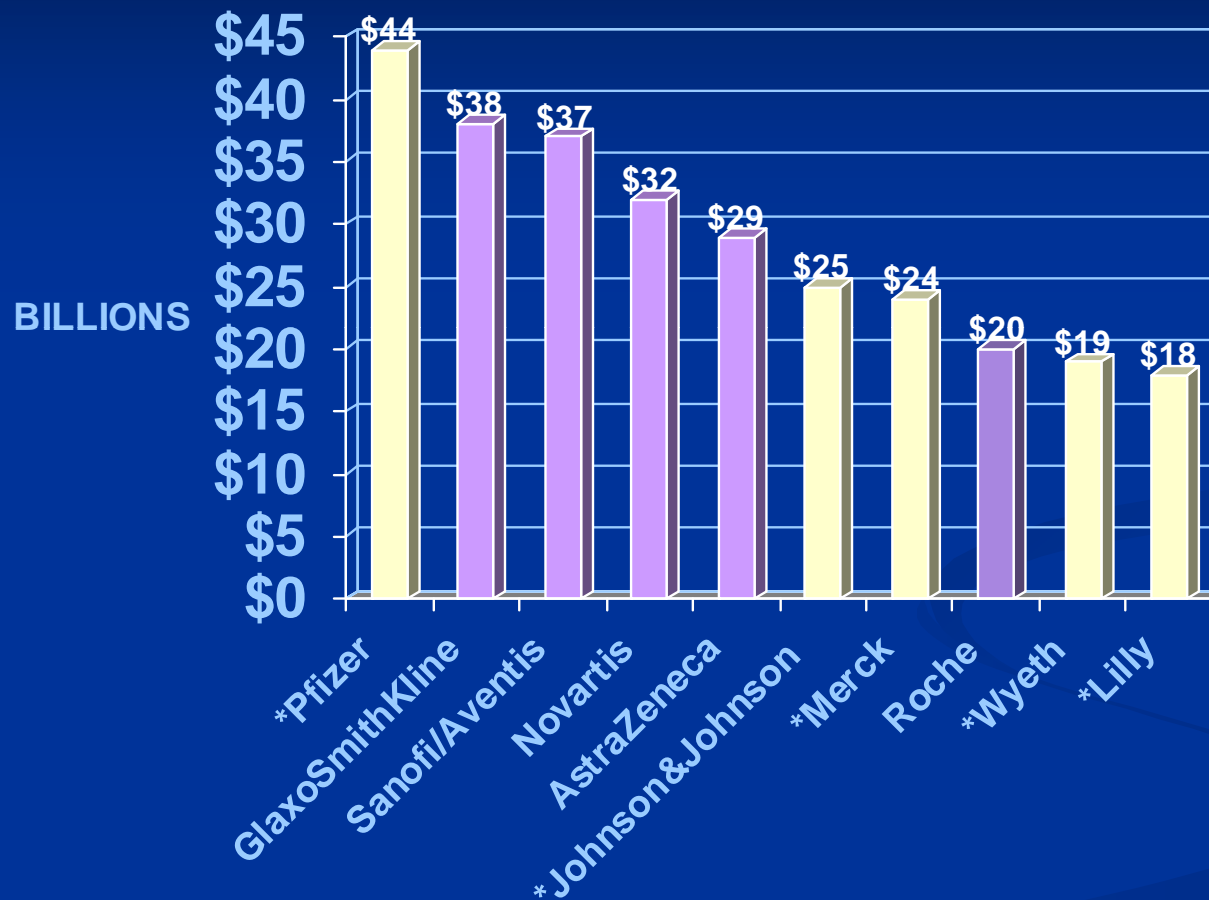


The Truth About the Drug Companies

Marcia Angell, M.D.

