14%**
Net Asset Value (in CHF):	
12/31/2005–12/31/2006	**+16%**
Performance since launch p.a.:	
11/15/1993–12/31/2006	**+12%**
Outperformance (Net Asset Value) vs. Nasdaq Biotech Index (NBI) since launch:	**+185%**
Market capitalization as at 12/31/2006: CHF 2 242 mn/EUR 1 393 mn	

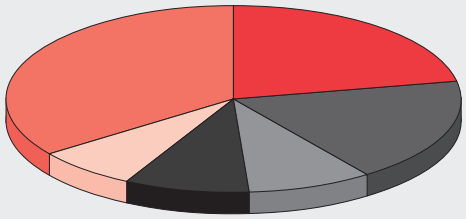
Performance dividend-adjusted



Source: Datastream

Portfolio as at 12/31/2006

Securities:			**CHF 2 540 mn**
Actelion	22%	Celgene	18%
Gilead	9%	Genentech	9%
Biogen Idec	7%	Small participations	35%



Multi-year comparison BB BIOTECH

	2006	2005	2004	2003	2002
Market capitalization at the end of the year (in CHF mn)	2 241.8	2 068.9	1 796.4	1 750.0	1 579.0
Net Asset Value at at the end of the year (in CHF mn)	2 252.9	2 279.9	1 914.4	1 939.2	1 765.3
Number of shares (in mn)	23.9	25.7	25.7	27.8	27.8
Trading volume (in CHF mn p.a.)	1 972.2	1 919.6	1 853.0	1 796.0	1 766.0
Profit/(loss) (in CHF mn)	297.4	318.0	202.8	179.3	(1 591.3)
Closing price at the end of the year in CHF	93.80	80.50	69.90	62.95	56.80
Closing price (D) at the end of the year in EUR	57.73	51.64	44.51	40.15	38.96
Closing price (I) at the end of the year in EUR	57.64	51.58	45.05	40.65	38.10
Stock performance (incl. dividend)	19.1%	19.5%	14.6%	10.8%	(54.8%)
High/low share price in CHF	93.80/71.20	82.35/64.70	79.80/58.70	74.75/47.00	125.75/49.80
High/low share price in EUR	58.00/45.71	53.00/41.51	51.20/37.90	48.40/31.66	83.50/33.60
Premium/(discount) (annual average)	(10.3%)	(12.7%)	(15.2%)	(18.8%)	(10.7%)
Dividend (in CHF) (proposal*)	2.00*	1.80	2.40	2.50	–
Degree of investment (quarterly figures)	110.8%	98.8%	97.8%	94.0%	90.3%
Total Expense Ratio (TER) p.a.	0.71%	0.64%	0.63%	0.64%	1.67%
– of which performance-related remuneration	0.00%	0.00%	0.00%	0.00%	1.10%

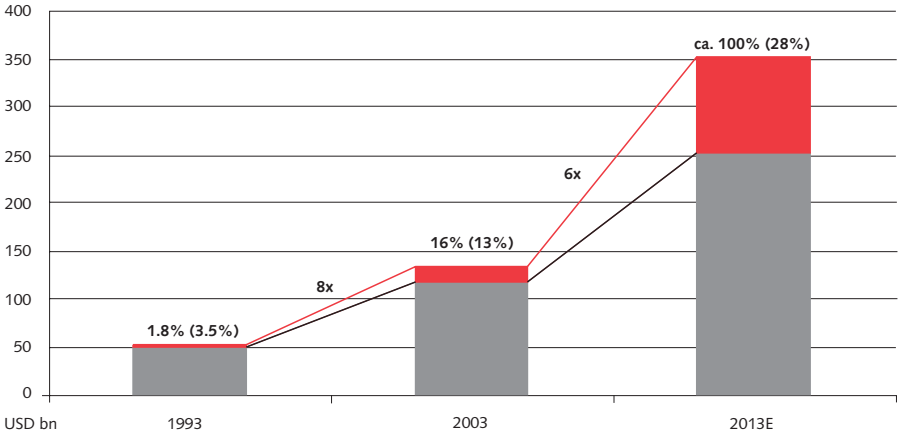
Industry outlook

The year 2006 once again impressively demonstrated the innovative power and dynamic growth of the biotech industry. The setting up of Genentech, 30 years ago in 1976, effectively marked the birth of the biotech industry as we know it today and since then it has become an established feature of the industrial landscape. Wherever you look, new medications and methods that have emerged from biotechnology are present at clinical conferences, and in the majority of cases, they even dominate events and find themselves at the center of interest. The discovery of the structure of DNA by Watson and Crick in 1953 laid the foundation for a unique development, whose aim was to diagnose and treat illnesses at a molecular level. The full decoding of the human genome in 2003 represented an additional milestone. However, we are still only at the beginning of a dynamic development that is going from success to success. Fresh knowledge is being translated into therapeutic concepts that promise relief and hope for many diseases that have been incurable in the past.

The year 2006 began with impressive clinical data for new, highly promising treatments, as well as strong growth in innovative medications. Even the multiple sclerosis medication Tysabri, which had been abruptly withdrawn from the market in 2005, was reintroduced in the USA once more and approved for use in Europe. Celgene's medication Revlimid, which represents a breakthrough in the treatment of multiple myeloma, very quickly achieved total sales of several hundreds of millions of US dollars. This has been the most successful introduction of a hematology cancer medication ever seen. Genentech's antibody products Avastin and Herceptin also proved themselves in the form of good clinical data and extensions to licenses: Herceptin is now also approved for the treatment of early-stage breast cancer, whilst Avastin, which until now had been used to treat cancer of the large intestine, has also been approved for the treatment of lung cancer. Studies testing the use of Avastin for other types of cancer are also underway and are already yielding good results. Rituxan, which is an established medication for non-Hodgkin's lymphoma, also experienced continued growth. It is now also approved for the treatment of rheumatoid arthritis and has produced promising data in multiple sclerosis. Actelion achieved a surprisingly good performance, not only as a result of strong growth of its product Tracleer for its approved indication, but also for good data in early-stage pulmonary hypertension. The company also announced an improved version of Tracleer, which is currently undergoing the final stages of development. Actelion also established the most attractive joint venture to date between a biotech company and a pharmaceutical company.

The future outlook for this attractive growth industry also remains excellent. Thirteen years after BB BIOTECH was founded, biotechnology has now firmly established itself as an independent discipline. Today, the biotech industry employs approximately 200 000 people in the USA. The share of sales accounted for by biotech medications in the USA rose from 4% in 1993 to over 15% in 2006. The annual level

The importance of biotech drugs will further increase



Assumptions for the US-market outlook
Pharma drug revenue growth 2003 until 2013E: 8% p.a., biotech drug revenue growth 2003 until 2013E: 20% p.a.
Proportion of drug cost of total of healthcare cost in 2013E: 15%. Healthcare cost in % of GDP in 2013E: 16%.

Biotech
Pharma

Source: BAM Research

Industry outlook

of income earned by US biotech companies is clearly experiencing double-digit growth.

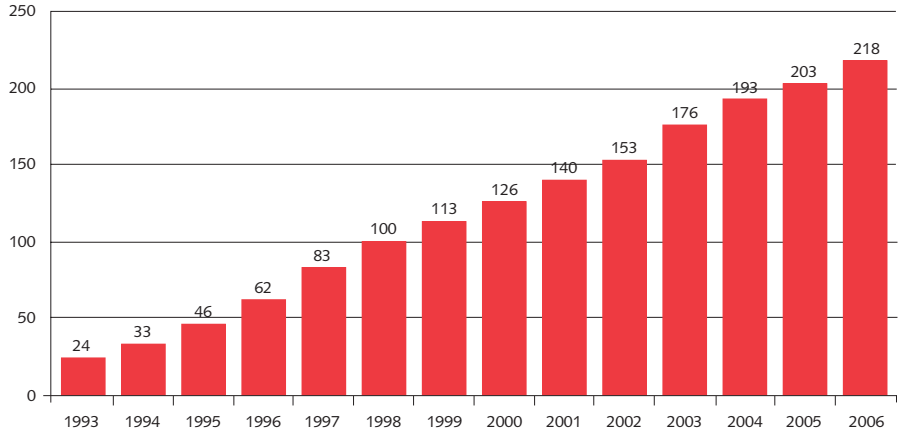
This strong rate of growth reflects the key medical breakthroughs that were achieved in the medical field as a result of biotechnology. Many things that were regarded as inconceivable or a medical miracle just a few years ago can be accomplished today, both in the field of diagnostics and in terms of treatment. The demand for better drugs however remains immense. Only about one third of the 35 000 known diseases can be treated and the likelihood of finding a cure is unfortunately still much more remote. A decrease in R&D activities is therefore not anticipated.

New knowledge creates new possibilities. Never before has the increase in new knowledge been so great and the convergence of various disciplines so evident. The progress made in terms of diagnostic possibilities and the multitude of innovative approaches to clinical trials is impressive. The "see-through patient" with genetic fingerprints is becoming a reality and increasingly enables a highly individualized form of medical practice. This brings medical practitioners one step closer to the objective of treating the root cause of an illness rather than its symptoms, or, where this is not possible, of achieving improved therapeutic effects with fewer side effects. Major efforts are being concentrated in areas of sharply rising demand, due to the steadily aging population.

Cancer ranks first and foremost amongst the range of diseases discussed above. The number of sufferers is set to double by 2050. The success achieved so far with monoclonal antibodies has fuelled fresh hopes. The effectiveness of the antibodies Erbitux and Avastin, which were approved in 2004, bears impressive testimony to the medical advances that are being made. Other highly promising approaches are already being tested in humans. Vaccinations against cancer have attracted particular attention. The pipeline is absolutely full and will remain that way for the foreseeable future. No other therapeutic field has recorded as many patent applications as cancer treatment. Other focal points for research activities are infectious diseases such as AIDS, hepatitis, neurodegenerative and resistance to antibiotics. Effective therapeutic approaches are also urgently needed in the field of neurodegenerative diseases, such as Alzheimer's disease, Parkinson's disease and multiple sclerosis. This is where the new approaches are becoming increasingly visible and are promising completely new possibilities. Even in the case of depression or schizophrenia, solutions are being developed that are based upon a better understanding of the underlying causes and that will displace the empirical approach of merely combating symptoms. A total of more than 1000 biotech products for more than 200 diseases are currently undergoing clinical trials.

Innovative products that succeed in reaching the market are not only beneficial to the individual patients, but also to the health system as a whole. Care, in particular the intensive level of care required during the advanced

Biotech products: constant growth thanks to full pipeline



A total of more than 1 000 biotech products are currently undergoing clinical trials. Over 200 are in the last phase of clinical development. They will secure growth in this industry for the next several years.

Number of approved biotech products

Source: Goldman Sachs, Research, 2007

"Biotechnology will revolutionize the healthcare market of the future and I want a piece of the action."

M.S. (aged 29) from Munich is a successful junior entrepreneur in the fields of healthcare and communication. In his spare time, the trained lawyer enjoys cooking and can be found wherever people meet and new ideas originate.

Industry outlook

stages of illness, is far more expensive than early treatment with effective drugs. Studies have shown that each additional US dollar spent on drugs results in an average reduction in treatment costs of USD 1.50. An additional factor is that in many industrial countries, there will not be sufficient personnel in the future in order to care for patients. Better drugs are what is needed in order to prevent bottlenecks such as this.

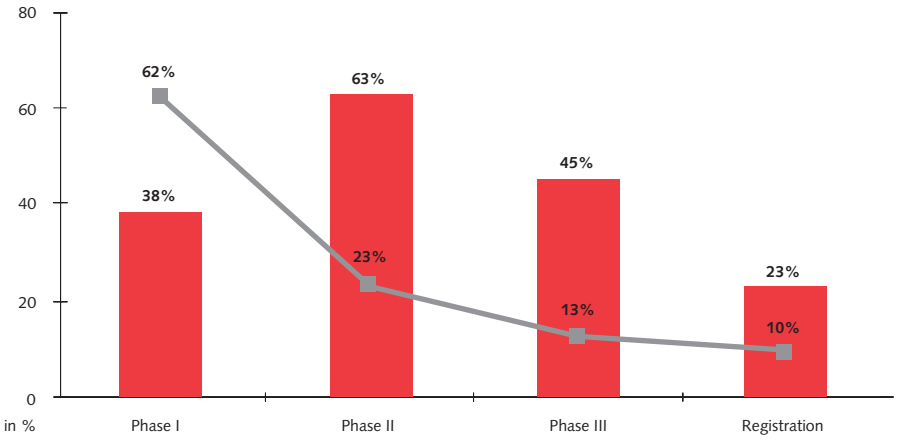
The biotech industry clearly is the innovator in medicine. Not only is it in the lead in terms of drug development for rare diseases, but it has also outpaced the pharmaceutical industry in recent years in regards to its share of new approvals. We expect that in the future, the bulk of newly-approved medications will also come from small, innovative growth companies. Even if it is becoming increasingly difficult to differentiate between classical biotech and pharmaceutical companies, the dependence of major pharmaceutical companies on smaller biotech firms remains in evidence and is even increasing. Expiring patents and too few new products of their own mean that major companies have no other choice. This is reflected in the increasing number of joint ventures with biotech companies, which saw an annual rise of 27% in the decade between 1992 and 2002. The network approach is promoting what established pharmaceutical companies have failed to achieve on their own. Research productivity is also on the rise and so also is economic efficiency.

The foundations for the biotechnology success story have therefore been laid. The share of US drug revenues that is accounted for by biotech companies is set to rise from its current level of 15% to around 30% during the next ten years and will therefore reach approximately USD 100 bn. Given such growth momentum, the sector has been attractively valued, both in historical terms and in comparison with pharmaceutical companies.

Since success and failure in the development of drugs are very close together, cooperation and consolidation continue to remain a major issue within the sector. Companies with insufficient capital resources and delays in clinical trials must sell their assets at below market value where necessary. Undervalued shares featuring products with promising growth prospects will also remain takeover candidates in the future. Takeovers of small biotech companies have increased in recent times. This is a manifestation of the pipeline difficulties being experienced by pharmaceutical companies, as well as favorable valuations. In addition, companies that have so far remained little known, will likely surprise us with good news.

The performance of biotech stocks mainly depends upon the success of biotech products in the market or during clinical trials. In 2006, 13 of newly approved medications in the US emerged from the laboratories of biotech companies and some of these are potential blockbusters. Their market rollout and additional approvals, as well as substantial volumes of new data from clinical trials, should ensure a constant flow of good news from the industry during the course of 2007.

Diversification is a must



Drug development takes a long time and is expensive as well as risky.

Failure rate
Cumulative success rate

Source: European Federation of Pharmaceutical Industries and Associations, 2006

"We believe in the breakthroughs of biotechnology and in the long-term success of BB BIOTECH shares."

D. and J.V. from Munich are enjoying their retirement by traveling, doing sports and attending cultural activities.

Investment focus and selection

Thanks to the findings of modern biotechnology, in recent years a substantial series of successful new medications and therapeutic solutions have been developed. BB BIOTECH offers its shareholders the opportunity to participate in this growth, with above-average returns anticipated. As a rule, the securities portfolio consists of five to eight core holdings as well as 10 to 20 minor ones. The maximum share of companies without a stock-market listing is 10%.

The complexity of the subject matter and the risks involved in developing active agents call for expertise and a prudent risk management strategy. The Management Board of BB BIOTECH, one of the members of which is a Nobel prize winner, has had many years' experience in biotechnology and in the pharmaceutical industry. In performing fundamental analyses and for BB BIOTECH's portfolio management purposes, the services of molecular biologists, physicians and finance specialists of Bellevue Asset Management Group are engaged. Bellevue Asset Management, in turn, has established a global network of specialists such as clinicians and patent lawyers to which it has access at all times.

The selection of holdings is prepared by means of a comprehensive process of analysis and selection. This begins with a broad screening of key fields of therapy by the teams of analysts in Küsnacht/Switzerland and in Boston/US. For various fields of activity such as infectious diseases, cancer or cardiac and circulation related illnesses, highly promising technologies and therapy solutions are discussed and their market potential is determined. Subsequently, the companies engaged in these fields of activity are short-listed. The companies considered eligible and particularly their product pipeline are analyzed in detail. In doing so, BB BIOTECH focuses on the ways and means of performing the clinical studies as well as their results. Preference is generally given to those companies whose products are at a late phase of their clinical development or whose medications have already been approved for sale on the market. In these cases, comprehensive clinical development data are already available, and this only makes professional risk management possible in the first place. In addition, plans for future marketing of these potential medications as well as the relevant cooperative ventures in place for distribution purposes need to be reviewed. Medications holding the promise of treatment for illnesses with no known cure in the past, or illnesses which do not readily respond to therapy, have the best chances of success. An assessment of the management and the company's financial structure also plays an important part in this selection process. Only companies with an attractive risk-to-earnings profile are considered for a closer selection process.

