

For Immediate Release

For More Information:

Molly Varnau
Front Line Strategic Consulting, Inc.
650-525-1500 x.102
www.frontlinesmc.com
info@frontlinesmc.com

**INTERNATIONAL DRUG PRICING AND REIMBURSEMENT
POLICIES EXPECTED TO CHALLENGE THE
PHARMACEUTICAL INDUSTRY**

Major markets exhibit trends that will hinder future price increases

December 8, 2003, San Mateo, Calif. — Governmental programs and private insurers in major international markets are facing financial difficulties in providing adequate services for their beneficiaries, partly due to increasing prescription drug prices. As a result, healthcare providers are employing both direct and indirect measures to limit prescription drug price hikes.

According to Front Line’s strategic market report released today, entitled **International Pricing and Reimbursement Analysis**, the seven major markets (U.S., France, Germany, Italy, Spain, UK, and Japan) offer different healthcare systems yet are embracing similar pricing and reimbursement policies to contain prescription drug costs. Cross-country reference pricing, profit control measures, sales-volume agreements, and direct price cuts are among those commonly employed.

The markets’ similarities and differences as well as an impact analysis of how international drug coverage protocols will affect U.S. pharmaceutical pricing strategies are highlighted in the report. “The introduction of the Medicare Bill in 2003, partly aimed at providing better prescription drug coverage for the elderly, will surely accelerate the pace of current prescription drug expenditure. Therefore even more aggressive price

- more -

negotiating and reimbursement policies are expected to pressure pharmaceutical companies to keep drug prices low,” says Andrew Kim, analyst, strategic market reports for Front Line.

The report concludes that pharmaceutical companies must optimize their international drug pricing strategies by thoroughly understanding international drug pricing policies and reimbursement dynamics. In addition, the study finds that those companies that populate their development pipelines with novel therapeutics and restructure manufacturing operations will minimize the financial impact of future unfavorable pricing and reimbursement environments.

About Front Line

Headquartered in San Mateo, Calif., Front Line is a leader in strategic consulting and market analysis for the Life Sciences industries, offering strategic business intelligence through exclusive consulting engagements and comprehensive strategic market reports of key therapeutic and technology areas. Front Line was founded in 1992 and specializes in combining diligent research methodology with intelligent strategic planning for their pharmaceutical and biotechnology customers. www.frontlinesmc.com

###