



Annual General Meeting
Roche Holding Ltd
5 March 2013

Address by Franz B. Humer
Chairman of the Board of Directors

(Check against delivery.)

Ladies and Gentlemen, Fellow Roche Shareholders

The healthcare sector again faced both challenges and opportunities last year, in the form of high levels of public debt (particularly in Europe) and sustained growth in the emerging markets of Asia and Latin America.

Roche posted excellent results for 2012 in this challenging, increasingly cost-sensitive environment. Our focus on medicines and diagnostic tools that deliver tangible benefits to patients and health professionals allowed us not only to maintain the solid growth of previous years, but to expand our strong market position in pharmaceuticals and diagnostics. And our strengths will become even more important in the future, as targeted, cost-effective treatments have a key role to play in overcoming today's healthcare challenges.

Following my presentation, our CEO Severin Schwan will summarise the key results of 2012 and describe the outlook for the current year.

I'll therefore touch only briefly on the 2012 results before moving on to strategic topics and changes on the Board and Corporate Executive Committee.

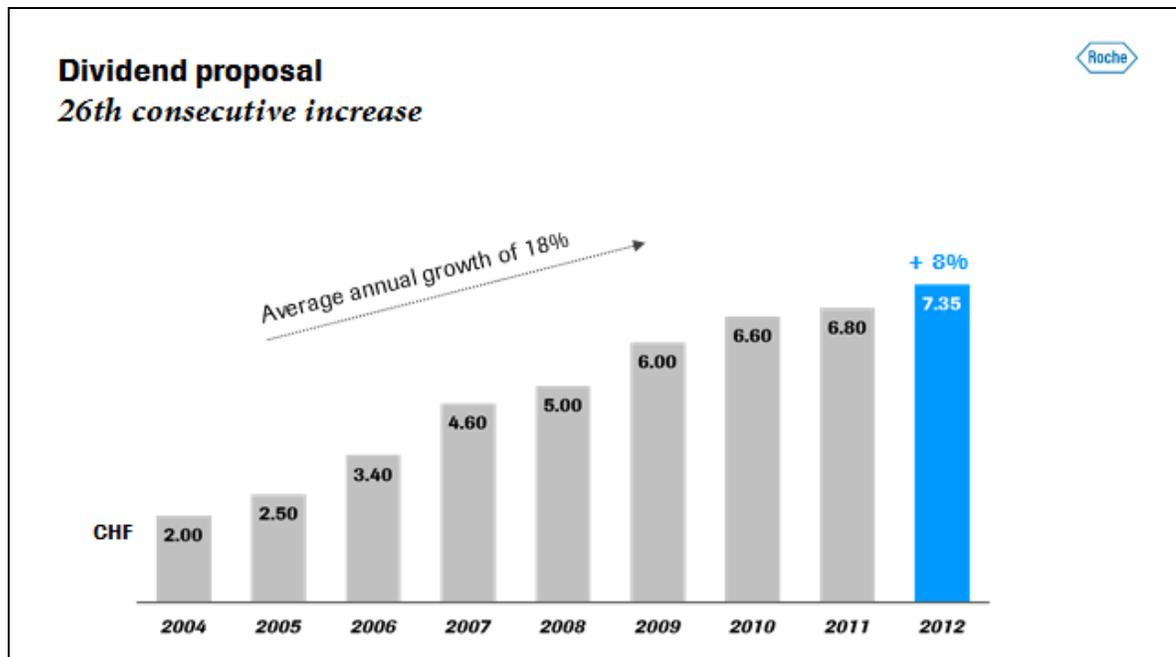
2012: Excellent results



Strong operating result	<ul style="list-style-type: none"> ▪ Sales in both divisions outpaced their respective markets ▪ Profitability further boosted - double-digit growth in core operating profit and core earnings per share¹
Product launches	<ul style="list-style-type: none"> ▪ New breast cancer drug Perjeta launched in the USA ▪ Kadcyca (T-DM1), the first in a new class of targeted cancer medications, submitted for regulatory approval (approved in the USA in February 2013)
Promising future	<ul style="list-style-type: none"> ▪ Very good progress for drugs in late-stage development ▪ New drugs as possible successors to MabThera/Rituxan

¹ In local currencies.