WORLD'S TOP 10 DRUG COMPANIES AND PRESCRIPTION DRUG SALES 2007



Total: 5 American, 5 European, \$286 billion

Source: *Pharmaceutical Executive* May 2008

*FORTUNE 500 U.S. DRUG COMPANIES 2007 SALES AND EXPENSES

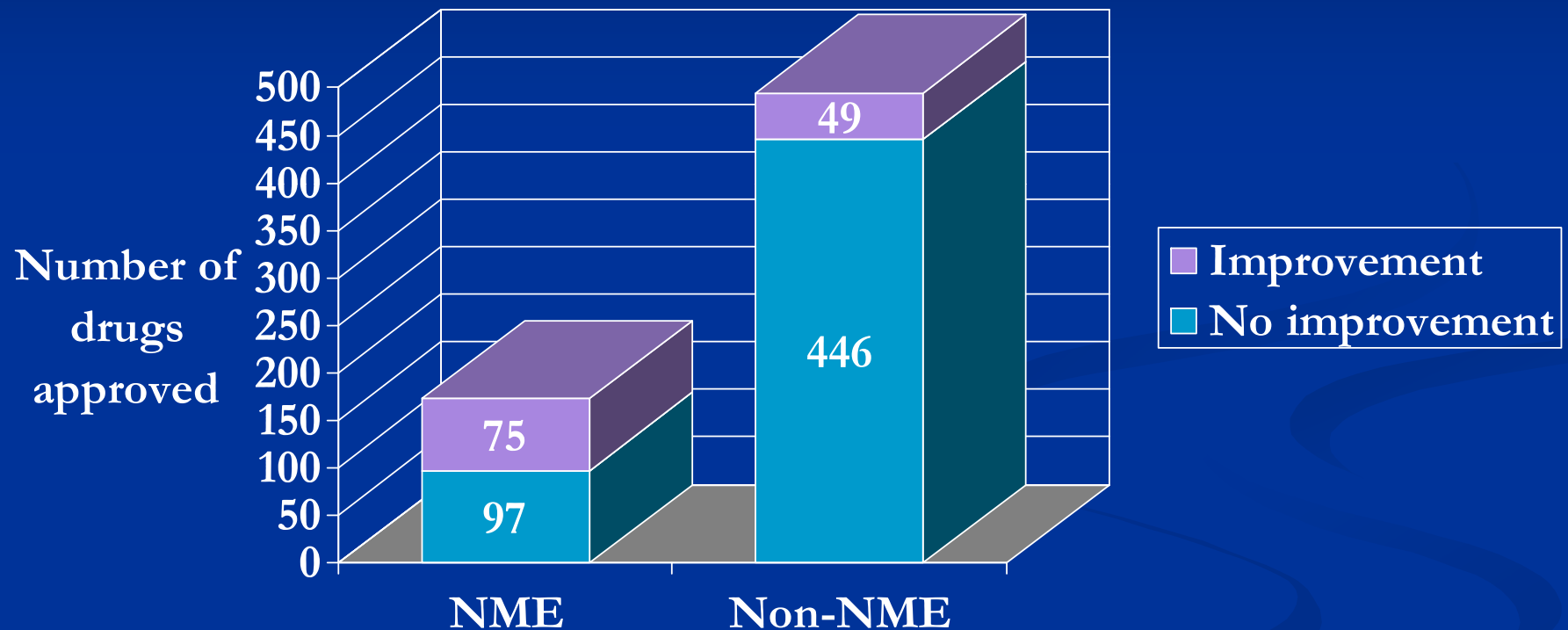


Median drug company profits 16% v. 6.1% for all Fortune 500 industries

*Johnson&Johnson, Pfizer, Abbott, Merck, Wyeth, Bristol-Myers Squibb, Lilly, Amgen,
Schering-Plough

