

ROCHE HOLDING LTD, BASEL

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Financial Statements

Income statement in millions of CHF

	Year ended 31 December	
	2011	2010
Income		
Income from participations	8,450	5,733
Interest income from loans to Group companies	51	71
Interest and investment income	7	5
Guarantee fee income from Group companies	203	268
Other income	26	27
Total income	8,737	6,104
Expenses		
Financial expenses	(2)	(94)
Administration expenses	(29)	(37)
Other expenses	(32)	(33)
Total expenses	(63)	(164)
Profit for the year before taxes	8,674	5,940
Taxes	(26)	(21)
Net profit for the year	8,648	5,919

	31 December 2011	31 December 2010
Non-current assets		
Participations	10,266	7,470
Long-term loans	-	2
Long-term loans to Group companies	578	574
Total non-current assets	10,844	8,046
Current assets		
Short-term loans to Group companies	-	1,000
Accounts receivable from Group companies	813	668
Other accounts receivable	1	1
Marketable securities	3,746	3,794
Liquid funds	1,070	-
Total current assets	5,630	5,463
Total assets	16,474	13,509
Equity		
Share capital	160	160
Non-voting equity securities (<i>Genussscheine</i>)	p.m.	p.m.
General legal reserve	300	300
Free reserve	4,706	4,706
Special reserve	2,152	2,152
Available earnings:		
- Balance brought forward from previous year	437	211
- Net profit for the year	8,648	5,919
Total equity	16,403	13,448
Non-current liabilities		
Provisions	35	35
Total non-current liabilities	35	35
Current liabilities		
Accounts payable to Group companies	4	-
Unrealised foreign currency gains	4	-
Other liabilities	28	26
Total current liabilities	36	26
Total liabilities	71	61
Total equity and liabilities	16,474	13,509

p.m. = pro memoria. Non-voting equity securities have no nominal value.

Notes to the Financial Statements

1. Summary of significant accounting policies

Basis of preparation of the financial statements

The financial statements of Roche Holding Ltd, Basel, are prepared in accordance with the provisions of Swiss law.

Participations

The major participations of the company are listed in Note 33 to the Roche Group Consolidated Financial Statements.

Valuation methods and translation of foreign currencies

Marketable securities are reported at the lower of cost or market value. All other assets, including participations, are reported at cost less appropriate write-downs. Assets and liabilities denominated in foreign currencies are translated into Swiss francs using year-end rates of exchange, except participations which are translated at historical rates. Transactions during the year which are denominated in foreign currencies are translated at the exchange rates effective at the relevant transaction dates. Resulting exchange gains and losses are recognised in the income statement with the exception of unrealised gains which are deferred.

Taxes

The tax charge includes corporate income and capital taxes.

2. Equity

Share capital

As in the previous year, share capital amounts to 160 million Swiss francs. The share capital consists of 160,000,000 bearer shares with a nominal value of 1 Swiss franc each. Included in equity are 702,562,700 non-voting equity securities (*Genussscheine*). They are not part of the share capital and confer no voting rights. However each non-voting equity security (*Genussschein*) confers the same rights as any of the shares to participate in the available earnings and in any remaining proceeds from liquidation following repayment of the nominal value of the share capital and, if any, participation certificates.

Movement in recognised amounts in millions of CHF

	Share capital	General legal reserve	Free reserve	Special reserve	Available earnings	Total equity
As at 1 January 2009	160	300	5,519	2,152	3,501	11,632
- Net income	-	-	-	-	5,385	5,385
- Dividends	-	-	-	-	(4,313)	(4,313)
- Transfer to free reserve	-	-	(813)	-	813	-
As at 31 December 2009	160	300	4,706	2,152	5,386	12,704
- Net income	-	-	-	-	5,919	5,919
- Dividends	-	-	-	-	(5,175)	(5,175)
As at 31 December 2010	160	300	4,706	2,152	6,130	13,448
- Net income	-	-	-	-	8,648	8,648
- Dividends	-	-	-	-	(5,693)	(5,693)
As at 31 December 2011	160	300	4,706	2,152	9,085	16,403

3. Contingent liabilities

Guarantees

The company has issued guarantees for certain bonds and notes, commercial paper and credit facilities of Group companies. The nominal amount outstanding at 31 December 2011 was 25.2 billion Swiss francs (2010: 28.5 billion Swiss francs). These primarily relate to the additional bonds and notes issued in 2009 by Group companies to finance the Genentech transaction, which are guaranteed by the Company. These are described in Note 26 to the Roche Group Consolidated Financial Statements on pages 110 to 114.

