



Annual General Meeting of Roche Holding Ltd

4 March 2008

Address by Franz B. Humer

Chairman of the Board of Directors

(Please check against delivery)

Good morning, Ladies and Gentlemen.

Your company achieved outstanding results in 2007, continuing the extremely positive business trend seen in recent years.

We reported extensively on our full-year results at our Annual Media Conference on 30 January, at which time we also published our Annual Report on the Internet.

Allow me to summarise the key results again now before I look in greater detail at some of the significant steps that have been taken to shape Roche's future.

Roche's record 2007 results at a glance



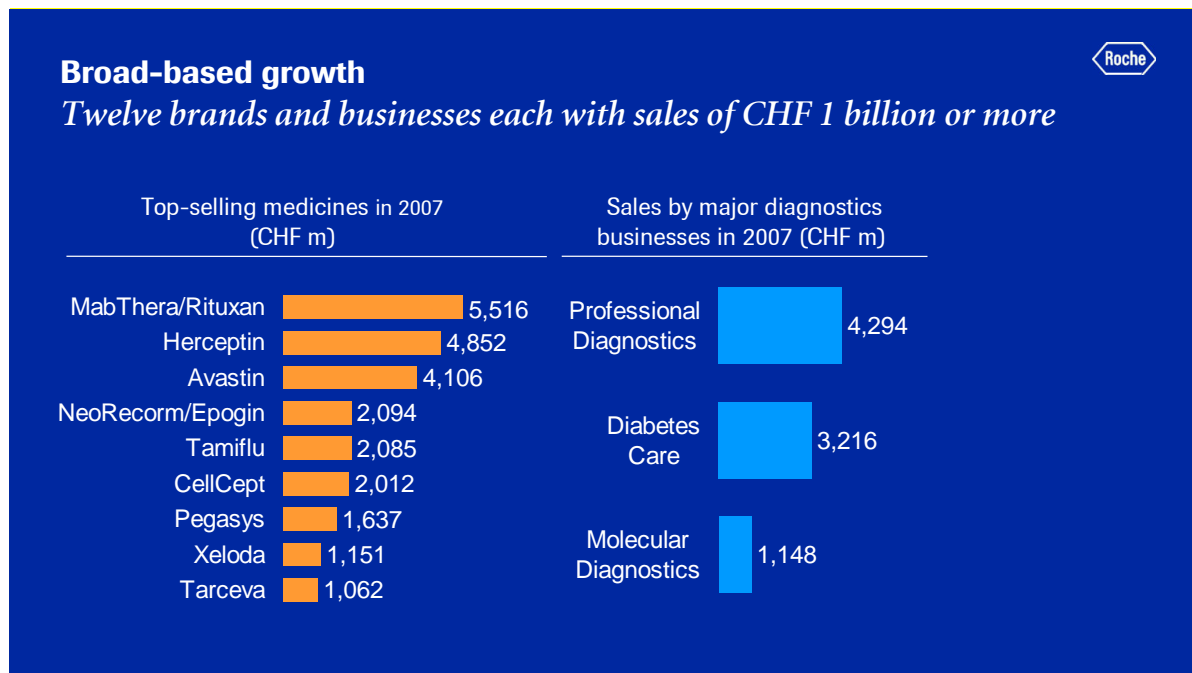
- Sales up by 10% to over 46 billion Swiss francs
 - Organic growth of over 4 billion Swiss francs
 - Pharmaceuticals Division's sales grew roughly twice as fast as market
 - Leading position in *in vitro* diagnostics consolidated
- Operating profit up by over one-fifth to 14.5 billion Swiss francs
 - Operating profit margin rose by 3.5 percentage points to 31.4%
- Net income increased by a quarter to 11.4 billion Swiss francs
- Ratio of equity to total assets increased from 63% to 68%



Group sales grew organically in 2007 by 10%, or more than 4 billion Swiss francs, to over 46 billion Swiss francs. This was Roche's seventh straight year of double-digit sales growth. In terms of sales, Roche is now not only the fourth-largest pharmaceutical company in the world, but also the biggest in Switzerland.

