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

IR conference call, 12 January 2015

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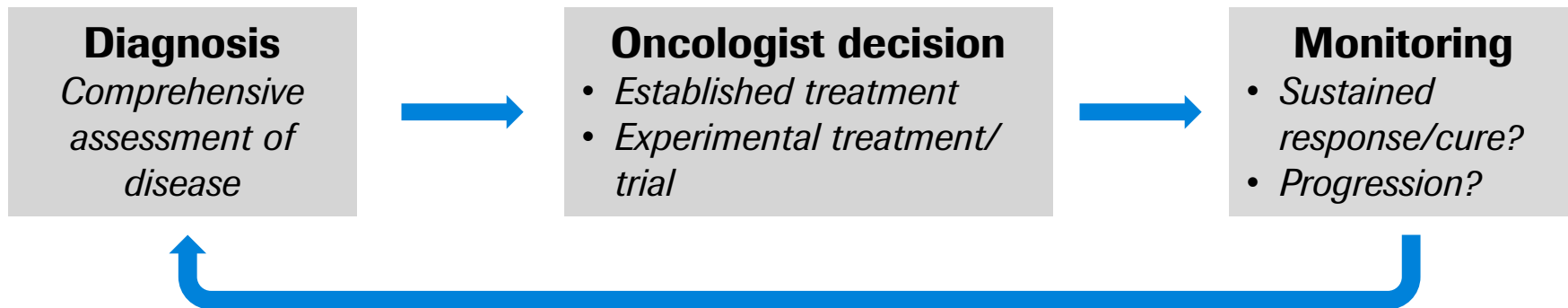
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Roche to acquire a majority equity interest in FMI and enter into a strategic collaboration

