

BASE PROSPECTUS



ROCHE FINANCE EUROPE B.V.

(incorporated with limited liability under the laws of the Netherlands and having its corporate domicile in Woerden, the Netherlands)

ROCHE HOLDINGS, INC.

(incorporated with limited liability in the State of Delaware)

guaranteed by

ROCHE HOLDING LTD

(incorporated with limited liability in Switzerland)

EUR 15,000,000,000

Euro Medium Term Note Programme

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "CSSF"), which is the Luxembourg competent authority for the purpose of the Prospectus Directive (as defined herein) and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of notes ("Notes") issued under the EUR 15,000,000,000 Euro Medium Term Note Programme (the "Programme") described in this Base Prospectus during the period of twelve months after the date hereof. This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Pursuant to Article 7(7) of the Luxembourg law dated 10 July 2005 on prospectuses for securities, by approving this Base Prospectus, the CSSF assumes no responsibility as to the economic and financial opportuneness of the transactions contemplated under this Base Prospectus or the quality or the solvency of the Issuers or the Guarantor.

Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC ("MiFID"). The CSSF may be requested, from time to time, to provide certificates of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive to the competent authorities (for the purposes of the Prospectus Directive) of other European Economic Area Member States. A list of Member States to which such a certificate has been provided may be obtained from the Issuers, the Guarantor or the Luxembourg Listing Agent. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of each of the Issuers and the Guarantor to fulfil their respective obligations under the Notes are discussed under "Risk Factors" below.

Arranger
BNP PARIBAS

Dealers

**Barclays
Citigroup
Deutsche Bank
Mitsubishi UFJ Securities
SMBC Nikko
UBS Investment Bank**

**BNP PARIBAS
Credit Suisse
J.P. Morgan
Santander Global Banking & Markets
The Royal Bank of Scotland
UniCredit Bank**

21 March 2014

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IMPORTANT NOTICES

Each of Roche Finance Europe B.V. ("**RFE**"), Roche Holdings, Inc. ("**RHI**") (each an "**Issuer**" and together the "**Issuers**") and Roche Holding Ltd ("**Roche**" or the "**Guarantor**" and, together with the Issuers, the "**Responsible Persons**") accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes if and when issued under the Programme and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus and the relevant Final Terms if and when a Tranche of Notes is issued is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Information contained in this Base Prospectus under the heading "*Description of Roche Finance Europe B.V.*" has been supplied by RFE. RHI does not accept any responsibility for the accuracy of such information, nor have they independently verified any such information.

Information contained in this Base Prospectus under the heading "*Description of Roche Holdings, Inc.*" has been supplied by RHI. RFE does not accept any responsibility for the accuracy of such information, nor have they independently verified any such information.

Information contained in this Base Prospectus under the heading "*Description of Roche Holding Ltd*" has been supplied by Roche. RFE and RHI do not accept any responsibility for the accuracy of such information, nor have they independently verified any such information.

In addition, in the context of any offer of Notes that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "**Public Offer**"), either Issuer may request the CSSF to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authority of Austria, Germany, The Netherlands and the United Kingdom (the "**Host Member States**" and, together with the Grand Duchy of Luxembourg, the "**Public Offer Jurisdictions**"). Even if the relevant Issuer passports the Base Prospectus into the Host Member State, it does not mean that it will choose to make any Public Offer in the Host Member State. Investors should refer to the Final Terms for any issue of Notes to see whether the relevant Issuer has selected for a Public Offer of Notes in the Host Member States and the period during which it intends to make a Public Offer in the Host Member States. Each Responsible Person accepts responsibility, in the Host Member States for which it has given consent referred to herein, for the content of this Base Prospectus, in relation to any person (an "**Investor**") to whom an offer of any Notes is made by any financial intermediary to whom the Responsible Persons have given their consent to use this Base Prospectus (an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and where the offer is made in the Host Member State for which that consent was given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus. However, neither any Responsible Person nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

If so specified in the Final Terms in respect of any Tranche of Notes, the relevant Issuer and the Guarantor, where applicable, consent to the use of this Base Prospectus in connection with a Public Offer of the relevant Notes during the Offer Period specified in the relevant Final Terms (the "**Offer Period**") either (1) in the Public Offer Jurisdictions by any financial intermediary which is authorised to make such offers under MiFID and which satisfies the conditions (if any) specified in the relevant Final Terms or (2) by the financial intermediaries specified in the relevant Final Terms to be acting in the capacity of Managers or, as the case may be, Placers (each as defined in the relevant Final Terms), in respect of the relevant Tranche of Notes, in the Public Offer Jurisdictions and subject to the relevant conditions specified in the relevant Final Terms, for so long as they are authorised to make such offers under MiFID. The relevant Issuer and the Guarantor, where applicable, may give consent to additional financial intermediaries after the date of the relevant Final Terms and, if they do so, the relevant Issuer will publish the above information in relation to them on their website.

The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.

Any Authorised Offeror who wishes to use this Base Prospectus in connection with a Public Offer as set out in (1) above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Base Prospectus for such Public Offer in accordance with the consent of the relevant Issuer and the conditions attached thereto.

To the extent specified in the relevant Final Terms, a Public Offer may be made during the relevant Offer Period by any of the relevant Issuer, the Guarantor (where applicable), the Dealers or any relevant Authorised Offeror in any relevant Member State and subject to any relevant conditions, in each case all as specified in the relevant Final Terms.

Neither of the Issuers nor the Guarantor nor any of the Dealers has authorised the making of any Public Offer of any Notes by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with its offer of any Notes unless (1) the offer is made by an Authorised Offeror as described above or (2) the offer is otherwise made in circumstances falling within an exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such unauthorised offers are not made on behalf of either of the Issuers, the Guarantor, any Dealer or any Authorised Offeror and none of the Issuers, the Guarantor, any Dealer or any Authorised Offeror has any responsibility or liability for the actions of any person making such offers. Each Investor should therefore enquire whether an offer of Notes is so authorised by the relevant Issuer and Guarantor. If the offeror is not so authorised, the Investor should check with the offeror whether anyone is responsible for the Base Prospectus for the purposes of the Prospectus Directive in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents it should take legal advice.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Public Offer"). Neither any of the Issuers nor the Guarantor will be a party to any such arrangements with Investors (other than Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the relevant time. None of the Issuers, the Guarantor, any of the Dealers or other Authorised Offerors has any responsibility or liability for such information.

In the context of any issue of Notes, each of the relevant Dealers and Placers will be required to acknowledge and agree, that for the purpose of offer(s) of the Notes, the Notes may only be publicly offered in Public Offer Jurisdictions during the Offer Period or offered to in compliance with Article 3(2) of the Prospectus Directive in any other European Economic Area Member State pursuant to and in accordance with the Base Prospectus and the Final Terms (without modification or supplement) and that all offers of Notes by it will be made only in accordance with the selling restrictions set forth in the Base Prospectus and the provisions of the Final Terms and in compliance with all applicable laws and regulations, provided that no such offer of Notes shall require the Issuer or any relevant Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive (or supplement a prospectus pursuant to Article 16 of the Prospectus Directive) or to take any other action in any jurisdiction other than as described above.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

Each of the Issuers and the Guarantor have confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes and the Guarantee of the Notes, as defined below) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme,

the issue, offering and sale of the Notes and the Guarantee of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuers or the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuers, the Guarantor or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuers or the Guarantor since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuers, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons (as defined in the U.S. Internal Revenue code of 1986, as amended (the "**Code**") and the U.S. Treasury regulations thereunder). Notes issued by RHI must be issued in registered form.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuers, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers and the Guarantor. The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, each of the Issuers and/or Guarantor and their respective affiliates in the ordinary course of business.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed EUR 15,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

The Programme has been rated (P)A1 and (P)P-1 by Moody's France SAS ("**Moody's**") and AA by Standard and Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"). Roche has been rated long-term A1 by Moody's and AA by Standard & Poor's; short-term A-1+, P-1; outlook stable. Moody's and Standard & Poor's are established in the EEA and registered under Regulation (EU) No. 1060/2009, as amended, (the "**CRA Regulation**"). Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) issued by a credit

rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. A list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") in accordance with the CRA Regulation can be found on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> though this is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

The information relating to credit rating systems below has been extracted from the websites of Moody's and Standard & Poor's, as applicable. The Issuers and Guarantor confirm that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from information published by Moody's and Standard & Poor's, no facts have been omitted which would render the reproduced information inaccurate or misleading.

According to Moody's rating system, obligations rated "A" are judged to be are judged to be upper-medium grade and are subject to low credit risk. Moody's appends numerical modifiers "1", "2", and "3" to each generic rating classification from "Aa" through "Caa". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Issuers rated "P-1" have a superior ability to repay short-term debt obligations.

According to the Standard & Poor's rating system, an obligor rated "AA" has very strong capacity to meet its financial commitments and an obligation rated "AA" means that the obligor's capacity to meet its financial commitment on the obligation is very strong. A short-term obligation rated "A-1" is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area (the "**EEA**"), references to a "**Relevant Member State**" are references to a Member State which has implemented the Prospectus Directive, references to "**EU**" are to the European Union, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**GBP**" and to "**Sterling**" are to pounds sterling, references to "**EUR**", "**euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "**CHF**", "**Swiss francs**" or "**francs**" are to Swiss francs, references to "**JPY**" are to Japanese yen, references to "**CAD**" are to Canadian dollars, and references to "**Renminbi**", "**RMB**", "**Chinese Yuan**" and "**CNY**" are to the lawful currency of the PRC. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU. The expression "**Prospectus Regulation**" means Commission Regulation (EC) No. 809/2004, as amended. All references to "**China**" and the "**PRC**" mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau Special Administrative Region of the People's Republic of China and Hong Kong and all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China.

Certain figures included in this Base Prospectus may have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and

figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering or placement contemplated in this Base Prospectus as completed by Final Terms or a Drawdown Prospectus in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for either of the Issuers or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, **provided that** any such prospectus has subsequently been completed by Final Terms or is a Drawdown Prospectus which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in accordance with the fifth paragraph of this section entitled "*Important Notices*". Except to the extent sub-paragraph (ii) above may apply, none of the Issuers, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for either of the Issuers or any Dealer to publish or supplement a prospectus for such offer.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for the Notes and Issuers. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of Notes and Issuers, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

		Section A – Introduction and Warnings
A.1	Introduction:	<p>Warning that:</p> <ul style="list-style-type: none"> this summary should be read as introduction to the Base Prospectus; any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole by the investor; where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated; and civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such Notes.
A.2	Consent:	<p>[Not Applicable. The Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[The Issuer and the Guarantor consent to the use of this Base Prospectus in connection with a Public Offer of the Notes by [any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC)]/[by each of the financial intermediaries specified in the Final Terms to be acting in the capacity as Managers [and each of [•], [•], [•] and [•] (each a "Placer" and together the "Placers")]] on the following basis:</p> <p>(a) the relevant Public Offer must occur during the period from and including [•] to but excluding [•] (the "Offer Period");</p> <p>(b) the relevant Authorised Offeror must satisfy the following conditions: [•].</p> <p>A "Public Offer" is any offer of Notes in [Austria]/[Germany]/[the Grand Duchy of Luxembourg]/[the Netherlands]/[the United Kingdom] not made within an exemption from the requirement to publish a prospectus under</p>

		Section A – Introduction and Warnings
		<p>the Prospectus Directive.</p> <p>An Investor intending to acquire or acquiring any Notes from a financial intermediary to whom the relevant Issuer and Guarantor have given their consent (an "Authorised Offeror") will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Public Offer"). Neither an Issuer nor the Guarantor if applicable, will be a party to any such arrangements with Investors (other than Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be published by that Authorised Offeror on its website at the relevant time. None of the Issuers, the Guarantor, any of the Dealers or other Authorised Offerors has any responsibility or liability for such information.</p>

		Section B – Issuers and Guarantor
B.1	Legal and commercial name of the Issuer:	[Roche Finance Europe B.V. ("RFE")]/[Roche Holdings, Inc. ("RHI")]
B.2	Domicile, legal form, legislation and country of incorporation of the Issuer:	<p>[RFE is incorporated as a private company with limited liability under the laws of the Netherlands. The registered office of RFE is Beneluxlaan 2A, 3446 GR Woerden, The Netherlands.]</p> <p>[RHI is incorporated as a private corporation under the laws of the State of Delaware in the United States of America. The registered office is 1209 Orange Street, Wilmington, Delaware 19801, USA.]</p>
B.4b	Trends:	<p>[Not Applicable. There are no clear trends affecting RFE and the industries in which it operates.]</p> <p>[Not Applicable. There are no clear trends affecting RHI and the industries in which it operates.]</p>
B.5	The Group:	<p>The Guarantor, Roche Holding Ltd ("Roche") is the parent company of an international research-based healthcare group which operates in more than 150 countries and employs approximately 85,000 people worldwide. Roche is a limited liability joint-stock company incorporated under the laws of Switzerland.</p> <p>[RFE is a finance subsidiary wholly-owned by Roche Pharmholding B.V. and ultimately owned by Roche. RFE acts as financing entity for Roche and its subsidiaries. RFE does not have any subsidiaries, associated companies, interests in joint ventures or any other equity interests in other entities.]</p>

Section B – Issuers and Guarantor																																																																									
		[RHI is a holding subsidiary indirectly wholly-owned by Roche. RHI acts as the holding company for Roche's principal operating subsidiaries in the United States.]																																																																							
B.9	Profit Forecast or Estimate:	[Not applicable for RFE. RFE does not a make profit forecast or estimate in the Base Prospectus.] [Not applicable for RHI. RHI does not a make profit forecast or estimate in the Base Prospectus.]																																																																							
B.10	Audit Report Qualifications:	[Not applicable for RFE. There are no qualifications to the audit reports for RFE.] [Not applicable for RHI. There are no qualifications to the audit reports for RHI.]																																																																							
B.12	Summary Key Financial Information:	<p>[The following tables set out selected financial information from the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows of RHI as of and for the years ended 31 December 2013 and 2012¹. The information was extracted without material adjustment from the audited consolidated financial statements as of and for the years ended 31 December 2013 and 2012¹, which were prepared under IFRS, as adopted by the EU.</p> <p>Roche Holdings, Inc. - Selected financial information from the consolidated income statement for the year ended 31 December 2013 in millions of USD</p> <table><tr><th></th><th>Pharmaceuticals</th><th>Diagnostics</th><th>Corporate</th><th>RHI Group</th></tr><tr><td>Sales</td><td>17,217</td><td>3,099</td><td>-</td><td>20,316</td></tr><tr><td>Operating profit</td><td>9,251</td><td>89</td><td>(21)</td><td>9,319</td></tr><tr><td>Profit before taxes</td><td></td><td></td><td></td><td>7,258</td></tr><tr><td>Net income</td><td></td><td></td><td></td><td>4,353</td></tr></table> <p>Roche Holdings, Inc. - Selected financial information from the consolidated income statement for the year ended 31 December 2012¹ in millions of USD</p> <table><tr><th></th><th>Pharmaceuticals</th><th>Diagnostics</th><th>Corporate</th><th>RHI Group</th></tr><tr><td>Sales</td><td>15,525</td><td>3,084</td><td>-</td><td>18,609</td></tr><tr><td>Operating profit</td><td>6,778</td><td>213</td><td>(337)</td><td>6,654</td></tr><tr><td>Profit before taxes</td><td></td><td></td><td></td><td>4,153</td></tr><tr><td>Net income</td><td></td><td></td><td></td><td>2,708</td></tr></table> <p>Roche Holdings, Inc. - Selected financial information from the consolidated balance sheet in millions of USD</p> <table><tr><th></th><th colspan="2">Year ended 31 December</th></tr><tr><th></th><th>2013</th><th>2012¹</th></tr><tr><td>Total non-current assets.....</td><td>16,706</td><td>16,775</td></tr><tr><td>Total current assets</td><td>7,993</td><td>11,709</td></tr><tr><td>Total assets</td><td>24,699</td><td>28,484</td></tr><tr><td>Total non-current liabilities</td><td>(29,716)</td><td>(36,067)</td></tr><tr><td>Total current liabilities.....</td><td>(15,890)</td><td>(17,202)</td></tr></table>		Pharmaceuticals	Diagnostics	Corporate	RHI Group	Sales	17,217	3,099	-	20,316	Operating profit	9,251	89	(21)	9,319	Profit before taxes				7,258	Net income				4,353		Pharmaceuticals	Diagnostics	Corporate	RHI Group	Sales	15,525	3,084	-	18,609	Operating profit	6,778	213	(337)	6,654	Profit before taxes				4,153	Net income				2,708		Year ended 31 December			2013	2012 ¹	Total non-current assets.....	16,706	16,775	Total current assets	7,993	11,709	Total assets	24,699	28,484	Total non-current liabilities	(29,716)	(36,067)	Total current liabilities.....	(15,890)	(17,202)
	Pharmaceuticals	Diagnostics	Corporate	RHI Group																																																																					
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¹ As disclosed in Note 29 of RHI's Consolidated Financial Statements 2013, the income statement and balance sheet as of and for the year ended 31 December 2012 have been restated following the accounting policy changes which were adopted in 2013.

Section B – Issuers and Guarantor			
		Total liabilities.....	(45,606) (53,269)
		Total net liabilities.....	(20,907) (24,785)
		Equity	(20,907) (24,785)
		Roche Holdings, Inc. - Selected financial information from the consolidated statement of cash flows	
			Year ended 31 December
			2013 2012
			<i>in millions of U.S.\$</i>
		Cash flows from operating activities, before income taxes paid	9,623 9,270
		Total cash flows from operating activities	7,263 7,597
		Total cash flows from investing activities	(1,098) (343)
		Total cash flows from financing activities	(6,124) (7,258)
		Increase (decrease) in cash and cash equivalents.....	41 (4)
		Cash and cash equivalents at December 31	(69) (110)]
		[The following tables set out selected financial information from the summary balance sheet, statement of comprehensive income and statement of cash flows of RFE as of and for the years ended 31 December 2013 and 2012. The information was extracted without material adjustment from the audited financial statements as of and for the years ended 31 December 2013 and 31 December 2012, which were prepared in accordance with IFRS, as adopted by the EU.	
		Roche Finance Europe B.V. - Selected financial information from the statement of comprehensive income in millions of EUR	
			Year ended 31 December 2013
		Total income.....	48
		Total expenses	(47)
		Profit before taxes.....	1
		Net income	1
		Total comprehensive income.....	1
		Roche Finance Europe B.V. - Selected financial information from the statement comprehensive income in millions of EUR	
			Year ended 31 December 2012
		Total income.....	41
		Total expenses	41
		Profit before taxes.....	-
		Net income	-
		Total comprehensive income.....	-
		Roche Finance Europe B.V. - Selected financial information from the balance sheet in millions of EUR	
			31 December 31 December
			2013 2012
		Total non-current assets.....	1,234 1,240
		Total current assets	26 25
		Total assets	1,260 1,265
		Total non-current liabilities	(1,233) (1,238)
		Total current liabilities.....	(15) (16)
		Total liabilities.....	(1,248) (1,254)
		Total net assets	12 11
		Equity	12 11

Section B – Issuers and Guarantor																									
		<p>Roche Finance Europe B.V. - Selected financial information from the statement of cash flows</p> <table> <tr> <th rowspan="2"></th><th colspan="2">Year ended 31 December</th></tr> <tr> <th>2013</th><th>2012</th></tr> <tr> <td></td><td colspan="2"><i>in millions of U.S.\$</i></td></tr> <tr> <td>Total cash flows from operating activities</td><td>-</td><td>-</td></tr> <tr> <td>Total cash flows from investing activities</td><td>48</td><td>(977)</td></tr> <tr> <td>Total cash flows from financing activities</td><td>(48)</td><td>977</td></tr> <tr> <td>Increase (decrease) in cash and cash equivalents.....</td><td>-</td><td>-</td></tr> <tr> <td>Cash and cash equivalents at 31 December ...</td><td>-</td><td>-]</td></tr> </table> <p>[There has been no material adverse change in the prospects of RHI since the date of its last published audited financial statements.]</p> <p>[There has been no significant change in the financial or trading position of RHI subsequent to the period covered by the investor financial information above]</p> <p>[There has been no material adverse change in the prospects of RFE since the date of its last published audited financial statements.]</p> <p>[There has been no significant change in the financial or trading position of RFE subsequent to the period covered by the investor financial information above]</p>		Year ended 31 December		2013	2012		<i>in millions of U.S.\$</i>		Total cash flows from operating activities	-	-	Total cash flows from investing activities	48	(977)	Total cash flows from financing activities	(48)	977	Increase (decrease) in cash and cash equivalents.....	-	-	Cash and cash equivalents at 31 December ...	-	-]
	Year ended 31 December																								
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B.13	Recent Events:	<p>[Not applicable. There have been no recent events particular to RFE which are to a material extent relevant to evaluation of its solvency since the publication of its audited financial statements for the year ended 31 December 2013.]</p> <p>[Not applicable. There have been no recent events particular to RHI which are to a material extent relevant to evaluation of its solvency since the publication of its audited financial statements for the year ended 31 December 2013.]</p>																							
B.14	Dependence upon other entities within the Group:	<p>Please also see B.5 above. [RFE]/[RHI] is dependent upon members of the Group.</p> <p>[RFE is a wholly-owned subsidiary of Roche Pharmholding B.V. RFE forms a taxable group with Roche Pharmholding B.V. and Roche Diagnostics Nederland B.V. for the purposes of Dutch taxation. RFE's ability to satisfy its obligations under the Notes will depend upon payments to RFE by non-Swiss subsidiaries of Roche in respect of loans and advances made by it and/or any financial support it may obtain from Roche.]</p> <p>[RHI is a holding company, and accordingly substantially all of its assets consist of its shareholdings in the U.S. subsidiaries of the Group. Further activity of RHI is to provide financing to its subsidiaries and to refinance these obligations. The ability of RHI to satisfy its obligations under the Notes will depend upon dividend payments and/or other payments to RHI by its subsidiaries and/or by other members of the Group and/or any financial support it may obtain from Roche.]</p>																							
B.15	The Issuer's	[The main activity of RFE is the provision of financing to other																							

Section B – Issuers and Guarantor		
	Principal Activities:	<p>Group companies. Refinancing takes place on the bond or loan markets. As at the date of the Base Prospectus, RFE has EMTN bonds outstanding with an aggregate principal amount of GBP 200,000,000 maturing on 29 August 2023 and EUR 1,000,000,000 maturing on 25 June 2018. As a financing vehicle within the Group, RFE does not have a principal market in which to operate and compete with other businesses.]</p> <p>[The main activity of RHI is to act as the holding company for Roche's principal operating subsidiaries in the United States. As such, a further activity of RHI is to provide financing to its subsidiaries and to refinance these obligations. RHI and its subsidiaries operate businesses in two different areas, pharmaceuticals and diagnostics.]</p>
B.16	Controlling Persons:	<p>[RFE is a wholly-owned subsidiary of Roche Pharmholding B.V. The ultimate holding company of RFE is Roche.]</p> <p>[RHI is a private corporation and is an indirect wholly-owned subsidiary of Roche.]</p> <p>Controlling shareholders</p> <p>The share capital of Roche Holding Ltd, which is the Group's parent company, consists of 160,000,000 bearer shares.</p> <p>As of 31 December 2013, based on information supplied to the Group, a shareholder group with pooled voting rights owned 72,018,000 shares, which represented 45.01 per cent. of the issued shares. This group consisted of Ms Vera Michalski-Hoffmann, Ms Maja Hoffmann, Mr André Hoffmann, Dr Andreas Oeri, Ms Sabine Duschmalé-Oeri, Ms Catherine Oeri, Mr Jörg Duschmalé, Mr Lukas Duschmalé and the charitable foundation Wolf. The shareholder pooling agreement has existed since 1948. The figures above do not include any shares without pooled voting rights that are held outside this group by individual members of the group. Ms Maja Oeri, formerly a member of the pool, holds now 8,091,900 shares representing 5.057 per cent. of the voting rights independently of the pool.</p>
B.17	Ratings assigned to the Issuers or their Debt Securities:	<p>The Programme has been rated (P)A1 and (P)P-1 by Moody's France SAS ("Moody's") and AA by Standard and Poor's Credit Market Services Europe Limited ("Standard & Poor's").</p> <p><i>[The Notes to be issued [are not rated]/[are expected to be rated [•]/by [•]]</i></p>
B.18	The Guarantee:	<p>The Guarantor has agreed to guarantee the due and punctual payment of all sums payable by the Issuers to holders of the Notes issued from time to time, to the holders of the interest coupons, if any, related thereto, and to the Accountholders.</p> <p>This guarantee (the "Guarantee of the Notes") constitutes irrevocable, direct, unsecured and unsubordinated obligations of the Guarantor which will at all times rank at least <i>pari passu</i> with all its other unsecured and unsubordinated obligations in respect of money borrowed, raised, guaranteed or otherwise secured by the Guarantor, save, in the event of insolvency, such obligations as may be preferred by provisions of mandatory law. The Guarantee of the Notes is governed by Swiss law.</p>

	Section B – Issuers and Guarantor																																																																									
B.19 B.1	Legal and commercial name of the Guarantor:	Roche Holding Ltd																																																																								
B.19 B.2	Domicile and legal form of the Guarantor:	Roche is incorporated as a limited liability joint-stock company under the laws of Switzerland. Its registered office is Grenzacherstrasse 124, 4058 Basel, Switzerland.																																																																								
B.19 B.4b	Trends:	Not applicable, there are no clear trends affecting the Guarantor and the industries in which it operates.																																																																								
B.19 B.5	The Group:	As set out in B.5.																																																																								
B.19 B.9	Profit Forecast or Estimate:	Not Applicable. Roche does not make a profit forecast or estimate in the base prospectus.																																																																								
B.19 B.10	Audit Report Qualifications:	Not Applicable. There are no qualifications to the audit report of Roche.																																																																								
B.19 B.12	Selected Key Financial Information:	<p>The following tables set out selected financial information from the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows of the Group as of and for the year ended 31 December 2013 and 2012². The information was extracted from the audited consolidated financial statements as of and for the years ended 31 December 2013 and 2012², which were prepared in accordance with IFRS.</p> <table><tr><th colspan="5">Selected financial information from the Group - Consolidated income statement in millions of CHF for the year ended 31 December 2013</th></tr><tr><th></th><th>Pharmaceuticals</th><th>Diagnostics</th><th>Corporate</th><th>Group</th></tr><tr><td colspan="5">in millions of CHF</td></tr><tr><td>Sales</td><td>36,304</td><td>10,476</td><td>-</td><td>46,780</td></tr><tr><td>Operating profit ...</td><td>15,633</td><td>1,241</td><td>(498)</td><td>16,376</td></tr><tr><td>Profit before taxes</td><td></td><td></td><td></td><td>14,677</td></tr><tr><td>Net income</td><td></td><td></td><td></td><td>11,373</td></tr><tr><th colspan="5">Selected financial information from the Group - Consolidated income statement in millions of CHF for the year ended 31 December 2012²</th></tr><tr><th></th><th>Pharmaceuticals</th><th>Diagnostics</th><th>Corporate</th><th>Group</th></tr><tr><td colspan="5">in millions of CHF</td></tr><tr><td>Sales</td><td>35,232</td><td>10,267</td><td>-</td><td>45,499</td></tr><tr><td>Operating profit</td><td>13,677</td><td>1,284</td><td>(836)</td><td>14,125</td></tr><tr><td>Profit before taxes</td><td></td><td></td><td></td><td>12,159</td></tr><tr><td>Net income</td><td></td><td></td><td></td><td>9,660</td></tr></table>			Selected financial information from the Group - Consolidated income statement in millions of CHF for the year ended 31 December 2013						Pharmaceuticals	Diagnostics	Corporate	Group	in millions of CHF					Sales	36,304	10,476	-	46,780	Operating profit ...	15,633	1,241	(498)	16,376	Profit before taxes				14,677	Net income				11,373	Selected financial information from the Group - Consolidated income statement in millions of CHF for the year ended 31 December 2012 ²						Pharmaceuticals	Diagnostics	Corporate	Group	in millions of CHF					Sales	35,232	10,267	-	45,499	Operating profit	13,677	1,284	(836)	14,125	Profit before taxes				12,159	Net income				9,660
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Section B – Issuers and Guarantor																																																		
		<p>Selected financial information from the Group - Consolidated balance sheet in millions of CHF</p> <table> <tr> <th></th><th>31 December 2013</th><th>31 December 2012³</th></tr> <tr> <td>Total non-current assets.....</td><td>33,003</td><td>33,437</td></tr> <tr> <td>Total current assets</td><td>29,164</td><td>31,371</td></tr> <tr> <td>Total assets</td><td>62,167</td><td>64,808</td></tr> <tr> <td>Total non-current liabilities</td><td>(25,166)</td><td>(27,849)</td></tr> <tr> <td>Total current liabilities.....</td><td>(15,760)</td><td>(20,209)</td></tr> <tr> <td>Total liabilities.....</td><td>(40,926)</td><td>(48,058)</td></tr> <tr> <td>Total net assets</td><td>21,241</td><td>16,750</td></tr> <tr> <td>Total equity</td><td>21,241</td><td>16,750</td></tr> </table> <p>Selected financial information from the Group - Consolidated statement of cash flows</p> <table> <tr> <th></th><th>31 December 2013</th><th>31 December 2012</th></tr> <tr> <td>Cash flows from operating activities, before income taxes paid</td><td>19,113</td><td>18,334</td></tr> <tr> <td>Total cash flows from operating activities</td><td>15,772</td><td>15,005</td></tr> <tr> <td>Total cash flows from investing activities</td><td>(1,302)</td><td>(4,514)</td></tr> <tr> <td>Total cash flows from financing activities</td><td>(14,669)</td><td>(9,694)</td></tr> <tr> <td>Increase in cash and cash equivalents</td><td>(530)</td><td>676</td></tr> <tr> <td>Cash and cash equivalents at 31 December</td><td>4,000</td><td>4,530</td></tr> </table> <p>There have been no material adverse changes in the prospects of the Guarantor since the date of its last published audited financial statements.</p> <p>Except for the CHF 7.80 dividend per share and non-voting equity security for 2013, there have been no significant changes in the financial or trading position of the Guarantor subsequent to the period covered by the investor financial information above.</p>		31 December 2013	31 December 2012³	Total non-current assets.....	33,003	33,437	Total current assets	29,164	31,371	Total assets	62,167	64,808	Total non-current liabilities	(25,166)	(27,849)	Total current liabilities.....	(15,760)	(20,209)	Total liabilities.....	(40,926)	(48,058)	Total net assets	21,241	16,750	Total equity	21,241	16,750		31 December 2013	31 December 2012	Cash flows from operating activities, before income taxes paid	19,113	18,334	Total cash flows from operating activities	15,772	15,005	Total cash flows from investing activities	(1,302)	(4,514)	Total cash flows from financing activities	(14,669)	(9,694)	Increase in cash and cash equivalents	(530)	676	Cash and cash equivalents at 31 December	4,000	4,530
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B.13																																																		
B.19	Dependence upon other entities within the Group:	As set out in B.5.																																																
B.14		Roche is the ultimate holding company of RFE and RHI and the Group as a whole. Accordingly, substantially all of the assets of Roche are comprised of its shareholdings in its subsidiaries. The ability of Roche to satisfy any payment obligations under the Guarantee of the Notes will be dependent upon dividend payments and/or other payments received by Roche from other members of the Group, and such payment obligations under the Guarantee of the Notes will be structurally subordinated to any payment obligations owed to creditors of Roche's subsidiaries.																																																
B.19	The Guarantor's	The objects and purposes of Roche are, without limitation, to hold shares in companies that manufacture and sell pharmaceutical																																																

³ As disclosed in Note 32 of the Group's Consolidated Financial Statements 2013, the income statement and balance sheet as of and for the year ended 31 December 2012 have been restated following the accounting policy changes which were adopted in 2013.

