Annual General Meeting
Roche Holding Ltd
3 March 2015

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.

2014 was a successful year for our company in many ways. As we worked to deliver the next generation of medicines and diagnostic tests, our financial performance remained solid.

Today I'd like to address two topics:

- First: our financial results for 2014 and the outlook for 2015.
- Second: how we are working to deliver new treatments, and what our progress means for patients. I'll be using a specific example in the area of cancer to illustrate this point.

Now to my first topic. At our Annual Media Conference on 28 January, we provided a detailed briefing on our full-year performance. Allow me to summarise the key financial results.

Key results

2014: Solid results
Targets achieved

In billion CHF	2014	2013	Growth in % CHF	Growth in % local[1]	
Sales	**47.5**	46.8	+ 1	+ 5	
- **Pharmaceuticals**	**36.7**	36.3	+ 1	+ 4	
- **Diagnostics**	**10.8**	10.5	+ 3	+ 6	
IFRS net income	**9.5**	11.4	- 16	-10	
Core earnings per share (CHF)	**14.29**	14.27	0	+ 5	+ 7*

[1] At constant exchange rates. * Excl. one-time double charge of US Branded Prescription Drug fee.

Sales in the Pharmaceuticals Division rose 4% at constant exchange rates. Our oncology and immunology portfolios both continued to grow strongly. I am also pleased to report that our new medicines – particularly the breast cancer drugs Perjeta and Kadcyla – made a significant contribution to our growth.

The Diagnostics Division increased its sales by 6%, outperforming the market by a substantial margin thanks to consistently high demand in Professional Diagnostics and Molecular Diagnostics. A significant highlight for our Diagnostics business was the launch of the cobas 6800 and cobas 8800 testing systems, which set new standards in molecular diagnostics.

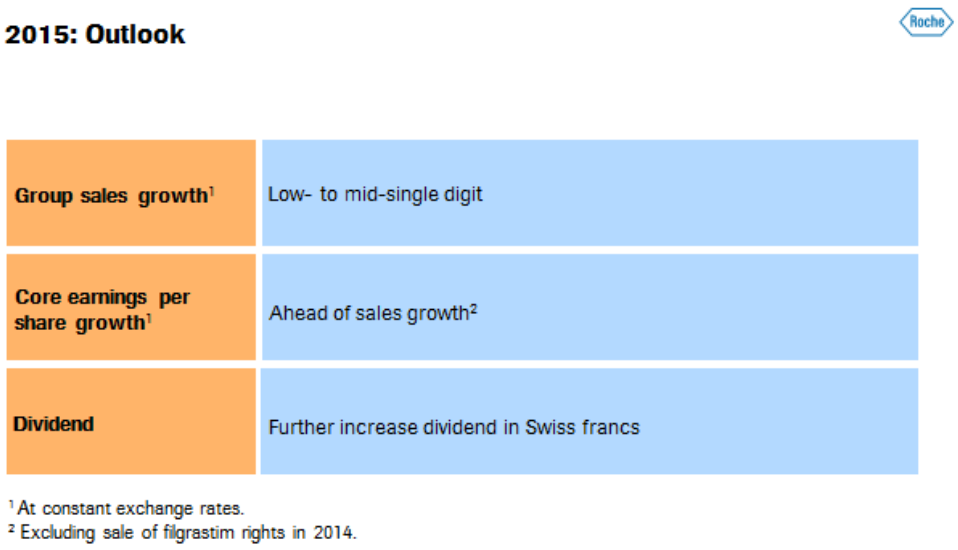
At 9.5 billion Swiss francs, net income was 10% lower than in 2013. This is primarily due to two one-time factors:

- Firstly, we had to increase our intangible impairments, in particular in Tissue Diagnostics, where, for example, a project in late-stage development was delayed and had to be reassessed.

- Secondly, we took advantage of the low interest environment to restructure part of our debt. Although this resulted in one-time costs, it will lead to interest savings over the longer term.