- Looking at market capitalisation, Roche is currently the second most valuable company in our sector after Johnson & Johnson.

- Once again, the Pharmaceuticals Division was the main growth driver, with divisional sales in local currencies growing by 11% to around 37 billion Swiss francs. This was about twice the market growth rate.
- The Diagnostics Division maintained its global leadership position in the *in vitro* diagnostics market with a sales increase of 6%, which was slightly above the market average.
- Higher sales and a number of programmes designed specifically to increase productivity had a very positive effect on our profitability. The Group's operating profit grew by more than 20% to 14.5 billion Swiss francs, and the corresponding profit margin grew strongly by 3.5 percentage points to 31.4%, topping the 30% mark for the first time.
- Our operating performance – impressive no matter who you compare us with in the industry – together with a lower effective Group tax rate than in 2006, boosted net income by one-quarter to over 11 billion Swiss francs. This is the best result in Roche's history.
- This record net income strengthened the Group's balance sheet further. The ratio of equity to total assets rose from 63% to 68%, and over 80% of assets are now financed long-term.



Growth in the Pharmaceuticals Division was driven by the leading products in our oncology, transplantation, metabolism/bone and virology portfolios. In the Diagnostics Division, the two biggest business areas – Professional Diagnostics and Diabetes Care – posted solid single-digit growth.

As you can see from this slide, Roche's growth is very broadly based, and, with the exception of CellCept, which is used in transplantation, none of our major products is facing patent expiry in the next few years. This situation is very different to that of our competitors. The Pharmaceuticals Division currently has nine products with annual sales in excess of 1 billion Swiss francs; six of these are earning more than 2 billion Swiss francs each. The Diagnostics Division has three business areas generating annual sales of over 1 billion Swiss francs.

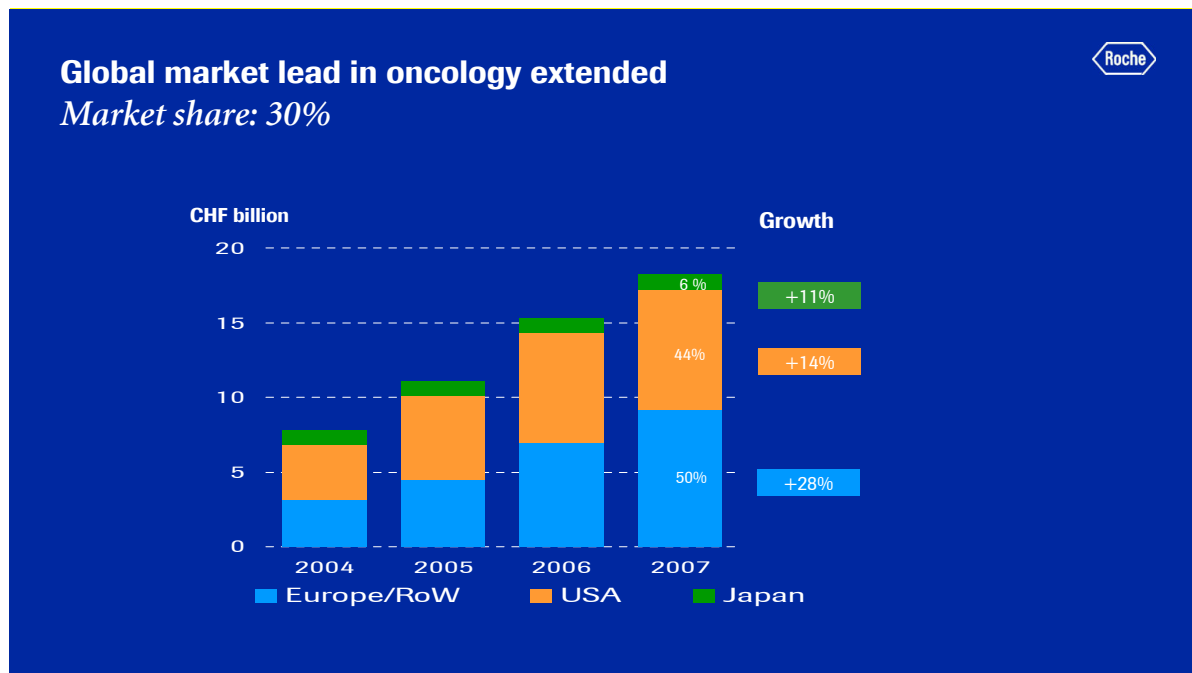
In addition, the Pharmaceuticals Division submitted 14 important new applications for regulatory approval during the year and was granted 18 major marketing authorisations. Recently approved medicines such as Mircera for anemia, additional indications for our leading cancer therapies and upcoming launches of new products like Actemra for rheumatoid arthritis will strengthen the Group's portfolio further.

