CONFIDENTIAL

October 2, 1995

TO: URP District Managers
Eric Otterbein
Karen Kitchen

FROM: Joe Luminiello

cc: Doug Durand
Don Meek

RE: ***Reasoning and Responses to The October 2, 1995 Price Increase***

SENSITIVE INFORMATION: DO NOT disseminate this document to anyone outside of TAP.

Any price increase message is difficult to deliver to accounts. This information is designed to help you in answering questions from your accounts.

As many of you are aware, in recent years we have attempted to keep our price changes pegged to the Annual Consumer Price Index - Urban (CPI-U). We did this in order to provide as competitive a price as possible while trying to keep pace with the inflationary pressures acting upon our costs of doing business (manufacturing, currency exhcnage rates, Federal Express, labor and R & D). Simultaneously, we have attempted to lower the overall costs of Lupron with aggressive contracting and an aggressive quantity discount program.

To analyze the price changes we have looked at prices pre-dating our Quantity Discount Program. Although our lowest volume account saw an appreciable increase (less than 3.5% annualized) since 1992, our medium accounts (60 vial volume) saw only a total 3.2% (less than 1% annually) increase and our 101+ accounts saw less than a 1% total increase since 1992.

Level	1995	1994	1993	1992	Total % Change
1	$ 397.00	$ 371.00	$ 361.00	$ 350.00	13.4%
11	$ 385.09	$ 360.00	$ 361.00	$ 350.00	10.0%
60	$ 361.27	$ 345.00	$ 336.00	$ 350.00	3.2%
101+	$ 353.33	$ 334.00	$ 325.00	$ 350.00	.9%

The spirit of our pricing policy was to keep pace with inflation as defined by CPI-U. Although our price changes have reflected this effort, the actual effect on total price is that TAP has fallen behind inflation (.5% average for last 3 years).

TAP 5036986

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127