



16 April 2012

Mr. John L. Bishop
Chief Executive Officer
Cepheid
904 Caribbean Drive
Sunnyvale, CA 94089 USA

By fax and email: +1-408-541-4192 and john.bishop@cepheid.com

Dear Mr. Bishop,

OPEN LETTER RE: CEPHEID PRICING OF THE GENEXPERT MACHINES AND CARTRIDGES FOR HIGH-BURDEN SETTINGS IN THE PUBLIC AND PRIVATE SECTORS

We write to follow up on our previous communications in September 2011 and November 2010 regarding the price of Cepheid's GeneXpert MTB/RIF machines and cartridges. As you know, negotiations are underway between Cepheid and the government of South Africa as well as between Cepheid and UNITAID, among others, regarding these prices.

We remain deeply disappointed that despite unprecedented momentum and global rollout of the Xpert MTB/RIF system, prices have failed to budge either for the machines or for the cartridges. According to your 4th quarter 2011 results online, international sales rose by 89% in the last quarter of 2011 compared with 2010, and 72% year-on-year overall, reflecting the rapid uptake and considerable global interest and need for the Xpert system. However, we have heard that many countries that want to roll out the Xpert system, such as Kenya, are unable to do so due to the current prices.

It therefore follows that if the machines and cartridges are too expensive to buy and maintain, then the volumes that need to be bought to witness a decrease in price as stipulated by you, will never be reached and we fear that prices (of cartridges and machines) will not decrease in the near future. Needless to say, these high prices of the machines and the cartridges make it virtually impossible to fulfill the test's potential to move very close to being a true "point of care" test where people can be diagnosed for tuberculosis (TB) in their communities.

In addition, we have heard concerns from Indian providers and TB advocates that the current arrangement with FIND which only covers the public and some of the non-profit sector in high-burden countries, excludes from any public health access to Xpert the 80% or so of Indians with TB symptoms who are initially screened within the private sector.

Thus we write with three requests:

1. To bring down the price of a) the GeneXpert MTB/RIF machines as quickly as possible and

- b) the Xpert cartridges from \$17 to no more than \$7/cartridge for South Africa, UNITAID, and other public health sector and multilateral donors and providers;
2. To create a tiered-pricing system so that private sector providers in high burden countries such as India are able to access the Xpert system at prices they can afford;
 3. To provide the audited accounts of the current manufacturing costs of the Xpert MTB/RIF system (machines and cartridges). This audit was promised via the September 2011 teleconference with representatives of the AIDS & Rights Alliance for Southern Africa, Global Health Strategies, Médecins Sans Frontières, Treatment Action Campaign, Treatment Action Group and other organizations, and expected to be completed now as per further communication between FIND and Médecins Sans Frontières in January 2012; and
 4. To schedule a teleconference with the undersigned at your earliest possible convenience to discuss these matters in more detail.

Please respond to Nathan Geffen at nathangeffen@gmail.com and to Erica Lessem at erica.lessem@treatmentactiongroup.org at your earliest convenience.

We remain excited about the potential of the Xpert system to revolutionize case finding and early appropriate treatment of tuberculosis in high-burdened settings as well as disappointed by Cepheid's inability to date to reflect the increasing demand with appropriately reduced, affordable, and sustainable prices.

Yours truly,

Polly Clayden, United Kingdom
Colleen Daniels, Australia
Nathan Geffen, South Africa
Denis Godlevskiy, Russian Federation
Mark Harrington, United States
Giselle Israel, Brazil
Bactrin Killingo, Kenya
Blessina Kumar, India
Erica Lessem, United States
Khairunisa Suleiman, South Africa
Ezio Tavora dos Santos Filho, Brazil
Wim Vandeveld, Belgium

for the Global Tuberculosis Community Advisory Board (TB CAB)

South African HIV Clinicians Society
Treatment Action Campaign, South Africa
Treatment Action Group, USA

Cc: Denis Broun, UNITAID
Margaret Chan, WHO
Lucica Ditiu, Stop TB Partnership
Eric Goosby, OGAC
Gabriel Jaramillo, GFATM
The Hon. Aaron Motsoaledi, Minister of Health, South Africa
Raj Shah, USAID