Roche/Foundation Medicine collaboration:
Advancing patient care and science in oncology

IR conference call, 12 January 2015
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS


ADDITIONAL INFORMATION AND WHERE TO FIND IT

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Roche to acquire a majority equity interest in FMI and enter into a strategic collaboration

• Roche and Foundation Medicine (“FMI”) announced today that they will enter into a broad and strategic collaboration that has been approved by the Boards of both companies

• This strategic collaboration aims to further advance FMI’s leading position in molecular information and analysis while providing Roche a unique opportunity to identify and develop novel treatment options for patients
  – The collaboration agreements provide funding and milestones of more than USD 150m. Such funding will be used for molecular insights to support development of combination therapies, novel targets, clinical populations, and next generation companion diagnostics

• Under the terms of the majority equity investment, Roche will invest USD 250m in FMI at a per share issuance price of USD 50 to fund FMI’s operations and development

• In addition, Roche will commence a tender offer which, together with Roche’s direct investment in FMI, will result in Roche owning a minimum of 52.4% and a maximum of 56.3% of FMI on a fully diluted basis. The offered share price constitutes a 109% premium over the closing price of last Friday (January 9th)

• All elements of this transaction are subject to FMI shareholder approval, are cross-conditional, and will come into force simultaneously
Patient journey
Diagnosis, Oncologist decision making & Monitoring

Diagram:
- **Diagnosis**: Comprehensive assessment of disease
- **Oncologist decision**: Established treatment, Experimental treatment/trial
- **Monitoring**: Sustained response/cure?, Progression?
Patient journey – Foundation Medicine’s role

Molecular information platform

Diagnosis
Comprehensive assessment of disease

Oncologist decision
• Established treatment
• Experimental treatment/trial

Monitoring
• Sustained response/cure?
• Progression?

FMI offering:

Comprehensive tests*  Standardized knowledgebase  Molecular information

Portal for Physicians

*Next Generation sequencing based tests
Patient journey – Insights for Pharma
**Valuable insights in R&D, Commercial**

**Diagnosis**
Comprehensive assessment of disease

**Oncologist decision**
- Established treatment
- Experimental treatment/trial

**Monitoring**
- Sustained response/cure?
- Progression?

**Insights for Pharma:**
- **R&D**: Molecular insights to support development of combination therapies, novel targets, clinical populations, next generation companion diagnostics
- **Commercial**: Better predictability of clinical outcomes, faster penetration of relevant medicines and combinations
Foundation Medicine overview

Strategic rationale

Transaction summary
Foundation Medicine: Overview
Leader in oncology molecular information

Company facts

• Founded 2010 in Cambridge, MA, USA
• Primarily VC-funded until IPO in 2013
• Core proprietary molecular information platform
• Two leading solutions for comprehensive genomic profiling of cancers
  – FoundationOne: solid tumors
  – FoundationOne Heme: hematologic cancers and sarcomas

FMI’s solution: A molecular information platform

Genome Technology
Cancer Biology
Clinical Oncology
Information Science
FMI: Clinical business
Molecular information and services

Physicians send samples to FMI

Sample preparation
Genomic sequencing

Clinical Knowledgebase
Contains sequencing data from patients and literature*

Interactive patient report is sent to the oncologist
Report contains treatment options including FDA-approved targeted therapies and novel treatments in development

Illustrative
*Also starting to contain outcomes data
FMI: Pharmaceutical services business
*Payment for services and/or knowledgebase access*

- Pharma partners send trial samples to FMI
- **Generate Data**
  - Sample preparation
  - Genomic sequencing

- Key: Firewalls in place to protect individual Pharma partners’ databases
  - Trial data converted into a mineable database

**Illustrative**

Partners also pay for individual queries to clinical knowledgebase
**FMI: Market leader serving oncologists**

*Rapid growth in a nascent market*

- Differentiated products
  - repeat orders and new customers key drivers of growth
- Growing field of oncology molecular information
  - FMI estimates total US addressable market at >1m tests/year