The performance of the underlying business is expressed in core earnings per share, which do not include the one-time effects I just mentioned. Our core earnings per share rose by a gratifying 5% at constant exchange rates. It should also be noted that core earnings per share contain a double charge of just over 200 million Swiss francs, following final regulations issued by the US Internal Revenue Service, which advanced the timing of recording the liability. Excluding this double charge, core earnings per share increased by 7% – in other words, significantly faster than sales.

Outlook for 2015



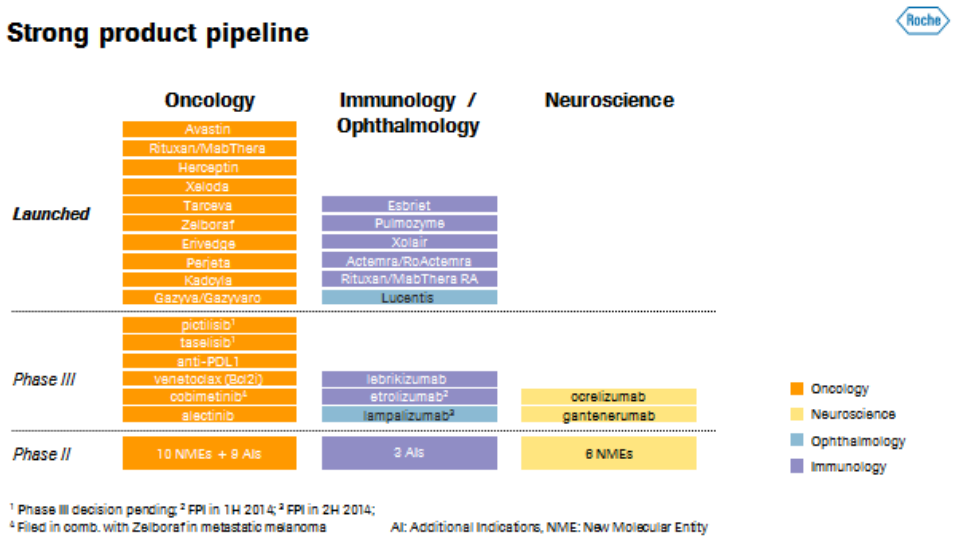
So what is the outlook for 2015?

In 2015, Roche expects low- to mid-single digit sales growth at constant exchange rates. Core earnings per share are targeted to grow ahead of sales at constant exchange rates.

Pipeline

Our continued success is based on our steadfast pursuit of innovation.

This means that developing our product pipeline is crucial to our future success, which brings me to **my second topic**: how our pipeline is progressing and what this means for patients.

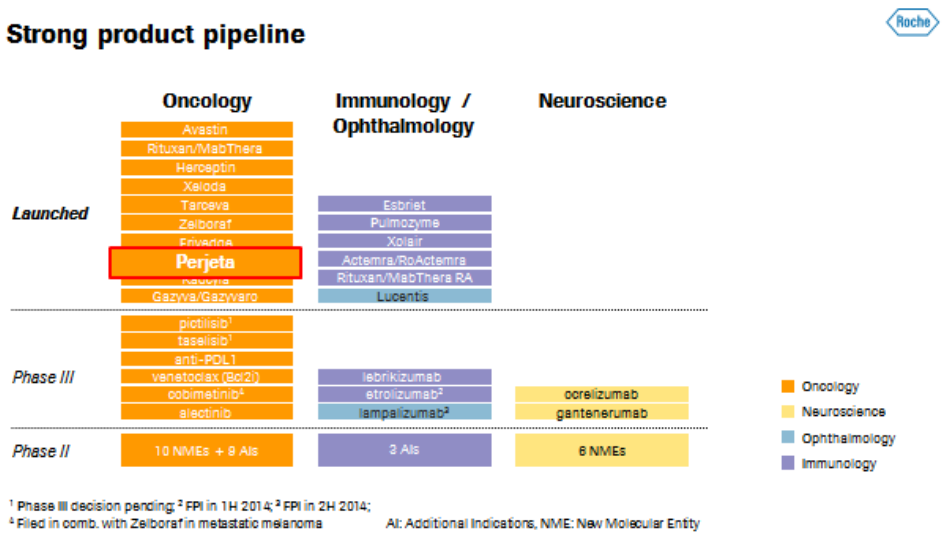


Once again, we made significant breakthroughs with our product pipeline in 2014. Our current pipeline is one of the strongest in the industry, with 66 New Molecular Entities (NMEs) in clinical development. We are particularly well positioned in oncology; immunology is performing well; and we have a growing number of projects in neuroscience.