Before the Management Board agrees to building up a particular holding, finally the potential candidates are subjected to a comprehensive review. Apart from visiting companies and talking to their managers, such activities also extend to include interviews with leading physicians and specialists in each field of activity. Finally, an in-depth financial analysis is made to assess the company's present and potential valuation.

After being incorporated in BB BIOTECH's portfolio, the companies are continually monitored. Moreover, the members of the Management are invited to BB BIOTECH's strategy meetings on a regular basis. This close-knit monitoring of portfolio companies enables BB BIOTECH to utilize all strategic options in a timely manner; for instance, holdings can be sold whenever a significant deterioration of fundamentals takes place. In addition, within the scope of active portfolio management, positions are reduced or increased as soon as certain valuations have been exceeded or undercut.

Interview

"Biotech companies are becoming increasingly valuable"

Interview with Prof. Dr. med. Thomas Szucs, Prof. Dr. David Baltimore and Dr. Clive Meanwell, members of BB BIOTECH's Board of Directors

How do you assess the past fiscal year?

Prof. Szucs: 2006 was a good year for the biotech industry. Important new medications from our holdings found their way to the market; in addition, much of the portfolio companies delivered excellent results and positive data. BB BIOTECH once again managed to outperform the Nasdaq Biotech Index, namely by 25% in USD. Still, we are not quite satisfied since the good performance is not being reflected in the demand for our shares.

What were the reasons for this?

Dr. Meanwell: There are two principal reasons. For one thing, we still perceive a substantial reluctance on the part of investors when it comes to biotech stocks. While the biotech industry returned as a focus of the financial market in the last three months of fiscal 2006, it nevertheless failed to keep pace with the highly positive trends of the markets in general. Yet BB BIOTECH managed to significantly outperform the market as a whole. If it had not been for the poor dollar trend, the performance for our European investors would have been even better. We traditionally do not hedge the portfolio against currency risks as these even out in the medium term. Medications are sold throughout the world, which means that these effects average out over time. In the short term, however, the influence may be positive of negative.

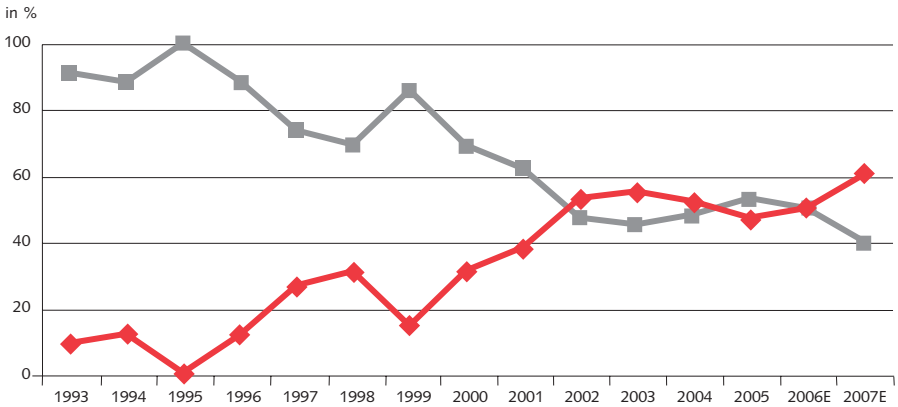
What is the reason for the lack of confidence on the part of investors?

Prof. Baltimore: The investors' caution is deeply ingrained; people who bought during the period of market exuberance suffered painful losses following the subsequent correction. After this, even the pharmaceuticals sector – formerly a safe haven for many investors – fell into a crisis. This resulted in a further adverse impact on biotech stocks. The biotech sector meanwhile is as undervalued as it was ten years ago, even though fundamentally everything is in order: earnings growth continues to reach 20% and more. After the speculative bubble burst, there was hardly any other technology segment that managed to absorb the sharp correction as well as the biotech industry. In the meantime, the Nasdaq Biotech Index has regained approx. four fifths of its price losses since the cyclical high in the year 2000. The reason for this is simple: in terms of the fundamentals, there was never a correction; the path constantly pointed upwards.

Your assessment that numerous biotech companies are highly undervalued is also supported by the numerous takeovers in recent months.

Dr. Meanwell: The biotech industry is benefiting from the appetite of large-scale pharmaceuticals companies for highly promising medications, which are increasingly being sourced from the laboratories of biotech companies. Today, more than half of all new medications are innovative active ingredients from the biotech sector. Accordingly, biotech companies are coveted takeover candidates, which explains the takeover of Serono by Merck. Merck paid a premium of 30% for Serono's impressive pipeline and production know-how. In June, Novartis bought the up-and-coming UK company NeuTec at double its market value. These examples are typical for the present situation. In 2006, on average the highest takeover premiums were paid since

Biotechnology is the innovation driver



Proportion of US drug approvals in %

Biotech
Pharma

Source: FDA, BAM Research

Interview

1999. This clearly shows how attractively most companies with promising pipelines are valued at the moment.

Prof. Szucs: We expect M&A activities to increase even further in the next several years. The pharmaceuticals companies are under tremendous pressure. By 2008, patents worth approx. USD 50 bn are set to expire. The companies need to make up for these expired patents. In addition, there are pipelines that are simply too thin to be able to absorb setbacks. Look at Pfizer: in early December, the company was forced to discontinue the development of the anticholesterol medication Torcetrapib for safety reasons. This represents a severe blow for the world's leading pharmaceuticals company. Torcetrapib used to be one of the most promising medications in Pfizer's pipeline. Group CEO Jeffrey B. Kindler announced a speedy, offensive reaction. This is interpreted to mean nothing else than that the company wants to acquire similarly promising medications by in-licensing measures or acquisitions.

What indicators hold the biggest opportunities for success in the medium term?

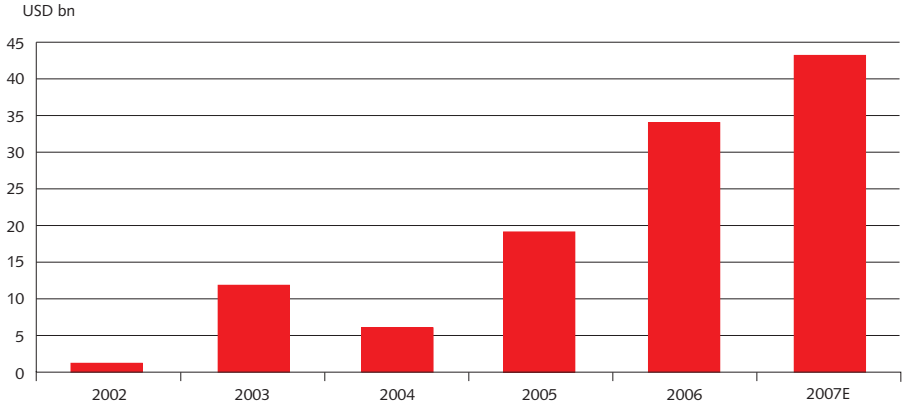
Prof. Baltimore: We continue to perceive the entire sector of oncology and the large field of infectious diseases as the most promising segments, and we have structured the portfolio of BB BIOTECH accordingly. There are two factors in favor of oncology: the high level of unsatisfied demand for effective medications and demographic trends. Each month, the number of persons aged 65 and over increases by one million. And, after all, cancer primarily effects the elderly. By the way, the most successful cancer medication at present was developed by Genentech: Avastin has been on the market since 2004 and has the potential to generate USD 8–9 bn p.a. in annual sales in a few years' time. Avastin impressively illustrates the innovative power of the biotech industry. In the past, pharmaceuticals groups developed their chemical substances on a trial-and-error basis. Today, thanks to biotechnology, not only do physicians have a better understanding in regards to the cause of an illness; it also helps biotech companies increasingly succeed in developing medications in a targeted fashion. And the good news is that Avastin is only the beginning.

Dr. Meanwell: There is also a high level of demand in regards to medical treatment of infectious diseases. New medications to combat such terminal illnesses as AIDS or Hepatitis C are urgently needed. In Gilead, we have the leading enterprise in the field of HIV in our portfolio. After more than 20 years of research, the fixed-dose combination Atripla represents a significant breakthrough in the treatment of AIDS. Atripla is the first product that combines three drugs in a pill taken once a day. The medication is more effective, has fewer side effects and is simpler to use than other therapies available in the past. Atripla was praised by the approval authorities and physicians as exemplary for innovative research in combination with sound and thorough clinical development.

Where do you perceive BB BIOTECH to be at the end of the year?

Prof. Szucs: 2007 could be the year of rediscovery as far as biotech stocks are concerned. More and more companies are reaching the threshold to positive earnings territory. For the first time in many years, biotech companies stand a good chance of seeing the immense gap between earnings growth and their market values close. In conjunction with the speculative takeover appeal of numerous stocks, the increased interest of the financial markets should lead to a substantial rise in share prices. An above-average performance of BB BIOTECH wouldn't surprise me at all.

Increasing number of takeovers in the biotech industry



Source: BAM Research

Portfolio

The portfolio of BB BIOTECH remained focused in fiscal 2006 and consisted predominantly of larger biotech corporations with substantial momentum at the end of the year. Five companies are presented as core holdings (Actelion, Celgene, Gilead, Genentech and Biogen Idec). They have a weighting that ranges from 7% to 22% of the portfolio and represent a total of 65% of our portfolio.

These five core holdings will generate approximately USD 17 bn in sales in 2006. We expect the companies to record an average revenue growth rate of 33% in 2007. All five are very profitable and are displaying a high degree of momentum.

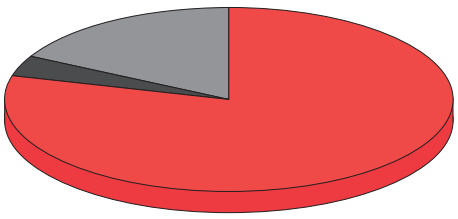
Of the 17 minor holdings, eight (29% of the portfolio) already have products on the market and three are generating profits. Nine companies (6% of the portfolio) are still at the development stage, i.e. are in a later Phase in the clinical development of innovative active substances and technologies.

Our 22 holdings have a total of 100 medications on the market, 54 are in the final Phase of clinical development and 157 pipeline projects are in Phases I/II. In our opinion, the holdings of BB BIOTECH therefore represent an ideal portfolio for a pharmaceutical company: strongly growing products and a full pipeline that will secure growth.

The majority of our holdings remain based in the US (16 companies, representing 66% of the portfolio). The proportion of European companies is however continually increasing. Six companies are European; of these, three hail from Switzerland, one from Ireland, one from Germany and one from Italy. Our strong orientation towards US stocks reflects the higher degree of maturity reached by the biotech industry in that market. We do not hedge foreign currency risks, as the medications will be sold across the world and currency fluctuations tend to balance out in the medium term. Any changes in policy would be announced.

Portfolio composition overview

Products on the market – companies with profit	79%
Products on the market – companies close to break-even	4%
Products in Phase II/III – companies cash-negative	17%



Participations as at December 31, 2006

Company	Number of securities	Change since 12/31/2005	Local currency	Share price	Market value in CHF mn	In % of securities	In % of share-holders' equity	In % of company
Actelion	2 091 700	291 700	CHF	268.00	560.6	22.1%	24.9%	9.2%
Celgene[1)]	6 497 439	497 439	USD	57.53	456.3	18.0%	20.2%	1.7%
Gilead	2 891 109	(635 000)	USD	64.93	229.1	9.0%	10.2%	0.6%
Genentech	2 225 100	1 285 100	USD	81.13	220.3	8.7%	9.8%	0.2%
Biogen Idec	3 115 320	(1 884 680)	USD	49.19	187.0	7.4%	8.3%	0.9%
Roche Holding GS	770 100	770 100	CHF	218.50	168.3	6.6%	7.5%	<0.1%
Vertex Pharmaceuticals	3 118 200	2 018 200	USD	37.42	142.4	5.6%	6.3%	2.5%
Amgen	1 250 000	–	USD	68.31	104.2	4.1%	4.6%	0.1%
The Medicines Company	2 371 602	(1 553 398)	USD	31.72	91.8	3.6%	4.1%	4.7%
Genzyme	1 152 584	(447 416)	USD	61.58	86.6	3.4%	3.8%	0.4%
Affymetrix	2 000 000	234 400	USD	23.06	56.3	2.2%	2.5%	2.9%
Elan	2 850 000	450 000	USD	14.75	51.3	2.0%	2.3%	0.7%
Basilea Pharmaceutica	200 000	200 000	CHF	213.00	42.6	1.7%	1.9%	2.6%
Zymogenetics	2 200 000	2 200 000	USD	15.57	41.8	1.6%	1.9%	3.3%
BioXell[2)]	460 519	83 018	CHF	54.00	24.9	1.0%	1.1%	8.6%
Arena Pharmaceuticals	1 000 000	1 000 000	USD	12.91	15.8	0.6%	0.7%	1.7%
Keryx Biopharmaceuticals	939 311	528 812	USD	13.30	15.2	0.6%	0.7%	2.2%
Rigel Pharmaceuticals	1 000 000	150 000	USD	11.87	14.5	0.6%	0.6%	4.0%
Anadys Pharmaceuticals	1 997 500	(2 500)	USD	4.92	12.0	0.5%	0.5%	7.0%
Incyte	1 247 166	(1 752 834)	USD	5.84	8.9	0.4%	0.4%	1.5%
Epigenomics	1 000 000	–	EUR	3.50	5.6	0.2%	0.2%	5.9%
Affymax	100 000	100 000	USD	34.04	4.2	0.2%	0.2%	0.7%
Total					**2 539.7**	**100.0%**	**112.7%**	
Derivatives								
Roche GS put options (short)	(100 000)	(100 000)	CHF	0.49	<(0.1)	<(0.1%)	<(0.1%)	
Total Securities					**2 539.7**	**100.0%**	**112.7%**	
Liquid funds (net)					(161.1)		(7.1%)	
Other payables					(125.8)		(5.5%)	
Total					**2 252.8**		**100.0%**	
BB BIOTECH bearer shares[3)]	2 163 705				202.7			
Total					**2 455.5**			

1) Share split 1:2 as at February 27, 2006

2) IPO at SWX Swiss Exchange with a reverse stock split 5:1 as at June 21, 2006

3) Correspond to the total of all own shares held in Switzerland, Germany and Italy including the second trading line. Closing pirces see at page number 7.

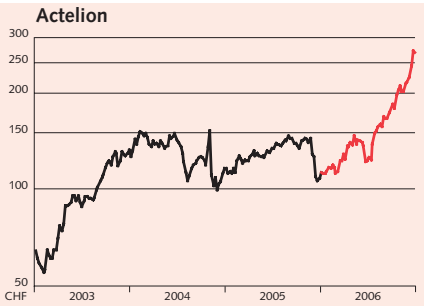
Exchange rates as at 12/31/2006:
USD/CHF: 1.2206
EUR/CHF: 1.6094

"I've been following the development of BB BIOTECH for ten years now and believe that there simply is no better investment in the field of biotechnology."

M.E. (aged 35), a successful business consultant from Stuttgart, likes cooking for his family and enjoys his evenings after work preferably with a good glass of wine.

Company profiles

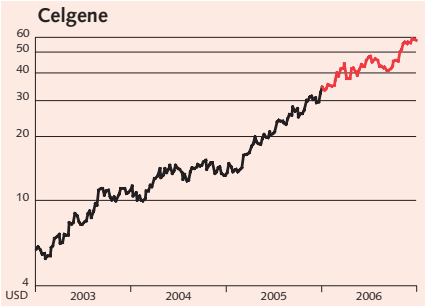
Actelion



Market capitalization as at 12/31/2006: CHF 6.1 bn

Actelion concentrates on the development and marketing of medicines used to treat cardiovascular diseases. Lead product Tracleer is the first ➔*endothelin* receptor antagonist for oral administration. In 2002, the agent was approved in the US and Europe for the treatment of pulmonary ➔*arterial hypertension (PAH)*, a disease suffered by an estimated 100 000 to 200 000 patients. Increasing patient diagnosis, patient survival, and a successful geographic expansion of sales territories (e.g., Japan direct marketing as of 2005) are the basis for the continued strong sales momentum, with over 40% revenue growth expected for 2006. In late 2006, Actelion announced positive pivotal study results for Tracleer in early symptomatic PAH patients that are expected to broaden the Tracleer marketing label. Zavesca, the second marketed product for the treatment of Gaucher's disease, is growing on a small base. Actelion's pipeline substantially progressed in 2006 with the company reporting positive results for Actelion-1, a novel endothelin receptor antagonist with improved efficacy and safety features compared to Tracleer. Registration program for treating PAH patients was initiated in December 2006. A selective endothelin receptor A antagonist, Clazosentan, was tested in a ➔*Phase* IIb trial for treating ➔*vasospasms* caused by ➔*subarachnoid haemorrhage (SAH)*. The company is currently in talks with regulatory authorities regarding the design of registration trials. Other pipeline projects include an ➔*orexin* receptor antagonist for the treatment of sleep disorder (Phase II trial ongoing) and a ➔*renin inhibitor* partnered with Merck for the treatment of hypertension and other cardio-renal diseases (Phase I trial ongoing). In the summer of 2006, Actelion signed a landmark deal with Roche to co-develop and co-commercialize S1P1, an oral sphingosin-1 phosphate receptor agonist targeted to treat multiple autoimmune diseases (currently in Phase I). The acquisition of CoTherix in the last quarter of 2006 allows Actelion to leverage its PAH expertise by commercializing Ventavis, an inhaled prostacyclin (Iloprost). Fasudil, a rho kinase inhibitor, was also added to Actelion's Phase II pipeline through the CoTherix acquisition.

