

# The Problem With Lilly Is the Problem With BIG Pharma

Lilly's Alzheimer's drug trial failure spotlights industry's main problem

A drug developed by Eli Lilly to treat patients with Alzheimer's disease symptoms failed a closely watched clinical trial. WSJ's Jeanne Whalen explains the impact of the failure on Eli Lilly stock and the rest of the pharmaceutical sector, which had rested its hopes on the success of the drug.

By  
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It won't be a cheerful Thanksgiving for pharmaceutical shareholders.

## Body Blow

Share-price, index performance\*



\*Through Wednesday

Sources: FactSet; Bloomberg News (photo)

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**Traders on the floor of the New York Stock Exchange**

[Eli Lilly](#) said Wednesday that its [closely watched](#) late-stage trial for solanezumab, an experimental Alzheimer's disease treatment, [failed](#). Lilly said the company won't pursue regulatory approval for the drug and will take a \$150 million charge against fourth-quarter

earnings. Its shares fell 11% on Wednesday. Rivals with similar drugs in their research pipelines also sold off sharply.

That wasn't even the full extent of bad news for the sector. Upstart biotech [Juno Therapeutics](#) said the Food and Drug Administration [placed its lead-cancer treatment program on hold](#) after two patients treated with its experimental drug recently died, the second regulatory halt since the summer for Juno. The stock plunged 25%.

Lilly and Juno are hardly the only companies that have suffered clinical disappointments this year. Wednesday's double whammy should remind investors that the main problem for the sector has been a [lack of new blockbuster drugs](#). [Bristol-Myers Squibb](#), [Alexion Pharmaceuticals](#) and [Biogen](#) have all announced failures of highly anticipated clinical programs recently.

Clinical failures aren't the only concern. Other drugs that successfully came to market, such as a heart-disease treatment from [Novartis](#) and new cholesterol drugs from [Amgen](#), [Regeneron Pharmaceuticals](#) and [Sanofi](#), have experienced slower sales than investors anticipated, as payers pushed back against high prices.

The losing streak comes at a precarious moment for the sector. The drugs that pushed biotech stocks to records over the past several years are starting to show their age. [Gilead Sciences'](#) blockbuster hepatitis C franchise is already in steep decline.

