

Translated from the German

## MINUTES

**of the 88<sup>th</sup> Annual General Meeting  
of the Shareholders of ROCHE HOLDING LTD, Basel  
Held at 10.30 a.m. on 27 February 2006  
at the Convention Centre, Basel Trade Fair Complex, Basel**

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The Chairman of the Board, Dr Franz B. Humer, opened the meeting at 10.30 a.m. and assumed the chair.

The Chairman was joined on the podium by the following members of the Corporate Executive Committee: Dr Erich Hunziker, William Burns, Dr Severin Schwan, Prof. Jonathan Knowles, and Dr Gottlieb Keller.

Also present from the Board of Directors were: Prof. Bruno Gehrig (Independent Lead Director and Vice Chairman), Rolf Hänggi (Vice Chairman), Prof. John Bell, Peter Brabeck-Letmathe, Lodewijk J.R. de Vink, Walter Frey, André Hoffmann, Dr DeAnne Julius, Dr Andreas Oeri and Prof. Horst Teltschik.

Also present at the meeting was Prof. Beatrice Weder di Mauro, nominated for election as a new member to Board of Directors under Item 4.

The Chairman stated that timely notice of the meeting had been given and made reference to the public notice of the meeting published on two dates, 3 and 6 February 2006, in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsblatt*) and to the announcement that had appeared in the daily newspapers and the financial press. The Chairman also noted that no proposals had been received from shareholders on inclusion of additional items on the agenda of the meeting.

The Chairman then stated that Messrs John Morris and Erik Willems were present on behalf of the Statutory and Group Auditors, KPMG Klynveld Peat Marwick Geordeler SA (KPMG). BDO Visura, the firm designated by Roche to serve as independent proxy within the meaning of Art. 689c of the Swiss Code of Obligations, was represented at the meeting by Mr Mark Schaffner.

The Chairman designated

as secretary: Mr René Kissling

as tellers: Mr Hugo C. Beijerman, Managing Director,  
UBS AG, Zurich  
Mr Michael Meyer, Director, Credit Suisse, Basel  
Dr Beat Rauss, Attorney/Managing Director  
Univest AG, Basel  
Mr Vittorio Schiro, Managing Director,  
UBS AG, Zurich  
Mr Peter Senn, Head of Wealth Management  
Northern Switzerland, UBS AG, Basel  
Mr Donald Sulzer, Managing Director  
Credit Suisse, Zurich  
Mr Heinz Waech, Member of the Management,  
Basler Kantonalbank, Basel

The Chairman designated Mr Hugo C. Beijerman as head teller.

The Chairman reported that the minutes of the 2005 AGM were available on the Internet and that the next year's AGM was scheduled to take place on 5 March, 2007.

He then called attention to the following procedural details:

- Only shares of those shareholders whose admission cards had been collected and recorded at the door would be registered as "present" and "represented".
- Resolutions and elections voted on at the Meeting would be carried by an absolute majority of the votes represented and were not subject to any quorum requirements.
- Elections and other items of business would be voted on by electronic votecount.

The Chairman introduced Dr Severin Schwan as the new CEO of the Roche Diagnostics Division. He succeeds Mr Heino von Prondzynski, whom the Chairman expressly thanked for his service in building and extending Roche Diagnostics' market leadership. The Chairman also thanked Mr Rolf Hänggi for his merits as Vice Chairman of the Board of Directors, Chairman of the Finance and Investment Committee and a member of the Audit and Corporate Governance Committee and announced that Mr Hänggi would not be standing for re-election for professional reasons.

The Chairman then commented on the Company's extremely successful performance in 2005. Before the Chairman proceeded to other items on the agenda, Dr Jan Van Koeveringe, Global Head of Technical Operations, gave a presentation on influenza and Tamiflu.

Based on the attendance list, the Chairman then noted that 632 shareholders or their proxies were present, representing 144,869,427 shares or votes and thus 90.54% of the Company's total share capital. The aforementioned shares, each with a nominal value of CHF 1.00, were represented as follows:

- Shareholders:	63,554,872 shares
- Proxies for deposited shares:	81,008,894 shares
- Institutional representative:	58,700 shares
- Independent proxy:	246,961 shares

72,434,715 votes were required for an absolute majority.