Celgene



Market capitalization as at 12/31/2006: USD 21.4 bn

Celgene specializes in the development and marketing of new drugs for ➔*cancer* and inflammatory diseases. Its first marketed product, Thalomid, was approved in 1998 for the treatment of an inflammatory complication of leprosy. After many years of ➔*off-label use* for ➔*multiple myeloma*, the drug was officially approved for this important indication in May 2006. The company's second product is Revlimid, an analog of Thalomid with improved efficacy and safety that was approved by the FDA in December 2005 for the subgroup of patients with ➔*MDS* characterized by an abnormality in the 5q-➔*chromosome*. Results in this subgroup were unprecedented, with 67% of patients achieving transfusion independence for a median duration of over two years. Data from another trial showed that Revlimid is active in the broader group of low- and intermediate-risk MDS patients and there has been off-label use in this population. Based on results from Phase III studies that showed a statistically significant improvement in time to progression and survival in patients with relapsed/refractory multiple myeloma, Celgene received approval of Revlimid for this indication in June 2006. Together, MDS and multiple myeloma represent a USD >1 bn market opportunity for Revlimid. In addition, Revlimid is showing promise as a treatment for chronic ➔*lymphocytic leukemia* and ➔*non-Hodgkin's lymphoma*, and we expect late-stage trials to generate label expansions for these important indications by 2010. Celgene is developing other Thalomid analogs that could target different malignancies and inflammatory disorders. The 2003 acquisition of Melphalan, for multiple myeloma, from GlaxoSmithKline added another marketed product and strengthened the company's hematology franchise. Celgene also receives royalties on sales of Ritalin and Focalin ➔*(ADHD)* from Novartis.

Gilead

Market capitalization as at 12/31/2006: USD 29.9 bn

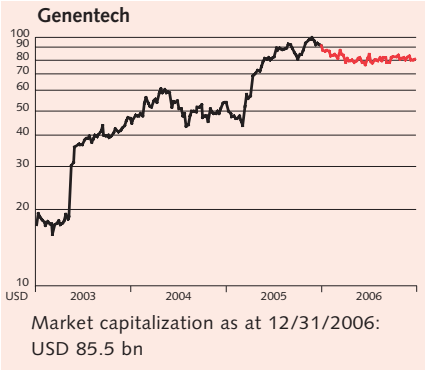
Gilead develops drugs for infectious diseases such as ➔*AIDS*, ➔*hepatitis B*, ➔*hepatitis C*, and influenza. The company's first key product, Viread, is a ➔*nucleotide reverse transcriptase inhibitor* that was launched in 2001 and is now firmly established as a mainstay of treatment for ➔*HIV* infection due to its high potency, favorable safety profile, and convenient

Company profiles

once-daily administration. Through the acquisition of the biotechnology company Triangle in December 2002, Gilead secured Emtriva, another important drug used to treat HIV that was launched in 2003. In 2004, the company launched Truvada, a combination of Viread and Emtriva in a fixed-dose tablet, making available to patients the first one pill, once a day treatment for HIV. In addition to its convenience advantage, Gilead reported positive efficacy and safety data from a trial (study 934) that compared Truvada to Combivir (GlaxoSmithKline). As a result, Truvada has become the most widely prescribed drug for newly infected HIV patients. Moreover, data from the COMET study showed that patients could be switched from Combivir to Truvada while maintaining efficacy and improving quality of life. The inclusion of the results from study 934 on Truvada's label, as well as additional data from COMET, drove continued market share gains for Truvada in 2006. We expect the July 2006 launch of Atripla, a once-daily fixed-dose tablet that includes Truvada and Bristol-Myers Squibb's Sustiva, to secure continued growth of the HIV franchise in 2007. In addition, the company's integrase inhibitor, currently in Phase II trials, could offer HIV patients a novel mechanism to combat the disease. The introduction of Hepsera, a nucleotide reverse transcriptase inhibitor, to the US market in 2002, Europe in 2003, and Asia in 2005, established Gilead as an important player in the treatment of hepatitis B infection. The company receives a royalty from partner Roche on worldwide sales of Tamiflu for the treatment and prevention of influenza. Sales of the product will benefit substantially over the next two years from government stockpiling to prepare for a possible avian flu pandemic. To further expand its pipeline, Gilead purchased Corus, which has Cayston in Phase III trials for ➔*cystic fibrosis* infections, and Myogen, which has filed an NDA for Ambrisentan for pulmonary arterial hypertension, in 2006.

Genentech

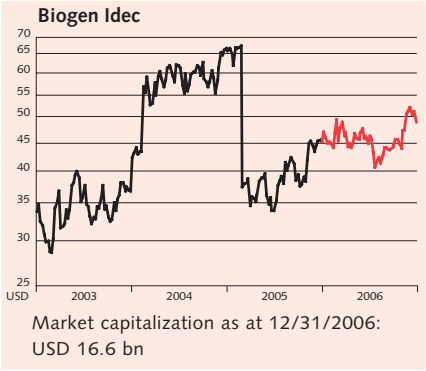
Genentech currently has the largest market capitalization in the biotech sector. It is a leader in developing novel biologics products for the treatment of cancer and other large market indications. 2006 experienced the label extension for many Genentech products: Avastin for non-small cell lung cancer (NSCLC), Herceptin for adjuvant therapy in breast cancer, and Rituxan for ➔*rheumatoid arthritis*. Lucentis was launched in the US for the treatment of wet age-related ➔*macular degeneration* and achieved impressive sales of USD 153 mn in the first quarter of its roll-out. In 2006, Genentech increased its in-licensing activities with the acquisition of Tanox Inc, and strengthened its small molecule efforts with the Inotek and CGI Pharmaceuticals partnerships. Some important expected milestones for Genentech in 2007 include the label expansion of Avastin in metastatic breast and kidney cancer, detailed results from the Phase II trial of Rituxan in RRMS and the results from the AVAIL trial which tests low and high dose of Avastin in combination with Gemcitabine in non-small cell lung cancer.



Market capitalization as at 12/31/2006: USD 85.5 bn

Biogen Idec

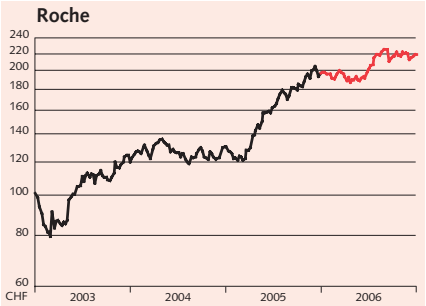
Biogen Idec was formed by the merger of Biogen and Idec Pharmaceuticals in November 2003. Biogen Idec's lead drugs include Avonex, Rituxan, Zevalin, and Tysabri. Market share leader Avonex is a beta interferon used to treat relapsing and remitting ➔*multiple sclerosis (RRMS)*. Rituxan, partnered with Genentech, is an antibody used for the treatment of non-Hodgkin's lymphomas (NHL) and rheumatoid arthritis. Key to the company's future revenue growth prospects is Tysabri (natalizumab), a humanized alpha-4 integrin antibody, developed in an equal partnership with Elan Corp. Tysabri had shown very strong efficacy in the treatment of RRMS compared to the standard of care, the interferons. However, it was withdrawn from the market in February 2005 after three months of its launch due to identified cases of progressive multifocal ➔*leukoencephalopathy (PML)*, a rare fatal disease of the nervous system. After the submission of an extensive safety analysis to the ➔*FDA*, Tysabri was re-launched in the US in July 2006 under the TOUCH registry program. In Europe, the launch already took place in Germany, Scandinavian and Benelux countries and Ireland, with planned roll-out in the rest of Europe in 2007. Rituxan, which is a CD-20 targeted B-cell therapy on the market for NHL since 1997, received approval in the summer of 2006 for the treatment of rheumatoid arthritis patients who are not adequately controlled with ➔*anti-TNF (tumor necrosis factor) therapies* such as Amgen's Enbrel. The drug also met its efficacy endpoint in a Phase II trial for the treatment of RRMS. Rituxan is being tested in other autoimmune diseases such as ➔*systemic lupus erythematosus* and ANCA-associated vasculitis. Positive developments in the pipeline of Biogen Idec in 2006 included successful Phase II results from BG-12 (second generation oral fumarate) in RRMS and Lumiliximab (anti CD23 antibody) in chronic lymhocytic leukemia. Biogen Idec was involved in several acquisition and licensing activities to strengthen its clinical pipeline: Fumapharm and Conforma Therapeutics were acquired and partnerships were signed with UCB, Alnylam and Mondo Biotech.



Market capitalization as at 12/31/2006: USD 16.6 bn

Company profiles

Roche



Market capitalization as at 12/31/2006: CHF 153.5 bn

Roche is a leading healthcare company that has been active in the discovery, development, manufacture and marketing of novel healthcare solutions that address prevention, diagnosis and treatment of diseases for more than 100 years. The company is arranged in two operative divisions, pharmaceuticals and diagnostics, and also holds majority stakes in Genentech and Chugai Pharmaceuticals. Roche's robust growth rate and limited patent expiries differentiates it from its pharma peers. Owning more than 50% of Genentech and being the European partner for its products, Roche is taking part in the unique growth story of Genentech, built on the large potential of Avastin, Herceptin and Rituxan, not only in the US but also in Europe. Roche's operating leverage has allowed the company to improve its margins in 2006, and we believe this trend will continue due to manufacturing economies of scale and the modest infrastructure requirement for a specialized oncology sales force. Worldwide preparedness for a potential flu pandemic led to substantial Tamiflu orders to Roche, which successfully extended its manufacturing capacity to produce up to 400 mn treatment doses by the end of 2006. Roche's pipeline products that are expected to contribute significantly to the company's future growth include Actemra (tested in rheumatoid arthritis) and CERA (long acting erythropoietin receptor activator). Roche also has promising development programs in the hepatitis C and diabetes areas. We expect to see continuing important news flow from Roche's marketed and pipeline products in 2007. In addition, major focus will be on the regulatory and legal developments on CERA. CERA was filed in the US for the treatment of renal anemia, and this has led to a patent infringement lawsuit from Amgen against Roche.

Vertex Pharmaceuticals

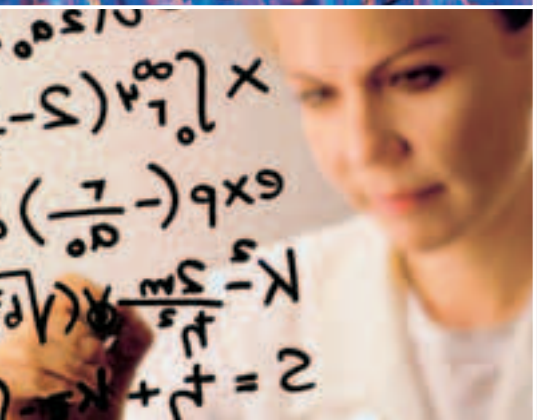
Market capitalization as at 12/31/2006: USD 4.7 bn

Vertex is focused on discovering and developing small molecule drugs for diseases that include hepatitis C, inflammatory and autoimmune disorders, cancer, HIV infection, pain, and bacterial infections. Its strategy is to retain US development and marketing rights to product candidates for hepatitis C and inflammation, and to partner candidates for other disease areas. Its lead product is VX-950, a ➔*protease inhibitor* for hepatitis C. Results from a Phase Ib trial with VX-950 monotherapy were very promising, showing a 4.4 log ➔*viral load* reduction at day 14 in patients who received the optimal dose. A second Phase Ib trial showed a 5.5 log viral load reduction at day 14 in treatment-naïve patients who received VX-950 plus Roche's Pegasys (➔*pegylated interferon*, PEG-IFN) versus a 1.0 log reduction for those who received Pegasys alone. In addition, 75% of patients were undetectable at <30 IU/mL and 50% were undetectable at <10 IU/mL; 100% were undetectable after an additional six months of standard PEG-IFN/ribavirin therapy. Data from a 28-day Phase IIa trial testing VX-950 plus PEG-IFN/ribavirin in treatment-naïve patients showed 100% were undetectable at <10 IU/mL at the end of week four. Most recently, interim results from the Phase IIb PROVE-1 trial showed 88% of patients who received VX-950 plus PEG-IFN/ribavirin versus 52% of patients who received PEG-IFN/ribavirin alone were undetectable at week 12. If additional data from the ongoing Phase IIb trials, expected in the first half year of 2007, show a greater than 50% rate of sustained viral clearance with a course of therapy shorter than 12 months and no significant safety issues, VX-950 has the potential to dramatically alter the standard of care in the multi-billion-dollar hepatitis C market. Current collaborators for candidates outside of Vertex's core area of focus include Avalon (IMPDH inhibitors for cancer), GlaxoSmithKline (protease inhibitors for HIV and ➔*sodium channel modulators for pain)*, Merck (➔*aurora kinase inhibitors* for cancer), and Novartis (protein kinase inhibitors for multiple indications). Within its core area of focus, Vertex granted Kissei development and commercialization rights to p38 inhibitors in Asia and Mitsubishi development and commercialization rights to VX-950 in Asia.

Amgen

Market capitalization as at 12/31/2006: USD 79.7 bn

Amgen is the second largest biotechnology company in the world with revenue exceeding USD 14 bn p.a. Key products include ➔*Epogen* and Aranesp for the treatment of anemia (low count of red blood cells), Neupogen and Neulasta for the treatment of chemotherapy induced ➔*neutropenia* (low count of white blood cells), and Enbrel for the treatment of rheumatoid arthritis. Aranesp, an improved version of Epogen, has profited from increased market penetration as it gains

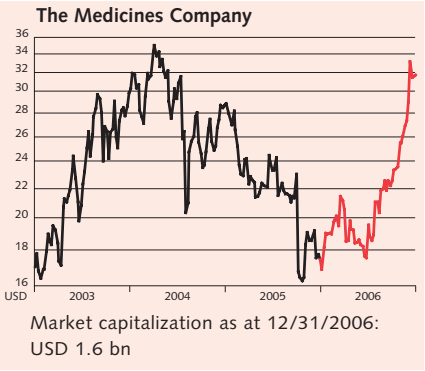


"We have been the proud holders of BB BIOTECH shares for many years now and, in doing so, we are supporting this high potential sector."

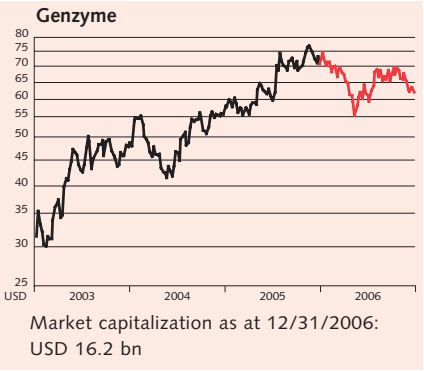
Mrs. S.S. has been successfully managing a hat store with creations of her own in Hamburg. Her husband, V.M., used to work as a cameraman.

Company profiles

share from its principle competition Procrit/ Eprex (J&J), in the USA as well as in Europe. The EPO market has been the focus of recent press as certain political parties are calling for lower reimbursement to dialysis centers that use large amounts of EPO. A recent clinical study demonstrated that pre-dialysis patients who had their →*hematocrit* levels go above a certain point were at increased risk for serious cardiovascular events. Certain politicians have called for a "bundling" of EPO with other dialysis procedures to limit the amount of financial incentive that dialysis centers have to prescribe EPO. However, while CMS acknowledges that this is a likely solution, it will not happen overnight and CMS does not seem eager to rush this along. Hereto in the treatment of neutropenia, market share has shifted from Neupogen to less frequently administered Neulasta. Enbrel continues to be the drug of choice in the rheumatoid arthritis market and is expanding to other areas such as →*psoriasis*, psoriatic arthritis, and ankylosing spondylitis/→*Bechterew's disease*. Vectibix was recently launched for treating refractory colorectal cancer, marketed at a discount to Imclone's Erbitux. The rest of the portfolio includes Sensipar for the treatment of secondary →*hyperparathyroidism* in dialysis patients. Palifermin, a →*keratinocyte growth factor* used to treat →*mucositis* in cancer patients, was also approved in December 2004 to be used in patients with hematological cancer undergoing chemotherapy. Some of the more important products in Amgen's pipeline that warrant attention are Denosumab for →*osteoporosis*.



