

## MINUTES

**of the 93rd Annual General Meeting  
of the Shareholders of ROCHE HOLDING Ltd, Basel,  
held at 10.30 a.m. on 1 March 2011  
at the Convention Centre, Basel Trade Fair Complex, Basel**

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Roche Chairman of the Board, Dr Franz B. Humer, called the meeting to order at 10.30 a.m. and took the chair.

The Chairman was joined on the podium by the following members of the Corporate Executive Committee: Dr Severin Schwan, Pascal Soriot, Daniel O'Day, Dr Erich Hunziker, Dr Gottlieb Keller and Ms Silvia Ayyoubi.

Also present from the Board of Directors were: Prof. Bruno Gehrig (Vice Chairman), Mr André Hoffmann (Vice Chairman), Prof. Pius Baschera, Prof. Sir John I. Bell, Mr William M. Burns, Mr Lodewijk J. R. de Vink, Mr Walter Frey, Dr DeAnne Julius, Dr Arthur D. Levinson, Dr Andreas Oeri, Dr Wolfgang Ruttenstorfer and Prof. Beatrice Weder di Mauro.

Mr Paul Bulcke, Mr Peter R. Voser and Dr Christoph Franz, all nominated for election as new members of the Board (agenda item 5), were also present.

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, 4 and 7 February 2011, in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) and to the announcement that had appeared in the daily newspapers and the financial press. The Chairman also noted that no requests had been received from shareholders to include additional items on the meeting agenda.

The Chairman then stated that Messrs John Morris and François Rouiller were present on behalf of the Statutory Auditor, KPMG AG, as was Mr Ian Starkey in his capacity as new senior auditor, contingent on KPMG being elected Statutory Auditor for the 2011 financial year.

BDO AG, the firm designated by Roche to serve as independent proxy pursuant to Art. 689b of the Swiss Code of Obligations, was represented at the meeting by Mr Marc Schaffner.

The Chairman designated

as secretaries:

Mr René Kissling, Secretary to the Board Committees  
for agenda items 1-3, 5 and 6;

Dr Benedikt Suter, solicitor and notary, c/o Lenz, Caemmerer, for agenda item 4  
(agenda items 5.5 - 5.7 were also minuted by the notary for the commercial register).

as tellers:

Mr Donald Sulzer, Managing Director, Investment Banking Switzerland, Credit Suisse,  
Zurich

Mr Werner Meier, Director and Head of Executives & Entrepreneurs, UBS AG, Basel

Mr Peter Nussbaumer, Managing Director and Senior Advisor/Head of Private  
Banking, Credit Suisse, Basel branch

Mr Urs Raeber, Managing Director, Investment Banking Department, UBS AG, Zurich

Dr Beat Rauss, solicitor/CEO, Uninvest AG, Basel

Mr Werner Rüegg, Managing Director, Head of Swiss Market, Bank Sarasin, Basel

Mr Anton Schaub, Head of Business Development Institutional Clients, BKB, Basel

Mr Vittorio Schiro, Managing Director, Global Head Derivatives Capital Markets, UBS  
AG, Zurich.

The Chairman designated Mr Donald Sulzer as head teller.

The Chairman stated that the minutes of the 2010 Annual General Meeting (AGM) were available on the internet and that next year's AGM was scheduled to take place on Tuesday, 6 March 2012.

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 votes would be conducted electronically.

Having explained the electronic voting system, the Chairman conducted a test ballot and found that the system was operating correctly.

The Chairman, **Dr Franz B. Humer**, commenced his address to the shareholders by stating that 2010 had been a particularly challenging year for Roche. He highlighted the tremendous pressure on drug prices, the increasingly stringent regulatory requirements that new medicines have to satisfy, and the risk of negative clinical trial results that is inherent to pharmaceutical innovation. He then discussed the goals that Roche had achieved in 2010.

The Chairman explained the dividend increase proposed by the Board of Directors – the 24th in succession, which would raise the dividend by 10% to 6.60 Swiss francs per share and non-voting equity security – and the dividend policy for 2011, which would reflect the growth in Core Earnings per Share. He reaffirmed the soundness of Roche's corporate strategy, which focuses on innovation in the pharmaceuticals and diagnostics businesses, and emphasised the sustained progress being made in medicine and science, the enormous potential of the modern biological sciences and the investments in research and development that these require. He highlighted the progress made by Roche in personalised healthcare and the benefits to patients, payers and regulators, before going on to explain why Roche is strongly placed for the future – not least thanks to the successful integration of Genentech.