As you know, developing new medicines involves major risk. With an industry average of only one in ten NMEs making it to market, setbacks are part of our business. Neuroscience is particularly risky, because while there is significant unmet medical need, we have not yet clarified many of the biological processes involved. This is why we had to halt a phase III study of gantenerumab, a monoclonal antibody for the treatment of Alzheimer's disease, at the end of last year after it failed to demonstrate sufficient effectiveness. Nevertheless, Alzheimer's

disease remains an important research area for Roche. We will apply the knowledge we have gained from this programme to other treatments that are currently in development.

At the same time, our pipeline also delivered a number of major successes.

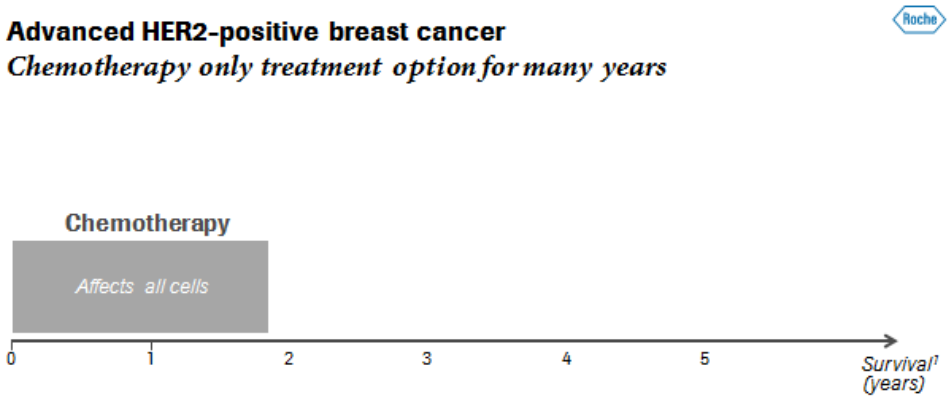


A major highlight last year was the unprecedented results of a comprehensive clinical trial of Perjeta, a milestone in breast cancer treatment.

Perjeta

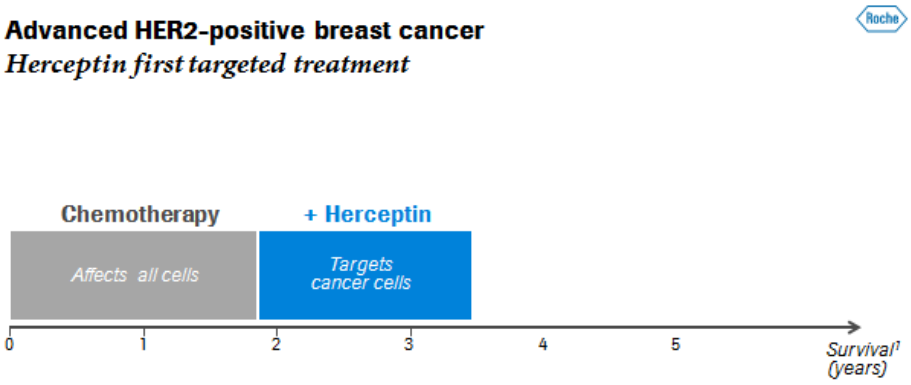
Around 5,500 women are diagnosed with breast cancer in Switzerland every year. This makes it the most common form of cancer in women, accounting for almost one third of diagnoses.

About 20% of breast cancer patients have a particularly aggressive form of the disease, known as HER2-positive breast cancer.



[1] i.e. 50% of patients survive at least x number of years

As you know, chemotherapy has been the standard treatment for cancer for many years. It increases the life expectancy of patients with advanced HER2-positive breast cancer by about two years. The problem with chemotherapy is that it is “unspecific,”attacking both healthy and cancerous cells. This generally results in severe side effects, including hair loss, nausea and a weakened immune system, which can significantly impair patients' quality of life.