Market capitalization as at 12/31/2006: USD 1.6 bn



Market capitalization as at 12/31/2006: USD 16.2 bn

The Medicines Company

Founded in 1996, the company is focused on the development of biopharmaceutical products for the acute care market. Angiomax (Bivalirudin), the company's biggest-selling product, is a clotting inhibitor used to treat patients with unstable →*angina pectoris* in the PCI (percutaneous coronary intervention) setting. The Replace-II study, the most extensive clinical study of its kind, proved that Angiomax with provisional GP IIb/IIIa blockade during elective PCI is superior to heparin alone with respect to protection from →*ischemic* events and bleeding →*complications*. For Angiomax, multiple label expansion opportunities lie in CABG (→*coronary bypass arterial graft surgery*) and →*ACS (acute coronary syndrome)*. Positive results from the ACUITY (Acute Catheterization and Urgent Intervention Triage strategy) trial was presented last spring and published in the New England Journal of Medicine in November 2006. As a result, Angiomax is now being used off-label for ACS. The company expects the label expansion to be approved by the FDA in the first six months of 2007. The most advanced products in the company's pipeline are Cangrelor (short-acting platelet inhibitor) and Clevidipine (calcium channel inhibitor). Cangrelor is being tested in a Phase III trial called CHAMPION PCI against Plavix (clopidogrel). The company is expected to initiate another trial in 2007 testing Cangrelor against the Gp2b/3a inhibitors. After the completion of safety studies in 2006, Clevidipine is expected to be filed to the FDA for the intravenous treatment of hypertension in 2007. Another critical event for the company in 2007 will be the developments on the extension of the Angiomax patent, currently due to expire in 2010. If in 2007 Congress considers legislation that would allow patent extension for applications that were unintentionally filed late under the Hatch Waxman Act, that would open the window for an extension of the Angiomax patent to 2015.

Genzyme

Genzyme specializes in treatments for very diverse, previously non-treatable diseases. Among them are rare hereditary genetic disorders, kidney diseases, and orthopedic conditions. Cerezyme, a biotechnologically manufactured →*enzyme* used in the treatment of →*Gaucher's disease* (a lysosomal storage disorder), is one of Genzyme's most important products. The company improved the treatment of patients with kidney disease who are on dialysis with the introduction of Renagel, a calcium- and aluminium-free phosphate binder, in 1998. In 2003, Genzyme introduced two important new products in the area of lysosomal storage disorders in the US: Fabrazyme, a drug used to treat →*Fabry's disease*, and Aldurazyme, a product for treating →*mucopolysaccharidosis type 1 (MPS I)* that is being marketed with the company BioMarin. Approval of yet another product for a hereditary disorder, Myozyme for →*Pompe's disease*, occurred in April 2006. In 2004, the company established a presence in the large oncology market with the acquisition of Ilex →*Oncology*, which added Campath, on the market for chronic lymphocytic leukemia, and Clolar, on the market for pediatric acute →*lymphoblastic leukemia*. In 2005, Genzyme regained marketing rights in the US and Europe to Synvisc, for orthopedic indications, and strengthened its renal franchise with the acquisition of Bone Care, which added Hectoral, a vitamin D analog on the market for dialysis patients with elevated →*parathyroid* hormone levels. To leverage its 2003 acquisition of Sangstat, which added the marketed product Thymoglobulin for kidney transplant rejection, Genzyme purchased AnorMed in November 2006 for Mozobil, in Phase III trials for stem cell transplant.

Company profiles

Affymetrix

Market capitalization as at 12/31/2006: USD 1.6 bn

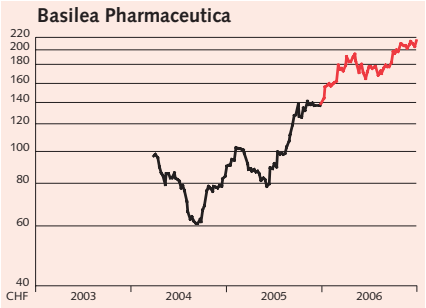
Affymetrix Inc. is focusing on the development, manufacture, sale, and service of systems for genetic analysis for use in the life sciences and in clinical diagnostics. The company's GeneChip system employs →*microarray technology*, developed by semiconductor companies to detect genetic patterns in a highly efficient manner. The company has established itself as the clear technology leader in the chip array space. The product offering includes chips to measure either gene expression levels (→*RNA* arrays) or to identify single nucleotide polymorphisms (SNP) or gene copy numbers (DNA arrays), reagents, and the instrument platform used to measure the chip content. Affymetrix has established a leading role in the gene expression analysis business that is solidified with novel product offerings like the tiling and the all exon arrays. The competitive situation in the DNA chip segment changed significantly over the course of 2006, with Affymetrix's aggressive downward pricing strategy leading to margin pressure in the second part of 2006. Affymetrix launched a novel SNP product in late 2006 for a few selected early access clients and the broad launch is expected in early 2007. The company has finished its manufacturing expansion and consolidation, which are expected to generate production and margin improvements throughout 2007. The company has signed multiple platform access partnerships for diagnostic applications of the gene chips that are expected to contribute to the company's revenue in the mid-term. Roche Diagnostics markets the first diagnostic chip, AmpliChip, to analyze patient difference in drug metabolism. Affymetrix has opened a Clinical Laboratory Improvement Amendments (CLIA) laboratory to provide service through its CLIA lab starting in late 2006 to increase throughput of gene chip usage in drug development and as diagnostic chips.

Elan

Market capitalization as at 12/31/2006: USD 6.9 bn

Elan is a neuroscience-based biotechnology company headquartered in Dublin, Ireland. The company is focused in discovering, developing and manufacturing advanced therapies in autoimmune diseases and neurology, particularly in →*multiple sclerosis*, →*Alzheimer's disease*, Parkinson's, and severe pain. Elan's current products in the market are Prialt (severe chronic pain), Azactam and Maxipime (antibiotics). The company also holds a strong drug delivery franchise that generates royalty and collaboration revenues. The growth prospects for Elan significantly depend on the future of Tysabri, which was relaunched to the market in the summer of 2006 (see Biogen Idec section). In addition, Elan is doing extensive research on Alzheimer's disease and has already moved several projects into clinical development. An antibody against beta amyloid showed impressive results in a small Phase I study and is currently in Phase II trials. Elan also has a vaccine against beta →*amyloid* in clinical development that is expected to move into Phase II in 2007.

Basilea Pharmaceutica



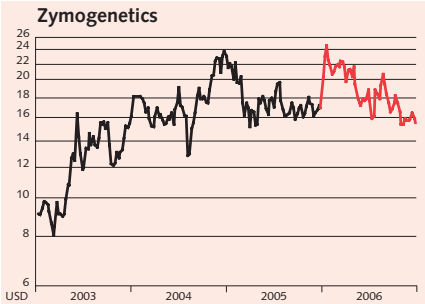
Market capitalization as at 12/31/2006: CHF 1.6 bn

Basilea Pharmaceutica is focusing on the development of antibiotics and antifungal drugs for the hospital setting. Ceftobiprole, the company's lead molecule in development, is a next-generation →*cephalosporin* with broad coverage of both gram positive and gram negative bacteria. In the summer of 2006, Basilea reported positive data from the first Phase III trial for the treatment of complicated skin and soft tissue infections (cSSSI). Ceftobiprole was shown to be as effective for the treatment of cSSSI as the current standard of care, Vancomycin. Ceftobiprole treatment resulted in broad coverage, including multiple resistant bacterial strains. Positive data for the second cSSSI study including diabetic foot patients was reported comparing Ceftobiprole with a combination of Vancomycin and Ceftazidime. The compound is currently being evaluated in two Phase III trials for the treatment of hospital acquired pneumonia (HAP) and in a community acquired pneumonia (CAP) population, with data expected in 2007. Basilea has licensed Ceftobiprole from Cilag International GmbH, a Johnson & Johnson subsidiary, and has exercised its co-promotion option in late 2006. The built of an own sales force is expected to be synergistic in the possible marketing of Basilea's second late stage anti infective compound Isavuconazole. Isavuconazole, a novel azole compound to treat fungal infections, reported positive Phase II results with an improved safety profile over current azoles. The compound moved into registration trials in late 2006 and is fully owned by Basilea. Besides the product development efforts in the anti-infective area, Basilea is developing Alitretinoin for chronic

Company profiles

hand dermatitis, being tested in a European and Canadian Phase III trial.

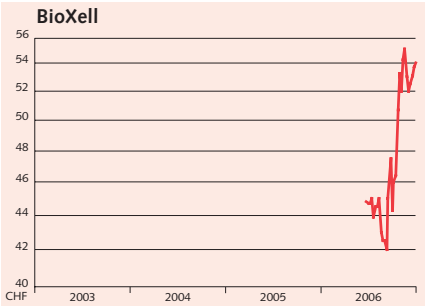
Zymogenetics



Market capitalization as at 12/31/2006: USD 1.10 bn

Zymogenetics's key competence is the identification and development of protein drugs. The company's lead drug in development is a recombinant human thrombin for the prevention of post surgical bleeding. A successful Phase III trial was announced in the fall of 2006, with the product showing comparable efficacy and a significantly improved safety profile compared to bovine plasma derived thrombin, ThrombinJMI, the current standard of care. Late in 2006, Zymogenetics filed a biologic license application (BLA) with the US FDA, with approval and market launch expected in late 2007. The company's broad pipeline consists of TACI-Ig, a novel biological drug to deplete B cells that is partnered with Serono/Merck and is currently being tested in multiple indications. These include rheumatoid arthritis (Phase III trial ongoing), Systemic Lupus Erythematosus (SLE), and B cell malignancies. Pegylated interleukin-29 is being tested as a replacement for alpha-➔*interferon* for Hepatitis C Virus (HCV) infected patients. Interleukin-21 is being tested as a treatment for different malignancies. Both pegylated interleukin-29 and interleukin-21 are in early clinical development. In addition, Zymogenetics owns a broad patent estate on biological drug candidates that is the basis for the company to receive a significant royalty stream. The marketed products from partnerships include Novolin, NovoSeven, and GlucaGen, sold by Novo Nordisk, Regranex, sold by Johnson & Johnson, GEM 21S, sold by Biomimetics, and Cleator, sold in Japan by Eisai.

BioXell



Market capitalization as at 12/31/2006: CHF 284 mn

BioXell is focusing on biologically active vitamin D3 analogues that are being tested for urology and inflammatory diseases. The company successfully achieved a listing on the Swiss Stock Exchange in the summer of 2006 supporting the company's broadening pipeline. BXL-628, the company's lead candidate, is currently in a large Phase IIb trial for the treatment of benign ➔*prostatic hyperplasia (BPH)*. BioXell announced that the last patient was enrolled in December 2006, which should lead to data release in the third quarter of 2007. Possible line extensions into other disease areas for BXL-628 include the treatment of overactive bladder (OAB). The OAB Phase IIa study reported efficacy that is comparable to today's gold standard, the class of muscarinic receptor antagonists. In addition, the data indicated a significant improvement in safety compared to current therapies. The company in-licensed rights to a monoclonal antibody targeting the nerve growth factor receptor that is in late preclinical development to treat pain. BioXell acquired a license for another vitamin D3 analogue, BXL-746, from Roche. BXL-746 has undergone Phase I testing and is planned to be tested for the prevention of post surgical adhesion. Two ongoing partnerships with Merck for the development of a novel target to treat and diagnose ➔*sepsis* and with Prostrakan to develop novel vitamin D3 analogues for osteoporosis and secondary parathyroidism (2-HPT) represent the company's late preclinical development efforts.

Arena Pharmaceuticals

Market capitalization as at 12/31/2006: USD 761 mn

Arena is a development stage biotechnology company focused on metabolic, sleep, and cardiovascular disorders. Its lead clinical candidate is lorcaserin, a potential blockbuster product that could yield a very lucrative partnership, for the treatment of obesity. It is currently in a large Phase III program which should yield important 6-month safety data in August 2007. Phase II data generated a compelling efficacy and safety profile after 12-weeks of dosing. The next clinical candidate is APD125 for the treatment of insomnia. Phase II trials are expected to begin in the first six months of 2007. APD125 acts via a different mechanism of action than currently approved drugs which may eliminate the undesirable hangover effect and safety issues associated with the approved drugs. APD668 is partnered with Ortho-McNeil and is in Phase I development for the treatment of type II diabetes. It is an oral Glucose-Dependent Insulinotropic receptor (GDIR) agonist that can potentially stimulate production of insulin in response to elevated blood glucose levels. APD791 is in preclinical development and is an oral anti-thrombotic agent for heart-attack and stroke victims. Due to its mechanism of action, it may have a unique risk profile by not causing the increased bleeding seen with current anti-thrombotic agents. Finally, Arena is

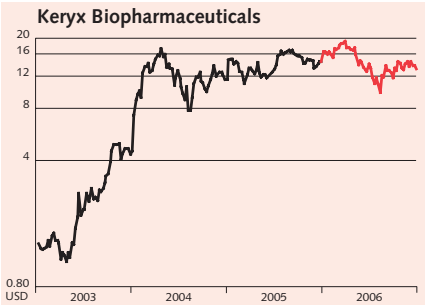
"From the very beginning, I wanted to invest in the research and development of new medications so that not only my generation will be able to benefit."

T.W. (aged 23) works for an aviation group in the field of company pension schemes and is an enthusiastic reader of classical literature.

Company profiles

partnered with Merck for the development of niacin receptor agonists for the treatment of ➔*atherosclerosis* and related disorders and also for the up-regulation of HDL.

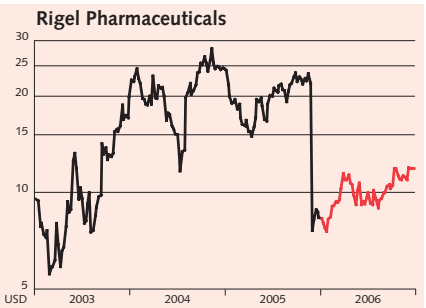
Keryx Biopharmaceuticals



Market capitalization as at 12/31/2006: USD 574 mn

Keryx is focused on the acquisition, development, and commercialization of novel drugs for diseases that include diabetes and cancer. The company's lead product, KRX-101 (sulodexide), is in Phase III and Phase IV studies for the treatment of diabetic ➔*nephropathy* (high levels of the protein albumin in urine), which affects an estimated four to six million patients in the US. To date, KRX-101 has demonstrated the ability to significantly reduce urinary albumin levels, the presence of which is the first indicator of kidney dysfunction and an early predictor of renal failure, in eight pilot trials, a Phase II trial conducted in Italy and Eastern Europe (DiNAS), and a Phase II trial conducted in the US. Based on these data, the CSG (Collaborative Study Group, conducted the pivotal trials for two of the three drugs that are currently approved for diabetic nephropathy) recommended the start of a Phase III trial that will include 1 000 patients with elevated albumin levels despite maximum doses of anti-hypertensive drugs, which it will also conduct. Enrollment is expected to complete by early 2007, with results to follow in the second half of 2007. Importantly, Keryx has received an SPA from the FDA for the trial, indicating that achievement of the primary endpoint has a high likelihood of yielding an approval. The company is also conducting multiple Phase II studies with KRX-401 (Perifosine) in various solid tumors and ➔*hematologic* cancers. Encouraging activity was reported in a Phase II trial in patients with multiple myeloma; results from additional trials should be available in the first half of 2007.

