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1 correct?

2 A. That's correct.

3 Q. So Pathfinder does not provide clinical
4 evidence of Galleri's ability to screen for more than
5 50 types of cancer in an asymptomatic population,
6 correct?

7 A. It was never intended to.

8 Q. So does Pathfinder provide clinical evidence of
9 Galleri's ability to screen for more than 50 types of
10 cancer in an asymptomatic population?

11 A. That was not the design of the study.
12 Specifically, it was not the design.

13 MR. GONEN: Your Honor, I move to strike that
14 answer as nonresponsive. It was a fairly
15 straightforward yes or no question.

16 JUDGE CHAPPELL: The question called for a yes
17 or no answer. The answer was not yes or no. The
18 answer will be disregarded.

19 Go ahead.

20 MS. GOSWAMI: If I may respond, Your Honor --

21 JUDGE CHAPPELL: Well, I was waiting on you to
22 respond, but I didn't hear anything, so go ahead. I
23 assumed you didn't have anything.

24 MS. GOSWAMI: I'm sorry, Your Honor. I believe
25 that it would be inaccurate or not truthful to give a

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1 yes or no answer to that question.

2 JUDGE CHAPPELL: Well, I -- first of all, do
3 not coach the witness. He's -- this is an expert
4 billing, what did we hear, \$900 an hour, even though he
5 can't do the math to tell us how much he's billed
6 anybody, but for \$900 an hour, I would expect the
7 witness to be able to let us know if he can't answer a
8 question yes or no. My ruling stands.

9 Proceed.

10 MR. GONEN: Susanne, if I may please ask you to
11 read back the question on which the answer was
12 stricken.

13 (The record was read as follows:)

14 "QUESTION: So does Pathfinder provide clinical
15 evidence of Galleri's ability to screen for more than
16 50 types of cancer in an asymptomatic population?"

17 THE WITNESS: No.

18 BY MR. GONEN:

19 Q. Dr. Cote, GRAIL will need to conduct an
20 additional clinical study or studies of Galleri in
21 order to obtain FDA approval, correct?

22 A. Yes.

23 Q. And you don't know what the result of those
24 future studies will be, correct?

25 A. That's right.

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1 Q. In fact, you could only speculate as to whether
2 those studies will support FDA approval of Galleri with
3 an indication to screen for 50 cancers, correct?

4 A. I don't think that's accurate.

5 Q. So are you saying you would not need to
6 speculate to determine whether GRAIL's future studies
7 of Galleri will support FDA approval with an indication
8 to screen for 50 cancers?

9 A. No, that's -- I said that your original
10 question was not accurate.

11 Q. And going back to my prior question -- going
12 back to my prior question, I asked you, in fact, you
13 could only speculate as to whether those studies will
14 support FDA approval of Galleri with an indication to
15 screen for 50 cancers, correct?

16 And you responded, I don't think that's
17 accurate.

18 Could you explain why you don't think that is
19 accurate?

20 A. The reason is is that there is now substantial
21 scientific evidence that I can rely on to indicate the
22 probability of whether or not the prospective trial
23 will or won't be successful. So I have a problem with
24 the term "speculation."

25 Q. Did this scientific evidence materialize

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1 between the time you gave your deposition and today?

2 A. No.

3 Q. If we could please pull up Dr. Cote's
4 deposition on page 290, lines 3 through 9.

5 In your deposition, you were asked:

6 "QUESTION: Does your report assume that
7 Galleri will obtain FDA approval to screen for 50
8 cancers?

9 "ANSWER: My report assumes that Galleri will
10 do a study that is designed for FDA approval. And I
11 believe that they're in the planning stages of that
12 now. I could only speculate as to the results of
13 that."

14 That was your testimony in your deposition,
15 correct?

16 A. Yes.

17 Q. So why is it that in your deposition you
18 responded that you would have to speculate to know
19 whether Galleri will be approved as a screening test
20 for 50 cancers, but today you're saying you're able to
21 assess that probability?

22 A. Well, even at that time I was able to assess
23 the probability of success based on the scientific
24 evidence.

25 Q. You just neglected to indicate that in your

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1 answer in the deposition?

2 A. I don't believe that that was the question, but
3 if I neglected to, that may have been the case.

4 Q. So we looked earlier at deposition testimony in
5 which you explained that to assess which multiscancer
6 early screening test would compete with Galleri, your
7 analysis required that another multiscancer early
8 detection test needs to screen for 50 cancers. Do you
9 recall when we looked at that deposition testimony?

10 A. I recall looking at it, yes.

11 Q. So you don't know whether the real Galleri test
12 that GRAIL is actually developing in the real world
13 could compete with the Galleri test you assumed in your
14 report, do you?

15 A. I don't understand that question.

16 Q. Well, in your report, you repeatedly state that
17 certain multiscancer early detection tests will not
18 compete with Galleri because they will not test for 50
19 cancers the way Galleri does. My question is, you
20 don't know whether the test that GRAIL is actually
21 developing will be approved to screen for 50 cancers,
22 do you?

23 A. Well, I can't say with certainty, but I can
24 certainly assess the scientific evidence.

25 MR. GONEN: No further questions for Dr. Cote

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1 on cross exam.

2 JUDGE CHAPPELL: Redirect?

3 MS. GOSWAMI: I have just a few questions, Your
4 Honor.

5 FURTHER REDIRECT EXAMINATION

6 BY MS. GOSWAMI:

7 Q. Do you recall, Dr. Cote, that you were asked
8 about the McDonnell Genome Center and whether it has
9 ONT sequencers?

10 A. Yes.

11 Q. If we could pull up RX 7131, which is
12 Dr. Cote's deposition, on page 26, at lines 2 to 10,
13 and do you recall that you were asked about the
14 McDonnell Genome Center in your deposition and that you
15 testified that it had ONT and PacBio platforms?

16 A. Yes.

17 Q. We can take that down.

18 Do you recall that you were asked whether you
19 had done consulting for any companies that -- that are
20 MCED test developers?

21 A. Yes.

22 Q. And you testified about -- about Clariant?

23 A. Yes.

24 Q. All right. Can you tell us a little bit about
25 your time at Clariant?

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1 A. Well, I founded Clariant, and I was its first
2 chief medical officer.

3 Q. And did Clariant do any work relating to cancer
4 screening?

5 A. Yes.

6 Q. And what was that work?

7 A. There were tests of circulating tumor cells and
8 later on developing next-generation sequencing
9 technologies.

10 Q. Okay, thank you.

11 And do you recall that then Mr. Gonen asked you
12 about the CCGA case-control trial that GRAIL performed
13 on Galleri?

14 A. Yes.

15 Q. Aside from Galleri, has any MCED test developer
16 shown in any study, including in any case-control
17 study, the ability to detect 50 types of cancer?

18 A. So a -- a case-control study would be precisely
19 the type of study that one would want to do and one
20 would normally do in order to show the ability to
21 detect the target cancers at the appropriate stages,
22 and by that I mean at stages that would be consistent
23 with a screening -- with an asymptomatic screening
24 population. So no other -- no other company has done a
25 case-control study for that number of cancers or even

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1 anything close to that.

2 Q. Has any MCED test developer shown in a
3 case-control study the ability to detect 20 types of
4 cancer?

5 A. No.

6 Q. Has any MCED test developer shown in a case
7 control study the ability to detect 30 or 40 types of
8 cancer?

9 A. No.

10 Q. Why does CCGA permit an understanding of how
11 the Galleri test may perform in an asymptomatic
12 screening population?

13 A. As I showed, the issue with cancer --
14 circulating cancer biomarkers is that at earlier stages
15 of disease, they are at low levels. So one of the
16 primary issues with an early cancer screening test is
17 whether or not it can detect the target cancers at
18 early enough stages to be potentially curable. The
19 Galleri test has shown that and has shown that for 50
20 cancers.

21 Q. Was there anything unique about how the CCGA
22 studies were performed with respect to how the samples
23 were collected?

24 A. Yes.

25 Q. And what was that?

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1 A. So the CCGA study was a very special, almost
2 unique sort of case-control study, because it was a
3 prospective -- prospectively collected case-control
4 study. It was with a very large number of individuals,
5 including the target cancers at relevant stages and
6 also normal controls.

7 It was designed in such a way as to replicate
8 the conditions under which a sample might be taken in a
9 clinical screening situation. So this was very
10 different from other case-control studies, for example,
11 that have been done in this area.

12 Q. Do you recall that you were asked on cross
13 examination about the Pathfinder study?

14 A. Yes.

15 Q. And was Pathfinder a prospective interventional
16 study?

17 A. Yes, it was.

18 Q. And approximately how many patients were
19 studied in the Pathfinder study?

20 A. About 6600 patients.

21 Q. Other than -- other than Galleri, has any other
22 MCED test developer shown in a prospective
23 interventional study the ability to detect 13 types of
24 cancer?

25 A. No.

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1 Q. And you earlier testified about the study
2 design of the Pathfinder study. Why didn't the
3 Pathfinder study design predict that it -- sorry,
4 withdrawn.

5 Can you tell us about the Pathfinder study
6 design and how that interacts with the types of -- or
7 number and types of cancer that Pathfinder found?

8 A. So in order to detect the 50 target cancers in
9 -- that Galleri has been shown to be able to detect at
10 early stage, one would have to do a very much larger
11 prospective interventional trial than what was done
12 with the Pathfinder study. So the Pathfinder study was
13 never designed to detect the 50 cancers. That was not
14 its purpose.

15 JUDGE CHAPPELL: Ms. Goswami, would you review
16 your previous question a few lines up? I just want the
17 record to be clear. When you're asking the witness has
18 another test shown the ability to detect 13 types of
19 cancer, are you -- is your question meant to ask him
20 exactly 13, less than 13, more than 13, at least 13?
21 How about you clarify that?

22 MS. GOSWAMI: That's a great idea, Your Honor.

23 BY MS. GOSWAMI:

24 Q. Other than Galleri, has any other MCED test
25 developer shown in a prospective interventional study

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1 the ability to detect 11 or more types of cancer?

2 A. No.

3 Q. And other than Galleri, has any MCED test
4 developer in any case-control study shown the ability
5 to detect nine or more types of cancer?

6 A. I'm sorry. I'm sorry. Do you mind repeating
7 that?

8 Q. Sure.

9 Other than Galleri, has any other -- which I
10 guess I should say other than GRAIL. Sorry about that.

11 Other than GRAIL with its Galleri test, has any
12 other MCED test developer shown in a case-control study
13 the ability to detect nine or more types of cancer?

14 A. No.

15 MS. GOSWAMI: I have no further redirect at
16 this time.

17 JUDGE CHAPPELL: Anything further?

18 MR. GONEN: I have one question, Your Honor.

19 JUDGE CHAPPELL: All right.

20 MR. GONEN: May I proceed?

21 FURTHER RECROSS EXAMINATION

22 BY MR. GONEN:

23 Q. Dr. Cote, you testified that Clariant did work
24 relating to circulating tumor cells. Clariant did not
25 develop a cancer screening test based on detecting

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1 circulating tumor DNA, correct?

2 A. That's correct.

3 MR. GONEN: No further questions, Your Honor.

4 JUDGE CHAPPELL: Anything else?

5 MS. GOSWAMI: No, Your Honor.

6 JUDGE CHAPPELL: Thank you, sir. You're
7 excused. You may stand down.

8 THE WITNESS: Thank you.

9 JUDGE CHAPPELL: We have been going about two
10 hours. We are going to take a break and you can call
11 your next witness. We will reconvene at 11:55. We're
12 in recess.

13 (A brief recess was taken.)

14 JUDGE CHAPPELL: Okay, we're back on the
15 record. Call your next witness.

16 MR. PFEIFFER: Thank you, Your Honor, and good
17 morning. We call as our next witness Dr. Arash
18 Jamshidi of GRAIL, who is present.

19 JUDGE CHAPPELL: Is that Mr. O'Dea I see there?

20 MR. O'DEA: That's correct, Your Honor.

21 Whereupon--

22 ARASH JAMSHIDI, PH.D.

23 a witness, called for examination, having been first
24 duly sworn, was examined and testified as follows:

25 JUDGE CHAPPELL: Go ahead, Mr. Pfeiffer.

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1 MR. PFEIFFER: Thank you, Your Honor.

2 DIRECT EXAMINATION

3 BY MR. PFEIFFER:

4 Q. Good morning, Doctor. Would you please state
5 your full name for the record.

6 A. It's Arash Jamshidi.

7 Q. And where do you currently work?

8 A. GRAIL.

9 Q. What's your current position at GRAIL?

10 A. Senior vice president of data sciences.

11 THE REPORTER: I'm sorry, beta sciences?

12 MR. PFEIFFER: It's data sciences.

13 THE REPORTER: Thank you.

14 BY MR. PFEIFFER:

15 Q. So would you explain to us at a very high level
16 what "data sciences" means as you use that term at
17 GRAIL?

18 A. Sure. It's basically all of the processes and
19 methodologies, algorithms that goes into processing the
20 data that we have, the data that is generated from the
21 patients. And it involves developing, you know,
22 classifiers and bioinformatics pipelines and rigorous
23 approaches that we have for taking that data in,
24 understanding it, analyzing it, and eventually turning
25 it into a product.

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1 Q. Let's talk a little bit about how you got to
2 that position as the SVP of data sciences. Just start
3 off, please, telling us about your educational
4 background.

5 A. Yes, sure. So I did my master's, Ph.D., and I
6 also did some post-doctoral work at UC Berkeley between
7 2005 and 2011. Before that, I did my undergraduate in
8 Simon Fraser University in Canada, and before that, I
9 did some university work in Sharif University in Iran.

10 Q. In Iran?

11 A. In Iran, yes.

12 Q. Thank you.

13 When did you become GRAIL's senior vice
14 president of data sciences?

15 A. I believe it was near end of last year.

16 Q. And are you also part of the executive
17 leadership team at GRAIL, in addition to being the SVP
18 of data sciences?

19 A. I am. I joined the executive leadership team
20 about a year and a half ago.

21 Q. And was that around the time that Mr. Aravanis
22 left GRAIL?

23 A. That's correct, yes.

24 Q. What was your position at GRAIL before you
25 became the senior vice president of data sciences?

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1 A. I was vice president of bioinformatics and data
2 sciences.

3 Q. And how long, total, have you been at GRAIL?

4 A. I have been at GRAIL from the beginning, so
5 March 2016.

6 Q. So where did you work before GRAIL, then?

7 A. I worked at Illumina.

8 Q. So how long did you work at Illumina?

9 A. I worked there for about five years, from 2011
10 to 2016.

11 Q. What was your role at Illumina?

12 A. Most recently, before I joined GRAIL, it was
13 associate director of research.

14 Q. How about before that?

15 A. I was basically in different scientific roles
16 throughout my time at Illumina. So, you know, senior
17 staff scientist, staff scientist, different scientific
18 roles.

19 Q. When you were at Illumina in those scientific
20 roles, was part of the work that you did in the general
21 area of data sciences?

22 A. Yeah, it was generally related to basically
23 research projects that we were doing and data analysis,
24 data science. Bioinformatics was a part of that, yes.

25 Q. Was the work that you did at Illumina limited

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1 to just data sciences?

2 A. No, it wasn't. It was broader than that. It
3 was managing a number of different research projects
4 that involved bioinformatics and data science, but that
5 wasn't the only part of it.

6 Q. And if I understood you correctly, were you
7 part of the group that came over originally and founded
8 GRAIL?

9 A. That's correct, yes.

10 Q. How did you come to be part of that founding
11 group?

12 A. Yeah, it was basically near the end of 2015, I
13 heard about the idea of GRAIL from my manager at the
14 time, who was Alex Aravanis, and I was very excited
15 about this opportunity. There was a process to
16 potentially join and be part of GRAIL and be part of
17 the founding team. So I followed that process
18 internally, and I was able to join as part of that in,
19 I think, March 2016.

20 Q. You say you were excited about the opportunity
21 to do this. Why was that?

22 A. Well, it was, you know, a very exciting
23 opportunity to make a big impact through the scientific
24 work that we have all been trained for, but there were
25 very few opportunities where you can actually put that

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1 into an application that can really impact human health
2 to the extent that something like this can, and I was
3 very excited about that.

4 Q. Turning back to GRAIL and the present time,
5 what are your duties as the SVP of data sciences?

6 A. Sure. So I manage a team of about 90
7 individuals, and it basically -- the group that touches
8 the data at GRAIL has developed through our clinical
9 studies and then analyzing that data, developing the
10 machine-learning and classification algorithms using
11 that data, and all of the processes that goes into
12 doing that in a rigorous manner. So this involves
13 managing groups around bioinformatics and data science,
14 clinical data management, biostatistics, things like
15 that.

16 Q. Just to clarify one thing, the number of
17 individuals in your team, is that approximately 9-0 or
18 1-9?

19 A. Sorry. It's 9-0.

20 Q. Thank you.

21 A. Nine-zero, yes.

22 Q. Are you familiar with the concept of
23 machine-learning?

24 A. Yes.

25 Q. Would you briefly describe what that means,

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1 please?

2 A. Sure. So machine-learning is an approach in
3 computer science to basically use data and learn from
4 data to be able to solve some specific problems. These
5 are problems that you can't necessarily hard-code the
6 right answer or right computation. You actually need
7 to look at a large body of data to be able to discern
8 patterns that then allow you to solve these problems,
9 and machine-learning is basically the approach that
10 learns from that data and develops those algorithms to
11 be able to do that.

