

UN Panel Discussion Millennium Development Goals

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A role for everyone....

North

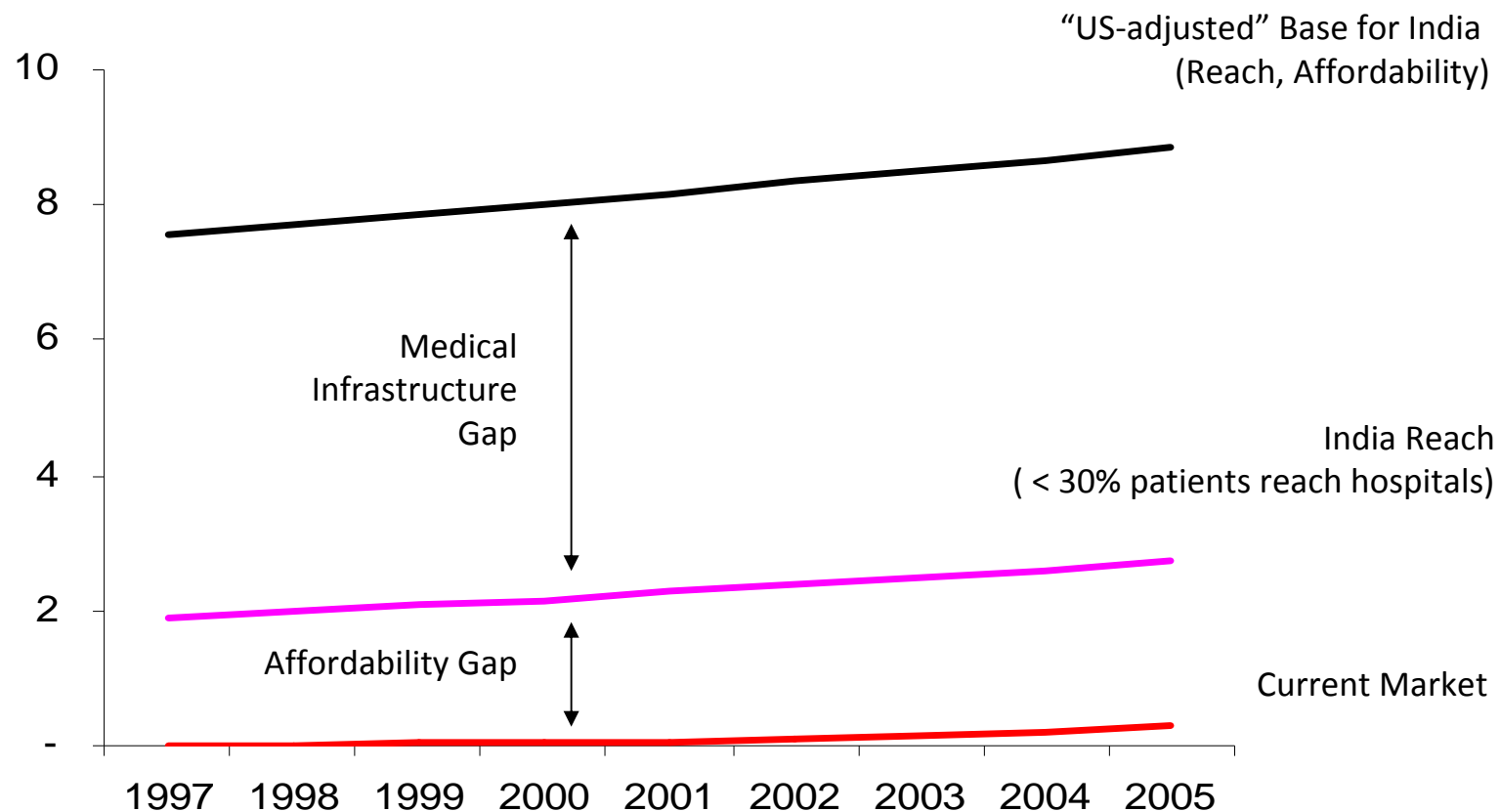
- Large branded companies
- Strong engine of innovation
- Almost all new drugs are developed in the north
- Meeting unmet medical need