- Group sales increased 4% at constant exchange rates, while pharmaceutical sales were up 5%. Both Roche divisions grew faster than their respective markets.
- Strong sales growth and productivity gains had a very positive effect on our profitability: Once again, we achieved double-digit growth in core operating profit and core earnings per share.
- At +2%, net income rose only slightly, one reason being the restructuring costs associated with consolidating our global pharmaceutical research activities. As part of this move to optimise our organisational structure, the decision was made to close the US Roche site in Nutley, New Jersey, which for many decades played a pivotal role in Roche's success. This was a difficult but unavoidable decision. At the same time, we continued to expand our European research sites in Basel and in Penzberg, Germany.
- Very importantly for the future, we continue to make good progress with our product pipeline. Highlights include the approval of our breast cancer drug Perjeta in 2012, and last week's approval of Kadcyla (T-DM1) in the United States. Both of these medicines significantly improve survival in women with HER2-positive breast cancer.



Roche has increased its dividend in each of the last 25 years. In light of our strong performance in 2012, the Board of Directors is proposing an 8% dividend increase to 7.35 Swiss francs per

share and non-voting equity security (2011: 6.80 Swiss francs), making this the 26th dividend increase in as many years. (See agenda item 4.) This means that, if approved, more than half of our net income will be distributed to shareholders as dividends.

Given the positive outlook for our business, Roche expects to be able to raise the dividend once again for 2013.

Remuneration policy and the Minder initiative

As in previous years, the Remuneration Report will be put to a separate advisory vote at today's meeting (agenda item 1.2). You'll find the usual detailed presentation of the remuneration paid to members of the Board and members of the Corporate Executive Committee (CEC) on pages 132 to 145 of our Annual Report.

Executives' remuneration is set annually by the Board's Remuneration Committee based on clear-cut performance criteria. The Committee is chaired by Board Vice-Chairman Professor Bruno Gehrig and is made up entirely of independent directors. The pool of family shareholders is represented on the Committee by André Hoffmann.

Allow me to summarise the key points:

- Our Board's remuneration has remained unchanged for 12 years.
- For the first time, the report provides details on the clawback rule enabling the Remuneration Committee to reclaim (stock) options from CEC members under certain circumstances — for example in the event of serious misconduct resulting in damage to the company's reputation.
- Also new this year is a provision requiring that the CEO holds Roche shares and/or non-voting equities totalling at least two years' salary and that other CEC members' holdings total at least one year's salary for as long as they serve in these capacities.
- There will be no Performance Share Plan payout for the 2010 to 2012 performance cycle; that is, the non-voting equity securities reserved for this cycle will not be awarded. Payouts are based on overlapping three-year performance cycles, and it has been several years since the conditions for an award have been met.

As you know, last week a clear majority of voters and cantons voted in favour of the Minder initiative. So what will that mean for Roche?

We'll have to wait and see what legislation the Federal Council and Federal Assembly pass to implement the new constitutional amendment under Switzerland's company law. Once that happens, we'll modify our articles of incorporation accordingly.

The role and powers of the Annual General Meeting will change in the following significant ways:

- First: every director will stand for election *annually*. It's critical that the Board will not be weakened in its ability to exercise governance and oversight over management. Clearly, only a strong Board can represent the shareholders' interests properly.
- Secondly, the Chairman of the Board and members of the Remuneration Committee will be elected annually by the Annual General Meeting, and not as in the past by the Board.
- Thirdly: in future the Board's total remuneration and the CEC's total remuneration will be put to a binding shareholder vote every year.

There will of course be other changes. But the ones I've mentioned seem to me the most important in relation to Annual General Meeting's mandate.