<table>
<thead>
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<th># Tests reported to ordering physicians</th>
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<tr>
<td>Q3’12</td>
</tr>
<tr>
<td>492</td>
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Source: FMI analysis
Foundation Medicine overview

Strategic rationale

*FMI fit with Roche*

*What FMI and Roche can achieve together*

Transaction summary
Patient journey – FMI’s role
Molecular information platform

Diagnosis
Comprehensive assessment of disease

Oncologist decision
- Established treatment
- Experimental treatment/trial

Monitoring
- Sustained response/cure?
- Progression?

FMI offering:
1. Comprehensive tests*
2. Standardized knowledgebase
3. Molecular information

Portal for Physicians

*Next Generation sequencing
Comprehensive tests
More classifications & overlapping markers – more tests needed to identify tumor type

Classification of lung adenocarcinomas

Comprehensive tests
Need for Roche as more treatment options, especially combinations, reach the clinic

### Phase I
(18 NMEs + 7Als)
- LSD1 inh AML
- SERD ER+(Her2-) mBC
- HIF1 alpha LNA solid tumors
- HER3 MAb solid tumors
- Raf & MEK dual inh solid tumors
- MDM2 ant solid & hem tumors
- Steap 1 ADC prostate ca.
- MUC16 ADC ovarian & pancreatic ca.
- Bcl-2 inh + Gazyva CLL
- Bcl-2 inh heme indications
- PI3K inh glioblastoma 2L
- Chk1 inh solid tum & lymphoma
- MDM2 (4) IV prodrug AML
- CEA IL2v solid tumors
- ADC solid tumors
- ERK inh solid tumors
- ADC ovarian ca
- OX40 solid tumors
- PD-L1 MAb+Tarceva NSCLC EGFR+
- PD-L1 MAb+Zelboraf m. melanoma
- PD-L1 MAb+Avastin+chemo solid tumors
- PD-L1 MAb+cobimetinib solid tumors
- PD-L1 MAb+ipilimum/IFN solid tumors
- PD-L1 MAb solid tumors
- MabThera SC CLL

### Phase II
(10 NMEs + 5Als)
- Csf-1R MAb solid tumors & PVNS
- Ang2-VEGF MAb colorectal cancer
- Pictilisib (PI3K inh) solid tumors
- Ipilimumab (AKT inh) solid tumors
- Polatuzumab v. (CD79bADC) hem tumors
- HER3/EGFR MAb m. epithelial tumors
- Lifastuzumab v. (NaPi2bADC) Pt-resist. OC
- Gazyva (obinutuzumab) iNHL relapsed
- Gazyva (obinutuzumab) iNHL front-line

### Phase III
(3 NMEs + 16Als)
- PD-L1 MAb NSCLC 2nd/3rd line
- Bcl-2 inh CLL rel/refract
- Alectinib (ALK inhibitor) NSCLC
- Avastin glioblastoma 1st line
- Avastin NSCLC adj
- Avastin ovarian cancer 1st line
- Avastin rel. ovarian ca. Pt-sensitive
- Perjeta HER2+ mBC 2nd line
- Perjeta HER2+ BC adj
- Perjeta HER2+ gastric cancer
- Kadcyla HER2+ gastric cancer
- Kadcyla +/- Perjeta HER2+ mBC 1st l
- Kadcyla HER2+ BC adj
- Kadcyla +/ Perjeta HER2+ BC adj
- Kadcyla + Perjeta HER2+ BC neoadj
- Gazyva (obinutuzumab) DLBCL
- Gazyva (obinutuzumab) iNHL relapsed
- Gazyva (obinutuzumab) iNHL front-line
- Zelboraf melanoma adj

### Registration
(1 NMEs + 3Als)
- Cobimetinib + Zelboraf m. melanoma
- Avastin recurrent cervical cancer
- Avastin rel. ovarian ca. Pt-resistant
- Perjeta HER2+ BC neoadj

