Annual General Meeting
Roche Holding Ltd
4 March 2014

Address by Severin Schwan
Chief Executive Officer

(Check against delivery.)

Shareholders, Ladies and Gentlemen,

I would also like to welcome you to this year's Annual General Meeting.

2013 was a very successful year for our company in every way. Today I'd like to address two topics:

- First: Our financial results for 2013 and the outlook for 2014.
- Second: Our new medicine for blood cancer. I'd like to tell you more about the success story of Gazyva.

Now for my first topic. On 30 January we provided a detailed briefing on our full-year performance. Allow me to summarise the key results:

Key results

2013: Excellent overall results

Financial targets reached

In billion CHF	2013	2012	Growth in % CHF	Growth in % local
Sales	**46.8**	45.5	+ 3	+ 6
- Pharma	**36.3**	35.2	+ 3	+ 7
- Diagnostics	**10.5**	10.3	+ 2	+ 4
Core operating profit	**17.9**	17.2	+ 4	+ 8
Core Earnings per Share (CHF)	**14.27**	13.49	+ 6	+ 10

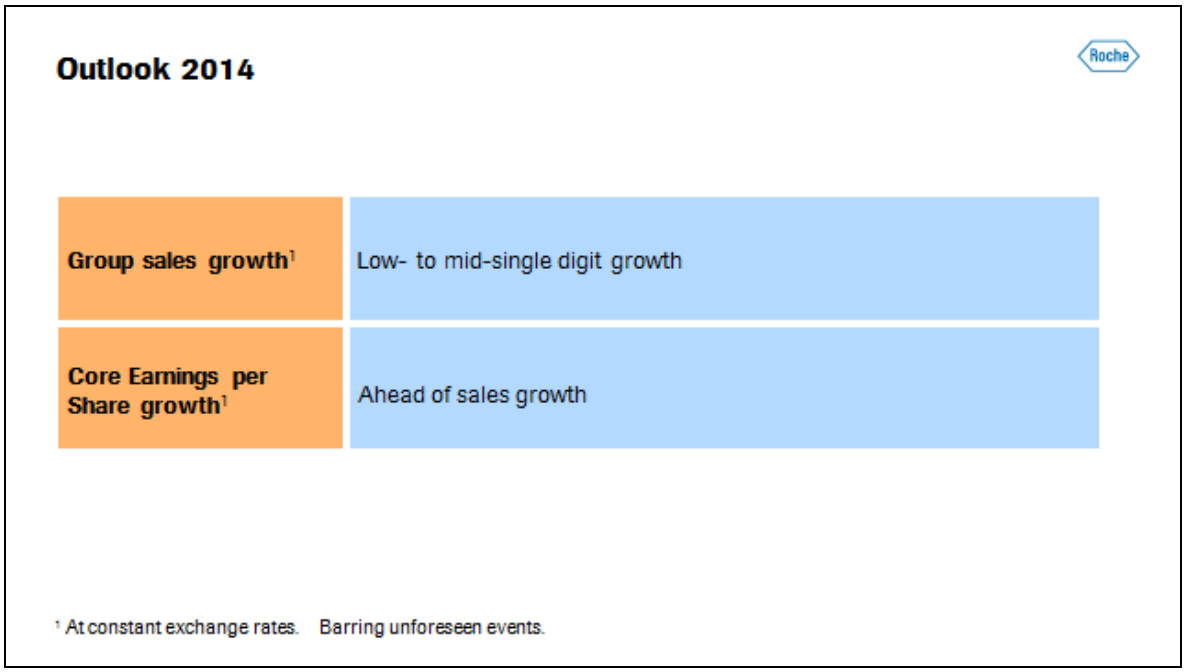
We not only met our financial targets for 2013, in some cases we even exceeded them:

- Group sales rose 6% (at constant exchange rates).
- Pharma sales rose by 7%, growing well ahead of the market. Established and newly introduced cancer products saw strong demand, as did medicines in our immunology and ophthalmology portfolios.
- Diagnostics sales again grew ahead of the global *in vitro* diagnostics market, with sales increasing by 4%. This growth was mainly driven by sales in Professional Diagnostics, the division's biggest business unit.
- Sales grew faster than operating costs, boosting core operating profit by 8%.
- Furthermore, core earnings per share rose by 10%. Here the key drivers were strong operating performance and lower financing costs thanks to a reduction in debt levels over the past year.

