

MINUTES

**of the 96th Annual General Meeting of the Shareholders
of ROCHE HOLDING LTD, Basel
held at 10.30 a.m. on 4 March 2014
at the Convention Centre, Basel Trade Fair Complex, Basel**

(Translation from the German original)

The Chairman of the Board, Dr Franz B. Humer, opened the meeting 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, Ms Silvia Ayyoubi, Mr Roland Diggelmann, Dr Alan Hippe, Dr Gottlieb Keller, Daniel O'Day.

Also present from the Board of Directors were: Mr André Hoffmann (Vice Chairman), Prof. Pius Baschera, Prof. Sir John I. Bell, Mr Paul Bulcke, Mr William M. Burns, Dr Christoph Franz, Dame DeAnne Julius, Dr Andreas Oeri, Mr Peter R. Voser and Prof. Beatrice Weder di Mauro.

The Chairman stated that timely notice of the 2014 meeting had been given and made reference to the public notice of the meeting published on two dates, 5 and 7 February 2014, 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 requests had been received from shareholders to include additional items on the meeting agenda.

The Chairman then stated that Messrs Ian Starkey and François Rouiller were present on behalf of the Statutory Auditors, KPMG AG.

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

The Chairman designated

as secretary: Mr René Kissling, Secretary to the Board Committees
(for agenda items 1 to 5 and 7 to 10] as well as

Dr Benedikt Suter, solicitor and notary, c/o Lenz, Caemmerer, in Basel, for
agenda item 6, who also minuted one of the elections to the Board of
Directors (agenda item 5.1) for the commercial register.

as tellers: Mr Donald Sulzer, Credit Suisse AG, Zurich
Mr Peter Guntlin, UBS AG, Zurich
Mr Werner Meier, UBS AG, Basel
Mr Peter Nussbaumer, Credit Suisse, Basel
Mr Philippe G. Pillonel, UBS AG, Zurich
Mr Anton Schaub, Basler Kantonalbank, Basel
Mr Pascal Toussaint, Basler Kantonalbank, Basel
Mr Kevin Weber, Univest AG, Basel

The Chairman designated Mr Donald Sulzer as head teller.

The Chairman stated that the minutes of the 2013 Annual General Meeting (AGM) were
available on the Internet and that next year's AGM was scheduled to take place on Tuesday 3
March 2015.

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.

The Chairman commenced his address to the shareholders by summarising the 2013 results
and events during the year. He discussed headcount development in Switzerland and
worldwide, as well as the significance of the Basel site. The Chairman went on to discuss
Roche's dividend record, the proposed dividend, and the key amendments and proposals

being put to the AGM owing to Switzerland's new constitutional provisions. He also outlined the changes on the Board of Directors. Concluding his remarks, the Chairman stressed the significance of Roche's again being named the most sustainable company in the healthcare sector by the Dow Jones Sustainability Index and voiced his confidence that the Roche Board of Directors and Corporate Executive Committee would continue to foster a culture of innovation (see http://www.roche.com/de/about_roche/corporate_governance/annual_general_meetings.htm for the address by Dr F.B. Humer, Chairman of the Board of Directors).

The Chairman then invited Dr Severin Schwan, CEO of the Roche Group, to speak. In his address, Dr Schwan discussed in detail the 2013 financial results and the outlook for the current fiscal year, as well as the Roche pipeline. He then reported to shareholders on the success story of Gazyva, a new medicine to treat blood cancer (see http://www.roche.com/de/about_roche/corporate_governance/annual_general_meetings.htm for the address by Dr S. Schwan, Chairman of the Corporate Executive Committee).

Based on the attendance list, the Chairman then noted that 815 shareholders or their proxies were present, representing 139,765,037 shares or votes. This is equivalent to 87.4% of the company's total share capital. The aforementioned shares, each with a nominal value of CHF 1.00, were represented as follows:

- Shareholders:	138,175,737 shares
- Independent proxy:	1,589,300 shares

69,882,519 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 2013 Annual Report, Annual Financial Statements and Consolidated Financial Statements and the 2013 Remuneration Report

1.1 Approval of the Annual Report, Annual Financial Statements and Consolidated Financial Statements for 2013

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 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 165. In response to a request for comment, Messrs Ian Starkey and François Rouiller, representing the Statutory Auditors, 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. There were no requests to speak, so the Chairman proceeded to the votes.

The AGM approved the **Annual Report, Financial Statements and Consolidated Financial Statements for 2013** by a vote of 139,635,955 (99.91%) in favour, 3,780 opposed and 125,776 abstentions.

1.2 Approval of the Remuneration Report 2013

The Chairman stated that the Remuneration Report could be found on pages 130 to 146 of the Business Report in the Annual Report package. 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 2013. In the interests of clarity, he proposed dealing with all questions concerning remuneration and then conducting the individual votes, and gave shareholders an opportunity to voice their views on the Remuneration Report.

The Chairman invited **Mr Patrick Durisch, Health Programme Coordinator of the Berne Declaration (“BD”)**, from Lausanne, to take the floor.

Mr Durisch began by explaining the drug trial campaign launched by the BD in September 2013 focussing on the increase in clinical trials in emerging and developing countries. He criticised alleged ethical breaches by pharmaceutical companies, including Roche, despite their claims that they were strictly complying with international ethical guidelines. Mr Durisch complained that trials were being offshored mainly on grounds of cost and that pharmaceutical companies were profiting from fragmentary regulatory and oversight mechanisms in countries such as India, Argentina, Ukraine and Russia. He accused the pharmaceutical industry of exploiting the poverty of the people in these countries and maintained that a lack of healthcare insurance coverage and/or financial resources prompted them to take part in the pharmaceutical companies' trials without later being able to benefit

from the findings or receive access to treatment. Specifically, Mr Durisch alleged that Roche had made errors in connection with a female patient's consent form during a study in Argentina. He claimed the patient received a medicine that was not approved for her indication and, in contravention of existing Roche guidelines, did not continue to receive treatment after the study had ended. He also appealed to the entire pharmaceutical industry only to offshore clinical trials if the population at the study location would actually benefit from the trial results and would later be given access to the medicine.

Mr Durisch concluded by citing the Roche policy on access to clinical study data as a positive development, but at the same time criticised the considerable restrictions still in place, particularly on access to detailed study data, which Roche controlled and regulated. He demanded that Roche be more transparent and grant unconditional public access to all complete reports (incl. anonymised patient data).

The Chairman thanked Mr Durisch for his remarks and began his response with a general overview of clinical product development at Roche. He explained that just over 330,000 people worldwide took part in more than 2,200 clinical studies with Roche products in 2013, and that only 16% of all participants came from developing countries or emerging markets, meaning that the majority of studies and patients were in developed countries. The Chairman emphasised Roche's policy of only conducting clinical trials in countries in which Roche also intended to register the product.

Pointing out that more and more countries – in particular China, South Korea, Russia and Brazil – were making product approval conditional on medicines being trialled in patients in these countries, he argued that clinical studies therefore had to be distributed globally. He added that since the study data were used for global regulatory submissions which took no regard of patients' place of origin and the trial location, it followed that they had to satisfy the same international standards, which was why Roche carried out and supervised training programmes around the globe for the hospitals and physicians participating in its clinical trials. The Chairman stressed that Roche was doing its utmost to satisfy the extremely stringent standards. Going on to refer to the outsourcing of clinical studies to CROs, he pointed out that the latter were all subject to the same quality guidelines and codes.

In response to the criticism levelled in respect of the study conducted in Argentina, the Chairman emphasised that the trial series patient in question was given a basic drug for which the generic name was used and which she received in the form of the equivalent brand product, hence showing that Roche could not be censured for a mistake or a lack of transparency.

With regard to the transparency of clinical study data, the Chairman underscored the fact that the regulatory authorities were given full access to clinical trials. He stressed, however, that

the publication of trial data was sometimes prohibited by these very bodies. He stated further that patient data also had to be anonymised.

The Chairman invited **Dr Schwan** to add to his comments. Dr Schwan began by emphasising that he categorically rejected the allegations made by Mr Durisch. He explained that the developing nations rightly insisted that clinical trials be conducted in their countries. Without these studies, patients in India, China and many other countries would no longer have access to medicines. As regards the specific accusation concerning Argentina, Dr Schwan pointed out that the specific combination therapy tested in the trial had not been a success and that the medicine was not approved in that form in Argentina. That meant it was impossible to make it available to the patient after the study had ended.

In respect of transparency, Dr Schwan highlighted the pioneering role that Roche played by placing clinical study reports in the public domain. He stated that there were sensitive issues surrounding study data at patient level, a case in point being patient data protection.

Accordingly, Roche provided this data to independent specialist groups subject to appropriate request. Dr Schwan stressed that it was ultimately right that trial data were assessed by independent regulatory bodies with full access to all data.

In closing, **the Chairman** invited Mr Durisch to visit the clinical development units in Basel.

The Chairman then invited **Mr Rudolf Meyer, President of Actares**, from Zurich, to take the floor.

As already expressed to the Chairman in a written communication from Actares, Mr Meyer began by praising Roche's exemplary role, which set it apart from numerous SMI companies, and offered his congratulations on the openness and transparency shown with regard to the minutes of the AGM. He said the minutes provided a publicly accessible record of the entire AGM, documenting all questions and answers in detail.

Mr Meyer then turned to the question of conducting clinical trials addressed by the previous speaker. He acknowledged that Roche met the highest of standards as stated in the company's communication and accepted the obligations and assurances published on the Roche website and in the Annual Report, but at the same time he voiced doubts about the verification of ethical aspects by state oversight bodies. Mr Meyer criticised the blanket answers received from Roche, as well as answers to questions that had apparently not been asked (e.g. the trials carried out in former East Germany), in response to a written request for information on the reservations expressed by the Berne Declaration. He said he assumed that Roche was conducting an extensive analysis of any shortcomings and possible remedies and that it would be issuing a public statement accordingly.

He closed his remarks by asking whether Roche was willing to fully clarify matters regarding the studies cited in the Berne Declaration report and to publicly respond to all questions and whether Roche was also prepared to improve general transparency in respect of clinical trials, and not just for selected people.

The Chairman thanked Mr Meyer for his comments and stressed the importance that Roche attached to dialogue with organisations critical of Roche as a means of ensuring checks & balances. At the same time, he maintained that dialogue should not be conducted via the press, but should take the form of discussions aimed specifically at achieving clarity and transparency per se as well as further improving transparency in clinical trials . He also invited Mr Meyer to visit the clinical development units in Basel.