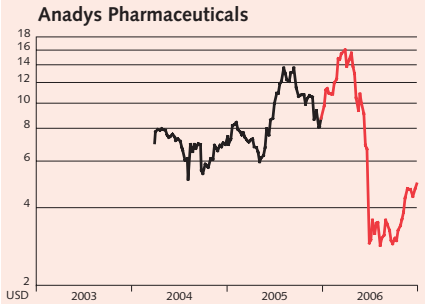
Rigel Pharmaceuticals



Market capitalization as at 12/31/2006: USD 298 mn

Rigel is discovering and developing novel small molecule drugs for indications that include ➔*allergic rhinitis*/allergic asthma, rheumatoid arthritis, and cancer using its proprietary cell-based target identification and validation technology platform. The lead program is inhibitors of Syk (spleen tyrosine kinase), which plays a key role in IgE and IgG receptor mediated signaling in B cells, ➔*basophils*, ➔*macrophages*, and ➔*mast cells*, allowing the potential to treat diseases such as allergic rhinitis, allergic asthma, and rheumatoid arthritis. While intranasal R112, the first generation Syk inhibitor for allergic rhinitis, showed promising data in an allergen challenge trial and a Phase II park study, a larger Phase II trial was not successful due to lack of durability of effect. Rigel has more potent analogs of R112 with slower dissolution rates, one of which could enter efficacy studies in the second half of 2007. In addition, it is developing analogs that will be formulated for inhaled delivery for allergic asthma as part of a USD 200 mn deal signed with Pfizer in January 2005. A lead compound was selected in the first half of 2006, and clinical trials should follow in the first half of 2007. Rigel has completed Phase I healthy volunteer studies with R788, a potent and selective oral Syk inhibitor for rheumatoid arthritis and other immune-mediated disorders. The results showed that R788 was well tolerated and had a good pharmacokinetic profile. Phase II efficacy trials with R788 in both rheumatoid arthritis and ➔*idiopathic thrombocytopenic purpura (ITP)* began in the second half of 2006 and data are expected in the first half of 2007. In addition to Pfizer, Rigel has partnerships with Daiichi (oncology), Johnson & Johnson (oncology), Merck (ubiquitin ligase inhibitors for cancer), Novartis (immunology, oncology, chronic bronchitis), and Serono (aurora kinase inhibitors for cancer).

Anadys Pharmaceuticals



Market capitalization as at 12/31/2006: USD 141 mn

Anadys is using its expertise to develop products for the treatment of hepatitis C, hepatitis B, and bacterial infections. The Company's lead compound for hepatitis C, ANA975, is an oral toll-like receptor 7 agonist designed to induce local overexpression of alpha interferon and other downstream modulators, thereby giving it the potential to replace PEG-Intron and Pegasys (worldwide sales over USD 1.5 bn) as an oral formulation with reduced side effects. Proof-of-concept was demonstrated by the first-generation compound, which showed a statistically significant viral load reduction at day 7 when delivered by intravenous injection in a Phase Ib trial. ANA975, a second-generation drug, was shown to cause alpha interferon production in animals. A 28-day Phase Ib trial with ANA975 in hepatitis C patients began in early 2006. While no serious

Company profiles

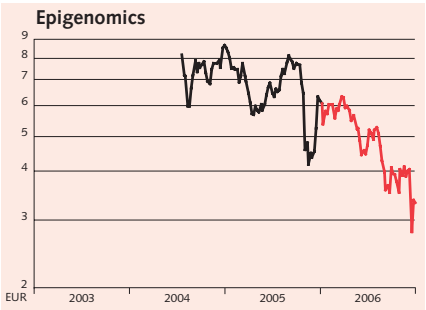
adverse events have been reported to date in humans, the trial was halted in June 2006 due to unexpected toxicity in longer-term animal studies. Positive results from additional animal toxicology studies, to be completed in 2007, could lead to ANA975's re-entry into the clinic by the end of 2007. As part of an agreement struck with Novartis in June 2005, Novartis has worldwide rights to develop, manufacture, and commercialize ANA975 for hepatitis C and hepatitis B, as well as other infectious diseases. With partner LG Life Sciences, Anadys is also developing ANA380 for hepatitis B. The product has shown high potency in both treatment-naïve and lamivudine (GlaxoSmithKline)-refractory patients in early studies. Positive data from a three-month Phase IIa trial in lamivudine-refractory patients were reported in April 2006 and six-month Phase IIb trials are expected to begin in the first half of 2007.

Incyte

Market capitalization as at 12/31/2006: USD 490 mn

In April 2004, Incyte made the transition from a service company providing gene sequence information to a drug discovery company focused on HIV infection, inflammation, cancer, and diabetes. In September 2003, Incyte licensed exclusive rights to its lead product DFC (formerly Reverset), a nucleoside reverse transcriptase inhibitor for HIV infection, in the US and Europe from Pharmasset. In vitro, preclinical, Phase I, and Phase IIa data indicated that DFC has the potential to inhibit wild-type HIV as well as HIV resistant to the most widely used drugs with once daily dosing. Data from a Phase IIb trial in 180 treatment-experienced patients who received DFC or placebo with other antiretroviral agents for six months were reported in July 2005 and showed a significant reduction in viral load in those who received the 200 mg dose without Epivir or Emtriva (other cytidine analogs). Unfortunately, development of DFC was terminated in April 2006 due to grade 4 hyperlipasemia, leaving Incyte with an early stage pipeline focused on inflammatory diseases (CCR2 antagonists for multiple sclerosis and a second undisclosed indication), cancer (sheddase inhibitors), HIV (CCR5 inhibitors), and diabetes (HSD1 inhibitors), as well as a potential USD 800 mn deal with Pfizer for CCR2 antagonists for a variety of additional indications. Clinical data with a CCR5 inhibitor, a sheddase inhibitor, and an HSD1 inhibitor are expected by the end of the first quarter of 2007. In addition, a Phase I trial with a CCR2 antagonist for multiple sclerosis is expected to begin in early 2007 and two novel compounds against undisclosed targets should enter the clinic in the first half of 2007.

Epigenomics



Market capitalization as at 12/31/2006: EUR 57 mn

Epigenomics is developing diagnostic markers for both the early detection of cancer as well as the classification of already developed and identified cancers. The underlying technology measures gene activity of cancer cells either in isolated tissue to diagnose tumor stage and aggressiveness or in remote samples such as blood for the early detection and diagnosis of cancer. The most advanced program is for the early detection of colon cancer from blood samples. In late 2006, Epigenomics reported positive results through adding a second marker to the already tested Septin 9 marker. The combination of the two markers led to an increased sensitivity and specificity for early detection of colon cancer in blood. Nevertheless, Roche Diagnostics, the key collaborator to Epigenomics, decided to opt out of the screening development program for colon, prostate, and breast cancer. The company announced early but promising results for the detection of prostate cancer. The tissue-based methylation assays have been successfully tested and converted onto Affymetrix's chip-based diagnostic platform, which is Epigenomics's platform of choice for analyzing methylation patterns in diseased tissues. The company has many ongoing partnerships, with Qiagen having launched a DNA methylation assay in 2006. Other research collaborations are ongoing with companies such as Astra Zeneca, Wyeth, Biogen Idec, Pfizer, and Centocor.

Affymax (IPO as of 12/14/2006)

Affymax is a biopharmaceutical company developing novel →*peptide*-based drug candidates. The company made a successful initial public offering in December 2006 and was listed on the Nasdaq Stock Exchange. Affymax' lead compound Hematide is a synthetic peptide-based erythropoiesis stimulating agent (ESA), designed to stimulate production of red blood cells for the treatment of anemia associated with chronic kidney disease and cancer. Hematide is designed to be longer acting than recombinant EPO-based products that are on the market. It also has advantages of low cost of production and storage at room temperature. Hematide is currently in Phase II studies, and a Phase III trial is being planned for 2007. The product is partnered with Takeda Pharmaceuticals for the co-development and co-commercialization in the US.

Source of Charts: Datastream

Glossary

Acute coronary syndrome (ACS): An acute insufficient oxygen supply to the heart.

ADHD: Attention Deficit Hyperactivity Disorder: 3–5% of all children are affected by this attention disorder, with or without hyperactivity.

AIDS: (Acquired Immunodeficiency Syndrome) Chronic infection with human immunodeficiency virus (HIV). The function of certain cell types of the immune system is altered. Therefore, AIDS patients have a compromised immune system.

Allergic rhinitis Allergic disorder of the nasal mucosa with the following symptoms: fits of sneezing, nasal secretions (runny nose), nasal obstruction (stuffy nose) and itching. This condition affects primarily individuals allergic to pollen, house dust mites, animal hair or molds.

Alzheimer's disease: A chronic disease of the brain characterized by slow but steady mental deterioration.

Amyloid: Medical term for certain abnormally altered proteins present in the body as insoluble deposits containing small fibers or fibrils (,-fibrils).

Angina pectoris: A symptom complex usually involving chest pain which can occur during physical exercise. Usually a consequence of narrowed coronary arteries.

Anti-TNF therapies: (TNF = tumor necrosis factor) Since TNF receptors are found in numerous cells, TNF can trigger a large number of biochemical processes. It can impair tumor growth, for example, by modifying the creation of surface proteins, including surface proteins responsible for forming bonds to other cells or for producing growth factors. TNF-alpha damages the blood vessels in tumors, causing microscopic thromboses and allowing immune cells to penetrate the tumor.

Aortocoronary bypass arterial graft surgery: The aortocoronary bypass operation is one of the most frequently performed surgical procedures. This operation is carried out by cardiac surgeons to reopen constricted or closed coronary vessels.

Arterial hypertension: Arterial hypertension is defined as blood pressure in the systemic circulation with a value of 140/90 or above.

Atherosclerosis: A systemic disease of the arteries resulting in the depositing of blood lipids, thrombi, connective tissue and calcium in the vessel walls.

Aurora kinase inhibitor: Aurora kinases play a central role in cell division (mitosis). They stabilize the genome during the replication of DNA. Especially high concentrations of the aurora kinases are found in tumor cells. Inhibitors of aurora kinases halt tumor growth.

Basophils: Blood constituents belonging to the leukocytes or white blood cells.

Bechterew's disease: An inflammatory autoimmune disease of the spinal column with involvement of the peripheral joints in approx. 20% of cases.

Calcium antagonists: A drug which lowers blood pressure.

Cephalosporin: Group of broad spectrum antibiotics for medical use. These substances exert a bactericidal effect on proliferating bacteria, i.e. they kill dividing bacteria by interfering with cell wall synthesis.

"To me it's perfectly clear that biotechnology will conquer cancer one day."

C.S. (aged 18) attends a grammar school in Geneva and is a passionate karate fighter.

Glossary

Chromosomes:	The structures which contain genes and thus genetic information.
Cystic fibrosis:	A congenital metabolic disease of genetic origin. Condition in which viscous secretions are produced in the lungs, pancreas, small intestine, bile ducts and sweat glands, and are difficult to be cleared out.
Endothelin:	Naturally occurring hormone, most powerful vasoconstrictor, triggers constriction of vessels.
Enzyme:	A protein that catalyses a specific reaction. Almost all chemical reactions occurring in uni- and multicellular organisms are catalyzed by enzymes.
Epogen:	Recombinant erythropoietin á; this protein regulates the production of red blood cells and decreases blood transfusion requirements for hemodialysis patients.
Fabry's disease:	Rare hereditary disease in which there is deficient activity of a lipocatabolic enzyme. It leads to organic disorders, in particular to renal failure.
FDA:	Food and Drug Administration. US-authority which regulates market access of new drugs.
Gaucher's disease type 1:	A rare, hereditary lysosomal storage disorder. Lipids, abnormal Cerebrosides, are deposited in the spleen, liver and bone marrow. This leads to enlargement of and functional disorders in the affected organs.
Haematology:	Haematology is the study of blood diseases.
Hematocrit:	Percentage of blood volume attributable to cellular constituents; a measure of blood viscosity.
Hepatitis B:	Hepatitis B is a viral infection of the liver. Most adult patients with hepatitis B recover completely. However, 5–10% of cases become chronic and can lead to liver cirrhosis or cancer.
Hepatitis C:	Acute inflammation of the liver caused by hepatitis C virus. Hepatitis C is the most frequent form of liver inflammation transmitted by blood transfusion, and accounts for approx. 90% of post-transfusion liver inflammations.
HIV:	(Human Immunodeficiency Virus) The virus that causes AIDS.
Hyperparathyroidism:	Over production of the parathyroid hormone (PTH) due to pathological enlargement of one or more parathyroid glands. Chronically high levels of PTH can cause symptoms including bone loss, bone pain, high blood pressure, kidney stones and mental dysfunction in varying combinations and severity.
Idiopathic thrombocytopenic purpura:	An autoimmune disease affecting the thrombocytes (platelets).
Interferons:	Proteins produced by human cells which ward off viral infection by "interfering" with viral growth. Interferons play an important role in the body's immune defenses.
Ischemic complications:	Complications caused by a reduction or interruption of the perfusion of an organ, organ part, or tissue attributable to an insufficient arterial blood supply.

Glossary

Keratinocyte growth factor: A growth factor which causes keratinocytes to increase. 90% of the epidermis in humans is made up of keratinocytes, the actual protective layer against the environment.

Leukoencephalopathy (PML): (Progressive multifocal leukoencephalopathy) A viral infection in the brain which can lead to various types of physical and mental impairment. The virus attacks certain cells in the brain, the oligodendrocytes, which perform the function of protecting and isolating the axons. When these cells die, transmission of nerve signals is interrupted. In general several regions are affected at the same time. Frequently, this process progresses until the entire cerebral hemisphere is damaged.

Lymphoblastic leukemia: Chronic lymphatic leukemia (CLL) is a lymphocytic non-Hodgkin's lymphoma displaying a low degree of malignancy. The incidence of the disease increases with age.

Lymphocytic leukemia: A malignant disease affecting the blood and lymph system in which abnormal cells proliferate and accumulate in the bone marrow, lymphatic system and blood.

Macrophages: Macrophages, or phagocytes, are leukocytes (white blood cells) which perform a vital function in the immune system.

Macular degeneration: A disease of the retina resulting from pathological transformation processes and the deposition of breakdown products in the macula lutea – the area where retinal vision is most acute. The condition leads to gradual loss of vision.

Mast cells: Cells in the endogenous defense system that have stored certain messenger substances.

Microarray technology: Analog to the process whereby tiny electrical circuits are placed on computer chips, it is now possible to place tiny amounts of genetic material on a chip in the form of DNA, RNA and protein molecules. The first major application to emerge from microarray technology is gene expression analysis. During this kind of analysis, thousands of genes are analyzed and evaluated simultaneously in individual cells.

Mucopolysaccharidosis type 1: This illness is one of the rare hereditary lysosomal storage disorders. Through a genetic enzyme defect it leads to a deficiency of the lysosomal enzyme alpha-L-iduronidase. This enzyme is required to as GAG (glycosaminoglycans). As more and more GAG builds up in a person's body, almost all organs can be irreversibly damaged.

Mucositis: Inflammation of the mucous membranes (mucosa) in the oral cavity and gastrointestinal tract.

Multiple myeloma: Plasmacytoma (today usually referred to as multiple myeloma, in the past called Kahler's disease) is a malignant disease of the B cells. Infiltration of the hematopoietic (blood-building) bone marrow by malignant plasma cells is characteristic of the disease. Frequently reported symptoms include bone weakness, fractures and a deficiency of red and white blood cells.

Multiple sclerosis: A chronic degenerative neurological disease affecting nerve fibers, by which the myelin sheath, which is necessary for the normal functioning of the nerve fibers, undergoes destruction by a patient's own immune system.

Myelodysplasia (MDS): (MDS) Myelodysplastic syndromes are blood diseases in which there are pathological changes in the blood composition as a consequence of defective maturation of blood precursor cells.

Nephropathy: Medical term for diseases of the kidney or disorders of renal function.

Glossary

Neutropenia:	A reduction in a particular type of white blood cells (neutrophil granulocytes).
Non-Hodgkin's lymphoma:	Malignant cancer of the lymphatic system.
Nucleotide reverse transcriptase inhibitor:	A drug which inhibits the viral polymerase through direct binding competition with the natural deoxyribonucleotide substrate. It blocks the conversion of viral RNA to DNA and thereby stops human cells from being infected by the virus.
"Off label" use:	Use of an approved drug for purposes other than those for which the drug has been approved by the national regulatory authorities. The term "off label" use may refer to the indications and usage, the doses administered, or the duration of treatment.
Oncology/Cancer:	Oncology deals with the treatment of malignant tumors and related diseases. Cancer is defined by uncontrolled or inappropriate cell proliferation or division. Migration of cancer cells leads to metastasis. Cancer is the second most common cause of death in the developed world.
Orexins:	A pair of highly excitatory neuropeptide hormones. Recent research has shown that they have a strong impact on sleeping and waking behavior.
Osteoporosis:	Loss of bone mass occurring mainly after age 60. In patients with osteoporosis the bones become progressively porous and brittle.
Parathyroid (PTH):	A hormone produced by the parathyroid. This hormone affects the balance between calcium and phosphorous, especially during bone formation.
Peptide:	An organic chemical compound resulting from the linkage of several amino acids.
Pompe's disease:	A disorder of glycogen storage (glycogenosis) characterized by excessive glycogen deposits in various organs (e.g. liver, kidney, heart).
Prostate hyperplasia:	Benign prostate enlargement occurs mainly in men over age 50. The main symptom is difficulty in urinating. The incomplete emptying of the bladder and residual urine characteristically found in this group of patients can lead to complications such as bladder and kidney infections.
Protease inhibitors:	Inhibit activity of an enzyme which cleaves proteins.
Psoriasis:	A skin disease characterized by papular and scaly cutaneous lesions.
Renin inhibitors:	Renin is an enzyme which starts the initial step of blood pressure-regulating metabolic cascade. A renin inhibitor blocks this metabolic cascade.
Rheumatoid arthritis:	Systemic autoimmune disease involving the destruction of the lining of the joints resulting in pain, swelling, stiffness, progressive joint destruction and immobilization.
RNA:	RNA is a nucleic acid which occasionally serves as a carrier of genotypes in living cells instead of DNA. In the majority of living creatures, however, RNA plays a subordinate role to DNA as an information carrier.

