Annual General Meeting
Roche Holding Ltd
14 March 2017

Address by Christoph Franz
Chairman of the Board of Directors

(Check against delivery)

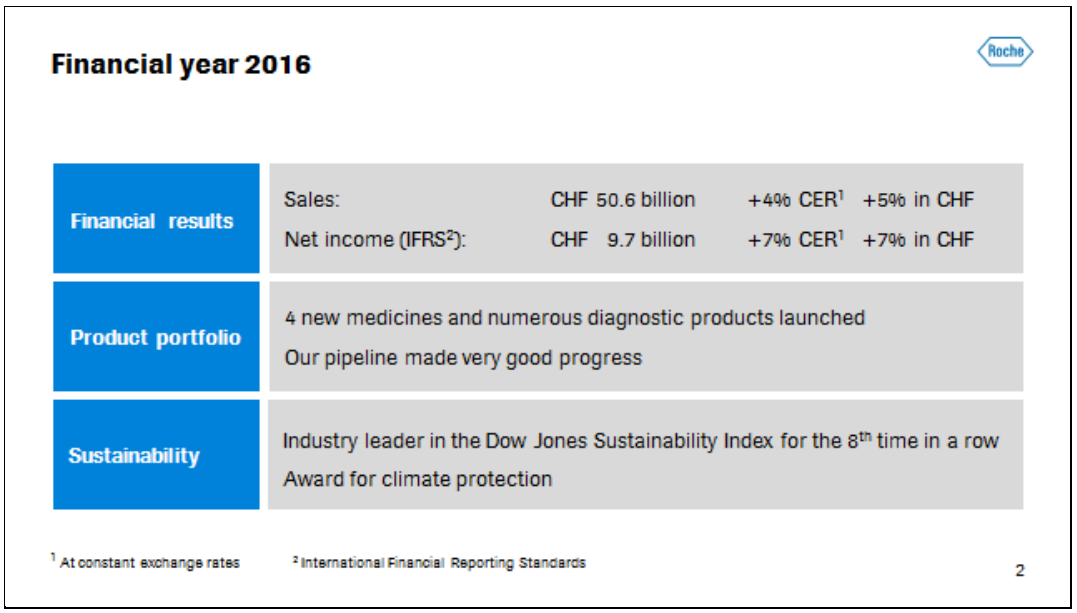
Dear Shareholders, Ladies and Gentlemen,

I found an event on rare diseases, which I recently attended here in Basel, particularly moving. Parents of children with very unusual genetic disorders recounted how every day is a battle to care for and support their child as well as possible. They also pin great hopes on the research and development of new medicines, because very few of these 6,000 or more rare diseases have effective therapies or any prospect of a cure. Although over 300 million people throughout the world suffer from these conditions, far too little research is being done. Nevertheless, time and again there are successes in this area. I am very pleased to note the contribution made by our research teams – such as a new medicine to treat haemophilia A, a blood-clotting disorder of genetic origin.

This is what Roche is all about, and what our more than 94,000 employees are working on every day: helping people with serious, life-threatening diseases improve their quality of life, extending their lives and, when possible, curing patients.

2016 was an excellent year for Roche particularly in terms of research and development. I'd now like to summarise the most important Group results achieved last year. At the end of my presentation, Severin Schwan will report on our progress in greater detail.