- 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

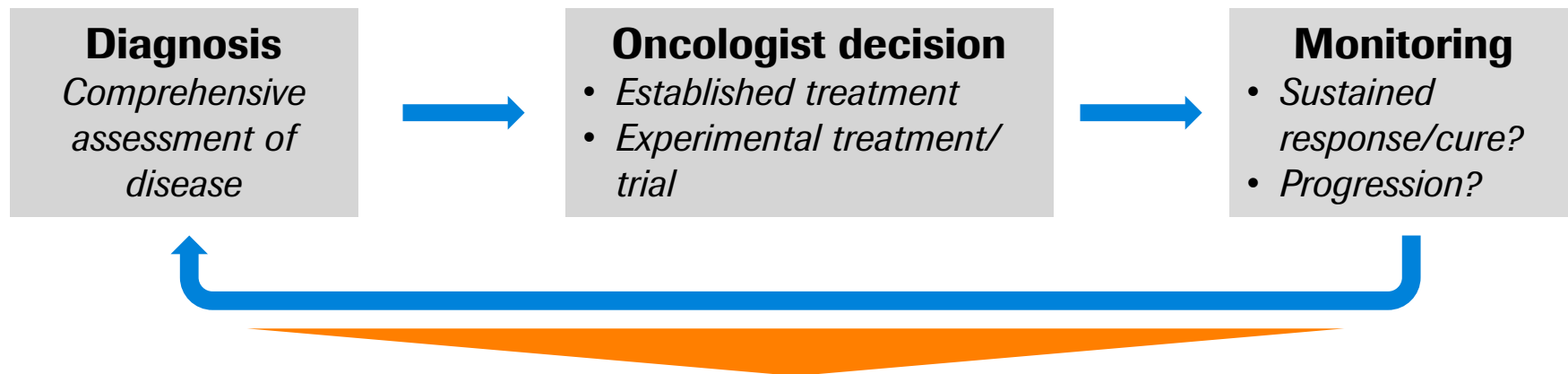
Patient journey

Diagnosis, Oncologist decision making & Monitoring



Patient journey – Foundation Medicine's role

Molecular information platform



*Next Generation sequencing based tests

Patient journey – Insights for Pharma

Valuable insights in R&D, Commercial



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

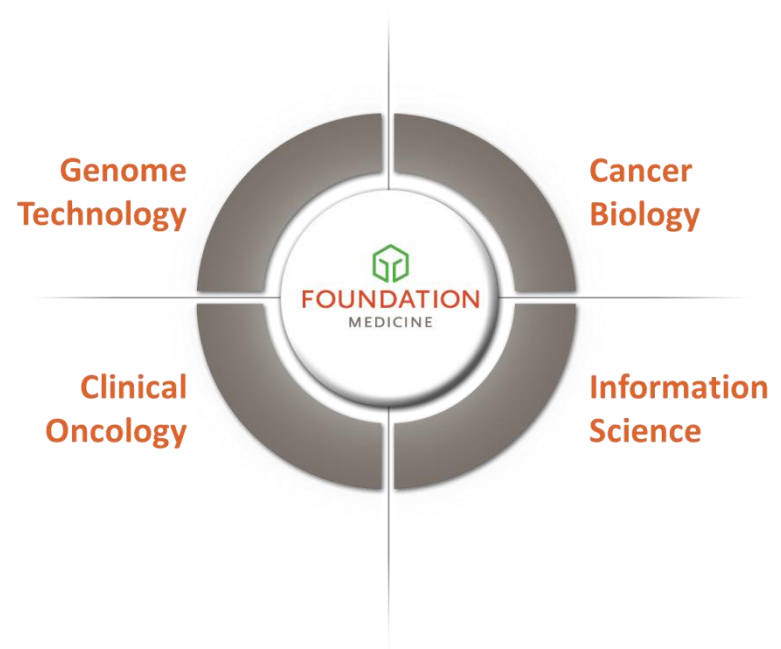
Foundation Medicine: Overview

Leader in oncology molecular information

Company facts

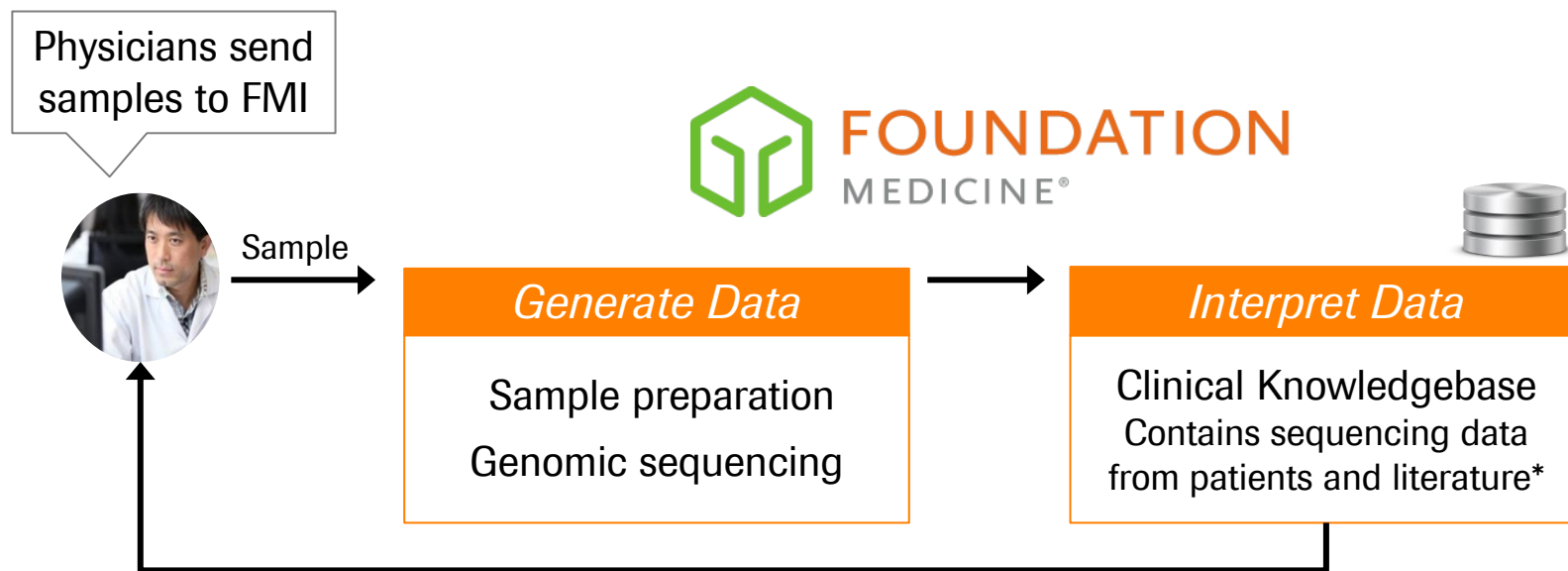
- Founded 2010 in Cambridge, MA, USA
- Primarily VC-funded until IPO in 2013
- Core proprietary molecular information platform
- Two leading solutions for comprehensive genomic profiling of cancers
 - FoundationOne: solid tumors
 - FoundationOne Heme: hematologic cancers and sarcomas