As you can see here, growth rates in Swiss francs fell due to unfavourable exchange rates.

So what is the (financial) outlook for 2014?

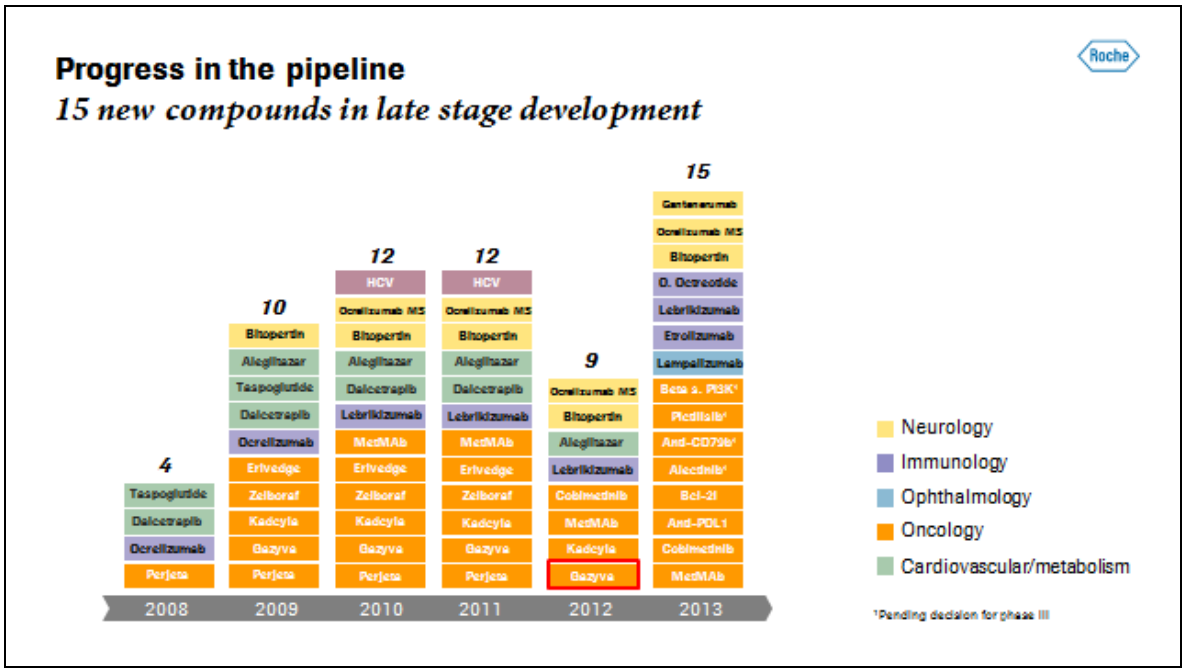
Outlook for 2014



In 2014, Roche expects low- to mid-single digit Group sales growth at constant exchange rates (despite the fact that two of our medicines, Xeloda and Valcyte, are going off patent). We are also aiming to once again grow Core Earnings per Share faster than sales growth.

Given these expectations, Roche also intends to continue its attractive dividend policy this year, as Mr Humer mentioned.