12 Q. So how do algorithms relate to the concept of
13 machine-learning?

14 A. Well, machine-learning is a type of algorithm,
15 but it's unique in the sense that it's not just
16 basically lines of code. It's -- it actually requires
17 data to learn from and then develop that into an
18 algorithm that is then used.

19 Q. So to what extent are machine-learning and
20 algorithms part of the work you've been doing at GRAIL?

21 A. Yeah, it's a very significant part of it.

22 Q. Now, are you also familiar -- I think you
23 mentioned the concept earlier of bioinformatics.

24 A. Yes.

25 Q. Could you explain briefly what bioinformatics

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1 are?

2 A. Sure. So bioinformatics is basically the
3 process and the methodology that's used for processing
4 biological data. In particular, in the area of
5 sequencing, there is a lot of data that's generated and
6 then a sample is sequenced, and so there are a lot of
7 specific algorithms and methodology that's required to
8 digest that data, process it, perform quality control,
9 and also, you know, generate insights from it, and that
10 area is typically referred to as bioinformatics.

11 Q. So how long, then, have you been working with
12 data science, bioinformatics, and machine-learning
13 algorithms overall?

14 A. I have been working for a very long time, more
15 than a decade, as part of my job currently and previous
16 jobs in the industry.

17 Q. Doctor, I'd like to cover with you next some of
18 the areas where you don't really have much firsthand
19 knowledge to clarify that we're not going to spend time
20 talking about them.

21 Let me ask you first, to what extent are you
22 responsible for GRAIL's efforts to obtain regulatory
23 approval for any of GRAIL's products?

24 A. Yeah, I'm not responsible for that area. My
25 team from time to time does work that supports the

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1 teams that are working on that in terms of doing
2 analysis or study designs or supporting some of the
3 communications, but I'm not leading that area.

4 Q. Have you been involved in setting GRAIL's
5 regulatory strategy at all?

6 A. No.

7 Q. Now, to what extent have you been involved in
8 GRAIL's efforts to seek payer reimbursement for any of
9 GRAIL's products?

10 A. I have not been involved in that.

11 Q. Have you been involved in setting GRAIL's
12 reimbursement strategy?

13 A. No, I have not.

14 Q. Have you been involved in any communications
15 with any potential payers about reimbursement?

16 A. No, I have not.

17 Q. Do you determine the pricing for any of GRAIL's
18 products?

19 A. No.

20 Q. Do you run any of GRAIL's clinical studies?

21 A. I don't run the clinical studies, no.

22 Q. Do you have responsibilities with respect to
23 GRAIL's commercial operations?

24 A. No. I'm not involved in commercial operations.

25 Q. Do you prepare any of GRAIL's financial reports

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1 or other information?

2 A. No, I don't.

3 Q. And to what extent are you involved in managing
4 GRAIL's purchases of reagents and other consumables
5 that are used in its sequencing work?

6 A. I don't manage the purchasing of reagents or
7 kind of general lab equipment.

8 Q. I want to shift now to talk to you a little bit
9 about the Galleri test from the R&D group perspective,
10 in particular. First, what kind of test is Galleri?

11 A. Galleri is a multicancer early detection test
12 which basically aims to be able to detect cancer early
13 in an asymptomatic population that's generally at
14 elevated risk. So currently that's focused on ages 50
15 and above, yeah.

16 Q. When you say it's focused on that, what do you
17 mean?

18 A. Well, it's actually a test that we have
19 commercially launched earlier this year, and the
20 intended population that we have introduced this for is
21 individuals at generally higher risk for having cancer,
22 and age is one of the important determinants of that.
23 So we have indicated the initial four tests to be for
24 ages 50 and above.

25 Q. And from the R&D team's perspective, what are

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1 the key features or attributes of the Galleri test?

2 A. Yeah, it's a -- it actually involves many
3 different parts, from basically the lab processes that
4 we have developed, the assays that we have developed to
5 take in the sample, process it, and then moving on to
6 actually analyzing the data, the bioinformatics
7 pipeline, and all of the classification and
8 machine-learning algorithms that then are applied to
9 the data to determine cancer signal detection status
10 and also cancer signal of origin status for the
11 patients, and then moving on to the reporting.

12 Q. And in terms of performance attributes of
13 Galleri, what are the key performance attributes?

14 A. Yeah, so it's a number of different things,
15 from sensitivity, specificity, and accuracy of
16 basically calling the cancer signal origin correctly.
17 And at a population level, you can also use these
18 numbers to model a particular attribute that we refer
19 to as positive predictive value, which is
20 essentially -- it, you know, would return ten reports,
21 what is the -- of the ten reports that are positive,
22 what is the likelihood that a particular fraction of
23 them are accurate? So if, you know, five out of ten is
24 accurate, then that would be 50 percent positive
25 predictive value.

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1 Q. One of the things you mentioned in there was
2 cancer signal of origin.

3 A. Yes.

4 Q. Would you please explain what that means?

5 A. Yes, sure. So the idea there is, you know, to
6 be able to provide additional information to the
7 patient and the physician in terms of what steps to
8 take to get to the definitive diagnosis, and, you know,
9 once the cancer signal is detected, obviously the
10 immediate question is, where is it in the body? How
11 can we get to a definitive diagnosis?

12 Cancer signal of origin aims to provide that
13 information for the patients and the physicians so we
14 can accelerate the diagnostics workup.

15 Q. Is that also sometimes referred to as tissue of
16 origin?

17 A. That's correct.

18 Q. Now, when you came over as part of the founding
19 team at GRAIL, how many multicancer early detection
20 tests were out there in the marketplace?

21 A. None to my knowledge.

22 Q. At the time back, I guess, in early 2016, how
23 many multicancer early detection tests were you even
24 aware of that were even in development?

25 A. I personally wasn't aware of any at the time.

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1 Q. And, again, sticking to that early time period,
2 how certain were you that you would actually succeed in
3 developing the type of test features that Galleri
4 delivers today?

5 A. We were not certain. There was actually quite
6 a bit of scientific risk that we had to then step by
7 step evaluate and make progress on in the few years
8 after that.

9 Q. And when was it that GRAIL first publicly
10 announced promising clinical test results concerning
11 the Galleri technology?

12 A. Yeah, as it relates to Galleri specifically,
13 the format we are using for Galleri, the targeted
14 methylation approach that we use, I believe that was
15 around 2019, but we also had reports on some of the
16 studies we did even earlier than that that was building
17 up towards developing Galleri, and I believe that was
18 in 2018.

19 Q. So in that 2018-2019 time, had anyone else
20 announced similar clinical results relating to a
21 multicancer early detection test?

22 A. Not to my knowledge.

23 MR. PFEIFFER: Your Honor, I believe that the
24 remainder of my direct examination is for in camera, so
25 I would ask that we move into in camera session at this

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1 time.

2 JUDGE CHAPPELL: All right. I would prefer
3 that you know rather than you believe. Can we get a
4 little more conviction there, Mr. Pfeiffer?

5 MR. PFEIFFER: My apologies, Your Honor, to
6 you. I am quite certain that the rest of my
7 examination is for in camera.

8 JUDGE CHAPPELL: Thank you.

9 Okay. At this time, we are moving into in
10 camera session. The public who are calling in will be
11 moved into a waiting room. You will be brought back
12 into the courtroom after we go back to a public
13 session.

14 I need the lead or questioning counsel for each
15 party to review the list of participants on the Zoom
16 screen, verify there are no participants in the
17 courtroom who should not be there. If there is anyone
18 who is not authorized, you are to instruct that person
19 to use the raise hand function on the Zoom screen.
20 OpenExchange will then move that person into a waiting
21 room.

22 Let me know after you have reviewed the list.
23 Go ahead.

24 MR. PFEIFFER: Thank you, Your Honor. We're
25 checking. I don't believe we are seeing anybody who

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1 doesn't belong.

2 MR. O'DEA: No one on our end either, Your
3 Honor.

4 JADA: The public has been moved.

5 JUDGE CHAPPELL: All right. Thank you, Jada.
6 We are now in camera.

7 (Whereupon, the proceedings were held in
8 in camera session.)

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1 (The following proceedings were held in
2 in camera session.)

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1 (The following proceedings continued in
2 public session.)

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4 JADA: Your Honor, the public is connected.

5 JUDGE CHAPPELL: All right. Go ahead.

6 MR. PFEIFFER: Thank you, Your Honor.

7 REDIRECT EXAMINATION

8 BY MR. PFEIFFER:

9 Q. Doctor, you were asked some questions about the
10 size of various teams within your group at GRAIL, and I
11 want to ask you, would you like to have a larger data
12 sciences team if you had stronger financial backing
13 with which to do that?

14 A. I would. I mean, first and foremost, I would
15 love to be able to fill all the positions we have that
16 will grow the team, but even beyond that, we have plans
17 for extending the size of the team into the next year,
18 yes.

19 Q. And you were asked some questions about the
20 size of teams at Illumina at the present day, but, of
21 course, you're part of GRAIL. Let me ask you, when you
22 were back working at Illumina, were the teams there
23 larger than the teams we're talking about at GRAIL?

24 A. Generally they were larger, yes. I mean,
25 Illumina works on a very expansive set of projects and

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1 activities, and probably an order of magnitude in terms
2 of size, so I think generally they are bigger, larger,
3 if I recall.

4 Q. And you were asked some questions about whether
5 you had been talking to Illumina about specific
6 employees. Let me ask you, but for this lawsuit, would
7 you be coordinating with Illumina on your personnel
8 needs and hiring goals?

9 A. Yeah. I mean, if there were no limitations, we
10 would -- we would be doing that work jointly and
11 planning to see how we can capture those efficiencies,
12 yes.

13 Q. Thank you, Doctor.

14 Those are all my questions.

15 JUDGE CHAPPELL: Anything further?

16 MR. O'DEA: Nothing further, Your Honor.

17 JUDGE CHAPPELL: Thank you, sir. You're
18 excused. You may stand down.

19 We will remain on the record and pause for a
20 couple minutes -- call your next witness -- while your
21 witness is getting ready.

22 MR. PFEIFFER: Thank you, Your Honor.

23 (Pause in the proceedings.)

24 JUDGE CHAPPELL: Okay. Are we ready?

25 MR. MARRIOTT: We are ready, Your Honor. Thank

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1 you.

2 JUDGE CHAPPELL: Go ahead.

3 MR. MARRIOTT: Respondents call Mr. Jay

4 Flatley.

5 Whereupon--

6 JAY FLATLEY

7 a witness, called for examination, having been first

8 duly sworn, was examined and testified as follows:

9 MR. MARRIOTT: May I proceed, Your Honor?

10 JUDGE CHAPPELL: Go ahead.

11 DIRECT EXAMINATION

12 BY MR. MARRIOTT:

13 Q. Good morning, Mr. Flatley.

14 A. Good morning.

15 Q. Would you please introduce yourself to the

16 Court.

17 A. Yes. My name is Jay Flatley. I live in San

18 Diego, California.

19 Q. And tell us, if you would, please, how you are
20 employed.

21 A. So currently I'm acting CEO of a company called

22 Zymergen in the Bay Area. I'm also chairman of that

23 company. And in addition to that acting role, I serve

24 on a host of other boards of directors.

25 Q. And what is your connection to Illumina?

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1 A. So I was the first permanent CEO of Illumina.
2 I joined in October of 1999, and I was CEO for about 17
3 years until July of 2016. I then became executive
4 chairman, moved from that position to the role of
5 chairman, and then left Illumina in all regards as of
6 the annual meeting in May of this year, 2021.

7 Q. And tell Your Honor -- tell His Honor, if you
8 would, please, a little bit about your educational
9 background.

10 A. I have a bachelor's degree in economics from
11 Claremont McKenna College -- when I was there it was
12 Claremont Men's College -- and a bachelor's and
13 master's degree from Stanford in industrial
14 engineering.

15 Q. And give us an overview, if you would, please,
16 of your professional background before joining
17 Illumina.

18 A. I graduated college in 1975. Most of my
19 career, with one exception, has been in the
20 instrumentation industry. Right after college, I
21 joined a company called Spectra Physics, which was one
22 of the two laser companies at the time, but they also
23 had an instrument division, so I was in the analytical
24 instruments group at Spectra Physics.

25 I then went into a process instrumentation

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1 company called Manning Technologies for about five
2 years. In the eighties, I went into the computer
3 business. My dad worked for IBM his entire career, so
4 I had a lot of background in the computer industry and
5 was there at Plexus Computers for about five or six
6 years.

7 I then became a founder of a company called
8 Molecular Dynamics in 1987. This is when life sciences
9 really was beginning, and I took that company public in
10 1993 as CEO, sold the company in 1998 to Amersham in
11 the UK, and then had to stay on a year to do the
12 integration with Amersham. That ended in October of
13 1999, at which time I joined Illumina as CEO.

14 Q. And how would you describe your duties and
15 responsibilities when you joined Illumina as CEO?

16 A. When I first joined, it was a very small
17 company. It was about 25 people, and my role then, of
18 course, was to continue to develop and flesh out the
19 technology, understand what product this company was
20 actually going to make and deliver to the market.

21 Fundraising was critical, as it is in any small
22 startup, so we raised a financing round in December
23 after I got there in 1999. We filed for an IPO in
24 March of 2000 and took the company public in July of
25 2000. By that time, we were about 40 people.

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1 As the company grew, of course, my
2 responsibilities as CEO grew much more into the overall
3 general management of the company, so all functions of
4 the company reported in to me, all of commercial, all
5 of product development, all of the G&A functions,
6 finance, as well as legal and virtually all the rest of
7 the company.

8 Q. How long did you serve as CEO of Illumina?

9 A. So the total was just about 17 years, until the
10 middle of 2016.

11 Q. And did there come a time when you became
12 executive chairman of the company?

13 A. Yeah. At that point I became exec chair. I
14 had hired the now CEO of Illumina, Francis deSouza,
15 3 1/2 or four years prior as an opportunity for him to
16 become the CEO if he earned that job, and he did. So
17 when he took over in July of 2016, I became executive
18 chairman and was about half time with the company at
19 that point.

20 Q. And describe for us, if you would, please, your
21 duties and responsibilities as executive chair of the
22 company.

23 A. Well, first and foremost, I was an advisor to
24 Francis, so I was a resource for him for any questions
25 he had on the technology markets, customers, financing,

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1 things like that, but I also took on a couple of
2 special projects, and one of the -- probably the one
3 that lasted the longest was in population genomics.

4 In addition to that, I did some technology work
5 on a few of the products and also worked with the --
6 what we call the market access group, which has to do
7 with getting payment for our products and
8 reimbursement.

9 Q. What is population genomics?

10 A. Population genomics is the study of very large
11 populations where you sequence groups of people at a
12 very large scale, and the flagship program for this was
13 something called Genomics England, which I was directly
14 involved in from the beginning until the end of that
15 program, actually. It lasted about four years.

16 In that program, we sequenced 100,000 people
17 from two different types of samples. One was children
18 with rare disease. So it was an attempt to sequence a
19 sufficient number of children that we could identify
20 the causes to these rare diseases and, therefore,
21 intervene early to cure an increasing number of them.

22 And the second was in oncology and cancer, so
23 probably two-thirds of the samples that got sequenced
24 were cancer patients. That's one program of what
25 probably now is 20 around the world. The All of Us

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1 program in the United States is one of these. It's
2 very, very large, up to a million, and there's many
3 other programs of this scale going on around the globe
4 because of what we had incubated at Genomics England.

5 Q. How long did you serve as executive chairman of
6 Illumina?

7 A. So I was executive chairman from July 2016
8 until the -- until January 1, 2020, when I became
9 chairman.

10 Q. Do you serve on the boards of directors of any
11 other companies?

12 A. Yes. I'm on the boards of seven companies now
13 with one advisory role and seven actual board roles.

14 Q. Can you just identify those companies for us,
15 please.

16 A. Yes. The first was the one I mentioned,
17 Zymergen, where I'm chair and now acting CEO. I'm on
18 the board of directors of a company called Coherent in
19 the laser industry, a company called Denali in South
20 San Francisco. Excuse me one second here. I'm the
21 chairman of a company in San Diego called Iridia. I'm
22 the chairman of a spinoff of the Wellcome Trust in UK
23 called Wellcome Leap.

24 I'm on the board of directors of Rivian,
25 headquartered in California, and I am on the board of

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1 trustees of the Salk Research Institute in San Diego,
2 and an advisor to the Moores Cancer Center.

3 Q. What does Zymergen do?

4 A. Zymergen is in the material science business.
5 So we take microbial libraries and through deep
6 learning and sort of biological evolution, we can coax
7 these microbes to manufacture natural products to
8 substitute for petrochemical-based products. So the
9 idea is to create and to develop a sustainable
10 ecosystem by substituting natural products for
11 petroleum-derived products.

12 Q. Just at a high level, describe for the Court,
13 if you would, the business of Iridia and Denali.

14 A. Iridia is a fascinating company. We're
15 attempting -- it's a moonshot kind of company, small --
16 and we're attempting to revolutionize the way data gets
17 stored for archival purposes by actually storing data
18 in DNA molecules, and it's the densest storage
19 mechanism known.