The Chairman then invited **Dr Werner Widmer, Delegate of the Board of Trustees of the Prosperita Collective Foundation [Sammelstiftung Prosperita]**, from Münsingen, to take the floor.

Dr Widmer reiterated the Chairman's statement on the importance of dialogue and asked Dr Schwan for examples of mistakes which he had learned from and which he had mentioned a few months previously in a press interview.

Dr Schwan explained that his reference to mistakes was in connection with innovation and how to create an environment conducive to it. He said this was an expression of his conviction that innovation – and above all pioneering innovations – had a great deal to do with taking risks, even if there was a danger of failing. He added that innovation and failure belonged together and that, in this context, he could also recall decisions which, with hindsight, should have been taken differently in terms of product investments for instance.

Dr Widmer's second question addressed rumours of uncertainty and a deterioration in morale among Roche employees in Basel. As a reason, he cited the alleged preference being given to staff from California when filling new posts. Dr Widmer also touched on the Chairman's dual role as Board Chairman of both Roche and the UK-based company Diageo.

The Chairman thanked Dr Widmer for his remarks and questions. In reply to the question regarding morale, he stressed its importance to corporate culture. He explained that, despite being headquartered in Basel and having strong roots in Switzerland, the company also needed to cultivate a global vision, which was why it was essential to hire the best people, wherever they came from. He pointed out that, on the other hand, some of the global Pharma functions located in San Francisco were headed by non-US employees. The Chairman

explained that Roche had always managed in the past to achieve a genuinely global international mix without losing its local roots. He said it would remain a key objective in future to develop and continue investing in Basel and Switzerland as a workplace. Remarking that Roche's corporate culture was very closely monitored and efforts were made to steer and manage it, the Chairman referred to a regular survey of employees in all functions worldwide, which enabled the company to clearly identify changes over a period of years. He added that the data indicated that culture and cooperation had not suffered in Basel.

Dr Schwan confirmed for his part that Roche's roots in Switzerland and Basel were part of its identity. He noted that while the employee surveys showed that constant change in individual areas could impact on these values, it was encouraging to see that survey ratings in Basel had generally improved over the past few years.

As there were no further questions, the Chairman called for a vote to approve the 2013 Remuneration Report.

The AGM approved the **2013 Remuneration Report** by a vote of 138,273,790 (98.94%) in favour, 578,477 opposed and 910,986 abstentions.

Agenda item 2: Approval of the total amount of bonuses for the Corporate Executive Committee and the Chairman of the Board of Directors

2.1 Approval of the total amount of bonuses for the Corporate Executive Committee for 2013

Referring to the 2013 Annual Report (page 142 [for the total amount], page 137 [for the CEO in the form of 8,162 shares blocked for 10 years] and page 138 [for the Corporate Executive Committee]), the Chairman invited shareholders' comments on the approval of a total of CHF 9,316,780 in bonuses for the Corporate Executive Committee for 2013. There were no requests to speak.

The Chairman then called for a vote to approve the total amount of bonuses for the Corporate Executive Committee for 2013.

The AGM approved **the total amount of bonuses for the Corporate Executive Committee for 2013 in the amount of CHF 9,316,780** by a vote of 139,655,594 (99.93%) votes in favour, 59,668 opposed and 47,991 abstentions.

2.2 Approval of the bonus for the Chairman of the Board of Directors for 2013

For this agenda item, the Chairman handed the chair to Mr André Hoffmann, Vice-Chairman of the Board of Directors and Chairman of the Remuneration Committee. Referring to the 2013 Annual Report, Mr André Hoffmann invited shareholders' comments on the approval of a bonus of CHF 2,791,950 for the Chairman of the Board of Directors in the form of 20,406 shares blocked for 10 years. There were no requests to speak.

In his capacity as Chairman of the meeting, Mr André Hoffmann then called for a vote to approve the bonus for the Chairman of the Board of Directors for 2013.

The AGM approved **the bonus for the Chairman of the Board of Directors for 2013** by 138,405,643 (99.03%) votes in favour, 1,273,793 opposed and 83,637 abstentions.

Agenda item 3: 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.

He invited shareholders' comments on ratification of the Directors' actions. There were no requests to speak.

As there were no questions, the Chairman called for a vote to ratify the Board of Directors' actions.

The AGM **ratified the actions** of the Board of Directors by a vote of 116,682,671 (99.85%) in favour, 3,785 opposed and 180,911 abstentions. With 116,867,367 votes entitled to vote on this item, 58,433,684 votes were required for an absolute majority.

Agenda item 4: 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 164 of the Finance Report volume of Roche's 2013 Annual Report:

Available earnings:

Net profit for 2013	CHF	6,942,928,717
Balance brought forward from previous year	<u>CHF</u>	<u>801,940,014</u>
Total available earnings	CHF	7,744,868,731

Appropriation of available earnings:

Distribution of a dividend of CHF 7.80 gross per share and non-voting equity security	CHF	6,727,989,060
Transfer to free reserve	<u>CHF</u>	=
Total appropriation of available earnings	CHF	6,727,989,060
To be carried forward on this account	CHF	1,016,879,671

There were no requests to speak on this agenda item.

As there were no questions, the Chairman called for a vote to approve the motion on the appropriation of available earnings.

The AGM approved the **motion on the appropriation of available earnings** by a vote of 139,654,743 (99.92 %) votes in favour, 1,455 against and 106,825 abstentions.

The Chairman informed the AGM that the dividend would be payable, free of charges, from Tuesday 11 March 2014, on presentation of coupon # 13 at any Swiss branch of UBS AG or Credit Suisse.

Agenda item 5: Election of the members of the Board of Directors, the Chairman of the Board of Directors and the members of the Remuneration Committee

The Chairman began by inviting Vice-Chairman André Hoffmann to take the floor. Mr Hoffmann paid tribute to and expressed gratitude for the achievements of the Chairman, who was stepping down from the Board of Directors at the close of the AGM.

The Chairman then thanked Mr André Hoffmann, Dr Andreas Oeri, their families, the Board of Directors, the Corporate Executive Committee and shareholders for their trust and highlighted Roche's unique configuration with its stable shareholder base.

The Chairman invited **Mr Ulrich Hahnloser** from Zurich to take the floor. The latter voiced his thanks on behalf of the minority shareholders.

The Chairman then paid tribute to and thanked Mr William M. Burns, who was likewise stepping down from the Board of Directors at the AGM.

The Chairman explained that, in accordance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), the Chairman of the Board of Directors, all Directors and also the members of the Remuneration Committee were, for the first time, each to be elected for a term of office of one year. He said that all remaining Directors had declared in writing to the AGM that they would serve if elected. The Chairman moved on behalf of the Board of Directors that the AGM elect all proposed Directors.

He invited shareholders' comments 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 Christoph Franz** to the Board of Directors as Chairman for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,505,447 (99.82%) in favour, 184,123 opposed and 71,762 abstentions.

The Chairman invited **Dr Christoph Franz** to take the floor. The latter thanked the AGM and accepted his election.

In the second vote, the AGM elected **Dr Christoph Franz** to the Remuneration Committee for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,367,195 (99.72%) in favour, 262,638 opposed and 131,499 abstentions.

In the third vote, the AGM elected **Mr André Hoffmann** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,511,491 (99.82%) in favour, 166,468 opposed and 83,301 abstentions.

In the fourth vote, the AGM elected **Mr André Hoffmann** to the Remuneration Committee for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,335,477 (99.70%) in favour, 330,632 opposed and 95,151 abstentions.

In the fifth vote, the AGM elected **Prof. Pius Baschera** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,625,780 (99.90%) in favour, 2,424 opposed and 133,056 abstentions.

In the sixth vote, the AGM elected **Prof. Sir John Bell** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,477,926 (99.80%) in favour, 165,673 opposed and 117,661 abstentions.

In the seventh vote, the AGM elected **Mr Paul Bulcke** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,481,642 (99.80%) in favour, 169,945 opposed and 109,673 abstentions.

In the eighth vote, the AGM elected **Dame DeAnne Julius** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,462,657 (99.79%) in favour, 169,443 opposed and 129,160 abstentions.

In the ninth vote, the AGM elected **Dr Arthur D. Levinson** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,484,277 (99.80 %) in favour, 175,277 opposed and 101,706 abstentions.

In the tenth vote, the AGM elected **Dr Arthur D. Levinson** to the Remuneration Committee for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 138,934,349 (99.41%) in favour, 718,334 opposed and 108,077 abstentions.

In the eleventh vote, the AGM elected **Dr Andreas Oeri** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,421,489 (99.78%) in favour, 215,099 opposed and 104,172 abstentions.

In the twelfth vote, the AGM elected **Dr Severin Schwan** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,220,687 (99.63%) in favour, 448,571 opposed and 71,452 abstentions.

In the thirteenth vote, the AGM elected **Mr Peter R. Voser** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,641,783 (99.93%) in favour, 19,420 opposed and 79,507 abstentions.

In the fourteenth vote, the AGM elected **Mr Peter R. Voser** to the Remuneration Committee for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,604,231 (99.90%) in favour, 30,261 opposed and 106,218 abstentions.

In the fifteenth vote, the AGM elected **Prof. B. Weder di Mauro** to the Board of Directors for a term of office of one year ending at the Ordinary AGM in 2015 by a vote of 139,633,232 (99.93%) in favour, 19,062 opposed and 88,416 abstentions.

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

Agenda item 6: Amendments to the Articles of Incorporation

The minutes for this item were recorded by ***Dr Benedikt A. Suter as the officiating notary charged with producing the public record.*** A copy of the “Public Record, Notarised Minutes of the Annual General Meeting of Roche Holding Ltd in Basel on 4 March 2014” is appended to these minutes.

There were no requests to speak on this agenda item.

Agenda item 7: Approval of the total amount of future remuneration for the Board of Directors

Referring to the 2013 Annual Report, the Chairman invited shareholders' comments on the approval of a maximum total of CHF 11,000,000 in remuneration for the Board of Directors for the period until the 2015 Ordinary Annual General Meeting, excluding the bonus for the Chairman of the Board of Directors for the 2014 financial year, which will be submitted to the 2015 Annual General Meeting for approval.

There being no requests to speak, the Chairman called for a vote to approve a maximum total of CHF 11,000,000 in remuneration for the Board of Directors for the period until the 2015 Ordinary Annual General Meeting.

The AGM approved **a maximum total of CHF 11,000,000 for the period until the 2015 Ordinary Annual General Meeting** by a vote of 138,921,097 (99.45%) in favour, 696,989 opposed and 69,766 abstentions.