South

- Smaller generic companies
- Improve affordability
- Improve access
- For both- north and south
- Lower development costs
- Cipla's \$1/day HIV-combination drug program

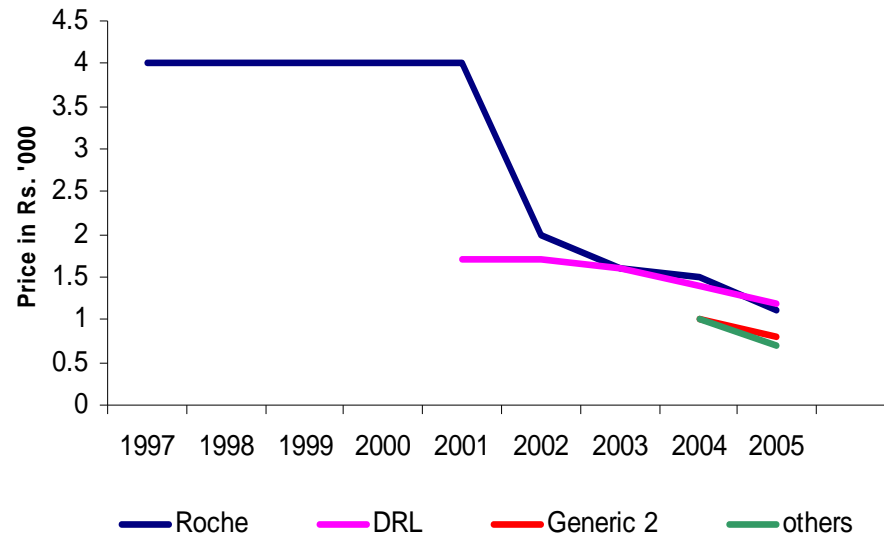
Affordability and Accessibility- (South-south cooperation)

Case Study: GCSF



Affordability and Accessibility (South-south cooperation)

Case Study: GCSF (cont.)

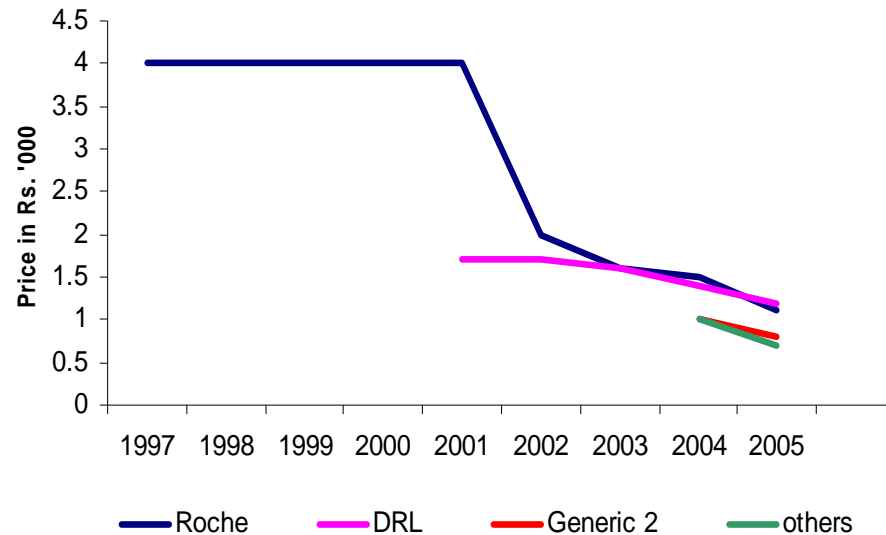


GCSF: Price Drop

- Generics entry at about half the price of innovator
- Price dropped by innovator to similar levels as generic competitor