It was additionally noted that no shares held by the Company or its subsidiaries were represented at the meeting.

The AGM then proceeded to the items of business listed in the published agenda.

## **Agenda item 1: Approval of the Annual Report, Financial Statements and Consolidated Financial Statements for 2005**

The Chairman pointed out the Annual Report, comprising an operational report and two sets of financial statements, had been published and that it had been made available on schedule for inspection at the Company's registered offices and at banks holding deposited shares. In addition, copies of the report had been mailed on request to shareholders wishing to attend the AGM. The separate Finance Report, which forms part of the Annual Report, includes the report of the Statutory Auditors on page 117. In response to a request for comment, Messrs John Morris and Erik Willems, representing the Statutory Auditors, had already informed the Chairman that they had nothing to add to their written report. The Finance Report of the Annual Report also includes the report of the Group Auditors, KPMG, on page 105.

The Chairman invited the shareholders to discuss the report and the financial statements.

Mr Matthias Wüthrich of Greenpeace, Zurich, asked to make a comment. He said that Roche's good business performance in 2005 was overshadowed by its involvement in various hazardous waste landfills in the region. He said that Roche endeavoured to keep out of the discussion on contaminated sites and had so far failed to provide information on the locations in the Basel region where it had buried chemical waste in the past. This information was not included in the Annual Report. Roche was involved at the landfills in Bonfol, Margelacker (Muttentz) and Mönden bei Inzlingen and at the Hirschacker and Kesslergrube landfills in Grenzach. He said that this lax attitude to "past sins" was unacceptable and discredited Roche. He pointed to the risk of contamination of drinking water supplies and of dioxin poisoning. As an example of the drinking water problem, he cited the landfill at Margelacker, which is close to the Hard drinking water supply. Tests carried out there in 2004 had shown that the groundwater contained enalylpropimal, a substance patented by Roche in 1936/37. Some of the polluted groundwater flows directly towards the Hard water collector, which supplies fresh water to the city and its urban districts. By putting off complete remediation of the site, he claimed that Roche was accepting the risk of contaminated drinking water.

Mr Wüthrich then talked about dioxin and Seveso, reminding that – according to a report published by Greenpeace – dioxin from a pilot production plant that was subsequently transferred to Seveso could still be found at Bonfol. He said that Roche was making mistakes in the remediation of the Bonfol site because it did not intend to treat off gases from the landfill. Consequently, unfiltered particulates contaminated with dioxin were being released into the atmosphere, thus exposing workers, local inhabitants and the surrounding area to dioxin. In response to a report submitted to Roche pointing out these shortcomings in the remediation plan, only a placatory reply had been obtained. Mr Wüthrich appealed to Roche's responsibility to people and the environment. At the same time, he partly questioned the chemical industry's technical approach to dealing with contaminated sites.

Mr Wüthrich then asked why Roche had not yet published the long-promised list of hazardous waste landfills used by the Company and when it would do so. Further, he asked which landfills Roche had recognised financial provisions for, requested details of the level of such provisions and asked whether Roche would be prepared to publish a breakdown of provisions by landfill in its next Annual Report. Moreover, Mr Wüthrich wanted to know why Roche was not setting a good example by initiating remediation of its landfills itself, before toxins from them were found in Basel's drinking water supply. Finally, he reminded of the negative headlines triggered by the landfills and asked the Chairman to assess the associated damage to Roche's image and the Basel site.

The Chairman stressed the importance of the matters raised by Mr Wüthrich. He started by outlining the actions taken in 2005 and mentioned the talks that had been held with the relevant political bodies. He had been directly involved in some of these talks. He pointed out that they had brought about a satisfactory solution for the Bonfol landfill and that as far as could be judged at present, complete remediation of this site should be completed by 2012. He said that as yet it was unclear whether small quantities of dioxin residues were still present at the landfill, but that this could not be ruled out. This was taken up with the authorities as appropriate. The necessary precautions were being taken within the remediation project to make sure that any dioxin present was unable to cause damage.