Source: *Fortune* 5/5/08; company annual reports

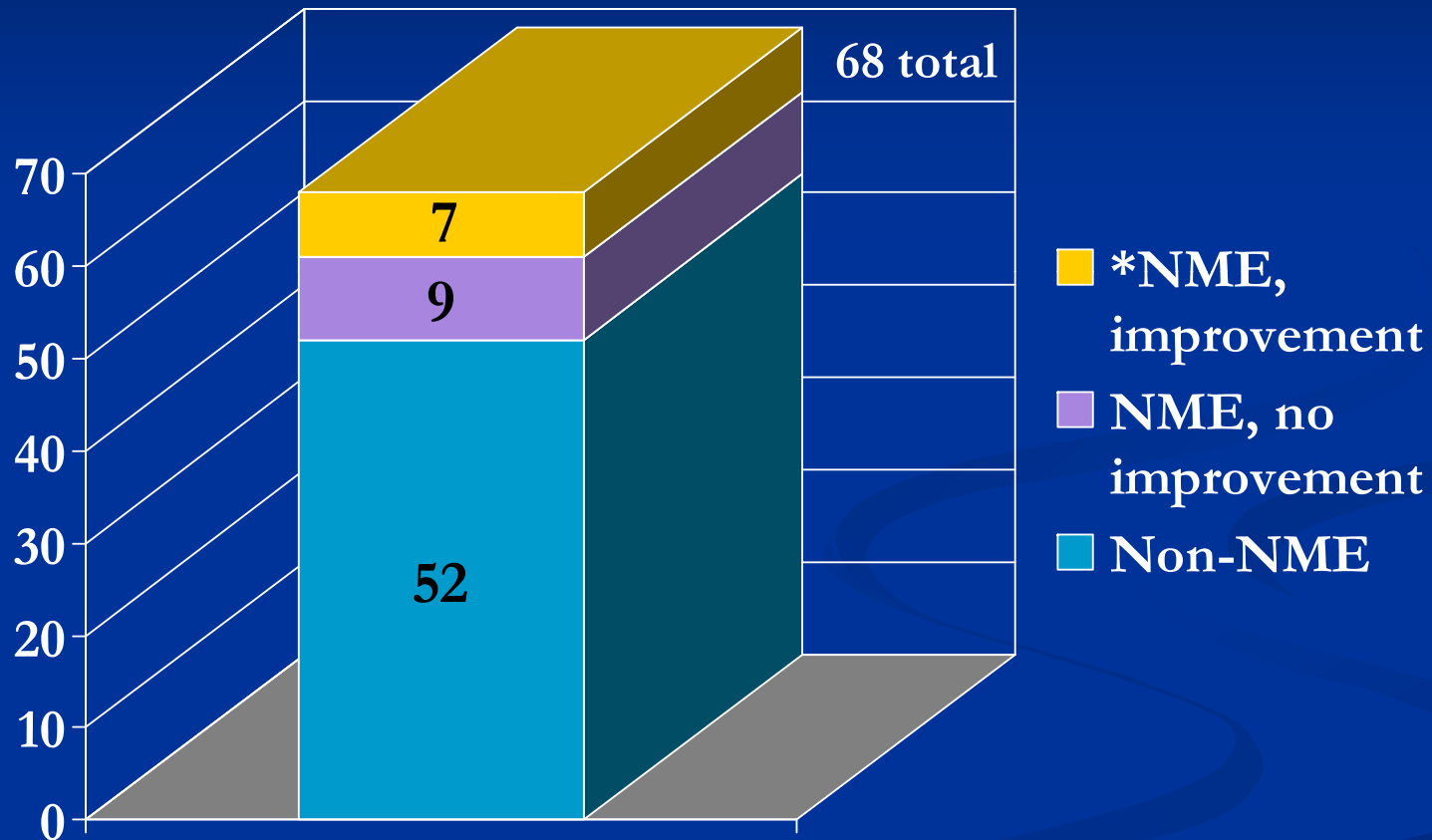
New Drug Approvals 2000-2007 (8 years)