- New Molecular Entity (NME)
- Additional Indication (AI)

Status as of October 16, 2014

- Most have a biomarker program
- 28 combinations in development
Comprehensive tests

Tissue limited and multiple modalities required

Today
Single assays, “tissue is the issue”

Example: Lung Cancer

Lung Biopsy

8-10 slides

Enough tissue for only 2-3 individual tests

Produces a single snapshot

Future
Multiplex assays and Monitoring

Example: Lung Cancer

Comprehensive tumor analysis…

Multiple modalities required including:

- DNA & RNA sequencing
- Protein expression – Multiplex IHC

8-10 slides

…and continuous monitoring

Blood

Imaging

Illustrative
Standardized knowledgebase

*Enables comparability of results both in R&D and in the clinic*

**In R&D**
Comparability of results essential

- Comprehensive genomic profiling leads to better insights across programs: “bench to bedside to bench”
- Translates to the clinic as well:
  - Same assay in R&D and the clinic improves confidence in results
  - Results comparable across centers/hospitals

*Early R&D Data*  *Clinical Trial Data*

Produces a powerful knowledgebase and enables faster insight generation
Molecular information platform
*Essential to extract insights out of large volumes of data*

**Value for Physicians**
Interactive, easy to read, and meaningful report

**Value for Pharma customers**
Support in interpreting data generated via clinical trials – also prospectively for trial design and patient screening

Foundation Medicine differentiated by their ability to extract insights from their knowledgebases and their partnerships with major medical centers and providers
Summary of FMI fit to Roche
Meets urgent current needs and adds key capabilities

**FMI offering**

- Comprehensive DNA and RNA sequencing tests that complement Roche capabilities
- Standardized clinical trial data captured in a knowledgebase
- Data analysis to provide R&D insights
- Potential for faster uptake of new medicines and combinations
Foundation Medicine overview

Strategic rationale

*FMI fit with Roche*

*What FMI and Roche can achieve together*

Transaction summary
Roche and FMI can innovate together

*Immunotherapy and continuous monitoring key areas for collaboration*

**Future**
Multiplex assays and Monitoring

**Example: Lung Cancer**

**Comprehensive tumor analysis…**
*Multiple modalities required including:*

- DNA & RNA sequencing
- Protein expression – Multiplex IHC

**…and continuous monitoring**

- Blood
- Imaging

Key innovations that Roche and FMI can develop together:

1. RNA-based Immunotherapy test
2. Continuous monitoring of tumor specific molecular alterations in blood
## Roche in cancer immunotherapy

**Extensive program in monotherapy and combinations**

<table>
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<tr>
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<th>Combination</th>
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✓ Study ongoing  ☑ Study planned/imminent
Development of an immunotherapy test

**FMI and Roche bring key capabilities together**

**Roche/FMI collaboration:**
- Comprehensive RNA - based immunotherapy test to be jointly developed
- FMI: expertise in sequencing test development
- Roche: immunotherapy breadth and scientific know-how

**Together:** Ability to bridge science and the clinic for patients

Continuous blood based monitoring

Early targeted therapies required a single test

Current standard procedure:
Tests performed at initial diagnosis stage – normally for a single or a few targeted mutations, eg. BRAF, BRAF & MEK
Continuous blood based monitoring

As biology evolves, crucial to test multiple genes over time as disease progresses

Illustrative

Early measures of response and resistance essential in the future both to guide R&D and clinical practice:

- Multiple resistance mechanisms*
- Comprehensive and blood based testing needed to avoid repeat biopsies

*Lackner et al., Future Oncology 8: 999-1014, 2012
Summary of R&D collaboration

Enabling personalized healthcare for patients

Roche/FMI collaboration

What we aim to achieve together

Key initial areas for collaboration

- Cancer Immunotherapy test
- Continuous monitoring test

Brings together expertise needed to innovate for patients

- Roche a leader in PHC/companion diagnostics across modalities
- FMI a leader in comprehensive genomic profile development and molecular information