„My occupational credo is that professionalism is the key to success. To me, this also applies to financial investments.“

F.S. (aged 64) from Dortmund is the manager of a consultancy company for products in the field of SAP.

Glossary

Sepsis: Sepsis – or blood poisoning – is a term used to describe an infection that has gotten out of control. The infection is subsequently spread – usually via the blood stream – throughout the entire body.

Sodium channel modulators: Sodium channels are of vital importance to nerve cells for the transmission of signals. The pharmacological modulation of these channels aims to influence the exchange of sodium ions between the extracellular space and the inside of the cell. As a result, the transmission of stimuli (especially pain stimuli) can be suppressed.

Subarachnoid haemorrhage (SAH): A subarachnoid heaemorrhage is a serious, potentially life-threatening condition. It happens when an artery close to the brain surface ruptures. Blood leaks out into the space between the membranes that cover the brain and spinal chord. The cause is usually the bursting of a dilated cerebral vessel (aneurysm).

Systemic lupus erythematosus: (SLE) An autoimmune disease that involves the formation of autoantibodies – especially against antigens of the cell nucleus (autonuclear antibodies) and under certain circumstances against blood cells and other tissue as well.

Vasospasms: Spasms of the arteries which lead to narrowing and ischaemia.

Viral load: Term used to describe the amount of virus found in blood serum or blood plasma. An important parameter for making therapeutic decisions – especially in patients with AIDS or hepatitis C.

Clinical Trials and the Approval Process are conducted in three Phases:

Phase I: "First time in man" trials to determine the safety of a drug, its pharmacokinetics, meta bolism, biodistribution and excretion; typically involving 5 to 50 healthy volunteers.

Phase II: Determination of optimal dosage, safety (and initial indication of efficacy); typically involving 50 to 200 patients.

Phase III: Statistically relevant determination of safety and efficacy, may also include interaction with other drugs; typically involving 100 to more than 1 000 patients, depending of the therapeutic category. For marketing approval in the US, data from preclinical and clinical testing, and information about the manufacturing process are submitted to the Food and Drug Administration (FDA) in a New Drug Application (NDA) or Biologic License Application (BLA); an FDA advisory panel reviews the submission and gives a recommendation or non-recommendation for approval. The decision regarding marketing approval resides with the FDA, which usually, but not always follows the recommendation of the advising panel. The approval process in Europe is similar, leading agency is the EMEA (European Agency for the Evaluation of Medicinal Products).

Consolidated financial statements

Consolidated balance sheet as at December 31 (in CHF 1 000)

Assets	Notes	2006	2005	Liabilities and shareholders' equity	Notes	2006	2005
Current assets				**Current liabilities**			
Liquid funds		12 191	1 166	Short-term borrowing from banks	5	164 000	–
Receivables from brokers		1 665	108 065	Payables to brokers		10 909	92 602
Receivables from convertible bond		–	197 000	Securities short	4	49	1 401
Marketable securities	4	2 539 780	2 191 997	Other short-term liabilities	6	8 593	1 113
Other assets		93	4	Tax accruals	7	138	64
		2 553 729	**2 498 232**			**183 689**	**95 180**
				Long term liabilities			
				Convertible bond	17	108 500	112 852
				Liability from options	17	8 668	10 318
						117 168	**123 170**
				Total liabilities		**300 857**	**218 350**
				Shareholders' equity			
				Share capital	8	23 900	25 700
				Treasury shares	8	(188 568)	(35 439)
				Additional paid-in capital	8	958 655	1 083 253
				Retained earnings		1 458 885	1 206 368
						2 252 872	**2 279 882**
Total Assets	12	**2 553 729**	**2 498 232**	**Total Liabilities and shareholders' equity**		**2 553 729**	**2 498 232**
Net Asset Value per share in CHF		103.65	90.29				
Diluted Net Asset Value following the conversion of 1 111 111 shares under the partially mandatorily convertible bond issue of BB BIOTECH; conversion price CHF 88.20		102.89					

The notes on pages 41 to 50 are an integral part of these consolidated financial statements.

On 02/27/2007, BB BIOTECH AG's Board of Directors authorized these financial statements for issue.

Consolidated financial statements

Consolidated statement of income for the year ended December 31 (in CHF 1 000)

	Notes	2006	2005
Operating income			
Gains from marketable securities	4	318 065	332 660
Interest income		266	377
Other income		–	213
		318 331	**333 250**
Operating expenses			
Interest expenses		4 788	17
Foreign exchange losses net		720	1 072
Administrative expenses	9	9 440	8 210
Commissions paid	17	–	1 500
Other expenses	10	5 877	4 277
		20 825	**15 076**
Operating income before tax	12	**297 506**	**318 174**
Tax expenses	7	111	181
Net income for the period		**297 395**	**317 993**
Gain per share in issue in CHF	11	12.60	13.20
Average outstanding shares	11	23 601 013	24 088 668
Diluted gain per share in issue in CHF	11	12.48	13.20
Average outstanding shares after dilution	11	23 823 235	24 088 668

The notes on pages 41 to 50 are an integral part of these consolidated financial statements.

Consolidated financial statements

Consolidated statement of changes in equity for the year ended December 31 (in CHF 1 000)

	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Total
Balances at January 1, 2004	**27 800**	**(123 224)**	**1 227 472**	**807 169**	**1 939 217**
Dividend	–	–	–	(62 845)	(62 845)
Capital reduction	(2 100)	157 247	(155 147)	–	–
Trade with treasury shares (incl. balance change)	–	(157 638)	(7 056)	–	(164 694)
Net gain for the year	–	–	–	202 752	202 752
Balances at December 31, 2004	**25 700**	**(123 614)**	**1 065 269**	**947 076**	**1 914 430**
Balances at January 1, 2005	**25 700**	**(123 614)**	**1 065 269**	**947 076**	**1 914 430**
Dividend	–	–	–	(57 201)	(57 201)
Trade with treasury shares (incl. balance change)	–	88 176	16 781	–	104 957
Options on own shares	–	–	(75 627)	–	(75 627)
Liability from options	–	–	(10 318)	–	(10 318)
Convertible bond	–	–	87 148	(1 500)	85 648
Net gain for the year	–	–	–	317 993	317 993
Balances at December 31, 2005	**25 700**	**(35 438)**	**1 083 253**	**1 206 368**	**2 279 882**
Balances at January 1, 2006	**25 700**	**(35 438)**	**1 083 253**	**1 206 368**	**2 279 882**
Dividend	–	–	–	(44 877)	(44 877)
Capital reduction	(1 800)	135 865	(134 065)	–	–
Trade with treasury shares (incl. balance change)	–	(288 995)	7 970	–	(281 025)
Liability from options	–	–	1 497	–	1 497
Net gain for the year	–	–	–	297 395	297 395
Balances at December 31, 2006	**23 900**	**(188 568)**	**958 655**	**1 458 885**	**2 252 872**

The notes on pages 41 to 50 are an integral part of these consolidated financial statements.

Consolidated financial statements

Consolidated statement of cash flow for the year ended December 31 (in CHF 1 000)

	Notes	2006	2005
Cash flows from operating activities			
Proceeds from sales of securities	4	881 024	930 648
Purchase of securities	4	(884 196)	(925 241)
Interest receipts		256	377
Interest payments		(1 687)	(17)
Payments for services		(15 086)	(12 227)
Taxes paid	7	(115)	(146)
Total cash from operating activities		**(19 804)**	**(6 606)**
Cash flows from financing activities			
Dividend payments		(44 877)	(57 201)
Purchase of treasury shares and derivates on treasury shares		(572 882)	(328 973)
Proceeds from sales of treasury shares and derivates on treasury shares		288 343	358 767
Purchase of convertible bond BB BIOTECH		2 191	–
Proceeds from convetible bond BB BIOTECH		(2 226)	–
Loans		164 000	–
Convertible bond		200 000	–
Commissions paid		(3 000)	–
Total cash from financing activities		**31 549**	**(27 407)**
Foreign exchange difference		(720)	(1 072)
Increase/(decrease) in cash and cash equivalents		**11 025**	**(35 085)**
Cash and cash equivalents at beginning of year		**1 166**	**36 251**
Cash and cash equivalents at end of year		**12 191**	**1 166**
Liquid funds		12 191	1 166
Cash and cash equivalents at end of year		**12 191**	**1 166**

The notes on pages 41 to 50 are an integral part of these consolidated financial statements.

"I believe the future growth potential of the biotechnology industry is enormous and I am convinced about the qualifications of the BB BIOTECH investment team."

K.R.L., a graduate in architecture who works as an urban planner, has been living in Zurich since completing her studies and devotes her leisure time to the arts.

Notes to the consolidated financial statements

1. The Company and its principal activity

BB BIOTECH AG (the Company) is listed in Switzerland, in Germany as well as in Italy and has its registered office in Schaffhausen, Vordergasse 3. Its principal activity is to invest in companies active in the biotechnology industry. The investments are held through its wholly-owned subsidiaries.

Company	Capital in CHF 1 000	Interest in capital in %
BIOTECH FOCUS N.V., Curaçao	11	100
BIOTECH INVEST N.V., Curaçao	11	100
BIOTECH TARGET N.V., Curaçao	11	100
BIOTECH GROWTH N.V., Curaçao	11	100

2. Accounting policies

General

The consolidated financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS), as well as the provisions of the Additional Rules of the SWX Swiss Exchange for the listing of Investment Companies. The consolidation is prepared from the audited financial statements of the Group companies using uniform accounting principles. With the exception of financial assets and liabilities (including derivative instruments), which are held at fair value through profit or loss, the financial statements are prepared under the historical cost convention. This requires management to make assumptions and estimates that have an impact on the balance sheet values and items of the income statement in the current financial year. In certain circumstances, the actual values may diverge from these estimates. As at January 1, 2006, there are new and existing revised IAS Standards to be adopted. The company has consequently adopted all relevant and below-mentioned Standards since January 1, 2006. In all other respects, the same accounting principles apply as used for the 2005 consolidated financial statements.

Existing revised IAS Standard adopted by the Company since January 1, 2006:

– IAS 39 (revised 2005) – The Fair Value Option

There are no substantial effects and changes in the accounting policies due to the adoption of the new and existing revised IAS 39.

The following standards, interpretations and amendments to published standards that are mandatory for accounting periods beginning on or after January 1, 2007, or later periods have not been early adopted:

– IFRS 7 (effective January 1, 2007) – Financial Instruments: Disclosures

The Group assessed the impact of IFRS 7 as well as the complementary amendments to IAS1 and concluded that these amendments will result in some additional disclosures. The Group will apply IFRS 7 from annual periods beginning January 1, 2007.

Basis of consolidation

The consolidated financial statements include the Company and the subsidiary companies, which are controlled by it. Control is the power to govern the financial and operating policies generally defined as ownership, either directly or indirectly, of more than 50% of the voting rights of a company's share capital. The consolidation is performed using the purchase method. All intercompany transactions and balances with companies included in the consolidation are eliminated. All Group companies have a December 31 year-end.

Foreign currency translation

The consolidated financial statements of the companies are presented in Swiss Francs, which is the Group's functional and presentation currency. Transactions in foreign currencies are converted at exchange rates as at transaction dates. Assets and liabilities in foreign currencies at year-end are translated at rates of exchange prevailing as at the balance sheet date. Exchange differences are reflected in the statement of income. Translation differences on marketable securities held at fair value through profit or loss are reported as part of the net gains/(losses) from marketable securities.

Liquid funds

Liquid funds comprise current accounts and call money at banks.

Receivables/Payables against brokers

Receivables/Payables against brokers result from security transactions and do not bear any interest.

Marketable securities
Securities and derivatives are valued according to IAS 39 and classified as held at fair value through profit or loss. Initially securities and derivatives are recognized at cost and are subsequently remeasured at fair value based on market prices or generally accepted valuation models, such as Black-Scholes- and discounted cash flow model, that are based on market conditions existing at each balance sheet date. Purchases and sales of marketable securities are accounted for at trade date. Realized gains and losses on security trading are recognized in the statement of income as net realized gains/losses from marketable securities at the day of the transaction. Changes in fair value of securities are recognized as net unrealized gains/losses from marketable securities in the statement of income in the period in which they arise. Marketable securities are derecognized when the rights to receive cash flows from marketable securities have expired or where the Group has transferred substantially all risks and rewards of ownership.
Based on the exemption in IAS 28 for Venture Capital Organizations, mutual funds and similar entities Investments in Associates are treated in accordance with IAS 39.

Taxes
Taxes are calculated based on reported income and include taxes on capital. Such taxes are calculated in accordance with the tax regulations in force in each country.
The Group provides for deferred taxes using the liability method for items reported in different periods for financial statements and income tax purposes. Tax loss carry forwards are only recorded if there is assurance that future taxable income will be sufficient to allow the benefit of the loss to be realized. Deferred tax balances are adjusted for subsequent changes in tax rates or for new taxes imposed.

Earnings per share
Basic earnings per share are calculated by dividing the net profit/loss attributable to shareholders by the weighted average number of bearer shares in issue during the year, less own shares. For the diluted earnings per share, the weighted average number of bearer shares in issue is adjusted to assume conversion of all dilution potential bearer shares. The potential bearer shares include all bearer shares, which will be issued by exercising warrants or options and by exercising the partially mandatorily convertible bond.

Short-term borrowings from banks
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Convertible bond issued
The fair value of the liability portion of a convertible bond is determined using market interest rate for an equivalent non-convertible bond. This amount is recorded as liability on an amortized cost basis until extinguished on conversion or maturity of the bond. The remainder is included in the shareholders equity. The issuing costs were allocated to the debt and equity component relative to their proportions.
In order to cover its delivery commitment under the mandatory convertible bond, the company has acquired 1.11 mn call options. The call options, in conjunction with the delivery commitment, where recognized in equity. The repurchase obligation for the exercise of the options is recorded as liability on an amortized cost basis.

Treasury shares
Own shares and derivative instruments on own shares are deducted from shareholders' equity. On the other hand a short position of own shares increases shareholders' equity. All profits and losses arising from trading in own shares are directly credited/debited to additional paid-in capital. Treasury shares may be acquired and held by the entity or by other members of the consolidated group.

Net Asset Value per share
The Net Asset Value per share is calculated by dividing the net assets included in the balance sheet by the number of shares outstanding less the own shares held. For the diluted Net Asset Value per share, the number of own shares is adjusted to assume conversion of all dilution potential bearer shares. The potential bearer shares include all bearer shares, which will be issued by exercising warrants or options and the underlying shares of the mandatorily convertible bond.

Dividend income
Dividends on marketable securities are recognized in the income statement when the Group's right to receive payment is established.

Commitments, contingencies and other off-balance sheet transactions
The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary.

Notes to the consolidated financial statements

3. Changes in companies consolidated

There have been no changes in the Group companies consolidated in comparison to the prior year.