Pipeline

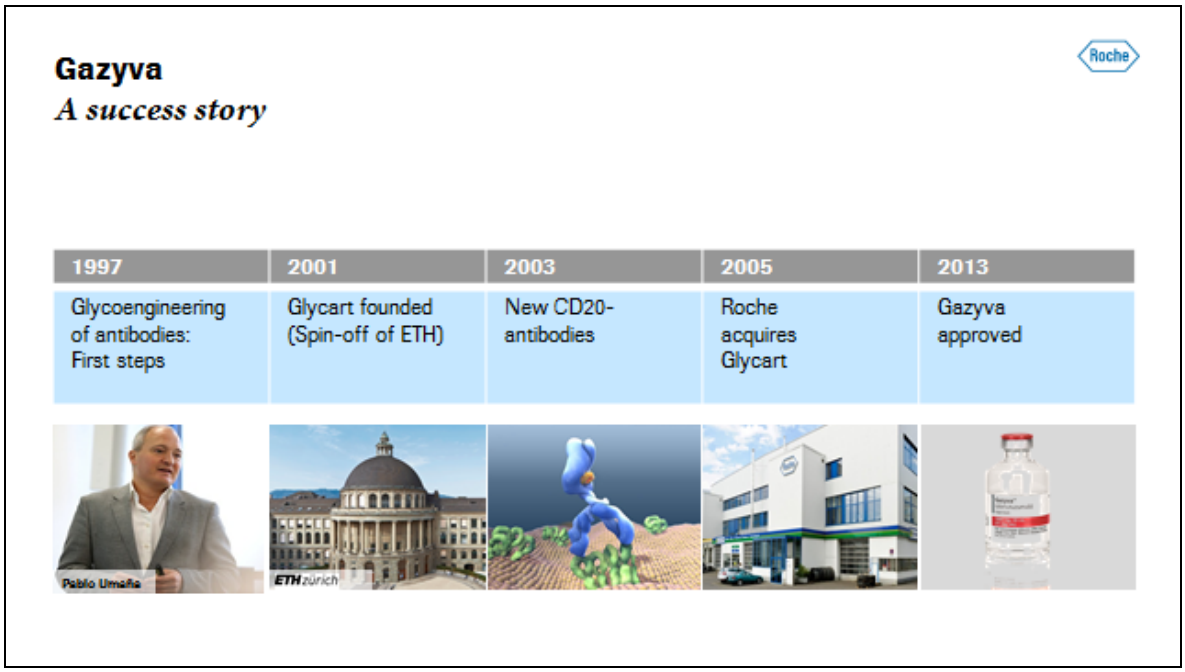


Our success is based on our steadfast pursuit of innovation. This means that developing our pipeline is crucial to our future success. By the end of 2012, there were nine new compounds in late stage clinical development. And by the end of 2013 there were 15 – more than ever before!

This brings me to my **second topic:** Gazyva. At the end of 2012, it was just another compound in the pipeline. By the end of 2013, however, it was making headlines. Gazyva is the first medicine with "Breakthrough Therapy Designation" to be approved in the United States.

But Gazyva is not only a medicine that was approved sooner than expected; it is also a medicine with a very special story.

Gazyva



Gazyva is a *Swiss* success story.

However, the story began twenty years ago in *California*. At that time the "father" of Gazyva, Pablo Umaña, was at the California Institute of Technology doing his doctoral research on the methods that would lead to the success of Gazyva today – the glycoengineering of antibodies.

Pablo switched to the ETH Zurich (Switzerland), where he continued his work. In 2001 he founded a small biotech company called Glycart as a spin-off of the ETH.

At that time it was already clear that monoclonal antibodies could be important weapons in the fight against cancer and other diseases due to their ability to specifically target and kill harmful cells.

Pablo Umaña and his team had discovered how to make antibodies even more effective through glycoengineering. In glycoengineering, sugar chains are modified on the antibodies to enable

them to better activate the immune system. In other words, immune cells are lured into fighting the tumor with antibodies that have been “sweetened”.

But Pablo didn’t want to test the method on just any antibody. Like many before him, he wanted to find a molecule that would have the potential to improve upon Roche’s leading medicine MabThera/Rituxan, an antibody to fight blood cancer.