Agenda item 8: Approval of the total amount of future remuneration for the Corporate Executive Committee

Referring to the 2013 Annual Report, the Chairman invited shareholders' comments on the approval of a maximum total of CHF 36,000,000 in remuneration for the Corporate Executive Committee for the period until the 2015 Ordinary Annual General Meeting, excluding bonuses for the 2014 financial year which will be submitted to the 2015 Annual General Meeting for approval.

There being no requests to speak, the Chairman called for a vote to approve a maximum total of CHF 36,000,000 in remuneration for the Corporate Executive Committee for the period until the 2015 Ordinary Annual General Meeting.

The AGM approved a maximum total of CHF 36,000,000 in remuneration for the Corporate Executive Committee for the period until the 2015 Ordinary Annual General Meeting by a vote of 139,170,435 (99.63%) in favour, 450,118 opposed and 67,176 abstentions.

**Agenda item 9:
Election of the independent proxy**

The Chairman noted that, in accordance with Art. 8 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), the AGM was required to vote annually to elect an independent proxy for the current fiscal year.

The Board of Directors moved that the AGM elect BDO AG as independent proxy for the current fiscal year until the close of the 2015 Ordinary Annual General Meeting of Shareholders. BDO AG had previously stated in writing that it would serve in this capacity if elected.

The Chairman invited shareholders' comments on the election. There were no requests to speak.

The AGM elected **BDO AG** as independent proxy for the current fiscal year until the close of the 2015 Ordinary Annual General Meeting of Shareholders by a vote of 139,589,949 (99.93%) in favour, 10,401 opposed and 87,074 abstentions.

Agenda item 10: Election of the Statutory Auditors

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

The Board of Directors moved that the AGM elect KPMG AG as Statutory Auditors for fiscal 2014. The company had previously stated in writing that it would serve in this capacity if elected.

The Chairman invited shareholders' comments on the election. There were no requests to speak.

The AGM elected **KPMG AG** as Statutory Auditors for fiscal 2014 by a vote of 139,470,283 (99.85%) in favour, 174,364 opposed and 42,187 abstentions.

There being no further requests to speak, the Chairman thanked the shareholders for attending and closed the meeting at 12.20 p.m.

The Chairman:

Secretary:

Sig. Dr Franz B. Humer

Sig. René Kissling

Annex:

- Public Record, Notarised Minutes of the Annual General Meeting of Roche Holding Ltd in Basel on 4 March 2014; in accordance with item 6, page 14.

PUBLIC RECORD

Notarised Minutes of the Annual General Meeting of Roche Holding Ltd in Basel on 4 March 2014

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

Roche Holding Ltd,

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

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.

I. Introductory remarks and statements

The Chairman stated that timely notice of the Annual General Meeting had been given and made reference to the public notice of the meeting published on two dates, 5 and 7 February 2014, in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) and to the announcement that had appeared in the daily newspapers and the financial press and noted that no requests had been received from shareholders to include additional items on the meeting agenda.

The Chairman designated

a) as minutes secretaries:

- for agenda items 1 - 5 and 7 - 10: Mr Rene Kissling, Secretary to the Board Committees, and
- for agenda item 6: Dr Benedikt Suter, notary, who will also minute one of the elections to the Board of Directors (agenda item 5.1) for the purposes of the commercial register;

b) as tellers:

- Mr Donald Sulzer, Credit Suisse AG, Zurich,
- Mr Peter Guntlin, UBS AG, Zurich,
- Mr Werner Meier, UBS AG, Basel,
- Mr Peter Nussbaumer, Credit Suisse AG, Basel,
- Mr Philippe G. Pillonel, UBS AG, Zurich,
- Mr Anton Schaub, Basler Kantonalbank, Basel,

- Mr Pascal Toussaint, Basler Kantonalbank, Basel, and
- Mr Kevin Weber, Uninvest AG, Basel.

The Chairman designated Mr Donald Sulzer as head teller.

II. Procedure for resolutions

The Chairman made the following statements on the procedure for resolutions:

- Elections and other votes would, in principle, be conducted electronically using the voting system provided for this purpose. Ballots would only be distributed as a precaution so that a written vote could be conducted if the electronic system were to fail.
- Only shares of those shareholders whose admission cards had been collected and recorded at the door on that day, or shares which the independent proxy BDO AG had been electronically authorised to represent, 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.
- Details of the results of elections and other votes under the individual agenda items would be displayed in the hall and minuted; a verbal announcement would be made of the final result only.

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

III. Attendance

Based on the projected attendance list, the composition of the meeting was as follows:

- | | |
|---|--------------------|
| - Shareholders/proxies present: | 815 |
| - Voting shares with a nominal value of CHF 1 represented: | 139,765,037 |
| Of this total of shares represented: | |
| - shareholders accounted for | 138,175,737 shares |
| - the independent proxy from BDO AG, Basel,
Mr Marc Schaffner, accounted for | 1,589,300 shares |
| - Percentage of total share capital represented: | 87.4% |
| - Votes required for an absolute majority: | 69,882,519 votes |

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

IV. Agenda items relevant for the commercial register

After the AGM had dealt with items 1 - 4, it turned to item 5.

Agenda item 5: Election of Directors: Election of the members of the Board of Directors, the Chairman of the Board of Directors and the members of the Remuneration Committee

The Chairman began by inviting Vice-Chairman André Hoffmann to take the floor. Mr Hoffmann paid tribute to and expressed gratitude for the achievements of the Chairman, who was stepping down from the Board of Directors at the close of the AGM.

The Chairman then thanked Mr André Hoffmann, Dr Andreas Oeri, their families, the Board of Directors, the Corporate Executive Committee and shareholders for their confidence and highlighted Roche's unique configuration with its stable shareholder base.

The Chairman then paid tribute to and thanked Mr William M. Burns, who was likewise stepping down from the Board of Directors at the meeting.

The Chairman noted that, in accordance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), which entered into force at the beginning of 2014, all members of the Board of Directors were to be re-elected each year. Furthermore, the Chairman of the Board of Directors now has to be elected by the AGM.

5-1 Election of Dr Christoph Franz to the Board as Chairman

The Chairman repeated the proposal of the Board of Directors to elect Dr Christoph Franz as Board Chairman for a one-year term of office.

The Chairman conducted a vote on the proposal. According to the head teller and the display in the hall, the result was as follows:

139,761,332	votes represented
69,880,667	votes required for an absolute majority
139,505,447	in favour
184,123	opposed
71,762	abstentions

The head teller noted that Dr Christoph Franz, a German national resident in Zurich, had been elected to the Board of Directors as Chairman for a term of office of one year with 99.82% of votes in favour.

Dr Christoph Franz thanked the meeting and accepted his election.

Agenda item 6: Amendments to the Articles of Incorporation

The Chairman began by referring to the document "Amendments to the Articles of Incorporation of Roche Holding Ltd - Draft outlining the proposed resolutions for the Annual General Meeting of Shareholders on 4 March 2014", which had been sent to shareholders together with the invitation and the voting materials and had been available on the Internet in the original German and in English translation since 30 January 2014. This document constitutes an integral part of the present record and is appended to it as Annex 1.

The main amendments are listed in the introduction to the draft amendments to the Articles of Incorporation. Essentially, they relate to the implementation of the provisions of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) and the Federal Act on Uncertificated Securities as well as the change in the deadline for submitting agenda items. The Board of Directors moved for approval of all proposed amendments to the Articles of Incorporation.

The Chairman invited shareholder's comments on the matter and proposed that any questions on the amendments to the Articles of Incorporation be discussed at that point in

order to be able to subsequently vote on the individual amendments. There were no requests to speak.

6.1 Amendment of §6 and §12 of the Articles of Incorporation

The Board of Directors moved for approval of the amendment of §6 and §12 of the Articles of Incorporation in accordance with the new version in Annex 1 in order to bring them into line with the updated Federal Act on Uncertificated Securities.

The Chairman conducted a vote on the proposal. According to the head teller and the display in the hall, the result was as follows:

139,740,706	votes represented
69,870,354	votes required for an absolute majority
139,643,571	in favour
2,085	opposed
95,050	abstentions

The head teller noted that the Board of Directors' proposed amendment to §6 and §12 of the Articles of Incorporation had been approved with 99.93% of votes in favour.

6.2 Amendment of §10 of the Articles of Incorporation

To allow shareholders to request the addition of agenda items after the Annual Report has been published and in knowledge of its contents, the Board of Directors moved to shorten the deadline for requesting additions from 60 to 28 days prior to the AGM in accordance with the new version of §10 of the Articles of Incorporation in Annex 1.

The Chairman conducted a vote on the proposal. According to the head teller and the display in the hall, the result was as follows:

139,740,606	votes represented
69,870,304	votes required for an absolute majority
139,654,734	in favour
4,342	opposed
81,530	abstentions

The head teller noted that the Board of Directors' proposed amendment to §10 of the Articles of Incorporation had been approved with 99.94% of votes in favour.

6.3 Amendment of §15 of the Articles of Incorporation

The Chairman explained the Board of Directors' proposed amendment of §15 of the Articles of Incorporation in accordance with the new version in Annex 1 as follows: As a rule, resolutions are passed by an absolute majority of votes *represented*. The proposed new §15 of the Articles of Incorporation stipulates, in addition, that the approval of the Board of Directors' and Executive Committee's remuneration and resolutions regarding the appropriation of available earnings – particularly votes to determine the dividend – as well as elections, require an absolute majority of votes *cast*, with the proviso that abstentions from these votes do not count as votes cast. Furthermore, the casting of votes remotely by means

of electronic authorisations and instructions to the independent proxy is to be included in the Articles of Incorporation.

The Chairman conducted a vote on the proposal. According to the head teller and the display in the hall, the result was as follows:

139,739,806	votes represented
69,869,904	votes required for an absolute majority
139,575,003	in favour
67,092	opposed
97,711	abstentions

The head teller noted that the Board of Directors' proposed amendment to §15 of the Articles of Incorporation had been approved with 99.88% of votes in favour.

6.4 Amendment of §18 of the Articles of Incorporation

With regard to the authority of the AGM to elect the Board of Directors, its Chairman and the Remuneration Committee, including the rules on vacancies, the Board of Directors moved for approval of the amendment of §18 of the Articles of Incorporation in accordance with the new version in Annex 1.

The Chairman conducted a vote on the proposal. According to the head teller and the display in the hall, the result was as follows:

139,689,323	votes represented
69,844,662	votes required for an absolute majority
139,651,753	in favour
1,754	opposed
35,816	abstentions

The head teller noted that the Board of Directors' proposed amendment to §18 of the Articles of Incorporation had been approved with 99.97% of votes in favour.