4. Marketable securities

Marketable securities comprise the following:

Company	Number 12/31/2005	Change to 12/31/2005	Number 12/31/2006	Market price in original currency		Valuation CHF mn 12/31/2006	Valuation CHF mn 12/31/2005
Actelion	1 800 000	291 700	2 091 700	CHF	268.00	560.6	195.7
Celgene[1)]	3 000 000	497 439	6 497 439	USD	57.53	456.3	256.3
Gilead	3 526 109	(635 000)	2 891 109	USD	64.93	229.1	244.4
Genentech	940 000	1 285 100	2 225 100	USD	81.13	220.3	114.6
Biogen Idec	5 000 000	(1 884 680)	3 115 320	USD	49.19	187.0	298.5
Roche Holding GS	–	770 100	770 100	CHF	218.50	168.3	–
Vertex Pharmaceutica	1 100 000	2 018 200	3 118 200	USD	37.42	142.4	40.1
Amgen	1 250 000	–	1 250 000	USD	68.31	104.2	130.0
The Medicines Company (TMC)	3 925 000	(1 553 398)	2 371 602	USD	31.72	91.8	90.3
Genzyme	1 600 000	(447 416)	1 152 584	USD	61.58	86.6	149.3
Affymetrix	1 765 600	234 400	2 000 000	USD	23.06	56.3	111.2
Elan	2 400 000	450 000	2 850 000	USD	14.75	51.3	44.1
Basilea Pharmaceutica	–	200 000	200 000	CHF	213.00	42.6	–
Zymogenetics	–	2 200 000	2 200 000	USD	15.57	41.8	–
BioXell [2)]	1 887 505	83 018	460 519	CHF	54.00	24.9	15.5
Arena Pharmaceuticals	–	1 000 000	1 000 000	USD	12.91	15.8	–
Keryx Biopharmaceuticals	410 499	528 812	939 311	USD	13.30	15.2	7.9
Rigel Pharmaceuticals	850 000	150 000	1 000 000	USD	11.87	14.5	9.4
Anadys Pharmaceuticals	2 000 000	(2 500)	1 997 500	USD	4.92	12.0	23.2
Incyte	3 000 000	(1 752 834)	1 247 166	USD	5.84	8.9	21.1
Epigenomics	1 000 000	–	1 000 000	EUR	3.50	5.6	10.0
Affymax	–	100 000	100 000	USD	34.04	4.2	–
Sepracor	4 000 000	(4 000 000)	–	USD	0.00	–	272.1
OSI Pharmaceuticals	4 000 000	(4 000 000)	–	USD	0.00	–	147.9
Theravance	180 000	(180 000)	–	USD	0.00	–	5.3
Auxilium Pharmaceuticals	555 150	(555 150)	–	USD	0.00	–	4.0
Listed shares						**2 539.7**	**2 190.9**
Total shares						**2 539.7**	**2 190.9**

[1)] Share split 1:2 as at February 27, 2006
[2)] IPO at SWX Swiss Exchange with a reverse stock split 5:1 as at June 21, 2006

Company	Number 12/31/2005	Change to 12/31/2005	Number 12/31/2006	Market Price in original currency		Valuation CHF mn 12/31/2006	Valuation CHF mn 12/31/2005
Derivative instruments (share, type, strike price, expiration date, conversion ratio)							
Auxilium Pharmaceuticals, Call option, USD 1.50, 11/03/2010, 1:1	300 300	(300 300)	–	USD	0.00	–	1.1
Actelion, Put option, CHF 120, 03/17/2006, 1:1 (short)	(100 000)	100 000	–	CHF	0.00	–	(1.4)
Roche Holding GS, Put option, CHF 210, 01/19/2007	–	(100 000)	(100 000)	CHF	0.49	<(0.1)	–
Total derivative instruments						**<(0.1)**	**(0.3)**
Total securities						**2 539.7**	**2 190.6**
				USD 1 = CHF		*1.2206*	*1.3184*
				EUR 1 = CHF		*1.6094*	*1.5547*

The options are valued on the basis of a widely used valuation model which is based on market conditions existing at each balance sheet date.

The marketable securities are deposited with Credit Suisse, Zurich, Luzerner Kantonalbank, Lucerne, Deutsche Bank, Frankfurt, Morgan Stanley, London, as well as Bank am Bellevue, Küsnacht.

Investment decisions have been delegated to Asset Management BAB N.V., Curaçao.

Change in value by investment category from January 1, 2005, to December 31, 2005 (incl. securities short, in CHF 1 000)

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2005 at fair values	**1 842 758**	**15 459**	**19 054**	**1 877 271**
Purchase	929 728	–	–	929 728
Sales	(948 700)	–	(363)	(949 063)
Reclassification[1)]	14 314	–	(14 314)	–
Realized gains	256 681	–	–	256 681
Realized losses	(166 095)	–	(1 224)	(167 319)
Unrealized gains	405 340	88	–	405 428
Unrealized losses	(158 635)		(3 495)	(162 130)
Net (losses)/gains from maketable securities	337 291	88	(4 719)	332 660
Closing balance as at 12/31/2005 at fair values	**2 175 391**	**15 547**	**(342)**	**2 190 596**

[1)] Cashless exercise TMC Warrants (12 295) and exercise Virologic Warrants (2 019).

Change in value by investment category from January 1, 2006 to December 31, 2006 (incl. securities short, in CHF 1 000)

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2006	**2 175 391**	**15 547**	**(342)**	**2 190 596**
Purchase	890 206	–	100	890 306
Sales	(854 168)	–	(5 068)	(859 236)
Reclassification [1)]	15 547	(15 547)		–
Realized gains	30 912	–	5 541	36 453
Realized losses	(114 169)	–	(231)	(114 400)
Unrealized gains	576 711	–	–	576 711
Unrealized losses	(180 650)		(49)	(180 699)
Net gains from maketable securities	312 804	–	5 261	318 065
Closing balance as at 12/31/2006	**2 539 780**	**–**	**(49)**	**2 539 731**

[1)] IPO at SWX Swiss Exchange with a reverse stock split 5:1 as at June 21, 2006

5. Short-term borrowing from banks (in CHF 1 000)

Short-term borrowing from banks comprise the following:

	12/31/2006	12/31/2005
Short-term loan	164 000	–
	164 000	**–**

At December 31, 2006 CHF 164 mn credits are claimed at 2.52% p.a. (2005: none).

6. Other short-term liabilities (in CHF 1 000)

Other short-term liabilities comprise the following:

	12/31/2006	12/31/2005
Payables to the Asset Manager	258	257
Payables to the Board of Directors	182	168
Payables to the market maker	323	–
Total liabilities to related parties	**763**	**425**
Accrued interest mandatory convertible bond	6 885	–
Other liabilities	945	688
Total liabilities to third parties	**7 830**	**688**
	8 593	**1 113**

Liabilities to related parties represent unpaid fees, commissions as well as administration and legal costs.

Notes to the consolidated financial statements

7. Taxes

In the current year as well as in the prior year the average effective income tax rate on a consolidated basis was less than 1%. This low rate is mainly attributable to the fact that the biggest part of income was realized by companies situated in Curaçao (offshore-companies). No provisions for deferred taxes are needed.

As at December 31, 2006, there is no nettable loss carry forward (2005: CHF 9 155 877).

8. Shareholders' equity

The share capital of the Company consists of 23.9 mn fully paid bearer shares (2005: 25.7 mn) with a par value of CHF 1 each (2005: CHF 1). Additional paid-in capital result from additional paid-in premiums upon share capital increases less capital increase costs. CHF 4.78 mn of the additional paid-in capital (2005: CHF 5.14 mn) are undistributable.

	Par value per share in CHF	Nominal value of the share capital in CHF 1 000	Bearer shares Number	Treasury shares Number	Out-standing shares Number
January 1, 2005	**1**	**25 700**	**25 700 000**	**1 865 370**	**23 834 630**
Purchases of treasury shares at an average price of CHF 72.10				4 702 059	(4 702 059)
Sales of treasury shares at an average price of CHF 72.56				(6 116 802)	6 116 802
December 31, 2005	**1**	**25 700**	**25 700 000**	**450 627**	**25 249 373**
January 1, 2006	**1**	**25 700**	**25 700 000**	**450 627**	**25 249 373**
Capital reduction		(1 800)	(1 800 000)	(1 800 000)	
Purchases of treasury shares at an average price of CHF 81.72				5 942 670	(5 942 670)
Sales of treasury shares at an average price of CHF 84.13				(2 429 592)	2 429 592
December 31, 2006	**1**	**23 900**	**23 900 000**	**2 163 705**	**21 736 295**

At the Extraordinary General Meeting held September 18, 2006, a resolution was passed to lower the Company's share capital by CHF 1.8 mn to currently CHF 23.9 mn.

As at December 31, 2006, there exists an authorized capital of CHF 12.5 mn (12/31/2005: CHF 12.5 mn) as well as a conditional capital of CHF 12.5 mn (12/31/2005: CHF 12.5 mn). The conditional capital consists of a tranche of CHF 6.25 mn in order to the exercise of option bond rights and a tranche of CHF 6.25 mn in order to the exercise of convertible and option bond rights granted in the past or in future in connection with bond obligations or other financial market instruments of the Company.

9. Administrative expenses (in CHF 1 000)

Administrative expenses comprise the following:

	2006	2005
Fund manager		
– Fixed fees portion	8 529	7 431
Board of Directors remuneration		
– Fixed fees portion	853	743
– Social security employer's contribution	58	36
	9 440	**8 210**

Detailed information regarding the remuneration model for the Board of Directors and the Asset Manager are mentioned under note 16, Related party transactions.

Notes to the consolidated financial statements

10. Other expenses (in CHF 1 000)

Other expenses comprise the following:

	2006	2005
Bank charges	1 530	950
Financial reporting and Annual General Meeting	2 224	2 115
Other expenses	2 123	1 212
	5 877	**4 277**

11. Earnings per share

	2006	2005
Net gain fort he year	297 395 000	317 993 000
Weighted average number of shares in issue	23 601 013	24 088 668
Gain per share in CHF	**12.60**	**13.20**
Weighted average number of shares in issue following the dilution	23 823 235	24 088 668
Diluted gain per share	**12.48**	**13.20**

12. Information by geographical area (in CHF 1 000)

The Group has only one business segment, namely the holding of investments in companies active in the biotechnology industry.

The geographical analysis of assets is as follows:

Assets	12/31/2006	12/31/2005
USA	1 686 585	1 949 363
Switzerland	784 589	478 003
Ireland	51 311	44 077
Italy	25 110	15 929
Germany	6 067	10 791
Great Britain	67	69
	2 553 729	**2 498 232**

The geographical analysis of the operating income before tax is as follows:

Operating income before tax	2006	2005
Switzerland	328 320	(6 133)
Italy	5 318	(469)
Great Britain	3	1
Ireland	(895)	(22 485)
Germany	(4 962)	(3 638)
Curaçao	(10 261)	(8 587)
USA	(20 017)	359 485
	297 506	**318 174**

Notes to the consolidated financial statements

13. Assets pledged

The securities are a collateral for a credit line of CHF 200 mn and USD 140 mn (2005: CHF 200 mn and USD 140 mn). At December 31, 2006 the Group has claimed credits of CHF 164 mn at 2.52% p.a. (2005: none).

14. Commitments, contingencies and other off-balance sheet transactions

The Group had no commitments or other off-balance sheet transactions open at December 31, 2006 (2005: none).

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. Management concludes that as at December 31, 2006 no proceedings existed which could have any effect on the financial position of the Group (2005: none).

15. Financial instruments

Within the framework of the law, articles of incorporation and regulations, the investment management can carry out currency and marketable security forward transactions, buy, sell and make use of options as well as fulfill all necessary obligations that result from these businesses, and especially arrange all necessary security.

Credit risk

The Company maintains business relations only with counterparties with a high credit rating. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

Market risks

Risk associated with changing market prices

Due to its business activity and the resulting high portion of marketable securities in relation to total assets, the Company is exposed to market price risk arising from uncertainties and fluctuations on the financial and foreign exchange markets. No hedging is made to cover positions in foreign currency. The Company participates partially, but to a substantial extent, in the capital of its investments. In the case of sales of large parts of these investments, its influence of the market price is possible. The Company's marketable securities positions are monitored on a daily basis by the Asset Manager and are reviewed on a monthly basis by the Board of Directors.

Interest risk

Interest rates on liquid funds are based on market rates. The funds are due at sight.
Short-term borrowings from banks, if any, are on current and short-term loan accounts with interest based at market rates,. Due to the high level of own funds the effect of interest payable on the statement of income is insignificant. The majority of the Company's marketable securities are non-interest bearing; as a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Liquidity risk

The Company invests the majority of its assets in investments that are traded in an active market and can be readily disposed of; it invests only a limited proportion of its assets in investments not actively traded on a stock exchange. The Company's listed securities are considered readily realizable as they are listed on stock exchanges. The Company invests a minor part of its portfolio in marketable securities, which are not traded on a stock exchange and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments in these instruments.

Fair values

As at December 31, 2006 and December 31, 2005 the values in the balance sheet of liquid funds, other receivables, short-term borrowings from banks, other short-term liabilities and the tax provision correspond to fair values because of their short-term maturity. The values of marketable securities also correspond to their fair values. Details about valuation are shown in the accounting policies as well as in note 4.

Diversification

As a rule, the securities portfolio consists of five to eight core holdings as well as 10 to 20 minor ones. The maximum share of companies without a stock-market listing is 10%.

As per December 31, 2006 the Company held five core investments, representing 65.2% of the portfolio. The portfolio is – in line with the strategy – concentrated on a limited number of investments. Risk diversification is therefore bounded. A core investment could represent more than 50% of the portfolio.

Notes to the consolidated financial statements

16. Related party transactions

Purchases and sales of shares traded in Switzerland are partly processed and settled via Bank am Bellevue. The transactions in question are based on common contractual forms in the sector and are concluded subject to market terms and conditions. In addition, Bank am Bellevue was commissioned with a market making mandate; the commissions for these transactions amount to 0.2%. The administration and legal costs incurred at Bellevue Asset Management Group were passed on to the BB BIOTECH Group, totaling CHF 258 134 (2005: CHF 332 442). The amounts outstanding at the balance sheet date are disclosed in note 6.

The member of the Board of Directors with the highest remuneration earned in 2006 a total of CHF 307 036 (2005: CHF 267 506) in cash.

The remuneration model of BB BIOTECH AG ensures that the interests of the shareholders, the asset managers and the Board of Directors are all the same. Remuneration therefore depends on the share price and is made up of a flat fee component and a performance-related fee component. The Board of Directors receives remuneration in an amount of 10% of the remuneration of the fees paid to the manager.

Flat fee component
This amounts to 0.4% of market capitalization annually and is calculated as at the end of each quarter pro rata temporis on the basis of the closing price of the stocks traded on the Swiss Stock Exchange. The basic remuneration paid out in 2006 is reported under note 9.

Performance-related fee
The performance-related fee is calculated quarterly and amounts to 0.19% of the market value at the end of the previous period in the case of an increase in the stock price of 5 to 10% per annum (p.a.), an additional 0.25% in the case of an increase of 10 to 15% p.a., and an additional 0.31% in the case of an increase of 15 to 20% p.a. The price basis or hurdle for the performance-related pay component rises after each quarter to the value on which the last performance-related pay component was paid, though by a minimum of 5% p.a. and a maximum of 20% p.a. The hurdles are calculated separately for each group of capital (i.e. the capital increases at different times and prices) from the day of their initial listing. No performance-related remuneration was paid in fiscal 2006.

Because of the minimum/maximum performance and calculation being done over the lifetime, it can occur that the applicable market value at the end of a weak quarter is still above the price basis for a performance-related fee. Conversely, a period with above-average growth in the market value will not result in performance-related pay if the hurdles are not exceeded.

For the end of the next quarter (03/31/2007) the hurdle rates for payment of a performance related fee will be as follows

– 16 764 388 shares (70.1% of the Company) CHF 97.61
– 3 438 849 shares (14.4%) CHF 105.03
– 859 712 shares (3.6%) CHF 108.67
– 1 461 511 shares (6.1%) CHF 231.33
– 1 375 540 shares (5.8%) CHF 238.12

On April 20, 2006 a resolution was passed at the General Shareholders' Meeting to pay out a dividend of CHF 1.80 per bearer share; the payout in question was made on April 26, 2006. Subsequently, the levels at which performance-related compensation is to be paid were also adjusted downward by CHF 1.80 as at April 26, 2006.

The remuneration model is determined by the Board of Directors and has not been amended since the Company was founded.

17. Partially mandatorily convertible bond issue

BB BIOTECH AG, Schaffhausen, has concluded the following capital market transaction:

Issue of partially mandatorily convertible bonds

Coupons:	3.5%
Conversion price:	CHF 88.20 (dividend adjusted)
Pricing and allocation:	Dec. 16, 2005
Payment date:	Jan. 6, 2006
Maturity:	3 years
Final redemption:	Jan. 6, 2009
Mandatory conversion:	As at January 6, 2009, a mandatory conversion will take place of up to 50% of the bonds originally issued.
Delivery of shares:	Treasury shares and/or from conditional capital of BB BIOTECH AG at the discretion of the issuer.

The above list is not exhaustive. For detailed information, please refer to the prospectus on the 3.5% partially mandatorily convertible bond 2006–2009. The prospectus can be obtained from the Company free of charge.

In accordance with the International Financial Reporting Standards (IFRS), the convertible bond issue was divided up into an equity and a liability portion. The liability portion represents the net present value of the future obligations and is reported in the balance sheet under the item "convertible bond". The liability portion was determined using the discounted cash flow method at an interest rate of 2.5%. Taking the transaction costs into account, the equity portion represents the difference of the issue volume in relation to the borrowed portion. The commissions, totaling CHF 3 mn, were charged to equity and to the income statement in relation to the mandatorily convertible portion.

The fair value of the liability component at December 31, 2006, amounted to CHF 106.5 mn. The fair value is calculated using the discounted-cash-flow method at a rate based on the borrowing rate of 3.5%.