667 new drug approvals

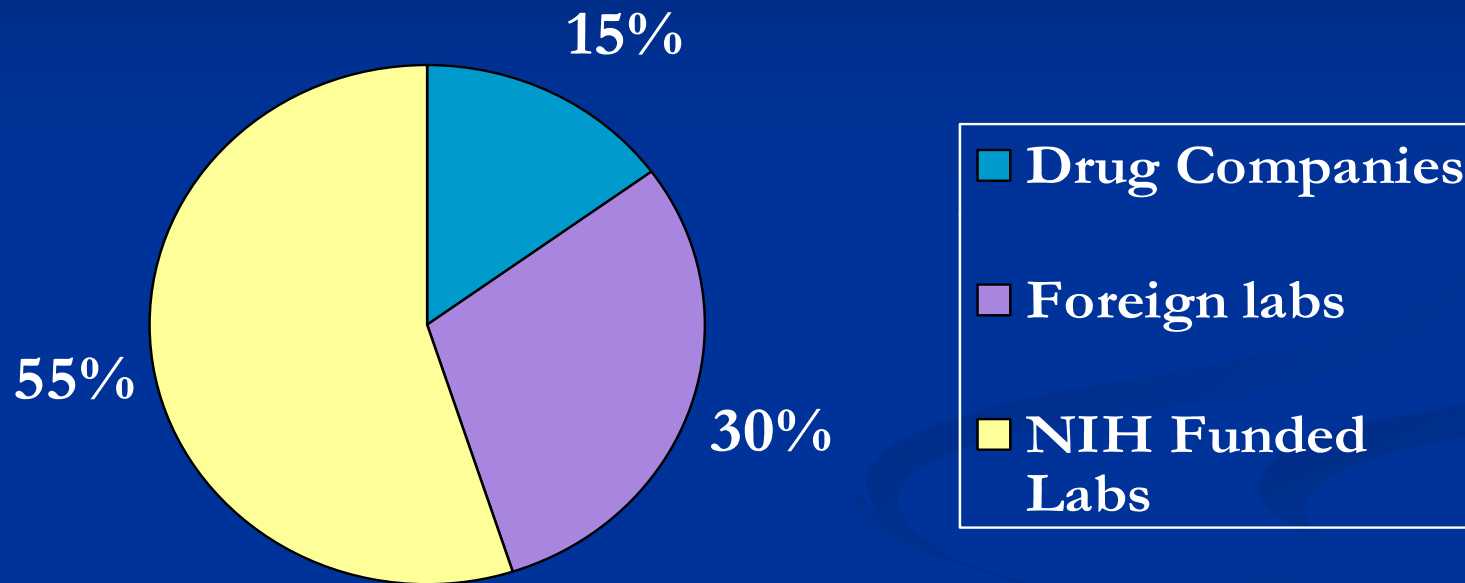
Only 75 (11%) were both NME's and improvements