The Chairman spoke about the changes on the Board of Directors and the Corporate Executive Committee, and thanked departing Board members Walter Frey and Dr Wolfgang Ruttenstorfer for their dedication and commitment. He then spoke about Paul Bulcke, CEO of Nestlé AG, Dr Christoph Franz, Chairman and CEO of Deutsche Lufthansa AG, and Peter R. Voser, CEO of Royal Dutch Shell plc, who were standing for election as new members of the Board (agenda item 5) and about the proposed shortening of Board members' terms of office from three to two years (agenda item 4).

Finally, the Chairman offered special thanks to the departing Chief Financial Officer and Deputy Head of the Corporate Executive Committee, Dr Erich Hunziker, for a decade of outstanding achievement during which he had made a tremendous contribution to the Group's success, and briefly introduced Dr Hunziker's successor, Dr Alan Hippe.

The Chairman then invited **Dr Severin Schwan**, CEO of the Roche Group, to speak. Dr Schwan began by saying that 2010 had not been an easy year for Roche, although it had been a successful one in various ways. He then went on to discuss three main topics:

1. *The financial results for 2010 and the outlook for 2011*

Dr Schwan briefly reviewed the key financial results for the previous financial year and explained the influence that two exceptional factors, Tamiflu and exchange rate movements (the weakness of the euro and the dollar versus the strong Swiss franc), had had on Roche's result for 2010. He spoke about the enhanced earning power gained from the Genentech integration and cost-control measures, the increase in currency-adjusted core operating profit and the further improvement in profitability (operating margin) in both Divisions. On behalf of the entire Corporate Executive Committee, he then thanked all Roche employees for their hard work and dedication.

He then talked briefly about the outlook for 2011, saying that – barring unforeseen events – he expected low single-digit sales growth in local currencies for the Group and the Pharmaceuticals Division (excluding Tamiflu), sales growth in the Diagnostics Division that significantly outpaced the market, and a high single-digit increase in Core Earnings per Share at constant exchange rates.

2. *The significance of the Group-wide Operational Excellence programme*

Dr Schwan spoke in detail about the progress made in successfully implementing the comprehensive, Group-wide Operational Excellence programme. Initiated in the face of growing pricing pressures, increasingly stringent approval requirements and the setbacks in the development pipeline, it aims to further strengthen Roche's productivity and innovation capacity and thereby secure its long-term success.

3. *Progress in personalised healthcare and its significance for patients*

Dr Schwan spoke in detail about the progress made by Roche in personalised healthcare, emphasising that the Company's success was based on its single-minded pursuit of innovation. The aim is to develop medicines and diagnostics that create tangible added value for physicians and patients alike in therapeutic areas with high unmet medical need. He highlighted the richness of the research and development pipeline, which is one of the strongest in the industry both for diagnostics and pharmaceuticals.

He reported on the priority projects in late-stage clinical development, which currently comprise twelve new molecular entities in five different therapeutic areas, saying that these will provide a solid basis for Roche's future growth. Insights from modern molecular diagnostics had made it possible to design half of these new molecules for targeted use in specific patient populations (BRAF inhibitor for skin cancer, MetMAB for lung cancer, T-DM1 and pertuzumab for breast cancer and other projects in virology and inflammatory disease). He highlighted the significant clinical benefits that targeted diagnostic and therapeutic options offer patients and physicians in terms of efficacy, quality and safety as well as the associated cost savings.

Starting with chemotherapy, the standard therapy regimen for cancer in the 1970s, Dr Schwan explained the

development of personalised healthcare, taking breast cancer as an example. He talked about the therapeutic approach, mode of action and effect of Herceptin, T-DM1 and Pertuzumab, illustrating the effect that T-DM1 can have with a film featuring a patient. He concluded his detailed comments by re-emphasising the enormous potential of personalised healthcare for patients, healthcare providers and Roche.

Based on the attendance list, the Chairman then noted that 818 shareholders or their proxies were present, representing 142,963,212 shares or votes and thus 89.4% of the Company's total share capital. The aforementioned shares, each with a nominal value of CHF 1.00, were represented as follows:

- Shareholders:	55,740,887 shares
- Proxies for deposited shares:	80,510,200 shares
- Independent proxy:	6,712,125 shares

71,481,607 shares 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 2010 Annual Report, Annual Financial Statements, Consolidated Financial Statements and Remuneration Report**

### **1.1 Approval of the 2010 Annual Report, Annual Financial Statements and Consolidated Financial Statements**

The Chairman stated that Roche's Annual Report, comprising a business 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 the banks holding deposited shares. In addition, copies of the report had been mailed to shareholders on request. The separately bound Finance Report, which forms part of the Annual Report, includes the Report of the Statutory Auditor on page 162. In response to a request for comment, Messrs John Morris and François Rouiller, representing the Statutory Auditor, had already informed the Chairman that they had nothing to add to their written report. The Finance Report also includes the Report of the Statutory Auditor on the Consolidated Financial Statements, on page 136. The Chairman invited the shareholders to discuss the report and the financial statements.

