



April 4, 2020

Mr. David Branigan  
TB Project Office  
Treatment Action Group

Dear Mr. Branigan,

Before we address your most recent letter, we think it is important to remind you and your co-signators how Cepheid came to market the Xpert TB test. Cepheid was asked to develop this test by FIND, under a grant from the Bill and Melinda Gates Foundation. Scanning all the potential technologies, GeneXpert was selected as having the best potential and, after an extensive and successful development effort, FIND took the product through the WHO endorsement process. A subsidized price for the Low and Middle Income and high TB-burden countries was agreed upon with WHO, OGAC/USAID, the Bill and Melinda Gates Foundation and Unitaid. Unlike many of the other grant recipients who take funds and never deliver products, Cepheid has executed on our partnership. We have been meeting our commitments and continue to provide the test and improvements upon it globally even though it requires a disproportionate amount of our manufacturing effort for a minimal return. We are proud that we have been able to vastly expand TB testing with this product to reach millions of people in over 130 countries since receiving regulatory approvals and making the test available to the public.

Your letter dated 6 January 2020 expands on the theme of your letter dated 21 October 2019 with more emphasis on external cost calculation, using studies commissioned by MSF Access in 2012, 2015 and 2018. While we appreciate the effort to try to deconstruct our costs, your analysis is simply not accurate.

We cannot share the detailed information regarding our costs to refute every point in the flawed analysis presented as this is highly competitive and sensitive information, but we believe it is critical to dispel the myth you are trying to ingrain in the public's minds that "at annual volumes of 10 million the cost of producing each Xpert cartridge is estimated to be as low as \$3". This number is not at all reflective of reality. In fact, our costs for this product substantially exceed your requested price target.

Frankly, your ongoing campaign to mislead the public is not only harmful to the marketplace, it is also distracting our team from the important work we are doing in HIV, other Sexually Transmitted Infections, HPV, Hepatitis, oncology, to name just a few. This is all in addition to the urgent work we undertook just this year to develop and launch an easy to use Coronavirus test in an Xpert cartridge that is now being used on our systems worldwide – as we did a few years ago for Ebola. We do all this because it is part of our mission to improve life's condition.

As already stated, we share your passion and share your commitment to eliminate TB. Unfortunately, given your unreasonable demands and faulty assumptions, I do not see a productive path forward through additional correspondence. Please know that Cepheid remains dedicated to the development and supply of diagnostic tools that the global health leaders need to enable better outcomes, at a cost that ensures access for all stakeholders and continued sustainability of our programs to reach communities in need.

Best regards,

A handwritten signature in blue ink, appearing to read "PJ", written over a blue grid pattern.

Philippe Jacon  
Senior Vice President  
Global Access