Roche Pharmaceuticals continues to achieve remarkable successes in clinical development. On behalf of the entire Corporate Executive Committee, I would like to take this opportunity to extend our sincere thanks to Dr Eduard Holdener for his outstanding service to our company. Dr Holdener, who was in charge of clinical pharmaceutical development at Roche for many years, retired at the end of 2007.

In order to realise the full potential of our development portfolio, we plan to increase research and development spending in our Pharmaceuticals and Diagnostics Divisions again significantly in 2008, to almost 10 billion Swiss francs.

The emphasis will be on clinical trials aimed at adding new indications for our cancer medications and testing promising new compounds to treat autoimmune disorders, type 2 diabetes and cardiovascular disease. Research and development activities in the Diagnostics Division are focusing on new tests for the early detection of heart attacks, cancer diagnostics and improved DNA-sequencing tools for research.

Diseases of the central nervous system are also an increasingly important research focus at Roche. They represent one of the areas of greatest unmet medical need worldwide. Roche currently has five projects in early clinical development in this area, including promising phase I compounds for Alzheimer's disease, schizophrenia and depression.



In the coming years, however, our five leading cancer medications will remain by far the most important product group at Roche. Last year, sales of our cancer drugs rose by one-fifth, boosting our global market share to almost 30%. These products now account for half the Pharmaceuticals Division's sales revenues. Far from being a 'cluster risk', as some observers have suggested, this is a major strength and source of advantage for Roche. Each of our cancer medicines is approved for different indications and different stages of therapy, and thus constitutes a treatment portfolio in itself. Roche also has wide-ranging expertise and a rich pipeline of pioneering development projects in oncology.

Our development programmes for Avastin, the first targeted medication that inhibits the formation of new blood vessels in tumours, cover a particularly broad field. Besides further studies designed to expand the use of Avastin in breast and lung cancer, the medicine is also being investigated as a possible treatment for additional types of cancer. Over 40,000 patients worldwide have been enrolled in these clinical studies.

Last year we opened a biotech production facility for the active ingredient of Avastin here in Basel and one for Herceptin in Penzberg in Upper Bavaria. These facilities will help us continue to meet the growing demand for Avastin and Herceptin in the medium and longer term.

Together, these facilities represent an investment totalling around 800 million Swiss francs. They will commence commercial production early next year.

As the world's leading supplier of anticancer medicines, Roche also works with numerous external partners on the development of new therapeutic approaches aimed at achieving further progress in the fight against cancer.

