

Strictly Embargoed Until June 19, 2007

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Institutional Investors Report on the Health of the Pharma Sector Collaborative Study with Industry Leaders Sees Need for Fundamental Shift

June 19, 2007 Institutional investors with more than \$1,163bn of assets under management issued a major report today that pinpoints critical challenges facing the pharmaceutical industry. *Pharma Futures: Prescription for Long-Term Value*, the result of a unique collaboration between industry and investors calls on this important sector to rethink R&D models, the payer landscape and the importance of the emerging markets.

The assessment of the sector's business health is the result of a year-long collaboration between institutional investors and senior industry executives from firms including AstraZeneca, Bayer, GlaxoSmithKline, Novartis, Novo Nordisk, Pfizer, and others, with a combined market capitalization of US\$820bn. For details see www.pharmafutures.org

Pharma Futures is sponsored by ABP Investments from the Netherlands, OPERS in the United States, and USS in the United Kingdom. An investor-led global press tele-conference to discuss findings and recommendation will take place on June 19th at 14:30 (British Summer Time), 15:30 (Central European Summer Time), and 8:30 AM (Eastern Daylight Time). International dial- in +44 (0) 1452 542 300, UK Free Call 0800 953 1444, US Free call 1866 220 1452. Conference ID: 4054447.

In a dialogue facilitated by SustainAbility, the London think-tank and consultancy, investors and industry leaders agreed that the sector is at a crossroads. Investors need to better understand how industry is managing:

- > to find the right balance in R&D between new drug innovation and refinement of well established research knowledge;
- > an increasingly complex payer landscape in which value for money is defined by patients, consumers, payers, and society as a whole
- > the opportunities and challenges in emerging economies and developing countries.

Additionally, institutional investors as well as industry leaders are concerned about reputation management and the license to operate that comes from effectively building and communicating trust.

Roderick Munster, Chief Investment Officer, ABP Investments, the third largest pension fund in the world, reflected on the unique process leading up to today's report. "This collaborative and dynamic process – where investors and executives talk frankly and openly about both the deep challenges and the real opportunities facing the industry – is the way forward. Pharma leaders get an invaluable dose of reality, and as investors we gain a better understanding of how management is dealing with the pressures facing corporate leaders today."

Looking at the core of the findings, Scott Streater, Director, Healthcare, OPERS, (the Ohio Public Employees Retirement System), emphasized that "no company can single-handedly

overcome the distrust that many feel toward the pharma sector, and redefining the value of medicine today is incredibly complex. But balancing pressing health needs and return on investment demands nothing less from all of us.”

Peter Moon, CIO, USS highlighted the scope for future action, “This mutually beneficial form of engagement has facilitated a frank exchange of views on the key value drivers for the sector and the current challenges, risks and opportunities that it is facing. Now that a deeper level of understanding has developed it paves the way for a more constructive and informed dialogue going forward.”

From the industry perspective, Viggo Birch from Novo Nordisk challenged all the stakeholders in the pharmaceutical sector “to rise to the call issued in this report. Consumers around the world need what we have to offer, and we will surely meet their needs now and into the future. But collaboration and engagement with key actors in the payer community – from governments, insurance companies to patients and consumers – will be the test of how well we meet the world’s growing need to combat disease and illness.”

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