

7 August 2006

To all pharmaceutical suppliers

Review of subsidised condom range

PHARMAC is currently reviewing the range of condoms that are subsidised on the Pharmaceutical Schedule, and as part of this review, we request information from current and possible future suppliers of subsidised condoms.

Background

- The following brands are listed in the Pharmaceutical Schedule:
 - Durex Confidence;
 - Gold Knight;
 - Lifestyles Flared;
 - Marquis Supalite;
 - Shield Blue;
 - R3 Superfeucht (partially subsidised); and
 - Marquis Protecta (extra-strength condoms).
- All condoms are subsidised at the rate of \$14.84 per 144 with the exception of extra strength condoms, which are subsidised at the rate of \$16.21 per 144. In the 12 months to 31 March 2006, PHARMAC subsidised 8,100,000 regular condoms and 660,000 extra strength condoms, an increase of 9% on the previous period.
- In the past, PHARMAC has received applications to list a number of additional products in the Pharmaceutical Schedule, such as female condoms, narrow-width condoms, non-latex condoms and latex oral dams. Please note that condoms with spermicide are not listed on the Pharmaceutical Schedule, having been de-listed in November 2003.

PHARMAC is seeking information from pharmaceutical suppliers regarding such products that suppliers are interested in entering into a supply agreement with PHARMAC for listing on the Pharmaceutical Schedule.

To ensure that PHARMAC considers your product in its review, please send us a response, including the following information (and any other information that you consider relevant) for each product:

- brand name;
- composition (e.g. latex, polyurethane);
- dimensions (e.g. thickness, nominal width);
- packaging and pack sizes;
- proposed prices;
- details of ESR testing (ISO 4074) of the product in New Zealand or documentation that indicates when testing is likely; and
- samples.

Where providing information for products that are not currently listed on the Pharmaceutical Schedule (or where an equivalent brand is not currently listed), we also require the following information:

- Projected market size if fully funded on the Pharmaceutical Schedule; and
- Evidence in support of the subsidisation of the additional products.

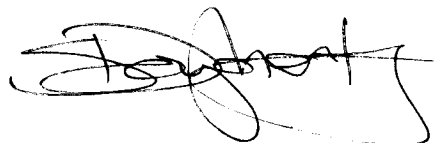
In addition, you may wish to include in your response information on alternative pricing arrangements, which may include cross-deal or bundling arrangements in respect of more than one product, or caps, rebates or other expenditure risk-sharing mechanisms.

Please note that this is not a request for proposals (RFP) for the sole subsidised supply of condoms. This is an information gathering exercise and PHARMAC would like to hear from all interested parties. After reviewing this information, PHARMAC will decide whether it is best to issue a RFP for sole subsidised supply of certain products, or pursue other options (for example, negotiating with one or more suppliers).

In order for all responses to be included in this review, please provide your response in writing to PHARMAC by Friday, 1 September 2006. All responses received will be treated as commercial-in-confidence.

If you have any particular questions in relation to this letter, please contact me on +64 4 916 7534, or by email: sean.dougherty@pharmac.govt.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sean Dougherty', with a large, stylized flourish at the end.

Sean Dougherty
Therapeutic Group Manager