In order to cover its delivery commitment under the mandatorily convertible bond, BB BIOTECH has acquired 1.11 mn call options with a strike of CHF 8.20 (dividend adjusted), maturity December 15, 2008. The call options, in conjunction with the delivery commitment, were reported under equity in accordance with the International Reporting Standards (IFRS). The purchase commitment under the call option represents the present value of the future obligation and is reported in the balance sheet under the heading of "liability from options". There is no option for cash settlement.

18. Subsequent events

There have been no events subsequent to December 31, 2006, which would affect the financial statements 2006.

Report of the group auditors

Report of the group auditors
to the General Meeting of
BB BIOTECH AG
Schaffhausen

As auditors of the group, we have audited the consolidated financial statements (balance sheet, statement of income, statement of changes in equity, statement of cash flows and notes/pages 36 to 50) of BB BIOTECH AG for the year ended December 31, 2006.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with the accounting provisions as contained in the Additional Rules for the Listing of Investment Companies of the SWX Swiss Exchange as well as with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Albert Schönenberger
Auditor in charge

Adrian Keller

Zug, February 27, 2007

"BB BIOTECH stocks are my retirement plan. The long-term trends of this industry make it just right for this."

K.S., who lives in Pfullingen, studies political science and has been a BB BIOTECH shareholder for many years.

Financial statements BB BIOTECH AG

Balance sheet as at December 31 (in CHF)

Assets	2006	2005	Liabilities and shareholders' equity	2006	2005
Current assets			**Current liabilities**		
Liquid funds	3 639 402	215 424	Other current liabilities		
Marketable securities	217 301 912	75 627 215	– Third parties	8 091 368	283 612
Other receivables			– Related parties	514 794	168 000
– Third parties	92 543	197 004 151	– Group companies	409 298 055	288 997 326
			Accrued expenses	502 527	592 424
	221 033 857	**272 846 790**		**418 406 744**	**290 041 362**
			Long term liabilities		
			Convertible bond	200 000 000	200 000 000
				200 000 000	**200 000 000**
Fixed assets			**Shareholders' equity**		
Financial fixed assets			Share capital	23 900 000	25 700 000
– Investments	1 177 069 500	1 177 069 500	Legal reserves		
			– General reserve	5 140 000	5 140 000
			– Reserve for own shares	188 568 330	35 439 249
			Other reserves	559 669 966	887 364 461
			Retained earnings	2 418 317	6 231 218
	1 177 069 500	**1 177 069 500**		**779 696 613**	**959 874 928**
Total assets	**1 398 103 357**	**1 449 916 290**	**Total liabilities and shareholders' equity**	**1 398 103 357**	**1 449 916 290**

On 02/27/2007 BB BIOTECH AG's Board of Directors authorized these financial statements for issue.

Statement of income for the year ended December 31 (in CHF)

	2006	2005
Operating income		
Interest income	49 100	103 909
Other income	12 878 244	7 405 286
	12 927 344	**7 509 195**
Operating expenses		
Administrative expenses	911 706	779 317
Interest expenses	6 903 803	3 564
Other expenses	4 485 989	5 878 429
	12 301 498	**6 661 310**
Operating income before tax	**625 846**	**847 885**
Taxes	61 833	81 983
Net income for the year	**564 013**	**765 902**

Notes to the financial statements

1. Notes in accordance with Article 663b of the Swiss Code of Obligations

1.1 Guarantee

BB BIOTECH has provided a guarantee of CHF 200 mn and USD 140 mn to a bank relating to a credit line granted to ist subsidiaries (2005: CHF 200 mn and USD 140 mn). At December 31, 2006, CHF 164 mn credits are claimed at 2.52% p.a. (2005: none).
Marketable securities amounting to CHF 305 136 991 (2005: none) are pledged to secure those credits.

1.2 Significant investments

Company	Capital in CHF 1 000	Interest in capital in %
BIOTECH FOCUS N.V., Curaçao	11	100
BIOTECH INVEST N.V., Curaçao	11	100
BIOTECH TARGET N.V., Curaçao	11	100
BIOTECH GROWTH N.V., Curaçao	11	100

The above mentioned companies hold shares in companies active in the biotechnology industry.

1.3 Own shares

	Amount of shares
Balance at January 1, 2006	**450 627**
Capital reduction	(1 800 000)
Purchases at an average price of CHF 81.72	5 942 670
Sales at an average price of CHF 84.13	(2 429 592)
Balance at December 31, 2006	**2 163 705**

The own shares are held directly and indirectly by BB BIOTECH AG, Schaffhausen.

1.4 Capital increase

	12/31/2006 CHF	12/31/2005 CHF
Authorized capital	12 500 000	12 500 000
Conditional capital	12 500 000	12 500 000

The Board of Directors was authorized at the General Meeting of shareholders on April 20, 2006 to increase the share capital by an authorized share capital increase of CHF 12.5 mn at most until April 20, 2008 and a conditional share capital increase of CHF 12.5 mn at most. Since the General Meeting 2006, the Board of Directors has not increased the share capital.

Notes to the financial statements

2. Movements on retained earnings (in CHF)

	2006	2005
Retained earnings at the beginning of the year	6 231 217	8 166 536
Appropriation of other reserves	40 500 000	54 500 000
Dividend	(44 876 914)	(57 201 221)
Net income for the year	564 013	765 902
Retained earnings at the end of the year	**2 418 317**	**6 231 217**

Proposal of the Board of Directors for appropriation of the capital surplus and retained earnings (in CHF)

	2006 Proposal of the Board	2005 Resolution passed at the AGM
Retainded earnings	2 418 317	6 231 217
Appropriation of other reserves	46 000 000	40 500 000
Retained earnings at the disposal of the Annual General Meeting	**48 418 317**	**46 731 217**
Dividend	47 800 000	44 876 914
Carry forward to the next period	618 317	1 854 303
	48 418 317	**46 731 217**

In addition, the Board of Directors proposes that CHF 360 000 be transferred from legal reserves to other reserves.

"We believe in the enormous potential of biotechnology and want to benefit from the success story along with BB BIOTECH."

M.S. (aged 36) from Hanover and his family are happy BB BIOTECH shareholders.

Report of the statutory auditors

Report of the statutory auditors
to the General Meeting of
BB BIOTECH AG
Schaffhausen

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, statement of income and notes/pages 53 to 55) of BB BIOTECH AG for the year ended December 31, 2006.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of reserves and of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Albert Schönenberger
Auditor in charge

Adrian Keller

Zug, February 27, 2007

Information on corporate governance

The following chapter is intended to supplement the Annual Report with information on corporate governance. As our organization is listed on the Swiss, German and Italian stock exchanges, we wish to be in compliance with the rules and regulations that apply to each of these markets. A great deal of the required information has already been supplied in past sections of the Annual Report or is available for download from the Internet. In such cases we allow us to refer to the relevant pages in this report or to our website, www.bbbiotech.com.

1. Group structure and shareholdership

Please refer to the note 1 of the consolidated annual financial statements, in supplementation whereof we wish to advise that the Board of Directors is not aware of any cross-holdings with other companies exceeding a limit of 5% in terms of capital or the number of votes.

2. Capital structure

Please refer to the notes to the consolidated annual financial statements and "Shareholder information" at page 61. The terms and conditions relating to authorized capital are available on our website ("About BB BIOTECH", "Bylaws").

3. Board of Directors

3.1 Members, first election, nationality and stock holding

Prof. Dr. med. Thomas D. Szucs (2003), Chairman (2004), Switzerland. Co-Chairman of the European Center of Pharmaceutical Medicine. 1 650 shares (ditto as at 09/30/2006).
Prof. Dr. David Baltimore (1993), Vice Chairman (2004), USA. Nobel laureate. No shares.
Dr. Clive Meanwell (2004), USA. Executive Chairman and Director of The Medicines Company. 3 500 shares (3 500 shares as at 09/30/06).

The Board members have no executive functions, neither today nor in the last three years. Moreover, no business relations are in place between the Board members and BB BIOTECH. Detailed resumes available from our website ("About BB BIOTECH").

3.2 Crossed Board/Management functions

Prof. Dr. David Baltimore is Board member of Amgen, Dr. Clive Meanwell is Executive Chairman and Director of The Medicines Company and Prof. Dr. Thomas D. Szucs is Chairman of BioXell.

3.3 Term of office/Limitations on tenure

The Board of Directors is elected for a term of office of one year. There are no limitations on its tenure.

3.4 Internal organization

President, Vice-President and members, no committees.
The Board of Directors meets at least once per month via video or telephone conference; in addition, two strategy (field research) weeks are organized each year. These meetings are attended by representatives of the Asset Manager commissioned. See also "investment focus and selection", page 13.

3.5 Director's Dealing

BB BIOTECH publishes each purchase/sale of BB BIOTECH AG stocks by members of the Board of Directors, of the management as well as by first-degree relatives of such persons and which exceeds the amount of EUR 5 000 within three trading days. This information is made available for 30 days on our website ("About BB BIOTECH").

4. Asset Management

Being a pure holding company, BB BIOTECH AG does not have a management of its own. Fundamental analyses, portfolio management, marketing and administration are performed by the Bellevue Asset Management Group in line with its mandate ratio. The Bellevue Asset Management Group is remunerated in terms of the management fee. The mandate agreement is valid for an indefinite period and may be terminated by either party subject to 12 months' notice.
Detailed information on this mandate (issuing prospectus) and the members of the management involved is available from the website ("About BB BIOTECH").

5. Remuneration

See note 9 and 16 of the consolidated financial statements for details relating to remuneration. The remuneration model is defined by the Board of Directors but has remained unchanged since the Company was founded.

Information on corporate governance

6. Stockholders' rights of cooperation

6.1 Limitations to voting rights; voting by proxy

There are no limitations to voting rights and no internal rules at variance from the statutory provisions concerning attendance of a General Meeting.

6.2 General Meeting

There are no rules relating to the presence of a quorum for voting purposes which differ from the statutory provisions. The rules of procedure adopted at general meetings shall be in accordance with those laid down by law.

6.3 Dividend policy

Since 2004 a dividend is paid out which is linked to the discount of the share price to the Net Asset Value. The following model is used to this end: if the discount amounts to

5 – ≤ 10%:	1% of the Net Asset Value at year-end
>10 – ≤ 15%:	2% of the Net Asset Value at year-end
>15 – ≤ 20%:	3% of the Net Asset Value at year-end
>20%:	4% of the Net Asset Value at year-end

The discount on which the resolution is based is calculated according to the average discount of daily closing prices from January 1 through December 31 of the respective fiscal year. The dividend is paid out in cash.

The dividend proposed for the 2006 fiscal year amounts to CHF 2.00.

7. Change of control and defensive measures

7.1 Obligatory offer for sale

An opting-out rule is in place.

7.2 Change of control clauses

No change of control clauses are in place in favor of the Board of Directors and the management team.

8. Audits

8.1 Duration of mandate and term in office of the auditor-in-chief

Since fiscal 1994 PricewaterhouseCoopers AG have been the official auditors and group auditors of BB BIOTECH AG.

The lead auditor, Albert Schönenberger, has been responsible for auditing the Company's books since fiscal 2003.

8.2 Fees

The following fees for professional services in the year ended December 31, 2006 were invoiced using an accruals basis:

Audit fees (including interim audits) PricewaterhouseCoopers: CHF 119 739

8.3 Instruments of supervision and control vis-à-vis the auditors

The Asset Manager and the auditors are continually in contact with each other. The auditor is consulted by the Board of Directors where necessary. The auditors attend at least one meeting of the Board of Directors per year.

9. Information policy/diary of company events

Please refer to "Shareholder information" at page 61.

10. Trading in own stocks

BB BIOTECH operates as an active purchaser/seller of own stocks itself on the market, securing additional liquidity in the process. BB BIOTECH's maximum holding of own stocks is 10%.

"I'm one hundred percent convinced about the portfolio of BB BIOTECH. I also like the open and frank communication of the company."

M.P. (aged 69) is a business and communications consultant in Wuppertal.

Shareholder information

Company profile

BB BIOTECH acquires holdings in companies in the biotechnology growth market and is currently one of the world's largest investors in the sector. The focus of the holdings is on quoted companies that are concentrating on the development and marketing of innovative medicines. For the selection of holdings, BB BIOTECH relies on fundamental analysis by physicians and molecular biologists. The Board of Directors has many years of industrial and scientific experience.

Official listing and share structure

Foundation:	November 9, 1993; Schaffhausen, Switzerland
Issue price adj. November 15, 1993:	CHF 23.76
Official listing:	December 27, 1993 in Switzerland, December 10, 1997 in Germany, October 19, 2000 in Italy
Share structure:	CHF 23.9 mn nominal, 23 900 000 bearer shares with a par value of CHF 1
Authorized capital:	CHF 12.5 mn
Conditional capital:	CHF 12.5 mn
Shareholders, free float:	Institutional and private investors. 100% free float.
Security number Switzerland:	144.158
Security number in Germany and Italy:	888 509
ISIN:	CH0001441580
Convertible bond 3 1/2% 06-09:	Security number: 2 355 519, ISIN CH0023555193 (Quote: Bloomberg BIO06 Corp.)

Shareholder information

- The Company publishes its Net Asset Value daily via the major stock market information services and on its website www.bbbiotech.com.
- The portfolio composition is published at least every three months within quarterly reports. In its Monthly News, BB BIOTECH announces major events relating to its investments.
- In addition, we periodically hold information events for shareholders and interested members of the public.
- Interested? Subscribe to our mailing list by post/fax/telephone or via www.bbbiotech.com.

Quotes and reports

NAV:	**in CHF**	– Bloomberg: BIO SW Equity NAV, BABB	**in EUR**	– Bloomberg: BBZ GY Equity NAV; BABB
		– Datastream: S:BINA		– Datastream: D:BBNA
		– Reuters: BABB		– Reuters: BABB
		– Telekurs: BIO resp. 85, BB1 (Investdata)		– Frankfurter Allgemeine Zeitung (D): listed twice weekly
		– Finanz & Wirtschaft (CH), M2: listed twice weekly		
Stock price:	**in CHF (SWX)**	– Bloomberg: BIO SW Equity	**in EUR (Xetra)**	– Bloomberg: BBZ GY Equity
		– Datastream: S:BIO		– Datastream: D:BBZ
		– Reuters: BIO.S		– Reuters: BIOZ.DE
		– Telekurs: BIO	**in EUR (IM)**	– Bloomberg: BBA IM Equity
				– Datastream: I:BBB
				– Reuters: BB.MI

Corporate calendar 2007/2008

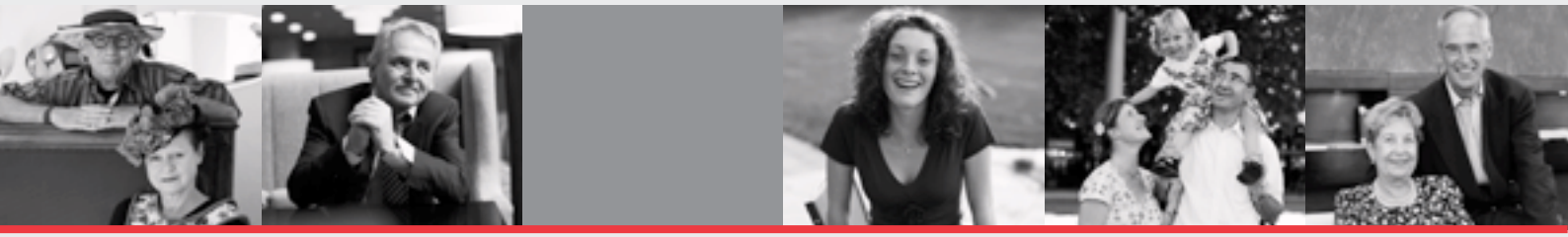
Annual General Meeting:	March 26, 2007, 04.30 PM, Lake Side Casino Zürichhorn, Bellerivestrasse 170, CH-8008 Zurich
3 Months Report:	April 26, 2007, 07.30 AM CET
Interim Report:	August 7, 2007, 07.30 AM CET
9 Months Report:	October 25, 2007, 07.30 AM CET
Annual Report 2007:	March 13, 2008, 07.30 AM CET

BB Stock Plan

The BB Stock Plan enables investors with a long-term perspective to hold/acquire BB BIOTECH bearer shares without having to pay substantial commissions or custody fees. Detailed information: BB Stock Plan, c/o SAG SIS Aktienregister AG, P.O. Box, CH-4609 Olten, Phone +41 62 311 61 44, www.bbbiotech.com/bb-aktienplan.

Contact for investors and media

Bellevue Asset Management AG, Seestrasse 16, CH-8700 Küsnacht, Phone +41 44 267 67 00, Fax +41 44 267 67 01, info@bellevue.ch



BBBIOTECH

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