The Chairman apologised for that fact that, although it had been agreed at the previous AGM, the provision of a list of landfills had been unintentionally overlooked. He indicated

that the error would be remedied as Roche had nothing to hide. With regard to the provisions, the Chairman stressed that Roche accepts full responsibility for faults committed in the past. However, issues first had to be clarified and that process was under way at a number of sites. He explicitly reiterated that Roche was not involved at some of the landfills currently being discussed in the media, for example, Muttenz, Roemisloch and Le Letten. At others, e.g. Kölliken, its share was less than 1%.

The Chairman explained that publishing a breakdown of provisions by landfill would not make sense because what is at issue is the Company's overall responsibility. In response to the final question, the Chairman explained that Roche accepts its responsibility and that it does so as part of its long-term responsibility as a company and not simply to avoid possible damage to its reputation.

Mr Robi Tschopp of Geneva, Managing Director of Shareholders for a Sustainable Economy (ACTARES), referred to Mr Ruedi Jörg's comments on hazardous waste landfills at the 2005 AGM and the questions raised by the previous speaker, Mr Wütherich, which he specifically refrained from repeating. He suggested that the hazardous waste landfills could lead to a deterioration in Roche's sustainability rating. It was not just a matter of image, but a question of financing the company and its ability to raise funds on the financial markets. He also questioned the Company's remuneration policy, especially the remuneration of the Chairman, and pointed out this was an issue that ACTARES was raising at other companies as well. He suggested that with a view to equitable distribution of the value created, the shareholders should vote on the remuneration of the members of the Board of Directors and the Corporate Executive Committee. Since this is not the case, ACTARES expressly rejected the Board of Directors' dividend proposal. He asked whether Roche was prepared to reconsider its policy on remuneration of top executives and have this approved by the shareholders.

Before the Chairman replied, Mr Tschopp stated that ACTARES expressly welcomed the fact that Prof. Weder di Mauro was standing for election to the Board of Directors. It regarded this as a positive sign and felt that Roche was providing evidence that it is possible to find competent women, especially as it already has one female Director.

The Chairman thanked him for his questions. In response to Mr Tschopp's first point, he agreed that sustainability has become an issue for the financial markets. In some cases,

companies are required to provide evidence that they comply with internationally accepted standards of sustainability, an area that Roche attaches great importance to and where it has made enormous progress.

With regard to remuneration, he explained the present process of setting executive remuneration and expressly stated that he does not determine either the remuneration of the members of the Corporate Executive Committee or his own pay. This is the task of the Remuneration Committee, which is comprised entirely of Non-Executive Directors and applies a variety of criteria when setting remuneration. He explained that in recent years the Corporate Executive Committee had created considerable value for shareholders and outlined the performance-related aspects of the pay package for its members, e.g. stock options. A clear and detailed overview of remuneration is presented in the Annual Report. A large proportion is dependent on performance, not just in absolute terms but also relative to Roche's competitors. At the same time, the Chairman explained that, as a Swiss company, Roche operates in a legal environment where the aim is to find a balance between transparency and the ability of the Corporate Executive Committee to manage the company.

Mr Keller of Basel expressed his irritation about the constant discussion of the salary paid to the Chairman of the Board of Directors and highlighted the importance of providing employment and especially secure jobs. The Chairman thanked him for his comments and underscored the importance of investment by a healthy company like Roche, pointing to the present construction of a biotechnology facility in Basel, which would create new jobs over the coming years. Commercial success is essential for further investment in Basel as a flourishing industrial location. Roche is committed to Basel and stresses its goal of becoming bigger and more important in order to contribute to prosperity in the region.

Since there were no further questions, the Chairman called for a vote to approve the Annual Report, the Financial Statements and the Consolidated Financial Statements for 2005.

The AGM approved the Annual Report, Financial Statements and Consolidated Financial Statements for 2005 by a vote of 144,312,663 in favour, 12,151 opposed and 20,698 abstentions.

## **Agenda item 2: Ratification of the Board of Directors' Actions**

The Chairman noted that the Directors and other persons who had been involved in directing or managing the Company's affairs were not entitled to vote on this item.