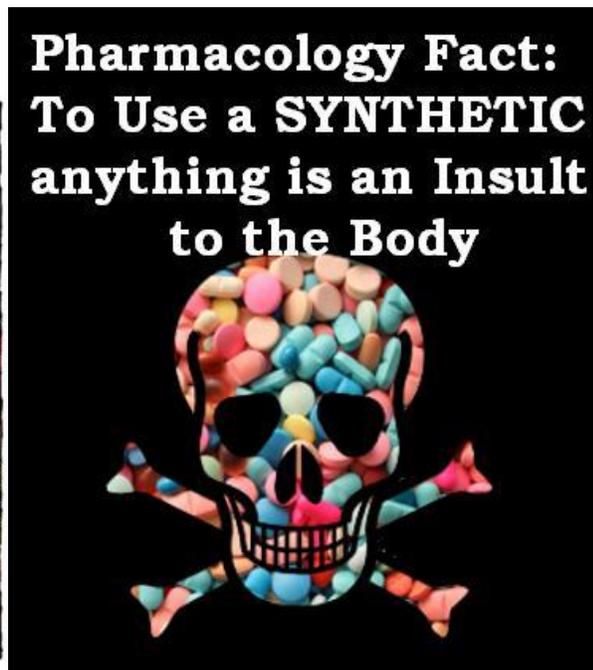
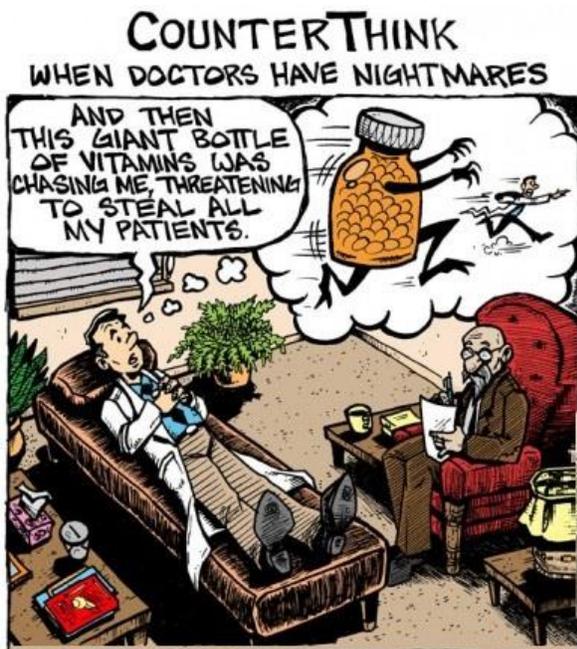
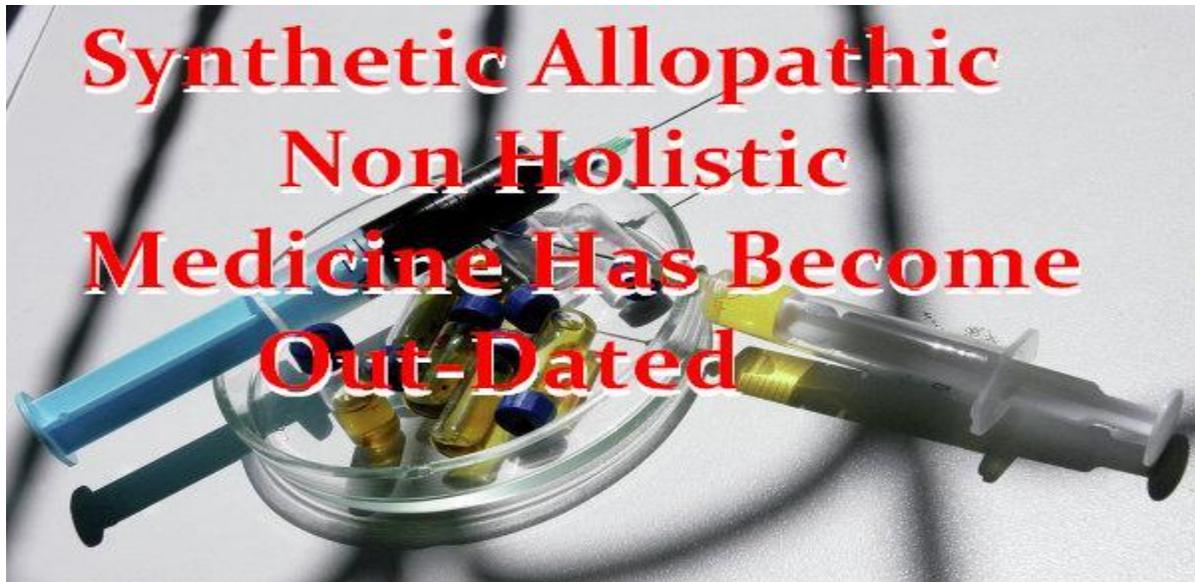
Meanwhile, cheaper biosimilar competition looms for many top-selling drugs, such as anti-inflammatory treatments owned by [AbbVie](#), [Amgen](#) and [Johnson & Johnson](#).

Drug companies aren't totally powerless to protect their bottom lines. They can raise prices on existing treatments or buy smaller companies to supplement their pipelines of new drugs, but each of these strategies has its limits. Price increases can work for only so long as new competition emerges, and small companies with promising assets carry steep price tags.

Granted, other problems, such as price-gouging drama and regulatory uncertainty, have contributed to a bad year for the sector. The NYSE Arca Pharmaceutical Index and Nasdaq Biotechnology Index are down 13% and 16%, respectively, for the year through Wednesday.

But some breakthroughs in areas of unmet medical need would go a long way toward helping investors set those worries aside. Wednesday's news means that they will have to keep waiting

## The Problem with BIG Pharma is that SINthetics do not really work



What if we do over value the Synthetic drugs and they cause more disease later than they help

What if most surgeries are unneeded waste and harmful ?

**Then everything we do is wrong, and we need to seriously look at Health Care and rethink what we are doing**