Section B – Issuers and Guarantor		
B.15	Principal Activities:	products and diagnostic instruments. Roche may also participate in other industrial enterprises and holding companies.
B.19 B.16	Controlling Persons:	<p>Controlling shareholders</p> <p>The share capital of Roche, which is the Group's parent company, consists of 160,000,000 bearer shares.</p> <p>As of 31 December 2013, based on information supplied to the Group, a shareholder group with pooled voting rights owned 72,018,000 shares, which represented 45.01 per cent. of the issued shares. This group consisted of Ms Vera Michalski-Hoffmann, Ms Maja Hoffmann, Mr André Hoffmann, Dr Andreas Oeri, Ms Sabine Duschmalé-Oeri, Ms Catherine Oeri, Mr Jörg Duschmalé, Mr Lukas Duschmalé and the charitable foundation Wolf. The shareholder pooling agreement has existed since 1948. The figures above do not include any shares without pooled voting rights that are held outside this group by individual members of the group. Ms Maja Oeri, formerly a member of the pool, holds now 8,091,900 shares representing 5.057 per cent. of the voting rights independently of the pool.</p>
B.19 B.17	Ratings assigned to the Guarantor or its Debt Securities:	Roche has been rated long-term A1 by Moody's and AA by Standard & Poor's; short-term A-1+, P-1; outlook stable.

Section C – The Notes		
C.1	Description of Type and Class of Securities:	<p>Issuance in Series</p> <p>Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.</p> <p><i>[The Notes are [•] per cent. Fixed Rate]/[Floating Rate]/[Zero Coupon] Notes due [•]</i></p> <p><i>[The Notes are issued as Series number [•], Tranche number [•].]</i></p> <p><i>[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [•]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as specified in the relevant Final Terms.]</i></p> <p>Class of Notes</p> <p>The Notes will be issued on an unsubordinated basis. Please also see C.8.</p>

Section C – The Notes		
C.2	Currency of the Securities Issue:	<p>Security Identification Number(s)</p> <p>In respect of each Tranche of Notes, the relevant security identified number(s) will be specified in the relevant Final Terms.</p> <p><i>[ISIN Code: [•]]</i></p> <p><i>Common Code: [•]</i></p> <p>Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.</p> <p><i>[The Notes are denominated in [•].]</i></p>
C.5	Restrictions on Free Transferability:	<p>The Issuers, the Guarantor and the Dealers have agreed restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the Netherlands, Japan, Switzerland, Singapore, Hong Kong and the PRC.</p> <p>In the case of each Tranche of Notes in bearer form, the relevant Final Terms will also specify whether United States Treasury Regulations §1.163-5(c)(2)(i)(C), or any successor rules in substantially the same form for purposes of Section 4701 of the Code (the "TEFRA C Rules") or United States Treasury Regulations §1.163-5(c)(2)(i)(D), or any successor rules in substantially the same form for purposes of Section 4701 of the Code (the "TEFRA D Rules") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days (including unilateral rights to rollover or extend), that neither the TEFRA C Rules nor the TEFRA D Rules are applicable. Notes issued by RHI must be in registered form.</p> <p>Registered Notes (as defined above) will not be exchangeable for Bearer Notes (as defined above) and vice versa. No single Tranche may comprise both Bearer Notes and Registered Notes.</p> <p>Subject to the above, the Notes are freely transferable.</p> <p><i>Regulation S Compliance Category 2; [TEFRA C/TEFRA D/TEFRA not applicable.]</i></p>
C.8	The Rights Attaching to the Securities, including Ranking and Limitations to those Rights:	<p>Denominations</p> <p>No Notes may be issued under the Programme which (a) have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuers or by any entity to whose group the Issuers belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Issue specific summary:</p> <p><i>[Specified Denomination: [•]]</i></p>

Section C – The Notes		
		<p><i>Negative Pledge</i></p> <p>The Notes will have the benefit of a negative pledge provision as described in Condition 5 (<i>Negative Pledge</i>).</p> <p><i>Events of Default</i></p> <p>The Conditions contain certain Events of Default including, but not limited to, (a) non-payment, (b) breach of other obligations, (c) cross default subject to a threshold of EUR100,000,000, (d) insolvency, (e) winding-up and (f) the Guarantee not being in full force and effect. The provisions include certain minimum thresholds and grace periods.</p> <p><i>Meetings</i></p> <p>The Conditions contain certain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p><i>Enforcement of Notes in Global Form</i></p> <p>In the case of Global Notes, individual investors' rights against the Issuers will be governed by a Deed of Covenant dated 21 March 2014, a copy of which will be available for inspection at the specified office of the Fiscal Agent.</p> <p><i>Status of the Notes</i></p> <p>Notes will be issued on an unsubordinated basis and constitute direct, general and unconditional obligations of the relevant Issuer which will of all times rank <i>pari passu</i> with all other present and future unsecured obligations of the relevant Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.</p>
C.9	The Rights Attaching to the Securities (Continued), Including Information as to Interest, Maturity, Yield and the Representative of the Holders:	<p>See C.8 for a description of the rights attaching to the Notes, ranking and limitations.</p> <p><i>Interest</i></p> <p>Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.</p> <p><i>[The Notes bear interest [from their date of issue] at the fixed rate of [•] per cent. per annum. Interest will be paid [annually]/[semi-annually]/[quarterly]/[monthly] in arrear on [•] in each year up to and including the Maturity Date.]</i></p> <p><i>[The Notes bear interest [from their date of issue] at a floating rate calculated by reference to [specify reference rate] [plus/minus] a margin of [•] per cent.] Interest will be paid [annually]/[semi-annually]/[quarterly]/[monthly] in arrear on [•], [•], [•], and [•] in each year[, subject to adjustment for non-business days].]</i></p>

Section C – The Notes		
		<p>[The Notes do not bear any interest.]</p> <p>Maturities</p> <p>Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>[Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [•].]</p> <p>Redemption</p> <p>Notes may be redeemable at par or at such other redemption amount above par.</p> <p>[Final Redemption Amount: Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at its final redemption amount of [•].]</p> <p>[Redemption at the Option of the Issuer: The Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [•] at [par]/[par or, if higher, the price at which the gross redemption yield on the Notes is equal to the gross redemption yield of [•] and a margin of [•] on [•] (the "Make Whole Amount")], plus accrued interest (if any) up to but excluding the date fixed for redemption.</p> <p>[Redemption at the Option of the Noteholders: The Issuer shall, at the option of the holder of any Note redeem such Note on [•] at [•] together with interest (if any) accrued to such date.]</p> <p>[Tax Redemption: The Issuer shall be permitted to redeem the Notes at [•] in certain circumstances for tax reasons]</p> <p>Yield</p> <p>The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date.</p> <p>[Based upon the Issue Price of [•], at the Issue Date the anticipated yield of the Notes is [•] per cent. per annum.]</p> <p>Representative of the Noteholders</p> <p>Not Applicable. A Trustee has not been appointed to act as trustee for Noteholders.</p>
C.10	Derivative components in interest payment:	Not Applicable. Payment of interest on the Notes shall not involve any derivative component.
C.11	Admission to trading on a regulated market:	Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems

Section C – The Notes		
		<p>as may be agreed with the Issuers.</p> <p><i>[Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.]</i></p> <p><i>[Application has been made for the Notes to be admitted to, trading and/or quotation by [•].]</i></p> <p><i>[Not Applicable. The Issuer does not intend to make any application for the Notes to be admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system.]</i></p>
C.21	Indication of the market where the securities will be traded:	<p>Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to trading on the regulated market of the Luxembourg Stock Exchange. The Programme permits Notes to be admitted to trading on such competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuers.</p> <p><i>[Application has been made for the Notes to be admitted to trading on the regulated market of [the Luxembourg Stock Exchange/[•] and for which the Base Prospectus has been published.]</i></p> <p><i>[The Issuer does not intend to make application for the Notes to be admitted to trading on any market]</i></p>

Section D - Risks		
D.2	Risks Specific to the Issuers:	<p>[Principal risk factors that may affect the ability of RFE to fulfil its obligations under Notes issued under the Programme are:</p> <ul style="list-style-type: none"> • RFE is a finance company, the primary business of which is the raising of monies from time to time for the purpose of on lending to non Swiss subsidiaries of the Guarantor. RFE's ability to satisfy its obligations under the Notes will depend upon payments to RFE by such non Swiss subsidiaries of the Guarantor in respect of loans and advances made by it and/or any financial support it may obtain from the Guarantor; • By virtue of its dependence on the Guarantor and/or other subsidiaries of the Guarantor each of the risks that may affect the Guarantor and/or the Group as a whole may also affect RFE.] <p>[Principal risk factors that may affect the ability of RHI to fulfil its obligations under Notes issued under the Programme are:</p> <ul style="list-style-type: none"> • RHI is a holding company, and accordingly substantially all of its assets consist of its shareholdings in the U.S. subsidiaries of the Group and to provide financing to its subsidiaries. The ability of RHI to satisfy its obligations under the Notes will depend upon dividend payments and/or other payments to RHI by its subsidiaries and/or by other members of the Group and/or any financial support it may obtain from the Guarantor; • By virtue of its dependence on other members of the Group,

Section D - Risks		
		each of the risks that may affect the Guarantor and/or the Group as a whole may also affect RHI.]
D.3	Risks Specific to the Notes:	<p>The principal risk factors include risks which may negatively impact the business and financial performance of the Guarantor and the Group and their ability to fulfil obligations under the Notes. These include:</p> <ul style="list-style-type: none"> • The effect of the ongoing global economic crisis, related recessionary conditions in many countries and other adverse economic, fiscal or political developments, including terrorist attacks and the continued Eurozone debt crisis; • The development of new products involves a lengthy, costly and complex process, and the Group may be unable to commercialise, or may be delayed in commercialising, any of its product candidates currently under development; • The Group's pharmaceuticals business faces expirations of patent rights and consequent loss of market exclusivity for one or more major products and increasing competition from producers of generic products; • The Group may be required to pay substantial damages for product liability claims for injuries allegedly caused by the use of its products, particularly given the widespread impact that prescription drugs may have on the health of large patient populations; • Stricter regulatory controls on the testing, approval, manufacturing and marketing of many of its pharmaceutical and diagnostic products as well as increasing regulatory scrutiny of drug safety and efficacy and risk of withdrawal by regulators of approvals previously granted; • The Group's products face intense competition and continued consolidation in the pharmaceutical industry could adversely affect the Group's competitive position; • Government restrictions on pricing and reimbursement policies in many markets and consolidation among the Group's customers; and • Public pressure on the pharmaceutical industry which could lead, among other things, to changes in legislation, demand for the Group's products and additional pricing pressures. <p>Principal risk factors relating to the Notes issued under the Programme are:</p> <ul style="list-style-type: none"> • <i>No active trading market for the Notes</i> – The Notes may not be actively traded creating a lack of liquidity and resulting in the Notes trading at a discount to their initial offering price. • <i>Notes may be redeemed prior to maturity</i> – An optional redemption feature is likely to limit the market value of the Notes. • <i>Reliance on the procedures of the clearing systems</i> – As the

Section D - Risks		
		<p>relevant Issuer will make payments in respect of any Note held in a global form through the relevant clearing system, the beneficial holders of such Notes will need to rely on the procedures of the relevant clearing system in respect of payments relating to the Notes, as well as exercising of voting rights.</p> <ul style="list-style-type: none"> • <i>[New U.S. reporting and withholding rules may affect holders of Notes issued after 30 June 2014 by RHI.]</i> • <i>Potential changes in Swiss withholding tax legislation may affect the Notes</i> – the Swiss Federal Council has issued draft legislation which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Note to an individual resident in Switzerland or to any person (not only an individual) resident outside Switzerland. <p>There are also certain risks relating to the Notes generally, such as taxation and EU Savings Directive, minimum specified denominations, credit ratings and higher integral multiples and further issuances.</p> <p>[In addition to the above, there are risks specific to Renminbi-denominated Instruments:</p> <ul style="list-style-type: none"> • <i>Renminbi is not freely convertible and there are restrictions on the remittance of Renminbi into the PRC which may adversely affect the liquidity of the Renminbi Notes</i> - Capital account convertibility restrictions may affect the ability of the Issuers to source Renminbi to finance its obligations under Notes <i>denominated</i> in Renminbi. The ability to remit offshore Renminbi into the PRC is limited. • <i>Renminbi Currency Risk</i> – To the extent the Issuer is required to source Renminbi outside the PRC to service payments of Renminbi under the Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. • <i>Investment in Renminbi Notes is subject to exchange rate risks and the Issuer may make payments of interest and principal in U.S. dollars in certain circumstances</i> - Changes in economic and political conditions may have an impact on the value of the Renminbi against the U.S. dollar. Furthermore, changes in policies may also heighten the interest rate volatility. These factors could result in a decline of the value of a holder's investment.]

Section E - Offer		
E.2b	Reasons for the Offer and Use of Proceeds:	<p>The net proceeds of each issuance will be used for the Group's general corporate purposes (which may include financing merger and acquisition activities and other business development activities as well as refinancing existing debts) outside of Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use</p>

Section E - Offer		
		<p>of proceeds in Switzerland.</p> <p><i>[Reasons for the offer: [•]]</i></p> <p><i>[Use of Proceeds: [•]]</i></p>
E.3	Terms and Conditions of the Offer:	<p>Notes may be issued at any price as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuers, the Guarantor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.</p> <p>The Terms and Conditions of the Offer are:</p> <p>(i) <i>Offer Period: [From the date of publication of these Final Terms being [•] to [•]]/[•].</i></p> <p>(ii) <i>Total amount of the offer: [•]</i></p> <p>(iii) <i>Offer Price: [The Issuer has offered and will sell the Notes to the Managers (and no one else) at the Issue Price of [•] per cent. less a total commission [and concession] of [•] per cent. of the Aggregate Nominal Amount of Notes. Managers and Placers will offer and sell the Notes to their customers in accordance with arrangements in place between each such Manager and its customers (including Placers) or each such Placer and its customers by reference to the Issue Price and market conditions prevailing at the time]/[•].</i></p> <p>(iv) <i>Conditions to which the offer is subject: [Offers of the Notes are conditional on their issue. As between Managers and their customers (including Placers) or between Placers and their customers, offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in the arrangements in place between them] /[•].</i></p> <p>(v) <i>Description of the application process: [A prospective Noteholder will purchase the Notes in accordance with the arrangements in place between the relevant Manager and its customers or the relevant Placer and its customers, relating to the purchase of securities generally. Noteholders (other than Managers) will not enter into any contractual arrangements directly with the Issuer in connection with the offer or purchase of the Notes]/[•].</i></p> <p>(vi) <i>Description of possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [Not Applicable]/[•].</i></p> <p>(vii) <i>Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest): [There are no pre-identified allotment criteria. The Managers and the Placers will adopt allotment and/or application criteria in accordance with customary market practices and applicable laws and regulations and/or as otherwise agreed between them]/[•].</i></p>

Section E - Offer		
		<p>(viii) <i>Method and time limits for paying up the Notes and for delivery of the Notes: [The Notes will be sold by the Issuer to the Managers on a delivery against payment basis on the Issue Date. Prospective Noteholders will be notified by the relevant Manager or Placer of their allocations of Notes and the settlement arrangements in respect thereof]/[•].</i></p> <p>(ix) <i>Manner and date in which results of the offer are to be made public: [Not Applicable]/[•].</i></p> <p>(x) <i>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable]/[•].</i></p> <p>(xi) <i>Whether tranche(s) have been reserved for certain countries: [Not Applicable]/[•].</i></p> <p>(xii) <i>Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [Prospective Noteholders will be notified by the relevant Manager or Placer in accordance with the arrangements in place between such Managers or Placers and its customers. Any dealings in the Notes which take place will be at the risk of prospective Noteholders]/[•].</i></p> <p>(xiii) <i>Amount of any expenses and taxes specifically charged to the Noteholders: [Not Applicable]/[•].</i></p> <p>(xiv) <i>Name(s) and address(es), to the extent known to the Issuer, of the Placers in the various countries where the offer takes place: [None known to the Issuer]/[specify]</i></p> <p><i>[If the Issuer is unaware of the identity of the Placers then insert "none known to the Issuer". Otherwise insert the names (and addresses) of those that are known and include the following reference "(other Placers may become involved but as at the date of these Final Terms these are the only ones known to the Issuer)"]]</i></p> <p><i>[Other Terms and Conditions of the Offer are: [•].]</i></p>
E.4	Any Interest Material to the Issue/Offer including conflicting Interests:	<p>The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, each of the Issuers and/or Guarantor and their respective affiliates in the ordinary course of business.</p> <p><i>[So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]/ [•]</i></p>
E.7	Estimated expenses charged to Investors:	<p><i>[Not applicable. No expenses will be chargeable by the Issuer to an Investor in connection with any offer of Notes. Any expenses chargeable by an Authorised Offeror to an Investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer.]/[•]</i></p>

RISK FACTORS

Investing in Notes issued under the Programme involves certain risks. The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers based on information currently available to them or which they may not currently be able to anticipate and none of the Issuers nor the Guarantor represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in, or incorporated by reference in, this Base Prospectus and the applicable Final Terms and reach their own views prior to making any investment decision.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

1. Risk factors relating to the Issuers

Factors that may affect the ability of RFE to fulfil its obligations under Notes issued under the Programme.

RFE is a finance company, the primary business of which is the raising of monies from time to time for the purpose of on-lending to non-Swiss subsidiaries of the Guarantor. Accordingly, substantially all the assets of RFE are loans and advances made by RFE to other members of the Group. RFE's ability to satisfy its obligations under the Notes will depend upon payments to RFE by such non-Swiss subsidiaries of the Guarantor in respect of loans and advances made by it and/or any financial support it may obtain from the Guarantor. Therefore, if RFE neither receives payments from such non-Swiss subsidiaries nor receives financial support from the Guarantor, it may be unable to satisfy its obligations under the Notes.

As at the date of this Base Prospectus, RFE has EMTN bonds outstanding with aggregate principal amounts of EUR 1 billion and GBP 200 million, as set forth under "*Description of Roche Finance Europe B.V. – Principal Activities*".

By virtue of its dependence on the Guarantor and/or other subsidiaries of the Guarantor (the Guarantor, together with its consolidated subsidiaries, the "**Group**"), each of the risks below that may affect the Guarantor and/or the Group as a whole may also affect RFE.

Factors that may affect the ability of RHI to fulfil its obligations under Notes issued under the Programme.

RHI is a holding company, and accordingly substantially all of its assets consist of its shareholdings in the U.S. subsidiaries of the Group. As such, a further activity of RHI is to provide financing to its subsidiaries and to refinance these obligations. The ability of RHI to satisfy its obligations under the Notes will depend upon dividend payments and/or other payments to RHI by its subsidiaries and/or by other members of the Group and/or any financial support it may obtain from the Guarantor. The assets of RHI should not therefore be primarily relied upon by prospective investors in making an investment decision to purchase the Notes. Rather, any investment decision to purchase the Notes should be based primarily on the financial strength of the Guarantor.

As at the date of this Base Prospectus, RHI has bonds outstanding with aggregate nominal values of U.S.\$5.6 billion⁴, EUR 3.85 billion, and GBP 0.5 billion as set forth under "*Description of Roche Holdings, Inc. – Principal Activities*".

By virtue of its dependence on other members of the Group, each of the risks below that may affect the Guarantor and/or the Group as a whole may also affect RHI.

2. Risk factors relating to the Guarantor and the Group

⁴ In addition, RHI's subsidiary, Genentech, has bonds outstanding in the aggregate principal amount of U.S.\$1.5 billion.

Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee of the Notes

The Guarantor is the holding company of the Group.

The Guarantor is the holding company of the Group. Accordingly, substantially all of the assets of the Guarantor are comprised of its shareholdings in its subsidiaries. The ability of the Guarantor to satisfy any payment obligations under the Guarantee of the Notes will be dependent upon dividend payments and/or other payments received by the Guarantor from other members of the Group, and such payment obligations under the Guarantee of the Notes will be structurally subordinated to any payment obligations owed to creditors of the Guarantor's subsidiaries.

Noteholders may have difficulty enforcing rights across multiple jurisdictions.

RFE is organised under the laws of the Netherlands and RHI is incorporated in the state of Delaware, USA. The Notes will be guaranteed by Roche, which is organised under the laws of Switzerland. Rights of Noteholders under the Notes and the Guarantee of the Notes will thus be subject to the laws of more than one jurisdiction, and there can be no assurance that Noteholders will be able to effectively enforce their rights in multiple bankruptcy, insolvency or similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of the rights of Noteholders.

In addition, the bankruptcy, insolvency, administrative and other laws of the various jurisdictions of organisation may be materially different from, or in conflict with, each other in certain areas. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect the ability of Noteholders to enforce their rights and to collect payment in full under the Notes and the Guarantee of the Notes.

The ongoing global economic uncertainty and other global economic or political developments could adversely affect the Group's business and financial performance.

The operations and earnings of the Group continue, from time to time and in varying degrees, to be affected by political, fiscal and economic developments. Continuing weak economic conditions and related recessionary conditions in many countries where the Group does business could affect sales of the Group's pharmaceutical and diagnostics products in those markets, as the ability of patients and payers (such as health insurance plans) to pay for these products could be adversely impacted. These and other effects of recent global economic conditions could adversely affect the Group's business and financial performance.

In the recent past, terrorist attacks have had an impact on global economic conditions. Any additional terrorist attacks which may occur in the future and any significant military conflict around the world could have a similar effect, which could adversely affect the Group's business and financial performance.

Recent developments in the Eurozone have been exacerbated by the continuing weak economic conditions. Financial markets and the supply of credit are likely to continue to be negatively impacted by ongoing fears surrounding the sovereign debts and/or fiscal deficits of the U.S. and several countries in Europe (primarily Greece, Ireland, Italy, Portugal and Spain), the possibility of the further downgrading of or defaults on sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union (the "Eurozone debt crisis"). Governments and regulators have implemented austerity programmes and other remedial measures to respond to the Eurozone debt crisis and stabilise the financial system but the actual impact of such programmes and measures are difficult to predict.

If the Eurozone debt crisis is not resolved, there is a possibility that one or more countries may default and/or leave the European Monetary Union and re-establish their own national currency or that the European Monetary Union may collapse. In such an event, it is likely that there would be significant, extended and generalised market dislocation with unpredictable and materially adverse effects on the Group's business, results of operations and financial condition. In addition, the departure of one or more countries from the European Monetary Union may lead to the imposition of, *inter alia*, exchange control and mandatory payment laws. The stalling of any recovery in the Eurozone presents another risk, if demand in the core countries fails to pick up sufficiently to offset the deflationary adjustment in the periphery and global demand remains weak. Any one or more of the factors outlined above could result in investors of Notes receiving less interest or principal than expected, or no interest or principal, and

could also adversely affect the price of Notes on the secondary market. See *"Exchange rate risks and exchange controls"* for more information.

The exact nature of the risks that the Group faces is difficult to predict and guard against in light of (i) the inter-related nature of the risks involved, (ii) difficulties in predicting the outcomes of austerity programmes and other remedial measures in Europe (iii) the extent to which the Eurozone debt crisis, slowdown in growth or recession in Europe and elsewhere and loss of consumer confidence will impact on the global economy (iv) Switzerland's introduction of immigration quotas and their impact on the bilateral accords between Switzerland and the EU and (v) the fact that the risks are totally or partially outside of the Group's control. It is not known for how long these risks will continue nor whether they will worsen. It is difficult to predict whether and to what extent the Group's business, results of operations and financial condition will be adversely affected.

The development of new products involves a lengthy and complex process, and the Group may be unable to commercialise, or may be delayed in commercialising, any of its product candidates currently under development.

Continued development of commercially viable new products is critical to the Group's ability to replace sales of older products that decline upon expiration of exclusive rights, and to increase overall sales. Developing new products is a costly, lengthy and uncertain process. A new product candidate can fail at any stage of the process, and one or more late-stage product candidates could fail to receive regulatory approval. New product candidates may appear promising in development but, after significant investments, fail to reach the market or have only limited commercial success for a variety of reasons, including, among others, efficacy or safety concerns, inability to obtain necessary regulatory approvals, difficulty or excessive cost to manufacture, infringement of patents or other intellectual property rights of others or inability to differentiate the product adequately from competing products.

The Group's pharmaceuticals business faces patent expirations and increasing competition from producers of generic products.

The Group's pharmaceutical products are generally protected by patent rights which are intended to provide the Group with exclusive marketing rights in various countries. However, patent rights are of varying scope and duration. Loss of market exclusivity for one or more major products – either due to patent expiration, generic challenges or other reasons – could have a material adverse effect on the Group's business, results of operations or financial condition. The introduction of a generic version of the same or a similar medicine typically results in a significant and sharp reduction in net sales for the relevant product, as generic manufacturers typically offer their versions of the same medicine at sharply lower prices. In addition some generic manufacturers are increasingly conducting so-called "launches at risk" of products that are still under legal challenge for patent infringement and before final resolution of legal proceedings.

Weakness of intellectual property protection in some countries may adversely affect the Group's business and financial performance in those countries.

Patent protection may be significantly weaker in some countries in which the Group operates, as compared to Switzerland, the United States or the European Union. In addition, in an effort to control public health crises, some developing countries, such as India and Indonesia, have considered plans for substantial reductions in the scope of patent protection for products. In particular, these countries could facilitate competition within their markets from generic manufacturers which would otherwise be unable to introduce competing products for a number of years, for example via compulsory licensing. Any loss of patent protection, including abrogation of patent rights or compulsory licensing, could potentially affect adversely the Group's business and financial performance in those markets. Additionally, the Group has decided not to file patents or enforce patent rights in Least Developed Countries, as defined by the United Nations, or in Low Income Countries, as defined by the World Bank, as a matter of its socially responsible management in an attempt to increase access to medicine in these countries. Absence of adequate patent protection could limit the opportunity to look to such markets for future sales growth.

Proposals to change existing patent and data exclusivity laws and regulations in major markets in which the Group sells its products are a continuing feature of the political process in those countries. Such proposals could have the effect of making the prosecution of new product patents more difficult and time-consuming, or adversely affecting the exclusivity period for the Group's pharmaceutical products. If these proposals are enacted they could have an adverse impact on the Group's future sales and overall financial performance.

The Group may face substantial fines, other costs and restrictions on its business activities if it fails to comply with legal and regulatory requirements governing the healthcare industry.

The Group operates globally in complex legal and regulatory environments that often vary among jurisdictions. The failure to comply with applicable laws, rules and regulations in these jurisdictions may result in civil and criminal legal proceedings.

Unfavourable resolution of proceedings and governmental investigations in which the Group is currently involved and similar proceedings or investigations in the future may have a material adverse effect on the Group's results of operations and financial condition. Criminal proceedings may also be initiated against Group companies or employees. The Group has made material provisions in 2013, 2012, and 2011 related to legal proceedings and investigations which reduced its earnings. The Group may also make additional significant provisions related to legal proceedings and investigations in the future, which would reduce its earnings.

The Group buys insurance coverage for various insurable risks based on legal requirements and the economic assessment of the related insurance cost. If significant risks materialise that are not covered by insurance, then there could be a material adverse effect on the Group's business, results of operations or financial condition.

Antitrust litigation may negatively impact the Group's financial performance.

Some of the Group's currently patented products may, in the future, become the subject of antitrust actions. Governments and regulatory authorities have in recent years been stepping up their compliance with law enforcement activities in the antitrust area.

Furthermore, in the United States it has become increasingly common that following an adverse outcome in patent infringement cases, private litigants, such as the defendants in patent infringement suits, direct and indirect purchasers and other payers initiate antitrust actions against the Group or certain of its members. Claims by direct and indirect purchasers and other payers are typically filed as class actions and the relief sought may include treble damages and restitution claims. Damages in antitrust cases are subject to automatic trebling in the United States and can be substantial.

While the outcome of government and regulatory authority investigations are unpredictable, they are costly, divert management from the Group's business and may affect the reputation of the Group. An adverse result in any antitrust proceeding could have a material effect on the Group's business, results of operations or financial condition.

The Group may be required to pay substantial damages for product liability claims.

The Group may be subject to substantial product liability damages claims, settlements and awards for injuries allegedly caused by the use of its products, particularly given the widespread impact that prescription drugs may have on the health of large patient populations. Product liability claims, regardless of their merits or their outcome, may be costly, may divert management's attention and may adversely affect the Group's reputation and demand for its products. Adverse publicity relating to the safety of a product or of other competing products may increase the risk of product liability claims. Litigation, particularly in the United States, is inherently unpredictable and unexpectedly high awards of damages can result. Substantial product liability claims that result in court decisions against the Group or in the settlement of proceedings could have a materially adverse effect on the Group's results of operations and financial condition, particularly where such circumstances are not covered by insurance.

Stricter regulatory controls and increasing regulatory scrutiny of drug safety and efficacy may have a negative effect on the Group's financial performance.

The Group must comply with a broad range of regulatory controls on the testing, approval, manufacturing and marketing of many of its pharmaceutical and diagnostic products, particularly in the United States and within the European Union, which affect not only the cost of product development but also the time required to reach the market and the uncertainty of doing so successfully.

Pre-clinical and clinical trials are conducted during the development of potential products to determine the safety and efficacy of products for use by humans following approval by regulatory bodies. Notwithstanding these efforts, when drugs and vaccines are introduced into the marketplace, unanticipated side effects may become evident. Such side effects may necessitate changes in labelling

and marketing or even product withdrawal. Any such event may also give rise to litigation against the Group. Post-marketing studies, whether conducted by the Group or by others and whether mandated by regulatory agencies or voluntary, and other emerging data about marketed products, such as adverse event reports, may also adversely affect sales of the Group's products. In addition, the discovery of significant problems with a product similar to one of the Group's products that implicate (or are perceived to implicate) an entire class of products, could have an adverse effect on sales of the affected products. Accordingly, new data about the Group's products, or similar products of other manufacturers, could negatively impact demand for the Group's products due to actual or perceived side effects or uncertainty regarding efficacy and, in some cases, could result in product withdrawal and may also give rise to litigation against the Group.

Stricter regulatory controls and increased regulatory scrutiny of drug safety also heighten the risk of withdrawal by regulators of approvals previously granted, which would reduce sales and can result in product recalls and product liability lawsuits. In addition, in some cases the Group may voluntarily cease marketing a product or face declining sales based on concerns about efficacy or safety, whether or not scientifically justified, even in the absence of regulatory action. The development of a post-approval adverse effect profile for a product or the product class may have a major impact on the marketing and sale of that product or product class.

The Group's products face intense competition.

The Group operates in highly competitive businesses. In its pharmaceuticals business, it faces competition both from proprietary products of large international manufacturers and producers of generic pharmaceuticals. Significant product innovations and substitution, technical advances or the intensification of price competition by competitors could also adversely affect the Group's results of operations. Continued consolidation and co-operation in the pharmaceutical industry could adversely affect the Group's competitive position, while continued consolidation and co-operation among the Group's customers may increase pricing pressures. The Group's biotechnology products, such as proteins and monoclonal antibodies, also face competition from so-called "biosimilars". A biosimilar is a biological medicinal product which is similar to a reference medicinal product and is submitted for a marketing authorisation by a company manufacturing generic products. Based on potential structural differences, there might be uncertainty whether biosimilar products are covered by the patent rights of the originator company.

The diagnostics business is also highly competitive and the Group encounters competition from several international manufacturers. Some competitors who traditionally did not compete in the diagnostics business, some of whom historically operated with lower profit margins, have now entered the diagnostics business.

If any of the Group's major products were to become subject to a problem such as loss of patent protection, unexpected side effects, regulatory proceedings, publicity affecting doctor or patient confidence or pressure from competitive products, or if a new, more effective product should be introduced, the adverse impact on the Group's revenues and operating results could be significant.