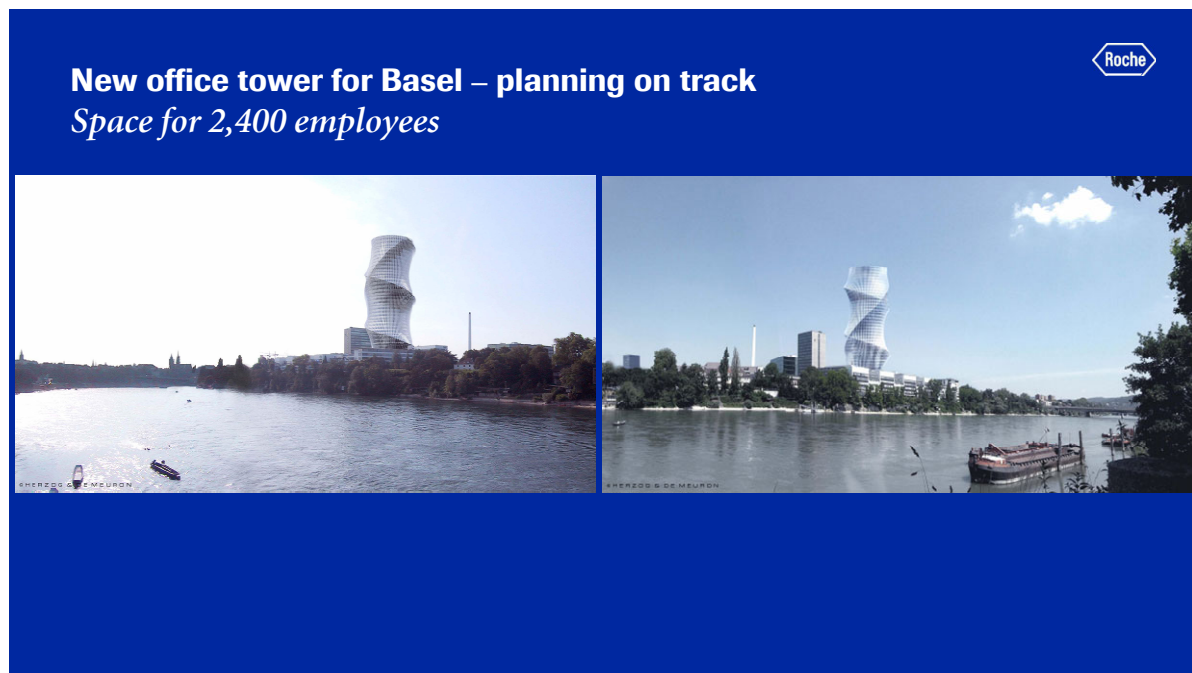


The strong growth of our business enabled us to create additional jobs yet again last year. Roche created some 3,800 new positions worldwide and gained roughly 400 employees through the acquisition of smaller companies. We created over 600 new jobs in Switzerland last year, about half of them in Rotkreuz, where the global headquarters of Roche Professional Diagnostics is located. We currently have 100 unfilled positions in Switzerland.

Global demand for dedicated and skilled employees is strong. So it's vital that we continue to be regarded as a good company to work for. In 2007 Roche was included for the fifth straight year in *Science* magazine's list of the top 20 employers in the biotech and pharmaceutical industry. And a number of Group companies around the world have also earned high marks as employers in various regional surveys. Not only do we strive to recruit and retain the best employees, we

recognise talent management as critical to our ability to achieve the ambitious goals we have set for ourselves as an innovation-driven healthcare company.

I would like to take this opportunity to thank our roughly 79,000 employees for their tremendous dedication and professionalism. It is mainly due to their efforts that Roche is now one of the most successful healthcare companies in the world. At this time I would also particularly like to thank Dr Gottlieb Keller for his outstanding service to the company as Head of Corporate Human Resources. Effective today, Dr Keller will become Roche's General Counsel, making him our company's most senior legal officer. He will continue to serve on the Corporate Executive Committee as Head of Corporate Services and will retain his role as Secretary to the Board of Directors.



Roche's rapid growth has also made itself felt here at headquarters. I would like to say a few words about Building 1, the office tower we are planning to build in Basel.

Fritz Hoffmann-La Roche oversaw the construction of the company's first production facilities on the edge of Solitude Park in 1896. The area occupied by the company subsequently grew during the 20th century. In the meantime the city has grown around the Roche site, and the only direction for the company to expand now is upwards. Roche currently has to rent a large

amount of office space in various parts of Basel because there is not enough room along Grenzacherstrasse.