As I said, once the resulting legislation is in place, Roche will of course comply in full and submit the necessary changes to the company's articles of incorporation to a vote by the shareholders. The deadlines and requirements for submitting agenda proposals will also be redefined.




4th time in a row
 named the world's most sustainable healthcare company
 (Dow Jones Sustainability Index)

8 475 000 000 Swiss francs
 invested in Research & Development

Roche recognises its obligations to you, the shareholders, and to *all* of the company's other stakeholders. By putting our operational and management focus on innovation and sustainable value creation and committing us to a transparent information policy, our corporate governance principles provide a solid basis for delivering on those obligations.

Our selection (once again) by the Dow Jones Sustainability Indexes (DJSI) as the world's most sustainable healthcare company is just one indication that we're on the right track. Roche was singled-out for this distinction for the fourth year in a row in 2012.

This rating recognises and honours our commitment to behaving ethically and responsibly and creating long-term value for all our stakeholders. We firmly believe that this promotes continued value creation and innovation.

Innovation for us means, first of all, investing heavily in research and development. We aim to continue delivering profitable, above-market growth by focusing on clinically differentiated products. That's why last year we spent over 8 billion Swiss francs on research and development — a figure matched by very few companies anywhere. In Switzerland alone, Roche employs

3,500 scientists/researchers and invests over 5 million Swiss francs *daily* in research and development.

External innovation – Illumina

Innovation for us also means being open to good ideas from outside the organisation. This is reflected in a global network of over 150 alliances — and in the targeted acquisition of promising technologies, compounds and know-how.

A year ago I reported to you about our plans to acquire Illumina, a company specialising in DNA sequencing technology.

As you know, we ultimately decided to terminate our acquisition bid. Illumina's management refused to budge from its inflated asking price, leaving us no choice given our clear investment criteria. Roche does not make acquisitions that don't create value. It never has, and never will.



Changes on the Board of Directors and CEC

Board of Directors	<p style="text-align: center; color: #0070C0; font-weight: bold;">Not standing for re-election</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Bruno Gehrig <i>Board of Directors 2004-2013; Vice Chairman</i></p> </div> <div style="text-align: center;">  <p>Lodewijk J.R. de Vink <i>Board of Directors 2004-2013</i></p> </div> </div>	<p style="text-align: center; color: #0070C0; font-weight: bold;">1st time standing for election</p> <div style="text-align: center;">  <p>Severin Schwan <i>CEO of the Roche Group</i></p> </div>
Corporate Executive Committee	<p style="text-align: center; color: #0070C0; font-weight: bold;">Since September 2012</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Daniel O'Day <i>COO of the Pharma Division; Member of the CEC</i></p> </div> <div style="text-align: center;">  <p>Roland Diggelmann <i>COO of the Diagnostics Division; Member of the CEC</i></p> </div> </div>	<p style="text-align: center; color: #0070C0; font-weight: bold;">As of April 2013</p> <div style="text-align: center;">  <p>John C. Reed <i>Head of Pharma Research pRED; Member of the Enlarged CEC</i></p> </div>

Now I'd like to touch on the changes on the Board of Directors and Corporate Executive Committee:

- Daniel O'Day has been Chief Operating Officer of the Pharmaceuticals Division since last September. Prior to that he headed the Diagnostics Division and over the course of many years served in a variety of other senior management roles.
- Also in September, Roland Diggelmann joined the Corporate Executive Committee as Chief Operating Officer of the Diagnostics Division. Prior to that, he most recently served as Regional Head of the Diagnostics Division's Asia-Pacific operations.

The fact that both new COOs are internal appointees is a reflection of our long-term succession planning. But there are exceptions to every rule:

- I am extremely pleased that we have been able to hire John C. Reed to head our Pharma Research and Early Development (pRED) organisation. A highly respected scientist in his own right, Mr Reed is currently CEO of the renowned Sanford-Burnham Medical Research Institute in San Diego, California. He will join Roche's Enlarged Corporate Executive Committee on 1 April.

