

# Remuneration Report

Roche's success depends on the abilities and dedication of its people. Recognition of this forms the basis of our remuneration policy and system. In this remuneration report we inform our shareholders and interested members of the general public about the remuneration paid to our directors and senior executives (see also in the Finance Report, Note 33 to the Roche Group Consolidated Financial Statements ['Related parties', page 113] and Notes 6 and 7 to the Financial Statements of Roche Holding Ltd ['Board and Executive remuneration' and 'Board and Executive shareholdings', pages 137 and 139]). This remuneration report will be separately submitted for approval at the 2009 Annual General Meeting.

## Remuneration policy

Roche revised its global remuneration policy in 2004. It is part of a framework of employee policies aimed at motivating and retaining current employees, attracting talented new ones and helping all Roche employees to perform at consistently high levels. Our remuneration policy is designed to foster value creation and reinforce a culture of performance and innovation, and it applies to non-managerial employees as well as to managers. The key principles underpinning this policy are:

- Focus on value creation
- Pay for performance
- Enabling employees to share in the company's success
- Fairness and transparency in remuneration decisions
- Remuneration targeted at market median levels
- A balanced mix of long- and short-term remuneration components
- Market-competitiveness.

Base pay, bonuses, awards of Stock-settled Stock Appreciation Rights (S-SARs) and a Performance Share Plan support these principles. These remuneration components are linked to our company's financial performance and commercial success and thus align the interests of Roche employees with those of the shareholders.

## Base pay

Base pay levels are determined according to market data for specific positions and individual employees' abilities, experience and performance over time. Pay increases are linked to individual performance and also take into account prevailing market conditions, affordability and the company's situation.

## Bonuses

Bonuses are awarded in recognition of individual contributions to value creation which go beyond normal job expectations, and they are meant to be an incentive to create or strengthen new business opportunities and strive for outstanding results. Bonus amounts are linked to Group or divisional business performance and to the achievement of individual and functional performance objectives. For the first time in 2008, the Remuneration Committee of the Board of Directors has defined the Corporate Executive Committee members bonuses in January 2009 based on results achieved for the prior year. Therefore, bonuses for 2008 are shown together with compensation paid for 2008.

## Stock-settled Stock Appreciation Rights (S-SARs)

Stock-settled Stock Appreciation Rights were introduced on 1 January 2005, thus establishing a uniform system of remuneration throughout Roche. S-SARs entitle holders to benefit financially from any increase in the value of Roche's non-voting equity securities between the grant date and the exercise date. Detailed information is available on page 78 and page 82 to 85.

## Performance Share Plan

The members of the Corporate Executive Committee and other members of senior management (currently some 117 individuals worldwide) participate in the Performance Share Plan (PSP). The PSP was established in 2002 for periods of three years each and is based on a three year comparison of the total shareholder return (TSR) with 19 competing companies.<sup>1</sup>

<sup>1</sup> Peer set for 2008: Abbott Laboratories, Amgen, Astellas, AstraZeneca, Bayer, Beckton Dickinson, Biogen Idec, Bristol-Myers Squibb, Eli Lilly, Gilead, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Novartis, Pfizer, Sanofi-Aventis, Schering-Plough, Takeda, Wyeth.

In 2008 there were three overlapping performance cycles, PSP 2006–2008, PSP 2007–2009 and PSP 2008–2010 of which PSP 2006–2008 closed on 31 December 2008.

Details for the PSP 2006–2008 calculation and additional information are set forth in 'Remuneration of members of the Corporate Executive Committee, C. Performance Share Plan (PSP)', page 78.