20 And you store it in DNA that's embedded in a
21 semiconductor chip, and it has densities that are
22 probably 10,000X what you could get from any magnetic
23 storage device. So we'll see if we're successful, but
24 an intriguing concept.

25 Denali is a Bay Area company that's focused on

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1 neurologic therapeutics. So they have a number of
2 therapies in the clinic now for Parkinson's disease,
3 for ALS, working on Alzheimer's, a very challenging
4 one, and then a broad spectrum of seed programs. They
5 have ten or twelve programs under development right
6 now.

7 Q. You said, I believe, that you're on the
8 advisory board to UC San Diego Moores Cancer Center.
9 What is the UC San Diego Moores Cancer Center?

10 A. Moores is one of the nation's -- what they call
11 comprehensive cancer centers. I think there there's
12 about 30 of these around the country. It's the only
13 one in San Diego. So it's the premier cancer center in
14 San Diego area. And the board of advisors meets every
15 couple months to get a report out on what are the
16 latest developments in the cancer research, in sort of
17 the clinical practice of cancer research, and for this
18 board to advise the leadership of Moores on how to
19 continue to evolve that program.

20 Q. Finally, what is the Salk Institute?

21 A. Salk is a research center in San Diego that
22 works across a number of key areas. Plant genomics is
23 one. So there's a very active program to take carbon
24 out of the atmosphere and have plants sequester that
25 carbon in soil. They work deeply in oncology and in

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1 neurologic diseases as well. They do do some work in
2 infectious diseases.

3 So it's got a group of about 60 principal
4 investigators who each have their own laboratories, and
5 I'm a member of the board of trustees, which is about
6 35 people who advise the president of Salk on the --
7 both the financing of the institute but also the
8 technical program for the institute.

9 Q. Did there come a time when Illumina decided to
10 reacquire GRAIL?

11 A. Yes. We considered that for quite some time
12 and made the final decision in the fall of 2020.

13 Q. And what was your role at Illumina in the fall
14 of 2020?

15 A. I was chairman of the board of directors.

16 Q. And what role did you play in the company's
17 decision to reacquire GRAIL?

18 A. As chair, I ran the board meetings. The CEO
19 actually developed the agenda, but I actually ran the
20 meetings, and so I would have been the person who was
21 coordinating the overall board room conversation about
22 the acquisition, calling for the ultimate vote at the
23 end of the day to proceed with the deal.

24 Q. And was the board's decision to reacquire GRAIL
25 a unanimous decision?

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1 A. It was unanimous, yes.

2 Q. And why did the board of Illumina decide to
3 have Illumina reacquire GRAIL?

4 A. Well, there were a whole host of reasons, but
5 if you think about it first at 50,000 feet, it was --
6 we considered that it was a great deal for our
7 shareholders, number one, but also and probably most
8 importantly that the deal had the ability to accelerate
9 the adoption of the Galleri test that GRAIL was about
10 to launch into the market. This is a very, very
11 important clinical test, and anything we believed that
12 we could do to accelerate that adoption rate was going
13 to be very important in saving lives.

14 Q. And are there some specifics you can enumerate
15 for us as to why it is that the board concluded that
16 the reunification of Illumina and GRAIL would allow for
17 the acceleration of the Galleri test and save lives?

18 A. Yeah. There's -- there's a number of different
19 reasons. I think specifically on the acceleration
20 point, you know, Illumina has the ability to accelerate
21 the adoption of this test or the approval of the test
22 through the FDA. We also have the ability, because of
23 the size and scope of the company, to establish
24 reimbursement much more quickly than GRAIL would have
25 the ability to do.

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1 In terms of the commercial side of the
2 business, Illumina has a much larger sales force, and
3 so we would have the ability to deploy the test more
4 quickly, particularly in international markets, which
5 are -- which are very challenging. We also had the
6 ability, because of the scale of the company, to
7 improve and streamline some of the economic
8 underpinnings of this test having to do with things
9 like lab operations and supply chain.

10 And probably a very significant point is the
11 ability to work together on the R&D side of the house,
12 both improving the existing Galleri test but also
13 improving the speed of development of subsequent tests
14 to Galleri that would address other types of
15 indications.

16 Q. Let's see if we can unpack that a little bit,
17 Mr. Flatley. Can you please explain why the board
18 determined that the reunion of Illumina and GRAIL would
19 accelerate FDA approval of Galleri?

20 A. Getting FDA approval is challenging. It
21 requires a tremendous amount of clinical work initially
22 but also requires a lot of documentation, a lot of
23 procedural work. It demands that you have the right
24 kinds of relationships and interactions with the FDA.

25 And Illumina has been developing this

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1 capability inside the company for now over a decade.
2 GRAIL is a very young company and limited resources,
3 and so their ability to create an FDA submission and to
4 put it through the process of the FDA is quite limited
5 compared to the ability that Illumina would have to do
6 that.

7 Q. And can you explain why the board concluded
8 that the reunion of Illumina and GRAIL would accelerate
9 payer reimbursement for the Galleri test?

10 A. One of the most significant constraints to
11 adoption of the clinical test is getting reimbursement
12 for that test so that physicians will use the test and
13 ultimately get paid for the test performance.

14 And the payer system is quite complicated.
15 Even inside the U.S., there are many, many different
16 health systems who all operate differently, and every
17 country in the world has a different type of payer
18 system, some of those centralized, some of them
19 decentralized more like the United States. So it's a
20 very complex matrix or mosaic of people that are
21 involved in getting reimbursement.

22 Again, Illumina has invested in this area for
23 over a decade. We have a very large what we call
24 market access group whose sole function is to identify
25 and work with these payer groups around the globe.

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1 Illumina has a footprint now in over a hundred
2 countries around the world, and we had the ability or
3 would have the ability to get in front of those payers
4 and do the submissions and supply the clinical data to
5 those payers at a rate much faster than GRAIL could
6 ever do given their limited resource.

7 Q. You said that the board concluded that the
8 reunion of Illumina and GRAIL would streamline the
9 supply chain. Can you please explain that?

10 A. Sure. So Illumina and GRAIL both buy
11 significant amounts of reagents and chemicals from
12 third parties. That supply chain is very deep. It
13 goes all the way back to primary formulations of
14 products.

15 Together, we'd have the ability to combine
16 volumes and, therefore, reduce the prices that we paid
17 for those reagents, because many of the reagents are
18 common in the kind of tests that GRAIL runs versus some
19 of the tests that Illumina runs.

20 We also would have the ability to have
21 increased purchasing power. So at times where supplies
22 are constrained, like they were during the COVID era --
23 continuing, in fact -- we would have more purchasing
24 power as a combined entity than either of us would as
25 individual entities.

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1 Q. You referred to the streamlining of lab
2 operations. What did the board conclude as to why the
3 reunion of Illumina and GRAIL would streamline lab
4 operations?

5 A. Well, both companies run laboratories. GRAIL
6 has one. Illumina has several of these around the
7 world. And to the extent that we could integrate those
8 lab operations, we would have much more consistent
9 protocols, much more consistent software, both on
10 the -- how we bring samples into the laboratory and how
11 we control the samples and build the databases around
12 the sample information, but also on the reporting side,
13 as well as the what are called lab information
14 management systems, which control sample processing
15 through the overall laboratory.

16 Separate, those systems would be very
17 divergent, and patients would get different types of
18 reports, and the sample control and the data sets would
19 be independent. In a combined company, we would have
20 the ability to integrate that in a very important way
21 and leverage the data across multiple tests for a given
22 patient and have much more unified software structures
23 and reporting.

24 Q. You referred to international expansion. What
25 did the board determine as to why the reunion of

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1 Illumina and GRAIL would accelerate Galleri's
2 international commercial expansion?

3 A. As I mentioned before, GRAIL has limited
4 resources, so their plan was to launch Galleri only in
5 a couple of countries, the U.S. and I believe the UK
6 and Canada, and international expansion beyond that
7 was -- was not even contemplated or at least it was
8 several years down the road.

9 Going into international markets is
10 complicated. It requires often the setup of
11 subsidiaries and legal entities. It requires hiring
12 and employees and, therefore, setting up tax structures
13 and all of the structures around how stock options get
14 issued to employees. It's quite a complicated and
15 expensive process to set up subsidiaries in countries
16 around the world.

17 Illumina has this in place in all of the major
18 countries of the world, and GRAIL would have the
19 ability to leverage that very directly even if the
20 sales force were separate, which in some cases it would
21 be.

22 In some cases where we have distributors,
23 distributors might sell both products directly to the
24 customer, but the infrastructure that Illumina has in
25 place would dramatically accelerate GRAIL's ability to

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1 bring Galleri to other markets of the world and to do
2 that quite quickly.

3 Q. You referred to R&D opportunities. Please tell
4 us what the board determined about how the reunion of
5 Illumina and GRAIL will result in R&D opportunities or
6 efficiencies.

7 A. Yeah. Again, GRAIL is a company with much more
8 limited resources than what Illumina has, and as such,
9 they were appropriately focused on delivering the
10 Galleri test to the market and getting that as advanced
11 as they possibly could. Together with Illumina, we
12 have vastly deeper R&D resources, and that would imply
13 that we would have the ability, in a combined company,
14 to evolve the Galleri test much more quickly.

15 And so we could take advantage of the data
16 that's coming from the international expansion,
17 integrate that data, and use the deep learning
18 algorithms to improve the accuracy of the Galleri test
19 and to improve the number of cancers that it -- that it
20 addresses. So we would accelerate the improvement of
21 the Galleri test on the one hand.

22 Secondly, human blood carries markers for all
23 kinds of diseases, some of those yet to be discovered,
24 but we do know that there are markers in the blood for
25 neurologic diseases, such as Alzheimer's, markers for

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1 conditions like diabetes, and because GRAIL, again, has
2 to be so focused on the Galleri test, they don't have
3 the ability to move rapidly to develop these other
4 tests, where in combination with Illumina, we could
5 delegate resources to work on these other tests and
6 bring follow-on, complementary tests to the market much
7 more quickly.

8 Q. You said that the board determined that the
9 transaction would save lives. To wrap up here, let me
10 just ask you this. What did the board determine as to
11 the impact this transaction will have on patients?

12 A. So Illumina's mission is to improve human
13 health by unlocking the power of the genome, and if you
14 go back to that fundamental mission statement, this is
15 incredibly consistent with that. I mean, our goal is
16 to really improve human health around the globe and to
17 do that at a pace that's as fast as possible.

18 The board's collective judgment, as we took a
19 final unanimous vote on this, was that not only was
20 this in the interest of our shareholders but that for
21 all the reasons I just discussed, this would have a
22 dramatic impact on the rate with which we could deploy
23 the Galleri test and, therefore, save the lives of
24 cancer patients who don't know they have cancer.

25 Q. Thank you, Mr. Flatley.

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1 Your Honor, I have no further questions at this
2 time.

3 JUDGE CHAPPELL: All right.

4 Cross?

5 MR. HARRELL: Thank you, Your Honor. Wells
6 Harrell for Complaint Counsel.

7 CROSS EXAMINATION

8 BY MR. HARRELL:

9 Q. Good afternoon, Mr. Flatley.

10 You testified that Illumina reacquired GRAIL.
11 Is that correct?

12 A. That's correct.

13 Q. Illumina's counsel asked you about the
14 reunification and the reunion of Illumina and GRAIL.
15 Do you recall that?

16 A. I'm not sure if they used those exact words,
17 but yes.

18 Q. GRAIL was started inside of Illumina, was it
19 not?

20 A. It was.

21 Q. At some point GRAIL was incorporated as a
22 separate company?

23 A. That's correct.

24 Q. That happened in about 2016?

25 A. That's right.

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1 Q. When GRAIL was first incorporated as a separate
2 company, it still remained an Illumina subsidiary,
3 didn't it?

4 MR. MARRIOTT: Your Honor, may I interpose an
5 objection, which is that this goes beyond the scope of
6 the direct. The direct did not discuss the formation
7 of Illumina. The direct substantively was limited to
8 the question of why the board decided to reacquire
9 GRAIL. So I object as beyond the scope.

10 JUDGE CHAPPELL: Response?

11 MR. HARRELL: May I be heard, Your Honor?

12 Counsel opened the door by using terms like
13 "reacquire," "reunion," and "reacquisition." So it's
14 fair game for us to explore exactly what the
15 relationship was between Illumina and GRAIL at the time
16 at which they were first unified.

17 JUDGE CHAPPELL: I'll allow some examination
18 into this area, but don't expect to dwell on this for a
19 long time.

20 MR. HARRELL: I won't, Your Honor. Thank you.

21 JUDGE CHAPPELL: And we had no in camera
22 direct, so I expect no in camera on cross.

23 MR. HARRELL: Yes, Your Honor.

24 Susanne, could you read back the question?

25 (The record was read as follows:)

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1 "QUESTION: When GRAIL was first incorporated
2 as a separate company, it still remained an Illumina
3 subsidiary, didn't it?"

4 THE WITNESS: Yes.

5 BY MR. HARRELL:

6 Q. That means that Illumina continued to control a
7 majority stake of GRAIL?

8 A. Yes.

9 Q. Let's take a look at a document, PX 2218, in
10 evidence as part of JX 2.

11 If we can zoom in on the top portion, this is
12 an email from Jay Flatley to Jeff Huber, sent on
13 February 22nd, 2016.

14 MR. MARRIOTT: Your Honor, here again, I object
15 as beyond the scope of the direct.

16 MR. HARRELL: Your Honor, consistent with the
17 Court's ruling, I would simply ask for some latitude
18 here. This document is relevant as to the testimony
19 that we heard earlier that GRAIL was focused on
20 Galleri. This informs why GRAIL was focused on
21 Galleri, specifically the field of use limitation that
22 GRAIL received when it was first set up as a separate
23 company.

24 JUDGE CHAPPELL: Based on the objection, you'll
25 need to lay a foundation with the witness that he

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1 testified in this area, that it's within the scope of
2 what he testified to. You must do it through the
3 witness based on the objection.

4 MR. HARRELL: Yes, Your Honor. I'll do that
5 right now.

6 BY MR. HARRELL:

7 Q. Mr. Flatley, you testified about GRAIL being a
8 young company. Do you remember that?

9 A. Yes.

10 Q. You also testified that Illumina had deeper R&D
11 resources than GRAIL did, didn't you?

12 A. Yes.

13 Q. And you also testified that one of the reasons
14 why the board decided to approve the reacquisition of
15 GRAIL by Illumina was that GRAIL was focused on the
16 Galleri test. Is that true?

17 A. Yes. That doesn't mean that they weren't doing
18 other things, but that was their primary focus.

19 Q. If we can put the document back up, Ms. Wint.

20 MR. MARRIOTT: Your Honor, I don't believe that
21 lays any foundation for this document.

22 JUDGE CHAPPELL: What's your point here?

23 MR. HARRELL: The point here, Your Honor, is on
24 point 1.3 in this document about avoiding potential
25 competition with Illumina's customers by ensuring that

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1 GRAIL developed a test and got special pricing only for
2 asymptomatic screening in order to avoid competing with
3 other Illumina customers.

4 JUDGE CHAPPELL: I didn't hear this witness
5 talk about anything regarding competing, did you?

6 MR. HARRELL: No, Your Honor, I did not. It's
7 relevant to the --

8 JUDGE CHAPPELL: Then move along. Objection
9 sustained.

10 MR. HARRELL: Yes, Your Honor.

11 BY MR. HARRELL:

12 Q. The decision that the board made to approve the
13 acquisition of GRAIL in 2020, what was the status of
14 GRAIL at the time as an entity?

15 A. Would you mind clarifying that? I'm not sure
16 what you mean by "what is the status"? Do you mean as
17 to the organization?

18 Q. I'm happy to clarify.

19 Well, at the time that Illumina decided to
20 acquire GRAIL, was GRAIL a -- controlled by Illumina?

21 A. No. Illumina was a minority shareholder at
22 that time.

23 Q. What was Illumina's stake in GRAIL at the time?

24 A. I don't know the numbers exactly, but it was
25 probably in the range of 15 percent.

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1 Q. Did Illumina and GRAIL have a supply agreement
2 at that point in time?

3 A. I believe they did, but I'm not 100 percent
4 certain of that.

5 Q. Did the board consider the supply agreement in
6 connection with its decision to approve the acquisition
7 of GRAIL?

8 A. What do you mean by "consider" the supply
9 agreement? If you're asking did the board read or look
10 at that agreement, the answer would be no.

11 Q. Did the board consider the dynamics of the
12 relationship between GRAIL and Illumina at that point?

13 A. Again, I'm a little confused by the generality
14 of that. What do you mean by the "dynamics" between
15 the companies? What is that? What are you asking for?

16 Q. I can move on, Mr. Flatley.

17 You testified that the acquisition of GRAIL by
18 Illumina would benefit Illumina's shareholders. Do you
19 remember that?

20 A. Yes.

21 Q. You testified about the shareholder value that
22 the acquisition was expected to bring by Illumina's
23 board, correct?

24 A. I testified about why we could accelerate the
25 adoption of Galleri and said that we believed that the

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1 overall transaction was in the best interests of our
2 shareholders.

3 Q. And as part of the being in the best interests
4 of shareholders, you believed at the time that the
5 transaction, if completed, would increase Illumina's
6 revenue. Is that right?