4. Significant shareholders

All shares in the Company are bearer shares, and for this reason the Company does not keep a register of shareholders. The following figures are based on information from shareholders, the shareholder validation check at the Annual General Meeting of 1 March 2011 and on other information available to the Company.

Controlling shareholders

As of 31 December 2010, based on information supplied to the Group, a shareholder group with pooled voting rights owned 80,020,000 shares, which represented 50.0125% of the issued shares.^{a)} This group consisted of Ms Vera Michalski-Hoffmann, Ms Maja Hoffmann, Mr André Hoffmann, Dr Andreas Oeri, Ms Sabine Duschmalé-Oeri, Ms Catherine Oeri, Ms Maja Oeri, Mr Jörg Duschmalé and Mr Lukas Duschmalé.

On 24 March 2011 the shareholder group announced that it would continue the shareholder pooling agreement existing since 1948 with a modified shareholder composition. A charitable foundation established by pool members has been admitted to the pool. The pool now consists of Ms Vera Michalski-Hoffmann, Ms Maja Hoffmann, Mr André Hoffmann, Dr Andreas Oeri, Ms Sabine Duschmalé-Oeri, Ms Catherine Oeri, Mr Jörg Duschmalé, Mr Lukas Duschmalé and the charitable foundation Wolf. The shareholder group with pooled voting rights now holds 72,018,000 shares, corresponding to 45.01% of the shares issued.^{b)} Ms Maja Oeri, formerly a member of the pool, holds now 8,091,900 shares representing 5.057% of the voting rights independently of the pool.

As of 31 December 2011, 53,332,863 (2010: 53,332,863) shares (participation below 33 $\frac{1}{3}$ %) are owned by Novartis Ltd, Basel, including affiliates thereof.^{c)}

- a) Information supplied by the shareholders. This figure of 80,020,000 shares does not include shares without pooled voting rights held outside this group by individual members of the group.
- b) Information supplied by the shareholders. This figure of 72,018,000 shares does not include shares without pooled voting rights held outside this group by individual members of the group.
- c) Figures as of 31 December 2011 supplied by Novartis Ltd, Basel.

5. Risk management

The detailed disclosures regarding risk management that are required by Swiss law are included in the Roche Group Consolidated Financial Statements on pages 121 to 129.

6. Board and Executive remuneration

Board of Directors

Members of the Board of Directors of Roche Holding Ltd receive an annual remuneration and payment for their time and expenses related to their membership of Board committees.

Remuneration of members of the Board of Directors in thousands of CHF

	2011	2010
B. Gehrig	400	400
A. Hoffmann	400	400
P. Baschera	330	330
J.I. Bell	390	330
P. Brabeck-Letmathe ^{a)}	-	50
P. Bulcke ^{b)}	280	-
W.M. Burns	352	306
L.J.R. de Vink	330	330
C. Franz ^{b)}	280	-
W. Frey ^{a)}	50	360
D.A. Julius	360	360
A.R. Levinson	683	636
A. Oeri	360	360
W. Ruttenstorfer ^{a)}	50	330
H. Teltschik ^{a)}	-	77
P.R. Voser ^{b)}	280	-
B. Weder di Mauro	330	360
Total remuneration of Board of Directors	4,875	4,629

a) At the Annual General Meeting on 1 March 2011, W. Frey and W. Ruttenstorfer did not stand for re-election. At the Annual General Meeting on 2 March 2010, P. Brabeck-Letmathe and H. Teltschik did not stand for re-election.

b) At the Annual General Meeting on 1 March 2011, P. Bulcke, C. Franz and P.R. Voser were elected as new members of the Board of Directors.