### Remuneration of the Board of Directors and the Corporate Executive Committee

Each year the Remuneration Committee, which is entirely comprised of independent external members of the Board of Directors, sets remuneration for the members of the Board of Directors and the Corporate Executive Committee (cash payments, bonuses, options, Stock-settled Stock Appreciation Rights and policy decisions about pension benefits). The terms of the Performance Share Plan are determined annually by the Board of Directors, acting upon recommendations from the Remuneration Committee. The Remuneration Committee continuously tracks salary trends in the market and reports to the Board of Directors. Information on this committee's remit and its procedures for making remuneration decisions can be found in the Bylaws of the Roche Board of Directors.<sup>2</sup>

Following a detailed review, including market comparisons with the world's major pharmaceutical companies, the Remuneration Committee has concluded that Roche's current remuneration policy continues to be appropriate and suitable for achieving the intended objectives.

In addition to base salaries and allocations of Stock-settled Stock Appreciation Rights, the determination of bonuses and the allocation of non-voting equity securities under the PSP are linked to the achievement of sales, profit and individual goals and to Roche's current and future TSR performance relative to a defined peer set of companies (see page 80). The type and amount of compensation received by each member of the Corporate Executive Committee are set out in this report.

The following pages provide detailed information on the remuneration paid to each member of the Board of Directors and to each member of the Corporate Executive Committee for 2008, together with figures for previous years.

## 1 Remuneration

**1.1 Remuneration of members of the Board of Directors** | In 2008 the members of the Board of Directors<sup>3</sup> received the remuneration shown in the table 'Remuneration of members of the Board of Directors' on page 77 for their Board activities.

With the exception of the Chairman and the two Vice-Chairmen, all members of the Board of Directors have received the same remuneration since 2001. The total remuneration paid for 2008 to members of the Board of Directors is shown in 'F. Highest total remuneration to a member of the Board of Directors/ Total remuneration of the Board of Directors', page 81.

The non-executive members of the Board of Directors were not awarded any shares, non-voting equity securities, Stock-settled Stock Appreciation Rights (S-SARs)<sup>4</sup> or stock options in 2008.

Horst Teltschik received honoraria (including expenses) amounting to 19,635 euros (31,023 Swiss francs) for serving on the boards of several Roche subsidiaries in Germany.

Otherwise, no additional remuneration was paid to members of the Board of Directors.

**1.2 Remuneration of members of the Corporate Executive Committee** | The general provisions assigning authority for decisions on Corporate Executive Committee remuneration to the Remuneration

<sup>2</sup> [www.roche.com/article\\_of\\_incorporation](http://www.roche.com/article_of_incorporation)

<sup>3</sup> For a list of members, their positions and their committee memberships and chairmanship, see page 67.

<sup>4</sup> See 'Stock options/Stock-settled Stock Appreciation Rights (S-SARs)', page 82.

## Remuneration of members of the Board of Directors

Remuneration of members of the Board of Directors	Remuneration 2008 (in CHF)	Additional compensation 2008 for committee members/chairs <sup>5</sup> (in CHF)	Additional special compensation 2008
F.B. Humer	(see page 81 <sup>6</sup> )	50,000	(Remuneration as Chairman of the Board of Directors and CEO until 4 March 2008, see page 81 <sup>6</sup> )
B. Gehrig	408,871 <sup>7</sup>	-	
A. Hoffmann	400,000 <sup>8</sup>	-	
P. Baschera	300,000	30,000	
J.I. Bell	300,000	30,000	
P. Brabeck-Letmathe	300,000	-	
L.J.R. de Vink	300,000	30,000	
W. Frey	300,000	60,000	
D.A. Julius	300,000	60,000	
A. Oeri	300,000	60,000	
W. Ruttenstorfer	300,000	30,000	
H. Teltschik	300,000	60,000	Compensation for serving on the boards of Roche subsidiaries, see page 76
B. Weder di Mauro	300,000	60,000	

<sup>5</sup> With the exception of members of the Presidium and the Vice-Chairmen, Board members receive CHF 30,000/year for each committee they serve on and CHF 60,000/year for each committee they chair. The Chairman of the Board received CHF 50,000.

<sup>6</sup> See 'F. Highest total remuneration to a member of the Board of Directors/Total remuneration of the Board of Directors', page 81.