7 A. Ultimately it would increase the revenue once
8 the product got into the marketplace, yes.

9 Q. You also believed that once the product got
10 into the marketplace, that the transaction would drive
11 Illumina's profits higher. Is that correct?

12 A. Well, a complicated answer to that and actually
13 fueled significant debate at the board level, because
14 GRAIL is expected to be in a loss position for quite a
15 number of years, and so it actually will be dilutive to
16 Illumina's profitability for quite some time.

17 And so it does not turn profit-positive -- I
18 don't remember the exact numbers, but it's in the
19 documents -- profit-positive for six or eight years.
20 So it's actually a loss position. It increases the
21 growth rate of revenue, but it increases the losses of
22 Illumina.

23 Q. But the Illumina board did expect after that
24 six- or eight-year period for GRAIL to start turning
25 profits. Is that correct?

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1 A. That's correct.

2 Q. And in the long run, Illumina expected the deal
3 to be profitable. Is that right?

4 A. In the long run, yes.

5 MR. HARRELL: Thank you, Your Honor. I have
6 nothing further for Mr. Flatley.

7 JUDGE CHAPPELL: Anything further?

8 MR. MARRIOTT: Nothing here, Your Honor. Thank
9 you.

10 JUDGE CHAPPELL: Thank you, sir. You're
11 excused. You may stand down.

12 THE WITNESS: Thank you.

13 MR. MARRIOTT: Thank you, Mr. Flatley.

14 JUDGE CHAPPELL: We will take our lunch break
15 now. We will reconvene at 3:00 p.m. We're in recess.

16 (Whereupon, at 1:48 p.m., a lunch recess was
17 taken.)

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1 A. I'm the vice president and global head of
2 market access at Illumina.

3 Q. I'd like to just ask you a couple questions
4 about your educational background.

5 Do you have an undergraduate degree?

6 A. Yes. I have a bachelor degree in
7 pharmaceutical sciences.

8 Q. And where did you earn that bachelor's degree?

9 A. The University of Jordan in Amman, Jordan.

10 Q. Turning to your professional background, what
11 companies did you work for after graduating from
12 university and before you started at Illumina?

13 A. I worked the majority of my career for
14 Bristol-Myers Squibb and then after that for
15 Halozyme Therapeutics.

16 Q. And when did you start at Bristol-Myers Squibb?

17 A. On July 1990.

18 Q. And about how long were you at
19 Bristol-Myers Squibb?

20 A. Around 24 years.

21 Q. Could you please describe the roles that you
22 had at Bristol-Myers Squibb from when you started there
23 till when you left.

24 A. Sure.

25 So initially I worked in multiple roles and

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1 multiple functions. I started with Bristol-Myers
2 Squibb in their organization in Middle East and Africa,
3 worked initially in some sales positions. Then I moved
4 to marketing in 1995, leading the launch of a new
5 product for them in the region. And after that, I got
6 promoted multiple times, expanding also my area of
7 responsibility to -- in addition to Middle East and
8 Africa, to Turkey and South Africa.

9 In 2001 -- in 2001 I moved from marketing at
10 Bristol-Myers Squibb to be the country manager for the
11 eastern Mediterranean region for Bristol-Myers Squibb.
12 I spent there around three and a half years.

13 And then I moved to the newly created office,
14 the European headquarters in Paris, France, responsible
15 for the marketing of a major blockbuster for
16 Bristol-Myers Squibb.

17 I spent in Paris, France around four years,
18 after which I moved to the U.S. with Bristol-Myers
19 Squibb to a newly created position as the market access
20 lead for the intercontinental region, which is
21 basically everything except the U.S. and Europe. I
22 spent in that role around three years.

23 Then I moved to the U.S. organization of
24 Bristol-Myers Squibb, where I worked in diabetes payer
25 marketing, which is a market access job as well. I

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1 spent there around two years.

2 And then I moved into a global
3 commercialization job where I was responsible for their
4 hepatitis franchise. I was the commercial lead, the
5 commercial lead for hepatitis B drugs, as well as the
6 market access lead for hepatitis C drugs.

7 I stayed till 2014, when I left Bristol-Myers
8 Squibb on May of 2014.

9 Q. Mr. Qadan, you mentioned in that answer a
10 couple of times market access.

11 Could you explain a bit more what market access
12 activities you were involved in while you worked at
13 Bristol-Myers Squibb.

14 A. So market access as a function relates to
15 everything that deals with coverage and reimbursement,
16 while working at Bristol-Myers Squibb for drugs of
17 course, because Bristol-Myers Squibb is a
18 pharmaceutical company.

19 And my work at Bristol-Myers Squibb dealing
20 with market access, I dealt with market access directly
21 and indirectly, indirectly through my early work with
22 marketing whereby major part of what I was doing was
23 related to listing some of our drugs on formularies.

24 And then working in Europe as well in
25 marketing, it's important to understand that Europe

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1 being a single-payer system, you need to focus on drugs
2 being reimbursed because there is no commercial --
3 commercialization in the majority of the countries
4 without reimbursement.

5 In addition, my work as a country manager for
6 the eastern Mediterranean region, I was involved in
7 many initiatives related to market access, especially
8 for our oncology drugs.

9 And then when it comes to directly being
10 involved in market access, it was when I moved to the
11 U.S. to be the lead for the intercontinental region as
12 a market access lead. That was the time when most of
13 the companies, including Bristol-Myers Squibb, started
14 investing in the function of market access after the
15 Affordable Care Act in the U.S. was enacted.

16 And then my work also on diabetes payer
17 marketing in the U.S. organization was related to
18 market access.

19 And then my work on hepatitis C as well was
20 related to market access.

21 Q. And could you describe your duties and
22 responsibilities while you were global market access
23 lead for hepatitis products at Bristol-Myers Squibb.

24 A. So part of my responsibility was the global
25 commercialization lead for hepatitis B. And

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1 hepatitis B, the majority of the markets are really
2 outside the U.S., like, for example, China. And so as
3 the commercialization lead, my responsibility included
4 developing the strategy, working with the clinical
5 development teams to make sure that we have evidence
6 that could get us through regulatory approval as well
7 as reimbursement and coverage.

8 And for hepatitis C specifically, the company
9 was launching a group of products for the treatment of
10 hepatitis C, and my work within hepatitis C was also to
11 work on global strategies for hepatitis C globally
12 where major innovations were introduced.

13 Q. During your years at Bristol-Myers Squibb, did
14 your responsibilities also include market access in the
15 United States?

16 A. Yes. My work as the diabetes payer marketing
17 lead was for the U.S. market. And then my
18 responsibility as global lead included also the U.S.
19 marketplace.

20 Q. When did you leave Bristol-Myers Squibb to go
21 to Halozyme Therapeutics?

22 A. On May of 2014 I left Bristol-Myers Squibb, and
23 then I joined Halozyme Therapeutics in San Diego on
24 July of 2014.

25 Q. And what was your role at

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1 Halozyme Therapeutics?

2 A. Initially I was the market access and value
3 lead for their lead product for the treatment of
4 pancreatic cancer, and later on I became also the lead
5 for the development and commercialization of that
6 product as the vice president of development and
7 commercialization for that product at
8 Halozyme Therapeutics.

9 Q. What were your duties and responsibilities
10 while you were at Halozyme?

11 A. So as part of the market access and value lead,
12 it was all around developing the market access
13 strategies required for the reimbursement of that
14 product in different countries around the globe,
15 including the U.S.

16 And then as the lead for clinical development
17 and commercialization, it was on developing the
18 strategies of the clinical development program and all
19 the elements that should go into manufacturing and
20 other things as well, including partnerships with other
21 companies that will be needed for the success for the
22 launch of that product.

23 Q. Now, so before starting at Illumina, did you
24 have experience working with U.S. payers?

25 A. Yes.

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1 Q. And before starting at Illumina, did you have
2 experience working to obtain coverage internationally?

3 A. Yes. In almost every single region in the
4 world.

5 Q. Altogether, as you're sitting here today, how
6 many years of experience do you have in seeking and
7 achieving market access for healthcare products?

8 A. As I said, directly since 2008, which is now
9 13 years, and indirectly through my marketing as well
10 as country management work around an additional
11 12 years, so in total around 25 years.

12 Q. Now, when did you first join Illumina?

13 A. On November of 2016.

14 Q. And how is it that you came to work at
15 Illumina?

16 A. I was contacted by the retained company that
17 was looking to fill this position for Illumina.

18 Q. So a recruiter, in other words.

19 A. Yeah.

20 Q. And what role did you take upon first joining
21 Illumina?

22 A. It's the same role that I have currently, which
23 is vice president and global head of market access.

24 Q. And how would you describe your duties and
25 responsibilities in that position?

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1 A. So two parts. One is team leadership because I
2 have direct reports and a team as well within market
3 access. And the second part is the work that we do in
4 day to day to understand the unmet needs of the payer
5 community.

6 And when we say "payers," that could be a
7 company like UnitedHealthcare in the U.S. That could
8 be Centers for Medicare and Medicaid Services, CMS. It
9 could be also the National Health Service, NHS, in
10 England. Or it could be what's called health
11 technology assessment agency in countries -- even
12 within the U.S. and outside the U.S.

13 So understanding those needs, developing the
14 evidence necessary to deliver on those needs, and then
15 communicating the outcomes through publications and
16 other channels around that evidence. And our focus at
17 Illumina is on three clinical applications.

18 Q. What is the current size of the organization
19 that you lead at Illumina?

20 A. We have 13 people in market access serving the
21 different regions.

22 Q. And to whom do you report?

23 A. To the chief medical officer, Phil Febbo.

24 Q. And do you work with other teams at Illumina?

25 A. Yes. I work with -- yes.

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1 Q. And what other teams at Illumina do you work
2 with?

3 A. I work with medical affairs, clinical affairs,
4 regulatory affairs under the medical organization,
5 under Dr. Febbo's chief medical organization. And I
6 work closely as well with our marketing colleagues and
7 commercialization colleagues outside the medical
8 organization, addition of course to the GMs of the
9 region.

10 Q. Is it important in your work to have
11 cross-functional teams?

12 A. It is very important.

13 Q. Why is that?

14 A. Because part of the areas that we identify in
15 evidence development, why we identify it as market
16 access, those who deliver on those could come from
17 market access.

18 For example, evidence generation, we have a big
19 element of that done by medical affairs or by clinical
20 affairs, for example.

21 In addition, our commercial colleagues, they
22 have good relationships as well with our customers and
23 labs that will enable us to understand their problems
24 as well.

25 Q. Now, you've been talking about market access.

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1 What does the term "market access" mean to
2 you?

3 A. So market access has everything to do around
4 payers. And as I mentioned, it is understanding and
5 delivering the evidence necessary to get coverage and
6 reimbursement, specifically evidence of clinical and
7 economic utility.

8 Q. And what do you mean by "payers"?

9 A. It could be in the U.S. commercial payers like
10 UnitedHealthcare. It could be public payers like
11 Centers for Medicare and Medicaid Services, CMS. It
12 could be as well state payers, Medicaid plans.

13 And outside the U.S., it could be single-payer
14 systems like National Health Service in England, NHS,
15 or it could be health technology assessment
16 organizations. Those organizations are organizations
17 that report to the government in the majority of the
18 cases that will assess whether a certain innovation
19 should be covered or reimbursed or not.

20 So there are different types of customers.

21 Q. What aspects of market access are you
22 responsible for in your organization within Illumina?

23 A. So there are three clinical applications that
24 we're focused on. And again, we focus on developing
25 evidence of clinical and economic utility.

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1 Q. And what are the primary functions covered by
2 your group?

3 A. Three functions.

4 One is the strategy and operations function.

5 The second is health economics and outcomes
6 research function, which is the power engine of the
7 organization.

8 And the third is what we call payer partners.

9 Those are the people who deal directly with payers.

10 Q. I think you used the term "power engine"; is
11 that right?

12 A. Yes.

13 Q. What do you mean by "power engine"?

14 A. So this is the team that develops the clinical
15 utility data, for example, real-world data, evidence
16 needed by payers to cover certain applications. And it
17 is also the group that develop the economic utility
18 evidence, so those are economic models that are used by
19 payers to assess whether a certain application is worth
20 paying for or not.

21 Q. Why is that a power engine?

22 A. Because this is the core of the work that we
23 do. Without clinical utility and economic utility, it
24 would be almost impossible for any application to be
25 covered by payers.

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1 Q. What is the goal of your market access
2 efforts?

3 A. Our goal is simple, to increase coverage and
4 reimbursement across the three clinical applications
5 we're focused on.

6 Q. And do you have a metric by which you measure
7 how well you're doing on achieving that goal?

8 A. Yes.

9 Q. What is that metric?

10 A. The number of lives covered globally.

11 Q. Number of lives covered by reimbursement?

12 A. By reimbursement authorities. The different
13 types of payers I mentioned.

14 Q. Are there basic requirements that payers look
15 for when determining whether to cover a new test?

16 A. Mainly two things, evidence of clinical utility
17 and evidence of economic utility.

18 Q. And what is clinical utility?

19 A. Clinical utility is will the test be able to
20 diagnose a certain disease and then what can you do
21 about that diagnosis, so change in management of that
22 patient, leading to better outcomes. That's in
23 collection as a whole is called clinical utility.

24 Q. And is clinical utility different from clinical
25 validity?

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1 A. Yes.

2 Q. How so?

3 A. Clinical validity is whether the test is able
4 to diagnose a disease. It does not go further, like
5 clinical utility, around what happens as a result of
6 that diagnosis in terms of management and outcomes.

7 Q. Is evidence of clinical utility required for
8 FDA approval?

9 A. No.

10 MS. MUSSER: Objection. Foundation. And
11 objection to the extent it calls for improper expert
12 testimony.

13 JUDGE CHAPPELL: Do you want to rephrase or
14 respond?

15 MR. STARK: I'll rephrase, Your Honor.

16 BY MR. STARK:

17 Q. Mr. Qadan, do you know whether evidence of
18 clinical utility is required for FDA approval?

19 A. No.

20 MS. MUSSER: Same objection to the --

21 THE WITNESS: Sorry.

22 JUDGE CHAPPELL: If he knows, he can tell us.
23 It's a fact.

24 BY MR. STARK:

25 Q. So the -- my question to you, Mr. Qadan, is

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1 simply, do you know whether evidence of clinical
2 utility is something that's required for FDA approval?

3 A. No.

4 Q. I'm sorry. Is your answer that you don't know
5 or the --

6 A. No. Evidence of clinical utility are not
7 required by the FDA. They require evidence for
8 clinical validity and analytical validity.

9 Q. When you first came to work at Illumina, what
10 was the role that you took -- excuse me. Withdrawn.

11 When you first came to work at Illumina, was
12 the role that you took on newly created when you joined
13 Illumina?

14 A. Yes.

15 Q. Was there anyone already working on market
16 access when you came to Illumina?

17 A. There was -- yes.

18 Q. And could you describe who that was and what
19 they were doing.

20 A. Yeah. There was one person who was working
21 just ad hoc on -- but there was no market access
22 function.

23 Q. So the market access function was created with
24 your hire?

25 A. Yes.

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1 Q. Why did Illumina create a new market access
2 function?

3 MS. MUSSER: Objection. Foundation.

4 JUDGE CHAPPELL: Rephrase.

5 MR. STARK: Yes, Your Honor.

6 BY MR. STARK:

7 Q. Mr. Qadan, do you know why Illumina created a
8 new market access function?

9 A. So Illumina is -- yes.

10 So Illumina is a traditional platform company,
11 technology company, but it was very clear to Illumina
12 that if we need to achieve wide-scale adoption for
13 genomics in clinical practice, we need to work on
14 coverage and reimbursement or market access as it is
15 one of the major barriers for adoption of genomics in
16 clinical practice.

17 Q. Since the time that you joined Illumina, has
18 Illumina expanded the market access group?

19 A. Yes.

20 Q. And did you have a role in that expansion?

21 A. Yes.

22 Q. What was your role?

23 A. So my role was really to identify, based on our
24 needs as Illumina, the structure that is needed to
25 develop market access and then to recruit people into

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1 the different roles in different regions around the
2 globe.

3 Q. And could you please describe the process that
4 you went through in expanding your group of market
5 access.

6 A. So the first step was to assess the needs, what
7 are some of the issues associated with the three
8 clinical applications that we are focused on, and then
9 if we want to take those to the next level and
10 guarantee coverage and reimbursement for those
11 applications in the different regions, then what type
12 of structure we need to have. And as a result of that,
13 we started the recruitment process for the different
14 positions.

15 Q. And how easy was it for you to expand the
16 market access group at Illumina?

17 A. It was really a steep process. It took us
18 probably a good three to four years to get everything
19 almost in a steady state.

20 Q. And have you been involved in hiring more
21 personnel for the market access group?

22 A. Yes.

23 Q. What types of qualifications do the individuals
24 in your group have?

25 A. So if they work for, for example, for health

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1 economics and outcomes research, those need to be
2 trained as health economists in the majority of the
3 cases. They could be carrying different degrees, but
4 they need to have training as health economists.