The remuneration for Dr Levinson includes payments for his consulting work and for his Board membership of Genentech totalling 353 thousand Swiss francs (2010: 356 thousand Swiss francs). The Chairman of the Board of Directors, Dr Franz B. Humer, received remuneration as shown in the table below.

Remuneration of the Chairman of the Board of Directors in thousands of CHF

	2011	2010	2009
Annual salary, including bonuses and expenses	5,600	6,707	8,230
Bonus/Special Stock Awards	-	-	2,792
Pensions and other post-employment benefits	2,984	2,996	2,995
Equity compensation plans	75	75	75
Other employee benefits	226	255	262
Total remuneration received	8,885	10,033	14,354
Social security costs	370	566	763
Total	9,255	10,599	15,117

Corporate Executive Committee

Members of the Corporate Executive Committee ('CEC') of Roche Holding Ltd receive remuneration, indirect benefits and participate in certain equity compensation plans as shown in the table below. The Group's CEO, Dr Severin Schwan, was the member of the Corporate Executive Committee with the highest total remuneration and his remuneration is also disclosed. New members of the Corporate Executive Committee (Dr Hippe in 2011, Mr O'Day in 2010 and Dr Soriot in 2009) are included for the full calendar year in which they joined the CEC. Similarly, members of the Corporate Executive Committee retiring part way through the year (Dr Hunziker in 2011) are included for the full calendar year in which they left the CEC.

Remuneration of the members of the Corporate Executive Committee in thousands of CHF

	2011		2010		2009	
	Total CEC	- of which S. Schwan	Total CEC	- of which S. Schwan	Total CEC	- of which S. Schwan
Annual salary, including bonuses and expenses	18,698	5,530	23,142	6,780	29,742	5,905
Bonus/Special Stock Awards	3,610	929	-	-	6,543	1,675
Pensions and other post-employment benefits	4,318	459	3,210	456	2,495	457
Equity compensation plans	11,285	4,480	12,272	4,152	16,033	4,039
Retirement awards	4,000	-	-	-	-	-
Other employee benefits	622	5	135	9	248	25
Total remuneration received	42,533	11,403	38,759	11,397	55,061	12,101
Social security costs	1,392	371	1,200	351	1,909	386
Total	43,925	11,774	39,959	11,748	56,970	12,487

Bonus/Special Stock Awards. During 2009 the Chairman of the Board of Directors and members of the Corporate Executive Committee were granted a total of 96,750 Special Stock Awards. The Chairman of the Board of Directors received 34,084 awards and members of the CEC received a total of 62,666 awards, of which 20,450 awards were granted to Dr Schwan. The fair value of these awards for the employee is calculated based on the fair value of non-voting equity securities (*Genussscheine*) at the grant date (CHF 146.70 or CHF 169.40) discounted to take into account the period in which they are blocked (3 years: 83.962%, 10 years: 55.839%). There were no such awards in 2010. In 2011 50% of the bonus for members of the Corporate Executive Committee was awarded in the form Bonus Stock Awards. The members of the CEC received a total of 32,342 awards, of which 10,214 awards were granted to Dr Schwan. The fair value of these awards for the employee is calculated based on the fair value of non-voting equity securities (*Genussscheine*) at the grant date discounted to take into account the period in which they are blocked (3 years: 83.962%, 10 years: 55.839%).

Employer contribution to social security schemes and pension plans. The Group pays social insurance contributions in respect of the above remuneration and pays contributions to pension and other post-employment benefit plans for the Chairman of the Board of Directors and members of the Corporate Executive Committee.