Aware that scattering our employees over a large geographical area is not efficient in the longer term, we carried out a successful feasibility study and, in September 2007, announced our plans to build an office tower. The building will be about 154 metres high, will offer space for around 2,400 employees and is scheduled to be ready for occupancy in late 2012. After consultation with Roche, the building surveyor's and planning office of the city of Basel has published two development plans. These plans show possible scenarios for developing the southern part of the site, between the Rhine and Grenzacherstrasse, where the new office tower will be located. It should be emphasised however that these development plans are not yet final. The final plans will be published at a later date as part of the planning approval process. In the case of the office tower, this will be in mid-2009. We will of course keep you informed as this project progresses.



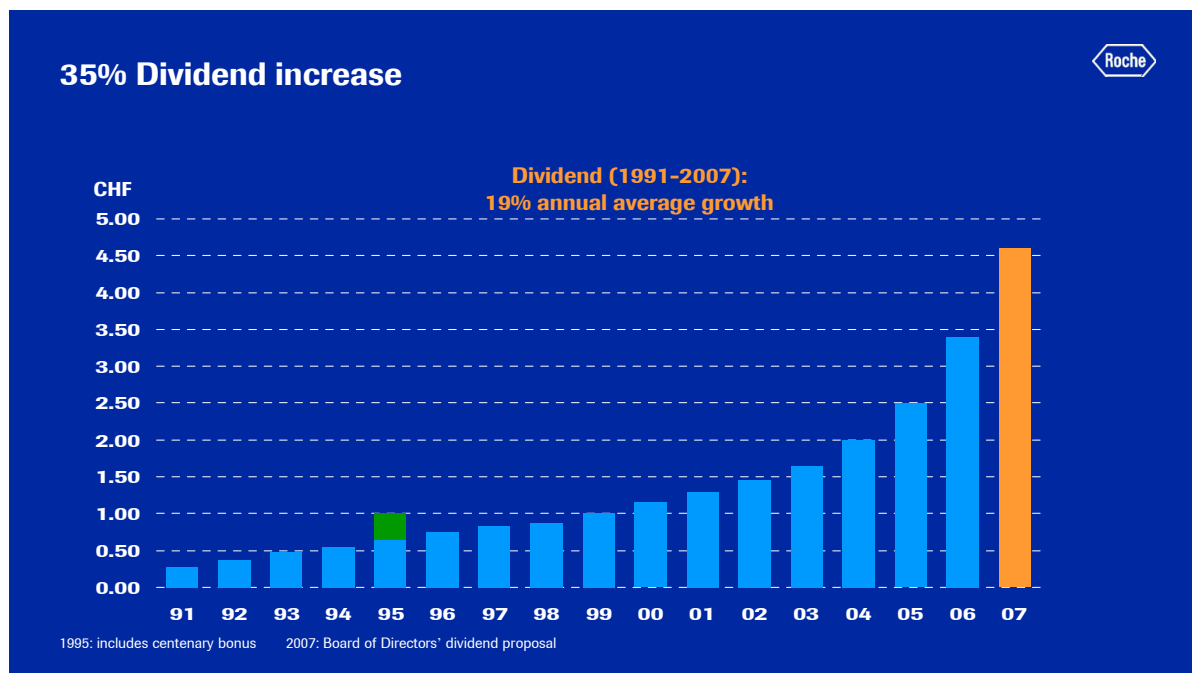
Our Core Earnings per Share are an important measure of our success. This key financial indicator allows you, our shareholders, to evaluate our business performance over time and in fact shows a steady improvement in Roche's overall performance. Over the last six years, our Core EPS have grown by an average of 22% a year. In the year under review Core EPS grew 20%

– and thus twice as strongly as sales – to 11.85 Swiss francs per bearer share and non-voting equity security.

Like most of our competitors, we include an EPS target in our guidance.

Viewed over a period of several years, Roche's market value has been well above the benchmark of the Swiss Market Index and also clearly better than that of the other 19 pharmaceuticals and diagnostics industry in our peer set. As you are aware, the value of Roche securities fell during last year's stock market correction. Since the beginning of this year, however, our securities have been outperforming the market amid significant market volatility.