The Chairman invited shareholders' comments and questions on ratification of the directors' actions. There were no requests to speak.

The AGM ratified the actions of the Board of Directors by a vote of 122,796,247 in favour, 4,379 against and 38,590 abstentions. With 122,839,216 shares entitled to vote on this item, 61,419,609 votes were required for an absolute majority.

## **Agenda item 3: Vote on the Appropriation of Available Earnings**

The Chairman moved that the AGM approve the following proposal for the appropriation of available earnings, as published on page 116 of the Finance Report of the Annual Report on 2005:

### Available earnings

Net profit for 2005	CHF	2,389,789,792
Balance brought forward from previous year	CHF	<u>3,935,888</u>
Total available earnings	CHF	2,393,725,680

#### Appropriation of available earnings

Distribution of a dividend of CHF 2.50

gross per share and non-voting equity security CHF 2,156,406,750

Transfer to free reserve CHF 233,000,000

Total appropriation of available earnings CHF 2,389,406,750

To be carried forward on this account CHF 4,318,930

The motion was passed by the AGM by a vote of 144,300,317 in favour, 2,694 opposed and 42,137 abstentions.

The Chairman informed the AGM that the dividend would be payable, free of charges, from Thursday 2 March 2006 on presentation of Coupon #5 at any Swiss branch of UBS AG or Credit Suisse.

#### **Agenda item 4: Election of Directors**

Mr Rolf Hänggi, who had already been thanked by the Chairman for his merits, was stepping down from the Board of Directors with effect from the end of the meeting.

The terms of office of Mr Peter Brabeck-Letmathe, Dr DeAnne Julius and Prof. Horst Teltschick also ended at the meeting. All three Directors were willing to stand for re-election for a term of four years as provided by the Articles of Incorporation. The Chairman moved on behalf of the Board of Directors that these three Directors should be re-elected and that Prof. Beatrice Weder di Mauro should also be elected to the Board of Directors.

The Chairman presented Prof. Weder di Mauro to the meeting. Altering the order of voting, he said that the meeting should first vote on the re-election/election of the two ladies, Dr DeAnne Julius and Prof. Weder di Mauro.

He then gave the shareholders an opportunity to comment on the election. There were no requests to speak.

The Chairman then put forward the names of each of the proposed Directors for a separate vote by electronic ballot.

In the first vote, the AGM elected Dr DeAnne Julius for a further four-year term of office ending at the ordinary AGM in 2010 by a vote of 144,296,764 in favour with 2,723 opposed and 45,760 abstentions.

In the second vote, the AGM elected Prof. Beatrice Weder di Mauro for a four-year term of office ending at the ordinary AGM in 2010 by a vote of 144,300,154 in favour with 5,493 opposed and 39,600 abstentions.

The AGM then elected Mr Peter Brabeck-Letmathe for a further four-year term of office ending at the ordinary AGM in 2010 with a vote of 144,241,582 in favour, 61,716 opposed and 41,949 abstentions.

In the fourth vote, the AGM elected Prof. Horst Teltschik for a further four-year term of office ending at the ordinary AGM in 2010 by a vote of 144,275,820 in favour with 16,939 opposed and 52,488 abstentions.

The Chairman congratulated the Directors on their election to the Board.

**Agenda item 5: Election of the Group and Statutory Auditors**

The Chairman noted that the AGM was required to vote annually to elect Statutory Auditors and Group Auditors for the current fiscal year.

The Board of Directors moved that the AGM elect KPMG Klynveld Peat Marwick Goerdeler SA as Statutory Auditors and Group Auditors for fiscal 2006. KPMG would be prepared to accept if elected.

He gave the shareholders an opportunity to comment on the election. There were no requests to speak.

The AGM elected KPMG Klynveld Peat Marwick Goerdeler SA as Statutory Auditors and Group Auditors with 144,279,795 votes in favour, 6,604 against and 58,848 abstentions.

Since there were no further requests to speak, the Chairman thanked the shareholders for attending and closed the meeting at 12.11 p.m.

The Chairman:

Sig. Dr Franz B. Humer

The Secretary:

Sig. René Kissling