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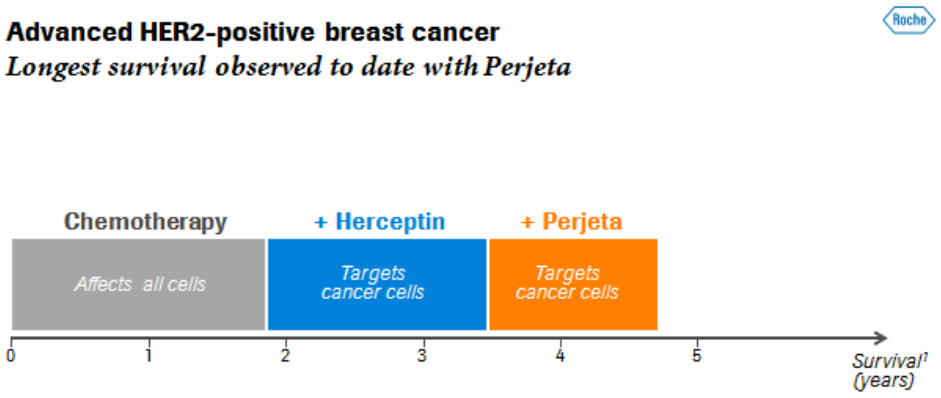
In the late 1990s, Roche's biopharmaceutical Herceptin brought about a quantum leap in the treatment of this particularly aggressive form of breast cancer. At the time, Herceptin was the

first therapeutic antibody in the world to specifically target the HER2 receptors on cancer cells, increasing life expectancy to three and a half years.



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Building on the successes achieved with Herceptin, we have now added Perjeta to our specific breast cancer treatment regimen. Perjeta also intervenes in the growth regulation of the HER2-positive tumour cells. In a study presented last year at ESMO, Europe's largest oncology congress, we were proud to demonstrate that women who received the combination treatment with Perjeta, Herceptin and chemotherapy lived almost five years longer on average.

Such a long survival time is unparalleled for this extremely aggressive form of breast cancer. For oncologists across the world, these results represent a fantastic milestone in the treatment of breast cancer. They were also one of last year's major hightlights for me personally.

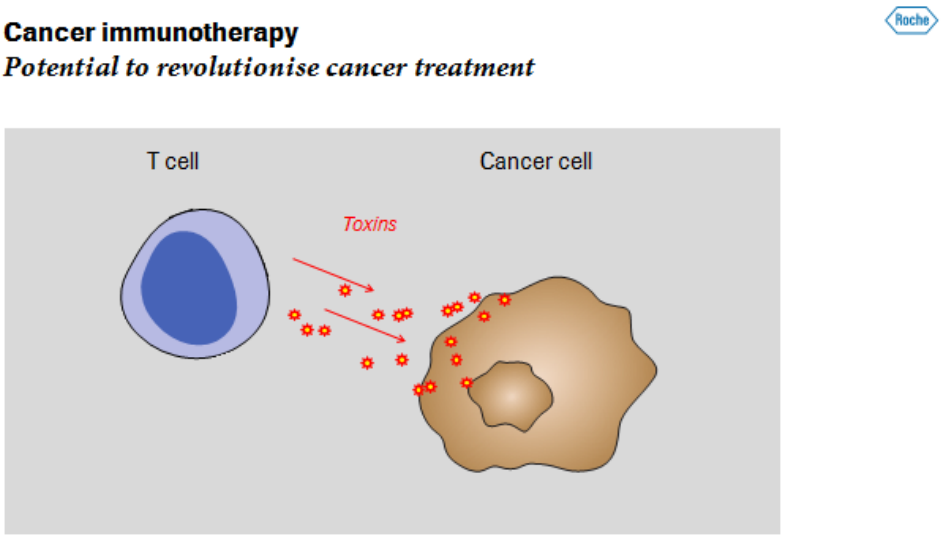
But despite these successes, the battle against cancer is not over. Cancer comes in many guises. It is a complex disease with over 250 known forms to date. Cancer is characterised by numerous changes in the cells affected. Treatment is especially difficult in the advanced stages, when the cancer has metastasised.