<sup>7</sup> Remuneration for serving as Independent Lead Director until 4 March 2008 and Vice-Chairman of the Board.

<sup>8</sup> Remuneration for serving as Vice-Chairman of the Board.

## Remuneration of members of the Corporate Executive Committee

### A. Cash payments | in CHF

	Annual salary 2008	Annual salary 2007	Annual salary 2006	Bonus for 2008	Bonus for 2007	Bonus for 2006
S. Schwan	2,283,340	1,100,000	762,500	3,000,000	2,500,000	1,000,000
S. Ayyoubi	481,670	*	*	500,000	*	*
W.M. Burns	2,000,000	2,000,000	1,875,000	2,500,000	2,500,000	2,000,000
E. Hunziker	2,000,000	2,000,000	1,900,000	2,200,000	2,200,000	2,000,000
G.A. Keller	1,350,000	900,000	850,000	1,000,000	1,000,000	500,000
J.K.C. Knowles	1,350,000	1,350,000	1,325,000	308,900	1,000,000	800,000
J. Schwiezer	1,200,000	*	*	1,000,000	*	*
<b>Total</b>	<b>10,665,010</b>			<b>10,508,900</b>		

\* Not a member of the Corporate Executive Committee.

## B. Stock-settled Stock Appreciation Rights (S-SARs)

	S-SARs <sup>9</sup> 2008 (value in CHF <sup>10</sup> )	S-SARs <sup>9</sup> 2007 (value in CHF <sup>10</sup> )	S-SARs <sup>9</sup> 2006 (value in CHF <sup>10</sup> )
S. Schwan	2,225,542	1,068,062	533,978
S. Ayyoubi	445,146	*	*
W.M. Burns	2,225,542	1,780,140	889,963
E. Hunziker	1,958,480	1,780,140	889,963
G.A. Keller	1,335,313	890,125	533,978
J.K.C. Knowles	1,335,313	890,125	533,978
J. Schwiezer	890,229	*	*
<b>Total</b>	<b>10,415,565</b>		

\* Not a member of the Corporate Executive Committee.

<sup>9</sup> See 'Stock options/Stock-settled Stock Appreciation Rights (S-SARs)', page 82.

<sup>10</sup> Black-Scholes value as described in 'Stock options/Stock-settled Stock Appreciation Rights (S-SARs)', page 82 to 85. Values for 2006 and 2007 according to Annual Report 2007, Business Report, page 51.

Committee and to the Board of Directors are outlined on page 76 of this remuneration report.

For the year 2008 the members of the Corporate Executive Committee<sup>11</sup> received the salaries, bonuses, Stock-settled Stock Appreciation Rights and non-voting equity securities shown in the tables on page 77 to 82.

Members of the Corporate Executive Committee additionally receive annual expense allowances of 30,000 Swiss francs. In 2008 the members of the Corporate Executive Committee received expense allowances totalling 210,000 Swiss francs.

## C. Performance Share Plan (PSP)

The members of the Corporate Executive Committee and other members of senior management (currently some 117 individuals worldwide) participate in the Performance Share Plan (PSP).

In 2006 the PSP moved to overlapping three-year performance cycles, with a new cycle beginning each year. In 2008 there were thus three cycles in progress (PSP 2006–2008, PSP 2007–2009 and PSP 2008–2010); the PSP 2006–2008 ended on 31 December 2008.

Under the provisions of this plan, a number of non-voting equity securities (NES) have been reserved for the participants in each cycle. The number of securities actually awarded will depend on whether and to what extent an investment in Roche securities (shares and NES) outperforms the average return on an investment in securities issued by a peer set of comparator companies.<sup>12</sup> Comparisons are based on the securities' market prices and dividend yields, i.e. on total shareholder Return (TSR). To reduce the effect of short-term market fluctuations, security prices are averaged over the three months (October to December) prior to the start of a performance cycle and over the three months (October to December) at the end of the cycle. If Roche securities perform as well as or better than those of 75% of the peer set and, in addition, Roche's TSR increases at least 10% during a cycle, the Board of Directors can elect to increase the maximum NES award by as much as two-fold. In the event that an investment in Roche securities underperforms the average return delivered by the peer companies, fewer or no NES will be awarded.