**Mr Rudolf Weber from Rheinfelden** took the floor. He started by praising Roche's Annual Report as the best annual report for 2010. Referring to pages 88 and 93 of the 2010 Annual Report, he then criticised both the

level of remuneration paid to Board members in relation to the number of meetings they had attended and the time these had involved, as well as the additional remuneration paid to Board members in their capacity as members of Board Committees. Referring to page 97 of the Annual Report, he criticised the payment of indirect benefits such as the cost of tax consulting services to members of the Board. Mr Weber also criticised the proposed enlargement of the Board, saying that he opposed the election of Dr Christoph Franz in view of his heavy commitments as CEO of Deutsche Lufthansa AG.

The Chairman thanked Mr Weber for his comments and for his complimentary remark about the Annual Report. He said that the criticism was also praise for the transparency of remunerations reporting, but pointed out that Mr Weber had omitted certain factors when calculating the hourly remuneration rate. The members of the Board also make their services available to the Chairman and the Corporate Executive Committee above and beyond the published number of meetings and hours. Furthermore, some of them sit on Scientific Advisory Boards and belong to or chair one or more Board Committees. He asserted that the Board members' heavy workload and dedication justifies the remuneration paid to them. The Chairman said that the payments for tax consulting services were entirely justified, given the complexity of Corporate Executive Committee members' tax returns, which is a result of the international tax regulations applicable to them. With respect to the composition and size of the Board, the Chairman replied that it is very important to have Board members who, as active CEOs of their own companies, have personal experience of dealing with and resolving problems, who know what is happening in the international political and business arenas, and who, as a result, can provide appropriate advice. He emphasised that Roche has one of the best Boards of Directors in Europe – and certainly one of the best in Switzerland – and that it is probably also superior to the Boards of companies in English-speaking countries in terms of skills and composition.

The Chairman then invited **Mr Walter Grob from Berne** to take the floor. Like Mr Weber, Mr Grob praised the 2010 Annual Report, but suggested that an abridged German version also be made available at the AGM and that the distribution of a wall calendar be reintroduced. He then asked about the 530 jobs that were to be lost at Burgdorf, the fate of the affected employees, the redundancy scheme that has been put in place and why the site is being closed. The Chairman thanked Mr Grob for his remarks and confirmed that it would be possible to provide an abridged version in German in the future. The suggestion of distributing a wall calendar would be examined. He asked Dr Schwan to reply to the question about the closure of the Burgdorf site. Dr Schwan explained that the main reason for closing Burgdorf was the integration of existing technologies at Mannheim (the hub of Roche's global diabetes operations) with Burgdorf's insulin pump manufacturing activities. Consolidating the two sites would make it possible to pursue innovation more effectively and also yield savings on infrastructure costs. He reiterated that Roche had endeavoured to find socially acceptable solutions for the affected employees at Burgdorf and emphasised that the transfer will take place over a two-

year period, thus increasing the likelihood of finding appropriate solutions for affected employees. He also mentioned the successful outcome of negotiations on the redundancy scheme, which had been achieved with the agreement of the employee representatives. Dr Schwan said that Operational Excellence would also create new jobs in Switzerland. Following the same logic applied to Burgdorf, a facility in Graz, Austria, would be closed and its operations transferred to Rotkreuz, Roche's global centre for professional systems, thus creating new employment opportunities.

**Mr Peter Früh representing Actares** was invited to take the floor. Mr Früh reminded the meeting of the comments he had made on the subject of transplantation medicine and CellCept in China at Roche's AGM in 2010. He stated that organs from executed prisoners are still being used for transplants in China. This violates the guidelines of the World Health Organization (WHO), the World Medical Association, the terms of the Declaration of Istanbul and the principles of the Transplantation Society, the international federation of transplantology specialists. Mr Früh accused Roche of complicity with Chinese practices, since the transplanted organs are obtained in an ethically unacceptable way. Referring to the problematic human rights situation in China, he mentioned two public awards that had been made to Roche in 2010 by the NGOs Berne Declaration and Greenpeace.