Government restrictions on pricing and reimbursement and consolidation among the Group's customers may negatively impact its financial performance.

Pharmaceutical products are subject to price controls or pressures and other restrictions in many markets. Some governments intervene directly in setting prices. In Europe, several countries have imposed significant price reductions on pharmaceutical products. In the United States, healthcare reforms have resulted in increased rebates on pharmaceutical products under government health insurance plans and Japan has implemented price cuts. In addition, in some markets major purchasers of pharmaceutical products (whether government agencies or private healthcare providers) have the economic power to exert substantial pressure on prices or the terms of access to product formularies. The growth in the number of patients covered through large managed care institutions may also increase pricing pressure on the Group's products. Changes to government reimbursement policies could also reduce the funding that healthcare service providers have available for diagnostic and pharmaceutical product expenditures, which could have a material adverse impact on the Group's sales and profit margins.

The Group cannot predict whether existing controls will increase or new controls (or other restrictions or reforms) will be introduced that will reduce the Group's margins or adversely affect its ability to introduce new products profitably. Changes in the healthcare market could also force Roche to alter the Group's approach to selling, marketing, distributing and servicing the Group's customer base.

Risk of interruption of product supply could affect the Group's business and financial performance.

The products the Group markets, distributes and sells are either manufactured at the Group's own dedicated manufacturing facilities, or through toll manufacturing arrangements or supply agreements with third parties. Since many of the Group's products require technically complex manufacturing processes, and are sometimes dependent on highly specialised raw materials or regulatory approval, Roche can provide no assurances that supply sources will not be interrupted. In addition, for the same reasons, the volume of production of any product cannot be rapidly altered. As a result, if Roche should fail to accurately predict market demand for any of the Group's products then the Group may not be able to produce enough of the product to meet that demand, or may produce too much of the product, either of which could affect the Group's business and results of operations.

The manufacture of pharmaceutical products and their constituent materials requires compliance with good manufacturing practice regulations. The Group's manufacturing sites are subject to review and approval by the U.S. Food and Drug Administration ("FDA") and other regulatory agencies. Compliance failure by suppliers of key materials or the Group's own manufacturing facilities could lead to product recalls and seizures, interruption of production and delays in the approvals of new products. Non-compliance can also result in fines and disgorgement of profits. Any interruption of supply or fines or disgorgement of profits could materially and adversely affect the Group's financial results. While the Group undertakes business continuity planning, single sourcing for certain components, bulk active materials and finished products put the Group at risk of having insufficient supplies of key ingredients for its products in the event of regulatory non-compliance or physical disruption at the manufacturing sites.

The Group is subject to strict environmental, health and safety laws and regulations that may lead to significant liabilities.

The Group and its operations are subject to various foreign, national, regional and local environmental, health and safety laws and regulations governing, among other matters, the following: the emission and discharge of hazardous materials into the air, water or ground; the generation, storage, handling, processing, use and transportation of regulated materials; the registration, evaluation and authorisation of its chemical products; and employee health and safety. These laws and regulations require the Group to obtain permits for certain of its operations. The Group cannot assure investors that it has been or will be at all times in compliance with such laws, regulations and permits. If the Group violates or fails to comply with these laws, regulations or permits, it could be subject to fines or other sanctions. The Group incurs, and expects in the future to incur, capital expenditures and other costs to comply with environmental laws and regulations. There can be no assurances these environmental compliance costs will not increase materially.

Certain environmental laws assess liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances at such properties or at properties to which these persons have sent waste. Environmental laws often impose liability even if these persons did not know of, or were not responsible for, the release of hazardous substances. The Group has incurred, and expects to incur, costs to address contamination with respect to its current and former properties, as well as with respect to third-party sites to which it has sent waste. In addition, completion of remediation projects may be a prerequisite to the completion of transactions involving the Group. While the Group has established reserves with respect to its current remediation projects, the actual costs to address these and any future environmental matters are subject to various factors, including the potential discovery of new facts or other conditions, changes in technology and changes in law or the enforcement thereof. Accordingly, there can be no assurances that the cost of addressing current and future environmental matters will not adversely affect the Group's business, results of operations and financial condition.

The Group could also be held liable for the release of hazardous substances, including exposure, or other environmental damage. Risks inherent to biotechnological and diagnostic production include fires and explosions, personal injury, property or natural resource damage and hazardous substance releases. While the Group has corporate policies aimed at preventing such incidents, there can be no assurance that similar or more severe accidents will not occur in the future. See "*Business — Environmental and safety matters*" for more information.

Changes in labour laws or a lack of skilled employees may adversely affect the Group's business.

The Group has more than 85,000 employees around the world and is subject to laws and regulations concerning its employees – including discrimination and harassment, personal privacy, labour relations and working conditions – that vary significantly from jurisdiction to jurisdiction. Changes in such laws

and regulations can increase compliance costs and failure to comply with applicable requirements could have a significant adverse effect on the Group.

Public pressure on the pharmaceutical industry could affect the Group's business and financial performance.

There is considerable public sentiment against the pharmaceutical industry, and the industry is under the close scrutiny of the public and the media. In addition, there is significant pressure on the pharmaceutical industry from certain disadvantaged nations and non-governmental groups to make products available at drastically lower costs. Any increase in negative public sentiment or increase in public scrutiny or pressure from such disadvantaged nations could lead, among other things, to changes in legislation, demand for the Group's products, additional pricing pressures with respect to the Group's products, or increased efforts to weaken intellectual property protections. Such changes could affect the Group's business and financial performance.

Significant disruptions of information technology systems could adversely affect the Group's business.

The Group and third parties with whom the Group interacts in the course of its business are increasingly dependent on information technology systems, including Internet-based systems, for internal communication as well as communication with customers and suppliers. Any significant disruption of these systems, whether due to computer viruses or other outside incursions, could materially and adversely affect the Group's operations.

Earthquakes could affect the Group's business and financial performance.

The Group's corporate headquarters and some of the Group's major production facilities are located near major earthquake fault lines in Basel, Switzerland, San Francisco, California, United States and Tokyo, Japan. For example, the Group incurred costs and experienced reduced sales as a result of the March 2011 earthquake and tsunami in Japan. If any major earthquakes were to occur, the Group could experience business interruptions, destruction of facilities and loss of life, each of which could materially adversely affect the Group's business and financial condition.

Changes in tax laws could adversely affect the Group's earnings.

Changes in the tax laws of the countries in which the Group does business, as well as changes in the Group's effective tax rate for the fiscal year caused by other factors, including changes in the interpretation of tax laws by tax authorities, could affect the Group's net income. It is not possible to predict the impact on the Group's results of any tax legislation which may be enacted in the future.

As a multinational business, the Group is exposed to financial risks that could have a material adverse effect on its financial performance.

The Group is exposed to financial risks arising from its underlying operations and finance activities. The Group's main risk exposures relate to volatility of foreign exchange rates, interest rates, inflation and equity prices, including the market value of financial assets and derivative instruments, as well as changes in the liquidity, creditworthiness and solvency of the Group's counterparties. The ongoing global economic uncertainty and Eurozone debt crisis heighten the financial risks presented by the Group's counterparties. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to segregation of duties principles and in accordance with its financial policies. Failure by the Group to manage these risks or comply with its financial policies may have an adverse effect on the Group's results of operations or financial condition.

The Group may not be able to realise the expected benefits from its significant marketing efforts and may fail to develop appropriate marketing models or correctly anticipate changes in its product portfolio.

The time between the launch of innovative drugs and generic versions of the same drugs has shortened significantly in recent years. This is putting increasing pressure on Roche's Pharmaceuticals Division to maximise sales from a new product quickly following its launch, in order to be able to recover its significant research and development costs. A strong marketing message and rapid penetration of potential markets in different geographic territories are vital if a product is to attain peak sales as quickly as possible before the loss of patent protection or the entry of significant competitor products. As a consequence, the Group is required to invest significant resources into its marketing and sales efforts.

The Group also continually evaluates its marketing models, seeking more efficient ways to support new product launches and adjusting the composition of its sales force in response to changes in its product portfolio. If these efforts prove unsuccessful or if the Group fails to correctly anticipate changes to its product portfolio, for example, as a result of the unexpected loss of exclusivity for existing products or delays in the launch of new products, this could have a material adverse effect on the Group's business, financial condition and results of operations.

More extensive importation of products from other jurisdictions may negatively impact the Group's sales and overall financial performance.

The Group's products are subject to competition from products originating from jurisdictions with government price controls and counterfeit products which results in lower sales and net income for the Group. Counterfeit products not only impact Roche's sales, but, more importantly, pose significant risks to consumers as well. In addition, despite well-documented risks, it is possible that the U.S. Congress could enact legislation allowing commercial-scale importation of drugs into the United States, which could negatively impact the Group's sales and overall financial performance.

The Group may be held responsible for the potential misconduct of its third-party agents, particularly in developing countries.

The Group has operations in more than 150 countries around the world. In many of these countries, particularly in less developed markets, the Group relies extensively on third-party distributors and other agents for the marketing and distribution of its products. Many of these third parties are small and do not have internal compliance resources. In many emerging growth markets, specific regulations regarding the marketing and sale of pharmaceutical products either do not exist or are still being developed, which may result in legal uncertainty and the inconsistent application of existing laws and regulations. In addition, corruption is commonplace in many of these countries. If the Group fails in its efforts to screen third-party agents and detect cases of potential misconduct, the Group could be held responsible for the non-compliance by these third parties with applicable laws and regulations, which may have a negative effect on the Group's reputation and business.

The Group's financial performance may be negatively impacted if its acquisitions or strategic alliances are unsuccessful.

The Group has important strategic alliances with other companies. The success of these and similar arrangements depends not only on the Group's contributions and capabilities, but also on the technology and other intellectual property contributed by its partners and their respective resources, efforts and skills. If these strategic relationships are unsuccessful, the Group's financial performance could be negatively impacted. Disputes and difficulties in such relationships are common, often due to conflicting priorities or conflicts of interest. The benefits of these alliances would be reduced or eliminated if strategic partners were to:

- terminate or breach the agreements;
- fail to devote sufficient financial or other resources to the alliances;
- suffer negative outcomes in intellectual property disputes;
- fail to perform their obligations as expected; or
- impose controls and commercial limitations over the marketing and promotion of products under the alliances.

The Group may also pursue acquisitions of complementary businesses or new strategic alliances as part of its business strategy. However, it is possible that the Group may not complete these types of transactions in a timely manner, on a cost-effective basis, or at all, and may not realise the expected benefits of any acquisition or strategic alliance. In addition, integration of an acquired business may result in the Group incurring significant debt and unknown or contingent liabilities, business disruption, the loss of key employees, slower execution of various work processes, compliance failures due to a change in applicable regulatory requirements and other issues such as a failure to integrate information technology and other systems. Furthermore, the process may require management resources that would otherwise be available for continuing development of the Group's existing business. Such risks occur in relation to acquisitions

in general and, whether individually or in combination, may have a materially adverse effect on the Group's business, results of operations and financial condition.

See "*Description of Roche Holding Ltd – Recent acquisitions and strategic alliances since 2012*" for details on significant strategic alliances that the Group entered into since 2012.

The Group's financial performance may be negatively impacted if its internal restructuring initiatives are unsuccessful.

The Group has previously undertaken, and is continuing to undertake, restructuring initiatives to improve efficiencies and better position the Group's business for the future. These activities may include office closures and realignment of our organisation and our employees as we seek to realise operating synergies and optimise our operations. However, these initiatives could be disruptive to our business and it is possible that the Group may not complete these initiatives in a timely or cost-effective manner. In addition, restructuring initiatives may result in the loss of key employees or a failure to effectively consolidate operations. Such risks, and any substantial expenses or charges resulting from these restructuring activities, may have a materially adverse effect on the Group's business, results of operations and financial condition.

See "*Description of Roche Holding Ltd and the Group – Global Restructuring Plans*" for details on the Group's restructuring initiatives.

3. Risk factors relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Fixed rate Notes

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate Notes.

Zero Coupon Notes

Zero coupon notes do not pay current interest but are issued at a discount from their nominal value. Instead of periodic interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the market interest rate. A holder of zero coupon notes is exposed to the risk that the price of such notes falls as a result of changes in the market interest rate. Prices of zero coupon notes are more volatile than prices of fixed rate notes and are likely to respond to a greater degree to market interest rate changes than interest bearing notes with a similar maturity.

Fixed/floating rate Notes

Fixed/floating rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the fixed/floating rate Notes may be less favourable than the prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining terms of a security, the greater the price volatility as compared to a conventional interest-bearing security with comparable maturity.

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such a Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes issued under the Programme to be admitted to listing on the official list and trading on the regulated market of the Luxembourg Stock Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the jurisdiction of the relevant Issuer or the Guarantor or any political subdivision thereof or any authority therein or thereof having power to tax or any change in the application or official interpretation of such law or regulations, the relevant Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because the Global Notes and Global Registered Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfers, payments and communications with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes or Global Registered Notes. Such Global Notes or Global Registered Notes will be deposited with a common depositary or, as the case may be, common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note or Global Registered Note, investors will not be entitled to receive Definitive Notes or in the case of Registered Notes, Individual Note Certificates. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes or Global Registered Notes. While the Notes are represented by one or more Global Notes or Global Registered Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes or Global Registered Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper, if applicable, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Registered Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Registered Notes.

Holders of beneficial interests in the Global Notes or Global Registered Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Notes with integral multiples

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the Specified Denomination that are not integral multiples of the Specified Denomination. Noteholders who, as a result of trading such amounts, hold a principal amount of Notes other than a multiple of the minimum Specified Denomination will receive Definitive Notes or Individual Note Certificates (should they be printed) in respect of their holding (**provided that** the aggregate amount of Notes they hold is in excess of the minimum Specified Denomination), however, any such Definitive Notes or Individual Note Certificates which are printed in denominations other than the minimum Specified Denomination may be illiquid and difficult to trade. Furthermore, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a Definitive Note or Individual Note Certificate in respect of such holding (should Definitive Notes or Individual Note Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

Credit ratings

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A reduction in any of the credit ratings of the Issuer may reduce the market value and liquidity of the Notes.

Potential changes in Swiss withholding tax legislation may affect the Notes

On 24 August 2011, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent on any payment of interest in respect of a Note to an individual resident in Switzerland or to any person (not only an individual) resident outside Switzerland. If this legislation or similar legislation were enacted and an

amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the relevant Issuer nor the Guarantor nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

Final withholding tax agreements with the United Kingdom and Austria could impact Noteholders

On 1 January 2013, treaties on final withholding taxes between Switzerland and the United Kingdom and Switzerland and Austria entered into force. The treaties, among other things, require a paying agent in Switzerland to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Notes. The final withholding tax is a substitute for the United Kingdom or Austrian income tax, as applicable, on such interest or capital gain. The individual may, however, in lieu of the final withholding tax, elect to make voluntary disclosure of the interest or capital gain to the tax authority of its country of residence. Switzerland may conclude similar treaties with other European countries. If final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Notes, neither the relevant Issuer, nor the Guarantor nor any paying agent nor any other person would, pursuant to the Conditions, be obligated to pay additional amounts with respect to any Note as a result of the deduction or imposition of such final withholding tax.

New U.S. reporting and withholding rules may affect holders of Notes issued after June 30 2014 by RHI

New U.S. withholding rules designed to compel reporting to the U.S. Internal Revenue Service (the "IRS") of U.S. persons' direct and indirect ownership of certain non-U.S. accounts and entities apply to Notes issued by RHI after 30 June 2014 or to Notes which are materially modified after that date. Those rules generally impose withholding of 30 per cent. on payments of interest and on gross proceeds from a disposition of Notes to certain foreign financial institutions (including intermediaries) that do not enter into an agreement with the IRS to comply with reporting and withholding requirements or otherwise qualify for an exemption from this withholding (for example, by reason of an intergovernmental agreement) and to certain other entities that do not provide certain information to verify whether they have any U.S. ownership. Withholding under these rules is phased in from 1 July 2014. No additional amounts will be paid in respect of any amounts withheld under these provisions. Potential investors should consult their tax advisers regarding the implications of these new rules to their investment in Notes, including the implications resulting from the status under these rules of each financial intermediary through which they hold Notes.

4. Risks related to the market generally

Set out below is a brief description of the risks related to the market generally:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes (as appropriate) in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.*

Renminbi Notes are subject to additional risks

Set out below is a description of the principal risks which may be relevant to an investor in Renminbi Notes:

Renminbi is not freely convertible and there are restrictions on the remittance of Renminbi into the PRC which may adversely affect the liquidity of the Renminbi Notes

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. The pilot scheme was extended in August 2011 to cover all provinces and cities in the PRC and to make Renminbi trade and other current account item settlement available to participants worldwide and further extended to include settlement in Singapore and Taiwan in 2013. While The People's Bank of China (the "**PBoC**") has established Renminbi clearing and settlement systems for participating banks in Hong Kong, Singapore and Taiwan pursuant to settlement agreements ("**Settlement Agreements**") with Bank of China (Hong Kong Limited) in Hong Kong, Industrial and Commercial Bank of China, Singapore Branch in Singapore and Bank of China, Taipei Branch in Taiwan (each a "**Renminbi Clearing Bank**") the current size of Renminbi denominated financial assets outside the PRC remains limited. Further, there are restrictions imposed by the PBoC on Renminbi Clearing Banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. It should also be noted that, while PRC regulations were promulgated in October 2011 and December 2013 liberalising the control over the remittance of Renminbi into the PRC for settlement of certain capital account items, restrictions still apply to the remittance of offshore Renminbi into the PRC in certain circumstances.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, the current size of Renminbi and Renminbi-denominated financial assets outside the PRC is limited, and its growth is subject to many constraints which are directly affected by PRC laws and regulations on foreign exchange which, in turn, may adversely affect the liquidity of the Renminbi Notes.

Renminbi currency risk

Except in limited circumstances, all payments of Renminbi under the Notes will be made solely by transfer to a Renminbi bank account maintained in a Renminbi Settlement Centre (as defined in the Final Terms and, as at the date of this Base Prospectus, either Hong Kong, Singapore or Taiwan) in accordance with the prevailing rules and regulations for such transfer and in accordance with the terms and conditions of the Notes. The Issuer cannot be required to make payment by any other means (including by transfer to a bank account in the PRC or anywhere else outside the relevant Renminbi Settlement Centre). Noteholders may be required to provide certifications and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the relevant Renminbi Settlement Centre.

In addition, there can be no assurance that access to Renminbi for the purposes of making payments under the Notes by the Issuer or generally will remain, that the PRC government will continue to gradually liberalise the control over cross border Renminbi remittances in the future, that current legislation will not be discontinued or that new PRC regulations will not be promulgated which have the effect of restricting availability or eliminating the remittance of Renminbi outside of the PRC. To the extent the Issuer is required to source Renminbi outside the PRC to service payments of Renminbi under the Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If it becomes impossible to convert Renminbi from/to another freely convertible currency, or transfer Renminbi between accounts in the relevant Renminbi Settlement Centre, or the general Renminbi exchange market in the relevant Renminbi Settlement Centre becomes illiquid, or any Renminbi clearing and settlement system for participating banks in the relevant Renminbi Settlement Centre is disrupted or suspended, the Issuer may make payment in U.S. dollars using the prevailing spot rate of exchange determined by the Calculation Agent.

Investment in Renminbi Notes is subject to exchange rate risks and the Issuer may make payments of interest and principal in U.S. dollars in certain circumstances

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The Issuer will make all Renminbi payments under the Notes in Renminbi unless otherwise specified. As a result, the value of such payments in Renminbi (in U.S. dollars or other applicable foreign currency terms) may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollars or other applicable foreign currency terms will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (as defined in the Terms and Conditions of the Notes, the Issuer is unable, or it is impractical for it, to pay interest or principal in Renminbi, the Terms and Conditions of the Notes allow the Issuer to make payment in U.S. dollars at the prevailing spot rate of exchange, all as provided in more detail in the Terms and Conditions of the Notes. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in U.S. dollar or other foreign currency terms will decline.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuers may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below (see "*Summary*"). The applicable terms of any Notes will be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Conditions endorsed on or attached to the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Forms of the Notes*".

This Base Prospectus and any supplement to this Base Prospectus will only be valid for issuing Notes in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed EUR 15,000,000,000 or its equivalent in other currencies. For the purpose of calculating the aggregate principal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another currency specified in a Final Terms shall be the principal amount of such Notes converted into euro using the spot rate of exchange for the purchase of the relevant currency against payment of euro being quoted by the Fiscal Agent (as defined herein) as of the date of agreement to issue such Notes or such other rate as the relevant Issuer and the relevant Dealer(s) may agree;
- (b) any Notes which provide for an amount less than the principal amount thereof to be due and payable upon redemption following an Event of Default (as defined herein) in respect of such Notes shall have a principal amount equal to their nominal amount;
- (c) any zero coupon Notes (and any other Notes issued at a discount or premium) shall have a principal amount equal to their nominal amount; and
- (d) the currency in which any Notes are payable, if different from the currency of their denomination, shall be disregarded.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus:

- (1) the audited financial statements (including the auditor's report thereon and notes thereto) of RFE in respect of the years ended 31 December 2013 and 2012 (set out on pages 3 to 17 and 3 to 17, respectively, of the 2013 and 2012 financial statements of RFE);
- (2) the audited consolidated financial statements (including the auditor's report thereon and notes thereto) of RHI in respect of the years ended 31 December 2013 and 2012 (set out on pages 7 to 70 and 7 to 78, respectively, of the 2013 and 2012 annual reports of RHI);
- (3) the audited consolidated financial statements (including the auditor's report thereon and notes thereto) of Roche in respect of the years ended 31 December 2013 and 2012 (set out on pages 46 to 134 and 136 to 137 and pages 44 to 136 and 138 to 139, respectively, of the 2013 and 2012 Roche Finance Report);
- (4) the audited statutory financial statements (including the auditor's report thereon and notes thereto) of Roche in respect of the years ended 31 December 2013 and 2012 (set out on pages 154 to 163 and 165 to 166 and pages 155 to 164 and 166 to 167, respectively, of the 2013 and 2012 Roche Finance Report);
- (5) the Terms and Conditions of the Notes set out on pages 14-40 of the offering circular dated 21 March 2003 relating to the Programme;
- (6) the Terms and Conditions of the Notes set out on pages 14-39 of the offering circular dated 24 March 2004 relating to the Programme;
- (7) the Terms and Conditions of the Notes set out on pages 39-76 of the base prospectus dated 15 December 2008 relating to the Programme;
- (8) the Terms and Conditions of the Notes set out on pages 30-56 of the base prospectus dated 10 September 2009 relating to the Programme;
- (9) the Terms and Conditions of the Notes set out on pages 30-56 of the base prospectus dated 11 March 2010 relating to the Programme;
- (10) the Terms and Conditions of the Notes set out on pages 30-56 of the base prospectus dated 11 March 2011 relating to the Programme;
- (11) the Terms and Conditions of the Notes set out on pages 33-64 of the base prospectus dated 9 March 2012 relating to the Programme; and
- (12) the Terms and Conditions of the Notes set out on pages 47-78 of the base prospectus dated 15 March 2013 relating to the Programme.

This Base Prospectus and copies of the documents specified above as containing information incorporated by reference in this Base Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

Information	Source
Documents incorporated by reference of RFE	
Statement of comprehensive income for the year ended 31 December 2013	2013 RFE Financial Statements, page 3
Balance sheet as at 31 December 2013	2013 RFE Financial Statements, page 4
Statement of cash flows for the year ended 31 December 2013	2013 RFE Financial Statements, page 5
Statements of Changes in Equity for the year ended 31 December 2013	2013 RFE Financial Statements, page 5
Notes to the financial statements	2013 RFE Financial Statements, pages 6-15
Auditor's report for the year ended 31 December 2013	2013 RFE Financial Statements, pages 16-17
Statement of comprehensive income for the year ended 31 December 2012	2012 RFE Financial Statements, page 3
Balance sheet as at 31 December 2012	2012 RFE Financial Statements, page 4
Statement of cash flows for the year ended 31 December 2012	2012 RFE Financial Statements, page 5
Statements of Changes in Equity for the year ended 31 December 2012	2012 RFE Financial Statements, page 5
Notes to the financial statements	2012 RFE Financial Statements, pages 6-15
Auditor's report for the year ended 31 December 2012	2012 RFE Financial Statements, pages 16-17
Documents incorporated by reference of RHI	
Consolidated income statement for the year ended 31 December 2013	2013 RHI Annual Report, page 7
Consolidated balance sheet as at 31 December 2013	2013 RHI Annual Report, page 9
Consolidated cash flow statement for the year ended 31 December 2013	2013 RHI Annual Report, page 10
Statements of Changes in Equity for the year ended 31 December 2013	2013 RHI Annual Report, page 11
Notes to the consolidated financial statements	2013 RHI Annual Report, pages 12-68
Auditor's report for the year ended 31 December 2013	2013 RHI Annual Report, pages 69-70
Consolidated income statement for the year ended 31 December 2012	2012 RHI Annual Report, page 7
Consolidated balance sheet as at 31 December 2012	2012 RHI Annual Report, page 10
Consolidated cash flow statement for the year	2012 RHI Annual Report, page 11

ended 31 December 2012

Statements of Changes in Equity for the year ended 31 December 2012	2012 RHI Annual Report, page 12
Notes to the consolidated financial statements	2012 RHI Annual Report, pages 13-77
Auditor's report for the year ended 31 December 2012	2012 RHI Annual Report, page 78

Documents incorporated by reference of Roche

Consolidated income statement for the year ended 31 December 2013	2013 Roche Finance Report, page 46
Consolidated balance sheet as at 31 December 2013	2013 Roche Finance Report, page 49
Consolidated cash flow statement for the year ended 31 December 2013	2013 Roche Finance Report, page 50
Statements of Changes in Equity for the year ended 31 December 2013	2013 Roche Finance Report, page 51
Notes to the consolidated financial statements	Roche Finance Report, pages 52-134
Auditor's report for the year ended 31 December 2013	Roche Finance Report, pages 136-137
Statutory income statement for the year ended 31 December 2013	Roche Finance Report, page 154
Statutory balance sheet as at 31 December 2013	Roche Finance Report, page 155
Notes to the statutory financial statements	Roche Finance Report, pages 156-163
Statutory auditor's report for the year ended 31 December 2013	Roche Finance Report, pages 165-166
Consolidated income statement for the year ended 31 December 2012	2012 Roche Finance Report, page 44
Consolidated balance sheet as at 31 December 2012	2012 Roche Finance Report, page 47
Consolidated cash flow statement for the year ended 31 December 2012	2012 Roche Finance Report, page 48
Statements of Changes in Equity for the year ended 31 December 2012	2013 Roche Finance Report, page 49
Notes to the consolidated financial statements	2012 Roche Finance Report, pages 50-136
Auditor's report for the year ended 31 December 2012	2012 Roche Finance Report, pages 138-139
Statutory income statement for the year ended 31 December 2012	2012 Roche Finance Report, page 155
Statutory balance sheet as at 31 December 2012	2012 Roche Finance Report, page 156
Notes to the statutory financial statements	2012 Roche Finance Report, pages 157-164

Statutory auditor's report for the year ended
31 December 2012

2012 Roche Finance Report, pages 166-167

The information incorporated by reference that is not included in the above cross-reference list, is considered additional information which is not required by the relevant schedules of the Prospectus Regulation.

USE OF PROCEEDS

The net proceeds of each issuance will be used for the Group's general corporate purposes (which may include financing merger and acquisition activities and other business development activities as well as refinancing existing debts) outside of Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the relevant Issuer and the Guarantor and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuers and the Guarantor have endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as completed, supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the relevant Issuer and the Guarantor and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the relevant Issuer and the Guarantor, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In addition, if the Drawdown Prospectus is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

FORMS OF THE NOTES

Bearer Notes

Notes issued by RHI may not be issued in bearer form.

