



The Bruckner Group, Inc.

STRATEGY & RESEARCH FOR THE PHARMACEUTICAL INDUSTRY

The Demise of Pfizer's Exubera Predicted in February 2006 in BusinessWeek by The Bruckner Group

Wakefield, MA., October 18, 2007. Yesterday's announcement that Pfizer is taking a \$2.8 billion charge and scrapping Exubera, its inhaled insulin therapy, was predicted in mid-2005 and published in BusinessWeek on February 15, 2006 in an article written by Bruckner Group partners Michael J. Russo and David Balekdjian. Here is a link to the article:

http://www.businessweek.com/technology/content/feb2006/tc20060215_664687.htm

While Pfizer attributed its decision to a lack of patient and physician acceptance of Exubera, the root problem was accurately pointed out years before by The Bruckner Group. Namely, Exubera offered an uncompetitive healthcare value proposition, priced at a premium while lacking dosing flexibility, raising safety concerns, and lacking evidence of compliance improvement. Managed care payers simply did not cover Exubera, or did so in such a way that made it much less attractive than injected insulin.

"The Bruckner Group accurately predicted in 2005 that Exubera would fail, and it's clear Exubera offered neither healthcare value nor scientific value," said Dr. Robert Seidman, former Chief Pharmacy Officer of WellPoint and President of Doc Rock Presents. "Hopefully the larger lessons of this failure will not be lost on pharma company executives. Managed care payers are not going to accept new drugs that offer poor healthcare value. The system can no longer afford it. The only road for success for pharma or biotech companies is to develop products that satisfactorily address payers' healthcare value needs," Dr. Seidman said.

"The Bruckner Group's strategic approach provided to our clients has been repeatedly validated by the market," said Michael Russo, Partner, The Bruckner Group (BGI). "The key to success in today's payer-centric market is to insure that your new drug satisfactorily addresses payers' healthcare value needs—and Exubera did not. While there are a number of reasons for Exubera's failure, we believe that implementation by Pfizer of a healthcare value strategy for Exubera would have led to a different outcome. It appears that Pfizer had an over-reliance on patient attitude research, and assumed that their marketing machine could overwhelm poor value," Russo said.

The Bruckner Group has developed a unique and proven approach to ensuring its clients' new drugs adequately address payers' healthcare value needs. "BGI utilizes proprietary tools and databases to help companies cost-effectively assess the healthcare (including pharmacoeconomic) value of their therapies from the earliest stage of development, and determine how that value aligns with the marketplace's needs," Russo said. "BGI then develops and implements strategies to enhance the therapy's value throughout the development process. At launch, our clients' therapies

satisfactorily address the needs of their customers—payers—and this lays the basis for revenue success. One thing we have found unequivocally, is that if a drug satisfies payers, it will overwhelmingly satisfy the needs of patients and physicians,” Russo said.

“It shouldn’t be such a strange concept—giving your customers what they want—but it’s still not a pathway that most pharma and biotech companies are truly following, although I believe many companies genuinely want to,” Russo said. “Hopefully the Exubera case illustrates once and for all that you can not ignore payers’ healthcare value needs and force through a legacy physician marketing and DTC campaign to generate revenues.”

It should be noted that the BusinessWeek article was the first to appear in the national press suggesting that Exubera would be anything other than the next industry blockbuster—for which the authors and BGI received much criticism. At the time of publication, analysts differed only on how big a blockbuster Exubera would be. The Bruckner Group also accurately predicted, three months in advance, the NICE (U.K.) Exubera finding. NICE rejected Exubera for widespread coverage for the very reasons BGI presented in BGI’s BusinessWeek analysis. BGI has consistently been highly accurate in predicting NICE coverage decisions.

About The Bruckner Group (BGI): BGI provides strategic advice to pharmaceutical and biotechnology company executives. BGI is the pioneer and leading expert in healthcare value strategy and outcomes-based access strategy (OBA) and marketing. BGI’s OBA development strategies help pharma and biotech manufacturers develop drugs that bring high healthcare value to the system.