Cancer immunotherapy
New hope for cancer patients?

Immunotherapy offers a new and promising approach. As far back as 100 years ago, German researcher and Nobel Prize winner Paul Ehrlich assumed that cancer develops where the body's immune system breaks down. For a long time, however, this hypothesis failed to yield an effective treatment.

Now, however, we believe we have identified specific ways to mobilise the immune system in the fight against tumour cells. Cancer immunotherapy has the potential to revolutionise the way we treat cancer.

Cancer immunotherapy



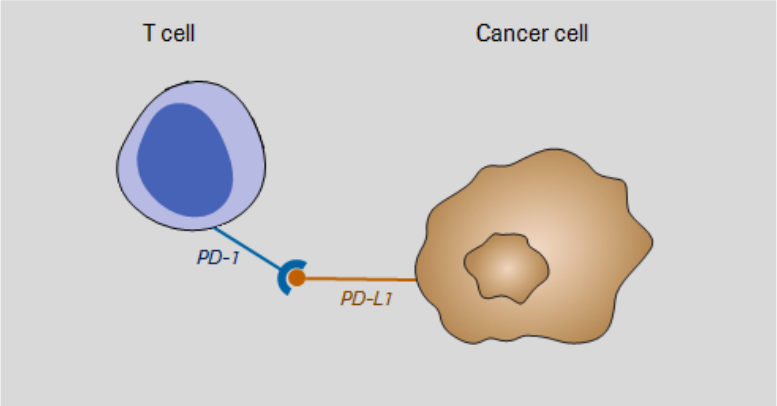
T cells (also called killer cells) play a key role in our immune system. They recognise and attack not only foreign bodies such as viruses, but also “enemies within” like tumour cells, which they combat by secreting toxins that destroy these cells.

We know that many of our cells are constantly mutating, and because of this may eventually become malignant. Skin cells exposed to UV light are a good example. Without an immune system that continually eliminates these mutated cells, we would all develop cancer very quickly.

So the big question that puzzled scientists for many years was how cancer cells are able to escape the immune system and avoid the "good" killer cells.

The answer is both simple and ingenious: T cells can be switched on and off. One of the switches is PD-1, a protein found on the surface of T cells.

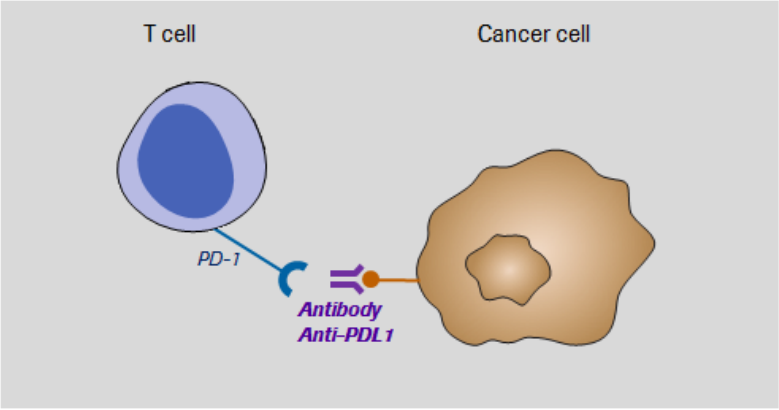
Cancer immunotherapy
Potential to revolutionise cancer treatment



Cancer cells are clever. They flip the switch on the T cells by creating a counterpart to PD-1, which goes by the name of PD-L1. This puts the T cell into “sleep mode”, being unable to emit toxins, which in turn allows the cancer cells to multiply in an uncontrolled way.