FMI's solution: A molecular information platform



FMI: Clinical business

Molecular information and services



FOUNDATION ICE
INTERACTIVE CANCER EXPLORER



Interactive patient report is sent to the oncologist

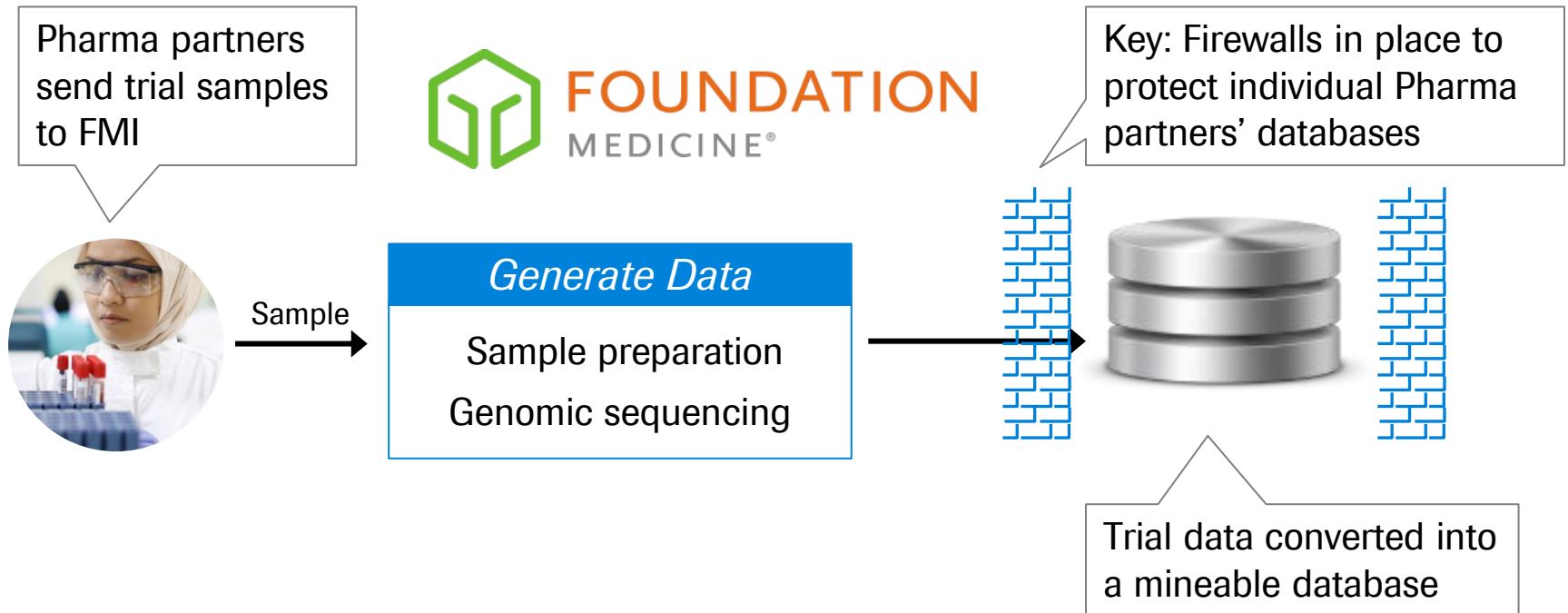
Report contains treatment options including FDA-approved targeted therapies and novel treatments in development