In 2008 NES were reserved under the plan for members of the Corporate Executive Committee as shown

<sup>11</sup> For a list of members and their positions, see page 68.

<sup>12</sup> See footnote 1, page 75.

in the table below. The Board of Directors will decide on the actual level of NES or cash equivalent awards for the cycles 2007–2009 and 2008–2010 after the close of the 2009 and 2010 financial years, respectively. The aim of the PSP is to provide an incentive to participants to achieve steady value growth.

The PSP 2006–2008 three-year cycle ended on 31 December 2008. Based on the results achieved over the entire period, the members of the Corporate Executive Committee received 75% of the originally targeted NES, as permitted under the terms of the plan (see table below for details).

At the end of the PSP 2006–2008 cycle (based on a three-month moving average at constant exchange rates) with distributed dividends totalling 9.055 billion Swiss francs (2006: 2.156 billion Swiss francs; 2007: 2.932 billion Swiss francs; 2008: 3.967 billion

Swiss francs), the TSR of the Roche securities (NES and shares) ranked #10, compared with its peer set of companies operating in the same industry.

As the chart on page 80 shows, Roche's market capitalisation has declined since the beginning of 2006. Consequently, only 75% of the originally targeted NES will be awarded to PSP participants for the 2006–2008 performance cycle, and the current value of NES reserved for PSP participants in respect of the 2007–2009 and 2008–2010 performance cycles is reduced. In addition, the S-SARs programme has created no value for its participants over the last three years. As a result, the Corporate Executive Committee members' compensation has turned out to be about 25% lower than reported during the past three years – more than the absolute decline in the price of Roche securities during the same period. It is important to remember, however, that while the 2006–2008 PSP

### Performance Share Plan (PSP)

	Target number of NES for PSP 2008–2010	Target number of NES for PSP 2007–2009	Number of NES awarded for PSP 2006–2008 (total number for 3-year period)	2008 <sup>13</sup> Total estimated value of PSP awards (2006–2008 and 2007–2009 and 2008–2010) (value in CHF)	2007 <sup>14</sup> Total estimated value of PSP awards (2005–2007, 2006–2008 and 2007–2009) (value in CHF)	2006 <sup>14</sup> Value of PSP awards (2005–2007 and 2006–2008) (value in CHF)
S. Schwan	1,965	1,218	838	217,804	557,264	477,851
S. Ayyoubi	638	507	413	84,392	*	*
W.M. Burns	3,276	3,046	1,934	447,200	1,612,918	1,414,318
E. Hunziker	3,276	3,046	2,063	454,188	1,904,622	1,706,023
G.A. Keller	1,474	1,370	902	202,908	738,912	649,587
J.K.C. Knowles	2,211	2,056	1,611	318,392	1,364,636	1,230,585
J. Schwiezer	1,965	1,216	978	225,279	*	*
<b>Total</b>	<b>14,805</b>	<b>12,459</b>	<b>8,739</b>	<b>1,950,163</b>		

\* Not a member of the Corporate Executive Committee.

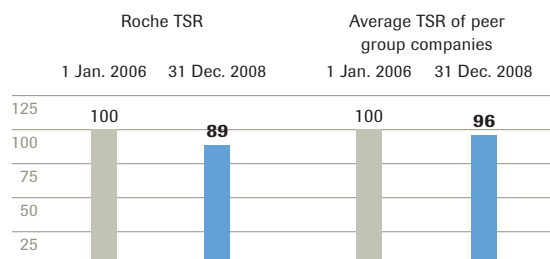
<sup>13</sup> Total estimated value for 2008:

PSP 2006–2008: 75% of the originally targeted NES awarded for 2006–2008, spread over the relevant period of time, i.e.  $\frac{1}{3}$  for the year 2008, value calculated using the year-end price as of 31 December 2008, CHF 162.50 per non-voting equity security (NES).