He criticised the fact that Roche's actions were sharply at odds with its undertaking to support ethically and legally correct organ donation practices. He accused Roche of continuing ongoing transplantation trials in China even though the origin of the organs being used was unknown, and of continuing to recruit new patients to both trials. He also stated that it was insufficient to cite the 2007 Chinese Transplantation Law and the fact that trial centres in China are contractually obliged by Roche to comply with WHO standards. He accused Roche of window-dressing by not acting in accordance with its undertaking to support global efforts to prevent the use of organs from executed prisoners. Mr Früh concluded his comments by asking whether Roche would be willing to undertake to end the two ongoing trials as quickly as possible, to stop recruiting new patients with immediate effect and, as a way of sending a signal, not to actively market drugs used in transplantation medicine in China until the situation there conforms to international standards. The Chairman thanked Mr Früh for his comments. He emphasised that Roche takes this subject very seriously and mentioned the various occasions that the company had been in contact with Actares following the last AGM. With reference to Mr Früh's demands, the Chairman confirmed that Roche is not recruiting any more patients into the clinical trials and that the overall study should be completed by the middle of this year. He emphasised that Roche is continuing to work towards improvements in China, and that this is a difficult task. He also mentioned the progress that had been made in China, e.g. the increase in living kidney donations from 3% in 2005 to the current figure of 34%. The Chairman asked Dr Schwan to take the floor to provide further comments.

Dr Schwan explained that CellCept saves lives and that Roche needs to provide this medication to Chinese transplant patients, since not doing so would mean their death. Commenting on the clinical trials, he stated that these were being carried out solely for the patients' benefit, since their purpose was specifically to optimise CellCept dosages. He emphasised that Roche is in no way involved in organ procurement, as had been implied, and that, as elsewhere in the world, the Company does not even have access to the data for ethical reasons. Following on from the Chairman's comments, Dr Schwan underscored the fact that Roche had been instrumental in helping to bring about an improvement in Chinese legislation, including the 2007 ban on transplants for foreigners, which had eliminated transplant tourism in China. The Chairman added that the greatest step forward would be if China abolished the death sentence and living donations were to further increase.

**Mr Alfred Gysin from Winterthur** then took the floor. Apart from the payment of expenses for financial and tax advice already criticised by Mr Weber, he criticised the additional mortgage and school fee payments made to a member of the Corporate Executive Committee who had transferred from the USA. He asked how many of Roche's 80,000 employees received additional benefits of this kind, and emphasised that their basic salary should be sufficient for these purposes. Moving on to his second point, Mr Gysin, referring to page 131 of the Annual Report, was pleased to note that the Genentech sites had been incorporated into the corporate SHE audit programme and would be assessed against the same standards as the other Roche sites worldwide. At the same time, however, he warned against eliminating identified shortcomings quickly and cheaply rather than sustainably – in line in some instances with cultural differences – and said that the audit team must receive the top management's full backing in implementing the required measures. The Chairman thanked him for his comments, explaining that the sustainable principles to be used, a timetable for implementation and audits to monitor the efficacy of the measures taken had already been agreed with Genentech, and that the Chairman and Dr Schwan were receiving continuous updates on developments.

With respect to the payment of additional benefits, the Chairman stated that employees who are transferred internationally receive supplementary benefits regardless of functional level. Benefits of this kind are also necessary to encourage employees from other cultural backgrounds to relocate to Basel, for example.

The Chairman then invited **Mr Harry Pollack from Netstal** to take the floor. Mr Pollack expressed his displeasure at the performance, or rather decline in value, of the Roche share during the previous 12 months, which was sharply at odds with the positive trend of business, net profit and the pipeline of promising new molecules. He asked the Chairman what the Board intended to do to make the share more attractive to the market in view of the advantages he had mentioned.

The Chairman thanked him for his remarks and said that he too was dissatisfied by the share price. The fall in

value had also had a severe impact on the entire Corporate Executive Committee's options, Performance Share Plan and variable remuneration components. He explained that the share price obviously reflected the setbacks of recent months and that, in his opinion, the promising outlook for Roche's pipeline had as yet been overlooked. Roche needed to achieve better results, transform its current pipeline into effective products and then communicate this successful outcome to the financial analysts and the public. For the moment, the main thing was to be patient and maintain the Company's clear line and strategy.

**Ms Renate Rufer from Riehen** took the floor. She started by criticising Roche's share price performance and expressed her concern about the treatment of the Company's employees – its most important asset for long-term success – in the current, constantly changing everyday working environment. She asked whether the Corporate Principles, and more specifically the respect for the individual which they demand, are still being employed, and what steps are taken on a day-to-day basis to ensure that this respect is maintained. The Chairman thanked Ms Rufer for addressing a very important and fundamental subject, namely the preservation of a corporate culture that has evolved over many decades. Since Roche is a globally operating company, the question is how to bring these principles to life for people from other cultures as well. He emphasised that the task of making this culture a tangible reality and of not deviating from the principles on which it is based is essential yet simultaneously challenging, and that it is something to which everyone needed to contribute. The Chairman underlined the importance of Roche not losing the foundation of its culture and becoming indistinguishable from many other global companies which have no culture and no roots.