As already announced, Professor Bruno Gehrig and Mr Lodewijk J.R. de Vink have decided not to stand for re-election to the Board at today's meeting. On behalf of the Board, I would like to thank both gentlemen for their outstanding contributions to the company's continued success during their long tenures as Roche directors.

Today the Board will propose the election of Roche CEO Severin Schwan as a new regular member of the Board of Roche Holding Ltd (agenda item 4).

Let me turn briefly now to my own plans. Once an executive turns 65, some law of journalism seems to demand that reporters continually ask when you're going to retire.

I've always been deliberately noncommittal about that. First, because I enjoy my work immensely. And second, because I've always thought that I should inform you personally of any such decision, and at a time of my choosing.

And so, Ladies and Gentlemen, I want to announce here and now that this will be my last year as Chairman of the Roche Group. I have informed the Board of Directors that I will not be

standing for re-election in 2014. There are three main reasons for this: I will turn 68 next year and have worked in the pharmaceutical industry for 40 years, 20 of which I've been with Roche. I'm not in favour of fixed terms of office – indeed, Roche's long tradition of maintaining continuity in its leadership has significant advantages in our short-term world – but new blood also brings fresh ideas.

The third and decisive reason for me not to seek re-election next year is that it's the right time from the point of view of the company. Our results in 2012 and the outlook for the coming years both show that Roche is in excellent shape.

Our systematic focus on innovation and personalised healthcare over the past decade is an ongoing success story. I'm certain that the new generation of leaders in our Executive Committee and on the Board of Directors will maintain this success.

As you see, Ladies and Gentlemen, I have chosen the Annual General Meeting in 2014 as the moment to step down quite deliberately. I'm looking forward to the next 12 months, and I intend to perform my duties as Chairman with enthusiasm and drive.

The Board has decided that my successor will also be a non-executive Chairman. Here, too, we will continue the practice we established five years ago and maintain the separation of the offices of Chairman and Chief Executive. I am certain that we will nominate a strong candidate for the chairmanship for your approval. We will inform you who this will be in autumn.

I've always been deliberately noncommittal about that. First, because I enjoy my work immensely. And second, because I've always thought that I should inform you personally of any such decision, and at a time of my choosing.

And so, Ladies and Gentlemen, I want to announce here and now that this will be my last year as Chairman of the Roche Group. I have informed the Board of Directors that I will not be standing for re-election in 2014. There are three main reasons for this: I will turn 68 next year and have worked in the pharmaceutical industry for 40 years, 20 of which I've been with Roche. I'm not in favour of fixed terms of office – indeed, Roche's long tradition of maintaining

continuity in its leadership has significant advantages in our short-term world – but new blood also brings fresh ideas.

The third and decisive reason for me not to seek re-election next year is that it's the right time from the point of view of the company. Our results in 2012 and the outlook for the coming years both show that Roche is in excellent shape.

Our systematic focus on innovation and personalised healthcare over the past decade is an ongoing success story. I'm certain that the new generation of leaders in our Executive Committee and on the Board of Directors will maintain this success.

As you see, Ladies and Gentlemen, I have chosen the Annual General Meeting in 2014 as the moment to step down quite deliberately. I'm looking forward to the next 12 months, and I intend to perform my duties as Chairman with enthusiasm and drive.

The Board has decided that my successor will also be a non-executive Chairman. Here, too, we will continue the practice we established five years ago and maintain the separation of the offices of Chairman and Chief Executive. I am certain that we will nominate a strong candidate for the chairmanship for your approval. We will inform you who this will be in autumn.

One thing is clear: Roche's Corporate Executive Committee and Board will continue to pursue a strategy focused on innovation as we strive to strengthen Roche's position as a global leader in healthcare and serve the interests of patients, healthcare professionals, our employees and you, our shareholders. My colleagues on the Board and I have great confidence in Roche's future.

And now I'd like to give the floor to Severin Schwan.

Thank you.