6.5 Amendment of §22 of the Articles of Incorporation

Regarding contractual relationships and a limitation of the number of additional appointments that can be held by members of the Board of Directors and the Corporate Executive Committee, the Board of Directors moved for approval of the amendment of §22 of the Articles of Incorporation in accordance with the new version in Annex 1.

The Chairman conducted a vote on the proposal. According to the head teller and the display in the hall, the result was as follows:

139,689,173	votes represented
69,844,587	votes required for an absolute majority

139,032,554	in favour
564,785	opposed
91,834	abstentions

The head teller noted that the Board of Directors' proposed amendment to §22 of the Articles of Incorporation had been approved with 99.53% of votes in favour.

6.6 Amendment of §24 and §25 of the Articles of Incorporation

Regarding the approval of the total amount of remuneration for members of the Board of Directors and the Corporate Executive Committee and the respective rules for any individual who joins the Corporate Executive Committee in the current year, the principles governing fixed and performance-based remuneration of members of the Board of Directors and the Corporate Executive Committee and the tasks and responsibilities of the Remuneration Committee, the Board of Directors moved for approval of the amendment of §24 and §25 of the Articles of Incorporation in accordance with the new version in Annex 1.

The Chairman conducted a vote on the proposal. According to the head teller and the display in the hall, the result was as follows:

139,688,148	votes represented
69,844,075	votes required for an absolute majority
138,942,398	in favour
709,897	opposed
35,853	abstentions

The head teller noted that the Board of Directors' proposed amendment to §24 and §25 of the Articles of Incorporation had been approved with 99.47 % of votes in favour.

6.7 Final vote: Approval of all changes to the Articles of Incorporation

The Chairman explained that the Board of Directors moved in the final vote for approval of *all* amendments to the Articles of Incorporation in accordance with the new version in Annex 1.

The Chairman conducted a vote on the proposal. According to the head teller and the display in the hall, the result was as follows:

139,687,887	votes represented
69,843,944	votes required for an absolute majority
138,949,393	in favour
687,903	opposed
50,591	abstentions

The head teller noted that the Board of Directors' proposed amendment to the Articles of Association had been approved with 99.47 % of votes in favour.

The AGM then proceeded to consider agenda items 7 - 10.

The Chairman closed the AGM at 12.20 p.m.

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

Basel, 4 March 2014 (the fourth of March two thousand and fourteen)

[Seal]

[signed]
Dr Franz B. Humer

Record reference 2014/11

[signed]
Dr Benedikt A. Suter, notary

Annex 1: Amendments to the Articles of Incorporation Roche Holding Ltd - Draft outlining the proposed resolutions for the Annual General Meeting of Shareholders on 4 March 2014



Amendments to the Articles of Incorporation

Roche Holding Ltd

*Draft outlining the proposed resolutions for
the Annual General Meeting of Shareholders on 4 March 2014
(Translation of the German original)*

Basel, February 2014

Dear Shareholders,

On the agenda for Roche Holding Ltd's Annual General Meeting on 4 March 2014 is the passing of resolutions for updating and changing the Articles of Incorporation (see '6. Amendments to the Articles of Incorporation').

Amendments are being made to the Articles primarily due to the need to implement the changes required by the Ordinance against Excessive Compensation in Listed Corporations [German: *Verordnung gegen übermäßige Vergütungen bei börsenkotierten Aktiengesellschaften (VegüV)*], and the updated Federal Act on Intermediated Securities (clarification of the conversion of the form of securities, see §6 and §12). The timeline for placing items on the agenda has been changed from 60 to 28 days, meaning that shareholders may request to make additions to the agenda after the Annual Report has been published and having taken note of the contents as set forth in §10 para. 2.

The following new business (§14) related to implementing the Ordinance against Excessive Compensation in Listed Corporations has been scheduled for the Annual General Meeting:

1. Annual election of all members of the Board of Directors (due to their one-year terms)
2. Election of the Chairman of the Board of Directors (see also §18)
3. Election of members of the Remuneration Committee (see also §18)
4. Election of the independent proxy
5. Approval of the Board of Directors' remuneration (see also §24)
6. Approval of the Executive Committee's remuneration (see also §24)

Additionally, please note the following most important additions and changes to the Articles of Incorporation:

1. Change to the minimum number of votes required (a) to approve the appropriation of available earnings (b) for elections (c) to approve resolutions related to remuneration (§15)
2. Possibility to cast votes remotely by issuing electronic authorisations and instructions to the independent proxy (§15)
3. Rules regarding mid-year vacancies in the position of Chairman of the Board and on the Remuneration Committee (§18)
4. Preparation of the Remuneration Report by the Board of Directors (§21)

5. Rules regarding contractual relationships with members of the Board of Directors and the Executive Committee (§22)
6. Maximum number of additional appointments that can be held by members of the Board of Directors and the Executive Committee (§22)
7. Rules regarding credits, loans, pension payments and benefits, etc. made to members of the Board of Directors and the Executive Committee (§25)
8. Rules regarding compensation by Group subsidiaries (§25)
9. Principles governing the Remuneration Committee's tasks and responsibilities (§25)
10. Principles governing performance-based remuneration of Board and Executive Committee members, including how equity securities are distributed to them (§25)

In implementing the Ordinance against Excessive Compensation in Listed Corporations, the Board of Directors shall propose to the Annual General Meeting scheduled for 4 March 2014 that it re-elect for a one-year term all members of the Board of Directors standing for election. The General Meeting has also to elect the Chairman of the Board of Directors, the members of the Remuneration Committee and the independent proxy.

The Board of Directors also resolved to introduce and implement for the first time, on the occasion of the Ordinary Annual General Meeting on 4 March 2014, the votes on remuneration, as well as the remote electronic ballot by means of authorisations and instructions to the independent proxy, which do not become mandatory until 2015, and, at the same time, to submit to the Annual General Meeting for its resolution the amendments to the Articles of Incorporation required under the VegÜV.

To approve remuneration for the Board and Executive Committee, the Board of Directors proposes a system of binding and separate votes in accordance with §24 of the draft Articles. This concerns the total amount of remuneration as determined by the Remuneration Committee, voting on which is mandatory. The proposed system is as follows:

- Total aggregate bonus amounts for the Chairman of the Board of Directors and the Executive Committee for the financial year just ended will be submitted *retrospectively* at each Ordinary Annual General Meeting for separate and binding approval.
- All other Board and Executive Committee aggregate remuneration will be submitted *prospectively* by the Board of Directors to the Ordinary Annual General Meeting for separate and binding approval for the period between two Ordinary General Meetings.

In the past, shareholders were presented with the Remuneration Report and asked to approve it separately at each Annual General Meeting. This will be the case again in 2014 for the 2013 Remuneration Report. However, in future, this vote will be replaced by votes on the total amounts of the bonuses for the previous year and on the total amounts of other remuneration in the future.

Further information on remuneration and methods for approving remuneration can be found in the Remuneration Report of the 2013 Annual Report as well as in the invitation to the Annual General Meeting held on 4 March 2014.

The Board of Directors hereby proposes that you vote to approve the aforementioned amendments to the Articles of Incorporation.

Sincerely

Roche Holding Ltd
On behalf of the Board of Directors

The Chairman
Dr Franz B. Humer

I. Name, Purpose, Registered Office and Duration of the Company

§ 1

Under the names

'Roche Holding AG'

'Roche Holding SA'

'Roche Holding Ltd'

there exists a joint-stock company whose purpose is to hold shares in companies that manufacture and sell pharmaceutical and chemical products of all kinds. The Company may also participate in other industrial enterprises and holding companies.

§ 2

The Company has its registered office in and falls under the jurisdiction of Basel, and its duration is unlimited.

II. Share Capital, Shares and Shareholders

§ 3

- ¹ The Company's share capital is CHF 160,000,000, divided into 160,000,000 fully paid up bearer shares with a nominal value of 1 Swiss franc each.
- ² The shares are numbered 1–160,000,000.
- ³ By a resolution of the General Meeting, existing bearer shares can be converted at any time into registered shares or registered shares into bearer shares.
- ⁴ If the Company has registered shares outstanding, the voting rights associated with these shares and other rights associated with the voting rights can be exercised only by persons who have been entered in the register of shareholders as shareholders with voting rights or as beneficiaries. The Board of Directors keeps a register of shareholders for this purpose and decides on recognition of shareholders or beneficiaries and on their entry in the register.

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Under the names

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- ⁵ In respect of registered shares the Board of Directors is entitled to refuse recognition of a buyer as a shareholder with voting rights, subject to § 3 subsection 6,
1. provided, as a result of recognition, a buyer were to acquire or hold directly or indirectly, more than 3% of all registered shares entered in the register of commerce;
 2. provided, and for as long as, the information available to the Company indicates that additional recognition of non-Swiss citizens could hinder the verification of identity required by law. The Board is granted these powers under Art. 4 of the Final Provisions of the Federal Act on the Amendment of Company Law and under various federal laws, notably the Federal Act of 16 December 1983 governing the purchase of real estate by nonresidents ('Lex Friedrich') and the decree of the Federal Council governing unjustified recourse to the federation's double taxation agreements of 14 December 1962 (the 'misuse decree');
 3. provided the buyer, despite being requested to do so by the Company, fails to expressly state that he has acquired, and will hold, the shares in his own name and for his own account.

Legal entities and partnerships, which are associated with each other through their equity, voting rights, or common management, or in similar way, and all individual persons or legal entities and partnerships which, through agreements, syndicates or in any other way, pursue coordinated action aimed at evading the restriction on registration are considered to be one buyer in the sense of subsections 1 and 2 above.

- ⁶ If existing bearer shares are converted into registered shares, each shareholder is entitled to exchange his shares for registered shares and to have himself entered in the register of shareholders as a shareholder with voting rights; this does not require the consent of the Board of Directors.

§ 4

- ¹ In addition, there are 702,562,700 bearer non-voting equity securities (*Genussscheine*).
- ² The non-voting equity securities (*Genussscheine*) are numbered 1–702,562,700.
- ³ They are not part of the share capital and confer no voting rights. However, each non-voting equity security (*Genussschein*) does confer the same rights as any one of the shares numbered 1–160,000,000 to participate in the available earnings and in any remaining proceeds from liquidation following repayment of the share and the participation certificate (PC) capital.