I am firmly convinced that our continued efforts to create corporate value going forward will be reflected in Roche's medium- and long-term market value.



Our financial success is also reflected in our dividend payout per share and non-voting equity security. Roche has continuously increased its dividend over the past 20 years. In view of the company's excellent full-year results, the Board of Directors is proposing that the dividend be increased by 35% to 4.60 Swiss francs per share and non-voting equity security. Subject to your approval at today's AGM, this will be Roche's 21st consecutive year of dividend growth. This

proposal represents a total dividend payout of approximately 4 billion Swiss francs, compared with 3 billion Swiss francs last year.

We intend to further increase our dividend payout ratio, which is currently about 41%, over the next three years. This decision reflects the excellent shape the Group is in and the Group's positive business outlook.

For 2008 we expect Group sales to increase at a high single-digit rate, with above-market sales growth in both divisions. This excludes government and corporate stockpiling orders of Tamiflu for pandemic use. As most of these orders have been filled over the last several years, we anticipate a significant decrease in Tamiflu sales in 2008.

Despite the expected decline in sales of Tamiflu and significantly higher research and development spending, in 2008 we are aiming for Core EPS (at constant exchange rates) to be at least as high as the record level achieved in 2007.

Remuneration Report an integral part of our year-end reporting

Approval of Annual Report, including Remuneration Report





The Remuneration Report contains detailed information on the remuneration paid to members of the Board of Directors and Corporate Executive Committee. In particular, it spells out the performance criteria applied in determining:

- **Base salary** (market data on comparable positions, individual performance, company's situation)
- **Annual bonus** (individual contribution to value creation)
- **Performance Share Plan** (based on Roche's value performance relative to a peer group of 20 competitors over medium-term cycles)
- **Options** (based on price performance of Roche NESs)

As in 2006, our Annual Report for 2007 contains a separate yet integral Remuneration Report (to be found on pages 48 to 57), which provides detailed information on the remuneration paid to

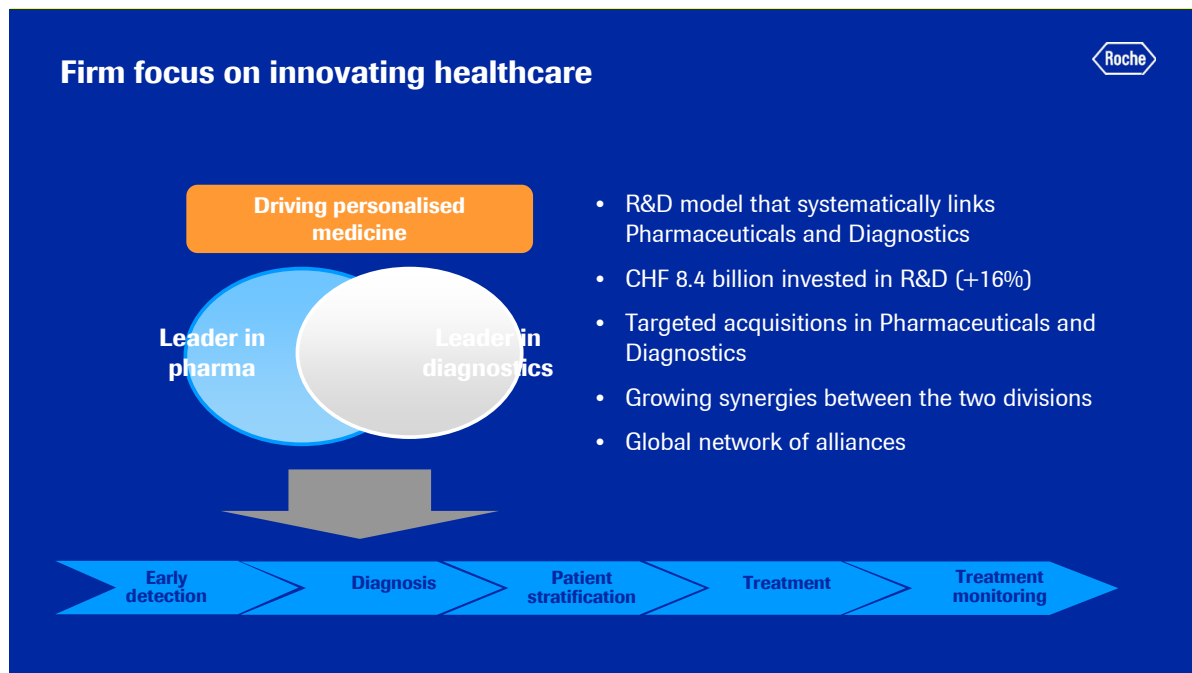
the Board of Directors and the Corporate Executive Committee. This information exceeds current disclosure requirements.