Each Tranche of Notes in bearer form will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Notes in bearer form, the relevant Final Terms will also specify whether United States Treasury Regulations §1.163-5(c)(2)(i)(C), or any successor rules in substantially the same form for purposes of Section 4701 of the Code (the "**TEFRA C Rules**") or United States Treasury Regulations §1.163-5(c)(2)(i)(D), or any successor rules in substantially the same form for purposes of Section 4701 of the Code (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days (including unilateral rights to rollover or extend), that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies that TEFRA D rules are applicable and the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, beginning 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Notes will only be delivered outside the United States. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Bearer Notes cannot be collected without such certification of non-U.S. beneficial ownership having been made.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts of the Temporary Global Note exchanged upon receipt of certificates of non-U.S. beneficial ownership as described above.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms;
- (ii) at any time, at a Noteholder's request, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes beginning 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes beginning 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership having been made. Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note within 30 days of the bearer requesting such exchange against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent and receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms;
- (ii) at any time, at a Noteholder's request, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global

Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Registered Notes

Each Tranche of Registered Notes will be in the form of a Global Registered Note exchangeable for Individual Note Certificates.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "**NSS**") would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depository and will be exchangeable for Individual Note Certificates in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Note", then if: (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within thirty business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Notes were it in Individual Note Certificate form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

- (a) **Programme:** Roche Finance Europe B.V. ("**RFE**") and Roche Holdings, Inc. ("**RHI**") (each, an "**Issuer**" and, together, the "**Issuers**") have established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 15,000,000,000 in aggregate principal amount of notes (the "**Notes**") guaranteed by Roche Holding Ltd ("**Roche**" or the "**Guarantor**").
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which complete these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Agency Agreement:** The Notes are the subject of an issue and paying agency agreement dated 21 March 2014 (the "**Agency Agreement**") between the Issuers, the Guarantor, Citibank, N.A., London Branch as fiscal agent and transfer agent (the "**Fiscal Agent**" and the "**Transfer Agent**", which expression includes any successor fiscal agent and transfer agent appointed from time to time in connection with the Notes), Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**" which expression includes any successor registrar appointed from time to time in connection with the Notes), the other paying agent named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the other transfer agent named therein (together with the Registrar and the Transfer Agent, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes).
- (d) **Guarantee of the Notes:** The Notes are the subject of a guarantee dated 21 March 2014 (the "**Guarantee of the Notes**") entered into by the Guarantor and which is governed by Swiss law.
- (e) **The Notes:** The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"); provided that, Notes issued by RHI must be in registered form. All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from BNP Paribas Securities Services, Luxembourg Branch, Corporate Trust Services, 33 rue de Gasperich, Howald – Hesperange, L – 2085 Luxembourg.
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and the Guarantee of the Notes and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Guarantee of the Notes applicable to them. Copies of the Agency Agreement and the Guarantee of the Notes are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"Additional Financial Centre(s)" means the city or cities specified as such in the relevant Final Terms;

"Business Day" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (ii) in relation any sum payable in Renminbi, a day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in the relevant Renminbi Settlement Centre(s), as specified in the Final Terms, and are not authorised or obligated by law or executive order to be closed; and
- (iii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**CNY**" means the lawful currency of the PRC;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if "**Actual/Actual (ICMA)**" is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**Sterling/FRN**" is so specified, means the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (vi) if "**30/360**" is so specified means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vii) if "**30E/360**" or "**Eurobond Basis**" is so specified means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (viii) if "**30E/360 (ISDA)**" is so specified means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"Determination Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the relevant Renminbi Settlement Centre(s), London and in New York City;

"Determination Date" means the day which is three Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

"Early Redemption Amount (Tax)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Early Termination Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in these Conditions or the relevant Final Terms;

"EURIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"Extraordinary Resolution" has the meaning given in the Agency Agreement;

"Final Redemption Amount" means, in respect of any Note, its principal amount or such other higher amount as may be specified in the relevant Final Terms;

"First Interest Payment Date" means the date specified in the relevant Final Terms;

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms;

"Group" means the Guarantor and its Subsidiaries;

"Governmental Authority" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the relevant Renminbi Settlement Centre;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

"Guarantee of the Notes" means the guarantee of the Notes given by the Guarantor in the Guarantee of the Notes;

"Holder", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes,

has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC;

"Illiquidity" means that the general Renminbi exchange market in Hong Kong has become illiquid and, as a result of which, the Issuer or the Guarantor cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes, as determined by the Issuer or the Guarantor in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

"Inconvertibility" means the occurrence of any event that makes it impossible for the Issuer or the Guarantor to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation);

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing or raising of money;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the First Interest Payment Date and any other date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"Issue Date" has the meaning given in the relevant Final Terms;

"LIBOR" means, in respect of any specified currency and any specified period, the London inter-bank offered rate for that currency and period displayed on the appropriate page (being currently Reuters screen page LIBOR01 or LIBOR02) on the information service which publishes that rate;

"Make-Whole Amount" has the meaning given in Condition 9(c) (*Redemption at the option of the Issuer*);

"Margin" has the meaning given in the relevant Final Terms;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Non-transferability" means the occurrence of any event that makes it impossible for the Issuer or the Guarantor to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended) or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation);

"Noteholder", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre;

- (ii) if the currency of payment is Renminbi, any day on which commercial banks and foreign exchange markets are open for business in the relevant Renminbi Settlement Centre(s) and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments; or
- (iii) if the currency of payment is not euro or Renminbi, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"PRC" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Taiwan, the Macau Special Administrative Region of the People's Republic of China and Hong Kong;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (iii) in relation to Renminbi, it means Hong Kong, any other relevant Renminbi Settlement Centre(s) or the principal financial centre as is specified in the applicable Pricing Supplement or Final Terms;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Make-Whole Amount, the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Price" has the meaning given in the relevant Final Terms;

"Reference Rate" means LIBOR, EURIBOR or SHIBOR as specified in the relevant Final Terms;

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" has the meaning given in the relevant Final Terms;

"Relevant Indebtedness" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" has the meaning given in the relevant Final Terms;

"Renminbi" means the lawful currency of the PRC;

"Renminbi Dealer" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the relevant Renminbi Settlement Centre;

"Renminbi Settlement Centre" in relation to any sum payable in Renminbi, has the meaning given in the relevant Final Terms;

"Reserved Matter" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"SHIBOR" means, in respect of a Renminbi-denominated issuance and any specified period, the interest rate benchmark known as the Shanghai Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the National Interbank Funding based on estimated interbank

Renminbi-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic SHIBOR rates can be obtained from the designated distributor);

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Spot Rate**" means the spot CNY/US dollar exchange rate for the purchase of US dollars with Renminbi in the over the counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/US dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

"**Subsidiary**" means, in relation to any company or corporation (a "**holding company**") a company or corporation:

- (a) which is controlled, directly or indirectly, by the holding company;
- (b) more than half the issued voting share capital of which is beneficially owned, directly or indirectly, by the holding company; or
- (c) which is a subsidiary of another Subsidiary of the holding company,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to determine the composition of the majority of its board of directors or equivalent body;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended;

"**United States Alien**" means a person that is for U.S. federal income tax purposes: (i) an individual who is not a citizen or resident of the United States; (ii) a foreign corporation; or (iii) a foreign estate or trust;

"**US Dollar Equivalent**" means the Renminbi amount converted into US dollars using the Spot Rate for the relevant Determination Date; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Guarantee of the Notes shall be construed as a reference to the Agency Agreement or the Guarantee of the Notes, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title and Transfer**

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. No Bearer Notes may be issued under the Programme which (a) have a minimum denomination of less than EUR 1,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares issued by the relevant Issuer or by any entity to whose group the relevant Issuer belongs. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms. No Registered Notes may be issued under the Programme which (a) have a minimum denomination of less than EUR 1,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares issued by the relevant Issuer or by any entity to whose group the relevant Issuer belongs.
- (d) *Title to Registered Notes:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so

treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

- (f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the relevant Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the relevant Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. **Status and Guarantee of the Notes**

- (a) *Status of the Notes:* The Notes constitute direct, general and unconditional obligations of the relevant Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the relevant Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes:* The Guarantor has in the Guarantee of the Notes unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the relevant Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Negative Pledge**

So long as any Note remains outstanding, neither the relevant Issuer nor the Guarantor shall create, renew or assume any Security Interest upon the whole or any part of its present or future undertaking, assets or

revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

6. **Fixed Rate Note Provisions**

- (a) **Application:** This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. **Floating Rate Note Provisions**

- (a) **Application:** This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded

upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- (g) **Calculation of other amounts:** If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (h) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) **Notifications etc.:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the relevant Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. **Zero Coupon Note Provisions**

- (a) **Application:** This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part:
 - (i) at any time (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being not applicable); or

- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) (1) the relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of, in the case of RFE, the Netherlands or, in the case of RHI, the United States, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the relevant Issuer taking reasonable measures available to it; or
- (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Switzerland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the relevant Issuer or, if applicable, the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the relevant Issuer or, if applicable, the Guarantor would be obliged to pay such additional amounts if a payment in the case of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication or any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the relevant Issuer stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b) the relevant Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) ***Redemption at the option of the Issuer:*** If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the relevant Issuer in whole or, if so specified in the Final Terms, in part on any Optional Redemption Date (Call) on the relevant Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem some or all of the Notes as specified in such notice on the relevant Optional Redemption Date (Call)) at the applicable amount specified in the relevant Final Terms, being either:

- (i) the Optional Redemption Amount (Call) plus accrued interest (if any) to but excluding such date fixed for redemption;

or

- (ii) the Make-Whole Amount, which is, unless otherwise specified in the relevant Final Terms, equal to the product of the Outstanding Principal Amount of the Note to be redeemed and the higher of:

- (A) 100 per cent.; or
- (B) the price (as determined by the Calculation Agent and expressed as a percentage and rounded up to four decimal places) at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding to their original maturity) on the Reference Date would be equal to the sum of the Gross Redemption Yield on the Reference Date of the Reference Bond and the Make-Whole Margin as specified in the Final Terms,

together with (a) any payment of interest due but unpaid on or prior to the Reference Date (other than the Optional Redemption Amount (Call) itself) and (b) any interest (other than under (a)) accrued up to but excluding the date fixed for redemption.

On the date specified for redemption in the notice given by the Issuer, the Issuer shall redeem the Notes in accordance with the above and as specified in the notice.

Additional Definitions:

"Gross Redemption Yield" means, with respect to the Notes and the Reference Bond, the yield expressed as a percentage and calculated in accordance with customary practice in pricing new issues of comparable corporate debt securities paying interest on an annual, semi-annual, quarterly or monthly basis (as the case may be);

"Reference Bond" has the meaning given in the relevant Final Terms;

"Reference Date" has the meaning given in the relevant Final Terms;

"Make-Whole Margin" has the meaning given in the relevant Final Terms;

"Outstanding Principal Amount" means, in relation to any Note, the original principal amount of such Note as reduced (where applicable) in accordance with Condition 9 (*Redemption and Purchase*).

- (d) ***Partial redemption:*** If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) or the Make-Whole Amount as applicable shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) ***Redemption at the option of Noteholders:*** If the Put Option is specified in the relevant Final Terms as being applicable, the relevant Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however,**

that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (f) **No other redemption:** The relevant Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) **Purchase:** The relevant Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (i) **Cancellation:** The relevant Issuer, the Guarantor or any of their respective Subsidiaries may at its option retain any Notes so redeemed or purchased by the relevant Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them for its own account and/or resell or cancel or otherwise deal with the same at its discretion.

10. **Payments – Bearer Notes**

This Condition 10 is only applicable to Bearer Notes.

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, which, except as provided below under (c) must be outside the United States (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) **Interest:** Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the relevant Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is then permitted by applicable United States law.

- (d) ***Payments subject to fiscal laws:*** All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) ***Deductions for unmatured Coupons:*** If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (f) ***Unmatured Coupons void:*** If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) ***Payments on business days:*** If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

- (j) **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- (k) **Payment of US Dollar Equivalent:** Notwithstanding the foregoing, if by reason of Illiquidity, Inconvertibility or Non-transferability, the Issuer or the Guarantor is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in the relevant Renminbi Settlement Centre, the Issuer or the Guarantor may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment in US dollars on the due date at the US Dollar Equivalent of any such Renminbi-denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 10(k) (*Payment of US Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Paying Agents and all Holders.

- (l) **Payments in Renminbi:** Notwithstanding the foregoing, any payments in respect of the Notes to be made in Renminbi will be made in accordance with all applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in the relevant Renminbi Settlement Centre) by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in the relevant Renminbi Settlement Centre.

11. **Payments - Registered Notes**

This Condition 11 is only applicable to Registered Notes.

- (a) **Principal:** Payments of principal shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent, and (ii) in the case of Renminbi, by transfer to an account denominated in Renminbi and maintained by the payee with a bank in the relevant Renminbi Settlement Centre.
- (b) **Interest:** Payments of interest shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent, and (ii) in the case of Renminbi, by transfer to an account denominated in Renminbi and maintained by the payee with a bank in the relevant Renminbi Settlement Centre.
- (c) **Payments subject to fiscal laws:** All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11 arriving after the due date for payment or being lost in the mail.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.
- (g) *Payment of US Dollar Equivalent:* Notwithstanding the foregoing, if by reason of Illiquidity, Inconvertibility or Non-transferability, the Issuer or the Guarantor is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in the relevant Renminbi Settlement Centre, the Issuer or the Guarantor may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Holders of Registered Notes prior to the due date for payment, settle any such payment in US dollars on the due date at the US Dollar Equivalent of any such Renminbi-denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant principal or interest in respect of Registered Notes represented by Note Certificates shall be made by a U.S. dollar denominated cheque drawn on a bank in New York City and mailed to the Holder of such Note Certificates at its address appearing in the Register, or, upon application by the Holder to the specified office of the Registrar before the Record Date, by transfer to a U.S. dollar denominated account with a bank in New York City.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 11(g) (*Payment of US Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Paying Agents and all Holders of Registered Notes.

- (h) *Payments in Renminbi:* Notwithstanding the foregoing, any payments in respect of the Notes to be made in Renminbi will be made in accordance with all applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in the relevant Renminbi Settlement Centre) by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in the relevant Renminbi Settlement Centre.

12. **Taxation**

- (a) *Gross up – RFE:* This Condition 12(a) applies to Notes issued by RFE only. All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of RFE or (as the case may be) the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Netherlands or Switzerland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, RFE or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the

Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) where the holder is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (ii) where such withholding or deduction is imposed on a payment to an individual or residual entity and is required to be made pursuant to European Council Directive 2003/48/EC (the "**EU Savings Tax Directive**") or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iii) where such withholding or deduction is required to be made pursuant to any agreements between the European Community and any other country or territory providing for measures equivalent to those laid down in the EU Savings Tax Directive, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004, and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreement; or
 - (iv) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular, the principle to have a person other than RFE or the Guarantor (including, without limitation, any paying agent) withhold or deduct the tax; or
 - (v) where such withholding or deduction is required to be made pursuant to any agreement between Switzerland and any other country on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Note; or
 - (vi) where the holder would have been able to avoid such withholding or deduction by presenting the Note or Coupon (where presentation is required) to another paying agent; or
 - (vii) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting the Note or Coupon (where presentation is required) for payment on the last day of such period of 30 days.
- (b) **Taxing jurisdiction – RFE:** This Condition 12(b) applies to Notes issued by RFE only. If RFE or the Guarantor becomes subject at any time to any taxing jurisdiction other than the Netherlands or Switzerland respectively, references in these Conditions to the Netherlands or Switzerland shall be construed as references to the Netherlands or (as the case may be) Switzerland and/or such other jurisdiction.
- (c) **Gross up – RHI:** This Condition 12(c) applies to Notes issued by RHI only. RHI shall, subject to the exceptions and limitations set forth below, pay to the Holder of any Note who is a United States Alien such additional amounts as may be necessary so that every net payment of principal of, or interest on, such Note, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein), will not be less than the amount provided in such Note to be then due and payable. However, RHI will not be required to make any payment of additional amounts for or on account of:
- (i) any tax, assessments or other governmental charge that would not have been so imposed but for (a) the existence of any present or former connection between such Holder (or

between a fiduciary, settlor or beneficiary of the Holder if such Holder is an estate or a trust, or a person holding power over an estate or trust administered by a fiduciary holder or between a member or shareholder of such Holder, if such Holder is a partnership or corporation) or a beneficial owner of a Note and the jurisdiction imposing such tax, assessment or other governmental charge, including, without limitation, such Holder or a beneficial owner of a Note (or such fiduciary, settlor, beneficiary, person holding a power over such Holder or the member or shareholder of such Holder) being or having or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein, or (b) such Holder's or beneficial owner's past or present status as a personal holding company or private foundation or other tax-exempt organisation with respect to the United States or as a corporation which accumulates earnings to avoid U.S. Federal income tax; or

- (ii) any estate, inheritance, gift, sales, transfer, personal property tax or any similar tax, assessment or other governmental charge; or
- (iii) any tax, assessment or other governmental charge which would not have been so imposed but for the presentation by the Holder of a Note (where presentation is required) for payment on a date more than 15 days after the Relevant Date; or
- (iv) any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note; or
- (v) any tax, assessment or other governmental charge required to be deducted or withheld by any paying agent from any payment on a Note if such payment can be made without such deduction or withholding by any other paying agent; or
- (vi) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with any applicable certification, documentation, information or other reporting requirement under U.S. federal income tax laws and regulations, concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of a Note if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge; or
- (vii) any tax, assessment or other government charge that would not have been imposed but for a failure by the Holder or beneficial owner (or any financial institution through which the Holder or beneficial owner holds any Note or any financial institution (other than the Paying Agents acting in their capacity as such) through which payment on the Note is made) to comply with any certification, information, identification, documentation or other reporting requirements (including entering into and complying with an agreement with the U.S. Internal Revenue Service (the "**IRS**")) imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue code of 1986, as amended (the "**Code**") and the regulations thereunder or any successor or amended version of these provisions, to the extent such successor or amended version is not materially more onerous than these provisions as enacted on the date of issuance of the relevant Notes or complying with any intergovernmental agreement entered into in connection with the implementation of such provisions ("**FATCA**"); or
- (viii) any tax, assessment or other governmental charge imposed on a Holder (a) that actually or constructively owns 10 per cent., or more of the combined voting power of all classes of stock of RHI or (b) that is a controlled foreign corporation related to RHI through stock ownership; or
- (ix) any withholding or deduction where a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note (where presentation is required) to another Paying Agent;

nor shall additional amounts be paid with respect to any payment on a Note to a Holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the Holder of such Note.

- (d) **Taxing jurisdiction – RHI:** This Condition 12(d) applies to Notes issued by RHI only. In addition, if a transaction or events involving RHI shall occur in which RHI or a successor corporation is not organised or existing under the laws of the United States or in which RHI or a successor corporation becomes a resident of a country other than the United States, RHI, or such successor, as the case may be, shall pay to the Holder of any Note such additional amounts as may be necessary so that every net payment of principal of, or interest on, such Note, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the jurisdiction ("**Successor Jurisdiction**") in which RHI, or such successor corporation is organised or existing or RHI becomes resident (or any political sub-division or taxing authority hereof or therein), will not be less than the amount provided in such Note to be then due and payable, **provided that** such additional amounts need not be paid (x) in circumstances similar to those set forth in Conditions 12(c)(i)(a), 12(c)(ii), 12(c)(iii), 12(c)(iv), 12(c)(v), 12(c)(vi), 12(c)(viii)(a), 12(c)(ix) and 12(c)(x) or (y) in those circumstances, in the opinion of counsel of recognised standing, are similar or analogous to those set forth in Conditions 12(c)(i)(b), 12(c)(vii) and 12(c)(viii)(b) or (z) where additional amounts would not have been payable under Condition 12(c) were the Successor Jurisdiction substituted for the United States in such clause.
- (e) **Gross up – Guarantor:** This Condition 12(e) applies to Notes issued by RHI only. All payments of principal and interest in respect of the Notes by or on behalf of the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Switzerland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Guarantor shall pay such additional amounts as will result in receipt by the Holders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any payment on a Note:
- (i) where the holder is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or
 - (ii) where such withholding or deduction is imposed on a payment to an individual or residual entity and is required to be made pursuant to European Council directive 2003/48/EC (the "**EU Savings Tax Directive**") or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iii) where such withholding or deduction is required to be made pursuant to any agreements between the European Community and any other country or territory providing for measures equivalent to those laid down in the EU Savings Tax Directive, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004, and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreement; or
 - (iv) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular, the principle to have a person other than RHI or the Guarantor (including, without limitation, any paying agent) withhold or deduct the tax; or
 - (v) where such withholding or deduction is required to be made pursuant to any agreement between Switzerland and any other country on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Note; or

- (vi) where such withholding or deduction is required to be made pursuant to any intergovernmental agreement between the United States and Switzerland with respect to FATCA or otherwise pursuant to FATCA; or
 - (vii) where the holder would have been able to avoid such withholding or deduction by presenting the Note (where presentation is required) to another paying agent; or
 - (viii) more than 30 days after the Relevant Date except to the extent that the holder of such Note would have been entitled to such additional amounts on presenting the Note (where presentation is required) for payment on the last day of such period of 30 days.
- (f) **Taxing Jurisdiction – Guarantor:** This Condition 12(f) applies to Notes issued by RHI only. If the Guarantor becomes subject at any time to any taxing jurisdiction other than Switzerland, references in Condition 12(e) (*Gross up – Guarantor*) to Switzerland shall be construed as references to such other jurisdiction.

13. Events of Default

- (a) **Events of Default – RFE:** This Condition 13(a) applies to Notes issued by RFE only. In case one or more of the following events (herein referred to as "**Events of Default**") (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing, that is to say:
- (i) failure on the part of RFE to pay when due all or any part of the principal of any of the Notes for 7 Business Days after the same shall become due and payable whether at maturity, upon redemption, or otherwise, or to pay any interest (including additional amounts) upon any of the Notes for 15 Business Days after such interest becomes due; or
 - (ii) failure on the part of RFE or the Guarantor duly to observe or perform any other of the terms, covenants or agreements on the part of RFE or the Guarantor contained in the Notes or the Guarantee of the Notes for a period of 60 days after the date on which written notice specifying such failure, demanding that RFE or the Guarantor remedy the same, shall have been given to RFE or the Guarantor and the Fiscal Agent by the holders of at least 25 per cent. in aggregate principal amount of the Notes at the time outstanding; or
 - (iii) a default shall occur in the payment of any amount in excess of EUR 100,000,000 or its equivalent when due (whether at maturity, upon acceleration or otherwise) under any evidence of Indebtedness of RFE or the Guarantor or under any instruments under which there may be issued or by which there may be secured or evidenced any Indebtedness of RFE or the Guarantor beyond any period of grace provided with respect to such payment (excluding such alleged defaults which are being contested in good faith by appropriate proceedings); or
 - (iv) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of RFE or the Guarantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or appointing a curator, *bewindvoerder*, receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of RFE or the Guarantor for any substantial part of the property of RFE or the Guarantor or ordering the bankruptcy (*faillissement*), suspension of payments (*surséance van betaling*), winding up or liquidation of the affairs of RFE or the Guarantor, and the continuance of any such decree or order remains unstayed and in effect for a period of 90 consecutive days; or
 - (v) RFE or the Guarantor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law or consent to the appointment of or taking possession by a curator, *bewindvoerder*, receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of RFE or the Guarantor, save in any such case for the purpose of or in connection with a reconstruction, amalgamation,

reorganisation or merger on terms approved by an Extraordinary Resolution of Noteholders or where the relevant company is solvent or the making by RFE or the Guarantor of a general assignment for the benefit of creditors, or if RFE or the Guarantor shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing; or

- (vi) the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (vii) RFE ceases to be a Subsidiary of the Guarantor; or
- (viii) a secured party or a receiver, manager or other similar officer takes possession of the whole or a substantial part of the undertaking and assets of RFE, or the Guarantor, and the rights of such person(s) taking possession have not been discharged, removed or stayed within 30 days of the taking of such possession; or
- (ix) RFE or the Guarantor ceases to carry on all or substantially all of its business except, in each case, in circumstances previously approved in writing by an Extraordinary Resolution of the Noteholders;

then any Note may, by written notice addressed by the holder thereof to RFE and the Guarantor and delivered to RFE and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

- (b) **Events of Default – RHI:** This Condition 13(b) applies to Notes issued by RHI only. In case one or more of the following events (herein referred to as "**Events of Default**") (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing, that is to say:

- (i) failure on the part of RHI to pay when due all or any part of the principal of any of the Notes for 7 Business Days after the same shall become due and payable whether at maturity, upon redemption, or otherwise, or to pay any interest (including additional amounts) upon any of the Notes for 15 Business Days after such interest becomes due; or
- (ii) failure on the part of RHI or the Guarantor duly to observe or perform any other of the terms, covenants or agreements on the part of RHI or the Guarantor contained in the Notes for a period of 60 days after the date on which written notice specifying such failure, demanding that RHI or the Guarantor remedy the same, shall have been given to RHI or the Guarantor and the Fiscal Agent by the holders of at least 25 per cent., in aggregate principal amount of the Notes at the time outstanding; or
- (iii) a default shall occur in the payment of any amount in excess of EUR 100,000,000 or its equivalent when due (whether at maturity, upon acceleration or otherwise) under any evidence of indebtedness for money borrowed by RHI or the Guarantor under any instruments under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by RHI or the Guarantor beyond any period of grace provided with respect to such payment (excluding such alleged defaults which are being contested in good faith by appropriate proceedings); or
- (iv) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of RHI or the Guarantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of RHI or the Guarantor for any substantial part of the property of RHI or the Guarantor, or ordering the winding up or liquidation of the affairs of RHI and the continuance of any such decree or order remains unstayed and in effect for a period of 90 consecutive days; or

- (v) RHI or the Guarantor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law or consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of RHI or the Guarantor any substantial part of the property of RHI or the Guarantor, save in any such case for the purpose of or in connection with a reconstruction, amalgamation, reorganisation or merger on terms approved by an Extraordinary Resolution of Noteholders or where the relevant company is solvent or the making by RHI or the Guarantor of a general assignment for the benefit of creditors, or if RHI or the Guarantor shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing; or
- (vi) the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (vii) a secured party or a receiver, manager or other similar officer takes possession of the whole or any substantial part of the undertaking and assets of RHI or the Guarantor, and the rights of such person(s) taking possession have not been discharged, removed or stayed within 30 days of the taking of such possession; or
- (viii) RHI or the Guarantor ceases to carry on all or substantially all of its business except, in each case, in circumstances previously approved in writing by an Extraordinary Resolution of the Noteholders,

then any Note may, by written notice addressed by the holder thereof to RHI and the Guarantor and delivered to RHI and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

14. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the relevant Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the relevant Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The relevant Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the relevant Issuer and the Guarantor shall at all times maintain a Fiscal Agent; and

- (b) the relevant Issuer and the Guarantor shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004 providing for measures equivalent to those laid down in such Directive; and
- (c) the relevant Issuer and the Guarantor shall at all times maintain a paying agent in a jurisdiction within Europe other than Switzerland that will not be required to withhold or deduct tax pursuant to laws enacted in Switzerland providing for the taxation of payments according to principles similar to those laid down (y) in the European Council Directive 2003/48/EC or (z) in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular the principle to have a person other than the relevant Issuer or the Guarantor withhold or deduct the tax, including, without limitation, any paying agent; and
- (d) if a Calculation Agent is specified in the relevant Final Terms, the relevant Issuer and the Guarantor shall at all times maintain a Calculation Agent; and
- (e) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. **Meetings of Noteholders; Modification and Waiver**

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the relevant Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification:** The Notes, these Conditions and the Guarantee of the Notes may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the relevant Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

18. **Further Issues**

The relevant Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes; **provided**

that in the case of Notes to which the TEFRA D rules apply that are initially represented by interests in a Temporary Global Note exchangeable for interest in a Permanent Global Note or Definitive Notes, such consolidation can only occur following the exchange of interests in the Temporary Global Note for interests in the Permanent Global Note or Definitive Notes upon certification of non-U.S. beneficial ownership.

19. Notices

- (a) *Bearer Notes:* Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

20. Substitution

- (a) The relevant Issuer may, without the consent of the Noteholders or the Couponholders, substitute for itself any other body corporate incorporated in any country in the world as the debtor in respect of the Notes, any Coupons, the relevant Deed of Covenant and the Agency Agreement (the "**Substituted Debtor**") upon notice by the relevant Issuer and the Substituted Debtor to be given in accordance with Condition 19 (*Notices*), **provided that:**
 - (i) the relevant Issuer is not in default in respect of any amount payable under the Notes;
 - (ii) the relevant Issuer and the Substituted Debtor have entered into such documents (the "**Documents**") as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder to be bound by these Conditions and the provisions of the Agency Agreement as the debtor in respect of the Notes in place of the relevant Issuer (or of any previous substitute under this Condition 21);
 - (iii) the Substituted Debtor shall enter into a deed of covenant in favour of the holders of the Notes then represented by a Note in global form on terms no less favourable than the relevant Deed of Covenant then in force in respect of the Notes;
 - (iv) if the Substituted Debtor is resident for tax purposes in a territory (the "**New Residence**") other than that in which the relevant Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of an undertaking in terms corresponding to the provisions of Condition 9(b) (*Redemption for tax reasons*) and Condition 12 (*Taxation*), with the substitution of references to the Former Residence with references to the New Residence;
 - (v) if the Substituted Debtor is not the Guarantor, the Guarantee of the Notes extends to the obligations of the Substituted Debtor under or in respect of the Notes, any Coupons, the Deed of Covenant and the Agency Agreement and continues to be in full force and effect;

- (vi) the Substituted Debtor and the relevant Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents;
 - (vii) each competent authority, stock exchange and/or quotation system which has admitted the Notes to listing, trading and/or quotation shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be admitted to listing, trading and/or quotation by such competent authority, stock exchange and/or quotation system and, in the case of Notes listed on the Luxembourg Stock Exchange, a prospectus, prospectus supplement and/or replacement Final Terms shall have been prepared and submitted (in each case, where required) in accordance with the listing rules of the Luxembourg Stock Exchange; and
 - (viii) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes and any Coupons.
- (b) Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power, of the relevant Issuer under the Notes, any Coupons associated therewith, the Deed of Covenant and the Agency Agreement with the same effect as if the Substituted Debtor had been named as the relevant Issuer herein, and the relevant Issuer shall be released from its obligations under the Notes, any Coupons, the Deed of Covenant and under the Agency Agreement.
 - (c) After a substitution pursuant to Condition 20(a) the Substituted Debtor may, without the consent of the Noteholders or the Couponholders, effect a further substitution. All the provisions specified in Conditions 20(a) and 20(b) shall apply *mutatis mutandis*, and references in these Conditions to the relevant Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.
 - (d) After a substitution pursuant to Conditions 20(a) or 20(c) any Substituted Debtor may, without the consent of the Noteholders or the Couponholders, reverse the substitution, *mutatis mutandis*.
 - (e) The Documents shall be delivered to, and kept by, the Fiscal Agent. Copies of the Documents will be available free of charge during normal business hours at the specified office of each of the Paying Agents.

21. **Currency Indemnity**

If any sum due from the relevant Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the relevant Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the relevant Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the relevant Issuer and delivered to the relevant Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the relevant Issuer and shall give rise to a separate and independent cause of action.

22. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next

lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by English law.
- (b) **English courts:** The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or cancellation of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) **Appropriate forum:** Each Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) **Rights of the Noteholders to take proceedings outside England:** Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) **Process agent:** Each Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Roche Products Limited, Legal Department at 6 Falcon Way, Shire Park, Welwyn Garden City AL7 1TW, United Kingdom or, if different, its registered office for the time being or at any address of the relevant Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the relevant Issuer, the relevant Issuer shall, on the written demand of any Noteholder addressed and delivered to the relevant Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the relevant Issuer and delivered to the relevant Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be in the following form, completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

[**ROCHE FINANCE EUROPE B.V. / ROCHE HOLDINGS, INC.**]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by ROCHE HOLDING LTD]

under the EUR 15,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 21 March 2014 [and the supplement to the Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive [(as defined herein)/(Directive 2003/71/EC, as amended) (the "**Prospectus Directive**")]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

Full information on the Issuer, the Guarantor and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. [However, a summary of the issue of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms]. The Base Prospectus [the supplement to the Base Prospectus,] and these Final Terms [are] available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from BNP Paribas Securities Services, Luxembourg Branch, Corporate Trust Services, 33 rue de Gasperich, Howald – Hesperange, L – 2085 Luxembourg.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.

Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive [(as defined herein)/(Directive 2003/71/EC, as amended) (the "**Prospectus Directive**")], save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplement to the Base Prospectuses dated [•] and [•]]. [However, a summary of the issue of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms]. The Base Prospectuses [the supplement to the Base Prospectus,] and these Final Terms are available for viewing on the website of the of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from BNP Paribas Securities Services, Luxembourg Branch, Corporate Trust Services, 33 rue de Gasperich, Howald – Hesperange, L – 2085 Luxembourg.

[The following language applies where a non-exempt offer of Notes is anticipated]

[The Base Prospectus (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC, as amended) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as

implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

[The following language applies where an exempt offer of Notes is anticipated]

[The Base Prospectus (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC, as amended) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. Guarantor: Roche Holding Ltd
2.
 - [(i) Series Number:] [•]
 - [(ii) Tranche Number:] [•]
 - [(iii) Date on which Notes become fungible:] [Not Applicable]/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [•]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [•] below [which is expected to occur on or about [•]].]
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount: [•]
 - [(i) [Series]: [•]
 - [(ii) Tranche: [•]]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6.
 - (i) Specified Denominations: [•]

No Notes may be issued which have a minimum denomination of less than EUR 1,000 (or nearly equivalent in another currency)

[€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].]⁵

[In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.]
 - (ii) Calculation Amount: [•]
7.
 - (i) Issue Date: [•]

⁵ Notes where this or any substantially similar option is used may not be made exchangeable "at any time" or upon notice, nor may such Notes be represented by a Temporary Global Note exchangeable for Definitive Notes.