PSP 2007–2009 and 2008–2010: Estimated value calculated using the year-end price as of 31 December 2008, CHF 162.50 per non-voting equity security (NES), based on the number of NES originally targeted subject to changes in the number and value of NES awardable under the plan on 31 December 2009 and 31 December 2010, respectively, and spread over the relevant period of time, i.e.  $\frac{1}{3}$  for the year 2008. The Board of Directors will vote on the actual allocation of NES originally targeted on 31 December 2009 and 31 December 2010, respectively, according to the TSR achieved.

<sup>14</sup> Detailed calculation see Annual Report 2007, Business Report, page 52.

## Roche's performance | 2006–2008



Roche's average market capitalisation in billions of CHF (Q4 2005 & Q4 2008)

171

144

Roche securities (price averaged over 3 months):

Oct.–Dec. 2005

Oct.–Dec. 2008

– Non-voting equity security (NES)

194

166

– Share

218

170

Prices translated at constant CHF exchange rates, including Roche based on the daily 3 month average.

TSR = stock price appreciation plus dividends.

performance cycle has ended, the other PSP cycles of the equity incentive programmes remain in place and provide a powerful incentive to participants to contribute to improving Roche's future performance.

#### D. Indirect benefits

Employer contributions made in 2008 to social security schemes, pension plans and a Group-wide employee stock purchase plan (Roche Connect) in respect of members of the Corporate Executive

Committee are shown in the table 'Indirect benefits in 2008' below.

Roche Connect is a voluntary stock purchase plan offering employees the opportunity to buy Roche non-voting equity securities (NES) up to an amount equal to 10% of their annual salary at a 20% discount. NES purchased under this plan are subject to a holding period, which is four years in Switzerland.

#### Indirect benefits in 2008

	Pension funds/MGB <sup>15</sup> (in CHF)	AHV/IV/ALV <sup>16</sup> (in CHF)	Roche Connect (in CHF)	Payments for tax consulting services (in CHF)
S. Schwan	202,320	287,106	48,956	10,921
S. Ayyoubi	318,373	87,099	1,125	1,990
W.M. Burns	37,064	389,459	30,000	18,012
E. Hunziker	605,482	409,100	49,992	8,799
G.A. Keller	364,489	216,141	31,250	–
J.K.C. Knowles	728,401	321,641	22,500	31,376
J. Schwiezer	166,223	66,465	7,600	6,682
<b>Total</b>	<b>2,422,352</b>	<b>1,777,011</b>	<b>191,423</b>	<b>77,780</b>

<sup>15</sup> MGB: Stiftung der F. Hoffmann-La Roche AG für Mitarbeiter-Gewinnbeteiligung (employee profit-sharing foundation supplementing occupational pension benefits).

<sup>16</sup> AHV/IV/ALV: Swiss social security programmes providing retirement, disability and unemployment benefits.

### E. Other remuneration, emoluments and loans

In 2008 pensions totalling 2,043,896 Swiss francs were paid to two former Corporate Executive Committee members.

In 2008 Erich Hunziker, William M. Burns and Jonathan K. C. Knowles received a total of USD 62,500 (67,500 Swiss francs) for serving on the Chugai Board.

### F. Highest total remuneration to a member of the Board of Directors/Total remuneration of the Board of Directors

Franz B. Humer as the chairman was the member of the Board with the highest total remuneration for 2008 (see 'Remuneration of members of the Board of Directors', page 77). The Chairman's remuneration consists of base salary and bonus awards. As Chairman of the Board after the handover of his executive function as CEO at the Annual General Meeting

on 4 March 2008 he will not receive any additional S-SARs or NES from new PSP cycles and will no longer be enrolled in any Roche stock option plan or S-SARs.

