

Specialty Pharmacy Outline

- Defining Specialty Pharmacy (SP)
- SP current environment
 - Distribution
 - Pipeline
 - Opportunities

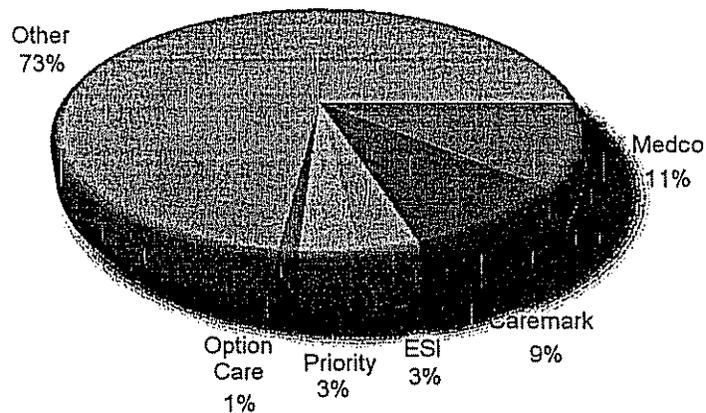
Defining Specialty Pharmacy

- Specialty Pharmacy drugs
 - Chronic, expensive, uncommon diseases
 - Expanding clinical indications such as anemia in cancer and treatment of certain types of arthritis
 - Annual cost per patient range: \$8-150 thousand or more
 - Usually delivered non-orally (e.g., injection, infusion)
 - Special handling (temperature controlled, overnight)
- Specialty Pharmacy care
 - High touch patient interface (compliance, monitoring, education linked to care management programs)
 - Complex reimbursement

SP Current Environment

- Associated with biotech (the fastest-growing area of the pharmaceutical industry)
- Expected to climb to > 25% of employers' total drug costs over next few years
- Distribution channel in transition
 - Traditional: retail drugstores, hospitals, physicians, home health
 - Emerging: specialty pharmacies, infusion centers

Specialty Market



Source: SIG 2005

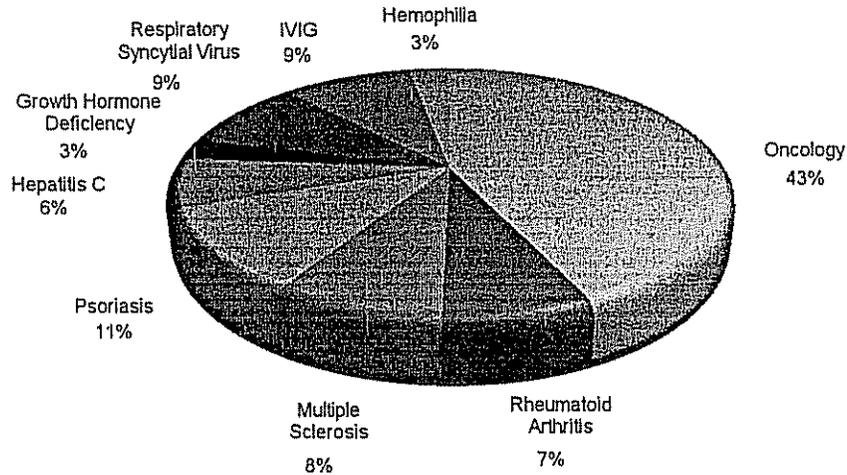
SP Rapid Growth

- 2004 outpatient Rx spend
 - \$190 billion total
 - \$35 billion in specialty
 - Growing 25 - 35% annually
- Specialty Rx minimum \$73 billion by 2008
- Each molecule costs \$800 million to bring to market
- 600 molecules under development -- 50% in cancer research

SP Current Therapies

Chronic Condition	Medications	Avg. Annual Price (AWP)
Growth Hormone Deficiency	Nutropln, Humatrope, Genotropin, Norditropin	\$18,000 – \$20,000
Hepatitis C	Rebetron, Pegasys, Peg-Intron, Infergen	\$24,000 – \$30,000
Infertility	Fertinex, Lupron, Gonal F, Follistim	\$10,000 - \$20,000
Multiple Sclerosis	Betaseron, Avonex, Rebif, Copaxone	\$12,000 – \$15,000
Cancer, HIV/AIDS	Neupogen, Procrit, Neulasta, Epogen, Aranesp, Glivec, Iressa, Fuzeon	\$5,000 - \$20,000
Hemophilia	Recombinant Blood Factor Products	\$150,000 +
Rheumatoid/Psoriatic Arthritis	Enbrel, Remicade, Humira, Kineret	\$15,000 – \$20,000
Gaucher Disease	Cerezyme, Zavesca	\$150,000 - \$225,000
Pulmonary Hypertension	Flolan, Tracleer, Remodulin	\$30,000 - \$100,000
Lysosomal Storage Disorders	Fabrazyme, Aldurazyme	\$175,000 - \$200,000
Psoriasis	Amevive, Enbrel, Raptiva	\$12,000 - \$20,000
Asthma	Xolair	\$10,000 - \$15,000

SP costs by disease



SP Pipeline

Disease State	National Prevalence	Products in Phase II or Later	Injectable Products IV/SQ/IM/U	Oral Products
Multiple Sclerosis	0.12%	14	5/2/0/0	7
Hepatitis C	0.74%	15	1/8/0/1	5
Rheumatoid Arthritis	0.93%	26	8/9/0/4	5
Psoriasis & Psoriatic Arthritis	0.36%	7	2/2/1/2	0
Crohn's Disease		12	1/7/0/2	2
Cancer		73	30/15/0/4	24

Source: Express Scripts 2005