- (ii) Interest Commencement Date: [[•]/[Issue Date]/[Not Applicable]]
8. Maturity Date: [•] [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
9. Interest Basis: [[•] per cent. Fixed Rate]
- (As referred to under Conditions 6, 7 or 8) [EURIBOR]/[LIBOR]/[SHIBOR] +/- [•] per cent.
- Floating Rate]
- [Zero Coupon]
- (further particulars specified below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount]
- (As referred to under Condition 9)
- [Zero Coupon]
11. Put/Call Options: [Investor Put]
- (As referred to under Condition 9(c) and Condition 9(e)) [Issuer Call]
- [(further particulars specified below)]
- [(i)] [Date [Board] approval for issuance of Notes [and Guarantee] [respectively]] obtained: [•] [and [•], respectively]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (As referred to under Condition 6) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year

(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
		<i>[For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording should be used: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards.]</i>
(iv)	Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
(v)	Day Count Fraction:	[Actual/Actual (ICMA)]/[Actual/Actual (ISDA)]/[Actual 365 (Fixed)]/[Actual/360]/[Sterling/FRN]/[30/360]/[30E/360]/[30E/360 (ISDA)]
	(As referred to under Condition 2(a))	
13.	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(As referred to under Condition 7)	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Interest Period(s):	[•]
(ii)	Specified Period:	[•]
		<i>(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")</i>
(iii)	Specified Interest Payment Dates:	[•]
		<i>(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")</i>
(iv)	[First Interest Payment Date]:	[•]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(As referred to under Condition 2(a))	
(vi)	Additional Business Centre(s):	[Not Applicable/[•]]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other [•]]
	(As referred to under Condition 7(c) or Condition 7(d))	

- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [[•] shall be the Calculation Agent *(no need to specify if the Fiscal Agent is to perform this function)*]
- (ix) Screen Rate Determination:
(As referred to under Condition 7(c))
- Reference Rate: [LIBOR]/[EURIBOR]/[SHIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
 - Relevant Time: [•]
 - Relevant Financial Centre: [•]
 - Reference Banks: [•]/[Not Applicable]
- (x) ISDA Determination:
(As referred to under Condition 7(d))
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual (ICMA)]/[Actual/Actual (ISDA)]/[Actual 365 (Fixed)]/[Actual/360]/[Sterling/FRN]/[30/360]/[30E/360]/[30E/360 (ISDA)]
(As referred to under Condition 2(a))
14. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(As referred to under Condition 8) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]

PROVISIONS RELATING TO REDEMPTION

15. **Call Option** [Applicable/Not Applicable]
- (As referred to under Condition 9(c)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph. If Make-Whole Amount is applicable, delete (ii), if Optional Redemption Amount is applicable, delete (iii)-(vii))*
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[•] per Calculation Amount]/[Make-Whole Amount]
 - (iii) Reference Bond: [•]/[Not Applicable]
 - (iv) Reference Date: [•]/[Not Applicable]
 - (v) Make-Whole Margin: [•]/[Not Applicable]
 - (vi) If redeemable in part:
 - (a) Minimum Redemption Amount: [•] per Calculation Amount/[Not Applicable]
 - (b) Maximum Redemption Amount: [•] per Calculation Amount/[Not Applicable]
 - (vii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]/[Not Applicable]
 - (viii) Notice period: [•]
16. **Put Option** [Applicable/Not Applicable]
- (As referred to under Condition 9(e)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [•] per Calculation Amount
 - (iii) Notice period: [•]
17. **Final Redemption Amount of each Note** [•] per Calculation Amount
18. **Early Redemption Amount** [[•]/Not Applicable]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption (As referred to under Condition 9(b) and Condition 13):

(If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. Form of Notes:

Bearer Notes:⁶

(As referred to under Condition 3(a))

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]⁷

[Where a Global Note is to be cleared through Euroclear, Clearstream Luxembourg or any other relevant clearing system and is exchangeable for Definitive Notes at any time or where Definitive Notes will definitely be issued, the Notes may only be issued in such denominations as Euroclear, Clearstream Luxembourg or any such other relevant clearing system will permit at any time. In particular, the Notes may not have denominations that include integral multiples of an amount if such amount is not divisible by the minimum denomination of such Notes.]

Registered Notes⁸

(As referred to under Condition 3(c))

[Global Registered Note exchangeable for Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances described in the Global Registered Note]

[Global Registered Note [[Currency] [•] nominal amount)] registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)) exchangeable for Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances described in the

⁶ RHI may not issue Bearer Notes.

⁷ This option cannot be utilised if the TEFRA D Rules are applicable.

⁸ RHI may only issue Registered Notes.

- Global Registered Note]
20. **New Global Note:** [Applicable/Not Applicable]
21. **Additional Financial Centre(s) or other special provisions relating to payment dates:** [[•]]/[Not Applicable]
22. **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes. *If yes, give details*]/[Not Applicable]
23. **Renminbi Settlement Centre:** [[•]]/[Not Applicable]
- DISTRIBUTION**
24. **Total commission and concession:** [•] per cent. of the Aggregate Nominal Amount
25. **U.S. Selling Restrictions:**⁹ *(In the case of Bearer Notes) -*
 [Reg. S Compliance Category 2; TEFRA C/TEFRA D/ TEFRA not applicable¹⁰]
(In the case of Registered Notes) -
 Reg. S Compliance Category 2
26. **Non-exempt Offer:** [Not Applicable]/[An offer of the Notes may be made by the Managers [and [•]] other than pursuant to Article 3(2) of the Prospectus Directive in [Austria] [Germany]/[the Grand Duchy of Luxembourg]/[the Netherlands]/[the United Kingdom] ("**Public Offer Jurisdictions**") during the period from [•] until [•] ("**Offer Period**"). See further [Paragraph 8 of Part B] below.

Signed on behalf of
[ROCHE FINANCE EUROPE B.V. / ROCHE HOLDINGS, INC.]:

By: [By:
 Duly authorised Duly authorised]

Signed on behalf of
ROCHE HOLDING LTD:

By: By:
 Duly authorised Duly authorised

⁹ RHI may not issue Bearer Notes.

¹⁰ Only for Bearer Notes with a maturity of 365 days or less (including unilateral rollovers or extensions) issued by RFE.

PART B – OTHER INFORMATION

1. LISTING and admission to trading

- (i) Listing: [Official list of the Luxembourg Stock Exchange/Other (*specify*)/None]
- (ii) Admission to trading: [Application [is] [has been] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [•].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (iii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [Standard & Poor's*: [•]]
- [Moody's*: [•]]
- [Fitch*: [•]]
- [[Other]*: [•]]
- [Insert brief explanation of meaning of each rating as required by Item 7.5 of Annex V]*
- (* The exact legal name of the rating agency entity providing the rating should be specified-for example "Standard & Poor's Credit Market Services Europe Limited", rather than just Standard and Poor's.)*
- [Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").] [Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.]*

[Insert legal name of particular credit rating agency entity providing rating] is not established in the Notes but the rating it has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). *[Insert legal name of particular credit rating agency entity providing rating]* appears on the latest update of the list of registered credit rating agencies (as of *[insert date of most recent list]*) on the ESMA website at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.]

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business.]/[Not Applicable]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)] Reasons for the offer: [•]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(ii)] Estimated net proceeds: [•]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses: [•]

[Include breakdown of expenses]

5. *Fixed Rate Notes only* – YIELD

Indication of yield: [•]/[Not Applicable]

6. *Floating Rate Notes only* - HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/SHIBOR] rates can be obtained from [Reuters]/[Not Applicable]

7. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/[•]]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): Citibank, N.A., London Branch

Citigroup Centre

Canada Square

Canary Wharf

London E14 5LB

England

Banque Internationale à Luxembourg, société anonyme

69, route d'Esch

L-2953 Luxembourg

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No][Not Applicable]

[Yes. Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg (the "ICSDs") as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] *[include this text for registered notes]*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that the Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] *[include this text for registered notes]*]. Note that this does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. TERMS AND CONDITIONS OF THE PUBLIC OFFER

[Not Applicable]/*[Consider the circumstances in which the items specified below need to be completed or marked "Not Applicable" by reference to the requirements of the relevant home and/or host Member States where any non-exempt public offer is being made, in compliance with the Prospectus Directive, as implemented in such Member States.]*

The *Commission de Surveillance du Secteur Financier* ("CSSF") has provided the competent authorities in, *inter alia*, each of Austria, Germany, the Netherlands and the United Kingdom (together with the Grand Duchy of Luxembourg, the "**Public Offer Jurisdictions**") with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive. The relevant Issuer will provide copies of these Final Terms to the competent authorities in the Public Offer Jurisdictions.

[The Issuer and the Guarantor, consent to the use of the Base Prospectus and these Final Terms in connection with a Public Offer of the Notes during the period from (and including) [•] to (and including) [•] (the "**Offer Period**") in the Public Offer Jurisdictions by any financial intermediaries for so long as such financial intermediaries are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) ("**MiFID**") [and subject to the following conditions: *[insert as applicable]*].

OR

[The Issuer and the Guarantor, consent to the use of the Base Prospectus and these Final Terms in connection with a Public Offer of the Notes during the period from (and including) [•] to (and including) [•] (the "**Offer Period**") in the Public Offer Jurisdiction by each of the financial intermediaries specified in these Final Terms to be acting in the capacity as Managers [and each [], [], [] and [] (each a "**Placer**" and together the "**Placers**")]] and subject to the following conditions:

- (i) Offer Period: From the date of publication of these Final Terms being [•] to [•]. *[Any period longer than the Issue Date needs to be negotiated in advance of mandate as that extends the period when supplements will be required to be made for new information].*
- (ii) Total amount of the offer: [•]
- (iii) Offer Price: The Issuer has offered and will sell the Notes to the Managers (and no one else) at the Issue Price of [•] per cent. [less a total commission [and concession] of [•] per cent. of the Aggregate Nominal Amount of Notes.][Managers and Placers will offer and sell the Notes to their customers in accordance with arrangements in place between each such Manager and its customers (including Placers) or each such Placer and its customers by reference to the Issue Price and market conditions prevailing at the time.]/[•]
- (iv) Conditions to which the offer is subject: [Offers of the Notes are conditional on their issue and are subject to such conditions as are set out in the Subscription Agreement. As between Managers and their customers (including Placers) or between Placers and their customers, offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in the arrangements in place between them.]/[Not Applicable]
- (v) Description of the application process: [A prospective Noteholder will purchase the Notes in accordance with the arrangements in place between the relevant Manager and its customers or the relevant Placer and its customers, relating to the purchase of securities generally. Noteholders (other than Managers) will not enter into any contractual arrangements directly with the Issuer in connection with the offer or purchase of the Notes.]/[•]
- (vi) Description of possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [Not Applicable]/[•]
- (vii) Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest): [There are no pre-identified allotment criteria. The Managers and the Placers will adopt allotment and/or application criteria in accordance with customary market practices and applicable laws and regulations and/or as otherwise agreed between them.]/[•]

- | | | |
|--------|---|---|
| (viii) | Method and time limits for paying up the Notes and for delivery of the Notes: | [The Notes will be sold by the Issuer to the Managers on a delivery against payment basis on the Issue Date. Prospective Noteholders will be notified by the relevant Manager or Placer of their allocations of Notes and the settlement arrangements in respect thereof.]/[•] |
| (ix) | Manner and date in which results of the offer are to be made public: | [Not Applicable]/[•] |
| (x) | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable]/[•] |
| (xi) | Whether tranche(s) have been reserved for certain countries: | [Not Applicable]/[•] |
| (xii) | Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: | [Prospective Noteholders will be notified by the relevant Manager or Placer in accordance with the arrangements in place between such Managers or Placers and its customers. Any dealings in the Notes which take place will be at the risk of prospective Noteholders]/[•] |
| (xiii) | Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable]/[•] |
| (xiv) | Name(s) and address(es), to the extent known to the Issuer, of the Placers in the various countries where the offer takes place: | [None known to the Issuer]/[specify]

<i>[If the Issuer is unaware of the identity of the Placers then insert "none known to the Issuer". Otherwise insert the names (and addresses) of those that are known and include the following reference "(other Placers may become involved but as at the date of these Final Terms these are the only ones known to the Issuer)"]</i> |
| (xv) | Name and address of any paying agents and depositary agents: | [None]/[•] |
| (xvi) | Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment: | [None]/[•] |

SUMMARY OF THE ISSUE

This summary relates to [*insert description of Notes*] described in the final terms (the "**Final Terms**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Notes together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meaning in this summary.

[Where Notes have denominations of less than €100,000 (or equivalent), insert completed summary by completing the relevant italicised items in the summary of the base prospectus as appropriate to the terms of the specific issue.]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or Global Registered Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the relevant Issuer or the Guarantor to the Holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note or Global Registered Note, Accountholders shall have no claim directly against the relevant Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the relevant Issuer and the Guarantor will be discharged by payment to the Holder of the Global Note or Global Registered Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange and provision of certifications in accordance with the terms of the Temporary Global Note.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has properly requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has properly requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the deeds of covenant dated 21 March 2014 (the "**Deeds of Covenant**") executed by the Issuers). Under the Deeds of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deeds of Covenant). Under the Deeds of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the

principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Global Registered Note

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the relevant Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within thirty business days of the delivery, by or on behalf of the registered Holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then, at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) each person shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to an interest in the Notes (each an "**Accountholder**") shall acquire under the relevant deed of covenant dated 21 March 2014 (the "**Deed of Covenant**") rights of enforcement against the relevant Issuer ("**Direct Rights**") to compel the relevant Issuer to perform its obligations to the Holder of the Global Registered Note in respect of the Notes represented by the Global Registered Note, including the obligation of the relevant Issuer to make all payments when due at any time in respect of such Notes in accordance with the Conditions. For these purposes, where the Conditions require a Note Certificate to be duly surrendered for payment and the Global Registered Note is not so surrendered on the due date in accordance with the Conditions, the Accountholder may exercise its Direct Rights to compel the relevant Issuer to make such payment to the Holder of the Global Registered Note as if the Global Registered Note had been duly surrendered in accordance with the Conditions, and upon payment to the Holder of the principal amount of any such deemed-surrendered Global Registered Note, the Global Registered Note shall to the extent of such payment become void.

Conditions applicable to Global Notes and Global Registered Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent that is, in the case of Bearer Notes, outside the United States, and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. On each occasion on

which a payment of principal or interest is made in respect of the Global Note, the relevant Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 9(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or holder of the Global Registered Notes must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Payment Record Date: Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Payment Business Day: In the case of a Global Note, or Global Registered Note, the term "**Payment Business Day**" shall mean that, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note, and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note or a Global Registered Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

GUARANTEE OF THE NOTES

The following is the Guarantee of the Notes executed by the Guarantor:

Guarantee

21 March 2014

by

Roche Holding Ltd

(the **Guarantor**)

for the benefit of the

HOLDERS OF NOTES AND COUPONS ISSUED BY A RELEVANT ISSUER ON OR AFTER THE DATE HEREOF UNDER THE EUR 15,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME DESCRIBED HEREIN

1. **Taking into consideration that:**

- (a) Roche Finance Europe B.V. and Roche Holdings, Inc. (each, an "**Issuer**", and, collectively, the "**Issuers**", with references herein to the "**relevant Issuer**" being to the Issuer of the relevant Notes (as defined below)), and the Guarantor have established a Euro Medium Term Note Programme (the "**Programme**"), for the issuance of euro medium term notes (the "**Notes**");
- (b) in connection with the Notes issued under the Programme, (i) the Issuers, the Guarantor and the Dealers named therein have entered into an amended and restated dealer agreement dated 21 March 2014 (the "**Dealer Agreement**"), (ii) the Issuers, the Guarantor and the Agents named therein have entered into an amended and restated issue and paying agency agreement dated 21 March 2014, and (iii) each of the Issuers has executed a deed of covenant dated 21 March 2014 (each, a "**Deed of Covenant**", and, collectively, the "**Deeds of Covenant**", with references herein to the "**relevant Deed of Covenant**" being to the Deed of Covenant of the relevant Issuer); and
- (c) the Guarantor has agreed to guarantee the due and punctual payment of all sums payable by the Issuers to holders of the Notes issued from time to time (the "**Noteholders**"), to the holders of the interest coupons, if any, related thereto (the "**Couponholders**" and the "**Coupons**", respectively), and to the Accountholders (as defined in the Deeds of Covenant) (the Noteholders, the Couponholders and the Accountholders are, collectively, referred to herein as the "**Holders**" and the Notes, the Coupons and the Direct Rights (as defined in the Deeds of Covenant) are, collectively, referred to herein as the "**Securities**");

the Guarantor hereby irrevocably and unconditionally guarantees to the Holders, in accordance with the terms of Article 111 of the Swiss Federal Code of Obligations, as primary obligor and not merely as a surety, irrespective of the validity and the legal effects of the Securities and waiving all rights of objection and defence arising from the Securities, the due and punctual payment of all sums from time to time payable by a relevant Issuer in respect of the Securities as and when the same shall become due and accordingly undertakes to pay any such Holder, in the manner and currency set forth in the terms and conditions of the Notes (the "**Conditions**"), any amount up to an amount of EUR 18,000,000,000 (the "**Guaranteed Amount**"), upon receipt by Citibank, N.A., London Branch (the "**Fiscal Agent**") of (i) a written request from such Holder for payment in relation to Securities held by such Holder and (ii) such Holder's confirmation in writing that the relevant Issuer has not met its obligations arising from such Securities on the due date in the amount called under this Guarantee.

- 2. This Guarantee constitutes the direct, unsecured and unsubordinated obligation of the Guarantor and the Guarantor undertakes that its obligations hereunder will at all times rank at least *pari passu* with all its other unsecured and unsubordinated obligations in respect of money borrowed,

raised, guaranteed or otherwise secured by the Guarantor, save, in the event of insolvency, such obligations as may be preferred by provisions of mandatory law.

3. This Guarantee is and will remain in full force and effect regardless of any amendment to the Conditions or any of the relevant Issuer's obligations thereunder. The obligations of the Guarantor contained herein shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the relevant Issuer's obligations under or in respect of any Security or the relevant Deed of Covenant and shall continue in full force and effect for so long as the Programme remains in effect and thereafter until all sums due from the relevant Issuer in respect of the relevant Securities and under the relevant Deed of Covenant have been paid, and all other actual or contingent obligations of the relevant Issuer thereunder or in respect thereof have been satisfied in full. Until all amounts which may be or become payable under this Guarantee have been irrevocably and unconditionally paid in full: (i) the Guarantor shall not by virtue of any reason be subrogated to any rights of any Holder or claim in competition with the Holders against any Issuer; and (ii) no right of the Guarantor, by reason of the performance of any of its obligations under this Guarantee, to be indemnified by any Issuer or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised or enforced. Furthermore, the obligations of the Guarantor hereunder are in addition to, and not instead of, any security or other guarantee or indemnity at any time existing in favor of any person whether from the Guarantor or otherwise, and may be enforced without first having recourse to any Issuer, any other person, any security or any other guarantee or indemnity.
4. For the purposes of calculating the amount remaining available for claims under this Guarantee, any payment made under the Guarantee in a currency other than Euro shall be converted into Euro using the spot rate of exchange for the purchase of the relevant currency against payment of Euro being quoted by the Fiscal Agent on the date on which the relevant payment is made to Holders.

The Guaranteed Amount will be reduced by any payment made under (i) this Guarantee, (ii) the guarantee executed by the Guarantor in connection with the Programme dated March 15, 2013 (the "**2013 Guarantee**"), (iii) the guarantee executed by the Guarantor in connection with the Programme dated March 9, 2012 (the "**2012 Guarantee**"), (iii) the guarantee executed by the Guarantor in connection with the Programme dated March 11, 2011 (the "**2011 Guarantee**"), (iv) the guarantee executed by the Guarantor in connection with the Programme dated March 11, 2010 (the "**2010 Guarantee**"), (v) the guarantee executed by the Guarantor in connection with the Programme dated September 10, 2009 (the "**2009 Guarantee**"), or (vi) the guarantee executed by the Guarantor in connection with the Programme dated December 15, 2008 (the "**2008 Guarantee**") (it being understood that under no circumstances shall the aggregate amount of payments made under this Guarantee, the 2013 Guarantee, the 2012 Guarantee, the 2011 Guarantee, the 2010 Guarantee, the 2009 Guarantee and the 2008 Guarantee exceed the EUR 18,000,000,000).

5. All payments under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Switzerland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Guarantor shall pay such additional amounts as will result in receipt by the relevant Holder after such withholding or deduction of such amounts as would have been received by it had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect to the Guarantee:
 - (a) where the holder is liable to such taxes, duties, assessments or governmental charges in respect of such payment under the Guarantee by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note (or in the case of Notes issued by Roche Finance Europe B.V., Coupon); or
 - (b) where such withholding or deduction is imposed on a payment to an individual or residual entity and is required to be made pursuant to European Council Directive

2003/48/EC (the "**EU Savings Tax Directive**") or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (c) where such withholding or deduction is required to be made pursuant to any agreement between the European Community and any other country or territory providing for measures equivalent to those laid down in the EU Savings Tax Directive, including, but not limited to, the agreement between the European Community and the Confederation of Switzerland dated as of 26 October 2004, and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreement; or
- (d) where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular the principle to have a person other than the relevant Issuer or the Guarantor (including, without limitation, any paying agent) withhold or deduct the tax; or
- (e) where such withholding or deduction is required to be made pursuant to any agreement between Switzerland and any other country on final withholding taxes (*internationale Quellensteuern*) levied by a paying agent in respect of an individual resident in the other country on interest or capital gain paid, or credited to an account, relating to a Note; or
- (f) where such withholding or deduction is required to be made pursuant to any intergovernmental agreement between the United States and Switzerland with respect to FATCA or otherwise pursuant to FATCA; or
- (g) where the holder would have been able to avoid such withholding or deduction by presenting the Note (or in the case of Notes issued by Roche Finance Europe B.V., Coupon) (where presentation is required) to another paying agent; or
- (h) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of such Note (or in the case of Notes issued by Roche Finance Europe B.V., Coupon) would have been entitled to such additional amounts on presenting the Note (or in the case of Notes issued by Roche Finance Europe B.V., Coupon) (where presentation is required) for payment on the last day of such period of 30 days.

If the Guarantor becomes subject at any time to any taxing jurisdiction other than Switzerland, references in this Section 5 to Switzerland shall be construed as references to such other jurisdiction.

As used herein, "**FATCA**" means Section 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended and the regulations thereunder or any successor or amended version of these provisions to the extent such successor or amended version is not materially more onerous than these provisions as enacted on the date of issuance of the relevant Notes.

As used herein, "**Relevant Date**" in respect of any payment under the Guarantee means (i) the date on which such payment first becomes due or (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date that is seven days after the date on which the Fiscal Agent gives notice to the Holders that it has received the full amount payable.

6. If any sum due from the Guarantor under this Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under this Guarantee or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to this Guarantee, the Guarantor shall indemnify each Holder on demand against any loss suffered as a result of any discrepancy between (i) the rate of

exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Holder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation from the other obligations under this Guarantee and shall give rise to a separate and independent cause of action.

7. This Guarantee shall give rise to a separate and independent cause of action against the Guarantor, shall apply irrespective of any waiver or indulgence granted to the Issuers or the Guarantor by any Holder from time to time and shall continue in full force and effect notwithstanding any judgment or order against the Issuers and/or the Guarantor.
8. Notwithstanding any reference to the Securities herein, the Guarantor acknowledges that this Guarantee is an undertaking pursuant to Art. 111 of the Swiss Federal Code of Obligations (*Garantie*) and not merely a surety. Its obligations hereunder are of a non-accessory nature (*nicht-akzessorische Garantie-Verpflichtung*), independent of the obligations of the Issuers under the Securities.
9. So long as any Security remains outstanding, neither the relevant Issuer nor the Guarantor shall create, renew or assume any Security Interest upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Securities equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

In relation to this Clause 9,

"*guarantee*" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness, including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

"*Indebtedness*" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing or raising of money.

"*Person*" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"*Relevant Indebtedness*" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market); and

"*Security Interest*" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

10. This Guarantee is governed by Swiss substantive law. Any dispute in respect of this Guarantee shall be settled in accordance with Swiss law. The exclusive place of jurisdiction for any such dispute shall be the City of Zurich, venue being Zurich 1.
11. Any Notes issued by the Issuers under the Programme (i) prior to March 21, 2014 or (ii) to be consolidated and form a single Series with any Notes issued prior to March 21, 2014 will continue to have the benefit of the 2013 Guarantee, the 2012 Guarantee, the 2011 Guarantee, the 2010 Guarantee, the 2009 Guarantee or the 2008 Guarantee, as the case may be. Any Notes issued by the Issuers under the Programme on or after March 21, 2014 (other than any such Notes described in clause (ii) above) shall have the benefit of this Guarantee but shall not have the benefit of any subsequent guarantee relating to the Programme (unless expressly so provided in any such subsequent guarantee).
12. Terms and expressions not otherwise defined in this Guarantee shall have the same meaning as in the Dealer Agreement or the Conditions, as the case may be.

Dated 21 March 2014

Roche Holding Ltd

By: _____

By: _____

DESCRIPTION OF ROCHE FINANCE EUROPE B.V.

General

RFE was incorporated on 31 January 2003 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) for an indefinite period of time under the laws of The Netherlands. The registered office of RFE is Beneluxlaan 2A, 3446 GR Woerden, The Netherlands (telephone number +31 348 438 380). RFE is registered with the Commercial Register at the Utrecht Chamber of Commerce under number 30186306. The articles of association of RFE were last amended by a deed of amendment, executed on 20 March 2003.

Share capital and shareholding

RFE's authorised share capital is EUR 10,000,000 divided into 100,000 shares of EUR 100 each. Its issued share capital as at the date of this Base Prospectus is 20,000 shares of EUR 100 each and its paid up capital is EUR 2,000,000.

Article 10 of the articles of association of RFE regulates the restriction of the transferability of RFE's shares.

Principal activities

The main activity of RFE is the provision of financing to other Group companies. Refinancing takes place on the bond or loan markets. On 23 March 2012, RFE issued EUR1 billion 2 per cent. Notes due 25 June 2018, which are guaranteed by Roche under the EMTN programme. As at the date of this Base Prospectus, RFE also has EMTN bonds outstanding with an aggregate principal amount of GBP 200,000,000 maturing on 29 August 2023 and EUR 1,000,000,000 maturing on 25 June 2018. As a financing vehicle within the Group, RFE does not have a principal market in which to operate and compete with other businesses.

Pursuant to Article 3 of its articles of association, the objects of RFE include, without limitation: to incorporate, participate in any way whatsoever, manage, supervise, operate and promote enterprises, businesses and companies; to issue, sell and purchase notes and other debt securities and to borrow funds; to finance businesses and companies, make loans and make investments in debt securities, equity securities, derivatives and any other similar instruments; to enter into hedging arrangements related to such financing activities; and to trade in currencies, securities and items of property in general.

Group structure

RFE is a wholly-owned subsidiary of Roche Pharmholding B.V., which is also a private company with limited liability incorporated in The Netherlands. RFE does not have and has never had any subsidiaries, associated companies, interests in joint ventures or any other equity interests in other entities. RFE forms a taxable group with Roche Pharmholding B.V. and Roche Diagnostics Nederland B.V. for the purposes of Dutch taxation. The ultimate holding entity of RFE is Roche.

To the extent known to RFE, there are no arrangements the operation of which may at a subsequent date result in a change in control of RFE.

Financial information

Historic financial information of RFE for the last two financial years, prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU, is set out in RFE's audited financial statements for the years ended 31 December 2013 and 2012, respectively. RFE's audited financial statements for the years ended 31 December 2013 and 2012 are incorporated by reference herein. For the financial year ended 31 December 2013, RFE reported a profit before tax of EUR 1 million. For the financial year ended 31 December 2012, RFE reported neither a profit nor a loss before tax. RFE had total assets as at 31 December 2013 of EUR 1,260 million (2012: EUR 1,265 million).

The following table sets out the capitalisation and indebtedness of RFE as of 31 December 2013, which was extracted without material adjustment from the audited financial statements of RFE for the year ended 31 December 2013, which were prepared in accordance with IFRS, as adopted by the EU. Save as

described herein, there has been no material change in the capitalisation or indebtedness of RFE since 31 December 2013.

	2013	2012
	<i>in millions of EUR</i>	
Capital		
Long term debt.....	1,233	1,238
Total Equity	12	11
Capitalisation	1,245	1,249

The following tables set out selected financial information from the balance sheet, statement of comprehensive income and statement of cash flows of RFE as of and for the years ended 31 December 2013 and 2012. The information was extracted without material adjustment from the audited financial statements as of and for the years ended 31 December 2013 and 31 December 2012, which were prepared in accordance with IFRS, as adopted by the EU. These tables should be read in conjunction with RFE's audited financial statements for the years ended 31 December 2013 and 2012, which are incorporated by reference herein.

Selected financial information from the balance sheet

	31 December	
	2013	2012
	<i>in millions of EUR</i>	
Total non-current assets	1,234	1,240
Total current assets	26	25
Total assets	1,260	1,265
Total non-current liabilities.....	(1,233)	(1,238)
Total current liabilities.....	(15)	(16)
Total liabilities.....	(1,248)	(1,254)
Total net assets.....	12	11
Total equity.....	12	11

Selected financial information from the statement of comprehensive income

	Year ended 31 December	
	2013	2012
	<i>in millions of EUR</i>	
Total income.....	48	41
Total expenses	(47)	(41)
Profit before taxes	1	-
Net income	1	-
Total comprehensive income	1	-

Selected financial information from the statement of cash flows

	Year ended 31 December	
	2013	2012
	<i>in millions of EUR</i>	
Total cash flows from operating activities	-	-
Total cash flows from investing activities.....	48	(977)
Total cash flows from financing activities	(48)	977
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 31 December	-	-

Management

As at the date of this Base Prospectus, the board of directors of RFE (all of whom are employees of Roche or some other entity within the Group) comprises:

Name	Title	Principal outside activity (if any) of significance to the Issuer/Group
B.L.A. Vanhauwere	Chairman of the Board	None
P. Eisenring	Member of the Board	None
J.W. van den Broek	Member of the Board	None
D. F. Heinis	Member of the Board	None

The business address of each of the directors is Beneluxlaan 2A, 3446 GR Woerden, The Netherlands.

None of the directors listed above has any significant principal activities outside RFE (or, as the case may be, the Group). There are no potential conflicts of interest between duties owed by the directors listed above to RFE (or, as the case may be, the Group) and their private interests or other duties.

RFE complies with all applicable rules relating to corporate governance in force from time to time under the laws of its country of incorporation, The Netherlands.

Notices of meetings of shareholders

According to Article 22.3 of RFE's articles of association, notices of meetings shall be sent by letter mailed to the addresses of the shareholders as shown in the register of shareholders.

Dividends

RFE did not pay out any dividend for the last five years.

DESCRIPTION OF ROCHE HOLDINGS, INC.

General

RHI was incorporated in the state of Delaware, USA, on 4 December 1987 as a private corporation for an unlimited duration under the Delaware General Corporation Law. The registered office of RHI in Delaware is 1209 Orange Street, Wilmington, Delaware 19801, USA. RHI is registered with the Delaware Secretary of State under number 2145312. RHI's corporate offices are located at 1 DNA Way, South San Francisco, CA 94080, USA (telephone number +1 650-225-7893).

Share capital and shareholding

RHI is a private corporation and is an indirect wholly-owned subsidiary of Roche. RHI's authorised share capital is U.S.\$1,000,000 divided into 1,000 shares of common stock. Its issued share capital as at the date of this Base Prospectus is U.S.\$1,000,000.

Article 5.3 of the by-laws of RHI regulates the transferability of RHI's shares.

Principal activities

The main activity of RHI is to act as the holding company for Roche's principal operating subsidiaries in the United States. As such, a further activity of RHI is to provide financing to its subsidiaries and to refinance these obligations. As at the date of this Base Prospectus, RHI has bonds outstanding in aggregate principal amounts of U.S.\$5.6 billion¹¹, EUR 3.85 billion, and GBP 0.5 billion respectively with varying terms of maturity. These bonds represent unsecured, direct and unsubordinated obligations of RHI.

Pursuant to Article 3 of its Certificate of Incorporation, the purpose of RHI is to engage in any lawful activity for which a corporation may be organised under the General Corporate Law of Delaware.

RHI and its subsidiaries operate businesses in two different areas, pharmaceuticals and diagnostics.

The Pharmaceuticals Division includes Hoffmann-La Roche Inc., and Genentech, Inc. ("**Genentech**") and is engaged in the research and development, manufacture and marketing of pharmaceutical products. The pharmaceutical products are sold primarily to wholesalers and hospitals.

The Diagnostics Division includes Roche Diagnostics Corporation ("**RDC**"), Roche Diagnostics Operations, Inc. ("**RDO**") and Roche Molecular Systems, Inc. Additionally, effective 1 January 2009, Roche contributed its equity interests in Igen International, Inc., whose holdings include BioVeris, to RHI. The Diagnostics Division is engaged in the research and development, manufacture and marketing of diagnostic reagents, test kits and equipment. The Diagnostics Division includes the supply of diagnostic equipment, reagents, and services in the field of in vitro diagnostics and life sciences. The diagnostics products are sold primarily to retailers, wholesalers, hospitals, laboratory companies and research institutions.

Recent Developments

Please refer to pages 113 to 114 of the section entitled "*Description of Roche Holding Ltd and the Group — Recent acquisitions and strategic alliances since 2012*".

