



**Annual General Meeting
Roche Holding Ltd
1 March 2016**

Address by Christoph Franz
Chairman of the Board of Directors

(Check against delivery)

Shareholders, Ladies and Gentlemen,

Over the past few months, I've had a number of opportunities (e.g. on visits to our affiliates) to discuss healthcare and the role of Roche with government representatives, particularly from emerging countries. These discussions have once again brought home to me two fundamental points:

- (1) Despite major advances in the diagnosis and treatment of serious diseases, there remains an immense unmet medical need. Both in the industrialised world and in Asia, Latin America and Africa, not just viral infections but especially also chronic conditions such as cancer, diabetes, rheumatoid arthritis and Alzheimer's disease are increasing rapidly. This places a heavy burden not only on the patients concerned and their families, but also on healthcare systems.
- (2) Although patient care is improving in some parts of the world – thanks not least to cooperation at the local level between authorities and industry – access to quality healthcare is still a major challenge in many countries. The barriers include a lack of facilities for screening, diagnosis and treatment, a lack of disease awareness, and inadequate basic infrastructure, including appropriately trained healthcare professionals.

Our main goal continues to be the pursuit of scientific excellence with the aim of improving patients' quality of life and, if possible, extending their lives. With our diagnostic tests and medicines, we can make a significant contribution to meeting current healthcare challenges. But, as a leading healthcare company, we also share a responsibility to remove barriers that prevent people from accessing quality healthcare.

Today, I'll be considering both of these topics in more detail. But first I'd like to briefly mention the most important results and highlights of the business year 2015. Severin Schwan will then present the key financial data and summarise our progress in research and development.

2015 Group results and highlights

2015 Group results





Group sales	CHF 48.1 billion	(+5% at CER, +1% in CHF)
Net income (IFRS)	CHF 9.1 billion	(+4% at CER, -5% in CHF)



Product pipeline: excellent progress



Dow Jones Sustainability Index
Global healthcare sector leader for 7th year in a row

CER: Constant exchange rates.

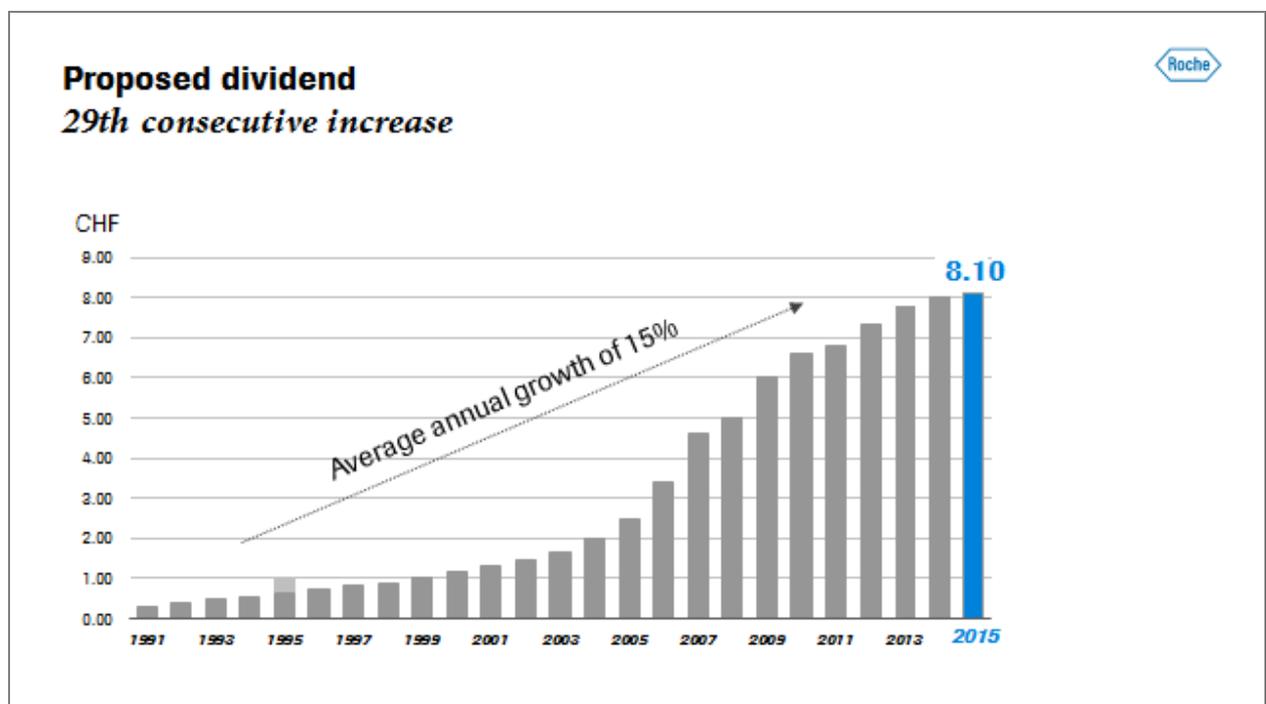
2015 was a highly successful year for Roche both in terms of achieving financial goals and in terms of progress in R&D:

- Group sales rose to CHF 48.1 billion, an increase of 5% at constant exchange rates and 1% in Swiss francs – due to the marked strengthening of the Swiss francs against the euro in particular.
- IFRS net income increased 4% at constant exchange rates to CHF 9.1 billion, but declined 5% in Swiss francs terms due to the negative currency impact.
- Particularly important for Roche’s long-term future is the fact that we made excellent progress with our product pipeline last year:
 - In Diagnostics, 14 new products (devices and diagnostic tests) were launched in key areas – molecular diagnostics, but also a new tissue diagnostics system.
 - In Pharmaceuticals, we made significant advances not only in the promising field of cancer immunotherapy, but also in new therapeutic areas such as neuroscience. A particular highlight were the excellent results achieved in clinical trials of our multiple sclerosis treatment ocrelizumab. (Mr Schwan will discuss this in more detail.)
 - The FDA has now granted breakthrough therapy designations for a total of 12 Roche medicines, including four in 2015 alone and three in the year to date – more than for

any other healthcare company. This recognition reflects the high degree of innovation of our R&D at Roche, Genentech and Chugai.

We are also proud of the various awards we have received in the area of sustainability. In 2015, for example, Roche was ranked as the global healthcare sector leader in the Dow Jones Sustainability Index for the seventh year in a row. For us, sustainability not only involves environmental and social responsibility – we see it above all as a driver of innovation and value creation, and thus of long-term business performance.

Proposed dividend



The success of our past efforts in this area is reflected, for example, by the fact that Roche has continuously increased the dividend paid over the last 28 years. In the light of our strong performance in 2015 and the positive outlook, the Board of Directors – as previously announced – is proposing, under point 4 of the Agenda, a dividend increase to CHF 8.10 per share and non-voting equity security. Subject to your approval, this will be the 29th consecutive dividend increase.

Given the positive outlook for our business, we expect to see a further dividend increase for the current year.

Advancing personalised healthcare

In the 120 years since the company was founded, Roche has repeatedly re-invented itself. Can anyone testify to this better than the family representatives on the Board of Directors – André Hoffmann and Dr Andreas Oeri – who have now been following and helping to shape our activities for 20 years? For this, they deserve our sincere thanks!

Because scientific advances can only be planned to a limited extent, it will remain impossible to fully predict the future direction of an innovation-focused company like Roche. By following science where it leads, we intend to maintain a flexible and forward-looking approach for the next 120 years.

Last year, Roche invested CHF 9.3 billion in R&D (that's around CHF 35 million per working day!) – more than any other healthcare company worldwide. We see significant opportunities particularly in the rapid growth of knowledge concerning biology and the development of diseases: a deeper understanding of the pathogenetic mechanisms operating in the body and in cells enables us to develop more targeted therapeutic products.

(Advancing personalised healthcare) Also important in this connection are companion tests which make it possible to identify patients most likely to respond to a specific treatment. Two thirds of our medicines in late-stage development now have accompanying diagnostic tests. This helps us to optimise the benefit for patients and ensure more efficient use of healthcare resources. Here, we see enormous potential – especially in an increasingly cost-conscious environment.