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 2. provided, and for as long as, the information available to the Company indicates that additional recognition of non-Swiss citizens could hinder the verification of identity required by law. The Board is granted these powers under Art. 4 of the Final Provisions of the Federal Act on the Amendment of Company Law and under various federal laws, notably the Federal Act of 16 December 1983 governing the purchase of real estate by nonresidents ('Lex Friedrich') and the decree of the Federal Council governing unjustified recourse to the federation's double taxation agreements of 14 December 1962 (the 'misuse decree');
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- ⁴ The subscription rights of non-voting equity security (*Genussschein*) holders are governed by the provisions set out in § 5.
- ⁵ Non-voting equity securities (*Genussscheine*) are bound by the Balance Sheet and the Income Statement approved by the General Meeting as well as by the appropriation of available earnings decided by the General Meeting.
- ⁶ All notices of the Company concerning the non-voting equity securities (*Genussscheine*) are issued by being published twice in the journals designated for this purpose by the Company.
- ⁷ The Company is entitled at all times to exchange shares or PCs for all or some of the non-voting equity securities (*Genussscheine*) without the consent of the bearers thereof. In the event of exchange against shares, each such share shall participate in available earnings and liquidation proceeds in the same way as any one of the shares numbered 1–160,000,000. In the event of exchange against PCs, each non-voting equity security (*Genussschein*) shall be replaced by PCs with a total nominal value equivalent to the nominal value of one of the shares numbered 1–160,000,000. If only part of non-voting equity securities (*Genussscheine*) are exchanged, selection shall be made by drawing lots.
- ⁸ Non-voting equity securities (*Genussscheine*) selected for exchange are called in by a notice published once in the journals designated by the Company. The General Meeting decides on the timing at which the rights attaching to non-voting equity securities (*Genussscheine*) called in for exchange terminate and are replaced by the rights attaching to the new shares or PCs.
- ⁹ Meetings of non-voting equity security (*Genussschein*) holders are convened whenever the Board of Directors regards this as desirable.
- ¹⁰ Every non-voting equity security (*Genussschein*) holder is entitled to attend these meetings. He can give written authorization for another non-voting equity security (*Genussschein*) holder to represent him at these meetings.
- ¹¹ Each non-voting equity security (*Genussschein*) carries one vote. To be able to exercise voting rights, non-voting equity security (*Genussschein*) holders must deposit their non-voting equity securities (*Genussscheine*) at the latest one week before the meeting at the office of the Company or at such depositaries outside the Company as may be indicated in the notice, or they must show evidence of their ownership of non-voting equity securities (*Genussscheine*) in the manner prescribed by the Board of Directors.

- ⁴ The subscription rights of non-voting equity security (*Genussschein*) holders are governed by the provisions set out in § 5.
- ⁵ Non-voting equity securities (*Genussscheine*) are bound by the Balance Sheet and the Income Statement approved by the General Meeting as well as by the appropriation of available earnings decided by the General Meeting.
- ⁶ All notices of the Company concerning the non-voting equity securities (*Genussscheine*) are issued by being published twice in the journals designated for this purpose by the Company.
- ⁷ The Company is entitled at all times to exchange shares or PCs for all or some of the non-voting equity securities (*Genussscheine*) without the consent of the bearers thereof. In the event of exchange against shares, each such share shall participate in available earnings and liquidation proceeds in the same way as any one of the shares numbered 1–160,000,000. In the event of exchange against PCs, each non-voting equity security (*Genussschein*) shall be replaced by PCs with a total nominal value equivalent to the nominal value of one of the shares numbered 1–160,000,000. If only part of non-voting equity securities (*Genussscheine*) are exchanged, selection shall be made by drawing lots.
- ⁸ Non-voting equity securities (*Genussscheine*) selected for exchange are called in by a notice published once in the journals designated by the Company. The General Meeting decides on the timing at which the rights attaching to non-voting equity securities (*Genussscheine*) called in for exchange terminate and are replaced by the rights attaching to the new shares or PCs.
- ⁹ Meetings of non-voting equity security (*Genussschein*) holders are convened whenever the Board of Directors regards this as desirable.
- ¹⁰ Every non-voting equity security (*Genussschein*) holder is entitled to attend these meetings. He can give written authorization for another non-voting equity security (*Genussschein*) holder to represent him at these meetings.
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- ¹² Meetings are convened by the Board of Directors by publication of the agenda in two notices in the journals designated by the company for this purpose. The second notice must be published no later than 20 days before the date of the meeting.
Meetings are presided over by the Chairman, a Vice-Chairman or another member of the Board of Directors. The minutes must be signed by the Chairman and the Secretary of the meeting.
- ¹³ A meeting of non-voting equity security (*Genussschein*) holders can pass resolutions if at least half of the non-voting equity securities (*Genussscheine*) issued are present or represented. Resolutions are passed by a majority of two-thirds of votes cast, which must include the absolute majority of the bearers of all the votes represented, subject to § 4 subsection 15.
- ¹⁴ If at a meeting of non-voting equity security (*Genussschein*) holders the necessary quorum of non-voting equity securities (*Genussscheine*) is not represented, a second meeting must be called which is empowered to pass resolutions by an absolute majority of votes represented. Notice of convocation of such a second meeting of non-voting equity security (*Genussschein*) holders can be given simultaneously with the notice of the convocation of the first meeting, and the meeting can be held immediately after the first meeting, subject to § 4 subsection 15.
- ¹⁵ The meeting of non-voting equity security (*Genussschein*) holders can decide in a manner binding for all non-voting equity securities (*Genussscheine*) any changes to the rights of non-voting equity securities (*Genussscheine*) defined by the Articles, but a decision to waive some or all rights conferred by non-voting equity securities (*Genussscheine*) requires the agreement of the holders of the majority of all outstanding non-voting equity securities (*Genussscheine*).
- ¹⁶ All resolutions of the meeting of non-voting equity security (*Genussschein*) holders must be approved by the General Meeting of Shareholders.

§ 4bis

- ¹ The General Meeting can create participation certificate (PC) capital and increase said capital, or authorize the Board of Directors to take decisions to this effect. The PCs are bearer certificates and have a nominal value. The issuing terms are to be fixed by the Board of Directors.
- ² The Company can also at any time exchange non-voting equity securities (*Genussscheine*) for PCs according to the provisions of § 4 subsection 7.

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Meetings are presided over by the Chairman, a Vice-Chairman or another member of the Board of Directors. The minutes must be signed by the Chairman and the Secretary of the meeting.
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§ 4bis

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- ² The Company can also at any time exchange non-voting equity securities (*Genussscheine*) for PCs according to the provisions of § 4 subsection 7.

- ³ PCs confer, proportionately to their nominal value compared with that of shares, the same entitlement in respect of the available earnings and liquidation proceeds as do the shares. PCs do not confer voting rights or any rights associated therewith.
- ⁴ The subscription rights of PC holders are governed by the provisions set out in § 5.
- ⁵ All resolutions of the General Meeting, particularly those concerning approval of the Balance Sheet and the Income Statement and the appropriation of available earnings are binding upon PC holders insofar as their right to the same status as that of the shares in respect of the Company's assets is safeguarded.
- ⁶ The convocation of the General Meeting, including the agenda and proposals, must be communicated to the PC holders no later than 20 days before the date of the Meeting in a notice published in the 'Schweizerisches Handelsamtsblatt'. The notice of convocation must state that the resolutions of the General Meeting will be available for inspection by the PC holders at the registered office of the Company after the General Meeting.

§ 5

In the event of new equity-type securities being issued, the subscription rights of shareholders, non-voting equity security (*Genussschein*) holders and PC holders are defined as follows:

- a) If PC capital is being created for the first time, shareholders and non-voting equity security (*Genussschein*) holders have subscription rights in proportion to the number of securities already in their possession.
- b) If the share capital alone is increased, holders of all categories of securities have proportionate subscription rights.
- c) If the PC capital alone or the number of non-voting equity securities (*Genussscheine*) alone is increased, holders of all categories of securities have proportionate subscription rights.
- d) If the share capital and PC capital are increased simultaneously and in the same proportion, the shareholders' subscription rights relate solely to shares and those of the PC and non-voting equity security (*Genussschein*) holders solely to PCs.
- e) Subscription rights are subject to preclusion for valid reasons. In particular, the exchange of non-voting equity securities (*Genussscheine*) for shares or PCs is considered a valid reason.

- ³ PCs confer, proportionately to their nominal value compared with that of shares, the same entitlement in respect of the available earnings and liquidation proceeds as do the shares. PCs do not confer voting rights or any rights associated therewith.
- ⁴ The subscription rights of PC holders are governed by the provisions set out in § 5.
- ⁵ All resolutions of the General Meeting, particularly those concerning approval of the Balance Sheet and the Income Statement and the appropriation of available earnings are binding upon PC holders insofar as their right to the same status as that of the shares in respect of the Company's assets is safeguarded.
- ⁶ The convocation of the General Meeting, including the agenda and proposals, must be communicated to the PC holders no later than 20 days before the date of the Meeting in a notice published in the 'Schweizerisches Handelsamtsblatt'. The notice of convocation must state that the resolutions of the General Meeting will be available for inspection by the PC holders at the registered office of the Company after the General Meeting.

§ 5

In the event of new equity-type securities being issued, the subscription rights of shareholders, non-voting equity security (*Genussschein*) holders and PC holders are defined as follows:

- a) If PC capital is being created for the first time, shareholders and non-voting equity security (*Genussschein*) holders have subscription rights in proportion to the number of securities already in their possession.
- b) If the share capital alone is increased, holders of all categories of securities have proportionate subscription rights.
- c) If the PC capital alone or the number of non-voting equity securities (*Genuss-scheine*) alone is increased, holders of all categories of securities have proportionate subscription rights.
- d) If the share capital and PC capital are increased simultaneously and in the same proportion, the shareholders' subscription rights relate solely to shares and those of the PC and non-voting equity security (*Genussschein*) holders solely to PCs.
- e) Subscription rights are subject to preclusion for valid reasons. In particular, the exchange of non-voting equity securities (*Genussscheine*) for shares or PCs is considered a valid reason.

§ 6

Shares, non-voting equity securities (*Genussscheine*) and PCs are signed by two members of the Board of Directors; facsimile signatures are sufficient.

§ 7

Dividends and share of profits which have not been drawn within five years of maturity are credited to the free reserves.

§ 8

The Company is entitled to issue debentures.

III. Statutory Bodies

§ 9

The statutory bodies of the Company are:

- a) the General Meeting,
- b) the Board of Directors,
- c) the Auditors.