His salary was as shown below, which includes his remuneration as CEO until 4 March 2008 and in addition the possible future values of PSP awards received in the past as CEO (subject to changes in allocations and computations relating to the three-year Performance Share Plan [PSP] period 2007–2009).

For 2008 the members of the Board of Directors received remuneration totalling 19,488,845 Swiss francs.<sup>17</sup>

<sup>17</sup> See 'Remuneration of members of the Board of Directors, page 77.

### Highest total remuneration to a member of the Board of Directors

	2008 <sup>18</sup> (in CHF)
Cash payments (salary + bonus)	11,030,000
S-SARs	None
Performance Share Plan <sup>19</sup> (2006–2008, 2007–2009 <sup>20</sup> )	
<b>Total</b>	<b>918,613</b>
Pension funds/MGB <sup>21</sup>	2,955,697
Roche Connect	64,585
<b>Total (value)</b>	<b>15,228,951<sup>22</sup></b>

<sup>18</sup> For detailed calculation of the remuneration as Chairman and CEO for 2007 and 2006 see Annual Report 2007, Business Report, page 55.

<sup>19</sup> Franz B. Humer does not take part in the PSP 2008–2010.

<sup>20</sup> PSP 2006–2008: 75% of the originally targeted NES awarded (75% of 10,365 NES, for 2006–2008, spread over the relevant period of time, i.e.  $\frac{1}{3}$  for the year 2008, value calculated using the year-end price as of 31 December 2008, CHF 162.50 per non-voting equity security [NES]).

PSP 2007–2009: Estimated value calculated using the year-end price as of 31 December 2008, CHF 162.50 per non-voting equity security (NES), based on the number of NES originally targeted (9,185 NES) subject to changes in the number and value of NES awardable under the plan on 31 December 2009 and spread over the relevant period of time, i.e.  $\frac{1}{3}$  for the year 2008. The Board of Directors will vote on the actual allocation of NES originally targeted on 31 December 2009 according to the TSR achieved.

<sup>21</sup> MGB: Stiftung der F. Hoffmann-La Roche AG für Mitarbeiter-Gewinnbeteiligung (employee profit-sharing foundation supplementing occupational pension benefits).

<sup>22</sup> Includes an annual expense allowance, payments for tax consulting services, remuneration for serving on the Chugai Board, not including employer contribution to AHV/IV/ALV (CHF 1,520,754).

### G. Total remuneration of members of the Corporate Executive Committee/Total remuneration of the Corporate Executive Committee

Severin Schwan as CEO was the member of the Corporate Executive Committee with the highest total remuneration for 2008, see 'Remuneration of members of the Corporate Executive Committee', A.–E., page 76 to page 81.

At the end of 2008 this group held 80,020,000 shares (50.01% of issued shares). Detailed information about this group can be found in the Finance Report, Note 33 to the Roche Group Consolidated Financial Statements ('Related parties', page 113) and in the Note 4 to the Financial Statements of Roche Holding Ltd ('Significant shareholders', page 136). In addition, as of 31 December 2008 the members

### Highest total remuneration to a member of the Corporate Executive Committee

	2008 (in CHF)
Cash payments (salary + bonus)	5,283,340
Stock options/S-SARs (Black-Scholes value <sup>23</sup> at grant minus 11%)	2,225,542
Performance Share Plan <sup>24</sup> (2006–2008, 2007–2009, 2008–2010)	
<b>Total</b>	<b>217,804</b>
Pension funds/MGB <sup>25</sup>	202,320
Roche Connect	48,956
<b>Total (value)</b>	<b>8,018,883<sup>26</sup></b>

<sup>23</sup> Black-Scholes value as described in 'Stock options/Stock-settled Stock Appreciation Rights (S-SARs)', page 82 to 85.

<sup>24</sup> Basic rules and detailed calculation see 'Remuneration of members of the Corporate Executive Committee', C. Performance Share Plan, page 78 and page 79, footnote 13, respectively.

