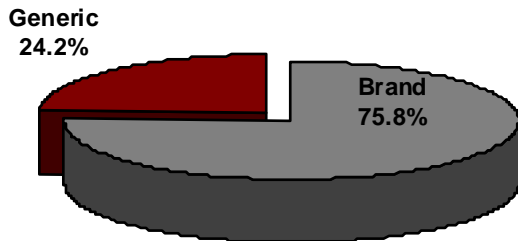
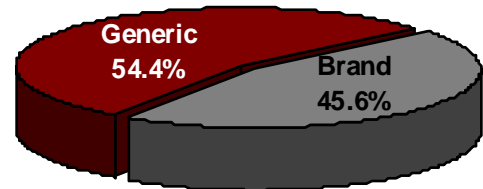


The Canadian Generic Market

Year 2009

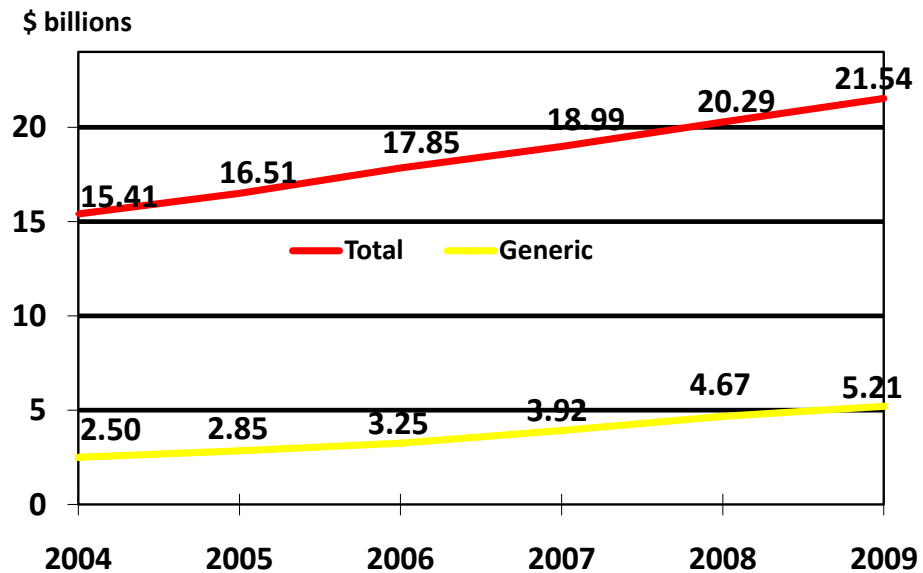


\$21.5 billion



483 million Rx's

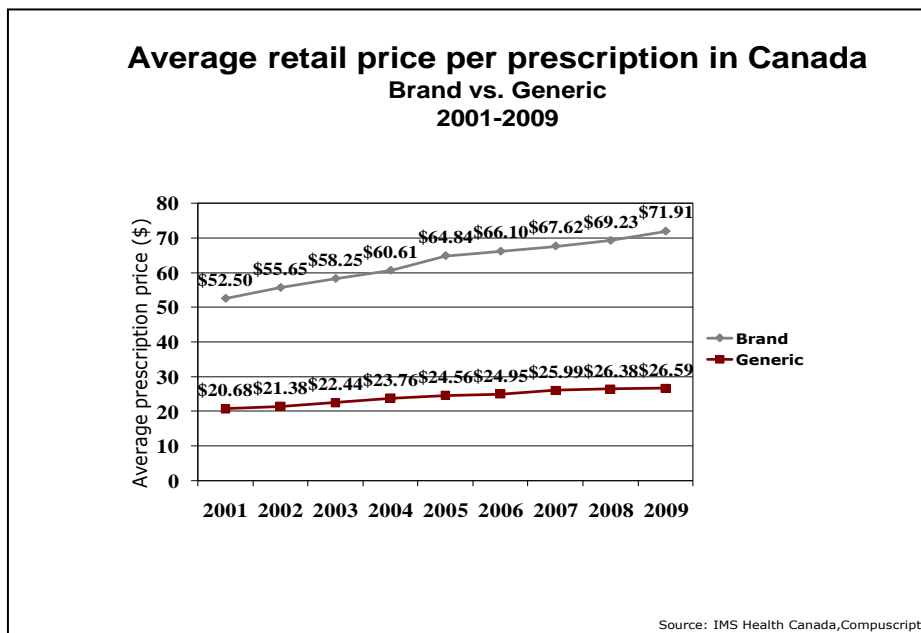
Generic pharmaceutical sales accounted for 24.2% of the total Canadian prescription drug market, totaling more than \$5.2 billion of drugstore & hospital sales. Generic share of retail prescriptions was 54.4% equating to almost 263 million generic prescriptions. Growth of generic prescriptions was 11% compared to the previous year.