New Drug Approvals 2007



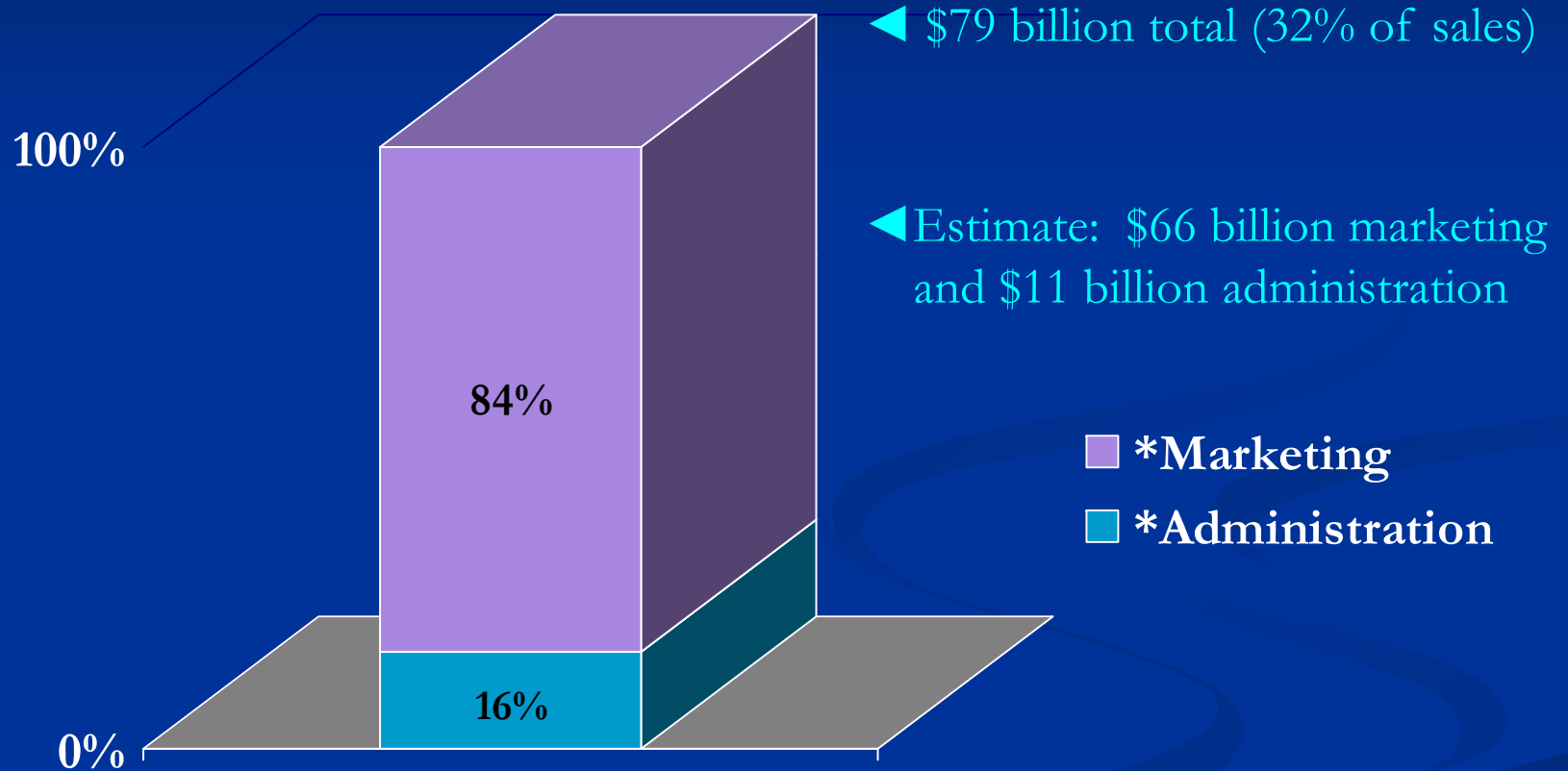
*Tykerb, Torisel, Letairis, Selzentry, Isentress, Ixempra, Kuvan

Innovation: Published Research Leading to Drugs



Sources: Internal NIH document available from Public Citizen;
also Zinner, Health Affairs, Sept-Oct 2001; also Boston Globe 4/5/98

Nine Fortune 500 U.S. Drug Companies: Marketing and Administration



* Estimates based on Novartis figures

Source: Novartis annual report, 2007; company annual reports

Top U.S. Drug Companies Marketing: Where Does \$66 Billion Go?

- A small fraction for acknowledged marketing activities
 - About \$30 billion for the *entire* industry in 2004:
 - Free samples (\$16 billion)
 - Direct-to-Consumer ads (less than \$5 billion in 2006)
 - Sales Reps (\$7.2 billion in 2004)
 - Journal ads (less than \$1 billion in 2004)
 - For the *nine top U.S. Drug Companies*, estimate \$15 billion for acknowledged marketing activities
 - 66 billion - \$15 billion = \$51 billion

Approximately \$51 billion . . . unaccounted for.

\$51 BILLION



Source of picture: Cover of *An Elephant in The Living Room: The Children's Book*
by Jill M. Hastings, M.S. and Marion H. Typpo, Ph.D.

What's The Elephant Up To?

- Lobbying
- Political contributions
- Front groups (patient advocacy and policy organizations)
- Gifts to institutions (medical schools, community and cultural organizations)
- “Education” of doctors
 - CME
 - Professional societies
 - Medical conferences
 - Educational materials
 - Gifts, meals, and junkets
 - What doctors learn:
 - Drug-intensive style of medicine
 - Expensive new drugs better
 - Expanded indications



Patients pay 20% mark-up on drug prices.

The Truth About the Drug Companies



HOW THEY DECEIVE US
AND WHAT TO DO ABOUT IT

MARCIA ANGELL, M.D.

Former editor in chief of *The New
England Journal of Medicine*
Winner of the Polk Award