<sup>25</sup> MGB: Stiftung der F. Hoffmann-La Roche AG für Mitarbeiter-Gewinnbeteiligung (employee profit-sharing foundation supplementing occupational pension benefits).

<sup>26</sup> Includes an annual expense allowance, payments for tax consulting services, excluding AHV/IV/ALV payments.

His remuneration was as shown above, subject to future changes in allocations and computations relating to the three-year Performance Share Plan (PSP) periods 2007–2009 and 2008–2010.

For 2008 the members of the Corporate Executive Committee received remuneration totalling 36,508,693 Swiss francs<sup>27</sup>.

No additional remuneration was paid to current or former members of the Corporate Executive Committee.

**1.3 Security holdings |** Directors André Hoffmann and Andreas Oeri and members of the founders' families who are closely associated with them belong to a shareholder group with pooled voting rights.

of the Board of Directors and persons closely associated with them and the members of the Executive Committee and persons closely associated with them held shares and NES as shown in the table on page 83.

**1.4 Stock options/Stock-settled Stock Appreciation Rights (S-SARs) |** At 31 December 2008 Franz B. Humer (being the only member of the Board of Directors holding options and as of 1 January 2005 S-SARs due to his former position as CEO) and the members of the Corporate Executive Committee held options and Stock-settled Stock Appreciation Rights (S-SARs; first introduced on 1 January 2005) as

<sup>27</sup> See 'Remuneration of members of the Corporate Executive Committee', (A.–E.) excluding AHV/IV/ALV, page 76 to 81.

## Security holdings (at 31 December 2008)

	Shares (number)	NES (number)	Close Relatives' security holdings (number/type)	Others (number)
<b>Members of the Board of Directors</b>				
F.B. Humer	3	153,919	-	Stock options, S-SARs see 1.4
B. Gehrig	50	50	-	-
A. Hoffmann	-*	365,200**	-	250,000 UBS Long/Short Certificate on Roche Bearer Shares versus Roche Non-Voting Equity securities (ISIN: CH0026480100, Valor: 2 648 010) 365,000 OTC Call options UBS AG on Roche Non-Voting Equity securities, 21.08.2008–20.08.2010, (Valor: 4 103 145)**
P. Baschera	1	-	-	-
J.I. Bell	300	1,647	-	-
P. Brabeck-Letmathe	800	2,195	-	-
L.J.R. de Vink	-	-	-	1,000 American Depository Receipts (ADR), RHHBY, US ISIN: US7711951043
W. Frey	72,500	-	-	-
D.A. Julius	350	1,550	-	-
A. Oeri	90,000*	1,640,460	-	250,000 UBS Long/Short Certificate on Roche Bearer Shares versus Roche Non-Voting Equity securities (Valor: 2 648 010)
W. Ruttenstorfer	1,000	-	-	-
H. Teltschik	385	-	-	-
B. Weder di Mauro	200	-	-	-
<b>Total</b>	<b>165,589</b>	<b>2,165,021</b>	<b>-</b>	
<b>Members of the Corporate Executive Committee</b>				
S. Schwan	3	9,468	270 NES	Stock options, S-SARs see 1.4
S. Ayyoubi	3	7,161	-	Stock options, S-SARs see 1.4
W.M. Burns	3	53,460	-	Stock options, S-SARs see 1.4
E. Hunziker	3	43,839	-	Stock options, S-SARs see 1.4
G.A. Keller	1,063	21,854	140 NES	Stock options, S-SARs see 1.4
J.K.C. Knowles	3	33,065	-	Stock options, S-SARs see 1.4
J. Schwiezer	3	10,960	-	Stock options, S-SARs see 1.4
<b>Total</b>	<b>1,081</b>	<b>179,807</b>	<b>410 NES</b>	

\* Figure does not include shares held by the shareholders group with pooled voting rights.