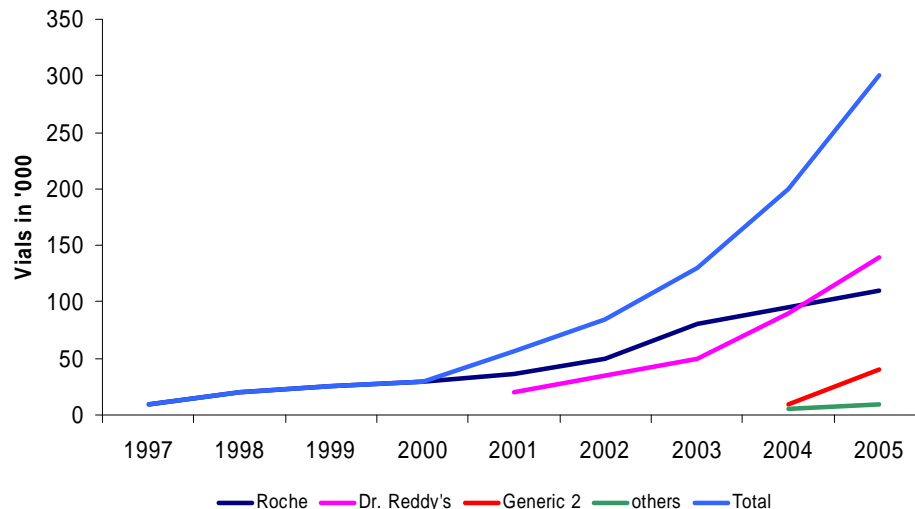
Affordability and Accessibility (South-south cooperation)

Case Study: GCSF (cont.)



GCSF (Neupogen): Price Drop

- Generics entry at about half the price of innovator
- Price dropped by innovator to similar levels as generic competitor



GCSF: Market Growth in Vials

- Market grown by 10 times post generics entry (implies suboptimal price elasticity)
- Total profits increase for industry
- Accessibility and affordability increase for patients

Source: Dr. Reddy's Analysis

Need to expand the discourse beyond HIV and Malaria....

- Some success in managing HIV- importance of North-south and south-south cooperation
 - Life expectancy of HIV-positive patients beyond 65 years. 3x5 Initiative
 - Anti-retro viral drugs since 1996 have dramatically reduced mortality
 - Lower cost combination drugs . Cipla's \$1/day program
- Epidemiologic Shift: Rising scourge of Cancer and Cardio-vascular disease in the LMIC
 - Shift from infectious diseases to chronic diseases
 - 8 Million Cancer deaths annually. 70% in LMIC.
 - More patients die of cancer than HIV, Malaria and TB put together
 - The ratio of the mortality rate to incidence is 0.69 in Africa for breast cancer, as compared with 0.19 in North America
 - Healthwise, the Northern Hemisphere and the Southern Hemisphere outside of sub-Saharan Africa are more alike than different," - Barry R. Bloom, former Harvard School of Public Health dean.

Importance of 'south-north' co-operation...

Indian companies play an important role in bringing down pharmaceutical costs in the USA

- Pharmaceutical costs are only 10-12% of total healthcare costs
 - Wal-Mart's \$4 program for hundreds of generics. \$4 for 30 days of supply of prescription drugs
 - Upon patent-expiry, generics available at 5% price of the brand price before
- More than 70% of total prescriptions being written in the US are filled with generics.
- In first half of 2009, Indian companies received more ANDA approvals in the US than US-generic companies
- In first quarter of 2010, 62% of the DMFs filed with FDA were from Indian companies. (Dr Reddy's filed the largest number of DMFs in that quarter)

Some thoughts and simple concepts

- Like HIV, focus on early detection and prevention
 - 1/3rd of cancers can be prevented
 - 1/3rd of cancers can be cured if detected early
 - Cost of treatment is 4 times more if detected late
 - Same is true for Cardio-vascular disease
- Its possible to fundamentally expand access and affordability to medicines through a market-based approach
 - FDA approved generic cancer drugs sold at 5% of brand-price in the USA
- Public-Private partnership & NGO-Private partnership
 - Consolidate the market to high-volume and standard 'trade-dress' from the fragmented reality today
 - Shift to harmonizing trade-dress and regulatory filings
 - Clinton Foundation's model on delivering ARVs through volume-purchase negotiations

Thank you