§ 6

- ¹ The Company issues its shares, non-voting equity securities (*Genussscheine*) and PCs in the form of individual certificates or global certificates. The Company is at liberty, at any time, and without the consent of the respective shareholders, non-voting equity security (*Genussschein*) holders or PC holders, to convert shares, non-voting equity securities (*Genussscheine*), and PCs issued in one of these forms into a different form. The Company shall bear the costs involved.
- ² Shareholders, non-voting equity security (*Genussschein*) holders and PC holders may, at any time, request to be provided with individual certificates for the shares, non-voting equity securities (*Genussscheine*) and PCs issued to them. They shall bear the costs involved.
- ³ Shares, non-voting equity securities (*Genussscheine*) and PCs issued by the Company as individual certificates or global certificates are signed by two members of the Board of Directors; facsimile signatures are sufficient.
- ⁴ Book-entry securities representing shares, non-voting equity securities (*Genussscheine*) or PCs issued by the Company may not be transferred by assignment, nor may they be pledged as collateral.

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Dividends and share of profits which have not been drawn within five years of maturity are credited to the free reserves.

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The Company is entitled to issue debentures.

III. Statutory Bodies

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The statutory bodies of the Company are:

- a) the General Meeting.
- b) the Board of Directors.
- c) the Auditors.

A. The General Meeting

§ 10

- ¹ The General Meeting is convened by the Board of Directors, together with its agenda and the proposals of the Board of Directors and the shareholders published, by two successive notices in the journals designated for this purpose by the Company. The first notice must be given at the latest 20 days before the day of the General Meeting.
- ² Shareholders representing shares with a nominal value of at least CHF 1,000,000 can request inclusion of items in the agenda until no later than 60 days before the General Meeting. The request must be submitted in writing and precise details must be given of the items and proposals.
- ³ No resolutions can be passed on matters that have not been duly mentioned in the notice of convocation, with the exception of a proposal to convene an Extraordinary General Meeting or to have a special audit performed.
- ⁴ The Annual Report and the Auditors' Report must be made available for inspection by holders of shares or PCs at the registered office of the Company no later than 20 days before the Ordinary General Meeting; this possibility of inspection must be stated in the notice convening the General Meeting.

§ 11

- ¹ General Meetings are held at a place to be designated in each case by the Board of Directors.
- ² The Chairman of the Board of Directors or a Vice-Chairman or, in their absence, a Director designated by the Board presides over the meeting and appoints a Secretary and one or several scrutineers.
- ³ The discussions and resolutions of General Meetings are recorded in minutes which must be signed by the Chairman and the Secretary of the Meeting and by the scrutineers and shall be deemed to be ratified by their signatures.

§ 12

- ¹ Shareholders wishing to attend a General Meeting must deposit their shares at the latest five days before the day of the meeting at depositaries to be designated by the Board of Directors. Thereupon they will receive entrance cards made out in their names.

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- ² Shareholders representing shares with a nominal value of at least CHF 1,000,000 can request inclusion of items in the agenda until no later than ~~60~~28 days before the General Meeting. The request must be submitted in writing and precise details must be given of the items and proposals.
- ³ No resolutions can be passed on matters that have not been duly mentioned in the notice of convocation, with the exception of a proposal to convene an Extraordinary General Meeting or to have a special audit performed.
- ⁴ The Annual Report and the Auditors' Report must be made available for inspection by holders of shares or PCs at the registered office of the Company no later than 20 days before the Ordinary General Meeting; this possibility of inspection must be stated in the notice convening the General Meeting.

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- ³ The discussions and resolutions of General Meetings are recorded in minutes which must be signed by the Chairman and the Secretary of the Meeting and by the scrutineers and shall be deemed to be ratified by their signatures.

§ 12

- ¹ Shareholders wishing to attend a General Meeting must deposit their share **certificates** at the latest five days before the day of the meeting at depositaries to be designated by the Board of Directors **or furnish proof of entitlement in another manner prescribed by the Board of Directors**. Thereupon they will receive entrance cards made out in their names.

- ² Shareholders can be represented by proxy at General Meetings.
- ³ The Chairman of a General Meeting decides as to the acceptance of the proxies.

§ 13

- ¹ The General Meeting can pass resolutions regardless of the numbers of shareholders present and shares represented.
- ² At the General Meeting, each share carries to one vote.

§ 14

- ¹ The following matters are to be dealt with exclusively by the General Meeting:
- a) Adoption and amendment of the Articles.
 - b) Acceptance of the Auditors' Report and proposals.
 - c) Approval of the Annual Report, the Annual Financial Statements and the Consolidated Financial Statements.
 - d) Discharge of the Members of the Board of Directors.
 - e) Resolutions regarding the appropriation of available earnings, particularly declaration of the dividend.
 - f) Election of the members of the Board of Directors.
- g) Election of the Auditors and of the Group Auditors.
- h) Resolutions regarding the liquidation of the Company and the proceeds thereof.
- ² In addition to the matters that are its exclusive responsibility, the General Meeting decides on all affairs of the Company which the Board of Directors finds expedient to submit to it or which are submitted to it in accordance with the law.

- ² Shareholders can be represented by proxy at General Meetings. **Corporate and depositary proxies are prohibited.**
- ³ The Chairman of a General Meeting decides as to the acceptance of the proxies.

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- a) Adoption and amendment of the Articles.
 - b) Acceptance of the Auditors' Report and proposals.
 - c) Approval of the Annual Report, the Annual Financial Statements and the Consolidated Financial Statements.
 - d) Discharge of the **m**embers of the Board of Directors.
 - e) Resolutions regarding the appropriation of available earnings, particularly declaration of the dividend.
 - f) **Approval of the Board of Directors' remuneration.**
 - g) **Approval of the Executive Committee's remuneration.**
 - hf) Election of the members of the Board of Directors.
 - i) **Election of the Chairperson of the Board of Directors.**
 - j) **Election of each member of the Remuneration Committee.**
 - k) **Election of the independent proxy.**
 - lg) Election of the Auditors ~~and of the Group Auditors.~~
 - mh) Resolutions regarding the liquidation of the Company and the proceeds thereof.
- ² In addition to the matters that are its exclusive responsibility, the General Meeting decides on all affairs of the Company which the Board of Directors finds expedient to submit to it or which are submitted to it in accordance with the law.

§ 15

- ¹ Voting at the General Meeting is effected as a rule by a show of hands, but ballots must be used if the Chairman so decides, or if the General Meeting itself so decides by a majority of the shareholders represented. At the direction of the Chairman, an electronic voting procedure may be used instead of paper ballots.
- ² Resolutions of the General Meeting are passed by an absolute majority of the votes represented, subject to the provisions of § 16, and so far as the law permits.
- ³ Elections are effected by ballot or, if the Chairman so directs, using an electronic voting procedure. With the consent of the General Meeting, however, elections may take place by way of a show of hands.
- ⁴ Elections are carried by an absolute majority of the votes represented.

§ 16

A resolution by the General Meeting of Shareholders passed with at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented shall be required for:

1. Changes to the purpose of the Company.
2. Recision of provisions in the Articles requiring a qualified quorum or majority for resolutions at the General Meeting.
3. Creation of shares with privileged voting rights.
4. Restrictions on the transferability of registered shares.
5. An authorized or conditional increase in capital.
6. An increase in capital by recourse to equity, against contribution in kind or for the acquisition of assets and the granting of special benefits.
7. Restriction or elimination of subscription rights.
8. Relocation of the Company's registered office.
9. Dissolution of the Company without liquidation.

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- ² Resolutions of the General Meeting are passed by an absolute majority of the votes represented, subject to the provisions of § 16, **the following provisions** and so far as the law permits.
Approvals by the General Meeting regarding the Board of Directors' and Executive Committee's remuneration and resolutions regarding the appropriation of available earnings, particularly votes to determine the dividend, require an absolute majority of the votes cast. Abstentions from these votes do not count as votes cast.
- ³ Elections are effected by ballot or, if the Chairman so directs, using an electronic voting procedure. With the consent of the General Meeting, however, elections may take place by way of a show of hands.
- ⁴ Elections are carried by an absolute majority of the votes **represented cast. Abstentions from these votes do not count as votes cast.**
- ⁵ **Shareholders may cast their votes at the General Meeting remotely through electronic authorisations and instructions to the independent proxy.**

§ 16

A resolution by the General Meeting of Shareholders passed with at least two- thirds of the votes represented and the absolute majority of the nominal value of shares represented shall be required for:

1. Changes to the purpose of the Company.
2. Recision of provisions in the Articles requiring a qualified quorum or majority for resolutions at the General Meeting.
3. Creation of shares with privileged voting rights.
4. Restrictions on the transferability of registered shares.
5. An authorized or conditional increase in capital.
6. An increase in capital by recourse to equity, against contribution in kind or for the acquisition of assets and the granting of special benefits.
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9. Dissolution of the Company without liquidation.

§ 17

- ¹ The Ordinary General Meeting is to be held every year, at the latest on 30 June.
- ² Extraordinary General Meetings are held when the Board of Directors or the Auditors regard them as necessary. In addition, Extraordinary General Meetings must be convened if a General Meeting so resolves or if one or more shareholders who can prove that together they own one-tenth of the share capital request a Meeting by a written application, which must include the agenda items and the proposals.

B. The Board of Directors

§ 18

- ¹ The Board of Directors is made up of at least seven members.
- 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.
- ³ If a Director leaves the Board before the end of his term, the next Ordinary General Meeting can elect a substitute. The newly elected member completes the term of the departing member. If the number of members falls below three, an Extraordinary General Meeting must be called to complete the Board of Directors.

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B. The Board of Directors

§ 18

- ¹ The Board of Directors is made up of at least seven members. ~~The Chairman of the Board may serve in either a part-time or a full-time capacity and is remunerated in the manner and amount decided by the Remuneration Committee and according to the General Meeting's approval.~~
- ² ~~The members of the Board of Directors, the Chairman of the Board of Directors and the members of the Remuneration Committee are to be elected by the General Meeting for a period of onetwo years, the time from one Ordinary Annual General Meeting to the completion of the next being regarded as one year. A portion of the Board of Directors is to be elected each year.~~ There is no limit on the number of times a member can be re-elected.
- ³ ~~If the Chairman of the Board of Directors resigns or is otherwise unable or unavailable to serve, the Vice-Chairman (or the more senior Vice-Chairman if two Vice-Chairmen have been elected) serves as Acting Chairman until the next Ordinary General Meeting. If a seat becomes vacant on the Remuneration Committee, the Board of Directors may appoint one of its members to fill the vacancy until the next Ordinary General Meeting or leave the vacancy unfilled.~~
- ^{3^a} ~~If a Director leaves the Board before the end of his term, the next Ordinary General Meeting can elect a substitute. The newly elected member completes the term of the departing member.~~ If the number of members of the Board of Directors falls below three, an Extraordinary General Meeting must be called to complete the Board of Directors.

