



TREASURY DEPARTMENT
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG, PA 17120

JOSEPH M. TORSSELLA
TREASURER

September 16, 2020

Via Electronic Transmission

Mr. Daniel O'Day
Chief Executive Officer
Gilead Sciences, Inc.
333 Lakeside Drive
Foster City, California 94404

Dear Mr. O'Day:

We write to you today in our capacities as leading fiscal officers and fiduciaries in our respective states. On June 29th, Gilead unveiled its ticket price for remdesivir—a repurposed antiviral drug, in existence since 2009, authorized by the Food and Drug Administration to treat severe cases of COVID-19—between \$2,340 and \$3,120 per treatment course. As shareholders and stakeholders with an interest in the long-term value of Gilead and the public health in our states, we are writing to ask that you responsibly commit to being a part of our nation's recovery from COVID-19, both medically and economically, by repricing this drug more affordably.

First and foremost, the nation is facing a public health crisis. This still unknown virus continues to wreak havoc on our states and our communities. Coupled with this, our constituents are facing the most uncertain and turbulent economic conditions in a generation. With that said, the available data suggests that the prices Gilead has set for remdesivir prioritizes unreasonable profits over recovery and sets a dangerous precedent for future treatments in development. In addition, the set prices seem to disregard the investment that the American people have already made in the development of the drug, to the tune of \$70 million in taxpayer funds, and fails to distinguish between a newly developed drug and one in existence for many years.

As noted by the Institute for Clinical and Economic Review in its cost recovery projection, a *Journal of Virus Eradication* study estimates it costs less than \$1 to produce one vial of your drug, remdesivir. The consumer prices you have set—\$520 per vial, or \$3,120 per treatment course under private insurance, and \$390 per vial, or \$2,340 per treatment course for those with government insurance—suggest an opportunistic attempt to remarket an old drug at prices that are disconnected from economic reality.

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Pricing disconnected from market forces will ultimately backfire, undermining the long-term sustainability of the company and creating avoidable threats to Gilead's business model. With each development in the fight against COVID-19, our markets react. As shareholders, we are concerned that the long-term shareholder value of Gilead is in jeopardy because of this decision. Reports have highlighted that this is not the first time Gilead has been accused of price-gouging breakthrough medicine. This uncompetitive, nonnegotiable pricing will have profound consequences for both patients and hospitals, severely undermining Gilead's goodwill. And we note that legal action has already been advocated by over 30 State Attorneys General in their bipartisan letter to federal health agencies.

To be sure, we commend the urgency with which Gilead has handled the search for a COVID-19 treatment. Further, we recognize Gilead for donating 120,000 treatment courses of remdesivir through the end of June. However, donations cannot be regarded as a sufficient substitute for reasonable pricing.

This medicine has demonstrated clinical effectiveness in modestly shortening recovery time and is designed to treat the most severely ill COVID-19 patients, many of whom are already facing financial distress. As of today, more than 165,000 U.S. families are mourning the loss of a loved one to this virus. Though there is no clear evidence that remdesivir reduces the death rate for COVID-19, families would elect any treatment available, regardless of price or proven benefit.

As state treasurers, on behalf of the taxpayers in each of our states, and—in many cases—investors in Gilead, we strongly encourage you not to take financial advantage of these extraordinary circumstances, but instead to rise to the occasion, in a spirit of shared sacrifice, and voluntarily and meaningfully lower the price of remdesivir immediately. We intend to hold management accountable for the decisions it makes in this case, and will support further legislative and legal actions as necessary.

We look forward to your prompt reply.

Sincerely,


Joseph M. Torsella
Pennsylvania State Treasurer


Zach Conine
Nevada State Treasurer


Robert Sprague
Ohio State Treasurer


Henry E. M. Beck
Maine State Treasurer

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[REDACTED]

Michael L. Fitzgerald
Iowa State Treasurer

[REDACTED]

Tobias Read
Oregon State Treasurer

[REDACTED]

Dave Young
Colorado State Treasurer

[REDACTED]

Sarah Godlewski
Wisconsin State Treasurer

[REDACTED]

Glenn Hegar
Texas Comptroller of Public Accounts

[REDACTED]

Deborah B. Goldberg
Massachusetts State Treasurer

[REDACTED]

Seth Magaziner
Rhode Island State Treasurer