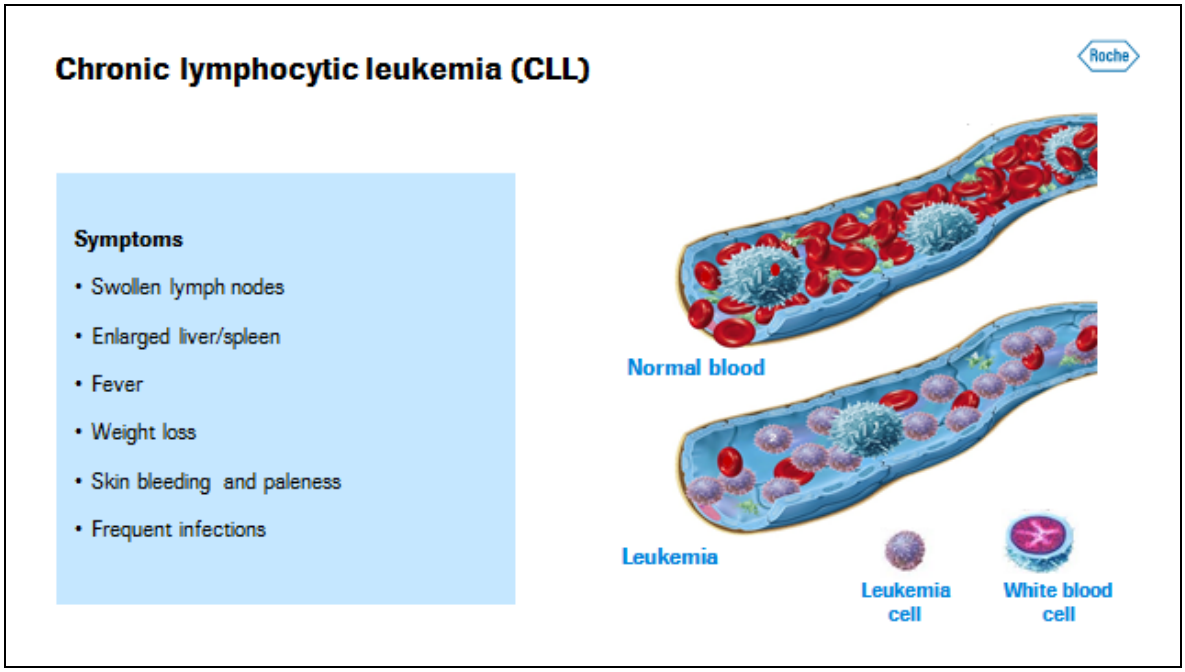
(MabThera/Rituxan generates annual sales of 7 billion francs, making it Roche’s top-selling drug. To date, three million patients have been treated with MabThera.)

Pablo’s risk-taking strategy paid off: Just two years later (in 2003) he discovered an antibody that could be modified via glycoengineering. Just like MabThera/Rituxan, this antibody also binds to the protein CD20, which is highly prevalent on the surface of malignant B-cells (white blood cells).

Only very few people believed in the success of another CD20 antibody, and glycoengineering was also viewed with scepticism. But this wasn’t the case at Roche – our scientists recognised the lifesaving potential of this method early on. In 2005 we acquired Pablo’s small start-up company in Schlieren near Zurich.

What is it that makes Gazyva so special? Why did the FDA grant it “Breakthrough Therapy Designation” and approve ahead of schedule?

To answers these questions I first have to give you a clinical overview of the disease it fights.