Illustrative

**Also starting to contain outcomes data*

FMI: Pharmaceutical services business

Payment for services and/or knowledgebase access



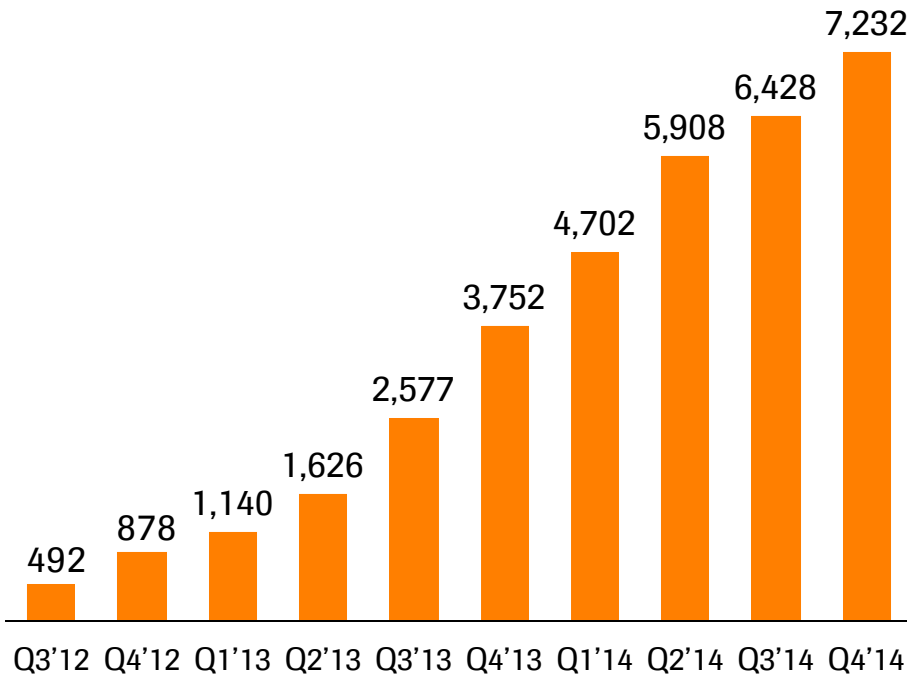
Illustrative

Partners also pay for individual queries to clinical knowledgebase

FMI: Market leader serving oncologists

Rapid growth in a nascent market

Tests reported to ordering physicians



- 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

Foundation Medicine overview

Strategic rationale

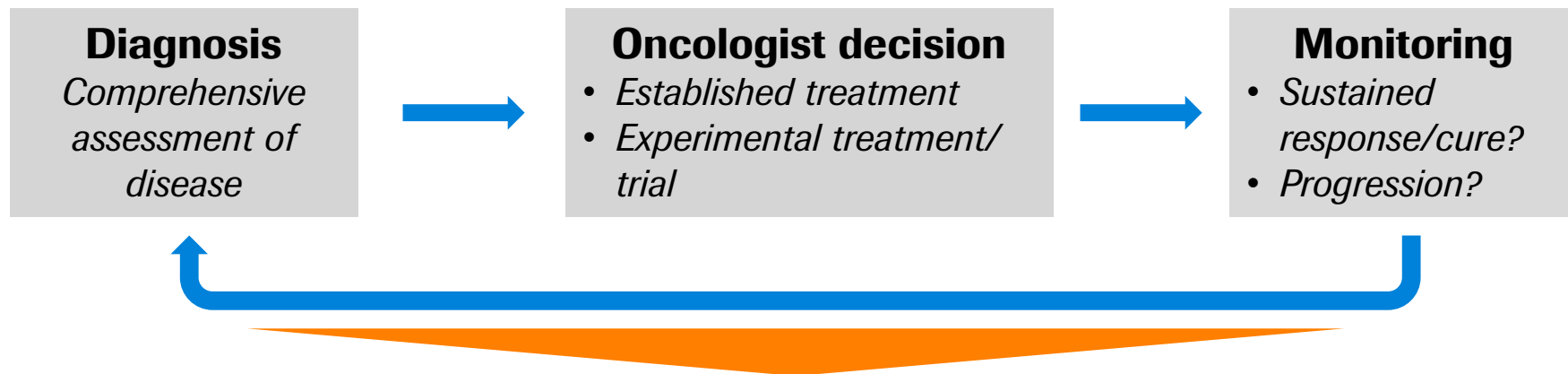
FMI fit with Roche

What FMI and Roche can achieve together

Transaction summary

Patient journey – FMI's role

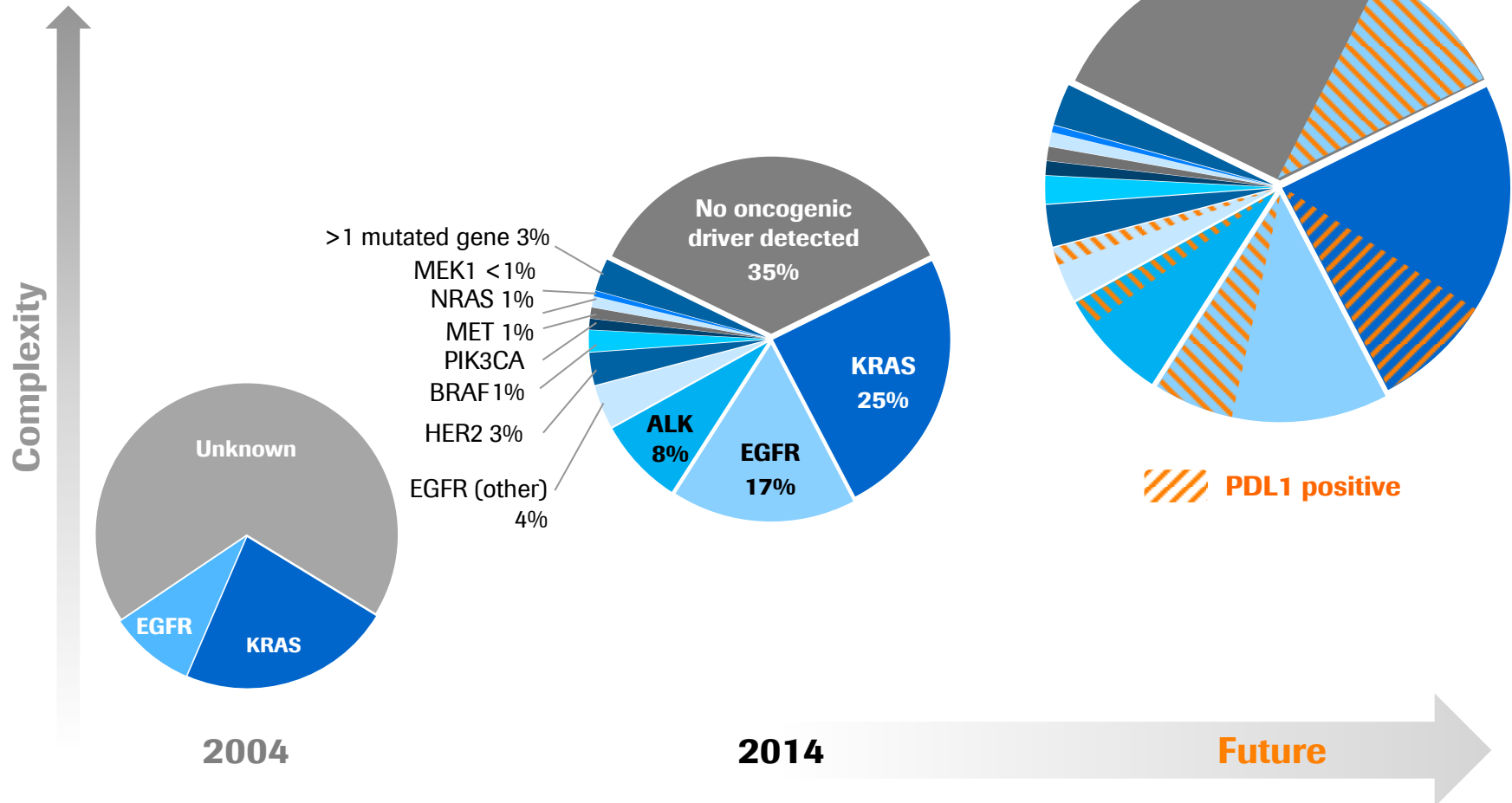
Molecular information platform



*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 + 7 AIs)

| | |
|-------------------------|--------------------------|
| 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 + 5 AIs)

| | |
|-----------------------------------|---|
| CSF-1R MAb | solid tumors & PVNS |
| Ang2-VEGF MAb | colorectal cancer |
| pictilisib (PI3K inh) | solid tumors |
| ipatasertib (AKT inh) | solid tumors |
| pinatuzumab v. (CD22 ADC) | hem tumors |
| polatuzumab v. (CD79bADC) | hem tumors |
| HER3/EGFR MAb | m. epithelial tumors |