The remuneration of the Corporate Executive Committee and senior management at Roche is guided by clear performance criteria and is set by a Remuneration Committee consisting exclusively of independent members of the Board of Directors. What are the specific criteria that are applied?

- Base salary is determined by salary trends in the market for the position in question, individual performance and the company's situation.
- Bonuses reward individuals' contributions to value creation above and beyond their normal business duties and are linked to annual business performance.
- The members of the Corporate Executive Committee and approximately 100 members of senior management also participate in a Performance Share Plan based on medium-term cycles. PSP awards for the 2005-2007 cycle are now being made; this was a period during which Roche's performance was substantially above average compared with a peer group of 20 competitor companies. As you can see from the Remuneration Report, no awards would be made for the 2006-2008 and 2007-2009 cycles if these cycles were to end now.
- And in early 2005 we created a uniform, global option plan. Options issued under the plan are subject to a vesting period, and their value is based on the price of our non-voting equity securities. Worldwide some 2,700 managers participate in this long-term plan.

In compliance with the Swiss Code of Best Practice for Corporate Governance, the Board of Directors has voted to submit this Remuneration Report to you for approval as an integral part of the Annual Report, as it has done in recent years.

Significant challenges and opportunities lie ahead for the healthcare industry, and Roche will be able to tackle them with confidence from a position of strength. But our goals are ambitious.



Our aim is to develop new and improved drugs, diagnostic tests and services which offer significant benefits over the options currently available. For this reason we have been investing heavily in research and development and will continue to do so in future. In 2007 alone we spent 8.4 billion Swiss francs on R&D, an increase of 16% in local currencies. The increase in our research and development expenditures underscores our strong commitment to innovation and to investing in our future at a time when most of our competitors are turning to short-term cost-cutting measures in the quest for success.

A major factor is the new R&D management model introduced at Roche Pharmaceuticals last year. It streamlines decision-making and creates a single management structure for research, development, diagnostics expertise and marketing in each of five Disease Biology Areas.

We also reinforced our presence in China by opening our first clinical development centre in Shanghai. We aim to steadily expand our presence in the emerging markets of China, India, Brazil and Russia, and also in Mexico, Turkey and South Korea.

One of the things that most clearly sets Roche apart from other healthcare companies is its pioneering role in the development of personalised healthcare solutions. The idea of personalised medicine is to use insights into genetic differences between patients to develop


treatments and tests tailored to the needs of specific patient populations. This approach has enormous potential to make healthcare better, safer and more cost-effective in the longer term.

It will be some time before this potential can be exploited fully, but the market is clearly shifting away from 'one size fits all' products. The fact that Roche is a leader in both pharmaceuticals and diagnostics is a major competitive advantage when it comes to successfully meeting the healthcare challenges of the future.

We take a long-term view of innovation and invest in new technologies as early as possible, in some cases through alliances and acquisitions. A total of 44 new agreements were signed last year, including five product transactions and 30 research and technology partnerships.