Prescription drugs are the fastest rising component of health care spending. Total expenditures now total \$21.5 billion. The key cost driver for prescription drugs is the introduction of new, expensive patented medicines, which may not be any more effective, or safer, than drugs already on the market.

According to the federal government's Patented Medicines Prices Review Board (PMPRB), of the 177 new active substances introduced in Canada between 2001 and 2008, only 19 were categorized as a "breakthrough" or "substantial improvement" over existing drug products. The vast majority of these new active substances (156 of 177) "provide moderate, little or no therapeutic advantage over comparable medicines".

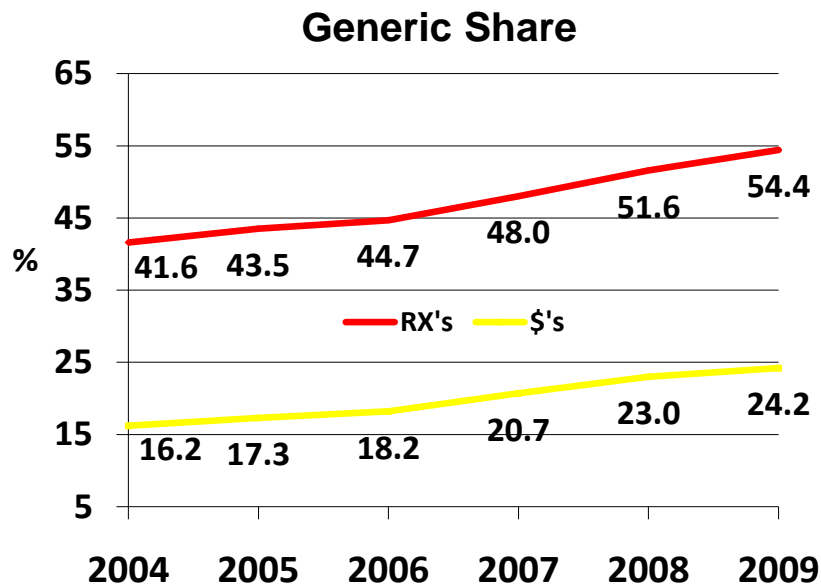
Physician and author Dr. Michael Rachlis also questions the value of the increased spending on the newest medicines in his book Prescription for Excellence. *"Despite the prevailing wisdom that high-quality therapeutics cost big bucks, we're overpaying for what we're getting. Costs are spiraling upward because doctors tend to over prescribe drugs, particularly to the elderly, and they tend to prescribe new, expensive drugs when a cheaper alternative is available."*



As the chart illustrates, according to 2009 IMS Health data, the average cost of brand-name prescriptions now is \$71.91, while the average cost of a generic prescription is \$26.59.

The average price of a brand-name prescription increased by 37% over the last 10 years. In comparison, the average cost of a generic prescription grew by 29%.

The generic share of retail prescriptions has grown from 26.2% in 1990 to a current high of 54.4%. The generic share of dollar purchases by drugstores and hospitals has grown from 9.3% in 1990 to 24.2% currently. This increased share for generics is as a result of changes to provincial and private sector drug programs which are relying more on generics as one of the best ways to constrain fast-rising drug program costs. The variance of the generic share of prescriptions vs. dollar purchases can be explained by the pricing differences of generic products vs. brands.



The national share of generic prescriptions for the year 2009 was 54.4%. The generic share of prescriptions by province ranged from a low in Quebec of 50.4% to a high of 60.9% in New Brunswick. Drug programs implemented in each of the provinces, contributed to this variance.