2016 financial year: key results in brief

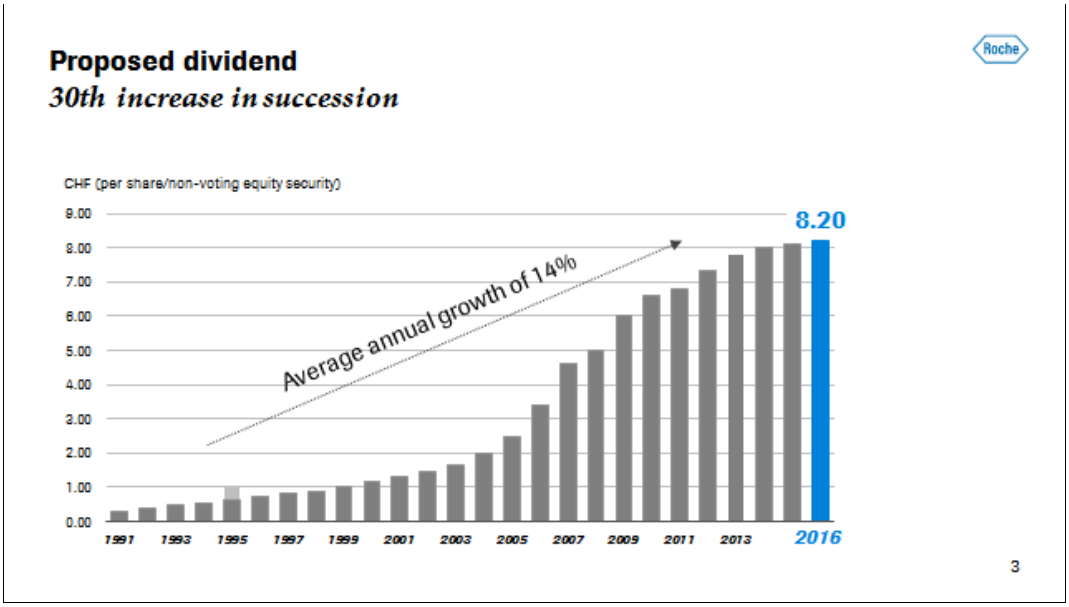


We generated good financial results in 2016. Group sales increased by 4% at constant exchange rates and by 5% in Swiss francs to CHF 50.6 billion. Net income also increased. In Swiss francs and at constant exchange rates, it rose by 7% to CHF 9.7 billion – despite continued investments in our product pipeline and launch costs for new products.

2016 was an extraordinarily successful year in terms of the many products we have launched. We have been able to provide new therapies to help patients suffering from bladder cancer, lung cancer and leukaemia. In addition, we have further strengthened our *in vitro* diagnostics portfolio with new, fully automated instruments and key tests. Furthermore, our product pipeline made excellent progress. Mr Schwan will talk about this in more detail.

It is also gratifying to see our efforts in the area of sustainability acknowledged – Roche having been listed as the top healthcare company in the Dow Jones Sustainability Index for the eighth time in a row. First and foremost, I see this as a commitment to continue operating our business holistically, with a long-term perspective, whilst recognising our social and environmental responsibility.

Proposed dividend



As previously announced, the Board of Directors has decided to propose to you a dividend of CHF 8.20 per share and non-voting equity security. Subject to your approval, this will be the 30th increase in succession.

Given the positive business outlook, we should be able to increase the dividend again in the current year.

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2017 is set to be an exciting but also challenging business year for Roche:

- On the one hand, we are expecting the first imitator products for biotechnologically produced medicines, known as biosimilars, to enter the market. In EU countries, this affects two of our best-selling medicines – MabThera/Rituxan and Herceptin. It's important to emphasise that this is part of our business model. When patents expire, it is normal and right for cheaper imitator products to come onto the market. The resultant savings mean that new and better therapies can be paid for. This is the only way a healthcare system can be sustainably financed.
- But, on the other hand, the fact that we know patents are going to expire in the foreseeable future means it's crucial for us to keep on improving the standard of care. At the end of March, for example, we are expecting the US Food and Drug Administration to make an important decision on whether to approve our new medicine Ocrevus for multiple sclerosis (MS). This, incidentally, is the first drug which is also effective against the rapidly progressing form of MS. And this year, we are awaiting a number of key results of clinical trials – in ophthalmology and cancer immunotherapy. Just two weeks ago, the results of one of the biggest cancer studies ever (called APHINITY) were announced. I am delighted that our new combination therapy of Perjeta and Herceptin for early breast cancer has proved superior to the existing standard of care. It means we are able once again to reduce the risk of this cancer returning. This is great news for women affected by breast cancer and their families, for their doctors and of course, for Roche.