5 For strategy groups they need to understand how
6 to develop strategy and how to execute those
7 strategies.

8 For the payer partners they need to have
9 expertise working with payers.

10 Across the three functions, expertise in
11 genomics is definitely an added -- a huge added value
12 to those roles.

13 Q. Could you explain a little more why it's
14 important to have expertise in genomics.

15 A. So, generally, genomics is different than, for
16 example, pharmaceuticals in how you build the clinical
17 and economic value, how you define clinical utility and
18 what type of data you need to deal with, which is much
19 more complicated than, for example, pharmaceuticals, so
20 this is why the preference is to have genomic
21 expertise.

22 Q. Have some of your folks in the market access
23 function learned about genomics on the job?

24 A. I came from the pharma industry, yes, so it
25 took me a good six to nine months and a steep learning

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1 curve to understand genomics in details.

2 Q. To what extent, if at all, is Illumina's
3 reputation a factor that affects its ability to gain
4 market access for diagnostic tests?

5 MS. MUSSER: Objection to the extent this calls
6 for an expert opinion.

7 MR. STARK: If I may respond, Your Honor.

8 JUDGE CHAPPELL: Yes, go ahead.

9 MR. STARK: This is the witness' work. This is
10 his area of work. It's a matter of fact as to how much
11 reputation impacts his ability to do his work.

12 JUDGE CHAPPELL: Go ahead.

13 MR. STARK: Thank you, Your Honor.

14 THE WITNESS: So -- thank you, Your Honor.

15 So to a large extent, Illumina's reputation can
16 impact the work that we do in market access.

17 BY MR. STARK:

18 Q. And could you explain why that's so.

19 A. So generally, companies that work in the field
20 of genomics, they are focused on one main application
21 or maybe two applications in the majority of the cases
22 while, when payers deal with genomics, they need to
23 deal with the broader field of genomics, so typically a
24 company like Illumina that has a broader role in
25 genomics would be much more helpful to develop

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1 partnership with from a payer perspective.

2 The second thing is that Illumina's work over
3 the years and the reputation that they have built, for
4 example, through the work that we have done with
5 Genomics England enabled us at a later stage to have
6 even partnerships with payers who knew about that
7 working relationship.

8 And the third, which we see today, is, when we
9 started recruitment a few years ago, it was very
10 difficult to find talent for Illumina in market access.
11 Today, based on the reputation that we built, we're
12 getting much more applicants.

13 Q. So based on your work and experience, would you
14 say Illumina's reputation in this area has changed over
15 time?

16 A. Yes.

17 Q. How so?

18 A. As I mentioned, the work that we have done,
19 for example, with Genomics England around evidence
20 generation and, as a result of that, the coverage and
21 reimbursement of those applications by England provided
22 a good under- -- provided a good pathway for other
23 countries to work with Illumina on, so that's on one
24 part related to the history.

25 Today, when we talk about some of the work

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1 that we have done as well around innovative
2 partnerships, and so on, some of that work also is
3 being highlighted in different meetings and congresses
4 and as an example of how we can develop innovative
5 partnerships.

6 So all of those things have added significantly
7 to reputation.

8 Q. And again, based on your work and experience,
9 how long has it taken Illumina to build its reputation
10 in this area?

11 A. A good three to four years.

12 Q. Has Illumina increased the budget of its market
13 access group over the time that you've been with
14 Illumina?

15 A. Yes.

16 Q. By how much approximately?

17 A. We moved from around \$3 million to \$11 million.
18 That does not include headcount.

19 Q. So if it doesn't include headcount, what does
20 it include?

21 A. Just the work that we do for running some of
22 our market research, some of the evidence development,
23 some of those work, but it does not include the cost of
24 headcount.

25 Q. Why -- do you know why Illumina has expanded

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1 the size and budget of the market access group?

2 A. Yes.

3 Q. Could you explain why?

4 A. Yes.

5 So, first of all, our clinical applications are
6 going to expand. We find new clinical applications
7 that we need to understand better.

8 The second is our geographic footprint keeps
9 expanding. For example, we are expanding in areas in
10 emerging markets in Middle East and Africa and
11 Latin America.

12 And the third, our partnerships to develop, for
13 example, evidence and many other things keep expanding
14 as well.

15 Q. Is Illumina taking any steps to increase its
16 headcount in market access currently?

17 A. Yes.

18 Q. Could you explain that.

19 A. We're recruiting seven new people as we speak
20 in different regions.

21 Q. Turning to a slightly different topic, I'd like
22 to ask you some questions about clinical applications,
23 which I think is a term you mentioned.

24 First of all, does next-generation sequencing
25 have clinical applications?

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1 A. Yes.

2 Q. In general, what is a clinical application of
3 next-generation sequencing?

4 A. There are different clinical applications for
5 different diseases.

6 Q. And -- but what is it -- what does the term
7 "clinical application" mean to you?

8 A. It's the use of genomics to inform the
9 diagnosis and management of certain diseases.

10 For example, in cancer, next-generation
11 sequencing is used to match patients to targeted
12 therapies.

13 Q. Have all the possible clinical applications of
14 next-generation sequencing been identified at this
15 point?

16 MS. MUSSER: Objection. Calls for
17 speculation.

18 MR. STARK: Again, Your Honor, I'm just asking
19 based on his work experience.

20 JUDGE CHAPPELL: I'll allow it. Overruled.

21 THE WITNESS: Thank you, Your Honor.

22 So no, the answer is no, not all clinical
23 applications have been discovered, and there are
24 clinical applications that appear frequently in
25 science.

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1 BY MR. STARK:

2 Q. But does the work of your market access group
3 focus on particular clinical applications?

4 A. Yes.

5 Q. How many?

6 A. Three clinical applications.

7 Q. And what are those three?

8 A. Noninvasive prenatal testing, which I would
9 refer to as NIPT.

10 And the second is tumor comprehensive genomic
11 profiling, which I would refer to as CGP.

12 And the third is whole genome sequencing in
13 rare and undiagnosed genetic diseases, which I would
14 refer to as whole genome sequencing in RUGD.

15 Q. Thank you, Mr. Qadan. I'm going to now ask you
16 a few questions about each of these clinical
17 applications.

18 First off, what is NIPT?

19 A. So noninvasive prenatal testing is a blood draw
20 from the expectant mother before the tenth week that
21 will inform whether the fetus has any chromosomal
22 abnormalities.

23 Q. Has your group undertaken efforts to expand
24 market access for NIPT?

25 A. Yes.

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1 Q. Could you please describe those efforts.

2 A. So we have efforts across the globe.

3 In the U.S., for example, we built clinical --
4 or evidence of clinical and economic utility to drive
5 coverage and reimbursement in the U.S.

6 We have also worked with health technology
7 assessment agencies and single-payer systems outside
8 the U.S. to improve coverage and reimbursement for
9 NIPT.

10 Q. And could you -- withdrawn.

11 Have you employed partnerships with other
12 organizations as part of that work?

13 A. Yes.

14 We have built a partnership, for example, with
15 Harvard Pilgrim Health Care to build a value-based
16 agreement or risk-sharing agreement to develop evidence
17 of clinical utility in all pregnancies.

18 Q. Could you describe a little more specifically
19 what was done in this partnership with
20 Harvard Pilgrim.

21 A. So when I joined Illumina, we started some work
22 to understand and assess why payers are not covering
23 NIPT for all pregnancies and were just covering NIPT
24 for what's called high-risk pregnancies, which means
25 pregnant women above the age of 35. That's how it is

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1 simply defined in the U.S. However, pregnancies below
2 the age of 35 represent the majority of pregnancies.

3 And so payers were just covering high-risk
4 pregnancies. And when we looked at the reason, we
5 found that generally the consensus was there was lack
6 or slim clinical utility and economic utility data in
7 that group below the age of 35.

8 And so we started thinking about ways by which
9 we can address that gap. And we came into the -- as
10 part of our process around how we want to bridge that
11 gap, we thought that working with an innovative payer
12 and early adopter like Harvard Pilgrim Health Care
13 could inform that data gap, and so we developed that
14 partnership with Harvard Pilgrim Health Care.

15 Q. And I think you mentioned that the agreement
16 you had with Harvard Pilgrim was a risk-sharing
17 agreement; is that right?

18 A. Yes.

19 Q. And could you just describe briefly what was
20 involved in that agreement.

21 A. So in simple terms, the agreement was, we work
22 with Harvard Pilgrim. They were covering at that state
23 when we started the discussion NIPT for high-risk
24 pregnancies. We agreed with them that they start
25 covering NIPT in all pregnancies. And with that, we're

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1 going to be looking at gathering the evidence around
2 what clinical utility we have seen as a result of that
3 expansion and at what cost, so that was the core
4 element of the agreement, with the intention of making
5 the data available publicly as well as publishing the
6 data.

7 Q. And so what were the results, if any, of
8 Illumina's efforts with Harvard Pilgrim?

9 A. So we were able to demonstrate that there is
10 clinical utility of expanding the use of NIPT to
11 average or lower-risk pregnancies, and that clinical
12 utility is demonstrated by lowering the number of
13 unnecessary invasive tests in that population.

14 Then what we have seen is, from an economic
15 utility point of view, there was an increase in cost of
16 only 2.6 cents per member per month, which is very low
17 cost for any payer to absorb, as a result of that
18 expansion.

19 And the third thing is that we have seen that
20 those who used NIPT did not duplicate testing with
21 older methods that were used before in that population,
22 specifically traditional serum screening that is less
23 sensitive than NIPT.

24 So, in other words, clinical practice also
25 improved with the introduction of NIPT.

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1 Q. Were the results of Illumina's work with
2 Harvard Pilgrim published?

3 A. Yes.

4 Q. And was the publication of that work important
5 for your work in market access?

6 A. Yes. That work being published now gave it
7 publicity in the U.S. and outside the U.S. The
8 economic utility part of it, we are using it in our
9 discussions with Medicaid so that they can understand
10 the budget impact of expanding NIPT in Medicaid
11 pregnancies.

12 Q. And has the work that Illumina did with
13 Harvard Pilgrim had any impact on the coverage of
14 NIPT?

15 A. So the work that -- yes.

16 Q. Can you explain that?

17 A. So the work that we have done was shared
18 initially with clinical organizations like the
19 American College of Obstetricians and Gynecologists or
20 ACOG, A-C-O-G. That organization later on changed
21 their guidelines to recommend NIPT in all pregnancies,
22 so that was one part of it.

23 The second, we shared the results of that work
24 with some commercial payers, for example,
25 UnitedHealthcare. Towards the end of 2020, we have

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1 seen significant increase. Around 55 million lives
2 have been added to -- by payers for NIPT in lower-risk
3 pregnancies.

4 Q. And based on your work and your experience, did
5 the results obtained from Illumina's work with
6 Harvard Pilgrim contribute to that expansion of number
7 of lives covered?

8 A. It has -- yes.

9 Q. Now, just briefly, Harvard Pilgrim, I take it
10 that's an insurance -- health insurance company; is
11 that right?

12 A. Yes.

13 Q. And are you familiar with a company called
14 Providence Healthcare?

15 A. Yes.

16 Q. Have you worked with Providence Healthcare?

17 A. Yes. We have a partnership with them.

18 Q. And is Providence Healthcare a health insurer
19 in the same way that Harvard Pilgrim is?

20 A. No.

21 Q. Could you explain that based on your knowledge
22 from your work.

23 A. Yes.

24 So Providence is really a healthcare system,
25 which means the majority of their income, more than

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1 90-95 percent of their income, comes from their
2 hospitals and from the physician clinics that they own.
3 There is a small business within Providence that is
4 insurance-based.

5 Harvard Pilgrim Health Care, on the other hand,
6 is a typical health insurer like UnitedHealthcare, like
7 Aetna, where the majority of their income comes from
8 their health insurance business.

9 So two different business models.

10 Q. You talked a little bit about partnerships
11 between Illumina and other entities. I just wanted to
12 ask you a little bit about the -- with regard to NIPT,
13 your own internal work at Illumina toward expanding
14 coverage for NIPT.

15 Did you within Illumina build a budget impact
16 model?

17 A. Yes.

18 Q. And what role, if any, has the budget impact
19 model played with regard to your efforts to expand
20 coverage for NIPT?

21 A. Yes.

22 So the first thing a budget impact model would
23 serve initially is that it will enable us, before
24 getting into a risk-sharing agreement, to understand
25 what type of liability we might have from a

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1 risk-sharing agreement, so the budget impact model is
2 very critical in managing the risk associated with
3 those risk-sharing agreements.

4 The same budget impact model, as we got the
5 data from the Harvard Pilgrim Health Care, we
6 fine-tuned that model with data that came out of that
7 work.

8 The second thing where budget impact is
9 important is also outside the U.S., where in our
10 submissions to single-payer systems outside the U.S. we
11 need to have two components in that submission. One is
12 the clinical utility, and one is the economic utility.
13 And the economic utility usually is informed by our
14 budget impact model.

15 Q. About how much effort would you estimate went
16 into building that budget impact model?

17 A. This is a long process, for different reasons,
18 so a lot of efforts in building those budget impact
19 models.

20 Q. Can you estimate in terms of amount of time how
21 much it took to build the budget impact model?

22 A. I would say for NIPT it took a good one year in
23 development, but for other areas like whole genome
24 sequencing in RUGD it took two years.

25 Q. And is the budget impact model applicable

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1 outside of NIPT and those other areas?

2 A. You need to develop budget impact model in
3 every clinical application, but the basic concepts
4 basically around how you look at the data might be
5 similar, but the model itself is different.

6 Q. Having built the budget model, budget impact
7 model, in these clinical application areas that you've
8 been working on, does that provide you any assistance
9 in building future budget impact models?

10 A. Yes.

11 Q. Can you just briefly describe how?

12 A. Yeah.

13 So we have built budget impact models in NIPT,
14 in whole genome sequencing in rare and undiagnosed
15 genetic diseases, and in tumor comprehensive genomic
16 profiling.

17 Just as an example, the budget impact model or
18 the economic utility model we built for whole genome
19 sequencing in rare and undiagnosed genetic diseases,
20 there are six to seven thousand genetic diseases. And
21 just for building that model, we needed to go and look
22 at 2,000 diagnosis codes at least in the system.

23 So the work that we do around all of those
24 models enable us to understand how to approach those
25 clinical applications.

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1 The work that we have done around comprehensive
2 genomic profiling, tumor comprehensive genomic
3 profiling, includes, for example, an analysis of the
4 impact of diagnosis on survival of cancer patients that
5 we could use as well in other cancer applications, for
6 example.

7 So the broad work that we have done across the
8 different applications is very important to inform our
9 expertise of how we look at other models in the
10 future.

11 Q. Now, just focusing again on NIPT, beyond the
12 work with Harvard Pilgrim, has Illumina continued
13 working on efforts to expand coverage of NIPT in the
14 United States?

15 A. Yes.

16 So we have -- we are now focused on -- after
17 getting all the coverage and reimbursement by
18 commercial payers, our focus now is on Medicaid plans,
19 specifically in the states of California, Texas and
20 New York, so that we can reduce disparities in
21 healthcare in that population.

22 Q. And has Illumina done any work to expand access
23 to NIPT internationally?

24 A. Yes. We are doing a lot of submissions in
25 different countries, and we have been able also to

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1 expand coverage in many countries over the past couple
2 of years.

3 Q. Does Illumina's work to expand coverage of NIPT
4 apply only to an NIPT test made by Illumina?

5 A. No.

6 Q. Could you explain that.

7 A. So when you work on a clinical application
8 with payers, they -- if they are convinced that they
9 need to cover that test, they develop something called
10 medical policy. And medical policy duly is at an
11 application level, so they would say in that medical
12 policy NIPT is necessary, is medically necessary.

13 When it comes to the individual tests, those
14 are dealt with separately through their contracting
15 arm, but the medical policy is usually at an
16 application level. This is why our work in all cases
17 focusing on medical policy at an application level.

18 Q. Turning to the next clinical application, what
19 is tumor comprehensive genetic profiling?

20 A. So tumor comprehensive genomic profiling is
21 using large genomic panels. In our case, it's more
22 than 500 genes. And those panels, usually by taking
23 tissue from the tumor or even a blood draw, you would
24 be able to diagnose what type of genetic mutation that
25 patient has in cancer. And as a result, you will be

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1 able to match them to targeted oncology drugs.

2 Q. Has your group undertaken efforts to expand
3 market access for tumor genomic -- comprehensive
4 genomic profiling?

5 A. Yes.

6 Q. Could you explain that.

7 A. So we have now partnerships to develop clinical
8 utility evidence that support the use of tumor
9 comprehensive genomic profiling versus what the
10 standard of care is today, which is single-gene tests
11 and small genomic panels, less than 50 genes.

12 So for that reason, we have developed
13 partnerships with Providence in the U.S., we have
14 developed partnerships with the Belgian Society of
15 Oncology, we have developed partnerships with
16 University of Melbourne in Australia, and we have
17 developed as well partnerships in Japan, all of that
18 aiming at understanding or proving the clinical utility
19 of tumor comprehensive genomic profiling.

20 Q. And the second partnership that you mentioned,
21 was that the Belgian Society of Oncology?

22 A. Yes.

23 Q. And what have been the results, if any, of
24 Illumina's efforts to expand market access for tumor
25 comprehensive genomic profiling?

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1 A. So over the past probably two to three years,
2 the number of patients globally who have been covered
3 for tumor comprehensive genomic profiling increased
4 almost by six times.