Group structure

RHI is 100 per cent. indirectly owned by Roche. As such, RHI and its subsidiaries are members of the Group.

To the extent known to RHI, there are no arrangements the operation of which may at a subsequent date result in a change in control of RHI.

¹¹ In addition, RHI's subsidiary, Genentech, has bonds outstanding in the aggregate principal amount of U.S.\$1.5 billion.

Financial information

Historic financial information of RHI for the last two financial years, prepared in accordance with IFRS, as adopted by the EU, is set out in RHI's audited consolidated financial statements for the years ended 31 December 2013 and 2012¹², respectively, which can be found in RHI's annual reports for the years ended 31 December 2013 and 2012¹². RHI's audited consolidated financial statements for the years ended 31 December 2013 and 2012¹² are incorporated by reference herein.

For the financial year ended 31 December 2013, RHI reported a consolidated profit before income tax of U.S.\$7.258 billion (2012¹²: U.S.\$4.153 billion) and had total assets as at that date of U.S.\$24.699 billion (2012¹²: U.S.\$28.484 billion).

The following tables set out the selected financial information from the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows of RHI as of and for the years ended 31 December 2013 and 2012¹². The information was extracted without material adjustment from the audited consolidated financial statements as of and for the years ended 31 December 2013 and 2012¹², which were prepared under IFRS, as adopted by the EU. These tables should be read in conjunction with RHI's audited consolidated financial statements for the years ended 31 December 2013 and 2012¹², which are incorporated by reference herein.

Selected financial information from the consolidated balance sheet

	31 December	
	2013	2012 ¹²
Total non-current assets	16,706	16,775
Total current assets	7,993	11,709
Total assets	24,699	28,484
Total non-current liabilities.....	(29,716)	(36,067)
Total current liabilities.....	(15,890)	(17,202)
Total liabilities.....	(45,606)	(53,269)
Total net assets (liabilities)	(20,907)	(24,785)
Total equity.....	(20,907)	(24,785)

Selected financial information from the consolidated income statement 2013

	Pharmaceuticals	Diagnostics	Corporate	RHI Group
	<i>in millions of U.S.\$</i>			
Sales.....	17,217	3,099	-	20,316
Operating profit	9,251	89	(21)	9,319
Profit before taxes.....				7,258
Net income.....				4,353

Selected financial information from the consolidated income statement 2012¹²

	Pharmaceuticals	Diagnostics	Corporate	RHI Group
	<i>in millions of U.S.\$</i>			
Sales.....	15,525	3,084	-	18,609
Operating profit	6,778	213	(337)	6,654
Profit before taxes.....				4,153
Net income.....				2,708

¹² As disclosed in Note 29 of RHI's Consolidated Financial Statements 2013, the income statement and balance sheet as of and for the year ended 31 December 2012 have been restated following the accounting policy changes which were adopted in 2013.

Selected financial information from the consolidated statement of cash flows

	Year ended 31 December	
	2013	2012
	<i>in millions of U.S.\$</i>	
Cash flows from operating activities, before income taxes paid	9,623	9,270
Total cash flows from operating activities	7,263	7,597
Total cash flows from investing activities.....	(1,098)	(343)
Total cash flows from financing activities	(6,124)	(7,258)
Increase (decrease) in cash and cash equivalents	41	(4)
Cash and cash equivalents at December 31	(69)	(110)

Impact of Genentech transaction on the financial statements

Effective 26 March 2009, Roche Investments (USA) Inc., a direct wholly-owned subsidiary of RHI, completed the purchase of all public shares of Genentech. As a result of the transaction, Genentech became a direct wholly-owned subsidiary of RHI. Based on the revised International Accounting Standard 27 'Consolidated and Separate Financial Statements' (IAS 27), which was adopted by RHI in 2008, this transaction was accounted for in full as an equity transaction. As a consequence, the carrying amount of the consolidated equity of RHI and its consolidated subsidiaries (the "**RHI Group**") was reduced by approximately U.S.\$47 billion and at 31 December 2013, the RHI Group had a negative equity of U.S.\$20.9 billion. The capacity of the RHI Group to generate positive cash flows and operating profit is not affected by this accounting treatment. In addition, bonds and notes with a carrying value of U.S.\$14.2 billion are guaranteed by Roche. Accordingly, management has assessed that it remains appropriate to prepare the RHI Group's financial statements on a going concern basis.

Management

As at the date of this Base Prospectus, the board of directors of RHI (all of whom are employees of Roche or some other entity within the Group) comprises:

Name	Title	Principal outside activity (if any) of significance to the Issuer/Group
Dr. Alan Hippe	Vice-Chairman	Member of the Supervisory Board, Voith GmbH
Dr. Severin Schwan	Director	Member of the International Business Leaders Advisory Council for the Mayor of Shanghai (IBLAC)
Frederick C. Kentz III	Director	None
Roger Brown	Director	None
David P. McDede	Director	None
Bruce Resnick	Director	None

Dr. Franz B. Humer resigned as chairman of the board of directors of RHI on 17 March 2014. As at the date of this Base Prospectus his successor has yet to be appointed and as a result the board of directors of RHI does not currently have a chairman.

The business address of each of the directors is 1 DNA Way, South San Francisco, CA 94080, USA.

Other than as disclosed above, none of the directors listed above has any significant principal activities outside RHI (or, as the case may be, the Group). There are no potential conflicts of interest between duties owed by the directors listed above to RHI (or, as the case may be, the Group) and their private interests or other duties.

RHI complies with all applicable rules relating to corporate governance in force from time to time under the laws of its state of incorporation, Delaware, USA.

Notices of meetings of shareholders

According to Article 2.5 of RHI's by-laws, notices of meetings shall be given to each shareholder by written notice, served personally, by mail, by telex, by telecopier (facsimile), by computer transmission, or by telegram or cable.

Dividends

On 20 December, 2012 the board of directors of RHI resolved to declare a dividend of U.S.\$1 million per share to RHI's sole shareholder, Roche Finance AG, which has been paid in the first six months of 2013. On 14 January 2014 the board of directors of RHI resolved to declare a dividend of U.S.\$1 million per share to RHI's sole shareholder, Roche Finance AG, which will be paid during 2014.

DESCRIPTION OF ROCHE HOLDING LTD AND THE GROUP

Overview

Roche is the parent company of an international research-based healthcare group which operates in more than 150 countries and employs more than 85,000 people worldwide. It was founded in Basel, Switzerland in 1896 under the name of F. Hoffmann-La Roche & Co. In 1989, Roche assumed its present name following a capital and corporate restructuring which created Roche as a holding company and transferred operating businesses and related assets and liabilities to a newly-established operating subsidiary, F. Hoffmann-La Roche Ltd, also incorporated in Basel. Roche is a limited liability joint-stock company incorporated for an indefinite period of time under the laws of Switzerland.

The registered office of Roche is Grenzacherstrasse 124, 4058 Basel, Switzerland (telephone number +41 61 688 11 11). Roche is registered with the Commercial Register of the canton of Basel City under number CHE-101.602.521, formerly CH-270.3.005.159-0. The latest version of Roche's articles of association is dated 1 March 2011.

Share capital and shareholding

Roche's authorised share capital is CHF 160,000,000 divided into 160,000,000 fully paid up bearer shares with a nominal value of CHF 1 each. As at the date of this Base Prospectus, the total number of issued shares is 160,000,000. There are also 702,562,700 bearer non-voting equity securities (*Genussscheine*) in issue as at the date of this Base Prospectus, which are however not considered as forming part of Roche's share capital.

The shares of Roche are bearer shares and the Group does not maintain a register of shareholders. Based on information supplied to the Group, a shareholder group with pooled voting rights owns 45.01 per cent. (2012: 45.01 per cent.) of the issued shares. On 24 March 2011, the shareholder group announced that it would continue the shareholder pooling agreement that has existed since 1948 with a modified shareholder composition. The shareholder group with pooled voting rights held 72,018,000 shares, corresponding to 45.01 per cent. of the shares issued. This figure does not include any shares without pooled voting rights that are held outside this group by individual members of the group. Ms Maja Oeri, formerly a member of the pool, now holds 8,091,900 shares representing 5.057 per cent. of the voting rights independently of the pool. Based on information supplied to the Group, Novartis Ltd, Basel, and its affiliates held 33.3330 per cent. (i.e. a participation below 33 1/3 per cent.) of the issued shares of Roche (2012: 33.3330 per cent.).

Dividends

Roche has announced dividend payouts for the last five years as set out below. Dividends are paid in the year following announcement:

Year	2009	2010	2011	2012	2013
Dividend (per share and non-voting equity security)	CHF 6.00	CHF 6.60	CHF 6.80	CHF 7.35	CHF 7.80

Principal activities and markets

Pursuant to Article 1 of Roche's articles of incorporation, the objects and purposes of Roche are, without limitation, to hold shares in companies that manufacture and sell pharmaceutical and chemical products of all kinds. Roche may also participate in other industrial enterprises and holding companies.

As of 31 December 2013, Roche was one of the largest companies in Switzerland in terms of market capitalisation across all industries.¹³ Based on 2013 sales, the Group was among the world's largest producers of pharmaceuticals and was the world's leading provider of *in vitro* diagnostics.

The Group's business is comprised of two divisions: a Pharmaceuticals Division and a Diagnostics Division. These divisions offer products for screening and early detection, prevention, diagnosis of disease, treatment and treatment monitoring. Combining the strengths of both divisions provides the Group with a competitive advantage in driving personalised healthcare solutions. The Group's principal

¹³ Source: Bloomberg.

strengths are its long tradition of research, its clinical development of new products, its balanced and diversified portfolio of innovative products, its strategic alliances and its position among the leaders in important market segments.

The Group is the leading provider of *in vitro* diagnostics and medicines for cancer, and a leader in transplantation.¹⁴ It is also active in other major therapeutic areas, such as autoimmune diseases, inflammatory and metabolic disorders and diseases of the central nervous system.

Group organisation

As at 31 December 2013, the Group was represented in over 150 countries around the world. In addition, the Group has a number of operating, holding and finance companies.

Genentech (United States), is a wholly owned subsidiary of RHI. The relationship with Chugai Pharmaceutical Co., Ltd. ("**Chugai**") is described under "*Chugai*".

To the extent known to Roche, there are no arrangements the operation of which may at a subsequent date result in a change in control of Roche.

Global Restructuring Plans

During 2013 the Group continued with the implementation of several major global restructuring plans initiated in prior years, notably the reorganisation of research and development in the Pharmaceuticals Division and programmes to address the long-term profitability in the Diabetes Care and former Applied Science businesses in the Diagnostics Division. Additionally, there was income of CHF 531 million from the reversal of previously incurred impairment charges for a bulk drug production unit at the Vacaville site in California.

Diagnostics Division – Diabetes Care and Applied Science restructuring

On 23 April 2013 the Group announced that the Applied Science business area's portfolio of products would be integrated within the other business areas of the Diagnostics Division. This is intended to streamline decision-making and enhance technology flow from research use to the clinical setting. On 26 September 2013 Roche Diabetes Care announced its "Autonomy and Speed" initiative which is intended to enable the business to focus on Diabetes Care specific requirements, speed up processes and decision-making and drive efficiencies. Various initiatives were announced in 2012 for the Diabetes Care and Applied Science businesses, which included increasing the efficiency of marketing and distribution operations and research and development activities.

During 2013 total costs of CHF 220 million (2012: CHF 180 million) were incurred mainly for headcount reductions, IT-related costs and site closure costs. In addition, goodwill impairment charges of CHF 35 million were incurred for the write-off of the goodwill from the Innovatis and 454 Life Sciences acquisitions in the former Applied Science business area. Intangible asset impairment charges of CHF 12 million were also incurred related to the restructuring. During 2012 a goodwill impairment charge of CHF 187 million was incurred for the full write-off of the goodwill from the NimbleGen acquisition and intangible asset impairment charges of CHF 29 million were incurred.

Pharmaceutical Division – Research and Development reorganisation

On 26 June 2012 the Group announced a streamlining of the research and development activities within the Pharmaceuticals Division. The planned operational closure of the US site in Nutley, New Jersey, was completed on schedule by the end of 2013.

During 2013 total costs of CHF 239 million were incurred. These costs include CHF 116 million for employee-related, site closure and other costs during the year and additional provisions of CHF 88 million to cover site running costs until the expected divestment in 2015. The provisions were mainly for employee-related costs, property taxes and outside services. There was a further impairment of CHF 35 million to the carrying value of the Nutley site, based on the most recent external property market data. The first results of the environmental investigations showed that the expected cost of remediation may be

¹⁴ Source: Roche analysis based on company reports and independent market reports such as IMS Health ("**IMS**") and Boston Biomedical Consultants.

lower than originally expected and accordingly the environmental provisions were reduced by CHF 53 million.

During 2012 total costs of CHF 596 million were incurred mainly for severance, other employee-related costs and property, plant and equipment impairments at the Nutley site. In addition there were environmental remediation costs at the Nutley site of CHF 243 million and intangible asset impairment charges of CHF 46 million as a result of portfolio prioritisation decisions linked to the reorganisation.

Other global restructuring plans

On 14 October 2013, the Pharmaceuticals Division announced that, as part of its investments to increase its global biologic medicine manufacturing network capacity, a bulk drug production unit at the Vacaville site in California that had been discontinued and fully written down in 2009 will be put back into service. This resulted in an income of CHF 531 million from the reversal of previously incurred impairment charges.

During 2013 costs of CHF 126 million (2012: CHF 484 million) were incurred for the previously announced Operational Excellence programme, mainly for employee-related and site closure costs in the Pharmaceuticals Division and employee-related and site closure costs in the Diagnostics Division for the sites in Burgdorf, Switzerland and Graz, Austria. Other plans totalled CHF 112 million (2012: CHF 49 million). In 2012 there were also CHF 128 million of restructuring costs and intangible asset impairment charges of CHF 112 million in respect of the termination of the dalcetrapib dal-OUTCOMES trial and all the studies in the dal-HEART programme.

Recent acquisitions and strategic alliances since 2012

On 3 January 2012, the Group acquired a 100 per cent. controlling interest in the privately owned company Verum Diagnostica GmbH, ("**Verum**"), based in Munich, Germany. Verum is reported as part of the Diagnostics operating segment. The purchase consideration was EUR 11 million of which EUR 10 million were paid in cash and EUR 1 million arose from a contingent consideration arrangement. The contingent payment from this arrangement is based on the achievement of performance-related milestones and the range of outcomes, undiscounted, is between zero and EUR 2 million.

On 1 July 2013 the Group acquired a 100 per cent. controlling interest in Constitution Medical Investors, Inc. ("**CMI**"), a US private company based in Massachusetts. CMI is the developer of a highly innovative haematology testing system, which is designed to provide faster and more accurate diagnosis of blood-related diseases, helping to improve patient care. CMI is reported in the Diagnostics operating segment as part of the Professional Diagnostics business area. The total consideration was U.S.\$286 million, of which U.S.\$220 million was paid in cash and U.S.\$66 million arose from a contingent consideration arrangement. The contingent payments are based on the achievement of performance-related milestones that may arise until the end of 2017 and the range of undiscounted outcomes is between zero and U.S.\$255 million.

The fair value of the intangible asset is determined using an excess earning method that is based on management forecasts and observable market data for discount rates, tax rates and foreign exchange rates. The present value is calculated using a risk-adjusted discount rate of 12.5 per cent.. The valuation was performed by an independent valuer.

Goodwill represents a control premium and synergies that can be obtained from the Group's existing business. None of the goodwill is expected to be deductible for income tax purposes. Directly attributable transaction costs of CHF 3 million are reported in the Diagnostics operating segment within general and administration expenses. The impact of the CMI acquisition on the Diagnostics Division and Group reported results was not material.

The Group also regularly enters into research and development alliances in order to strengthen its competitive position and meet significant medical needs. To this end, the Group maintains a host of scientific and commercial collaborations with external biotech companies, universities and research organisations around the world.

The Group licenses to other firms development projects and technologies that it chooses not to develop on its own or that do not fit into its strategic plans. Conversely, the Group licenses from others technologies

that complement its research and development efforts and products that more fully utilise the Group's marketing resources.

Patents, licences and trademarks

The Group attaches considerable importance to its intellectual property, which consists of patents, trademarks, registered designs, copyrights and trade secrets, and believes that its worldwide portfolio of patents and trademarks is of particular value to its business.

The Group continues to have patent protection in its major markets for most of its top selling pharmaceutical products. Among the Group's major pharmaceutical products, *CellCept*, *Bonviva/Boniva* and *Neorecormon* (marketed in the EU/rest of world) do not enjoy compound patent protection in most countries. In addition, the Group has either obtained patents, or anticipates that patents will be granted, for most of the new products which are currently being introduced or are under development. All of the Group's significant pharmaceutical products are protected by registered trademarks in their major markets, and the Group pursues a policy of protecting its trademarks vigorously against infringement. These trademarks are used in many countries, but there may be local variations for each of these trademarks.

The majority of products and technologies developed in the Diagnostics Division have patent protection, and the major product lines of the Diagnostics Division are protected by registered trademarks.

The Group is committed not to file or enforce patents in Low Income Countries (as defined by the World Bank), in addition to Least Developed Countries (as defined by the United Nations).

Capital Investment

On 14 October 2013 the Pharmaceuticals Division announced details of investments to increase its global biologic medicine manufacturing network capacity to meet the rising demand for licensed biologics and expected pipeline growth. The investments will be spread across sites in Penzberg (Germany), Basel (Switzerland) as well as Vacaville and Oceanside (US). In 2009 a bulk drug production unit at the Vacaville site in California, which was not yet licensed, was discontinued and fully written down as part of a reassessment of the global manufacturing network requirements at that time. The bulk drug production unit at the Vacaville site will require capital investment before it can become operational, which is expected to occur in 2015. The Group's decision to restart licensing efforts and prepare for operational use of the discontinued bulk drug production unit at the Vacaville site for commercial manufacturing has resulted in an impairment reversal of property, plant and equipment of CHF 531 million in 2013.

The Group reviews its product and site portfolio on a regular basis. As a result of this, the Group makes investments in and divestments of products and sites, as the case may be, as it deems necessary or reasonable in the light of its business strategy.

Business activities and markets

The Group consists of two divisions: Pharmaceuticals and Diagnostics.

Pharmaceuticals Division

In 2013, sales in the Pharmaceuticals Division rose by 7 per cent. at constant exchange rates, driven by 10 per cent. growth in the oncology portfolio with significant growth in recently launched medicines as well as established products. The key growth driver in oncology was the HER2 franchise with Avastin, MabThera/Rituxan and Zelboraf also making significant contributions. Sales of Actemra/RoActemra and Lucentis also increased. Key emerging markets showed growth in sales of 12 per cent., led by 21 per cent. sales growth in China.

Core operating profit grew by 7 per cent. at constant exchange rates, driven by growth of the underlying business with a 7 per cent. increase in sales. Cost of sales grew at 9 per cent. due to higher sales volumes, initial costs of implementing supply chain strategies for future growth, compliance costs and negative exchange rate impacts. Research and development costs increased by 5 per cent., mainly in the oncology and neuroscience franchises, and while there was a 4 per cent. increase of general and administration costs they were stable as a percentage of sales.

On 14 October 2013, the Pharmaceuticals Division published details of investments to increase its global biologic medicine manufacturing network capacity. As part of this a bulk drug production unit at the Vacaville site in California that had been discontinued and fully written down in 2009 will be brought back into service, resulting in a reversal of the previously incurred impairment charges of CHF 531 million.

Diagnostics Division

In 2013, sales in the Diagnostics Division rose by 4 per cent. at constant exchange rates. The major growth area was Professional Diagnostics, while sales in Diabetes Care declined.

Core operating profit grew by 4 per cent. at constant exchange rates. Cost of sales increased by 6 per cent., more than the growth in sales, due to pricing impacts. There was also a growth in instrument placements, especially in the United States. Marketing and distribution costs decreased by 2 per cent. as a result of lower spending in the Diabetes Care and former Applied Science businesses and due to lower bad debt expenses. Research and development costs increased by 7 per cent. due to continuing investments into next-generation platforms. General and administration costs increased by 8 per cent. due to the costs of the new Medical Device Tax in the United States and ongoing IT systems projects. These increases were partly offset by income recorded for changes to the Group's pension plans.

The Diagnostics Division continued the implementation of various global programmes in the Diabetes Care and Applied Science businesses to address long-term profitability. On 23 April 2013 the Group announced that the Applied Science business area's portfolio of products will be integrated with the other business areas of the Diagnostics Division.

Chugai

Effective 1 October 2002, the Group and Chugai completed an alliance to create a leading research-driven Japanese pharmaceutical company, which was formed by the merger of Chugai and Roche's Japanese pharmaceuticals subsidiary, Nippon Roche. The merged company, known as Chugai, is a fully consolidated subsidiary of the Group. At 31 December 2013, the Group's interest in Chugai was 61.5 per cent. (2012: 61.6 per cent.).

The common stock of Chugai is publicly traded and is listed on the Tokyo Stock Exchange under the stock code "TSE:4519". Chugai prepares its financial statements in accordance with IFRS and such financial statements are filed on a quarterly basis with the Tokyo Stock Exchange. Due to certain consolidation entries there are minor differences between Chugai's stand-alone IFRS results and the results of Chugai as consolidated by the Roche Group in accordance with IFRS.

Relationship with Chugai

Chugai has entered into certain agreements with Roche, which are discussed below:

Basic Alliance Agreement: As part of the "Basic Alliance Agreement" signed in December 2001, Roche and Chugai entered into certain arrangements covering the future operation and governance of Chugai. Amongst other matters these cover the following areas:

- the structuring of the alliance;
- Roche's rights as a shareholder;
- Roche's rights to nominate members of Chugai's Board of Directors; and
- certain limitations to Roche's ability to buy or sell Chugai's common stock.

Chugai issues additional shares of common stock in connection with its convertible debt and equity compensation plans, and may issue additional shares for other purposes, which affects Roche's percentage ownership interest. The Basic Alliance Agreement provides, amongst other matters, that Chugai will guarantee Roche's right to maintain its shareholding percentage in Chugai at no less than 50.1 per cent.

Licensing Agreements: Under the "Japan Umbrella Rights Agreement" signed in December 2001, Chugai has exclusive rights to market Roche's pharmaceutical products in Japan. Chugai has a right of first refusal on the development and marketing in Japan of all development compounds advanced by Roche.

Under the "Rest of the World Umbrella Rights Agreement" signed in May 2002, Roche has a right of first refusal on the development and marketing of Chugai's development compounds in markets outside Japan, excluding South Korea, if Chugai decides that it requires a partner for such activities.

Further to these agreements, Roche and Chugai have signed a series of separate agreements for certain specific products. Depending on the specific circumstances and the terms of the agreement, this may result in payments on an arm's-length basis between Roche and Chugai, for any or all of the following matters:

- upfront payments, if a right of first refusal to license a product is exercised;
- milestone payments, dependent upon the achievement of agreed performance targets; and
- royalties on future product sales.

These specific product agreements may also cover the manufacture and supply of the respective products to meet the other party's clinical and/or commercial requirements on an arm's-length basis.

Research Collaboration Agreements: Roche and Chugai have entered into research collaboration agreements in the areas of small molecule synthetic drug research and biotechnology based drug discovery.

Dividends

The dividends distributed to third parties holding Chugai shares during 2013 totalled CHF 84 million (2012: CHF 98 million) and have been recorded against non-controlling interests. Dividends paid by Chugai to Roche are eliminated on consolidation as inter-company items.

Environmental and safety matters

The Group and its operations are subject to various foreign, federal, national, state, provincial and local environmental, health and safety laws and regulations governing, among other things, the emission and discharge of hazardous materials into the air, water or ground; the generation, storage, handling, processing, use and transportation of materials; the registration, evaluation and authorisation of its chemical products; and employee health and safety.

The Group has incurred, and expects to incur, costs to investigate, remediate or otherwise address contamination with respect to its current and former facilities and properties, as well as with respect to third-party landfills to which it has sent waste. The Group has provisions for environmental remediation costs, which at 31 December 2013 totalled CHF 624 million and at 31 December 2012 totalled CHF 566 million. These include various separate environmental issues in a number of countries.

The material components of the environmental provisions consist of costs to fully clean and refurbish contaminated sites, including landfills, and to treat and contain contamination at certain other sites. Future remediation expenses are affected by a number of uncertainties that include, but are not limited to, the detection of previously unknown contaminated sites, the method and extent of remediation, the percentage of problematic materials attributable to the Group at the remediation sites relative to that attributable to other parties, and the financial capabilities of the other potentially responsible parties.

Management believes that the total provisions for environmental matters are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities in this area, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued. The effect of the resolution of environmental matters on the results of operations cannot be predicted due to uncertainty concerning both the amount and the timing of future expenditures. Such changes that arise could impact the provisions recognised in the balance sheet in future periods.

As a result of its biotechnological and diagnostic production, the Group incurs, and expects to incur, capital expenditures and other costs to comply with environmental laws and regulations, in particular with

respect to compliance with environmental laws and regulations applicable to site development projects, and with respect to its air emissions, including of volatile organic compounds, particulate matter and greenhouse gases, and with respect to its waste water emissions, including metals, phosphorus, and total organic carbon.

The Group could also be held liable for any and all consequences arising out of human exposure to hazardous substances or other environmental damage. Risks inherent to the manufacture of pharmaceuticals and chemicals include fires and explosions, personal injury, property or natural resource damage and hazardous substance releases. For example, the Group has experienced releases of hazardous substances that have resulted in personal injury and property damage.

Patents

The Group has obtained patents in many countries for the significant products discovered or developed through its research and development activities. Patent protection is available in most developed countries for new active ingredients, as such, as well as for pharmaceutical formulations and manufacturing processes and uses.

The Group is aware that patents can present one of many barriers to providing basic medical care in the world's poorest countries, and for this reason the group does not file or enforce patents on any Roche medicines, for any disease, in Least Developed Countries, as defined by the United Nations, or in Low Income Countries, as defined by the World Bank.

Legal proceedings

Except as described below, Roche is not, and has not been in the previous 12 months, subject to any governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which it is aware, which may have, or have had in the recent past, significant effects on Roche's and/or the Group's financial position or profitability.

Legal provisions

Legal provisions consist of a number of separate legal matters, including claims arising from trade, in various Group companies. By their nature the amounts and timings of any outflows are difficult to predict.

Legal expenses during 2013 totalled CHF 97 million (2012: CHF 72 million) which reflect the recent development in various legal matters. Details of the major legal cases outstanding are listed below.

Accutane litigation

Hoffmann-La Roche Inc. ("**HLR**") and various other Roche affiliates have been named as defendants in numerous legal actions in the United States and elsewhere relating to the acne medication Accutane. The litigation alleges that Accutane caused certain serious conditions, including, but not limited to, inflammatory bowel disease ("**IBD**"), birth defects and psychiatric disorders. As of 31 December 2013 HLR was defending approximately 7,760 actions involving approximately 7,863 plaintiffs brought in various federal and state courts throughout the United States for personal injuries allegedly resulting from their use of Accutane. Most of the actions allege IBD as a result of Accutane use. In 2009 HLR announced that, following a re-evaluation of its portfolio of medicines that are now available from generic manufacturers, rapidly declining brand sales in the US and high costs from personal-injury lawsuits that it continues to defend vigorously, it had decided to immediately discontinue the manufacture and distribution of the product in the United States.

All of the actions pending in federal court alleging IBD were consolidated for pre-trial proceedings in a Multi-District Litigation in the United States District Court for the Middle District of Florida, Tampa Division. Since July 2007, the District Court has granted summary judgment in favour of HLR for all of the federal IBD cases that have proceeded. Since August 2008, all of these rulings have been affirmed by the United States Court of Appeals for the Eleventh Circuit when plaintiffs appealed. Multiple recently filed matters remain pending.

All of the actions pending in state court in New Jersey alleging IBD were consolidated for pre-trial proceedings in the Superior Court of New Jersey, Law Division, Atlantic County. As of 31 December

2013, juries in the Superior Court have ruled in favour of the plaintiff in eight cases, assessing total compensatory damages totalling U.S.\$67.7 million, and ruled in favour of HLR in four cases. For the eight cases that were originally ruled in favour of the plaintiff by the Superior Court, HLR is in the process of appealing two cases (U.S.\$27.4 million); one case is scheduled for a retrial in January 2014 (U.S.\$10.5 million); post-trial briefing is on-going for two cases (U.S.\$ 18.0 million); and three cases have had their verdicts reversed in favour of HLR (U.S.\$11.8 million).

Additional trials may be scheduled for 2014. Individual trial results depend on a variety of factors, including many that are unique to the particular case and therefore the trial results to date may not be predictive of future trial results. The Group continues to defend vigorously the remaining personal injury cases and claims.

Rituxan arbitration

In October 2008, Genentech and Biogen Idec Inc. filed a complaint in California against Sanofi-Aventis Deutschland GmbH ("**Sanofi**"), Sanofi-Aventis US LLC and Sanofi-Aventis US Inc. seeking a declaratory judgment that certain Genentech products, including Rituxan, do not infringe Sanofi's US Patents 5,849,522 (the "**522 patent**") and 6,218,140 (the "**140 patent**") and a declaratory judgement that the 522 and 140 patents are invalid. Sanofi alleged that Rituxan and another Genentech product infringe certain claims of the 522 and 140 patents. In March 2011, the District Court ruled that as a matter of law Genentech and Biogen Idec do not infringe any of the asserted patent claims. In May 2011, Sanofi appealed the Court's non-infringement ruling. The appellate court affirmed the District Court's judgment of no patent infringement.

In addition in October 2008 Sanofi affiliate Hoechst GmbH filed with the ICC International Court of Arbitration (Paris) a request for arbitration with Genentech, relating to a terminated patent-license agreement between one of Hoechst's predecessors and Genentech that pertained to the above-mentioned patents and related patents outside the US. Hoechst sought payment of patent-license royalties on sales of certain Genentech products, including Rituxan, damages for breach of contract, and other relief. In various arbitral awards in September 2012 and February 2013, the arbitrator found Genentech liable to Hoechst for patent-license royalties on Rituxan, and he awarded the royalties and interest that Hoechst had sought. In February 2013 the Group recorded a back royalty expense of CHF 42 million, net of the assumed reimbursement of a portion of the Group's obligation by its co-promotion partner in the US, and a corresponding amount in accrued liabilities (31 December 2012: accrued liability of CHF 61 million).

Hoechst initiated proceedings in the US, France and Germany seeking to enforce the arbitral awards. In October 2013 Genentech paid the awarded royalties and interest to Hoechst under protest. Genentech is seeking annulment of the arbitral awards through proceedings it initiated in the Court of Appeal of Paris. A hearing in those proceedings is scheduled for June 2014. The outcome of this matter cannot be determined at this time.

Average Wholesale Prices litigation

HLR and Roche Laboratories Inc. ("**RLI**"), along with approximately 50 other brand and generic pharmaceutical companies, have been named as defendants in several legal actions in the United States relating to the pricing of pharmaceutical drugs and State Medicaid reimbursement. The primary allegation in these litigations is that the pharmaceutical companies misrepresented or otherwise reported inaccurate Average Wholesale Prices ("**AWP**") and/or Wholesale Acquisition Costs ("**WAC**") for their drugs, which prices were allegedly relied upon by States in calculating Medicaid reimbursements to entities such as retail pharmacies. The States, through their respective Attorney Generals, are seeking repayment of the amounts they claim were over-reimbursed. The time period associated with these cases is 1991–2005. As of 31 December 2013, HLR and RLI are defending one AWP action filed in the state of New Jersey. Discovery is currently pending in this case. HLR and RLI are vigorously defending themselves in this matter. The outcome of this matter cannot be determined at this time.