The Chairman invited **Mr Fredy Reifler from Wädenswil** to take the floor. Mr Reifler criticised the level of remuneration paid to the Board and to management. Citing the very high health insurance premiums and medicine prices in Switzerland, he called on Roche to set a good example by reducing executive remuneration so that the money saved could be used to lower medicine prices and health insurance premiums. The Chairman thanked Mr Reifler for his remarks and replied that in 2010, the industry as a whole had negotiated price reductions totalling 400 million Swiss francs with the relevant bodies in Switzerland and that these had helped to contain healthcare costs. He also said that medicines and diagnostic products account for approximately 10 to 15% of total healthcare costs. This being so, the discussion about reducing healthcare costs and health insurance premiums should also take account of hospital, infrastructure and doctors' costs and pharmacists' and wholesalers' margins. He said generics, which are much more expensive in Switzerland than in neighbouring countries, continued to represent a substantial source of potential savings.

**Mr Hermann Struchen from Zurich** took the floor.

Referring to the remarks made by Mr Weber, Mr Struchen went into the share price issue in more detail. Citing pages 149 and 150 of the 2010 Finance Report, he said that the lowest price reached by the share in 2010 was essentially half the lowest price in 2007, and he asked the Chairman what errors this was attributable to.

Mr Struchen also drew attention to page 30 of the Finance Report, asking why the peer set index had outperformed Roche in 2010, and wondering whether one of the reasons had been the divestment of the vitamins and OTC business. The Chairman thanked Mr Struchen for his comments and also expressed his displeasure at the share price's performance. However, he reiterated that Roche was pursuing the correct strategy but that innovations do not always go to plan, as had been shown by the setbacks in the pipeline during 2010 and for which the financial markets had punished the Company. Roche nonetheless had an outstanding short-term and long-term pipeline and was correctly focusing on medicines that make a real difference in improving quality of life as well as in prolonging and saving lives, and the share price should reflect this once more in the next few years.

**Mr Peter Ern from Zurich** then took the floor, addressing three topics already mentioned by previous speakers. He said that Roche had coined the ugliest expression of 2011 with "Operational Excellence", a name that tried to attach a positive connotation to something essentially negative, i.e. job cuts. He asked who had come up with such a wonderful name.

Moving on to his second topic, Mr Ern first praised the transparency, openness and forthrightness of the 2010 Annual Report. He was not happy, however, about the levels of remuneration and additional payments reported by Roche, and asked whether the high rate of staff turnover in Latin America and Australia (approximately 20% of the headcount) was due to Operational Excellence.

In his third point Mr Ern criticised the Chairman's response to a previous speaker's question about payments made to members of the Corporate Executive Committee for tax consulting services and hoped that as a global company, Roche would be able to prevail on the tax authorities to make tax returns simpler.

The Chairman thanked Mr Ern for his remarks and noted his comment about taxes. Replying to Mr Ern's second question, he confirmed that the staff turnover in Australia and Latin America was due to the initial effects of Operational Excellence.

The origin of the term "Operational Excellence" remains unclear, although Dr Schwan felt that it was important to respond proactively and rapidly to changing conditions in the business environment. The Company's focus was not only on the affected employees who are leaving Roche, but also on the vast majority of the workforce who would be staying at Roche and for whom it is important to ensure that Roche remains attractive and

strong.

The Chairman invited **Mr Walter Grob from Berne** to speak again. He requested more information in response to his question about what would be happening to the 530 individuals at Burgdorf, where they would be transferred to and what sort of severance payments they would be receiving. He also emphasised that the closure of the facility would have a significant impact on a small town like Burgdorf and on the region around Berne.

The Chairman invited Dr Schwan to reply. Dr Schwan confirmed that the decision to close Burgdorf is final. He was aware of the impact that the closure would have on the affected employees and their families, on the town of Burgdorf and on the region, and it was for this reason that a wide variety of steps had been implemented to mitigate this impact. He reiterated that there would be a long transitional period of two years before the site finally closed. He also mentioned that employees had been offered the chance to transfer to Mannheim, but appreciated that this would often be difficult for people with families. Employees who were unable to transfer would therefore receive financial assistance. He emphasised again that very constructive, mutually acceptable and good solutions had been found for employees with the full approval of the employee representatives.

He mentioned the dialogue that Roche is conducting with the government and authorities and held out the prospect of further collaboration with the universities and suppliers in the region.

As 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 2010.

The AGM approved the Annual Report, the Financial Statements and the Consolidated Financial Statements for 2010 by a vote of 142,862,617 in favour, 17,338 opposed and 57,012 abstentions.
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## **1.2 Approval of the Remuneration Report**

The Chairman stated that the Remuneration Report could be found on pages 91 to 101 of the Annual Report. The Remuneration Report describes the principles governing the remuneration paid to the Board of Directors and the Corporate Executive Committee and reports the amounts paid to both bodies in 2010. He explained that the vote was advisory in nature and gave shareholders an opportunity to voice their views on the Remuneration Report.