| lifastuzumab v. (NaPi2bADC) | Pt-resist. OC |
| taselisib (PI3K inh beta sparing) | s. tumors |
| glypican-3 MAb | liver cancer |
| PD-L1 MAb | NSCLC 2 nd /3 rd line |
| PD-L1 MAb + Avastin | RCC |
| PD-L1 MAb | bladder cancer |
| Bcl-2 inh | CLL rel/refract 17pdel |
| Bcl-2 inh | DLBCL |

Phase III

(3 NMEs + 16 AIs)

| | |
|---------------------------|-------------------------------------|
| PD-L1 MAb | NSCLC 2 nd line |
| Bcl-2 inh | CLL rel/refract |
| alectinib (ALK inhibitor) | NSCLC |
| Avastin | glioblastoma 1 st line |
| Avastin | NSCLC adj |
| Avastin | ovarian cancer 1 st line |
| Avastin | rel. ovarian ca. Pt-sensitive |
| Perjeta | HER2+ mBC 2 nd line |
| Perjeta | HER2+ BC adj |
| Perjeta | HER2+ gastric cancer |
| Kadcyla | HER2+ gastric cancer |
| Kadcyla +/- Perjeta | HER2+ mBC 1 st I |
| 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 + 3 AIs)

| | |
|------------------------|-------------------------------|
| 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)

- 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

Illustrative

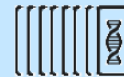
Future

Multiplex assays and Monitoring

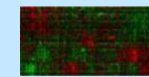
Example: Lung Cancer

Comprehensive tumor analysis...