§ 19

- ¹ The Board of Directors elects a Chairman and one or two Vice-Chairmen from among its members.
- ² The Secretary is elected by the Board of Directors and need not be a Director himself.

§ 20

- ¹ The Board of Directors meets as often as the affairs of the Company make this necessary, and also whenever a meeting is requested in writing by one of its members.
- ² The notice of convocation of the Board of Directors is given by a member presiding over the Board (Chairman or Vice-Chairman).
- ³ Minutes are drawn up of the discussions and decisions of the Board of Directors. The minutes are signed by the Chairman and the Secretary.
- ⁴ The quorum at a meeting of the Directors is one-half of its members.
- ⁵ Resolutions by circular are permitted unless a member asks for deliberation.
- ⁶ Decisions of the Board of Directors are taken by an absolute majority of votes cast. In case of equality of votes, the Chairman of the meeting has the casting vote.

§ 21

- ¹ The Board of Directors is the highest authority for the management of the Company and for supervision of the management of the business. It decides on all matters that are not subject, or assigned, to another statutory body of the Company under the provisions of the law, the Articles of Incorporation or regulations.
- ² The Board of Directors is entrusted with the following nontransferable and irrevocable duties:
 - a) Ultimate management of the Company and issuing the necessary instructions.
 - b) Establishing the organization of the Company.
 - c) Structuring of the accounting system, financial controlling and financial planning.
 - d) Appointing and removal of individuals entrusted with the management of the business and with the representation of the Company.
 - e) Ultimate supervision of the individuals entrusted with management of the business; in particular with regard to compliance with the law, the Articles of Incorporation, regulations and instructions.
 - f) Preparation of the Annual Report, preparing of the General Meeting and implementing its resolutions.
 - g) Notifying the judge in the event of overindebtedness.

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 - e) Ultimate supervision of the individuals entrusted with management of the business; in particular with regard to compliance with the law, the Articles of Incorporation, regulations and instructions.
 - f) Preparation of the Annual Report ~~and of the Remuneration Report~~, preparing of the General Meeting and implementing its resolutions.
 - g) Notifying the judge in the event of overindebtedness.

§ 22

- ¹ The Board of Directors can delegate the preparation and implementation of its resolutions or the supervision of business transactions to committees or individual members. It shall ensure appropriate reporting to its members.
- ² The Board of Directors can delegate management of the Company, or parts thereof, to one or several persons, members of the Board of Directors or third parties, who need not be shareholders. As the authority responsible for the management of the business, it can, in particular, appoint an Executive Committee consisting of several members.
- ³ Any delegation of duties and rights by the Board of Directors must be laid down in a set of organizational regulations.

§ 22

- ¹ The Board of Directors can delegate the preparation and implementation of its resolutions or the supervision of business transactions to committees or individual members. It shall ensure appropriate reporting to its members.
- ² The Board of Directors can delegate management of the Company, or parts thereof, to one or several **individual** persons, members of the Board of Directors or third parties, who need not be shareholders. As the authority responsible for the management of the business, it can, in particular, appoint an Executive Committee consisting of several members.
The Company or companies controlled by it may conclude permanent or fixed-term contracts on remuneration with members of the Board of Directors. The term and termination of said contracts shall be determined by the term of office and by the law.
The Company or companies controlled by it may conclude permanent or fixed-term employment contracts with members of the Executive Committee. Fixed-term employment contracts run for a maximum period of one year and are renewable. Permanent employment contracts are subject to a maximum notice period of one year.
- ³ Any delegation of duties and rights by the Board of Directors must be laid down in a set of organizational regulations.
- ⁴ No member of the Board of Directors may assume more than 15 additional appointments, of which no more than 5 may be in publicly listed companies.
No member of the Executive Committee may assume more than 5 additional appointments, of which no more than 1 may be in publicly listed companies.
This restriction does not include:
 - a) Appointments at companies controlled by the Company or which control it.
 - b) Appointments which a member of the Board of Directors or of the Executive Committee assumes by order of the Company or by order of companies controlled by the Company.
 - c) Appointments at associations, non-profit foundations, family foundations and employee welfare foundations.
 Appointments are defined as appointments to the most senior management body of a legal entity which is obliged to be entered in the commercial register or in an equivalent foreign commercial register. Appointments to various legal entities which are controlled by the same entity, or which are subject to the same commercial authorisation, are counted as a single appointment.

§ 23

- ¹ The Company is bound by the joint signatures of two persons authorized to sign.
- ² The Board of Directors decides on the manner in which such signatures are to be given.

§ 24

- ¹ As a remuneration for the demands made upon their time, for their general administrative work and the legal responsibilities assigned to them, the members of the Board of Directors receive a payment independent of the business result which is charged to the Income Statement.
- ² The amount of this remuneration to individual members of the Board is fixed by a resolution of the Board of Directors.
- ³ The Board of Directors is moreover entitled to grant a special remuneration to individual members who exercise special functions or carry out additional duties.

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- ¹ As a remuneration for the demands made upon their time, for their general administrative work and the legal responsibilities assigned to them, the members of the Board of Directors receive a payment independent of the business result which is charged to the Income Statement.
- ² ~~Each year the Board of Directors submits t~~The total amount of this remuneration to the General Meeting for its binding approval ~~individual members of the Board is fixed by a resolution of the Board of Directors.~~
- ³ ~~The Board of Directors is moreover entitled to grant a special remuneration to individual members who exercise special functions or carry out additional duties.~~
The General Meeting approves the Board of Directors' proposals in respect of maximum aggregate amounts:
 - a) for remuneration of the Board of Directors (excluding the bonus paid to the Chairman of the Board of Directors) for the period up to the next Ordinary General Meeting.
 - b) for remuneration of the Executive Committee (excluding the bonuses paid to the members of the Executive Committee) for the period from one Ordinary General Meeting until the next Ordinary General Meeting.
 The Board of Directors may submit to the General Meeting for its approval proposals in respect of maximum aggregate amounts and/or individual remuneration components for other time periods and/or in respect of additional amounts for special remuneration components, as well as additional conditional proposals.
- ⁴ If the General Meeting rejects a proposal submitted by the Board of Directors, the latter must convene an Extraordinary General Meeting
- ⁵ The Company or companies controlled by it is/are authorised to pay to any individual who joins or is promoted within the Executive Committee during a period for which the General Meeting has already approved the Executive Committee's remuneration an additional amount for this period if the total aggregate amount which has already been approved is not adequate for the remuneration of said individual. For any one remuneration period, this additional amount may not exceed 20% for the Chief Executive Officer and 15% for the other functions in the Executive Committee, respectively, of the most recently approved total aggregate amount of the maximum remuneration for the Executive Committee.

§ 25

- ¹ Members of the Board of Directors do not receive credits or loans, nor do they participate in any profit-sharing or equity-based reward plans.
Compensation paid to members of the Board of Directors for activities in enterprises that are directly or indirectly controlled by the Company is permissible. This compensation is included in the total remuneration payable to the Board of Directors which is subject to the General Meeting's approval.
- ² Members of the Executive Committee are eligible to receive mortgage credits or loans for amounts of up to a maximum of 2/3 of the market value of residential property intended for their own personal use.
Compensation paid to members of the Executive Committee for activities in enterprises that are directly or indirectly controlled by the Company is permissible. This compensation is included in the total remuneration payable to the Executive Committee which is subject to the General Meeting's approval.
- ³ Together with the pension benefits payable which are to be approved annually, members of the Board of Directors and the Executive Committee may receive company-funded pension benefits amounting to up to a maximum of 60% of base pay.
- ⁴ Principles of tasks and responsibilities of the Remuneration Committee:
The Remuneration Committee is composed of at least three members of the Board of Directors. The Remuneration Committee organises itself and appoints one of its members as Chairman. The Board of Directors issues a set of rules governing the organisation and decision making of the Remuneration Committees. Each year, subject to the General Meeting's approval of the total remuneration payable to the Board of Directors and the Executive Committee, the Remuneration Committee of the Board of Directors sets the remuneration of the Board of Directors and the members of the Executive Committee (base pay, variable bonuses, Stock-settled Stock Appreciation Rights [S-SARs], Restricted Stock Units [RSUs] and policy decisions on pension benefits). The terms of the Performance Share Plan (PSP) are determined annually by the Board of Directors, acting upon the recommendations of the Remuneration Committee.
- ⁵ Members of the Executive Committee may participate in the following profit-sharing and equity-based reward plans:
 - a) Stock-settled Stock Appreciation Rights (S-SARs) Plan.
 - b) Restricted Stock Unit (RSU) Plan.
 - c) Performance Share Plan (PSP).
 - d) Roche Connect.

- ⁶ Principles governing remuneration, including the performance-based remuneration, of the Board of Directors and the Executive Committee:
- The remuneration components base pay (including participation in the employee profit-sharing foundation supplementing occupational pension benefits [German: *Stiftung der F. Hoffmann-La Roche AG für Mitarbeiter-Gewinnbeteiligung als Ergänzung der beruflichen Vorsorge*] and Roche Connect), bonuses, blocked non-voting equity securities (*Genussscheine*) or shares, Stock-settled Stock Appreciation Rights (S-SARs), Restricted Stock Units (RSUs) and Performance Share Plan (PSP) support the fundamental aims of Roche's remuneration policy. Remuneration is linked to the Company's financial performance and commercial success.
- a. Base salary

Base pay (cash payment) is determined for each position based on salary market data of other leading global pharmaceutical companies and reflects individuals' abilities, experience and performance over time.
 - b. Bonuses

Bonuses are awarded for individual contributions to value creation. Bonus amounts are linked to business results (Group and divisional profits, sales growth, Operating Profit After Capital Charge [OPAC], increases in earnings per share and non-voting equity security [*Genussschein*], the pipeline) and the achievement of measurable and qualitative individual or functional performance objectives. Bonus payment is made in cash and/or non-voting equity securities [*Genussscheine*] and/or shares.
 - c. Stock-settled Stock Appreciation Rights (S-SARs) and Restricted Stock Units (RSUs)

S-SAR awards are allocated individually at the Remuneration Committee's discretion. S-SARs entitle holders to benefit financially from any increase in the value of Roche's non-voting equity securities (*Genussscheine*) and/or shares between the grant date and the exercise date. The strike price for S-SARs under the terms of the multi-year plan is the closing price for Roche non-voting equity securities (*Genussscheine*) and/or shares at grant date. For the members of the Executive Committee, all S-SARs vest three years after the grant date. Vested S-SARs can be exercised (converted into non-voting equity securities [*Genussscheine*] and/or shares or, at the discretion of the Board of Directors into their cash equivalent) within seven years of the grant date. Unexercised S-SARs lapse without compensation. The fair value of the S-SARs is calculated at the grant date using the trinomial model for American options.

