

Pharmaceutical Revenue in the U.S. and Other Countries vs. Pharmaceutical Rebates in the U.S.

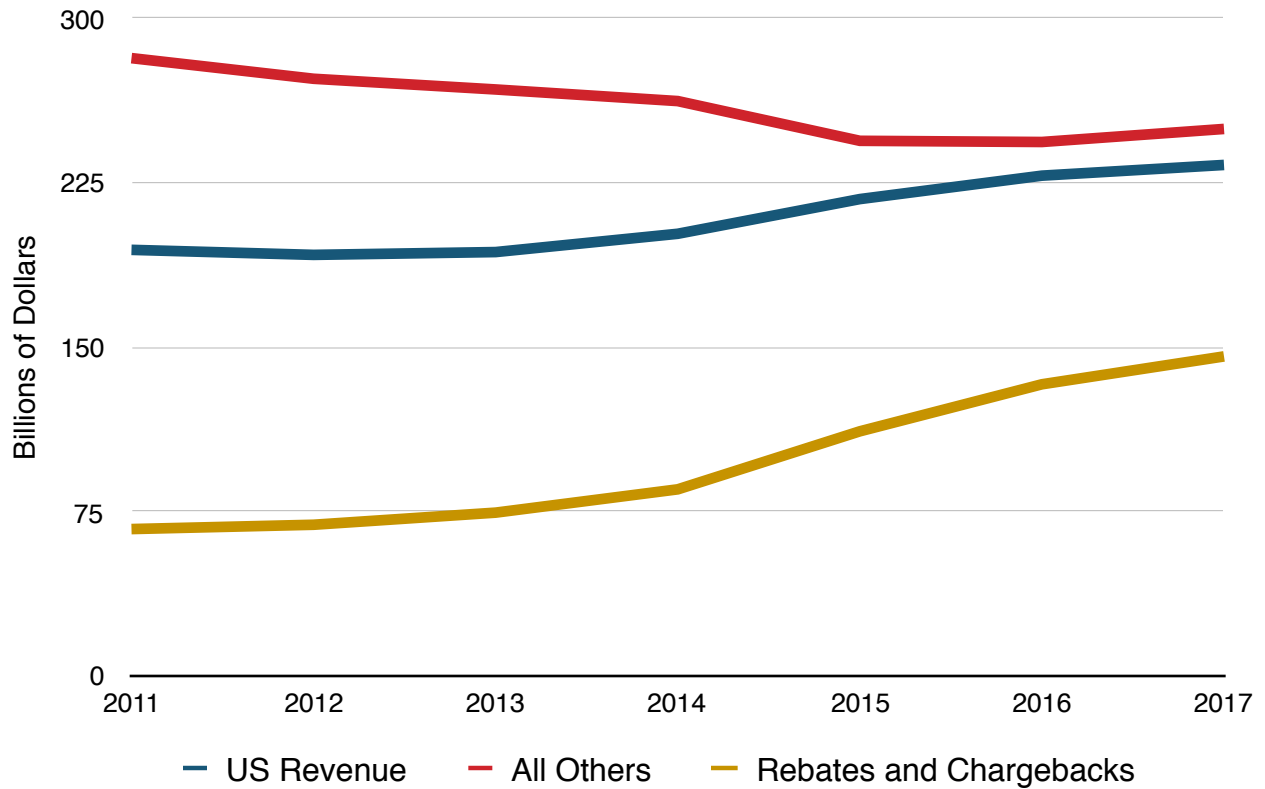


Figure: Though overall revenues for the major pharmaceutical companies have been flat in recent years, pharmaceutical sales in the U.S. have continued to rise. Revenue from U.S. pharmaceutical sales has been helped recently by a rapid increase in the incentives pharmaceutical companies have given to U.S. pharmacy benefit managers, wholesalers and some providers. These incentives, mostly in the form of rebates and chargebacks, have encouraged the PBMs and providers to prefer more expensive medications, when given a choice, because more expensive medications often yield higher rebates.