Equity Compensation Plans. The Chairman of the Board of Directors and members of the Corporate Executive Committee also participate in certain equity compensation plans as described below. The terms and vesting conditions of these awards are disclosed in Note 10 to the Consolidated Financial Statements. The fair values used in the Consolidated Financial Statements represent the cost to the company at grant date and reflect amongst other matters the observed exercise behaviour and exit rate for the whole population that receive the awards and initial simulations of any performance conditions. For the purposes of these remuneration disclosures the values are calculated based on the fair value that the employee receives taking into account the preliminary assessment of any completed performance conditions.

The Chairman of the Board of Directors and members of the Corporate Executive Committee are eligible to participate in Roche Connect, a programme that enables employees to make regular deductions from their salaries to purchase non-voting equity securities. The Group contributes to the programme, which allows the employees to purchase non-voting equity securities at a discount (usually 20%).

During 2011 members of the Corporate Executive Committee were granted 572,121 Stock-settled Stock Appreciation Rights (S-SARs). The individual awards relating to 2011 are shown in the table below. The fair value of these awards for the employee is 8,811,711 Swiss francs, which is calculated using the Black-Scholes formula, assuming holding until maturity, and deducting 11% for the average two-year vesting period.

Members of the Corporate Executive Committee and other members of senior management participate in the Roche Performance Share Plan (PSP). The Group has three overlapping three-year PSPs. The target awards for the three-year cycle are defined at the beginning of the cycle and the awards are considered to form part of the employee's remuneration in three equal annual amounts over the three-year cycle. Each award will result in between zero and two non-voting equity securities (*Genussscheine*), depending upon the achievement of the performance targets, and the discretion of the Board of Directors. The individual awards relating to 2011 are shown in the table below. The number of the awards is calculated as follows:

- PSP 2009–2011: At the end of the cycle the performance targets were not achieved and accordingly the participants received none of the originally targeted non-voting equity securities (*Genussscheine*).
- PSP 2010–2012: One non-voting equity security (*Genussschein*) per award.
- PSP 2011–2013: One non-voting equity security (*Genussschein*) per award.
- The resulting allocations are multiplied by the non-voting equity security (*Genussschein*) price at 31 December 2011 of 159.20 Swiss francs to give the fair value for the remuneration received by the employee.

Remuneration from equity compensation plans in 2011 in thousands of CHF

	Roche Connect Employer contributions	S-SAR '11 (number)	S-SAR awards S-SAR '11 fair value	PSP '09-'11 (number)	PSP '10-'12 (number)	PSP '11-'13 (number)	PSP awards PSP fair value	Total fair value
Total CEC	226	572,121	8,812	–	16,574	25,778	2,247	11,285
– of which								
S. Schwan	100	231,483	3,560	–	5,991	9,460	820	4,480

Other employee benefits. These include tax advisory costs and other incidental benefits.

Transactions with former members of the Corporate Executive Committee. Pensions and tax consulting services totalling 2 million Swiss francs were paid by the Group in 2011 to two former Corporate Executive Committee members (2010 and 2009: 2 million Swiss francs to four former members).

7. Board and Executive shareholdings

Board of Directors

Directors Mr André Hoffmann and Dr Andreas Oeri and other members of the founder's families who are closely associated with them belong to a shareholder group with pooled voting rights. At the end of 2011 this group held 72,018,000 shares (45.01% of issued shares) (2010: 80,020,000 shares/50.01% of issued shares). Detailed information about this group is given in Note 4. In addition at the end of the year the members of the Board of Directors and persons closely associated with them held shares and non-voting equity securities (*Genussscheine*) as shown in the table below.

Shareholdings of members of the Board of Directors

	Shares		Non-voting equity securities (<i>Genussscheine</i>)		Other
	2011	2010	2011	2010	
F. B. Humer	7,492	3	192,680	197,215	b), f)
B. Gehrig	50	50	300	150	
A. Hoffmann	– ^{a)}	– ^{a)}	200	200	c)
P. Baschera	1	1	–	–	
J. I. Bell	300	300	1,647	1,647	
P. Bulcke	–	n/a	850	n/a	
W. M. Burns	3	3	83,784	79,254	b)
L. J. R. de Vink	–	–	–	–	d)
C. Franz	–	n/a	350	n/a	
W. Frey	n/a	72,500	n/a	–	
D. A. Julius	350	350	–	–	e)
A. R. Levinson	–	–	–	–	
A. Oeri	– ^{a)}	– ^{a)}	307,793	307,793	c)
W. Ruttenstorfer	n/a	1,000	n/a	–	
P. R. Voser	–	n/a	3,600	n/a	
B. Weder di Mauro	200	200	800	–	
Total	8,396	74,407	592,004	586,259	

a) Does not include shares held in the shareholder group with pooled voting rights.