5 Q. And based on your work and experience on this
6 project, do you consider Illumina's work in this area
7 to have contributed to that expansion?

8 A. Yes.

9 Q. Turning to the next clinical application, what
10 is whole genome sequencing for rare and undiagnosed
11 genetic disorders?

12 A. So as the name indicates, "whole genome" means
13 that we look at the whole genome, the whole DNA. And
14 the use of that application in rare and undiagnosed
15 genetic diseases is really today in kids, in children,
16 below the age of 18.

17 Many of those kids, it is estimated around
18 10 percent in fact of those kids may have some kind of
19 a genetic disease. And in many cases, those diseases
20 go undiagnosed for six to seven years, on average. And
21 as a result, this could result in developmental
22 disability, intellectual disability, all of those
23 diseases. And so whole genome sequencing aims at
24 diagnosis -- at diagnosing those kids earlier.

25 Q. Has your group undertaken efforts to expand

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1 market access for whole genome sequencing in rare and
2 undiagnosed genetic diseases?

3 A. Yes.

4 Q. Could you describe those efforts.

5 A. So in line with what I mentioned initially
6 around what payers need around clinical utility and
7 economic utility, we have been focused on developing
8 evidence of clinical utility.

9 And so we're working closely with other
10 functions as well at Illumina and in partnerships as
11 well globally to develop evidence of clinical utility.
12 And we had many publications around the clinical
13 utility of whole genome sequencing in rare and
14 undiagnosed genetic diseases.

15 The second part is around economic utility,
16 which is how we can really understand what would be the
17 economic value of diagnosis of those kids earlier. And
18 with that we spent really significant amount of time of
19 building an economic utility model that has been
20 accepted for publication. Hopefully anytime we will
21 see that model published. And that economic utility
22 model proved that whole genome sequencing could be
23 saving costs for healthcare systems.

24 Q. And when you talk about the model being
25 published, what sort of publication are you talking

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1 about?

2 A. So publication in a peer-reviewed scientific
3 journal.

4 Q. Has Illumina entered into partnerships around
5 whole genome sequencing in RUGD?

6 A. Yes. Many partnerships.

7 In the U.S., we had partnerships, for example,
8 in San Diego with the Rady Children's Hospital, with
9 many as well hospitals in the U.S. for the work on
10 clinical utility. We have also partnered with the
11 Medicaid in the state of California and in the state of
12 Michigan.

13 We have also partnered with countries and
14 healthcare systems outside the U.S. The work that we
15 have done with Genomics England, for example, was
16 breakthrough work, the work that we're also doing
17 currently with the State of Queensland in Australia,
18 and there is also work that we're doing in Taiwan.

19 So there are a lot of partnerships going on --
20 and also a piece of work that is important that is
21 going on in Israel.

22 There are a lot of partnerships around the
23 demonstration of clinical and economic utility of whole
24 genome sequencing in RUGD.

25 Q. And in this area, has Illumina entered into any

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1 new risk-sharing agreements?

2 A. Yes.

3 Q. Could you describe that.

4 A. Yeah. We have currently two risk-sharing
5 agreements in that field. One is with Harvard Pilgrim
6 Health Care. And the second one is with the State of
7 Queensland in Australia.

8 Q. And what's the purpose of these risk-sharing
9 agreements?

10 A. With Harvard Pilgrim Health Care it's around
11 demonstrating clinical and economic utility in real
12 world, so it's an experiment that is now needed more
13 and more by payers to cover whole genome sequencing, is
14 how does it work in real world.

15 And in the state of Queensland, we are helping
16 the State of Queensland move whole genome sequencing
17 into a first-tier test, and so our risk-sharing
18 agreement with them aims at using whole genome
19 sequencing as a first-tier test and as a result what
20 would be the clinical and economic utility of doing
21 that.

22 Q. What do you mean by "a first-tier test"?

23 A. Any -- any kid with undiagnosed disease, for
24 example, in the state of Queensland will receive whole
25 genome sequencing as a first-line test. They do not go

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1 through any other test to start with.

2 Q. What results, if any, have Illumina's efforts
3 with respect to whole genome sequencing in RUGD
4 achieved so far?

5 A. So in addition to the science that we advanced
6 through some of the work that we have done as well
7 ourselves in a major study called NICUSeq, our efforts
8 have contributed to increasing the lives covered.

9 In the U.S., for example, those moved from
10 almost nobody is covered, no single life covered for
11 whole genome sequencing two, three years ago to around
12 32 million -- 36 million lives in fact this month in
13 the U.S. And we're going to be getting also the
14 State of California by the beginning of the year.

15 Outside the U.S., we have countries like
16 England, Germany, Australia who are today covering
17 whole genome sequencing.

18 In total, the number of lives covered over the
19 past two to three years increased five times in whole
20 genome sequencing.

21 Q. So across the three clinical applications that
22 you've been talking about, how many lives has
23 Illumina's work in market access continued to expand in
24 coverage?

25 A. In the 21 countries that we are focused on,

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1 most of them are developed countries, and across the
2 three applications we have more than one billion lives
3 covered today.

4 Q. Are you familiar from your work -- withdrawn.

5 I'd like to ask you just a few more questions
6 about risk-sharing agreements.

7 And I believe you indicated that a risk-sharing
8 agreement in your work would be an agreement between a
9 manufacturer like Illumina and a payer or a health
10 system. Is that right?

11 A. Yes.

12 Q. And could you explain, what is the risk-sharing
13 aspect of a risk-sharing agreement?

14 A. So risk-sharing agreements, by the way, are
15 more common between payers and healthcare providers
16 rather than manufacturers. But the idea is, as the
17 name indicates, risk-sharing agreement is a form of
18 value-based contract whereby the payment or the
19 decision by the payer is tied to the value provided by
20 the test.

21 In our case, when we talk about risk-sharing
22 agreements specifically, we share the risk in the case
23 with Harvard Pilgrim Health Care, for example. In
24 order to get clinical utility data, we shared the
25 economic risks associated with that through the pilot

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1 period, which was 12 months, and a follow-up of
2 9 months, because the last pregnancy needs to be
3 followed for 9 months, so a total of 21 months.

4 During this time we worked with them, the idea
5 was we keep them whole, up to a cap, as we develop the
6 data. If that cap is exceeded, they're going to be
7 carrying the risk. And so that's the risk-sharing,
8 developing the data in partnership while carrying risk
9 also on both sides to make sure that we have the data
10 necessary.

11 Q. Is the idea that Illumina bears some of the
12 cost of administering the additional NIPT tests?

13 A. Yes. It's -- it's more around, in NIPT
14 specifically, if you use any other also -- they take
15 any other screening test, we were responsible.

16 And the reason why that's part of the
17 risk-sharing is that if you do NIPT and you do also
18 serum screening at the same time, you're going to be
19 increasing the cost on the payer. The idea of using
20 NIPT should be in lieu of serum screening, and so part
21 of the work was looking at that specifically, and for
22 that we shared the risk.

23 Q. Okay. And is the idea just very simply that
24 Illumina would bear some of the cost and
25 Harvard Pilgrim would bear some of the cost?

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1 A. Yes.

2 Q. And that's the risk-sharing piece.

3 A. Yes.

4 Q. How many risk-sharing agreements has Illumina
5 entered into?

6 A. So a total of three so far.

7 Q. And you mentioned one in NIPT.

8 What are the others?

9 A. Another one of whole genome sequencing as well
10 with Harvard Pilgrim Health Care and a third one with
11 the State of Queensland in Australia for whole genome
12 sequencing as well.

13 Q. And the NIPT risk-sharing agreement with
14 Harvard Pilgrim, was that the first one Illumina
15 entered into?

16 A. Yes.

17 Q. To your knowledge, prior to that one, had any
18 manufacturer done a risk-sharing agreement involving
19 next-generation sequencing?

20 A. No.

21 Q. Are risk-sharing agreements, to your knowledge,
22 common between manufacturers and payers or health
23 systems?

24 A. No.

25 Q. Are risk-sharing agreements, to your knowledge,

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1 more common in other contexts?

2 A. Yes.

3 Q. And to your knowledge, in what context are they
4 more common?

5 A. So the other context where risk-sharing
6 agreements are common is the relationship between the
7 payer and the healthcare provider.

8 For example, CMS, Centers for Medicare and
9 Medicaid Services, they have value-based contracts with
10 providers in certain disease areas.

11 UnitedHealthcare, they have value-based
12 contracts with oncologists.

13 These are much more common than a risk-sharing
14 agreement between a manufacturer and a payer.

15 Q. Based on your work and your experience, do you
16 know why those kinds of risk-sharing agreements are
17 more common?

18 A. When it comes to the relationship between
19 payers and healthcare providers, these are, based on
20 what we heard from payers, probably easier to
21 administer than a risk-sharing agreement, for example,
22 between a manufacturer and payer. And the work as well
23 with healthcare providers can go across a therapeutic
24 area or a disease rather than a product.

25 Q. Based on your experience, when there are

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1 risk-sharing agreements between manufacturers and
2 payers or health systems, what kinds of products have
3 been involved in those agreements?

4 A. Mainly pharmaceuticals.

5 Q. And have you seen in your work and your
6 experience risk-sharing agreements commonly used for
7 genomics or diagnostics?

8 A. No.

9 Q. And why not?

10 A. So --

11 MS. MUSSER: (Inaudible)

12 THE REPORTER: I'm sorry. I didn't hear what
13 you said.

14 MS. MUSSER: Objection. Foundation.

15 THE REPORTER: There's a lot of feedback. I'm
16 not sure where it's coming from.

17 (Discussion off the record regarding feedback.)

18 JUDGE CHAPPELL: We have a pending objection.

19 Do you want to rephrase or respond?

20 MR. STARK: I will rephrase, Your Honor.

21 Thank you.

22 BY MR. STARK:

23 Q. Mr. Qadan, based on your work and your
24 experience, do you know why risk-sharing agreements are
25 not common with genomics and diagnostics?

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1 A. So, first of all, as I said, those
2 agreements -- yes.

3 So those agreements are not common, as I said,
4 between manufacturers and payers, but when it comes to
5 genomics, there is another level of complexity involved
6 with genomics.

7 For example, I mentioned whole genome
8 sequencing that could look at the whole genome. And
9 that could be probably, you know, different type of
10 diseases, different types of tests associated with
11 that, while with pharmaceuticals it's only in many
12 cases one product or one therapeutic area.

13 So the data associated with genomics is much
14 more complicated, and as a result, the administrative
15 issues will be more.

16 The second is, when we look at even the data
17 sources and how the data is arranged with genomics,
18 those databases tend to be -- sorry for the word -- a
19 little bit messy compared to the databases that are
20 available, for example, for drugs.

21 Q. Now, as to the Harvard Pilgrim agreement that
22 Illumina entered into, who -- with regard to NIPT, who
23 at Illumina was involved in negotiating that
24 agreement?

25 A. I was mainly involved directly negotiating

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1 that.

2 Q. And how long did those negotiations take to
3 complete?

4 A. We started the work in April of 2017, and the
5 agreement was signed -- or the agreement was announced
6 on February 1, 2018.

7 Q. Once you had a signed agreement between
8 Illumina and Harvard Pilgrim, was it certain that this
9 agreement would be successfully carried out?

10 A. No.

11 Q. Can you explain that a little bit?

12 A. This is why it's called risk-sharing. There
13 are different types of risks associated with that
14 agreement.

15 I mentioned the complexities of data and how
16 that data is captured and whether you will be able to
17 get a meaningful sample, all of those types of things
18 that might add to the complexity of executing a
19 risk-sharing agreement, so there is no guarantee of
20 success, especially when you deal with an area where
21 there was no precedent in that area.

22 Q. Now, I'm sorry if I may have asked you this
23 before, but -- well, withdrawn.

24 How easy was it for you and your group to carry
25 out the Illumina-Harvard Pilgrim NIPT agreement?

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1 A. Part of it is a learning process, so you learn
2 over time so that you can execute another risk-sharing
3 agreement in the future.

4 So it's not easy.

5 Q. And you may have touched on this already, but
6 what were the results that you obtained from that
7 Harvard Pilgrim agreement?

8 A. So we have demonstrated that there is clinical
9 utility associated with NIPT expansion; the economic
10 utility is 2.6 cents per member per month, which is a
11 small cost; and the clinical practice has improved, so
12 physicians did not use duplicate tests and they started
13 with NIPT.

14 Q. Did Illumina's experience with that initial
15 Harvard Pilgrim agreement affect in any way Illumina's
16 ability to enter into subsequent risk-sharing
17 agreements?

18 A. Yes.

19 Q. How so?

20 A. So as a result of the success of that
21 agreement, we signed another risk-sharing agreement
22 with Harvard Pilgrim in whole genome sequencing in rare
23 and undiagnosed genetic diseases, as an example.

24 Q. Based on your experience, is Illumina's work
25 with the risk-sharing agreements that you've described

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1 relevant to improving market access for an MCED test
2 like Galleri?

3 A. Sorry. Could you repeat the question.

4 Q. Yeah.

5 Based on your experience, is Illumina's work
6 with the risk-sharing agreements that you've already
7 described in your testimony -- is that relevant to
8 improving market access for an MCED or multicancer
9 early detection test like Galleri?

10 A. Yes.

11 Q. And can you explain why?

12 A. So, as I said, it's a learning process.

13 For example, NIPT took us from April to
14 February, while it took probably half the time when it
15 came to whole genome sequencing in rare and undiagnosed
16 genetic diseases despite the fact that we needed to go
17 through, as I said, 2,000 between disease codes and
18 test codes, and so on.

19 So that knowledge, as you build that knowledge,
20 if you need to use that knowledge for cancer screening,
21 multicancer screening in the future, definitely that
22 will be helpful for that as well.

23 Q. Beyond risk-sharing agreements, has Illumina
24 entered into partnerships with other sorts of
25 partnerships with health systems or insurers?

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1 A. Yes.

2 Q. And now, just reminding you that we're on the
3 public record here, so let me just ask you, is there a
4 public partnership that you can talk about on the
5 public record?

6 A. So, yes, we have a major partnership that has
7 been fully executed to work on evidence development, so
8 in context other than risk-sharing agreements. And I
9 can give more details during the camera session if
10 needed.

11 Q. Yes. And we'll get to the confidential part in
12 due course.

13 But is there also a public one that you can
14 talk about --

15 A. Yeah.

16 Q. -- here on the public record?

17 A. Yeah. Definitely. Yes.

18 So the work that we have done with the -- with
19 the Belgian Society of Oncology, it has been announced
20 publicly.

21 The work that we have done with Queensland, the
22 partnership has been announced publicly.

23 The work that we have done with University of
24 Melbourne has been also announced publicly.

25 So many of those -- and the work that Illumina

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1 did with genomic -- with Genomics England over the
2 years has received a lot of attention as well
3 publicly.

4 Q. And does Illumina also have a partnership with
5 Providence Healthcare?

6 A. Yes.

7 Q. Now, does Illumina use partnerships such as the
8 ones you've just testified about to generate clinical
9 utility evidence?

10 A. Yes.

11 Q. How so?

12 A. So, again, as you identify a gap, working to
13 get real-world data with healthcare systems in many
14 cases is very crucial for payers.

15 So the work, for example, we have done with
16 Providence, we have already shared that in congresses
17 around the use of comprehensive tumor comprehensive
18 genomic profiling and the clinical utility associated
19 with that.

20 So having that data available and that data
21 published is very critical for transparency for
22 everybody to see what comes out of that data and as a
23 result to make informed decisions.

24 Q. Have the partnerships that you've just
25 testified about succeeded in generating clinical

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1 utility evidence?

2 A. Yes.

3 Q. Can you explain that a little?

4 A. Yeah.

5 So, for example, I mentioned the Providence
6 data whereby we were able to get clinical utility
7 evidence about our tumor comprehensive genomic
8 profiling panel called TSO500 in patients with what's
9 called tumor mutational burden. And that's a growing
10 area in oncology where -- immuno-oncology, new
11 immuno-oncology drugs are utilized, and so tumor
12 comprehensive genomic profiling is used to find those
13 patients who can gain out of immuno-oncology drugs.

14 The work that we have done with
15 Genomics England was in thousands and thousands of
16 patients. And some of that work has been published and
17 informed -- as well around comprehensive genomic
18 profiling, and informed some of the decisions also of
19 other countries who decided to cover whole genome
20 sequencing in rare and undiagnosed genetic diseases.

21 So these are just examples, and there are many
22 ongoing partnerships, as I said.

23 Q. Has Illumina used the evidence generated by
24 these partnerships to drive expansion of coverage for
25 genomics-based tests?

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1 A. Yes.

2 Q. And could you give any examples of that?

3 A. I mentioned the example of using, for example,
4 the Harvard Pilgrim Health Care NIPT work to inform
5 coverage decisions by Medicaid plans, so that's an
6 example.

7 Another example is the work that we have done
8 with Genomics England is being referenced as well in
9 many health technology assessments to demonstrate that
10 there is clinical utility for whole genome sequencing.

11 So all of those keep accumulating and they keep
12 informing payers and healthcare systems making
13 decisions around coverage and reimbursement of
14 genomics.