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Shareholders,

There are two central questions which touch on the future of our company:

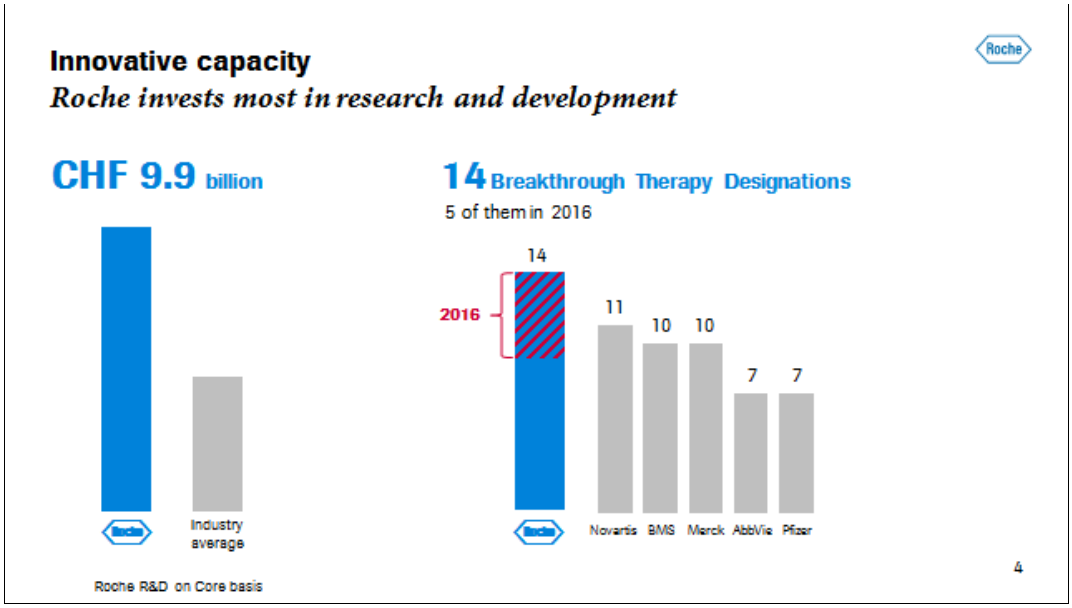
1) How do we safeguard our **innovative capacity** over the long term? In other words, how can we keep coming up with ground-breaking products?
2) How can we ensure that patients have **access** to the latest medicines and diagnostics?

I'd now like to consider both these questions in more detail.

Maintaining and fostering innovative ability

First, let's look at the theme of innovative ability. As mentioned at the start, there are countless unsolved medical problems – not just rare diseases in children. We are committed to conducting research in this field, and in other areas of great medical need.

Critical mass in research and development, and a culture of innovation



The profitability of Roche allows us to invest almost CHF 10 billion – a fifth of our turnover – in research and development. This is significantly more than any other healthcare company.

Our pharmaceuticals pipeline which currently contains 75 new active substances covers a wide range of treatments – from projects with a relatively high probability of success, such as in the already quite well-researched field of cancer, via immunology and infectious diseases through to neurology (Alzheimer's and other diseases), where the current state of knowledge of the causes of disease is approximately where we were at in oncology 20 years ago. In neurology, where the development risks are high, only a company the size of Roche can cope with the financial consequences when there are setbacks in clinical trials.

I am aware that size alone does not guarantee ground-breaking products; innovation cannot be produced to order. That's why it's important for us to have the right corporate structure and culture so as to provide the best environment for our employees. Our decentralised organisation

with independent research units – at Roche, Genentech and Chugai – permits a variety of approaches and allows scope for creativity.