b) Equity compensation awards: Roche Option Plan, S-SARs and Roche Performance Share Plan. See below.

c) Mr Hoffmann and Dr Oeri each held 250,000 UBS Long/Short Certificates on Roche bearer shares (RO) versus Roche non-voting equity securities (ROG).

d) Mr de Vink held 31,600 Roche American Depositary Receipts (ADRs) (2010: 31,600).

e) Close relatives of Dr Julius held 1,550 Roche non-voting equity securities (*Genussscheine*) (2010: 1,550).

f) Dr Humer held 2,500 ROGTPK Tracker-plus certificates from Zürcher Kantonalbank on underlying Roche non-voting equity securities (ROG) (2010: 2,500).

Corporate Executive Committee

Members of the Corporate Executive Committee and persons closely associated with them held shares and non-voting equity securities (*Genussscheine*) as shown in the table below.

Shareholdings of members of the Corporate Executive Committee

	Shares		Non-voting equity securities (<i>Genussscheine</i>)		Other
	2011	2010	2011	2010	
S. Schwan	3	3	39,867	35,978	a), b)
S. Ayyoubi	3	3	12,329	12,213	a)
A. Hippe	-	n/a	2,708	n/a	a), d)
E. Hunziker	n/a	3	n/a	62,458	a), e)
G.A. Keller	2,153	1,253	28,168	31,278	a), c)
D. O'Day	3	3	674	220	a)
P. Soriot	2	2	6,373	6,314	a)
Total	2,164	1,267	90,119	148,461	

- a) Equity compensation awards: Roche Option Plan, S-SARs and Roche Performance Share Plan. See below.
b) Close relatives of Dr Schwan held 570 Roche non-voting equity securities (*Genussscheine*) (2010: 570).
c) Close relatives of Dr Keller held 1,100 Roche shares (2010: 70 Roche non-voting equity securities (*Genussscheine*)).
d) Dr Hippe was appointed to the Corporate Executive Committee effective 1 April 2011.
e) Dr Hunziker resigned from the Corporate Executive Committee effective 31 March 2011.

At 31 December 2011 the Chairman of the Board of Directors, Mr Burns and members of the Corporate Executive Committee held Stock-settled Stock Appreciation Rights (S-SARs) as shown in the table below. The awards held by Dr Humer, the current Chairman of the Board of Directors, and Mr Burns, a current member of the Board of Directors, were issued to them in their previous capacities as members of the Corporate Executive Committee. Each option entitles the holder to purchase one Roche non-voting equity security (*Genussschein*) at a specified strike price. The terms and vesting conditions of these awards are disclosed in Note 10 to the Consolidated Financial Statements and additional supplementary information is in the Remuneration Report, which is included in the Business Report (Part 1 of this Annual Report) on pages 126 to 136.

S-SARs awards held at 31 December 2011

Year of issue	2011	2010	2009	2008	2007	2006	Total
S. Schwan	231,483	154,443	175,362	105,576	29,190	15,696	711,750
S. Ayyoubi	69,447	46,335	43,842	21,117	3,243	2,517	186,501
A. Hippe	10,767	-	-	-	-	-	10,767
G.A. Keller	86,808	57,918	43,842	63,345	24,327	15,696	291,936
D. O'Day	57,873	38,613	21,762	20,133	10,269	5,856	154,506
P. Soriot	115,743	77,223	69,051	63,345	29,190	45,180	399,732
Total CEC	572,121	374,532	353,859	273,516	96,219	84,945	1,755,192
F.B. Humer	-	-	-	-	48,651	52,317	100,968
W.M. Burns	-	-	109,602	105,576	48,651	26,160	289,989
Total	572,121	374,532	463,461	379,092	193,521	163,422	2,146,149
Strike price (CHF)	140.10 ^{b)}	175.50	145.40	195.80	229.60	195.00 ^{a)}	-
Expiry date	Feb. 2018 ^{b)}	Feb. 2017	Feb. 2016	Jan. 2015	Feb. 2014	Feb. 2013 ^{a)}	-