**Mr Peter Früh representing Actares** was invited to take the floor.

He criticised the salaries paid to the Chairman and to the CEO, Dr Schwan, especially since employees had been made redundant. He accused them of having learnt nothing from the global financial crisis and the sociopolitical changes that had occurred, and condemned their failure to set a good example as the

Company's top executives, their lack of fairness, and their actions, which he said were selfishly motivated. Turning to the Board elections, Mr Früh commented that women were seriously under-represented on the Board of Directors, and criticised Roche for not having nominated any women. This being the case, Actares' voting rules required him to vote against the appointment of the new Board members.

The Chairman thanked Mr Früh for his comments and explained that gender diversity was an important topic. He pointed out that Roche had two women on its Board of Directors and one on its Corporate Executive Committee. He also mentioned the great progress that had been made in recent years, with women now holding 16% of senior positions in the Company compared with 10% five years ago. The goal is to increase this figure to 20% within the next three years, and part of the Corporate Executive Committee's bonuses will depend on this objective being achieved. He stressed that efforts were also being made by the Board to identify potential female Directors, but was against a quota regime in view of the discussions he had had and having seen what had happened in the UK.

Referring to the criticism about remuneration, the Chairman stated that no system is perfect because it has to be constantly adapted to competitive circumstances, the macroeconomic environment and the specific situation of the Company. He underlined the importance of transparency and pointed out that the 2010 Annual Report was the first to contain information on the distribution of bonuses to the members of the Corporate Executive Committee and the upper and lower limits of variable remuneration components. The Chairman also said that shareholders' interests are congruent with those of management, explaining that failure to meet objectives rendered the Corporate Executive Committee's options and Performance Share Plan worthless. He also stressed that bonuses had been reduced in 2010 and that the members of the Corporate Executive Committee had not been awarded an increase in basic salary for 2011.

The Chairman then invited **Prof. Bruno Gehrig** to comment on the remuneration paid to the Chairman. As Chairman of the Remuneration Committee, Prof. Gehrig explained the purpose of the regular meetings of the Committee, which consists entirely of independent, external members of the Board of Directors, and answered the question about the Chairman's salary by referring to page 97 of the 2010 Annual Report. He reiterated the facts and compared the Chairman's total remuneration for 2009, which reflected the time spent by the Chairman on the Genentech acquisition, with the reduction in maximum compensation announced in the 2009 Annual Report and with the actual, lower total remuneration paid in 2010. Prof. Gehrig expressed the Remuneration Committee's belief that the Chairman's unique industry expertise was urgently needed in the difficult period that the pharmaceutical industry was experiencing, and, in light of this, his total remuneration was justified and – as stated in the Annual Report – set at a level which reflected this situation. He also underlined that international salary benchmarks are becoming increasingly common for global positions, and that Roche cannot bypass this trend. That being said, Roche does not lead the international field in terms of

the remuneration it pays.

The Chairman thanked Prof. Gehrig for his remarks and, as there were no further questions, called for a vote to approve the Remuneration Report.

The AGM approved the Remuneration Report by a vote of 141,845,826 in favour, 96,390 opposed and 994,408 abstentions.

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

The Chairman stated that the Board of 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 119,949,945 in favour, 6,804 opposed and 21,165 abstentions. With 119,977,914 shares entitled to vote on this item, 59,988,958 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 161 of the Finance Report volume of Roche's 2010 Annual Report:

#### Available earnings:

Net profit for 2010	CHF	5,919,098,384
Balance brought forward from previous year	<u>CHF</u>	<u>210,556,466</u>
Total available earnings	CHF	6,129,654,850

#### Appropriation of available earnings:

Distribution of a dividend of CHF 6.60 gross per share and non-voting equity security	<u>CHF</u>	<u>5,692,913,820</u>
Total appropriation of available earnings	CHF	5,692,913,820
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To be carried forward on this account	CHF	436,741,030
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There were no requests to speak on this agenda item.

The motion was passed by the AGM by a vote of 142,904,147 in favour, 13,356 opposed and 17,516 abstentions.

The Chairman informed the AGM that the dividend would be payable, free of charges, from Tuesday, 8 March 2011, on presentation of coupon # 10 at any Swiss branch of UBS AG or Credit Suisse.

**Agenda item 4:        **Change to the Articles of Incorporation****

Decision on a reduction in Directors' term of office from three to two years by changing §18 paragraph 2 of the Articles of Incorporation.

This item was minuted by Dr Benedikt Suter, the officiating notary charged with producing the public record.

A copy of the "Public Record, Notarised Minutes of Agenda Item 4 of the Annual General Meeting of Roche Holding Ltd in Basel on 1 March 2011" is appended to these minutes.

There were no requests to speak on this agenda item.