Roche and FMI can innovate together

Immunotherapy and continuous monitoring key areas for collaboration

Key innovations that Roche and FMI can develop together:
1. RNA-based Immunotherapy test
2. Continuous monitoring of tumor specific molecular alterations in blood
Additional partnership benefits for FMI
*Provides FMI with commercial reach and knowhow for future business model evolution*

**FMI business focus today on the US**

**Key benefits to FMI**

- Acceleration of ex-US business growth
- Europe first key region for market development
- Potential to explore a decentralized testing model in the future
Summary: Strong rationale for collaboration

Close collaboration enables key innovation needed to achieve vision for improving patient care and R&D

For Roche
- FMI’s comprehensive, standardized tests and capabilities needed today
- Access to expertise in molecular information
- Standardized test used in R&D also available to physicians

For FMI
- Breadth of Roche clinical trials and oncology expertise
- Acceleration of R&D pipeline
- Expanded commercial reach
- Roche diagnostics expertise
Foundation Medicine overview

Strategic rationale

Transaction summary
Transaction highlights

**Collaboration agreements**

- Extensive collaboration needed to achieve objectives:
  - R&D
  - Commercial

**Equity investment & capital increase**

- Majority equity stake via two-step process
  - Capital increase
  - Tender offer

Agreements cross conditional
Key deal terms

**Capital increase**
- Roche to make a direct investment of USD 250m at USD 50 per share

**Tender offer**
- Roche to commence a tender offer which, together with the direct investment, will result in Roche holding up to 56.3% of the fully diluted shares
  - Minimum tender condition resulting in a stake of at least 52.4% of the fully diluted shares
  - Offer price of USD 50 per share

**Financing**
- Transaction to be financed via a combination of available funds and newly issued bonds
## Key governance terms

<table>
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<tr>
<th>Majority ownership with minority Board representation</th>
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</thead>
<tbody>
<tr>
<td><strong>Shareholding</strong></td>
</tr>
<tr>
<td>• Initial shareholding at closing between 52.4% and 56.3% on fully diluted basis</td>
</tr>
<tr>
<td><strong>Board representation &amp; Consent rights</strong></td>
</tr>
<tr>
<td>• 9 board members: 3 Roche nominees (one of which is Daniel O’Day), 5 VC representatives and independent directors, and FMI’s CEO Michael Pellini</td>
</tr>
<tr>
<td>• Roche representation on all board committees</td>
</tr>
<tr>
<td>• Significant operational autonomy of FMI, subject to certain Roche consent rights and anti-dilution protection</td>
</tr>
<tr>
<td><strong>Stand-still &amp; Sell-down</strong></td>
</tr>
<tr>
<td>• Roche generally prohibited from increasing its ownership position or selling down for 3 years post-close</td>
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## Anticipated timing of key next steps

<table>
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<tr>
<th>Milestone</th>
<th>Timing</th>
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<tr>
<td><strong>Announcement</strong></td>
<td><strong>12 January</strong></td>
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<tr>
<td>Parties to make required regulatory filings</td>
<td>~2–3 weeks post announcement</td>
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<tr>
<td>Commence Tender Offer</td>
<td>~3–4 weeks post announcement</td>
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<tr>
<td>FMI to file Schedule 14D-9 and preliminary Proxy Statement</td>
<td>~6 weeks post announcement</td>
</tr>
<tr>
<td>FMI to file definitive Proxy Statement</td>
<td>~11–12 weeks post announcement</td>
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<tr>
<td>FMI holds special shareholders meeting</td>
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<tr>
<td>Closing</td>
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Above is subject to changes; in particular the SEC reviews/comments of the disclosure documents might lead to changes in the current anticipated timelines.
Doing now what patients need next