- a) Dr Soriot's 2006 awards included 21,636 awards that have a strike price of CHF 196.50 and expire in January 2013.
b) Dr Hippe's 2011 awards have a strike price of CHF 140.30 and expire in April 2018.

At 31 December 2011 members of the Corporate Executive Committee as shown in the table below held PSP awards from the PSP performance cycles 2010–2012 and 2011–2013. The terms and vesting conditions of these awards are disclosed in Note 10 to the Consolidated Financial Statements and additional supplementary information is in the Remuneration Report on pages 126 to 136 of the Business Report (Part 1 of this Annual Report). Each award will result in between zero and two non-voting equity securities (*Genussscheine*), depending upon the achievement of the performance targets and the discretion of the Board of Directors. At the end of the 2009–2011 cycle the performance targets were not achieved and accordingly the participants received none of the originally targeted non-voting equity securities (*Genussscheine*). The total target number of awards for the other outstanding cycles as at 31 December 2011 are shown in the table below.

Roche Performance Share Plan awards held at 31 December 2011

	PSP 2010–2012	PSP 2011–2013
S. Schwan	5,991	9,460
S. Ayyoubi	1,597	2,838
A. Hippe	–	2,838
G. A. Keller	2,995	3,547
D. O'Day	1,997	2,365
P. Soriot	3,994	4,730
Total CEC	16,574	25,778
Allocation date	Feb. 2013	Feb. 2014

At 31 December 2010 the Chairman of the Board of Directors, Mr Burns and members of the Corporate Executive Committee at that time held a total of 2,060,235 Stock-settled Stock Appreciation Rights and Roche Option Plan awards, and had outstanding a total of 37,940 awards granted under the Roche Performance Share Plan.

Appropriation of Available Earnings

Proposals to the Annual General Meeting in CHF

	2011	2010
Available earnings		
Balance brought forward from previous year	436,741,030	210,556,466
Net profit for the year	8,647,901,921	5,919,098,384
Total available earnings	9,084,642,951	6,129,654,850
Appropriation of available earnings		
Distribution of an ordinary dividend of CHF 6.80 gross per share and non-voting equity security (<i>Genussschein</i>) as against CHF 6.60 last year	(5,865,426,360)	(5,692,913,820)
Transfer to free reserve	(1,293,450,000)	-
Total appropriation of available earnings	(7,158,876,360)	(5,692,913,820)
To be carried forward on this account	1,925,766,591	436,741,030

Report of the Statutory Auditor on the Financial Statements

Report of the Statutory Auditor on the Financial Statements to the Annual General Meeting of Roche Holding Ltd, Basel

As statutory auditor, we have audited the accompanying financial statements of Roche Holding Ltd, which comprise the income statement, balance sheet and notes on pages 155 to 165 for the year ended 31 December 2011.

Board of Directors' Responsibility. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

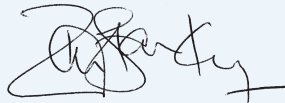
Opinion. In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.



Ian Starkey
Licensed Audit Expert
Auditor in Charge



François Rouiller
Licensed Audit Expert

Basel, 24 January 2012

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Next Annual General Meeting:
6 March 2012

Cautionary statement regarding forward-looking statements

This Annual Report 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 Annual Report, 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.

The statement regarding earnings per share growth is not a profit forecast and should not be interpreted to mean that Roche's earnings or earnings per share for 2011 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Roche.

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