**Agenda item 5:        **Election of Directors****

The Chairman began by announcing that the two current Directors who were eligible for re-election, Mr Walter Frey and Dr Wolfgang Rutenstorfer, had announced their retirement from the Board of Directors with effect from the day of the AGM.

The AGM marked the end of the terms of office of Prof. Pius Baschera, Prof. Bruno Gehrig, Mr Lodewijk J.R. de Vink and Dr Andreas Oeri as members of the Board of Directors. All were standing for re-election to the Board for a term of two years, as provided in the Company's Articles of Incorporation, and had declared in writing that they would serve if re-elected. The Chairman moved on behalf of the Board of Directors that the aforementioned Directors be re-elected. He additionally introduced Mr Paul Bulcke, Mr Peter R. Voser and Dr Christoph Franz, who had been nominated for election as new members of the Board.

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 Board's nominees for a separate vote by electronic ballot.

In the first vote, the AGM elected **Prof. Pius Baschera** to the Board for a further two-year term, ending at the AGM in 2013, by a vote of 142,907,153 in favour, 6,270 opposed and 21,070 abstentions.

In the second vote, the AGM elected **Prof. Bruno Gehrig** to the Board for a further two-year term, ending at the AGM in 2013, by a vote of 140,973,155 in favour, 46,256 opposed and 1,914,782 abstentions.

In the third vote, the AGM elected **Mr Lodewijk J.R. de Vink** to the Board for a further two-year term, ending at the AGM in 2013, by a vote of 142,891,548 in favour, 15,751 opposed and 26,892 abstentions.

In the fourth vote, the AGM elected **Dr Andreas Oeri** to the Board for a further two-year term, ending at the AGM in 2013, by a vote of 142,893,711 in favour, 8,402 opposed and 32,078 abstentions.

In the fifth vote, the AGM elected **Mr Paul Bulcke** to the Board for a two-year term, ending at the AGM in 2013, by a vote of 142,890,869 in favour, 26,715 opposed and 16,297 abstentions.

In the sixth vote, the AGM elected **Mr Peter R. Voser** to the Board for a two-year term, ending at the AGM in 2013, by a vote of 142,856,253 in favour, 53,169 opposed and 24,338 abstentions.

In the seventh vote, the AGM elected **Dr Christoph Franz** to the Board for a two-year term, ending at the AGM in 2013, by a vote of 142,719,471 in favour, 197,754 opposed and 16,535 abstentions.

The Chairman congratulated the Directors on their election.

**Agenda item 6: Election of the Statutory Auditor**

The Chairman stated that the AGM was required to vote annually to elect a Statutory Auditor for the current fiscal year.

The Board of Directors moved that the AGM elect KPMG AG as Statutory Auditor for fiscal 2011. The company had previously stated in writing that it would serve in this capacity if elected.

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

The AGM elected KPMG AG as Statutory Auditor for fiscal 2011 by a vote of 142,854,324 in favour, 8,671 opposed and 30,620 abstentions.

There being no further requests to speak, the Chairman thanked the shareholders for attending and closed the meeting at 1.00 p.m.

The Chairman:

Signed: Dr Franz B. Humer

The Secretary:

Signed: René Kissling

Appendix: - Public Record, Notarised Minutes of Agenda Item 4 of the Annual General Meeting of Roche Holding Ltd in Basel on 1 March 2011.

## **PUBLIC RECORD**

### **Notarised Minutes of the Annual General Meeting of Roche Holding Ltd in Basel on 1 March 2011**

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I, the undersigned, Dr Benedikt Suter, notary public in Basel, today attended the Annual General Meeting of

#### **Roche Holding Ltd,**

which has its registered offices in Basel, said meeting beginning at 10.30 a.m. at the Convention Centre of the Basel Trade Fair Complex, Basel, and there took these minutes as a public record of the resolutions passed on the agenda items of relevance for the commercial register as they were presented by the Chairman.

The Chairman of the Board of Directors, **Dr Franz B. Humer**, citizen of Küssnacht am Rigi and residing in Erlenbach, personally known to me, the Notary, took the chair and made the following introductory remarks and statements:

The Chairman stated that timely notice of the General Meeting had been given and made reference to the public notice of the meeting published on two dates, 4 and 7 February 2011, in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) and which on both dates contained the agenda, and to the announcement that had appeared in the daily newspapers and the financial press.

The Chairman designated

- a) as minutes secretaries:
- for agenda items 1-3, 5 and 6: Mr René Kissling, Secretary to the Board Committees, and
  - for agenda item 4: Dr Benedikt Suter, Notary.