(The third dimension: healthcare IT, with external partnerships) We therefore intend to build on our leadership in personalised healthcare. Here, the combination of diagnostics and medicines will remain extremely important. But now, with the “digitisation of healthcare”, there is also a third element or dimension – “big data”! Essentially, this involves the systematic collection and analysis of huge amounts of real-world data, providing valuable information on experience with our medicines in practice. It also involves linking this data with our own internal data from

clinical studies. Our aim is to transform the wealth of medical data into valuable knowledge, not only for research, but also to facilitate the selection of therapies for individual patients.

This is a major challenge for us, as traditionally our strengths have been in medicine and in science, rather than in information technology. So it makes sense for us to pursue partnerships with specialised companies.

Last year, we agreed to collaborate closely with the Boston-based company Foundation Medicine in the field of molecular information and genomic analysis. And in January this year, we announced a partnership with the New York-based company Flatiron Health, a leader in the delivery of high-quality data on cancer care. By combining our strengths in oncology with state-of-the-art IT, we will be able to further advance our research on new medicines and support for treatment decisions.

Speaking of IT, we are also significantly upgrading our IT capacity here in the Basel region: while Building 1 has already become an integral part of Basel's cityscape, a new IT innovation centre is being constructed at our Kaiseraugst site, with four buildings accommodating a total of 1,300 employees.

Access to medicines and diagnostics



Ladies and Gentlemen,

Research, development and production are not enough to ensure that our business remains sustainably successful. Our products must also be accessible. It's important to us that therapies reach all the patients who need them, and we share a responsibility to make this possible. "Ensuring healthy lives and promoting well-being for all" is, incidentally, one of the goals adopted by UN member states last September as part of the 2030 Agenda for Sustainable Development.

(Public-private partnership) Of course, in each case, primary responsibility for establishing and maintaining a functioning healthcare system rests with the state. In many countries, the latest medicines and diagnostics are universally available, while elsewhere even the most basic items are lacking.

Here, our approach is to work together with numerous partners to develop local solutions adapted to specific needs. In 2015, for example, we commenced a number of initiatives in Africa, focusing on four key areas: increasing awareness, strengthening infrastructure, improving affordability and delivering innovation.

Last year – in partnership with the Joint UN Programme on HIV/Aids (UNAIDS) – we also launched the HIV Global Access Programme to make advanced diagnostic tests available in eligible low- and middle-income countries, thus improving the quality of HIV treatment. This programme covers 82 countries and almost 90% of the global population of people infected with HIV.

(New pricing models) We are also exploring the use of new pricing and access models, tailored to each individual healthcare system, to facilitate access to our products. Fundamentally, we want the price of our medicines to be clearly linked to the benefits they deliver. If we can offer appropriate benefits – extending life (in cancer, for example), improving the quality of life – then I'm convinced that patients and society as a whole will be prepared to pay for these benefits.

While existing reimbursement models are generally based on uniform pricing, with personalised reimbursement models the price of a medicine depends on the benefits it delivers for the individual patient. This approach is currently being increasingly widely adopted across Europe.

Problems arise in low-income countries, where (for the most part) people simply cannot afford our relatively costly medicines. We are proud that Roche is one of the first companies to have established a differentiated pricing policy in developing regions. By increasingly adjusting our prices in line with purchasing power, we have significantly improved access to medicines. A key point, lastly, is that new medicines do not automatically give rise to additional costs. At the same time, of course, patents expire on older medicines, which then become much cheaper. As a result, in recent years, costs have decreased dramatically in entire therapeutic areas, for example in metabolic disorders. This is possible precisely because generics companies do not invest in R&D.

Roche does not sell generic products. We remain committed to the development of innovative, medically differentiated medicines and state-of-the-art diagnostics. The most important task for management at Roche is thus to maintain our capacity for innovation in the future.

Changes to the Board of Directors and the Corporate Executive Committee

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Board of Directors	<p style="color: #0070C0; margin: 0;">Leaving the Board</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Dame DeAnne Julius </div> <div style="text-align: center;">  Professor Beatrice Weder di Mauro </div> </div>	<p style="color: #0070C0; margin: 0;">Proposed for election</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Julie Brown <i>CFO Smith & Nephew</i> </div> <div style="text-align: center;">  Dr Claudia Süßmuth Dyckerhoff <i>Senior External Advisor McKinsey, formerly Senior Partner Healthcare Systems & Services in Asia</i> </div> </div>
CEC	<p style="color: #0070C0; margin: 0;">Retirement</p> <div style="text-align: center;">  Silvia Ayyoubi <i>Head of Group Human Resources</i> </div>	<p style="color: #0070C0; margin: 0;">From March 2016</p> <div style="text-align: center;">  Cristina Wilbur <i>Head of Group Human Resources</i> </div>

Shareholders,

In conclusion, I would like to take this opportunity to draw your attention to a number of changes to the Board of Directors and the Corporate Executive Committee.