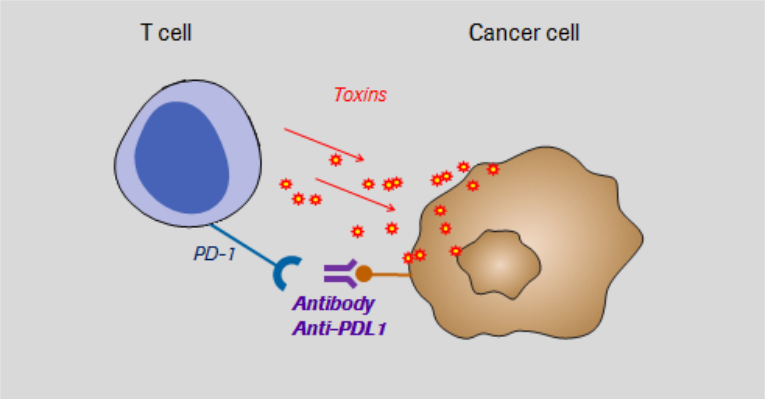
Now that we have a better understanding of this mechanism, we can intervene specifically in the process. And that is exactly what Roche's anti-PDL1 antibody does:

Cancer immunotherapy
Potential to revolutionise cancer treatment



It docks onto PD-L1 and prevents the cancer cell from “operating” the switch on the T cell.

Cancer immunotherapy
Potential to revolutionise cancer treatment



This puts the T cell back into “awake mode”. Now placed on “alert”, it secretes toxins to fight the cancer.

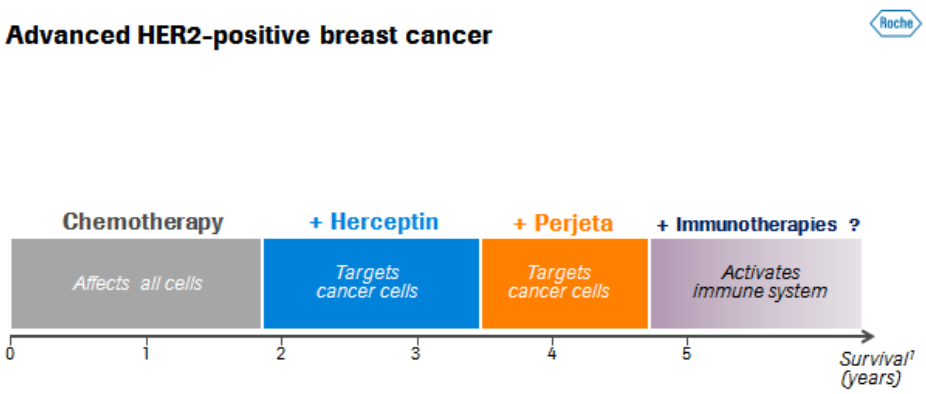
We hope to be able to use this novel approach to hopefully cure certain types of cancer, or at least transform them into chronic diseases. At any rate, the initial results of clinical trials with anti-PDL1 are extremely promising.

Cancer immunotherapy
Roche at the forefront

- 2 Breakthrough Therapy Designations for investigational cancer immunotherapy anti-PDL1
- More than 20 investigational candidates, of which 7 in clinical trials

The US FDA has recognised the medical potential of anti-PDL1, granting it “Breakthrough Therapy Designation for the treatment of bladder and lung cancer. This underlines the importance that regulatory bodies are giving to anti-PDL1.

Our cancer immunotherapy R&D programme is currently comprised of more than 20 investigational candidates, seven of which are already in the clinical development phase including anti-PDL1. Roche is one of the international leaders in this field.



[1] *i.e. 50% of patients survive at least x number of years*

Cancer research demands a great deal of patience. It took 100 years before the idea of activating the immune system against cancer could be put into practice in the first specific therapeutic approaches. And cancer immunotherapies will not work for all patient groups and all cancer types. But for the first time there is justified hope that we can also cure patients with advanced cancer that has already metastisised.

We’re giving it all we’ve got to create the innovations of tomorrow. The constant, gradual successes we achieve encourage us to continue along this path.

The results we achieved last year with Perjeta represented such a tremendous milestone. To illustrate what Perjeta means for patients with advanced breast cancer and their families, I

would like to conclude by showing you a short film in which American patient Christina Johnston and her husband Josh describe their experiences.

(Video)

Personal stories such as these are a daily source of motivation to everyone at Roche to do everything we can to improve patients' lives.

With this in mind, I would also like to take this opportunity to thank all of the 88,000-plus people who work for our company for their tireless commitment. They are Roche! And at the same time, I want to thank you, our shareholders, for the trust you place in us.