The election of new members to the Board of Directors (agenda items 5.5-5.7) will also be minuted in this record for the purposes of the commercial register.

b) as tellers:

- Mr Donald Sulzer, Managing Director, Investment Banking Switzerland, Credit Suisse, Zurich
- Mr Werner Meier, Managing Director and Head of Executives & Entrepreneurs, UBS AG, Basel
- Mr Peter Nussbaumer, Managing Director and Senior Advisor/Head of Private Banking, Credit Suisse, Basel branch
- Mr Urs Raeber, Managing Director, Investment Banking Department, UBS AG, Zurich
- Dr Beat Rauss, solicitor/CEO, Univest AG, Basel
- Mr Werner Rüeegg, Managing Director, Head of Swiss Market, Bank Sarasin, Basel
- Mr Anton Schaub, Head of Business Development Institutional Clients, Basler Kantonalbank, Basel
- Mr Vittorio Schiro, Managing Director, Global Head Derivatives Capital Markets, UBS AG, Zurich.

The Chairman designated Mr Donald Sulzer as head teller.

The Chairman then made the following statements on procedure:

- 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 votes would be conducted electronically.

The Chairman then explained the electronic voting system and conducted a test ballot to ensure that the electronic equipment was operating correctly. This was found to be the case.

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Based on the attendance list, the Chairman noted that the composition of the meeting was as follows:

– Shareholders/proxies present:	818
– Voting shares represented:	142,963,212
Of this total of shares represented:	
– Shareholders:	55,740,887 shares
– proxies for deposited shares accounted for:	80,510,200 shares
– the independent proxy from BDO AG, Basel, Mr Marc Schaffner, accounted for:	6,712,125 shares
– Percentage of total share capital represented:	89.4 %
– Votes required for an absolute majority:	71,481,607 votes

The Chairman also noted that no shares held by the Company itself or by its subsidiaries were represented at the meeting.

After the AGM had approved the agenda and dealt with items 1-3, it turned to item 4.

#### **Agenda item 4: Change to the Articles of Incorporation**

The Chairman then explained and moved for approval of the Board of Directors' resolution to change § 18 para. 2 of the Articles of Incorporation to read as follows:

“§ 18

2 The Members of the Board of Directors are to be elected for a period of two years, the time from one Annual General Meeting to the next being regarded as one year. A portion of the Board of Directors is to be elected each year.”

The Chairman gave the shareholders an opportunity to comment on the Board's resolution. There were

no requests to speak.

The Chairman then conducted a vote on this resolution, and the head teller announced the result as follows:

142,934,999 votes represented  
71,467,500 votes required for an absolute majority  
89,406,464 in favour  
53,366,426 opposed  
162,109 abstentions

The Chairman declared that the change to the Articles of Incorporation had been approved and was now legally valid.

#### **Agenda item 5: Election of Directors**

The Chairman informed the meeting that Mr Walter Frey and Dr Wolfgang Rutenstorfer, whose term of office had expired, were not standing for re-election.

##### 5.5: Election of Mr Paul Bulcke to the Board

The Chairman repeated the Board's resolution that Mr Paul Bulcke be elected to the Board for the statutory term.

The Chairman then conducted a vote on this resolution, and the head teller announced the result as follows:

142,933,881 votes represented  
71,466,941 votes required for an absolute majority  
142,890,869 in favour  
26,715 opposed  
16,297 abstentions

The Chairman stated that Mr Paul Bulcke, a Belgian national resident in Montreux, had been elected to the Board for the statutory term.

5.6: Election of Mr Peter R. Voser to the Board

The Chairman repeated the Board's resolution that Mr Peter R. Voser be elected to the Board for the statutory term.

The Chairman then conducted a vote on this resolution, and the head teller announced the result as follows:

142,933,760	votes represented
71,466,881	votes required for an absolute majority
142,856,253	in favour
53,169	opposed
24,338	abstentions

The Chairman stated that Mr Peter R. Voser, citizen of Neuenhof (Canton of Aargau) and resident in Widen (Canton of Aargau), had been elected to the Board for the statutory period.

5.7: Election of Dr Christoph Franz to the Board

The Chairman repeated the Board's resolution that Dr Christoph Franz be elected to the Board for the statutory term.

The Chairman then conducted a vote on this resolution, and the head teller announced the result as follows:

142,933,760	votes represented
71,466,881	votes required for an absolute majority
142,719,471	in favour
197,754	opposed
16,535	abstentions

The Chairman stated that Dr Christoph Franz, a German national resident in Zurich, had been elected to the Board for the statutory term.

The AGM then proceeded to consider the other agenda items.

In witness whereof, these minutes, having been read and approved by the Chairman and by me, the Notary, I hereunto set my hand and official seal.

Basel, 1 March 2011 (the first of March two thousand and eleven)

[[signed by Dr Franz B. Humer and Dr Benedikt Suter, Notary]]

Record reference 2011/11