



**Summary of Technology Upgrade Program and Anticipated Accounting Treatment  
Tandem Diabetes Care, Inc.  
July 28, 2016**

**Program Overview**

Tandem Diabetes Care, Inc. ("Tandem" or the "Company") is launching a Technology Upgrade Program (the "Upgrade Program") as a pathway for its t:slim® and t:slim G4™ Insulin Pump customers to experience the Company's latest technology, the t:slim X2™ Insulin Pump platform, which is under development. The Company is planning to launch the t:slim X2 Pump in the fourth quarter of 2016. Pending appropriate regulatory approvals, the Company subsequently expects to offer t:slim X2 customers integration with the Dexcom G5® Mobile continuous glucose monitoring system through a remote software update. The t:slim X2 Pump features new hardware advancements, including a two-way Bluetooth® wireless technology radio for communicating with more than one external device at a time. The Company expects these advancements, together with the Company's future anticipated use of the Tandem Device Updater to deliver remote software updates, will offer customers a path to new innovations separate from the typical multi-year hardware replacement cycle. The Upgrade Program is available to eligible customers now through September 30, 2017.

**Eligibility and Terms\***

A summary of the eligibility and terms of the Upgrade Program is provided in the following tables:

**t:slim Pump Customers**

<b>Offer</b>	<b>Purchase Date</b>	<b>Fee to Upgrade</b>
Exchange existing t:slim Pump for new t:slim X2 Pump	On or after July 1, 2016	\$0 until December 31, 2016, \$399 thereafter
	July 1, 2015 - June 30, 2016	\$399
	Purchased prior to June 30, 2015	\$799

**t:slim G4 Pump Customers**

<b>Offer</b>	<b>Effective Date</b>	<b>Fee to Upgrade</b>
<b>Option A: Exchange Option</b> Exchange existing t:slim G4 Pump for new t:slim X2 Pump	Effective following the launch of the t:slim X2 Pump	\$799
<b>Option B: Service Plan</b> Existing t:slim G4 Pump will have hardware retrofit and returned with same capabilities as new t:slim X2 Insulin Pumps*	Effective following FDA approval of the t:slim X2 Insulin Pump with G5 integration	\$399

\*Subject to applicable regulatory approvals of future products. Pricing terms and conditions for the Upgrade Program are subject to change at any time, without notice. Limitations apply. This offer is not available for t:slim customers under 6 years of age or t:slim G4 customers under 12 years of age. Offer is not valid for prescriptions reimbursed or paid under Medicare, Medicaid or any government (public insurance) programs. Exclusions may apply based on applicable private insurance programs. The Upgrade Program is available only for customers whose Tandem pump is within the warranty period. The warranty period of a customer's existing t:slim or t:slim G4 will apply to the pump received or retrofitted through the Upgrade Program. Offer is void where prohibited. Additional terms and conditions are available at [www.tandemdiabetes.com](http://www.tandemdiabetes.com).

### **Anticipated Accounting Treatment of Upgrade Program**

Under United States generally accepted accounting principles ("GAAP"), the Company will not be able to fully recognize the revenue and cost of goods sold associated with the sale at the time of the initial purchase for eligible customers who purchase a t:slim Pump or t:slim G4 Pump beginning July 1, 2016 through the duration of the Upgrade Program.

Under GAAP rules, the opportunity for a customer to receive future upgrades and services represents a right of return or guarantee at the time of the initial product purchase. Tandem has not offered an upgrade program in the past and does not have sufficient history with similar programs to estimate the number of customers that will participate. As a result, the Company anticipates that sales and cost of goods sold for all eligible t:slim Pump and t:slim G4 Pump shipments will be subject to deferral as summarized in the following table:

**Anticipated Upgrade Program Accounting Treatment  
for Eligible Shipments on or After July 1, 2016**

<b>Product</b>	<b>Sales Deferral</b>	<b>Cost of Goods Sold Deferral</b>
t:slim Pump	100% of each sale as a right of return.	100% of the cost of goods sold as a right of return.
t:slim G4 Pump	A portion of each sale will be deferred. Determination of the amount of the deferral primarily based on the date of initial sale relative to the anticipated availability of the t:slim X2 with G5 integration.	No deferral.

The Company expects to recognize the deferred amount of sales and costs of goods sold at the earlier of when the Company's obligations under the Upgrade Program are satisfied or when the Upgrade Program expires on September 30, 2017. If a customer elects to participate in the Upgrade Program, the Company will recognize the upgrade fee that it receives and the associated costs at the time of fulfilling the given obligation.

The above summary of anticipated accounting treatment represents the Company's current expectations, but is preliminary and subject to future modification.