In addition to the re-election of existing members, there are to be some changes in the membership of the Board of Directors. As you are already aware, Dame DeAnne Julius, a member of the Board since 2002, and Professor Beatrice Weder di Mauro, a Board member since 2006, have decided not to stand for re-election at today's AGM. Both have made extraordinarily valuable contributions over many years to the company's successful development. On behalf of the Board of Directors, I would like to extend our sincerest thanks to them.

I am delighted to be able to propose Julie Brown and Dr Claudia Süssmuth Dyckerhoff as new members of the Board of Directors. Both have a wealth of international management experience. As Chief Financial Officer of the British medical technology company Smith & Nephew, Julie Brown has extensive knowledge of sales and finance in the healthcare industry. Claudia Süssmuth Dyckerhoff is an External Senior Advisor to the consulting firm McKinsey & Company, where, as a Senior Partner, she has been Leader of the Healthcare Systems & Services Practice in Asia.

With their broad international experience, both of these candidates are ideally suited to serve as new members of the Roche Board of Directors.

I'd also like to announce a change in the membership of the Corporate Executive Committee. Silvia Ayyoubi has decided to retire following today's AGM. She joined Roche in 1987 and held several positions of growing responsibility in human resources. She has been Head of Group Human Resources and a member of the Corporate Executive Committee since 2008.

Silvia Ayyoubi has created and led an effective global HR function, enabling Roche to attract and develop the most talented people worldwide. In addition, she and her team have played a key role in integrating a variety of smaller and larger companies into the Roche Group. On behalf of the Board of Directors, I thank Silvia Ayyoubi for the outstanding contributions she has made during her almost 30 years with Roche – many thanks, Silvia!

To succeed Silvia Ayyoubi as Head of Group Human Resources and member of the Corporate Executive Committee, the Board of Directors has appointed Cristina Wilbur. She most recently served as Head of Human Resources for the Diagnostics Division – also a member of Silvia Ayyoubi’s management team. Cristina Wilbur joined Roche in 2002 and was the Head of Human Resources for the Diagnostics Division in the United States from 2006 to 2010. I’m delighted that we’ve thus managed to secure the services of one of our own executives for this position – a clear indication of the quality of our internal talent pool.

Shareholders,

Since the company was founded 120 years ago, Roche has always questioned the status quo and set new standards. For us, shaping the future still means harnessing the dedication of all our employees and, with entrepreneurial courage and strategic insight, continuously developing our products and markets worldwide – for the sake of our long-term business performance and above all the welfare of our patients.

Before I hand over to Severin Schwan, I’d like to take this opportunity to express my sincere thanks to the Corporate Executive Committee and to our more than 91,000 employees worldwide – on behalf of the Board of Directors and I’m quite sure also on your behalf, Ladies and Gentlemen – for what they have achieved!

And I would like to thank you, our shareholders, for your confidence in our company.
Many thanks!

This speech/presentation contains certain forward-looking statements. These forward-looking statements may be identified by words such as 'believes', 'expects', 'anticipates', 'projects', 'intends', 'should', 'seeks', 'estimates', 'future' or similar expressions or by discussion of, among other things, strategy, goals, plans or intentions. Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this presentation, among others:

- 1 pricing and product initiatives of competitors;
- 2 legislative and regulatory developments and economic conditions;
- 3 delay or inability in obtaining regulatory approvals or bringing products to market;
- 4 fluctuations in currency exchange rates and general financial market conditions;
- 5 uncertainties in the discovery, development or marketing of new products or new uses of existing products, including without limitation negative results of clinical trials or research projects, unexpected side-effects of pipeline or marketed products;
- 6 increased government pricing pressures;
- 7 interruptions in production;
- 8 loss of or inability to obtain adequate protection for intellectual property rights;
- 9 litigation;
- 10 loss of key executives or other employees; and
- 11 adverse publicity and news coverage.

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