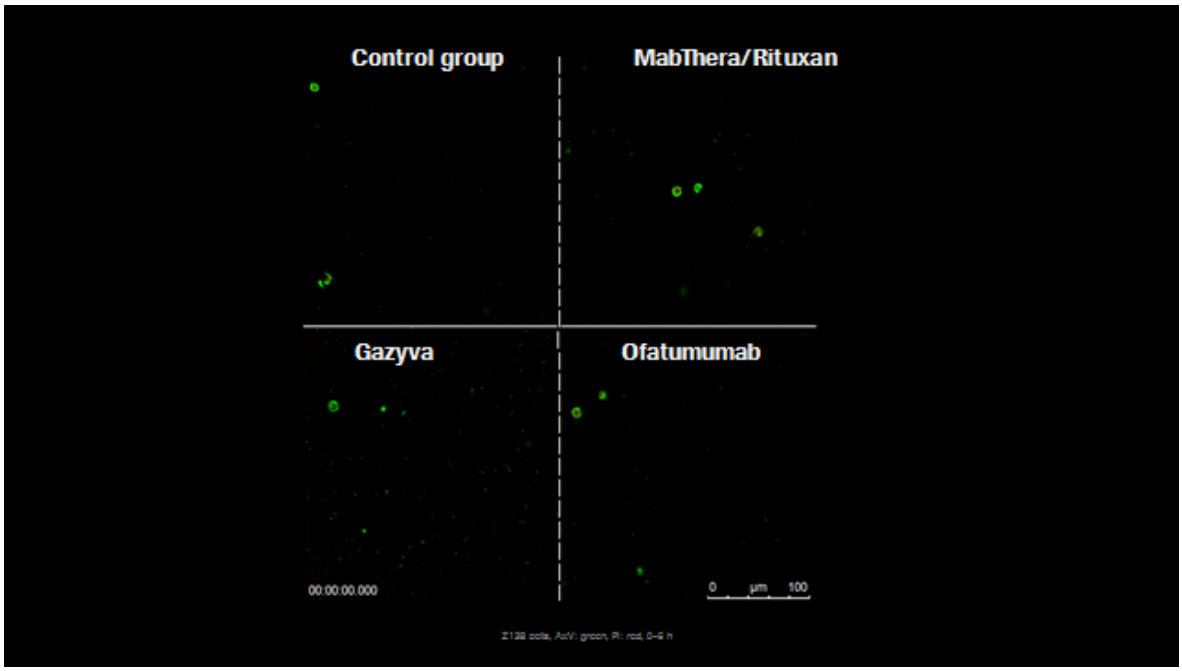
Chronic lymphocytic leukemia (CLL) is one of the most common types of blood cancer, typically affecting older people. Around 75,000 people die every year from this form of leukemia worldwide.

The disease develops stealthily and is often only discovered by chance before symptoms appear. These symptoms include swollen lymph nodes, enlarged liver or spleen, fatigue, fever, bleeding, and frequent infections.

CLL leads to a large mass of abnormal, malignant white blood cells that crowd healthy blood cells out of the circulatory system, thereby reducing their numbers (you can see this on the right side of the picture here).

White blood cells protect the body against infection. But cancerous white blood cells don't work properly, so patients suffer from frequent infections, (that can ultimately lead to their death.)

Gazyva is a breakthrough that represents great progress. The following short film speaks for itself:



Here we're looking through a microscope at four petri dishes containing the same cancer cells and three different antibodies – Gazyva, MabThera/Rituxan and a competitor's product. (The fourth petri dish is the control group.)

We've added two colours for visualization purposes: Green lights up when an antibody finds a cancer cell and docks to it. Red lights up when an antibody kills a cancer cell. (So red is the colour we want to be seeing – in this experiment, red means "good".)

Please pay close attention to the petri dish on the lower left-hand side, the one with the Gazyva antibodies.
(Film)

This time lapse film impressively illustrates Gazyva's special strength – its antibody not only accurately homes in on cancer cells, its kills them with astounding efficacy.

But what does this mean for CLL patients and their families, in concrete terms? To answer this question, let's have a look at some truly impressive pictures.

American patient Tommy Lamb was one of the first people in the world to take part in the Gazyva study. As you can see, his cancer had caused his lymph nodes to swell up, especially on his neck.

Tommy was unrecognizable a mere 24 hours after taking his first dose of Gazyva: His lymph nodes, swollen with leukemia cells, had shrunk visibly. Tommy is still doing well today.

A full 30% of study participants showed no signs of leukemia at the end of their treatment cycle. These results made waves not only in the scientific community but also at Roche and its smallest Swiss site, in Schlieren.

Ladies and Gentlemen,

This is what we mean when we say excellence in science for the benefit of patients.

Our current strengths and strong outlook for the future are due in no small part to the contributions of our Chairman of the Board, Franz B. Humer. Under his management, Roche has become a leader in biotechnology, oncology and *in vitro* diagnostics.

Mr Hoffmann will later pay tribute to Franz and his accomplishments, but let me also take this opportunity to extend my thanks to him – both personally, and on behalf of the Executive Committee and all Roche employees.

Roche is in great shape: We have a clear strategy focused on Pharma and Diagnostics; we are financially robust; we have one of the most promising product pipelines in the industry, and we have outstanding employees, who I'd like to thank for their extraordinary service and dedication.

And with that I once again hand the floor to Franz Humer.