PDL litigation

In August 2010, PDL Biopharma ("**PDL**") filed a complaint in Nevada against Genentech seeking a judicial declaration concerning Genentech's obligation to pay royalties on certain ex-US sales of Herceptin, Avastin, Xolair and Lucentis under a 2003 agreement between the parties. In September 2010, PDL filed a first amended complaint asserting additional claims against Genentech, including breach of

contract and breach of the implied covenant of good faith and fair dealing. PDL also asserted new claims against Roche and Novartis for intentional interference with contractual relations. In addition to declaratory relief, PDL is seeking monetary damages including compensatory and liquidated damages. In November 2010, Genentech and Roche filed a motion to dismiss for failure to state a claim, and Roche filed an additional motion to dismiss for lack of personal jurisdiction. In July 2011, the Court denied the motions. PDL settled its claim against Novartis.

In addition to the litigation, PDL conducted a royalty audit related to sales of Avastin, Herceptin, Lucentis, Xolair and Raptiva for the years 2007 through 2009. The final audit report indicated that, under PDL's interpretation of certain contract terms, Genentech owes PDL additional royalties for the audit period. Under the same interpretation, Genentech may owe additional royalties for years subsequent to the audit period. The Group disputes PDL's interpretation of the relevant contract terms and does not believe that additional royalties are owed. In June 2013 PDL filed a demand for arbitration related to its audit claims with the American Arbitration Association.

On 31 January 2014, the parties agreed to a settlement that resolves all of the disputes between them. Under the settlement agreement, PDL agreed to dismiss all of its claims against Genentech and Roche. In return Genentech agreed to pay PDL a single fixed royalty rate until the end of 2015. All of these matters are now concluded.

GSK litigation

In September 2010, GSK and Genentech each filed patent lawsuits against one another in Delaware and California, respectively. The lawsuits concern GSK's US Patent Nos. RE40,070 (the "**070 patent**") and RE41,555 (the "**555 patent**"). GSK has asserted claims against Genentech infringement of the 070 and 555 patents by Herceptin and Lucentis, and is seeking compensatory damages. In its lawsuit Genentech is seeking a judicial declaration of non-infringement and invalidity of the patents. In June 2012, the parties agreed to dismiss the California action without prejudice and the consolidation case will now proceed in Delaware. On 22 August 2013 the Delaware Court issued a claim construction order construing two terms of the 555 patent. Trial is scheduled for June 2014. The outcome of these matters cannot be determined at this time.

Boniva litigation

HLR, Genentech and various other Roche affiliates have been named as defendants in numerous legal actions in the United States and Canada relating to the post-menopausal osteoporosis medication Boniva. In these litigations, the plaintiffs allege that Boniva caused either osteonecrosis of the jaw or atypical femoral fractures. As of 31 December 2013 HLR is defending approximately 306 actions involving approximately 320 plaintiffs brought in federal and state courts throughout the United States and one action brought in the Court of the Queen's Bench, Province of Saskatchewan, Canada, for personal injuries allegedly resulting from the use of Boniva. All of these cases are in the early discovery stages of litigation. Individual trial results depend on a variety of factors, including many that are unique to the particular case. HLR, Genentech and the other named Roche affiliates are vigorously defending themselves in these matters. The outcome of these matters cannot be determined at this time.

EMA investigation

On 23 October 2012, the European Medicines Agency ("**EMA**") announced that it would start an infringement procedure to investigate allegations regarding an alleged breach of medicines safety reporting obligations in relation to 19 centrally authorised medicines. On 19 November 2013 the EMA announced the results of the Pharmacovigilance Risk Assessment Committee assessment of Roche's medicines. The EMA found no impact regarding the benefit-risk balance of any of Roche's medicines and confirmed the benefit-risk profiles based on available safety information. The EMA and other health authorities have confirmed all medicines remain authorised without changes to the treatment advice for patients and healthcare professionals. All corrective and preventative actions resulting from the inspections are being implemented. A re-inspection by authorities in November 2013 led to certain findings which Roche is now addressing. The EMA infringement procedure is ongoing and the EMA is expected to issue its report to the EU Commission by April 2014 at the latest. The outcome of this investigation cannot be determined at this time.

Marsh Supermarkets litigation

On 8 July 2008, Marsh Supermarkets Inc. ("**Marsh**") filed a breach of contract suit against Roche Diagnostics Operations, Inc. ("**RDO**"). The lawsuit relates to the termination of a sub-lease agreement for a building by RDO. In December 2011, a Hamilton Superior Court judge awarded Marsh \$19.5 million, which was provided for in 2011. On 1 April 2013, the Court of Appeals of Indiana upheld the judgment. On 31 October 2013, after the Indiana Supreme Court had declined to hear the further appeal by Roche, RDO paid the final awarded damages and interest of \$22.5 million to Marsh. This matter is now concluded.

Financial information

Historic financial information of the Group for the last two financial years, prepared in accordance with IFRS, is set out in the Group's audited consolidated financial statements for the years ended 31 December 2013 and 2012¹⁵, which can be found in the Group's annual reports for the years ended 31 December 2013 and 2012¹⁵, respectively. The Group's audited consolidated financial statements for the years ended 31 December 2013 and 2012¹⁵ are incorporated herein by reference.

For the financial year ended 31 December 2013, the Group reported a consolidated profit before income tax of CHF 14,677 million (2012¹⁵: CHF 12,159 million) and had total assets as of that date of CHF 62,167 million (2012¹⁵: CHF 64,808 million).

The following table shows the indebtedness of the Group over the two-year period ended 31 December 2013, based on IFRS. All of the Group's debt is unsecured and not guaranteed by third parties.

Debt: movements in carrying value of recognised liabilities in millions of CHF

	2013	2012
At 1 January	24,590	26,853
Proceeds from issue of bonds and notes	-	2,698
Redemption and repurchase of bonds and notes	(6,633)	(4,326)
Increase (decrease) in commercial paper	404	(687)
Increase (decrease) in other debt	151	153
Net (gains) losses on redemption and repurchase of bonds and notes	248	247
Amortisation of debt discount	23	30
Business combinations	-	-
Foreign currency transaction (gains) losses, net	170	325
Currency translation effects and other	(310)	(703)
At 31 December	18,643	24,590
 Bonds and notes	 17,293	 23,720
Commercial paper	702	324
Amounts due to banks and other financial institutions	459	336
Finance lease obligations	178	203
Other borrowings	11	7
Total debt	18,643	24,590
 Long-term debt	 16,423	 17,860
Short-term debt	2,220	6,730
Total debt	18,643	24,590

¹⁵ As disclosed in Note 32 of the Group's Consolidated Financial Statements 2013, the income statement and balance sheet as of and for the year ended 31 December 2012 have been restated following the accounting policy changes which were adopted in 2013.

There are no pledges on the Group's assets in connection with its debt.

Bonds and notes: maturity in millions of CHF

	2013	2012
Within one year.....	1,040	6,064
Between one and two years.....	2,204	-
Between two and three years.....	2,571	2,238
Between three and four years.....	1,489	2,531
Between four and five years.....	1,821	1,487
More than five years	8,168	11,400
Total bonds and notes	17,293	23,720

The following tables set out selected financial information from the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows of the Group as of and for the year ended 31 December 2013 and 2012¹⁶. The information was extracted from the audited consolidated financial statements as of and for the years ended 31 December 2013 and 2012¹⁶, which were prepared in accordance with IFRS. These tables should be read in conjunction with the Group's audited consolidated financial statements for the years ended 31 December 2013 and 2012¹⁶, which are incorporated herein by reference.

Selected financial information from the consolidated balance sheet of the Group

	31 December	
	2013	2012 ¹⁶
	<i>in millions of CHF</i>	
Total non-current assets	33,003	33,437
Total current assets	29,164	31,371
Total assets	62,167	64,808
Total non-current liabilities.....	(25,166)	(27,849)
Total current liabilities.....	(15,760)	(20,209)
Total liabilities.....	(40,926)	(48,058)
Total net assets.....	21,241	16,750
Total equity.....	21,241	16,750

Selected financial information from the consolidated income statement for the year ended 31 December 2013

	Pharmaceuticals	Diagnostics	Corporate	Group
	<i>in millions of CHF</i>			
Sales.....	36,304	10,476	-	46,780
Operating profit	15,633	1,241	(498)	16,376
Profit before taxes				14,677
Net income.....				11,373

Selected financial information from the Group consolidated income statement for the year ended 31 December 2012¹⁶

	Pharmaceuticals	Diagnostics	Corporate	Group
	<i>in millions of CHF</i>			
Sales.....	35,232	10,267	-	45,499
Operating profit	13,677	1,284	(836)	14,125
Profit before taxes				12,159
Net income.....				9,660

¹⁶ As disclosed in Note 32 of the Group's Consolidated Financial Statements 2013, the income statement and balance sheet as of and for the year ended 31 December 2012 have been restated following the accounting policy changes which were adopted in 2013.

Selected financial information from the consolidated statement of cash flows

	Year ended 31 December	
	2013	2012
	<i>in millions of CHF</i>	
Cash flows from operating activities, before income taxes paid	19,113	18,334
Total cash flows from operating activities	15,772	15,005
Total cash flows from investing activities.....	(1,302)	(4,514)
Total cash flows from financing activities	(14,669)	(9,694)
Increase in cash and cash equivalents	(530)	676
Cash and cash equivalents at 31 December	4,000	4,530

Management

Board of Directors

Pursuant to its articles of incorporation, the Board of Directors of Roche must consist of at least seven members. The Board of Directors of Roche currently consists of eleven members, each of whom has been elected by the shareholders in a general meeting.

Between 4 March 2008 and 28 February 2011, directors have been elected to staggered three-year terms, and since 1 March 2011, directors have been elected to staggered two year terms. The rotation system is such that every year at least a portion of the directors are elected. Directors may be appointed or removed only by a shareholders' resolution approved at a general meeting.

The Board has ultimate management control of Roche. It establishes the principles of the strategy, organisation, accounting and financial control of Roche and appoints and supervises the persons entrusted with management. Subject to the powers of the Board, the Corporate Executive Committee directs the management of Roche.

The members of the Board of Directors of Roche at the date of this Base Prospectus are as follows:

Name	Title	Committee Membership	Principal outside activity (if any) of significance to the Issuer/Group
Dr. Christoph Franz	Director	C, E	Chairman of the Executive Board and CEO, Deutsche Lufthansa AG
André Hoffmann	Vice-Chairman	A, C* D, E	Vice-Chairman of the Board of Givaudan Ltd., Vernier (Geneva) Member of the Board of Glyndebourne Productions Ltd., Lewes, United Kingdom Member of the Board of Amazentis SA, Lausanne Member of the Board of Inovalon Inc., USA Member of the Board of INSEAD WWF International, Gland, Switzerland, Vice President Fondation les Corbillettes - Agir pour les personnes en situation de handicap mental, Geneva, Switzerland, Board Member Tate Gallery, London, United Kingdom, International Council Member Fondation Pro Valat, Basel, Switzerland, Chairman of the Board Fondation Tour du Valat, Arles, France. Vice Chairman of the Board FIBA, Fondation Internationale du Banc d'Arguin, Nouakchott, Mauritanie, President

Name	Title	Committee Membership	Principal outside activity (if any) of significance to the Issuer/Group
			<p>Oxford University, Oxford, United Kingdom, Member of the Court of Benefactors</p> <p>Paul Sacher Stiftung, Basel, Switzerland, Member of the Foundation Board</p> <p>Fondation Dr Henri Dubois-Ferrière Dinu Lipatti, Geneva, Switzerland, Member of the Foundation Board</p> <p>Fondation Hoffmann, Morges, Switzerland, President</p> <p>Fondation MAVA, Gland, Switzerland, President</p> <p>Chatham House Panel of Senior Advisors, London, United Kingdom, Member</p> <p>Peace Parks Foundation, Stellenbosch, South Africa, Board Member</p> <p>Fondation pour l'art musical, lyrique et choréographique, Opéra de Lausanne, Switzerland, Member of the Foundation Board</p> <p>Institute for Strategic Dialogue, London, United Kingdom, Co-Chairman of the Board</p> <p>Cambridge Conservation Initiative, Cambridge University, United Kingdom, Member of the Advisory Board</p>
Dr. Andreas Oeri	Director	A*, E	Own practice for Orthopaedic Surgery in Basel
Prof. Dr. Pius Baschera	Director	A, E	<p>Hilti Corporation, Schaan, Chairman of the Board of Directors</p> <p>Member of the Advisory Board of Vorwerk, Wuppertal</p> <p>Member of Advisory Board of Ardex GmbH, Witten (D)</p> <p>Chairman of the Board of Directors of Venture Incubator AG, Zug</p> <p>Member of the Board of Directors of Schindler Holding AG, Hergiswil</p>
Prof. Sir John Irving Bell	Director	B, E	<p>Hon. Consultant Physician, Oxford Radcliffe NHS Trust</p> <p>Founder, Wellcome Trust Centre for Human Genetics</p> <p>Chairman Partnership Board, Oxford Centre for Diabetes, Endocrinology and Metabolism</p> <p>Regius Professor of Medicine</p> <p>Knighted in the 2008 Honours list for services to Medicine</p> <p>Fellow of the Royal Society</p> <p>Oxford University Hospitals Trust, Non-Executive Director</p> <p>Gray Laboratory Cancer Research Trust,</p>

Name	Title	Committee Membership	Principal outside activity (if any) of significance to the Issuer/Group
			<p>Non-Executive Director</p> <p>The Edward Jenner Institute for Vaccine Research, Non-Executive Director</p> <p>Isis Innovation Limited, Non-Executive Director</p> <p>Oxagen Ltd (biotech), Non-Executive Director</p> <p>459-Plus (biotech), Non-Executive Director</p> <p>Oxford Health Alliance, Chairman</p> <p>GMEC, Chairman</p> <p>Office for the Strategic Coordination of Health Research, Chairman</p> <p>Human Genome Strategy Group, Chairman</p> <p>Advent Venture Partners, Advisor</p> <p>Hakluyt & Co, Advisor</p> <p>Bill and Melinda Gates Foundation, Advisor</p> <p>Robertson Foundation, Advisor</p> <p>Rhodes Trust, Trustee</p> <p>Ewelme Almshouse Charity, Master/Trustee</p> <p>Oxford Lotus Fund, Trustee</p> <p>Genome England Ltd, Non-Executive Director</p> <p>Genome England Ltd Scientific Advisory Board, Chairman</p>
Paul Bulcke	Director	B, E	<p>Nestlé S.A., CEO</p> <p>Consumer Goods Forum, Board Member and Co-Chairman and Member of the Governance Committee</p> <p>Cereal Partners Worldwide, Co-Chairman of the Supervisory Board</p> <p>L'Oréal, Board Member</p> <p>Nestlé Health Science S.A., Administrateur Délégué</p>
Dr. DeAnne Julius	Director	B*, E	<p>Appointed a Dame in the 2013 Honours list for services to international relations</p> <p>Non-Executive Member of the Board of Partners, Deloitte LLP</p> <p>Non-executive Member of the Board of Directors, Jones Lang LaSalle Inc.</p> <p>Vice President, Society of Business Economists</p>
Dr. Arthur D. Levinson	Director	C, E	<p>Non-executive Chairman of the Board of Directors of Apple Inc.</p> <p>Member of the Board of Directors of Broad Institute of MIT and Harvard</p> <p>Member of the Board of Directors of NGM Biopharmaceuticals, Inc.</p> <p>Non-executive Chairman of the Board of Amyris, Inc.</p> <p>Member of the Industrial Advisory Board of California Institute for</p>

<u>Name</u>	<u>Title</u>	<u>Committee Membership</u>	<u>Principal outside activity (if any) of significance to the Issuer/Group</u>
			Quantitative Biomedical Research Member of the Board of Scientific Consultants of the Memorial Sloan-Kettering Cancer Center Member of the Advisory Council of the Princeton University Department of Molecular Biology Member of the Advisory Council of the Princeton University Lewis-Sigler Institute for Integrative Genomics
Severin Schwan	Director		Member of the International Business Leaders Advisory Council for the Mayor of Shanghai (IBLAC)
Peter R. Voser	Director	C, E	Chairman of the Board of Directors of Catalyst Member of the Board of Directors of the Peterson Institute for International Economics Member of the Board of Directors of the Swiss-American Chamber of Commerce Chairman of the Board of St. Gallen Foundation for International Studies
Prof. Dr. Beatrice Weder di Mauro	Director	B, E	Member of the Board, ThyssenKrupp AG Member of the Board, Deutsche Investitions - und Entwicklungsgesellschaft Member of the Board of Directors of UBS AG Member of the Supervisory Board of Robert Bosch GmbH ¹⁷ Member of the European Advisory Group, International Monetary Fund Member of the Advisory Group, Fraport Member of the Advisory Group, European Bank for Reconstruction and Development Chair of the Global Agenda Council on Fiscal Crisis, World Economic Forum
Secretary to the Board of Directors:			
Dr. Gottlieb A. Keller	Secretary to the Board of Directors (non-member)		Member of the University Council Board President of the Board, Crocodil AG Co-Vice Chairman and Member of the Chairman's Committee of the Chamber of Commerce Germany-Switzerland Member of the Board of Trustees of the Fritz Gerber Foundation for talented young people Member of the Board of Trustees of the Paul Sacher Foundation

¹⁷ Such membership will take effect from 22 March 2013.

<u>Name</u>	<u>Title</u>	<u>Committee Membership</u>	<u>Principal outside activity (if any) of significance to the Issuer/Group</u>
			Member of the Board of Trustees of the Humer Foundation Vice-Chairman of the Board of science INDUSTRIES, Switzerland Board Member of economiesuisse (Swiss Business Federation) Member of the Board of Trustees of swisscontact Chairman of the Friends of Phelophepa Foundation, Switzerland

- A: Corporate Governance and Sustainability Committee.
B: Audit Committee.
C: Remuneration Committee.
D: Presidium/Nomination Committee.
E: Non-executive director.
*: Committee chairperson.

Other than as disclosed above, none of the directors listed above has any significant principal activities outside Roche (or, as the case may be, the Group).

There are no potential conflicts of interest between duties owed by the directors of Roche to Roche (or to the Group as the case may be) and their private interests or other duties.

Executive Committee and Enlarged Executive Committee

The members of the Executive Committee and of the Enlarged Executive Committee of Roche at the date of this Base Prospectus are as follows:

<u>Name</u>	<u>Title</u>	<u>Principal outside activity (if any) of significance to the Issuer/Group</u>
Corporate Executive Committee: ⁽¹⁾		
Dr. Severin Schwan	Chief Executive Officer Roche Group	Member of the International Business Leaders Advisory Council for the Mayor of Shanghai (IBLAC)
Dr. Alan Hippe	Chief Financial and IT Officer	Member of the Supervisory Board, Voith GmbH
Silvia Ayyoubi	Head of Human Resources	None
Dr. Gottlieb A. Keller	General Counsel	Member of the University Council Board President of the Board Crocodil AG Co-Vice Chairman and Member of the Chairman's Committee of the Chamber of Commerce Germany-Switzerland Member of the Board of Trustees of the Fritz Gerber Foundation for talented young people Member of the Board of Trustees of the Paul Sacher Foundation Member of the Board of Trustees of the Humer Foundation Vice-Chairman of the Board of science INDUSTRIES, Switzerland Board member of economiesuisse (Swiss Business Federation)

<u>Name</u>	<u>Title</u>	<u>Principal outside activity (if any) of significance to the Issuer/Group</u>
		Member of the Board of Trustees of swisscontact Chairman of the Friends of Phelophepa Foundation, Switzerland
Roland Diggelmann	Chief Operating Officer Roche Diagnostics	None
Daniel O'Day	Chief Operating Officer Roche Pharmaceuticals	None
Enlarged Corporate Executive Committee:		
Dr. Stephan Feldhaus	Head of Group Communications	None
Osamu Nagayama	President and CEO of Chugai Pharmaceutical Co., Ltd.	None
Dr. Richard Scheller	Head of Genentech Research and Early Development (gRED)	None
Dr. John C. Reed	Head of Roche Pharma Research and Early Development (pRED)	
Dr. Sophie Kornowski-Bonnet	Head of Roche Partnering	None
Secretary to the Corporate Executive Committee:		
Per-Olof Attinger	Head CEO Office and Secretary to the Corporate Executive Committee (non-member)	None

⁽¹⁾ Members of the Enlarged Corporate Executive Committee attend the meetings of the Corporate Executive Committee.

There are no potential conflicts of interest between duties owed by the members of the Executive Committee of Roche to Roche (or to the Group as the case may be) and their private interests or other duties.

The Enlarged Executive Committee is responsible for additional important functions within the Group complementing the division and function heads already represented on the Executive Committee.

The business address of each of the directors and members of the Executive Committee is Grenzacherstrasse 124, 4058 Basel, Switzerland.

Compliance

Roche meets all of the requirements with respect to corporate governance complying with the existing legal regulations, the SIX Swiss Stock Exchange Directives (including their Commentaries) and the Swiss Code of Best Practice for Corporate Governance as promulgated by the Swiss business federation (*economiesuisse*). The existing internal regulations, in particular Roche's articles of incorporation and bylaws, constitute the necessary checks and balances in order to ensure good corporate governance.

Audit Committee

The Audit Committee assists the Board of Directors in overseeing the management of the Group's businesses, particularly with respect to financial matters. In particular the committee reviews:

- accounting systems and procedures;
- the organisation and scope of financial controlling including internal auditing;

- financial reporting to shareholders and the general public as well as the relationship with external auditors;
- financial planning, budgets and budget execution;
- investments of liquid assets and financial investments, including investments of assets by Roche's post-retirement benefit plans (investment principles and policies, funding status, investment instruments, diversification, return on investments, etc);
- longer-term business plans and strategy and communication of the same in Roche's annual reports; and
- risk management, internal control systems, risk plans and risk assessment of the Corporate Executive Committee.

TAXATION

The following is a general description of certain Netherlands, Luxembourg, Switzerland, Austrian, German, United Kingdom and United States tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

The Netherlands

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Notes issued on or after the date of this Base Prospectus. It does not purport to describe every aspect of taxation that may be relevant to a particular Holder of Notes. Any potential investor should consult his tax advisor for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this taxation summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Base Prospectus. The law upon which this summary is based is subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change. This summary assumes that each transaction with respect to Notes is at arm's length.

Where in this Netherlands taxation paragraph reference is made to a "**Holder of Notes**", that concept includes, without limitation:

1. an owner of one or more Notes who in addition to the title to such Notes has an economic interest in such Notes;
2. a person who or an entity that holds the entire economic interest in one or more Notes;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more Notes, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in Notes, as referred to under 1. to 3. pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) (the "**Dutch Income Tax Act**"), with respect to property that has been segregated, for instance in a trust or a foundation.

Withholding tax

All payments under Notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands, except where Notes are issued under such terms and conditions that such Notes are capable of being classified as equity of the Issuer for Dutch tax purposes or actually function as equity of the Issuer within the meaning of article 10, paragraph 1, letter d, of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) and where Notes are issued that are redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by the Issuer or by any entity related to the Issuer.

Taxes on income and capital gains

The summary set out in this section "*Taxes on income and capital gains*" applies only to a Holder of Notes who is neither resident nor deemed to be resident in the Netherlands for the purposes of Dutch income tax or corporation tax, as the case may be, and who, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes (a "**Non-Resident Holder of Notes**").

Individuals

A Non-Resident Holder of Notes who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if:

1. he derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Notes are attributable to such enterprise; or
2. he derives benefits or is deemed to derive benefits from Notes that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*).

If a Holder of Notes is an individual who does not come under exception 1. above, and if he derives or is deemed to derive benefits from Notes, including any payment under such Notes and any gain realised on the disposal thereof, such benefits are taxable as benefits from miscellaneous activities in the Netherlands if he, or an individual who is a connected person in relation to him as meant by article 3.91, paragraph 2, letter b, or c, of the Dutch Income Tax Act, has a substantial interest (*aanmerkelijk belang*) in the Issuer.

Generally, a person has a substantial interest in the Issuer if such person – either alone or, in the case of an individual, together with his partner (*partner*), if any, or pursuant to article 2.14a of the Dutch Income Tax Act – owns or is deemed to own, directly or indirectly, either a number of shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or profit participating certificates (*winstbewijzen*) relating to five per cent. or more of the annual profit of the Issuer or to five per cent. or more of the liquidation proceeds of the Issuer.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a Holder of Notes who is an individual and who does not come under exception 1. above may, *inter alia*, derive, or be deemed to derive, benefits from Notes that are taxable as benefits from miscellaneous activities in the following circumstances, if such activities are performed or deemed to be performed in the Netherlands:

- (a) if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge (*voorkennis*) or comparable forms of special knowledge;
- (b) if he makes Notes available or is deemed to make Notes available, legally or in fact, directly or indirectly, to certain parties as meant by articles 3.91 and 3.92 of the Dutch Income Tax Act under circumstances described there; or
- (c) if he holds Notes, whether directly or indirectly, and any benefits to be derived from such Notes are intended, in whole or in part, as remuneration for activities performed or deemed to be performed in the Netherlands by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act.

Attribution rule

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or the parents who exercise, authority over the child, irrespective of the country of residence of the child.

Entities

A Non-Resident Holder of Notes other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if:

- (a) such Non-Resident Holder of Notes derives profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative that is taxable in the Netherlands, and its Notes are attributable to such enterprise; or
- (b) such Non-Resident Holder of Notes has a substantial interest (as described above under "*Individuals*") or a deemed substantial interest in the Issuer with the predominant objective to avoid the levy of income taxation or dividend withholding tax of another person and this substantial interest is not attributable to an enterprise of such Holder of Notes.

A deemed substantial interest may be present if shares, profit participating certificates or rights to acquire shares in the Issuer are held or are deemed to be held following the application of a non-recognition provision.

General

Subject to the above, a Non-Resident Holder of Notes will not be subject to income taxation in the Netherlands by reason only of the execution (*ondertekening*), delivery (*overhandiging*) and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under Notes.

Gift and inheritance taxes

If a Holder of Notes disposes of Notes by way of gift, in form or in substance, or if a Holder of Notes who is an individual dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:

- (i) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or
- (ii) the donor made a gift of Notes, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

For the purposes of the above, a gift of Notes made under a condition precedent (*opschortende voorwaarde*) is deemed to be made at the time the condition precedent is satisfied.

Other taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with (i) the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Notes, (ii) the performance by the Issuer of its obligations under such documents or under Notes, or (iii) the transfer of Notes, except that Dutch real property transfer tax (*overdrachtsbelasting*) may be due by a Holder of Notes if in satisfaction of all or part of any of its rights under Notes, it acquires any asset, or an interest in any asset (*economische eigendom*), that qualifies as real property or as a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax (*overdrachtsbelasting*) or, where Notes are issued under such terms and conditions that they represent an interest in assets (*economische*

eigendom) that qualify as real property, or rights over real property, situated in the Netherlands, for the purposes of Dutch real property transfer tax.

Luxembourg

The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Withholding tax

Under the existing laws of Luxembourg, in the context of the holding, disposal, redemption or repurchase of the Notes, which are not profit sharing, there is no withholding tax on the payment of interest and reimbursement of principal on the Notes except as provided by:

- (i) the application of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive (as defined below) and certain related agreements with certain dependent or associated territories of certain EU Member States (*i.e.* Aruba, British Virgin Islands, Curaçao, Guernsey, Isle of Man, Jersey, Montserrat and Sint Maarten) and providing for the possible application of a withholding tax (35 per cent.) on interest or similar income paid by a Luxembourg-based paying agent (within the meaning of the EU Savings Directive) to, or collected for the benefit of EU resident individuals (other than Luxembourg resident individuals), individuals resident in certain of the above referred territories and certain types of entities so-called "**residual entities**" within the meaning of Article 4(2) of the EU Savings Directive (*i.e.* entities without legal personality except for (1) Finnish *avoin yhtiö* and *kommandiittiyhtiö* / *öppet bolag* and *kommanditbolag* and (2) Swedish *handelsbolag* and *kommanditbolag*, and whose profits are not taxed under the general arrangements for the business taxation and that are not, or have not opted to be considered as undertakings for collective investment in transferable securities recognised in accordance with Council Directive 85/611/EEC, as replaced by Directive 2009/65/EC). Such withholding tax would not be applicable in case the individual beneficial owner (or the residual entity) authorises the paying agent to exchange certain information regarding the interest payment and the recipient with the relevant Luxembourg tax authorities or in the case the individual beneficial owner provides the relevant paying agent with a certain certificate issued by the competent tax authority of the state where he or she is resident (see further paragraph "*EU Savings Directive*" below);
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. withholding tax on savings income (*i.e.*, with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive) paid by Luxembourg paying agents. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes.

Pursuant to the law of December 23, 2005, as amended by the law of July 17, 2008, Luxembourg resident individuals can opt to self-declare and pay a 10 per cent. tax on interest payments or similar income made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement with Luxembourg directly relating to the EU Savings Directive on the taxation of savings income. In such case, the 10 per cent. tax is calculated on the same amounts as for the payments made by Luxembourg paying agents. The option for the 10 per cent. tax must cover all interest payments made by paying agents to the Luxembourg resident beneficial owner during the entire civil year.

The 10 per cent. withholding tax as described above or the 10 per cent. tax are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is imposed on the Luxembourg paying agent within the meaning of these laws, not on the Issuer.

The Luxembourg Finance Minister announced in April 2013 the plans of the Luxembourg Government to change the implementation of the EU Savings Directive. It is envisaged that as from 2015 Luxembourg will automatically exchange information on interest payments with EU Members States. In this respect, it

is expected that the withholding tax pursuant to the laws of 21 June 2005 will no longer apply as from 2015. In the absence of legislation in force, it is not possible at this stage to describe in detail the scope of the plans of Luxembourg Government.

FATCA - Luxembourg

On May 21, 2013, the Luxembourg Minister of Finance announced that in the context of its FATCA negotiations with the United States, Luxembourg (see further paragraph "*FATCA legislation*") chose the Model I type of Intergovernmental Agreement ("**IGA**"), which will provide for automatic exchange of information between the Luxembourg and American tax authorities on accounts held in Luxembourg by citizens and residents of the United States. The IGA is still under negotiation.

Switzerland

Withholding tax

Except as otherwise discussed below, payments by the relevant Issuer, or by Roche as Guarantor, of interest on, and repayment of principal of, the Notes, will not be subject to Swiss federal withholding tax, even though the Notes are guaranteed by Roche as Guarantor, provided that the relevant Issuer will receive, and will use, the proceeds from the offering and sale of the Notes at all times while any Notes are outstanding, outside of Switzerland, unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

On 24 August 2011, the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Note to an individual resident in Switzerland or to any person (not only individual) resident outside Switzerland. If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither RHI nor RFE nor Roche nor any paying agent nor any other person would pursuant to Conditions 12(a) through (f), as applicable, be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax. See "*Risk factors — Risk factors relating to the Notes — Potential changes in Swiss withholding tax legislation*".

Swiss federal stamp duty

The issue, sale or delivery of Notes on the Issue Date to the initial buyers will not be subject to Swiss federal stamp duty on the issue of securities or Swiss federal stamp duty on the dealing in securities (primary market). The trading of Notes in the secondary market where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss Federal Stamp Duty Act) is a party, or acts as an intermediary, to the transaction may be subject to Swiss federal stamp duty on the dealing in securities at a rate of up to 0.3 per cent. of the consideration paid for the Notes. Where both the seller and the purchaser of the Notes are non-residents of Switzerland or the Principality of Liechtenstein, no Swiss federal stamp duty on the dealing in securities is payable.

Income taxation on principal or interest

(i) Notes held by non-Swiss holders

Payments by the relevant Issuer, or by Roche as Guarantor, of interest on, and repayment of principal of, the Notes, to, and gain realized on the sale or redemption of Notes by, a holder of Notes, who is not a resident of Switzerland, and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Notes are attributable, will not be liable to any Swiss federal, cantonal or communal income tax. See "*-Final foreign withholding taxes*" below for a summary of the taxation treatment of individuals holding Notes in an account or deposit with a Swiss paying agent. See "*-EU Savings Directive*" below for a summary of the taxation treatment of EU resident individuals receiving payments on the Notes from a Swiss paying agent.

