



Press release

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New multi-party pharmaceuticals agreement

The Ministry of Health, Welfare and Sport, the Royal Dutch Pharmaceutical Society and the Dutch associations of Health Care Insurers, the Research based Pharmaceutical Industry and the Generic Pharmaceutical Producers have reached an agreement on a multi-party pharmaceuticals agreement for 2008 and 2009. This so called transition agreement includes a range of measures that should save € 340 million in 2008 on the total outpatient pharmaceutical market and another € 116 million in 2009.

For 2008 OPG expects an impact on operating result of Pharmacies Netherlands of around minus 17%. As in previous years, OPG aims to offset this effect through efficiency improvements and better purchasing conditions.

The agreement has a term of two years, and will start on 1 January 2008, and contains the following arrangements:

- The prices of branded pharmaceuticals whose patents have expired and their generic substitutes will be reduced in 2008 by on average 10% compared to their price level at the end of 2007;
- The prices of pharmaceuticals whose patents expire in 2008 and of their new generic substitutes will be reduced by 50% compared to the price of the relevant branded pharmaceutical immediately before the patent expires. The present arrangement is based on a reduction of 40%.
- The Ministry of Health, Welfare and Sport is widening the scope of the Pharmaceuticals Price Act to include the prices of generic pharmaceuticals from the UK.

In combination with the existing government mechanisms and volume effects, this range of measures should save € 340 million for the Dutch outpatient pharmaceutical market in 2008 and € 116 million in 2009 (including VAT).

As well as the measures above, the parties to the agreement have decided on two supplementary arrangements:

- Through a temporary increase in the claw back percentage to 11,3% - while keeping the maximum at € 6,80 – the pharmacy sector will produce an additional non-recurring market saving of € 50 million (including VAT). This arrangement is expected to take effect on 1 November 2007 and will be in place for around 7 months.
- During the term of the multi-party agreement, the transition to a system of decentralised negotiations between the pharmacist and the healthcare insurer will be put in place. The parties to the agreement are preparing a phased plan for this purpose.



For 2008 OPG expects an impact of these measures on operating result of Pharmacies Netherlands of around minus 17%, based upon the operating result in the first half of 2007. As in previous years, OPG aims to offset this effect through efficiency improvements and better purchasing conditions. OPG reconfirms its forecast for 2007 group operating result of approximately € 130 million, excluding any non-operational items in the second half of the year.

The Dutch version of the transition agreement can be downloaded from our website www.opggroep.nl.

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OPG Group is a retail and distribution company for pharmaceuticals and medical supplies. It divides its activities over three channels: pharmacy and wholesaling operations (*Pharmacy*); providing medical supplies for home healthcare and related services (*Direct*); and the marketing and distribution of pharmaceuticals and medical supplies to hospitals and nursing homes (*Institutional*). OPG focuses on the consumer, supplying products through whatever channel the consumer wishes.

As well as being the market leader in the Netherlands, OPG has operations in Poland, Belgium, Germany, Denmark, Norway, Hungary and Switzerland. The company has approximately 7,000 employees. It was incorporated in 1899 and has been listed on Euronext Amsterdam since 1992.