Multiple modalities required including:



8-10 slides



DNA & RNA
sequencing



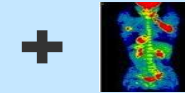
Protein expression
– Multiplex IHC

...and continuous monitoring

Blood



Imaging



Standardized knowledgebase

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

In R&D

Comparability of results essential



Early R&D Data



Clinical Trial Data



**Produces a powerful
knowledgebase and enables
faster insight generation**

- 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

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

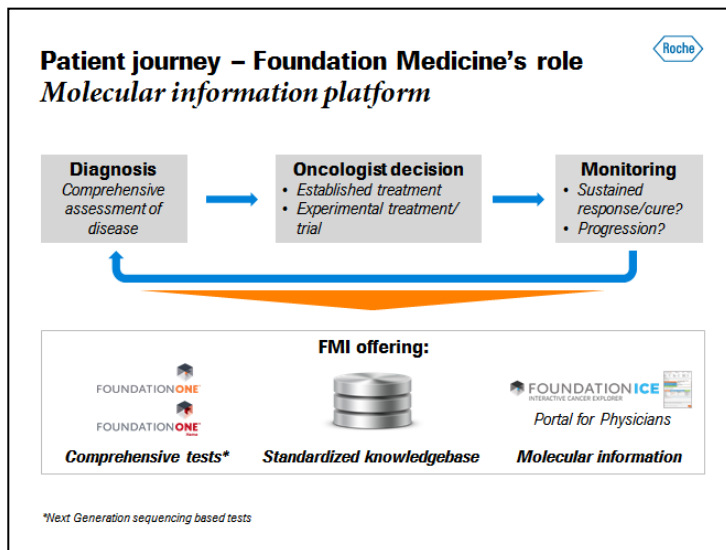
Support in interpreting data generated via clinical trials – also prospectively for trial design and patient screening

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



Value for Roche

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

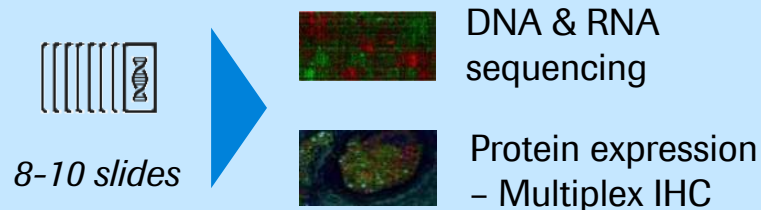
Future

Multiplex assays and Monitoring

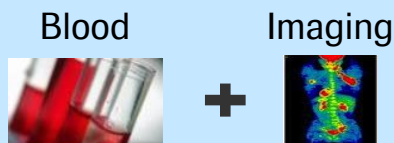
Example: Lung Cancer

Comprehensive tumor analysis...

Multiple modalities required including:



...and continuous monitoring



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

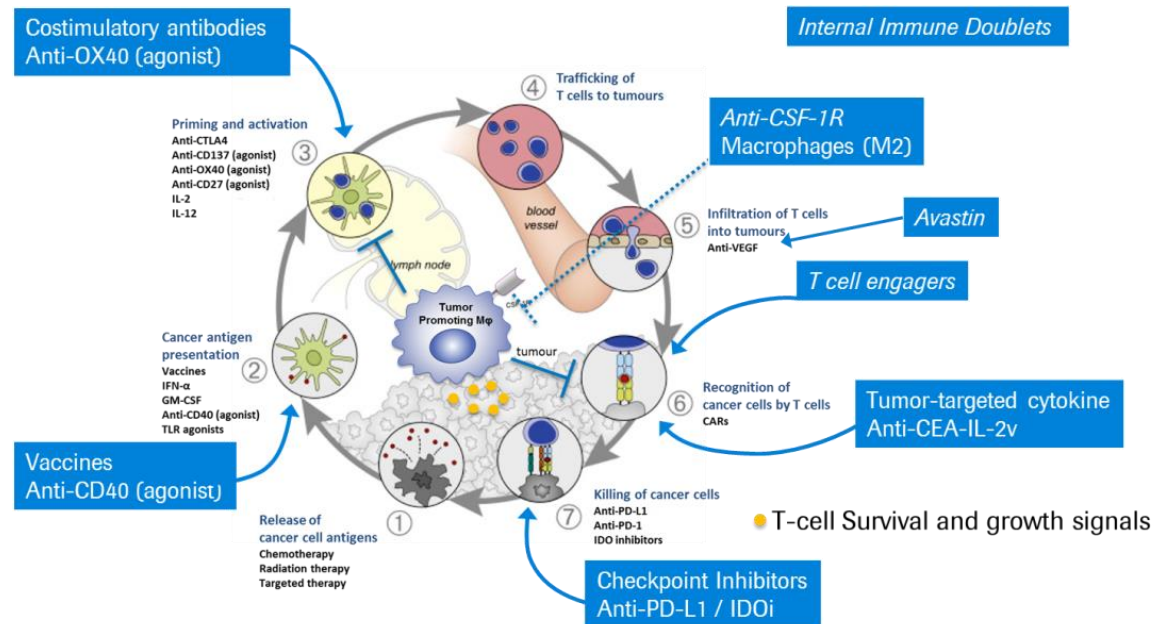
| Compound | Combination | Indication | Ph 1 | Ph 2 | Ph 3 |
|--------------------|--------------------------|-------------------|-------------|-------------|-------------|
| PDL1 | <i>Mono +Tarceva</i> | Lung | ✓ ✓ | ✓ | ✓ |
| PDL1 | <i>Mono</i> | Bladder | ✓ | ✓ | ✓ |
| PDL1 | <i>Mono +Avastin</i> | Renal | ✓ ✓ | ✓ ✓ | |
| PDL1 | <i>+Zelboraf</i> | Melanoma | ✓ | | |
| PDL1 | <i>Mono</i> | Solid tumors | ✓ | | |
| | <i>+Avastin</i> | | ✓ | | |
| | <i>+cobimetinib</i> | | ✓ | | |
| | <i>+ipilimumab</i> | | ✓ | | |
| | <i>+IFN alfa-2b</i> | | ✓ | | |
| PDL1 | <i>+Avastin+FOLFOX</i> | Colorectal | ✓ | | |
| PDL1 | <i>Mono +Gazyva</i> | Hematology | ✓ ✓ | | |
| PDL1 | <i>Mono</i> | TNBC | ✓ | | |
| CSF1R | <i>Mono</i> | Solid tumors | ✓ | ✓ | |
| | <i>+PDL1</i> | | ✓ | | |
| | <i>+CD40</i> | | ✓ | | |
| CEA IL-2v | <i>Mono</i> | Solid tumors | ✓ | | |
| OX-40 | <i>Mono</i> | Solid tumors | ✓ | | |
| CD-40 | <i>Mono</i> | Solid tumors | ✓ | | |
| DNA vaccine | <i>Mono</i> | Prostate | ✓ | | |
| IDO | <i>Mono / combo</i> | Various | ✓ | | |