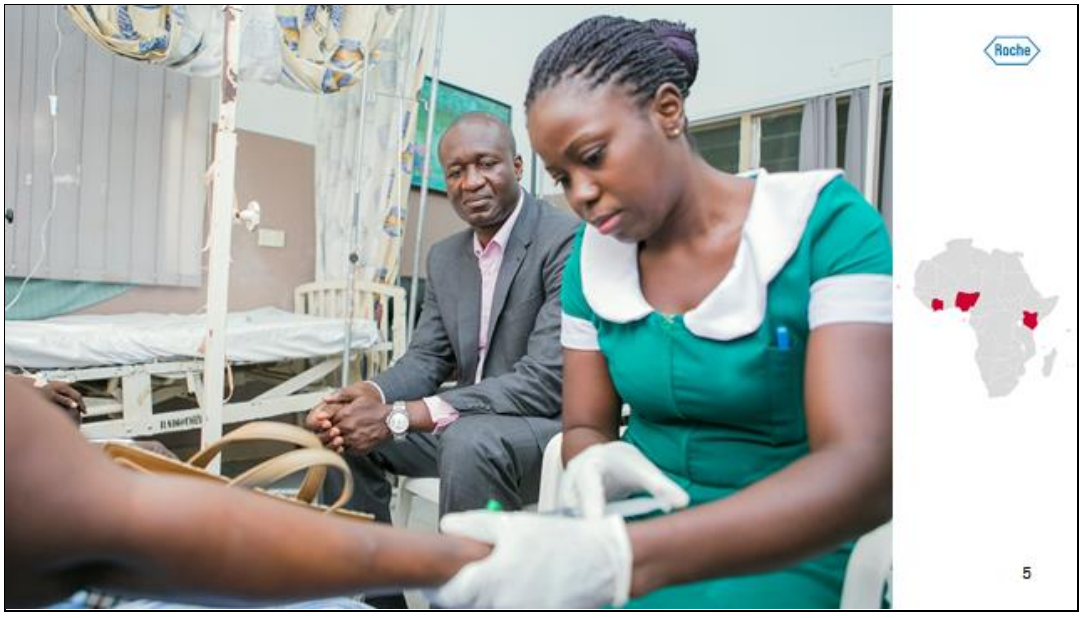
The external recognition of our development pipeline by the US Food and Drug Administration is one indication that we are on the right path. In 2016 alone, for instance, five projects were granted Breakthrough Therapy Designation. Since 2012, as many as 14 have been recognised in this way – more than any other company. "Breakthrough Therapy Designation" means that the medical value of the respective active substance is potentially very large, and that approval will therefore be accelerated.

One reason for these successes is that our personalised healthcare strategy is firmly focused on the benefit to the individual patient.

Access to medicines and diagnostics

Innovations are and will remain at the heart of our value creation. However, I cannot repeat often enough that they are useless if they don't actually get to the people who need them. This brings me to my *second topic*: how we are helping more people gain access to good healthcare.

Countries with low and middle incomes



Last autumn, I had the opportunity to travel to three sub-Saharan countries – Kenya, Nigeria and Côte d'Ivoire. While there, I visited hospitals and talked to governments, doctors and patients.

Africa is a good example in terms of healthcare provision to demonstrate what I'm talking about:

1) There isn't a "global" solution. We need to find tailored, local solutions for each country – from establishing the medical infrastructure through to funding – so that more people can be treated.
2) Healthcare companies like ours cannot overcome this challenge alone; partnerships are required. In Kenya, for instance, we are working with the government and private organisations, and last year we signed several memoranda and agreements. However, the important thing in my view is what is actually implemented. I am pleased that in 2016 we already installed state-of-the-art cancer diagnostic tools in Kenya, and that new oncologists are now being trained with our support – at present there are only six public-sector oncologists in the whole country, for over 44 million inhabitants!

The global *Access Accelerated* Initiative, which Roche was privileged to help launch in January this year, heralds a forward-looking new kind of cooperation. For the first time, 22 major healthcare companies have come together to combat chronic diseases in developing countries. Our partners are the Union for International Cancer Control (UICC) and the World Bank, and our initial focus is on setting up modern cancer centres in three cities with populations of at least one million (Cali in Colombia, Yangon in Myanmar, and Asunción, the capital of Paraguay).

(High-income countries)

Even in Europe (or in the USA), access to the latest medicines and diagnostic tests cannot always be taken for granted. Prices and the ability to pay are emotive topics and the subject of intense public debate.