\*\* Share-settled loan transaction as of 21 August 2008 reported to SIX Swiss Exchange.

shown in the table 'Stock options and S-SARs' below.

All of the options shown in the table were issued by Roche as employee stock options. Each option entitles the holder to purchase one Roche non-voting equity security (NES).

Under the terms of this multi-year option plan, the strike price for options shown was the closing price for Roche NES on the last day of trading prior to the Roche Annual Media Conference. All of the options shown are non-tradable. One-third of the options are subject to a vesting period of one year, one-third have a vesting period of two years, and one-third a vesting

period of three years. Unvested options lapse without compensation if employment is terminated voluntarily (for reasons other than retirement), while vested options must be exercised within a limited period of time. The fair value of the options is calculated at the date of issue using the Black-Scholes formula and as if the options were tradable, with an 11% deduction for the average two-year vesting period.

The S-SARs shown in the table below were introduced by Roche on 1 January 2005 in place of stock options. S-SARs entitle holders to benefit financially from any increase in the value of Roche's NES between the grant date and the exercise date. The strike price for S-SARs under the terms of this multi-

### Stock options and S-SARs

	Number of stock options and S-SARs held by current and former members of the Corporate Executive Committee on 31 December 2008 (S-SARs first issued in 2005)							
	2008 <sup>28</sup>	2007 <sup>28</sup>	2006 <sup>28</sup>	2005 <sup>28</sup>	2004 <sup>29</sup>	2003 <sup>29</sup>	2002 <sup>29</sup>	Total
S. Schwan	105,576	29,190	15,696	4,983 <sup>29</sup>	1,864	1,635	-	158,944
S. Ayyoubi	21,117	3,243	2,517	3,957	2,360	2,324	1,900	37,418
W.M. Burns	105,576	48,651	26,160	34,074	14,874	17,353	-	246,688
E. Hunziker	92,907	48,651	26,160	34,074	20,915	-	-	222,707
G.A. Keller	63,345	24,327	15,696	3,150	4,000	-	-	110,518
J.K.C. Knowles	63,345	24,327	15,696	-	-	-	-	103,368
J. Schwiezer	42,231	9,819	5,565	8,871	5,610	3,065	-	75,161
	494,097	188,208	107,490	89,109	49,623	24,377	1,900	954,804
F.B. Humer	None <sup>30</sup>	48,651	52,317	85,179	55,775	-	-	241,922
Total	494,097	236,859	159,807	174,288	105,398	24,377	1,900	1,196,726
Strike price in (CHF)	195.80	229.60	195.00	123.00	129.50	77.80	115.50	
Market price per NES on 31 December 2008 (CHF)	162.50							
Expiry date	31.1.2015	8.2.2014	2.2.2013	3.2.2012	3.2.2011	25.2.2010	26.2.2009	
Grant value per option and (starting in 2005) per S-SAR in CHF (Black-Scholes value minus 11%)	21.08	36.59	34.02	20.89	31.92	16.27	30.10	

<sup>28</sup> S-SARs.

<sup>29</sup> Stock options.

<sup>30</sup> As of 2008 Franz B. Humer does not receive any additional S-SARs.

year plan was the closing price for Roche NES on the first day of trading after the Roche Annual Media Conference. All S-SARs vest within three years of the grant date: i.e. one-third vest at the end of one year, one-third at the end of two years, and one-third at the end of three years. Vested S-SARs must be exercised (converted into NES) within seven years of the grant date, and unexercised S-SARs lapse without compensation. The fair value of the options is calculated at the date of issue using the Black-Scholes formula and as if the options were tradable, with an 11% deduction for the average two-year vesting period.

The strike prices, expiry dates and grant values for options and S-SARs are shown in the table on page 84. The numbers of options and S-SARs as calculated at the time of issue have been entered as values in the table 'Remuneration of members of the Corporate Executive Committee, B. Stock-settled Stock Appreciation Rights (S-SARs)' on page 78.