✓ 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

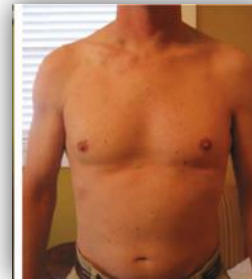
Illustrative

**Disease
Progression**

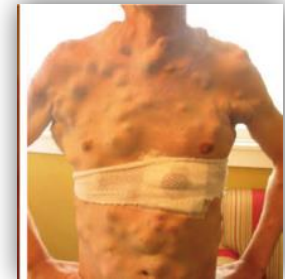
Therapy



Response



Resistance



**Initial Therapy
Selection/Diagnosis**

1

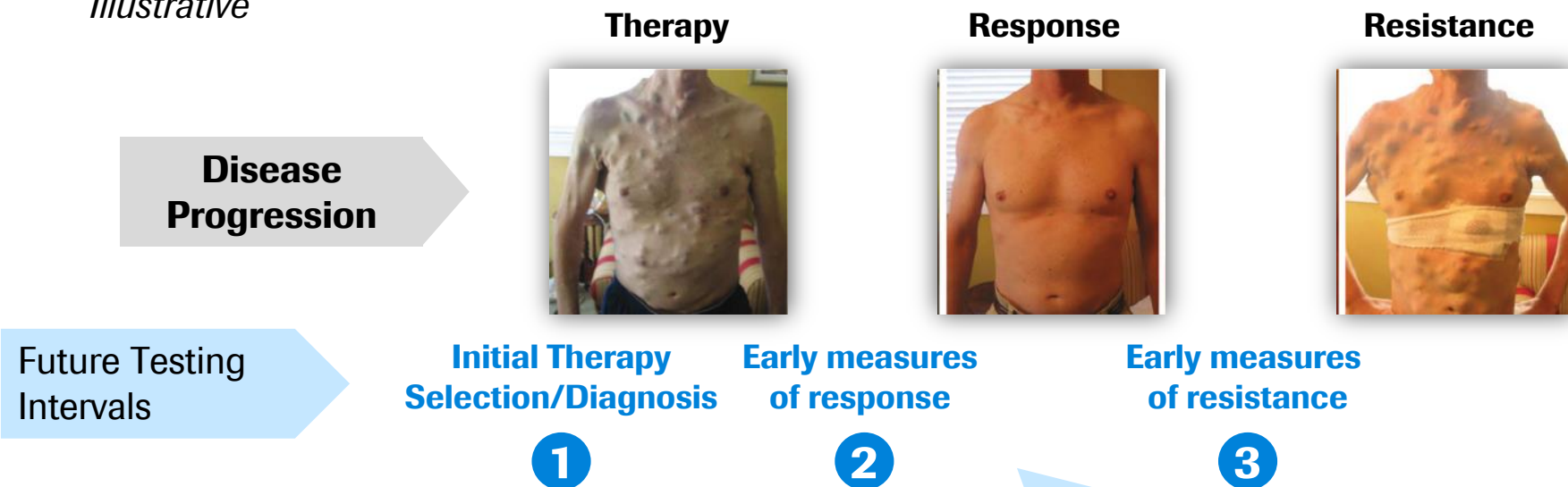
Current standard procedure:

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

Summary of R&D collaboration

Enabling personalized healthcare for patients

Roche/FMI collaboration

What we aim to achieve together

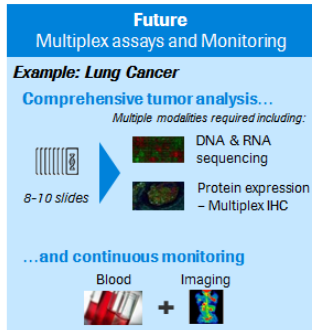
Key initial areas for collaboration

- 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



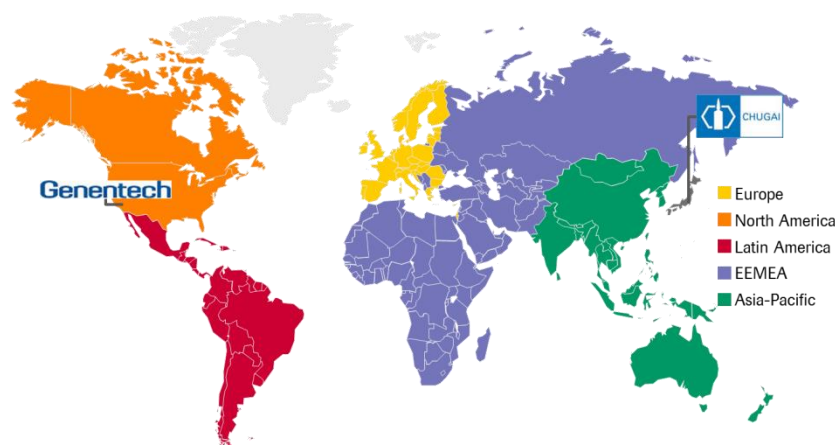
Key innovations that Roche and FMI can develop together:

- 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



Roche's global commercial presence

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



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

| | | |
|-----------------------------------|------------------|---|
| Majority stake via 2-step process | Capital increase | <ul style="list-style-type: none"> Roche to make a direct investment of USD 250m at USD 50 per share |
| | Tender offer | <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 | | <ul style="list-style-type: none"> Transaction to be financed via a combination of available funds and newly issued bonds |

Key governance terms

Majority ownership with minority Board representation

Shareholding

- Initial shareholding at closing between 52.4% and 56.3% on fully diluted basis

Board representation & Consent rights

- 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
- Roche representation on all board committees
- Significant operational autonomy of FMI, subject to certain Roche consent rights and anti-dilution protection

Stand-still & Sell-down

- Roche generally prohibited from increasing its ownership position or selling down for 3 years post-close

Anticipated timing of key next steps

| Milestones | Timing |
|--|--------------------------------|
| Announcement | 12 January |
| Parties to make required regulatory filings | ~2-3 weeks post announcement |
| Commence Tender Offer | ~3-4 weeks post announcement |
| FMI to file Schedule 14D-9 and preliminary Proxy Statement | |
| FMI to file definitive Proxy Statement | ~6 weeks post announcement |
| FMI holds special shareholders meeting | ~11-12 weeks post announcement |
| Closing | |

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