15 Q. Changing gears slightly, are you familiar with
16 GRAIL's Galleri test?

17 A. Yes.

18 Q. What is the Galleri test?

19 A. It's a test that is used for multicancer
20 screening and is able to detect around 50 cancers.

21 Q. And have you in your work evaluated the kinds
22 of coverage that Galleri will need for widespread
23 adoption?

24 A. Yes.

25 Q. Will coverage by public payers like Medicare be

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1 important for obtaining market access for Galleri?

2 A. Yes.

3 Q. Why is that?

4 A. First, when we talk about public payers like
5 Centers for Medicare and Medicaid, above the age of 65,
6 this is a group that is at higher risk of cancer, so
7 definitely there is value of cancer screening in that
8 population. And when we talk about, you know, public
9 healthcare systems outside the U.S., they are
10 responsible for all of their people, not only above the
11 age of 65. And so, again, cancer screening is
12 important as well to be covered by public payers
13 outside the U.S. as well as in the U.S.

14 Q. And in the U.S. is it correct that basically
15 everyone 65 and over is covered by Medicare?

16 A. Yes.

17 Q. Have you determined in your work whether
18 there's a pathway for Galleri to be covered by Medicare
19 as matters stand today?

20 A. Yes.

21 Q. And what's your determination on that?

22 A. So, first of all, we -- we were -- because the
23 mandate that is given to CMS is only for five cancers
24 when it comes to screening, we thought that there needs
25 to be a legislation to expand the mandate of cancer

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1 screening in Medicare patients, so that's the first
2 thing.

3 The second thing, for CMS to make a decision
4 after their mandate is expanded, they need FDA approval
5 and they need evidence of clinical utility.

6 Q. You mentioned legislation.

7 Are you aware of any pending legislation that
8 could create a pathway for Medicare coverage of
9 Galleri?

10 A. Yes.

11 Q. What is that?

12 A. I -- I know there is a legislation that has
13 been introduced in Congress that will give CMS the
14 mandate for a pathway to cover multicancer screening.

15 Q. When you use the word "mandate," would this
16 legislation, if passed, automatically create coverage
17 for Galleri under Medicare?

18 A. No. It's not going to -- no, it's not going to
19 be automatic.

20 Q. Why do you say that?

21 A. So, as I said, the -- Medicare, generally,
22 screening tests, they are not reimbursed. However,
23 there are five cancers only for which Medicare was
24 allowed to evaluate cancer screening. And so if
25 Medicare wants to look at the broader cancers, they

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1 need to have a legislation that will enable them to
2 evaluate reimbursement of that test.

3 So legislation just gives the CMS the
4 framework, the path, the mandate necessary to look at
5 data of clinical utility as well as being able to
6 review after FDA coverage or at the same time, what's
7 called parallel review, as FDA is making a decision, so
8 it's not automatic coverage.

9 Q. And I believe you testified that even if the
10 legislation which you've described passes, FDA approval
11 would still be required before Medicare could cover
12 Galleri; is that right?

13 A. Yes.

14 Q. And if the FDA granted approval of Galleri,
15 would then Medicare automatically cover Galleri?

16 A. No.

17 Q. What else would be required?

18 A. They will need evidence of clinical utility for
19 them to cover the Galleri test.

20 There are examples of tests approved by the
21 FDA, like the Epi proColon test for colorectal cancer,
22 but CMS decided not to cover the test, for example.

23 Q. Does Illumina and your group in particular have
24 experience interacting with Medicare and CMS about
25 coverage?

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1 A. Yes.

2 Q. How significant is the experience that your
3 group has in that regard?

4 A. Whenever there is a need for our clinical
5 applications, like, for example, in tumor comprehensive
6 genomic profiling, we have interacted with CMS in a
7 significant way.

8 So if it is a clinical application of
9 Illumina, we interact with them in a face-to-face, in
10 different ways needed, to make sure that they
11 understand our point of view. Whenever it is an
12 industry situation, we work with the industry around
13 some of those issues.

14 Q. And I want to turn to private insurers next.

15 Will coverage by private insurers be important
16 to widespread adoption of the Galleri test?

17 A. Yes.

18 Q. Why is that?

19 A. So commercial insurers cover all the people
20 between the age of 50 and 65, and the Galleri test and
21 the multicaner screening today is for patients above
22 the age of 50 and even in colorectal cancer above the
23 age of 45. The majority of those will be in commercial
24 insurers.

25 Q. Do you know what kinds of evidence private

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1 insurers require when deciding whether to cover a new
2 diagnostic like Galleri?

3 A. It's in line with what they request from every
4 test, yes, so they require evidence of clinical
5 utility.

6 Q. And do they require anything else besides
7 evidence of clinical utility?

8 A. Yes.

9 Q. What else?

10 A. For commercial payers, they will require
11 evidence of economic utility, especially, in this
12 specific case, budget impact.

13 Q. How can Illumina help to develop clinical
14 utility evidence for Galleri?

15 A. So part of it is using our partnerships in
16 place to build that type of evidence, for example, with
17 commercial payers. Part of it also is working with
18 healthcare systems and countries outside the U.S. that
19 we worked with before to develop that evidence of
20 clinical and economic utility.

21 And then most importantly I would say is
22 defining a population, especially in the U.S., that
23 could be a good entry point with commercial payers
24 rather than just covering -- rather than just screening
25 everybody above the age of 50.

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1 Q. Will clinical studies be a part of this
2 process?

3 A. Mainly clinical studies, yeah.

4 Q. And does your group at Illumina have experience
5 supporting clinical studies?

6 A. Yes.

7 Q. And how would your group -- can you explain --
8 withdrawn.

9 Could you explain a little bit your group's
10 experience with clinical studies.

11 A. So we have -- as I said, we have a broad
12 expertise in terms of developing those clinical
13 studies, whether it is real-world data, as what we have
14 just described with NIPT, the work that we're doing
15 with whole genome sequencing, or even developing data
16 from scratch like the work that we have done with
17 NICUSeq study, which is double-blinded type of study,
18 so more complicated.

19 So we have experience building real-world data,
20 we have experience building sophisticated clinical
21 trials, and we have relationships, whether with
22 healthcare systems or with payers, that would enable us
23 to do both things as well.

24 Q. And how can Illumina help to develop evidence
25 of economic value for Galleri?

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1 A. So some of the work that we have done on budget
2 impact, for example, we can -- we can look at that type
3 of work to look at budget impact.

4 And then the second thing is finding innovative
5 partnerships that would enable us to gather data for
6 the test that will inform the clinical utility of the
7 test.

8 Q. Are you aware of clinical studies that GRAIL
9 has completed for Galleri?

10 A. Yes.

11 Q. And what are you aware of?

12 A. I am aware, for example, of their test
13 performance study PATHFINDER, for example.

14 Q. Did any of the studies that you're aware of
15 generate evidence of clinical utility for Galleri?

16 A. Not to my knowledge yet.

17 Q. And do you know if GRAIL has developed evidence
18 of clinical utility for Galleri by any means?

19 A. From the data that I'm aware of in the public
20 domain, there is no clinical utility studies.

21 Q. Does Illumina's experience with
22 demonstrating -- withdrawn.

23 Is Illumina's experience with demonstrating
24 clinical utility limited to risk-sharing agreements
25 that you've talked about?

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1 A. No.

2 Q. How is it broader than that?

3 A. For example, we're also in partnerships with
4 healthcare systems around working on generating data,
5 the work that we're doing with the Belgian Society of
6 Oncology, the work that we're doing with the Israeli
7 Ministry of Health around clinical implementation.

8 So there are different types of partnerships,
9 depending on the situation, needed to deliver on
10 clinical and economic utility.

11 Q. Based on your experience, is Illumina
12 contribute -- withdrawn. Excuse me.

13 Based on your experience, is Illumina capable
14 of contributing to the development of evidence of
15 clinical and economic utility in a way that will
16 accelerate the availability of Galleri on a large
17 scale?

18 A. Yes.

19 Q. And could you just briefly explain that.

20 A. Through some of the partnerships that we have
21 today, we will be able to accelerate the development,
22 for example, with commercial payers in the U.S. We --
23 in fact, we can do a lot.

24 We can also accelerate, though it's not my area
25 of expertise, but we can accelerate hopefully the

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1 regulatory approval, resulting in an accelerated path
2 for CMS coverage and reimbursement.

3 And outside the U.S., for example, in Europe we
4 can work with single-payer systems and health
5 technology assessment agencies to start understanding
6 their needs to deliver on their needs, the same thing
7 in countries like Australia and Japan.

8 And then in a major market like China, we
9 could start some of the work around patient or people
10 willingness to pay for screening, for cancer
11 screening, types of studies that can inform Galleri's
12 launch.

13 So we can work on all of that and hopefully,
14 you know, accelerate Galleri launch in all of those
15 countries.

16 Q. Based on your experience, do private payers
17 consider the budget impact of Galleri when making
18 coverage decisions?

19 A. Yes.

20 Q. I should have phrased that differently.

21 Based on your experience, do private payers
22 consider the budget impact of new tests when making
23 coverage decisions?

24 A. Yes.

25 Q. And generally, and without getting into any

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1 confidential information because we're on the public
2 record, what is the budget impact of Galleri for a
3 private insurer?

4 A. It is going to be high.

5 Q. And based on your experience, how will the
6 budget impact affect the coverage decisions when it
7 comes to Galleri?

8 A. It's a very important point for commercial
9 payers and even for payers outside the U.S. Budget
10 impact, based on what I have seen through my career,
11 could really, you know, delay the uptake of any new
12 drug or any new test by payers.

13 Q. And based on your experience, is Illumina
14 capable of contributing to the development of evidence
15 of economic value and cost-effectiveness of Galleri?

16 A. Yes.

17 Q. And based on your experience, is Illumina
18 capable of generating that type of evidence in a way
19 that will help to accelerate the availability of
20 Galleri on a broad scale?

21 A. Yes.

22 Q. Does Illumina have a plan to accelerate the
23 availability of Galleri on a broad scale?

24 A. Yes.

25 Q. When did Illumina develop that plan?

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1 A. So two parts.

2 The first is, when we did the due diligence for
3 the test, we have seen the challenges around clinical
4 and economic utility, and so we had initially to think
5 about what needs to be done to manage that, because, if
6 there was no plan or there was no way to manage that,
7 why would Illumina, you know, buy GRAIL.

8 So that's one thing.

9 The second thing is, as we started some of our
10 discussions with -- for -- around certain
11 groundbreaking partnerships, especially in the U.S.,
12 Galleri test was front and center initially of those
13 discussions as a way to accelerate the availability of
14 Galleri in the U.S. marketplace.

15 Q. Was Illumina's plan for accelerating the
16 availability of Galleri developed in response to this
17 litigation?

18 A. No.

19 Q. What work on the plan happened before the
20 litigation?

21 A. So, as I said, initially the work was required
22 to see whether Illumina should really buy GRAIL or not,
23 so we needed to be aware of the issues and what type of
24 solutions we could put in place, so that's the first
25 part.

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1 The second, as I mentioned, we had discussions
2 with partners around a potential pathway for
3 accelerating the development of clinical utility data
4 for Galleri test that can or has the potential to
5 reduce the budget impact of the test initially.

6 Q. Does Illumina's plan for market access
7 acceleration apply to both public and private payers?

8 A. Yes.

9 Q. And what are the core elements of your
10 acceleration plan?

11 A. So, first of all, as I mentioned, in terms of
12 our work in the U.S., we will be working on
13 accelerating CMS approval through clinical utility data
14 and through accelerating the regulatory approval,
15 though, as I said, regulatory is not my area of
16 expertise.

17 So that's a major element for the U.S.

18 Outside the U.S., there will be a lot of work
19 needed with single-payer healthcare systems and
20 countries, like what we have done, for example, with
21 Genomics England, like what we have done with Germany,
22 to accelerate the availability of Galleri in Europe,
23 and third, as I mentioned, also the work that we can do
24 in China to accelerate the availability of Galleri in
25 China considering that there is a favorable environment

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1 in China for lab-developed tests now that did not exist
2 before.

3 So there are many things. Our group's
4 experience then based on what we have done so far and
5 the expertise we have developed, we can take many of
6 those initiatives to accelerate Galleri's availability
7 and reimbursement in the different markets.

8 Q. Are you familiar with something called
9 diagnostic aid for cancer or DAC?

10 A. Yes.

11 Q. And does that figure into your plans?

12 A. Yes. This could be an excellent entry point
13 for a test like Galleri.

14 Q. And can you explain that a bit?

15 A. So diagnostic aid to cancer is one of the
16 applications of Galleri, so it's the same test,
17 Galleri. However, it is the use of Galleri in
18 patients who could have started developing signs and
19 symptoms of cancer.

20 Because the test performs better in more
21 advanced disease, we can expect the test to perform
22 better in those patients. The value of this is that
23 the clinical utility will be ruling out or ruling in
24 whether those patients have cancer so that they do not
25 go into multiple other tests and then they can

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1 hopefully start therapies.

2 And the second is, there could be cost savings
3 for the system to do one test that rules out or rules
4 in cancer rather than multiple tests initially.

5 So as we know payers around clinical utility
6 and economic utility, there is clinical utility for
7 DAC, and the economic utility could be even cost
8 saving.

9 So that will initially enable us to introduce
10 Galleri into the marketplace while not having a huge
11 budget impact for payers to resist. Through that
12 entry, we can go into phase two, which is developing
13 the data around the risk factors associated with those
14 patients who tend to be positive for cancer, what do
15 they share in common.

16 And so that data will enable us then to go
17 back and expand the use of Galleri in those patients
18 with those risk factors to screen them first, so that
19 will then expand the use of Galleri with an acceptable
20 budget impact hopefully.

21 And then the third phase hopefully will be once
22 all of the clinical utility studies that GRAIL is doing
23 or we will be doing start reporting results, that then
24 can expand the use of Galleri in the general population
25 above the age of 50, so it's a phasing of the Galleri

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1 budget impact knowing that payers might resist a test
2 with high budget impact, so that's our plan.

3 Q. Now, switching gears a bit, Mr. Qadan, has
4 Illumina used consultants for its market access efforts
5 in the past?

6 A. Yes.

7 Q. How has Illumina used consultants for market
8 access?

9 A. So whether in during my work in -- at Illumina
10 or my work before Illumina, I used consultants
11 consistently in two ways. One is for building the
12 strategy. And second is for building metrics,
13 performance metrics, to evaluate whether that strategy
14 is working or not.

15 But I did not use them for execution; i.e., I
16 cannot use them to go and act on my behalf as Illumina
17 to talk to payers.

18 Q. Did Illumina use a consultant for its
19 risk-sharing agreement with Harvard Pilgrim on NIPT?

20 A. Yes.

21 Q. Who was that?

22 A. Real Endpoints.

23 Q. How did Illumina use Real Endpoints in
24 connection with that arrangement?

25 A. In two ways.

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1 One is, as we started looking at the gaps,
2 there was market research needed initially to look at
3 why payers are not covering NIPT in average or low-risk
4 pregnancies, so Real Endpoints looked at those gaps,
5 and we identified, as I mentioned, clinical utility in
6 that population as the main issue.

7 And the second part is administrative, which
8 is, because there is a financial arrangement that is
9 involved in that risk-sharing agreement, we needed a
10 third party to manage that financial arrangement, that
11 is, a third party that is not Harvard Pilgrim, not
12 Illumina.

13 And we have done that as well in Queensland in
14 Australia where we're using an auditing firm to manage
15 that financial agreement.

16 Q. Do you know if other companies have been able
17 to enter into similar risk-sharing arrangements simply
18 by hiring Real Endpoints?

19 A. No. I'm not aware.

20 Q. You're not aware of anything like that.

21 And have you discussed that issue with
22 Real Endpoints?

23 A. About why other companies are not?

24 Q. Yes. About whether other companies have been
25 able to enter into similar arrangements using

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1 Real Endpoints.

2 A. I really did not.

3 Q. In your experience, are consultants able to
4 engage with payers or health systems to negotiate
5 partnerships on behalf of their clients?

6 A. No.

7 Q. And why do you say that?

8 A. Because there are elements in negotiations that
9 could be confidential, company confidential data that
10 even cannot be exposed to third parties.

11 Like, for example, you know, cost of goods or
12 whatever.

13 Q. Based on your experience, could a team of
14 consultants provide the functionality for Illumina that
15 your market access group provides for Illumina?

16 A. No.

17 Q. Why not?

18 A. Because -- there are different reasons.

19 The first one is that it's -- you build
20 institutional capability over time internally that
21 might not be the subject-matter expertise of those
22 consultants, because, again, consultants are teams that
23 come and go, so they do not have that institutional
24 expertise.

25 So that's -- that's really the main reason why,

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1 you know, a group of consultants cannot do the work
2 with companies. And our, again, experience when we
3 needed to use consultants even for strategy work, it
4 has been a steep learning curve in many cases when it
5 comes to the applications or clinical applications
6 we're dealing with.

7 Q. Does Illumina provide market access consulting
8 services to other companies?

9 A. No.

10 Q. Would Illumina have an incentive to provide
11 market access consulting services to GRAIL outside of
12 the acquisition of GRAIL by Illumina?

13 A. No.

14 Q. Why not?

15 A. I mean, we have limited resources, and we focus
16 those resources on where we have products as Illumina,
17 which are the three clinical areas, and so I cannot
18 accommodate other things. I will prioritize what we're
19 working on.