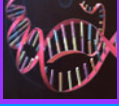









Ventana – an important step towards personalised medicine

Our acquisition of the US diagnostics company Ventana Medical Systems is another important step on the path towards personalised medicine. The merger agreement with Ventana was signed in January, and in February Roche acquired the majority of Ventana's common stock before the tender offer period expired. We are delighted that this stage of the transaction has been successfully completed and are pleased to welcome Ventana as a new member of the Roche Group. Mr Schwan will say more about this acquisition later on.



Investing in our future: personalised medicine

Lead in molecular biology extended

Life sciences		<i>In vitro</i> diagnostics		Pharma	
Strengthening lead in genomics <ul style="list-style-type: none"> • Microarrays  <ul style="list-style-type: none"> • Sequencing 		Expanding position in diagnostics  		New technologies for pharmaceuticals   	

Increasing medical value to patients and doctors

Other targeted acquisitions and alliances in 2007 further strengthened our ability to develop medically differentiated diagnostic tests and treatments for complex diseases.

Major agreements include our alliance with Anylam, which gives us access to the Nobel Prize-winning RNAi technology, the agreement with Transgene to develop therapeutic vaccines against cancer of the cervix and other diseases caused by human papillomavirus, and the agreement with Toyama to jointly develop a novel drug for the treatment of rheumatoid arthritis.

The following acquisitions deserve a special mention: Therapeutic Human Polyclonals will expand Roche's therapeutic antibody research. Bioveris, 454 Life Sciences and NimbleGen are enabling the Diagnostics Division to move into additional technologies, such as ultrafast gene sequencing and microarrays, and have made us a leader in this market segment.

Sustainability is integral to the way we do business
Some of the awards and distinctions we received in 2007



Roche named one of the top companies in the **Dow Jones World, Dow Jones STOXX** and **FTSE4Good Sustainability Indexes** for fourth year in succession.



Included in the **Corporate Knights and Innovest list** as one of the world's 100 most sustainable companies.



Won **Financial Times / Citi Private Bank Environmental Award** for the greatest improvement in carbon efficiency by a large enterprise.

Our efforts are directed at long-term success. We make our greatest contribution to a sustainable future by developing clinically differentiated healthcare solutions that meet the needs of patients, our partners in the healthcare market, payers and society in general. In so doing we are committed to combining corporate responsibility with innovation in healthcare. One visible illustration of the success of our efforts is our inclusion in 2007, for the fourth consecutive year, in the Dow Jones STOXX and World Sustainability Indexes.

Roche was also commended for its achievement in protecting the environment, receiving an award for reducing its carbon dioxide emissions relative to sales by over 70% since 1996. Another indication of how integral sustainability and environmental protection are to the way we do business is the fact that over the last decade we have halved our energy use per Swiss franc of sales revenue. We believe that sustainable policies and practices not only minimise business risks but also create value and encourage innovation.

Important steps for the future

Ladies and Gentlemen,

At Roche we have taken a number of steps, including some key new management appointments, to ensure we stay on track going forward.

As previously announced, the Roche Board of Directors voted last year, at my request, to split the positions of Chairman of the Board and Chief Executive Officer. I have decided, after ten years as Roche's CEO, to concentrate on my duties as Chairman of the Board of Directors with effect from today.

You can rest assured that as Chairman I will continue to work closely and energetically with the Board and the Corporate Executive Committee to achieve Roche's ambitious goals as one of the world's leading healthcare companies.

In appointing Severin Schwan as its next CEO, Roche has selected an individual who at age 40 already has an impressive track record. Not only will he bring broad international experience at both corporate and divisional level to his new post, but he is also firmly committed to continuing our strategy of innovation.

At the start of 2008, Jürgen Schwiezer succeeded Severin Schwan as CEO of Roche Diagnostics, and Silvia Ayyoubi will today join Roche's Corporate Executive Committee as Head of Corporate Human Resources, becoming the first woman ever to serve on the CEC. I am particularly pleased that we were able to fill all three of these key positions with people from within our organisation.

I wish you all every success, and would now like to hand over to the new CEO of the Roche Group, Severin Schwan.