(ii) Notes held by Swiss resident holders as private assets

Notes without a "predominant one-time interest payment": An individual who resides in Switzerland and privately holds a Note the yield-to-maturity of which predominantly derives from periodic interest

payments and not from a one-time-interest-payment such as an original issue discount or a repayment premium, is required to include all payments of interest received on such Note, converted into Swiss Francs at the exchange rate prevailing at the time of payment, as the case may be, in his or her personal income tax return for the relevant tax period and is taxable on the net taxable income (including the payment of interest on the Note) for such tax period at the then prevailing tax rates.

Notes with a "predominant one-time interest payment": An individual who resides in Switzerland and privately holds a Note the yield-to-maturity of which predominantly derives from a one-time-interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments, is required to include in his or her personal income tax return for the relevant tax period any interest payments received on the Note in such period, converted into Swiss Francs at the exchange rate prevailing at the time of payment, as the case may be, and, in addition, any amount equal to the positive difference between the value of the Note at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, converted into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, as the case may be, and will be taxable on any net taxable income (including such amounts) for the relevant tax period. A holder of a Note may offset any value decrease realized by him or her on such a Note on sale or redemption against any gains (including periodic interest payments) realized by him or her within the same taxation period on the sale or redemption of other debt securities with a "predominant one-time interest payment".

Capital gains and losses: Swiss resident individuals who sell or otherwise dispose of privately held Notes realize either a tax-free private capital gain or a non-tax-deductible capital loss. See the preceding paragraph for a summary of the tax treatment of a gain or a loss realized on Notes with a "predominant one-time interest payment." See *"Notes held as Swiss business assets"* below for a summary on the tax treatment of individuals classified as "professional securities dealers."

(iii) *Notes held as Swiss business assets*

Individuals who hold Notes as part of a business in Switzerland, and Swiss-resident corporate taxpayers, and corporate taxpayers residing abroad holding Notes as part of a Swiss permanent establishment or fixed place of business in Switzerland, are required to recognize payments of interest on, and any capital gain or loss realized on the sale or other disposal of, such Notes, in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period at the prevailing tax rates. The same taxation treatment also applies to Swiss-resident individuals who, for Swiss income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealings, or leveraged transactions, in securities.

Final foreign withholding taxes

On 1 January 2013, treaties on final withholding taxes between Switzerland and the United Kingdom and Switzerland and Austria entered into force. The treaties, among other things, require a paying agent in Switzerland to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Notes. The final withholding tax is a substitute for the United Kingdom or Austrian income tax, as applicable, on such interest or capital gain. The individual may, however, in lieu of the final withholding tax, elect to make voluntary disclosure of the interest or capital gain to the tax authority of its country of residence. Switzerland may conclude similar treaties with other European countries. If final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Notes, neither RHI nor RFE nor Roche nor any paying agent nor any other person would pursuant to Conditions 12(a) through (f), as applicable, be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such final withholding tax. See *"Risk factors — Risk factors relating to the Notes — Final withholding tax agreements with United Kingdom and Austria could impact Noteholders"*.

Austria

Resident investors

Austrian withholding tax at a rate of 25 per cent. is triggered if interest is paid by an Austrian paying agent (an Austrian bank or Austrian branch of a non-Austrian bank) or if payments of realised capital gains from the sale of Notes are made by (i) an Austrian depository or (ii) by an Austrian paying agent if

the non-Austrian depository is a non-Austrian branch or group company of such paying agent and processes the payment in cooperation with the paying agent.

Corporate investors deriving business income from the Notes may avoid the application of this withholding tax by filing a declaration of exemption (*Befreiungserklärung*) pursuant to Section 94(5) of the *Einkommensteuergesetz* ("EStG") with the Austrian paying agent or Austrian depository.

Non-resident investors

In case of payments to non-residents, an Austrian paying agent or depository could abstain from levying the 25 per cent. Austrian withholding tax pursuant to Section 94(13) EStG since 1 April 2012.

If any Austrian withholding tax is deducted by an Austrian paying agent, the non-resident investor can apply for a refund by filing an application with the competent Austrian tax authority (within five calendar years following the year of the imposition of the Austrian withholding tax).

Austrian EU-Quellensteuergesetz

Under the Austrian *EU-Quellensteuergesetz* ("EU-QuStG") implementing the EU Savings Directive, interest paid by an Austrian paying agent to an individual beneficial owner resident in another EU member state is subject to EU source tax at a rate of 35 per cent. Interest within the meaning of the EU-QuStG are, among others, interest paid or credited to an account, relating to debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures

An exemption from EU source taxation applies, among others, if the beneficial owner of the interest forwards to the Austrian paying agent documentation issued by the tax office where the tax payer is resident, stating (a) the beneficial owner's name, address and tax identification number (in the absence of a tax identification number the beneficial owner's date and place of birth), (b) the paying agent's name and address (c) the beneficial owner's address and account number or the security identification number. Further, EU source tax is not triggered if interest within the meaning of the EU-QuStG is paid to an institution within the meaning of § 4(2) EU-QuStG resident in another EU Member State and this institution agrees upon written request of the Austrian paying agent to enter into a simplified information exchange procedure with the Austrian paying agent. Special rules apply to securities the value of which depends directly on the value of a reference underlying. Distinction must be made between securities providing for capital protection to the investor (guaranteed interest is sufficient to constitute a capital protection within the present context) or not (see "Information of the Austrian Federal Ministry of Finance dated 1 August 2005" for details).

Germany

The information about the German taxation of the Notes issued under the Base Prospectus set out in the following section deals only with German withholding tax and is not exhaustive. It is based on current tax laws in force at the time when this Base Prospectus was published. Such tax laws may be subject to change at short notice and, within certain limits, also with retroactive effect.

The following is a general description of certain German withholding tax considerations relating to the Notes since each Series of Notes may be subject to a different tax treatment according to the applicable Final Terms. It does not purport to be a complete analysis of all German tax considerations relating to the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary does not allow any conclusions to be drawn with respect to issues not specifically addressed.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes on the basis of the relevant Final Terms, including the effect of any state or local taxes under the tax laws of Germany and each country of which they are residents.

German withholding tax

In principle, only persons (individuals and incorporated entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to German withholding tax with respect to payments under debt instruments. Non-resident persons generally do not suffer German withholding tax. If, however, the income from the Notes is subject to German tax, i.e. if (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the relevant investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income, German withholding tax is applied, as a rule, as in the case of a German tax resident investor.

German withholding tax will be levied at a flat withholding tax rate of 26.375 per cent. (including solidarity surcharge (*Solidaritätszuschlag*)) on interest and on proceeds from the sale of the Notes if the Notes are held in a custodial account which the relevant investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**"). If the Notes are redeemed, repaid, assigned or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage*), such transaction is treated like a sale. If the Notes are not held in a custodial account maintained with a Disbursing Agent, German withholding tax will nevertheless be levied if the Notes are issued in definitive form and the savings earnings (*Kapitalerträge*) are paid by a German Disbursing Agent against presentation of the Notes or Coupons (so-called over-the-counter transaction – *Tafelgeschäft*).

If an investor sells or redeems the Notes, the tax base is, in principle, the difference between the acquisition costs and the proceeds from the sale or redemption of the Notes reduced by expenses directly and factually related to the sale or redemption. Where the Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively. If the Notes have not been held in the custodial account maintained with the Disbursing Agent since their acquisition and the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law (e.g. in the case of over-the-counter transactions or if the Notes had been transferred from a non-EU custodial account prior to the sale), withholding tax is applied to 30 per cent. of the proceeds from the sale or redemption of the Notes (plus interest accrued on the Notes (*Stückzinsen*), if any).

If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the Substituted Debtor and subject to similar taxation rules as the Notes. In particular, such a substitution could result in the recognition of a taxable gain or loss for any Noteholder.

When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual Holder in the custodial account with the Disbursing Agent.

Individuals who are subject to church tax may apply in writing for this tax to be withheld as a surcharge to the withholding tax. Individuals subject to church tax but declining the application have to include their savings income in their tax return and will then be assessed to church tax. For German credit institutions an electronic information system as regards church withholding tax will apply in respect of interest received after 31 December 2014, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the obligation to include savings income in the tax return for church tax purposes will persist.

With regard to individuals holding the Notes as private assets, any withholding tax levied shall, in principle, become definitive and replace the income taxation of the relevant investor. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the relevant investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the tax assessment procedure. However, the separate tax rate for savings income applies in most cases also within the assessment procedure. In certain cases, the investor may

apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. With regard to other investors, German withholding tax is a prepayment of (corporate) income tax and will be credited or refunded within the tax assessment procedure.

No German withholding tax will be levied if an individual holding the Notes as private assets has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the relevant investor has submitted a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office to the German Disbursing Agent.

Coupon payments and capital gains from the disposition or redemption of the Notes held as business assets by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon and, if applicable in the case of an individual holding the Notes as business assets, church tax). Any withholding tax deducted from coupon payments is – subject to certain requirements – creditable. To the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is – as a rule – refundable. However, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if (a) the Notes are held by a company in terms of section 43 para 2 sentence 3 no 1 German Income Tax Act (*Einkommensteuergesetz*) or (b) the proceeds from the Notes qualify as income of a domestic business and the investor has notified this to the German Disbursing Agent by use of the officially required form.

The Issuers are, in general, not obliged to levy German withholding tax in respect of payments on the Notes.

The United Kingdom

A *Withholding tax*

The following is an overview of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments are made on the assumption that neither of the Issuers is resident in the United Kingdom for United Kingdom tax purposes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

UK Withholding Tax on Interest Payments by the Issuers

- B1 Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the relevant Issuer without withholding or deduction for or on account of United Kingdom income tax. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the

relevant issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the relevant Issuer's obligations under the Notes, and similar factors relating to any guarantee.

- B2 Interest which has a United Kingdom source ("**UK interest**") may be paid by the relevant issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid are issued for a term of less than one year (and are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more).
- B3 UK interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the relevant Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the FSMA) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Luxembourg Stock Exchange is a recognised stock exchange. The Issuers' understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the regulated market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

- B4 In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

C *Payments by Guarantor*

If the Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) and such payments have a United Kingdom source, it is possible, depending on the correct legal analysis of payments made by the Guarantor as a matter of UK tax law, that such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction by HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply. Whether such payments made by the Guarantor have a United Kingdom source is a complex matter and is likely to be determined by reference principally to the factors set out in paragraph B1 above. Such payments by the Guarantor may not be eligible for the exemptions described in B above.

D *Payments under Deed of Covenant*

Any UK-source payments made by the relevant Issuer under the relevant Deed of Covenant may not qualify for the exemptions from UK withholding tax described above.

E *Provision of Information*

Noteholders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" as defined for the purposes of Schedule 23, Finance Act 2011 (although, in this regard, HMRC published guidance for the year 2012/2013 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see "*EU Savings Directive*" above).

F *Other Rules Relating to United Kingdom Withholding Tax*

1. Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in B above, but may be subject to reporting requirements as outlined in E above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of UK-source interest are potentially subject to United Kingdom withholding tax and reporting requirements as outlined above.
3. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to "interest" in A to E above mean "interest" as understood in United Kingdom tax law. The statements in A to E above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.
5. The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer and does not consider the tax consequences of any such substitution.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State (a "**Residual Entity**"). However, for a transitional period, Austria and Luxembourg (see "*Luxembourg Taxation*" above) are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period. The withholding tax rate is 35 per cent. as from 1 July 2011. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. On 10 April 2013, the Luxembourg Ministry of Finance announced that Luxembourg's transitional period will end with effect from 1 January 2015.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or Residual Entity established in a Member State (a withholding system in the case of Switzerland at a rate of 35 per cent. with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the Member State the details of the interest payments in lieu of the withholding). In addition, the Member States have entered into provision of

information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or entity Residual Entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. In addition, Switzerland and the European Commission have commenced negotiations on certain amendments to the agreement between the European Union and Switzerland providing for measures equivalent to those laid down in the EU Savings Directive. If these changes are implemented, the position of investors in relation to the EU Savings Directive could be different to that set out above. Investors who are in any doubt as to their position should consult their professional advisers

The Proposed Financial Transactions Tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in certain participating Member States.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in financial instruments (including secondary market transactions).

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established in a participating Member State or (ii) the financial instruments are issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

United States of America

This disclosure is limited to the U.S. federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal tax treatment of the Notes. This tax disclosure was written in connection with the promotion or marketing of the Notes, and it cannot be used for the purpose of avoiding penalties that may be asserted against any person under the United States Internal Revenue Code of 1986, as amended (the "Code"). Prospective investors should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a discussion of certain U.S. federal income tax consequences of purchasing, owning and disposing of Notes issued by RHI to United States Alien Holders (as defined below), in each case whose ownership of such Notes is not effectively connected with a U.S. trade or business. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to acquire such securities.

This discussion is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, all of which are subject to change, possibly on a retroactive basis. Prospective purchasers should consult their own tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of purchasing, owning and disposing of Notes in their particular circumstances.

As used in this disclosure, "**United States Alien Holder**" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- an individual who is not a citizen or resident of the United States;
- a foreign corporation; or
- a foreign estate or trust.

A United States Alien Holder of a Note will not be deemed resident or carrying on a trade or business in the United States solely by reason of owning such Note.

Subject to the discussion below concerning backup withholding and under "**FATCA legislation**":

- (a) payments of principal, interest (including original issue discount, if any) and premium on the Notes by RHI or any paying agent to any United States Alien Holder will not be subject to United States federal withholding tax, **provided that**, with respect to interest (i) such holder does not own, actually or constructively, 10 per cent. or more of the total combined voting power of all classes of stock of RHI entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to RHI through stock ownership and is not a bank receiving interest described in Section 881(c)(3)(A) of the Code; and (ii) the United States Alien Holder provides a statement signed under penalties of perjury (typically, on IRS Form W-8BEN) that includes its name and address and certifies that it is a United States Alien Holder in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a United States Alien Holder);
- (b) a United States Alien Holder of a Note will not be subject to United States Federal income tax on gain realised on the sale, exchange or other disposition of such Note provided that: (i) such United States Alien Holder is not an individual who is present in the United States for 183 days or more during the taxable year in which the gain is realised and certain other conditions are met; and (ii) such gain is not effectively connected with the conduct by such holder of a trade or business in the United States;
- (c) a Note held by an individual United States Alien Holder who is not a citizen or resident of the United States at the time of his death will not be subject to U.S. federal estate tax as a result of such individual's death, provided that the individual does not own, actually or constructively, 10 per cent. or more of the total combined voting power of all classes of stock of RHI entitled to vote and, at the time of the individual's death, payments with respect to such Note would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

The conclusions expressed in paragraph (a) and (c) above will not apply to Notes bearing contingent interest described in Section 871(h)(4) of the Code (relating primarily to interest based on or determined by reference to the financial performance of RHI or a party related to RHI or with reference to changes in the value of RHI's or a related person's assets). Unless otherwise provided in the applicable Final Terms, RHI does not expect to pay this type of interest.

FATCA legislation

Provisions commonly referred to as "FATCA" impose withholding of 30 per cent. on payments of U.S. source interest beginning on 1 July 2014 and sales or redemption proceeds beginning in 2017, in each case with respect to Notes issued or materially modified after 30 June 2014, to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles) and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) are complied with or the relevant entity otherwise qualifies for an exemption from withholding (for example, by reason of an intergovernmental agreement). If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution may be entitled to a refund of any FATCA withholding by filing a U.S. federal income tax return (which may entail significant administrative burden). Prospective investors should consult their tax advisers regarding the effects of FATCA on their investment in the Notes and their potential ability to obtain a refund of any FATCA withholding.

Backup withholding and information reporting

Backup withholding and information reporting requirements apply to certain payments of principal, premium and interest (including original issue discount) made to, and to the proceeds of dispositions by, certain noncorporate U.S. persons. Payments of principal, premium or interest made outside the United States by RHI or any paying agent on a Note owned by a United States Alien Holder will not be subject to backup withholding if the statement described in clause (a)(ii) above is duly provided.

Payments on the sale, exchange or other disposition of a Note made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, if such broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, a foreign person 50 per cent. or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period or a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons who, in the aggregate, hold more than 50 per cent. of the partnerships income or capital interest or if, at any time during its tax year, it is engaged in the conduct of a U.S. trade or business, information reporting and backup withholding may be required unless the broker has in its records documentary evidence that the beneficial owner is not a U.S. person and certain conditions are met or the beneficial owner otherwise establishes an exemption.

United States Alien Holders of Notes should consult their tax advisers regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available. Any amounts withheld from a payment to a United States Alien Holder under the backup withholding rules will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished to the U.S. Internal Revenue Service.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, Mitsubishi UFJ Securities International plc, SMBC Nikko Capital Markets Limited, The Royal Bank of Scotland plc, UBS Limited and UniCredit Bank AG (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the relevant Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated 21 March 2014 (the "**Dealer Agreement**") and made between the Issuers, the Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the relevant Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America: *Regulation S Category 2; with respect to Bearer Notes, TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes will be issued in accordance with the provisions of United States Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form for purposes of Section 4701 of the Code) (the "**D Rules**"), or in accordance with the provisions of United States Treasury Regulations Section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form for purposes of Section 4701 of the Code) (the "**C Rules**") or not in accordance with the D Rules or the C Rules, as specified in the applicable Final Terms.

In respect of Notes issued in accordance with the D Rules, each Dealer has represented and agreed that:

- (i) except to the extent permitted under the D Rules, (x) it has not offered or sold, and during the restricted period will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and (y) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (ii) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (iii) if such Dealer is a United States person, it has represented that it is acquiring the Notes for purposes of resale in connection with their original issuance and if such Dealer retains Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form for the purposes of section 4701 of the Code);
- (iv) with respect to each affiliate that acquires Notes from such Dealer for the purposes of offering or selling such Notes during the restricted period, such Dealer either (x) repeats and confirms the agreements contained in sub-clauses (i), (ii) and (iii) on such affiliate's behalf or (y) agrees that it will obtain from such affiliate for the benefit of the Issuer the agreements contained in sub-clauses (i), (ii) and (iii) and
- (v) such Dealer will obtain for the benefit of the Issuer the representations and agreements contained in sub-clauses (i), (ii), (iii) and (iv) from any person other than its affiliate with whom it enters into a written contract, as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)

(D)(4) (or any successor rules in substantially the same form for the purposes of section 4701 of the Code), for the offer and sale during the restricted period of Notes.

Terms used in the above paragraph have the meanings given to them by the U. S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the D Rules.

Notes issued pursuant to the D Rules and any receipts or coupons appertaining thereto will bear the following legend:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATION PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

In respect of Notes issued in accordance with the C Rules, Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented and agreed that, in connection with the original issuance of Notes, it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, Notes issued in accordance with the C Rules within the United States or its possessions and it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of Notes. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the C Rules.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the relevant Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Relevant Member State, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) **Approved prospectus:** if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such

prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) **Fewer than 100 offerees:** at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) **Other exempt offers:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Issues of Notes with a Specified Denomination of less than €100,000 (or its equivalent) to be admitted to trading on an EEA regulated market and/or offered on an exempt basis in the EEA

Unless otherwise expressly indicated in the applicable Final Terms and notwithstanding the European Economic Area selling restrictions set out above applicable to Notes, in relation to Notes with a Specified Denomination of less than €100,000 (or its equivalent in another currency) to be admitted to trading on an EEA regulated market and/or offered in any EEA Member State on an exempt basis as contemplated under Article 3(2) of the Prospectus Directive:

- (a) each Dealer has represented and agreed, and each further Dealer appointed under the Dealer Agreement will be required to represent and agree, that (i) it has not offered or sold, and (ii) neither it nor its affiliates will offer or sell any such Notes to the public in any EEA Member State by means of this Base Prospectus, the applicable Final Terms or any other document, other than to qualified investors (as defined in the Prospectus Directive);
- (b) each Dealer has acknowledged, and each further Dealer appointed under the Dealer Agreement will be required to acknowledge, that no action has been taken by the relevant Issuer or any other person that would, or is intended, to permit an offer to the public of any such Notes in any country or Public Offer Jurisdiction at any time where any such action for that purpose is required; and
- (c) each Dealer has undertaken, and each further Dealer appointed under the Dealer Agreement will be required to undertake, that such Dealer and its affiliates will not, offer or sell any such Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or Public Offer Jurisdiction except under circumstances that will result in compliance with the selling restrictions set forth in this Base Prospectus and the provisions of the relevant Final Terms and in compliance with all applicable laws and regulations, and **provided that** no such offer or sale of Notes by such Dealer or its affiliates, shall require the relevant Issuer or such Dealer (i) to take any action in any jurisdiction other than as described above (unless otherwise agreed with the relevant Issuer), (ii) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement pursuant to Article 16 of the Prospectus Directive or (iii) to incur any liability in connection with such offer, sale,

distribution or publication other than, in the case of a Placer named in the Final Terms, liability for prospectus misrepresentation imposed by applicable law.

Public Offers in certain EEA Public Offer Jurisdictions

Notwithstanding the European Economic Area selling restrictions set out above applicable to Notes, where the applicable Final Terms expressly indicate that an offer to the public other than a Non-exempt Offer of the Notes in certain Public Offer Jurisdictions identified in such Final Terms (such jurisdictions, together with Luxembourg, the "**Public Offer Jurisdictions**" and each a "**Public Offer Jurisdiction**") is intended or permitted, the relevant Issuer agrees that the Dealers identified as Managers in such Final Terms involved in the offer and such other persons and/or classes of persons as the relevant Issuer may nominate and/or describe in the applicable Final Terms will, on the terms and conditions of the Public Offer contained in such Final Terms, be able to use such Final Terms and this Base Prospectus as may be supplemented for a Public Offer of the Notes in such Public Offer Jurisdictions during the Offer Period specified in such applicable Final Terms.

Upon the execution by the relevant Dealers so identified in the applicable Final Terms, and by the relevant Issuer of the agreement to issue and purchase the Notes (the "**Agreement**"), each such Dealer is authorised to, and accordingly may, during the Offer Period specified in such Final Terms, make a Public Offer using this Base Prospectus (as may be supplemented) and the applicable Final Terms in any of the Public Offer Jurisdictions and otherwise in accordance with the terms and conditions of the Agreement, this Base Prospectus (as so supplemented) and the applicable Final Terms.

With respect to any particular Non-exempt Offer, each relevant Dealer has represented and agreed, and each further relevant Dealer appointed under the Dealer Agreement will be required to represent and agree, that (i) it has not offered or sold and (ii) neither it nor its affiliates will offer or sell in any EEA Member State, any Notes other than by (i) a Public Offer in any of the Public Offer Jurisdictions during the Offer Period pursuant to, and in accordance with, this Base Prospectus (as may be supplemented) and the applicable Final Terms (without modification or supplement); or (ii) an offer in compliance with Article 3(2) of the Prospectus Directive.

With respect to any particular Non-exempt Offer, each relevant Dealer has also represented and agreed, and each further relevant Dealer appointed under the Dealer Agreement will be required to represent and agree, that the following provisions contained in the pro forma Final Terms (to the extent they are applicable to the particular Non-exempt Offer) under the heading "*Terms and Conditions of the Public Offer*": in the second sentence of the section entitled "*Offer Price*", in the second sentence of the section entitled "*Conditions to which the offer is subject*", in the section entitled "*Description of the application process*", in the section entitled "*Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest)*", in the second sentence of the section entitled "*Method and time limits for paying up the Notes and for delivery of the Notes*" and in the section entitled "*Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made*" relating to it and its offer and sale process are true and accurate in all respects and that it has not made any Placers known to the relevant Issuer other than any Placers who are identified as such in the applicable Final Terms.

Save as described above and in the applicable Final Terms, the appropriate action will not be taken by the relevant Issuer or any other person that would be required, or is intended to, permit a Public Offer in the Public Offer Jurisdictions at any time other than during the Offer Period pursuant to, and in accordance with, this Base Prospectus as may be supplemented and the applicable Final Terms or in any other country or Public Offer Jurisdiction at any time where any such action for that purpose is required.

Each Dealer has undertaken, and each further Dealer appointed under the Dealer Agreement will be required to undertake, that such Dealer and its affiliates will not, offer or sell any such Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with the selling restrictions set forth in this Base Prospectus and the provisions of the relevant Final Terms and in compliance with all applicable laws and regulations, and **provided that** no such offer or sale of Notes by such Dealer or its affiliates, shall require the relevant Issuer or such Dealer (i) to take any action in any jurisdiction other than as described above (unless otherwise agreed with the relevant Issuer), (ii) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement pursuant to Article 16 of the Prospectus Directive or (iii) to incur any liability in connection with such offer, sale,

distribution or publication other than, in the case of a Placer named in the Final Terms, liability for prospectus misrepresentation imposed by applicable law.

Any person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the Base Prospectus under the Prospectus Directive, only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Base Prospectus for the purposes of the Prospectus Directive in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents it should take legal advice.

An Investor intending to acquire or acquiring any Notes from the Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than Dealers sometimes identified as Managers in the applicable Final Terms) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information and other arrangements and an Investor must obtain such information from the Offeror.

For the purposes of this provision, the expression a "**Public Offer**" in relation to any Notes in any relevant Public Offer Jurisdiction means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Public Offer Jurisdiction by any measure implementing the Prospectus Directive in that Public Offer Jurisdiction.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuers or the Guarantor; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Selling Restrictions Addressing Additional Netherlands Securities Laws

Notes may not be offered or sold in the Netherlands other than: (i) by a Non-exempt Offer during the Offer Period pursuant to, and in accordance with, the Base Prospectus (as may be supplemented) and the

applicable Final Terms (without modification or supplement); or (ii) to qualified investors as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Notes that qualify as savings certificates (*spaarbewijzen*) as defined in The Netherlands Savings Certificates Act (*Wet inzake spaarbewijzen*, herein called the "**SCA**") may only be transferred or accepted if such transfer and acceptance is done through the mediation of either the relevant Issuer or a member of Euronext Amsterdam N.V. and must either (i) be concluded between individuals or legal entities who or which trade or invest in securities in the conduct of a profession or trade; or (ii) in any other case, recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. The above prohibition does not apply to (i) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, (ii) the initial issue of such Notes to the first holders thereof, and (iii) the issue and trading of such Notes if they are physically issued outside of the Netherlands and are not immediately thereafter distributed in the Netherlands or to residents of the Netherlands in the course of primary trading. The relevant Issuer of the relevant Dealer or the paying agent, as the case may be, which make payments or act as intermediaries in respect of the Notes are obliged to formally identify their counterparty(ies) and to keep record of the details of the Notes involved, unless such Notes are physically issued outside the Netherlands (i.e., if the Global Note representing the Notes is deposited with a clearing system located outside the Netherlands) and are not distributed in the Netherlands or to residents of the Netherlands.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange AG or any other regulated trading facility in Switzerland, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Singapore

This Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**"). Accordingly, the Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, nor may this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 274 of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- 1. to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- 2. where no consideration is or will be given for the transfer;
- 3. where the transfer is by operation of law;
- 4. as specified in Section 276(7) of the SFA; or
- 5. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulation 2005 of Singapore.

Hong Kong

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold directly or indirectly within the People's Republic of China (for such purposes, excluding Hong Kong, the Macau Special Administrative Regions and Taiwan) ("**PRC**"). This Base Prospectus or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Base Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be invested by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuers, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the relevant Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus or Drawdown Prospectus, as applicable.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by a resolution of the management board of RFE dated 28 November 2008, by a consent of the board of directors of RHI by a consent in lieu of meeting dated 5 December 2008 and by a resolution of the board of directors of Roche passed at a meeting held on 5 December 2008.
2. The 2014 update of the Programme and subsequent updates of the Programme were authorised by a resolution of the management board of RFE dated 3 March 2014.
3. The 2014 update of the Programme, as reflected by this Base Prospectus and related documentation, and subsequent updates of the Programme were authorised by a special meeting of the board of directors of RHI held on 31 January 2012.
4. Each of the Issuers and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

Legal and Arbitration Proceedings

5. Save as disclosed on pages 117-120 of this Base Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which either Issuer or the Guarantor are aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of either Issuer and their respective Subsidiaries or the Guarantor and its Subsidiaries.

Significant Change/Material Adverse Change

6. Since 31 December 2013 there has been no material adverse change in the prospects of RFE. Since 31 December 2013 there has been no significant change in the financial or trading position of RFE.
7. Since 31 December 2013 there has been no material adverse change in the prospects of RHI or RHI and its Subsidiaries. Since 31 December 2013 there has been no significant change in the financial or trading position of RHI or RHI and its Subsidiaries.
8. Since 31 December 2013 there has been no material adverse change in the prospects of Roche or the Group. Save as disclosed in relation to the 2013 dividend under "*Description of Roche Holding Ltd and the Group – Dividends*", since 31 December 2013 there has been no significant change in the financial or trading position of Roche or the Group.

Auditors

9. The financial statements of RFE have been audited without qualification for the years ended 31 December 2013 and 2012 by KPMG Accountants N.V., Fascinatio Boulevard 200, 3065 WB Rotterdam, The Netherlands, P.O. Box 29174, 3001 GD Rotterdam, The Netherlands, independent accountants who have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included. According to the public register kept by the AFM, KPMG Accountants N.V. has obtained a license from the AFM on the basis of the Dutch Act on the supervision of audit firms (*Wet toezicht accountantsorganisaties*) to perform statutory audits (*wettelijke controle*) in respect of organisations of public interest (*organisaties van openbaar belang*), and is registered in the public register kept by the Dutch professional organisation of accountants (*Nederlandse beroepsorganisatie van accountants*).
10. The financial statements of RHI have been audited without qualification for the years ended 31 December 2013 and 2012 by KPMG AG, Viaduktstrasse 42, CH-4002 Basel, Switzerland, independent auditors, who have given, and have not withdrawn, their consent to the inclusion of

their reports in this Base Prospectus in the form and context in which it is included. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants.

11. The consolidated and statutory financial statements of Roche have been audited without qualification for the years ended 31 December 2013 and 2012 by KPMG AG, Viaduktstrasse 42, CH-4002 Basel, Switzerland, independent accountants, who have given, and have not withdrawn, their consent to the inclusion of their reports in this Base Prospectus in the form and context in which it is included. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants.

Documents on Display

12. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of BNP Paribas Securities Services, Luxembourg Branch, Corporate Trust Services, 33 rue de Gasperich, Howald – Hesperange, L – 2085 Luxembourg for 12 months from the date of this Base Prospectus:
 - (a) the Articles of Association of RFE;
 - (b) the Certificate of Incorporation of RHI;
 - (c) the Articles of Incorporation of Roche;
 - (d) the audited financial statements of RFE for the years ended 31 December 2013 and 2012;
 - (e) the audited consolidated financial statements of RHI for the years ended 31 December 2013 and 2012;
 - (f) the audited consolidated and statutory financial statements of Roche for the years ended 31 December 2013 and 2012;
 - (g) the Agency Agreement;
 - (h) the Guarantee of the Notes;
 - (i) the Deeds of Covenant;
 - (j) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
 - (k) the Issuer-ICSDs Agreement (which is entered into between the Issuers and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note and New Safekeeping Structure form).

A copy of the 2006 ISDA Definitions are available upon request from the Issuer for investors in Notes to which they are applicable.

13. This Base Prospectus and copies of the documents specified herein as containing information incorporated by reference in this Base Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Clearing of the Notes

14. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information. The address of Euroclear is 1 Boulevard du Roi Albert II, B-120 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue John F. Kennedy L-1855 Luxembourg, Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

Passporting

15. The Issuers may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in Luxembourg to be issued by the CSSF to the competent authority in any Member State.

Issue Price and Yield

16. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

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