20 Q. Are you aware of any other players in your
21 industry that provide consulting services for market
22 access?

23 A. No, I'm not aware.

24 Q. For example, to your knowledge --

25 JUDGE CHAPPELL: Hold on a second.

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1 We've been going a couple hours. Let's take a
2 break. We'll reconvene at 5:10, 5-1-0.

3 We're in recess.

4 (Recess)

5 JUDGE CHAPPELL: Okay. We're back on the
6 record.

7 Proceed.

8 MR. STARK: Thank you, Your Honor.

9 BY MR. STARK:

10 Q. Mr. Qadan, switching gears again slightly, as
11 part of your work, do you have an assessment of the
12 talent pool available to be hired to work in a genomics
13 market access department like yours?

14 A. Yes.

15 Q. And what is your assessment?

16 A. So generally market access is a high-demand,
17 limited-supply type of function, whether it is in
18 pharma or outside pharma. In genomics it's even more
19 restricted whenever it comes to the supply, so it's
20 challenging, more challenging in genomics as well.

21 Q. And again, based on your experience, do you
22 have an assessment as to how easy it would be for you
23 to replicate the market access functionalities that you
24 have at Illumina if you were to move to another
25 company?

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1 MS. MUSSER: Objection. Calls for
2 speculation.

3 MR. STARK: Your Honor, if I may, I'm just
4 asking for his assessment based on his experience.
5 It's factual.

6 JUDGE CHAPPELL: Hold on.

7 MS. MUSSER: Your Honor, may --

8 JUDGE CHAPPELL: Hold on. I'm looking at it.
9 You're going to need to lay a foundation for
10 that.

11 BY MR. STARK:

12 Q. Mr. Qadan, have you in your work assessed how
13 easy it would be to replicate the market access
14 functionalities you have at Illumina?

15 A. Yes.

16 Q. And what's your assessment of that?

17 A. It is very difficult to replicate.

18 Q. And why do you say that?

19 A. First of all, as I said, there is a learning
20 curve, especially if you're coming to work in genomics,
21 so that's one thing.

22 Second, when we look backwards to how long has
23 it taken us to fill those positions, it was -- it took
24 a good, as I said, two to three years before started
25 reaching, you know, a steady state type of

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1 organization.

2 And the third is related to the image that
3 Illumina has built over time, that, you know, with all
4 my due respect, I could have expertise, but I would not
5 be able to take Illumina's image with me, and Illumina
6 has been working in the field with demonstrated success
7 for a while.

8 So add to that again there will be an
9 institutional knowledge developed over time,
10 relationships, all of those types of things that will
11 be very hard to replicate as you move from one company
12 to the other.

13 Q. Has GRAIL hired Illumina employees in the past,
14 to your knowledge?

15 A. Yes.

16 Q. And which hires are you aware of?

17 A. Two hires, but none of them came from market
18 access. One is Gautam Kollu and one is Linda, last
19 name I think Mansolillo. I'm not sure of the last
20 name. But these are the two employees I'm aware of,
21 but none of them was market access.

22 Q. Was Mr. Kollu involved in the development of
23 Illumina's first risk-sharing agreement with
24 Harvard Pilgrim?

25 A. I would say yes, but as a cross-functional team

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1 member.

2 Q. Could you explain that a little bit more.

3 A. So when we did the first market -- the first
4 risk-sharing agreement, it was a new concept. It was a
5 new concept for Illumina. It was a new concept in
6 next-generation sequencing. And I needed to work with
7 a cross-functional team to make them understand what we
8 are trying to do here.

9 And Gautam was responsible for market
10 development, which is a function I work with closely at
11 Illumina, so he needed to be involved as a result of
12 that.

13 The second is that Gautam came from the
14 Verinata acquisition and was a subject-matter expert on
15 NIPT, so for that reason he was also involved and one
16 of his team members as well.

17 Q. Does Mr. Kollu have expertise in market access,
18 as far as you know?

19 A. No, as far as I know.

20 Q. And you mentioned he was in market development.

21 How does the market development function differ
22 from the market access function?

23 A. So market development is around other things
24 other than payers, for example, working on -- with the
25 societies and exchanging information with societies

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1 that are responsible for clinical guidelines,
2 awareness, education for physicians, all of that -- all
3 of those areas that have nothing to do with payers.

4 Market access deals mainly, as I said, with
5 payer customers, with the different definitions of
6 payer customers around the globe.

7 Q. Now, as part of your work, have you assessed
8 whether just hiring employees from Illumina would
9 allow GRAIL to replicate Illumina's success in market
10 access?

11 A. I did not assess that, no.

12 Q. Are Illumina's market access employees
13 currently working on projects that are unrelated to
14 Galleri?

15 A. Yes. All of the projects unrelated to
16 Galleri.

17 Q. Do you anticipate, if GRAIL and Illumina are
18 able to integrate, that you would be able to redeploy
19 employees to focus on expanding market access for
20 Galleri?

21 A. Sorry. The question, sorry, again?

22 Q. If Illumina and GRAIL integrate, do you
23 anticipate that you'll be able to redeploy employees in
24 your department to focus on expanding market access for
25 Galleri?

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1 A. Yes. Definitely. We can prioritize, but there
2 are other things as well we can do.

3 Q. Could you explain that.

4 A. Yeah.

5 So, first of all, we need to prioritize then
6 our workload to see where we can work on Galleri and
7 what would be the trade-off from other applications, so
8 that's one thing.

9 But the most important thing I would say is
10 that we're expanding as a team, so we -- I mentioned
11 we're adding seven people, so GRAIL can tap into those
12 expanded resources in different geographies as well.

13 And the third area, if integration happens,
14 they will come with their market access team, and that
15 would enable us to have then a larger team working on
16 Galleri.

17 Q. And do you anticipate you'd be able to
18 integrate that, the GRAIL folks, into your team?

19 A. Yes.

20 Q. To your knowledge, has GRAIL achieved coverage
21 from any payers for Galleri so far?

22 A. No, not to my knowledge.

23 Q. And based on your experience, would having
24 agreements with self-insured employers to cover
25 Galleri lead to coverage by insurance companies of

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1 Galleri?

2 A. No. Not necessarily.

3 Q. And why do you say that?

4 A. Usually employers look at insurance companies
5 to make those decisions, not the opposite. And so
6 it's -- it's very difficult to let employers drive that
7 discussion instead of health insurers.

8 Q. Now, based on your experience, would having an
9 agreement with a health system like Providence to use
10 Galleri lead to coverage of Galleri by insurance
11 companies?

12 A. Not necessarily. And the reason why, it
13 depends on the data that -- or the reason for that
14 partnership.

15 If the reason is to get more data, getting
16 more data is always good. But if -- based on what we
17 know about the agreement, you know, I cannot say for
18 sure that this would result in coverage and
19 reimbursement.

20 And then most importantly I talked about the
21 budget impact, so you have the clinical utility data,
22 and then you have the budget impact data, and so it
23 will be difficult in the absence of a solution for the
24 budget impact to see how would that happen.

25 Q. Based on your experience, would having

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1 agreements with concierge medicine providers to use
2 Galleri lead to coverage of Galleri by insurance
3 companies?

4 A. No. As with the healthcare systems as well as
5 Providence, you could offer the test, but it will not
6 lead to coverage.

7 Q. And why do you say that?

8 A. So in order, again, for the test to be covered,
9 you need evidence of clinical utility and economic
10 utility.

11 And so first of all you need to have evidence
12 of clinical utility, to which Galleri to date does not
13 have, so that's one thing.

14 The second is again around the budget impact.
15 The fact that a test is covered by concierge medicine
16 or employers or even healthcare systems is a good step
17 to have it available for more people, but it does not
18 lead to coverage per se because, again, health
19 insurers, they make their decisions based on certain
20 standards.

21 Q. And does the use of Galleri by concierge
22 medicine providers or health systems or insured --
23 self-insured employers meet the standards that
24 insurance companies are looking for, to your
25 knowledge?

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1 A. No.

2 Q. Now, based on your experience, would agreements
3 with life insurers to use Galleri have any impact on
4 the willingness of private health insurers to cover
5 Galleri?

6 A. No. In fact, you know, life insurers and
7 health insurers, it's a very sensitive area because in
8 many cases you cannot share data with life insurers so
9 that they cannot discriminate against people based on
10 whether they have disease or not, so those things
11 are -- health insurers are different than life
12 insurers, and the data cannot even be shared.

13 Q. And based on your knowledge and experience, if
14 GRAIL were to enter into a risk-sharing agreement
15 related to Galleri, would that ensure that Galleri is
16 able to be -- to gain market access?

17 A. No.

18 Q. Why not?

19 A. So, again, risk-sharing agreements are
20 developed for certain reasons again, and the
21 scalability as well as -- sorry -- the scalability
22 mainly, how -- how meaningful that specific work will
23 be for other insurers is very important.

24 For example, the work that we have done in NIPT
25 with Harvard Pilgrim is meaningful.

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1 And so when it comes to the budget impact of
2 Galleri test, even if you go into a risk-sharing
3 agreement, I don't know how would that be scalable with
4 other payers as well.

5 Q. Based on your experience, if a new diagnostic
6 test is innovative, does that fact affect the
7 willingness of payers to cover the test?

8 A. No.

9 Q. And based on your experience, do payers apply a
10 lower evidentiary standard in terms of clinical utility
11 and determining whether to cover a new test based on
12 how innovative the test is?

13 A. No. And even when we -- when we look at
14 history and through my expertise working in the pharma,
15 there have been not only, you know, innovative tests
16 but also innovative drugs that were first in class that
17 failed to get coverage by payers, so no.

18 Q. In your experience, do private insurers decide
19 whether to cover new clinical tests based on public
20 pressure?

21 A. No. All of the decision-making needs to go
22 back to clinical utility and economic utility.

23 Q. For that matter, does Medicare or CMS decide
24 whether to cover new clinical tests based on public
25 pressure?

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1 A. No.

2 MR. STARK: Your Honor, that concludes my
3 questioning in the public session. I do have questions
4 for in camera.

5 JUDGE CHAPPELL: All right. At this time we're
6 going to go into in camera session. The public who are
7 calling in will be moved into a waiting room. You will
8 be brought back into the courtroom after we go back to
9 a public session.

10 I need the lead or questioning counsel for each
11 party to review the list of participants on the Zoom
12 screen and verify that there are no participants in the
13 courtroom who should not be there.

14 If there is anyone who is not authorized, you
15 are to instruct that person to use the Raise Hand
16 function in the Zoom screen. They will then be moved
17 into a waiting room.

18 Let me know after you've reviewed the screens.
19 Go ahead.

20 MR. STARK: Your Honor, it looks okay here.

21 MS. MUSSER: It looks okay on our end as well.

22 JADA: The public has been moved.

23 (Whereupon, the proceedings were held in
24 in camera session.)

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2 in camera session.)
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Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/21/2021

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

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Trial - Public Record

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

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Trial - Public Record

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

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Illumina, Inc. and Grail, Inc.

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/21/2021

1 (The following proceedings continued in
2 public session.)

3 BRIA: Okay. The public is connected.

4 JUDGE CHAPPELL: All right. We're going to
5 call it a day and we're going to reconvene -- we have
6 no trial tomorrow on the 22nd. We're going to
7 reconvene on Thursday at 9:45 a.m.

8 Anything before we recess?

9 MR. STARK: No, sir.

10 MS. MUSSER: Not from complaint counsel.

11 JUDGE CHAPPELL: Okay. We're in recess.

12 (Whereupon, the foregoing hearing was adjourned
13 at 6:31 p.m.)

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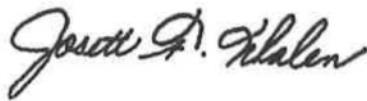
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Trial - Public Record
Illumina, Inc. and Grail, Inc. 9/21/2021

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CERTIFICATE OF REPORTERS

We, Susanne Bergling and Josett Whalen, do hereby certify that the foregoing proceedings were recorded by us via stenotype and reduced to typewriting under our supervision; that we are neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were transcribed; and further, that we are not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.



JOSETT WHALEN, Court Reporter



SUSANNE BERGLING, Court Reporter

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UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
OFFICE OF ADMINISTRATIVE LAW JUDGES

In the Matter of:)
ILLUMINA, INC.,)
a corporation,)
and) Docket No. 9401
GRAIL, INC.,)
a corporation,)
Respondents.)
-----)

Virtual Proceeding Via Zoom
Thursday, September 23, 2021
9:45 a.m.
TRIAL VOLUME 17
PUBLIC RECORD

BEFORE THE HONORABLE D. MICHAEL CHAPPELL
Chief Administrative Law Judge

Reported by: Susanne Bergling and Josett F. Whalen,
Court Reporters

Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/23/2021

- 1 APPEARANCES:
- 2 ON BEHALF OF THE FEDERAL TRADE COMMISSION:
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- 4 SUSAN A. MUSSER, ESQ.
- 5 DANIEL ZACH, ESQ.
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Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/23/2021

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/23/2021

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Illumina, Inc. and Grail, Inc.

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C O N T E N T S

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EXHIBITS FOR ID IN EVID

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/23/2021

1 P R O C E E D I N G S

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3 JUDGE CHAPPELL: Okay, we're back on the record.
4 Anything to cover before we continue with the
5 witness?

6 MS. MUSSER: Not from Complaint Counsel.

7 MR. STARK: And not from Respondents, Your
8 Honor.

9 JUDGE CHAPPELL: All right. Remind me if we
10 need to be in camera.

11 MR. STARK: Yes, Your Honor. We are in camera.

12 JUDGE CHAPPELL: No, we're not.

13 MR. STARK: Excuse me. We were in camera when
14 we left off.

15 JUDGE CHAPPELL: Yes. Right now we're in
16 public.

17 So now -- let me get my screen set up here.
18 While the public's still on, what's your estimate of how
19 much time you need for the in camera portion?

20 MS. MUSSER: About a half hour, 45 minutes, Your
21 Honor.

22 JUDGE CHAPPELL: Okay.

23 And redirect in camera?

24 MR. STARK: I would expect I will have a little
25 bit of redirect, Your Honor, in camera.

For The Record, Inc.

(301) 870-8025 - www.ftrinc.net - (800) 921-5555

Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/23/2021

1 JUDGE CHAPPELL: All right. The public who are
2 calling in are going to be moved into a waiting room.
3 You will be brought back into the courtroom after we go
4 back to a public session.

5 I need the lead or questioning attorney for each
6 party to review the list of participants on the Zoom
7 screen, verify that there are no participants in the
8 courtroom who should not be there. If there is anyone
9 who's not authorized, you are to instruct that person to
10 use the raise hand function on the Zoom screen. They
11 will then be moved into a waiting room.

12 Let me know after you've reviewed the list. Go
13 ahead.

14 MR. STARK: Everything looks fine from
15 Respondents' perspective, Your Honor.

16 MS. MUSSER: It looks fine from Complaint
17 Counsel's perspective as well.

18 THE COURT: All right.

19 (Whereupon, the proceedings were held in
20 in camera session.)

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/23/2021

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2 in camera session.)

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Illumina, Inc. and Grail, Inc.

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Trial - Public Record

Illumina, Inc. and Grail, Inc.

9/23/2021

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14 (End of in camera session.)

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1 (The following proceedings continued in
2 public session.)

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4 OPEN EXCHANGE: All right, the public is back
5 in.

6 JUDGE CHAPPELL: Okay, go ahead.

7 BY MS. MUSSER:

8 Q. Mr. Qadan, you spoke with Mr. Stark regarding
9 risk-sharing agreements on Tuesday. Do you recall that?

10 A. Yes.

11 Q. And, Mr. Qadan, Illumina did not invent
12 risk-sharing agreements. Is that right?

13 A. Yes, that's right; however, we did the first
14 risk-sharing agreement in next-generation sequencing.

15 Q. And Illumina has only completed one risk-sharing
16 agreement in next-generation sequencing. Is that
17 correct?

18 A. Yes, but we have two others going on.

19 Q. Okay. Mr. Qadan, just, again, to move this
20 along, if you could just ask the question I've answered
21 [sic], I would greatly appreciate it.

22 And the agreement that Illumina has completed is
23 the one with Harvard Pilgrim. Is that right?

24 A. Yes.

25 Q. And Harvard Pilgrim is a regional insurance

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1 company. Did I get that right?

2 A. Yes.

3 Q. And Harvard Pilgrim is a New England insurance
4 company. Is that right?

5 A. Yes.

6 Q. And Illumina's agreement with Harvard Pilgrim
7 was capped, wasn't it?

8 A. Yes.

9 Q. And that cap was \$300,000?

10 A. Ah, sorry, I'm not sure we can get into those
11 details in public.

12 Q. I'd be happy to skip those for now, and then if
13 we need to -- and, Mr. Stark, I don't know if you have a
14 perspective on it -- I think that this wasn't designated
15 as fully in camera in the --

16 MR. STARK: I would need a moment to -- a few
17 moments to check on that, I'm afraid.

18 MS. MUSSER: I can skip for now and if you want
19 to let me know at a break, would that work for you,
20 Mr. Stark and Your Honor?

21 MR. STARK: I am happy to inquire offline if
22 that's okay with His Honor.

23 JUDGE CHAPPELL: Right, whatever works.

24 Go ahead.

25 (Pause in the proceedings.)

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