Here, we are trying to accommodate healthcare payers by offering innovative reimbursement models based on the therapeutic benefits of a medicine. We have already tried out such models in a number of European countries.

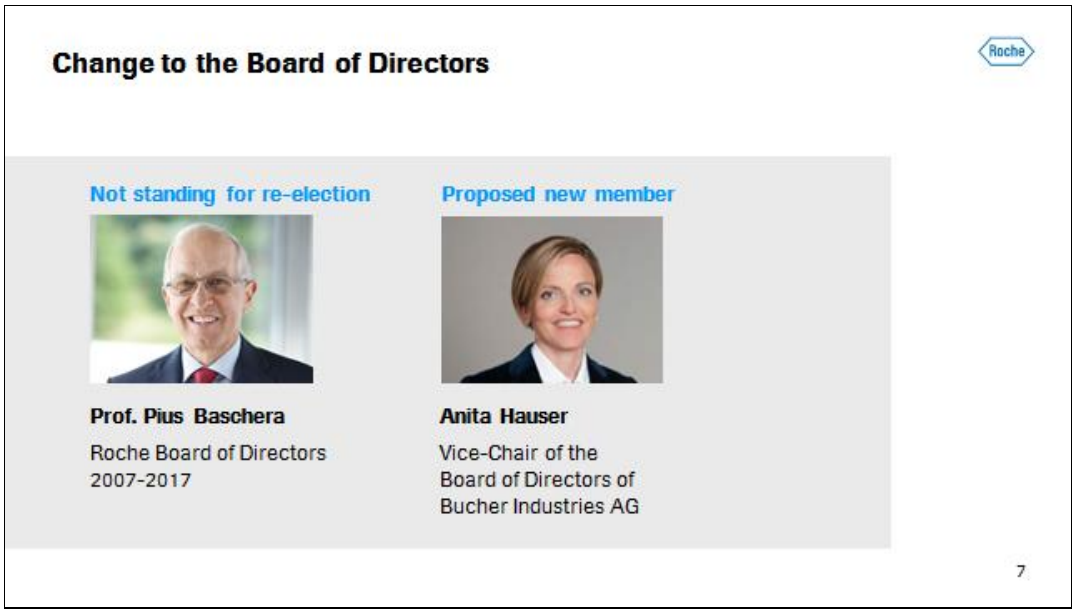
Our Swiss marketing organisation is one of the pioneers in this respect. It has already worked with the authorities and health insurers to introduce a flexible billing model for three new medicines/combination therapies, thus ensuring that patients have access to the latest treatments. For example, our breast cancer medicines Herceptin and Perjeta are billed differently in Switzerland depending on whether they are used as monotherapy or as a combination therapy.

Roche is willing to align the reimbursement cost much more closely with the value/benefit of the medicine in the respective treatment context. This will become even more important in the future, because the number of combination therapies is set to rise sharply, especially in oncology.

Access to medicines and innovative ability are topics that will continue to present challenges for us in the years ahead.

Change to the Board of Directors

In closing, I would like to draw your attention to a change to the Board of Directors. As previously announced, after ten years on the Board, Professor Pius Baschera has decided not to stand for re-election. During his many years as a director, he has contributed significantly to Roche's success, including whilst serving on the Corporate Governance and Sustainability Committee. On behalf of the entire Board of Directors, I would like to thank him most sincerely.



I am delighted to be able to propose Anita Hauser, a successful Swiss business leader, as a new member of the Board of Directors. She is vice-chair of the Board of Directors of Bucher Industries AG – a globally active Swiss engineering company. Ms Hauser has gained considerable business experience at several international companies, particularly in marketing and sales.

Shareholders,
I am confident that Roche is in a good position, thanks to our innovation-focused strategy. We rely on long-term solutions and partnerships so that the largest possible number of people can benefit from our innovative products. Your support continues to make all the difference. On behalf of my colleagues on the Board of Directors and myself, I would like to thank you for your confidence in us.

Before handing over to Severin Schwan, I would also like to thank the Corporate Executive Committee and our 94,000-plus employees most sincerely for their successful work and tireless efforts.

Thank you very much!

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