RSUs, i.e. the right to receive non-voting equity securities (*Genussscheine*) and/or shares after a three-year vesting period plus a value adjustment (being the amount equivalent to the sum of the dividend paid during the vesting period attributable to the number of non-voting equity securities (*Genussscheine*) and/or shares for which an individual award has been granted) are allocated individually at the Remuneration Committee's discretion and are not definitively allocated and transferred to the recipient until three years later. Thereafter the resulting non-voting equity securities (*Genussscheine*) and/or shares may remain blocked for up to ten years.

d. Performance Share Plan (PSP)

The members of the Executive Committee and other members of senior management participate in the Performance Share Plan. The PSP is based on a three-year comparison of Total Shareholder Return (TSR) with peer companies and has three-year overlapping performance cycles, with a new cycle starting each year.

Under the provisions of this plan, a number of non-voting equity securities (*Genussscheine*) and/or shares equivalent to $\frac{1}{3}$ of a year's salary are reserved for the participants in each cycle. The number of securities actually awarded will depend on whether and to what extent an investment in Roche securities (shares and non-voting equity securities [*Genussscheine*]) outperforms the average return on an investment in securities issued by a peer set of comparator companies.

If Roche securities perform better than the average of the peer set and Roche's TSR increases at least 10% during a cycle, the Board of Directors can elect to increase the award of non-voting equity securities (*Genussscheine*) and/or shares. The maximum award is double the original level reserved target number of non-voting equity securities (*Genussscheine*) and/or shares according to the PSP (starting with PSP 2013–2015 cycle plus a value adjustment, being the amount equivalent to the sum of the dividend paid during the vesting period attributable to the number of non-voting equity securities (*Genussscheine*) and/or shares for which an individual award has been granted) and requires that Roche securities perform as well as or better than those of 75% of the peer set. In the event that an investment in Roche securities underperforms the average return delivered by the peer companies, fewer or no non-voting equity securities (*Genussscheine*) and/or shares will be awarded.

PSP awards are determined annually by the Board of Directors, acting upon the recommendations of the Remuneration Committee.

C. The Auditors

§ 25

- ¹ Each year the General Meeting shall appoint an auditing company as Auditors in accordance with Art. 727 et seq. of the Swiss Code of Obligations. The Auditors will be entrusted with duties and rights as defined under the provisions of the law.
- ² Each year the General Meeting shall also appoint an especially qualified auditing company as Group Auditors, who will audit the Consolidated Financial Statements to be prepared by the Company in accordance with Art. 731 a of the Swiss Code of Obligations.
- ³ The Auditors and the Group Auditors can be two different companies.

IV. Confidentiality

§ 26

All the Company's statutory bodies and employees, including the Auditors, are obliged to treat all Company business as strictly confidential, not only while they are employed by the Company or exercise any functions connected with it, but also after they have left the Company or ceased to exercise such functions.

e. Roche Connect

This programme enables all employees worldwide, except for those in the US and certain other countries, 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%).

⁷ Principles governing the allocation of equities to the members of the Board of Directors and of the Executive Committee:

The principles governing the allocation of equities to the members of the Board of Directors and of the Executive Committee are aligned with the principles governing remuneration components and remuneration plans, as set out in § 25.

C. The Auditors

§ 265

- ¹ Each year the General Meeting appoints an auditing company as Auditors in accordance with Art. 727 et seq. of the Swiss Code of Obligations. The Auditors are vested with the duties and powers conferred on them by law.
- ~~² Each year the General Meeting shall also appoint an especially qualified auditing company as Group Auditors, who will audit the Consolidated Financial Statements to be prepared by the Company in accordance with Art. 731 a of the Swiss Code of Obligations.~~
- ~~³ The Auditors and the Group Auditors can be two different companies.~~

IV. Confidentiality

§ 276

All the Company's statutory bodies and employees, including the Auditors, are obliged to treat all Company business as strictly confidential, not only while they are employed by the Company or exercise any functions connected with it, but also after they have left the Company or ceased to exercise such functions.

V. Balance Sheet, Income Statement, Appropriation of available earnings

§ 27

The books are closed on 31 December of each year, and the Income Statement of the Company and the Balance Sheet are drawn up in accordance with the provisions of the Swiss Code of Obligations (Art. 662 et seq.).

§ 28

- ¹ From the available earnings remaining after deduction of all expenses, interest payable, losses and provisions set aside in advance, at least 5% shall initially be allocated to the General Legal Reserves as long as such Reserves do not equal 20% of the share capital.
- ² From the available earnings remaining after contribution to the General Legal Reserves, an amount corresponding to a dividend of 5% of the share capital is distributed to the shareholders; this distribution is subject to the condition that an amount equal to that paid on shares be paid simultaneously on the non-voting equity securities (*Genussscheine*), which, under the terms of the Articles, rank pari passu with the shares in respect of distribution of available earnings, and that an amount be paid on PCs in proportion to their nominal value compared to that of the shares.
- ³ The available earnings remaining after distribution to the shareholders and holders of non-voting equity securities (*Genussscheine*) and to holders of any existing participation certificates in accordance with § 28 subsection 2 of these Articles is at the disposal of the General Meeting, which is free to distribute it as it thinks fit, provided that the part of the available earnings earmarked for distribution is allotted equally to the shares and to the non-voting equity securities (*Genussscheine*), which, under the terms of the Articles of Incorporation, rank pari passu with the shares, as well as to the PCs proportionately to their nominal value compared with that of the shares.

V. Balance Sheet, Income Statement, Appropriation of available earnings

§ 287

The books are closed on 31 December of each year, and the Income Statement of the Company and the Balance Sheet are drawn up in accordance with the provisions of the Swiss Code of Obligations (Art. 662 et seq.).

§ 298

- ¹ From the available earnings remaining after deduction of all expenses, interest payable, losses and provisions set aside in advance, at least 5% shall initially be allocated to the General Legal Reserves as long as such Reserves do not equal 20% of the share capital.
- ² From the available earnings remaining after contribution to the General Legal Reserves, an amount corresponding to a dividend of 5% of the share capital is distributed to the shareholders; this distribution is subject to the condition that an amount equal to that paid on shares be paid simultaneously on the non-voting equity securities (*Genussscheine*), which, under the terms of the Articles, rank pari passu with the shares in respect of distribution of available earnings, and that an amount be paid on PCs in proportion to their nominal value compared to that of the shares.
- ³ The available earnings remaining after distribution to the shareholders and holders of non-voting equity securities (*Genussscheine*) and to holders of any existing participation certificates in accordance with § 298 subsection 2 of these Articles is at the disposal of the General Meeting, which is free to distribute it as it thinks fit, provided that the part of the available earnings earmarked for distribution is allotted equally to the shares and to the non-voting equity securities (*Genussscheine*), which, under the terms of the Articles of Incorporation, rank pari passu with the shares, as well as to the PCs proportionately to their nominal value compared with that of the shares.

§ 29

- ¹ All reserves form part of the Company's assets; they are not administered separately, nor do they accrue interest separately.
- ² Prescriptions as to use exist only with regard to the General Legal Reserves. Allocations from these Reserves must be proposed by the Board of Directors and approved by the General Meeting.
- ³ All other reserves are at the disposal of the Board of Directors unless the General Meeting decides otherwise.

§ 30

The Ordinary General Meeting, after having considered the relevant proposals of the Board of Directors and the Report of the Auditors, decides on the appropriation of the amounts placed at its disposal and fixes the dividends.

§ 31

The General Meeting may totally or partially allocate to reserve accounts the part of the available earnings placed at its disposal in accordance with § 28.

VI. Dissolution and Liquidation**§ 32**

- ¹ Dissolution and liquidation are effected as determined by law, unless these Articles stipulate otherwise.
- ² The proceeds of liquidation are distributed equally to all shares, non-voting equity securities (*Genussscheine*) and PCs in accordance with the rights adherent to them under these Articles.

§ 3029

- ¹ All reserves form part of the Company's assets; they are not administered separately, nor do they accrue interest separately.
- ² Prescriptions as to use exist only with regard to the General Legal Reserves. Allocations from these Reserves must be proposed by the Board of Directors and approved by the General Meeting.
- ³ All other reserves are at the disposal of the Board of Directors unless the General Meeting decides otherwise.

§ 310

The Ordinary General Meeting, after having considered the relevant proposals of the Board of Directors and the Report of the Auditors, decides on the appropriation of the amounts placed at its disposal and fixes the dividends.

§ 321

The General Meeting may totally or partially allocate to reserve accounts the part of the available earnings placed at its disposal in accordance with § 298.

VI. Dissolution and Liquidation**§ 332**

- ¹ Dissolution and liquidation are effected as determined by law, unless these Articles stipulate otherwise.
- ² The proceeds of liquidation are distributed equally to all shares, non-voting equity securities (*Genussscheine*) and PCs in accordance with the rights adherent to them under these Articles.

VII. Publications

§ 33

All publications of the Company appear in the 'Schweizerisches Handelsamtsblatt'. The Board of Directors may at any time designate further journals as official organs of the Company; it may also rescind such designations.

VIII. Disputes

§ 34

- ¹ All disputes over corporate matters between the Company and its statutory bodies, or between such bodies, or between the Company or its statutory bodies and individual shareholders, shall be adjudicated by the ordinary Courts of the Canton in which the Company has its registered office, subject to appeal to the Swiss Federal Court. For the purposes of such disputes, all shareholders concerned shall elect to be domiciled at the registered office of the Company, and shall be legally bound by all official and judicial notices served at this domicile.
- ² Without prejudice to the jurisdiction stipulated in the foregoing subsection, the Company may, if it prefers, sue its statutory bodies or shareholders in the place of jurisdiction to which they are ordinarily subject and in the Court competent to deal with the given dispute.
- ³ Swiss law is applicable to all such disputes.

VII. Publications

§ 3~~3~~4

All publications of the Company appear in the 'Schweizerisches Handelsamtsblatt'. The Board of Directors may at any time designate further journals as official organs of the Company; it may also rescind such designations.

VIII. Disputes

§ 3~~5~~4

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- ² Without prejudice to the jurisdiction stipulated in the foregoing subsection, the Company may, if it prefers, sue its statutory bodies or shareholders in the place of jurisdiction to which they are ordinarily subject and in the Court competent to deal with the given dispute.
- ³ Swiss law is applicable to all such disputes.

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