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CEO Witnesses Before The Senate Health Committee Were Rewarded Handsomely In 2022 As Their Companies Have A History Of Anti-Competitive Practices And Spent $25.7 Million In 2023 While Lobbying Against Efforts To Lower The Costs Of Prescription Drugs

Summary: On February 8, 2024, the Senate Committee on Health, Education, Labor & Pensions (HELP Committee) will hold a hearing titled, "Why Does the United States Pay, by Far, the Highest Prices in the World for Prescription Drugs?" CEOs from Johnson & Johnson, Merck and Bristol Myers Squibb will testify before the committee. In January 2024, committee chairman Bernie Sanders (I-VT) threatened to subpoena CEOs Joaquin Duato and Robert Davis after the two initially refused to appear before the committee. Sen. Sanders said that the two CEOs, representing two of the largest pharmaceutical companies in the world, claimed they lacked the expertise to testify, requesting other executives appear.

Meanwhile, the three companies have hiked prices on many of their-life saving drugs, with patents set to expire on at least four drugs manufactured by Johnson & Johnson, Merck and Bristol Myers. The expiration of these patents could lead to an increase of generics entering the marketplace, lowering costs for consumers.

Data released by the Kaiser Family Foundation (KFF) in February 2024 shows one in four Medicare beneficiaries live on incomes below $21,000 per person, with half living on incomes below $36,000. KFF notes median income declines with age among older adults, women and black and brown beneficiaries. This is also the case for savings, with one in four beneficiaries holding savings below $16,950 and half having savings under $103,800, with lower savings for women, black and Hispanic beneficiaries.

An Accountable.US review of Johnson & Johnson, Merck and Bristol Myers Squibb shows these companies have profited and handsomely rewarded their CEOs. Meanwhile all three have sued the Biden administration over its efforts to lower the price of prescription drugs while spending $25.7 million lobbying against these efforts in 2023. These companies have also spent approximately $38.3 billion on acquisitions since 2023, with executives bragging these purchases will lead to even more growth and revenue.

Johnson & Johnson (J&J)

In July 2023, Johnson & Johnson (J&J) sued the Biden administration over its Medicare drug price negotiation. J&J is also a board member of the Pharmaceutical Research and Manufacturers of America (PhRMA), which filed a June 2023 suit challenging President Biden's initiative to lower the prices of prescription drugs through the Inflation Reduction Act.

A review of J&J's 2022 proxy statement shows the company handsomely rewarded its CEO, Joaquin Duato with **$13.1 million in total compensation** in 2022, including $201,894 for Duato's use of corporate aircrafts, company cars, and a driver.

In Q4 2023, J&J reported quarterly net earnings from "continued operations" **increasing 28%**, with FY 2023 earnings **nearly doubling to over $35.1 billion** when including discontinued operations such as its consumer brand segment which recently spun off into the independent company, Kenvue. Ultimately, J&J **rewarded shareholders with $14 billion** through a combination of stock repurchase and dividends.

After J&J acquired heart pump maker Abiomed for a **staggering $16.6 billion** in December 2022, Duato

hinted the company would continue acquisitions to further expand its eye care, orthopedics and robotics portfolios. Since then, the company has acquired:

- In November 2023, Johnson & Johnson acquired Laminar, a company looking to eliminate left atrial appendage (LAA) closure surgery, for **$400 million**. The move came the *very week* its competitor Medtronic announced it acquired an "LAA exclusion system in August from Miami-based medical device incubator Syntheon."

- In January 2024, J&J acquired Ambrx Biopharma for **$2 billion**. The move served as J&J's entry into antibody-drug conjugates treatment, following competitors AbbVie, Pfizer and Merck entrance into the space over the past year. The move also came as J&J "scrambles to fill a revenue hole" for when its drug Stelara is expected to face competition from generics entering the marketplace in 2025.

In August 2022, Duato made public comments denouncing President Biden's Medicare drug price negotiation provision. Duato claimed the legislation would have "a chilling" and "detrimental effect" for pharmaceutical companies' ability to "invest in R&D and to develop new medicines." A review of its 2023 lobbying shows the company has spent **$6.8 million** while lobbying against the Inflation Reduction Act and S. 150, the "Affordable Prescriptions for Patients Act of 2023," bipartisan legislation aimed at ending "product hopping," the practice of when a "brand-name pharmaceutical company switches from one version of a drug to another" in order to decrease market competition.

Finally, J&J has faced numerous lawsuits and faced judgements over anticompetitive conduct, among these are:

- In October 2022, J&J paid **$55 million** as part of a $75 million settlement stemming from allegations the company "conspired" with other companies to "impose mandatory pricing schemes for some of their products" of contact lenses going back to 2013.

- In July 2021, J&J agreed to settle a lawsuit brought by competitor Pfizer in 2017 that found it had engaged in "price manipulation" after J&J threatened to withhold rebates from insurers that had determined Inflectra was an acceptable medical alternative to Remicade, causing some insurers to "reverse course."

- In March 2023, the Biden administration announced the first pharmaceutical makers to face penalties for raising Medicare drug prices faster than the rate of inflation. The penalties are a result of the Inflation Reduction Act and require companies to repay Medicare for price hikes through rebates, with J&J's lung cancer drug Reybrevant making the list of violators. In March 2023, J&J was also ordered to **pay $40 million** in damages resulting from an antitrust lawsuit accusing the company of preventing health care providers from buying competing drugs at lower prices through its "Biosimilar Readiness Plan."

Merck

In June 2023, Merck sued the Biden administration arguing the IRA's Medicare drug price negotiation provision violated the Fifth amendment and would lead to the government "tak[ing] Merck's patented innovations." Merck President and CEO Robert M. Davis also sits on the board of PhRMA, which sued the Biden administration in June 2023. On a Q3 2023 earnings call, Davis claimed the IRA would "damag[e]" the pharmaceutical industry calling it "price setting" and "misguided."

A review of Merck's 2022 proxy statement shows Davis earned **$18.6 million** in total compensation in 2022. Davis' compensation also included $10,000 for tax preparation services, $191,073 for his use of corporate

aircrafts, $8,113 for use of a company car and driver, and $6,689 for home security.

Since April 2023, Merck has spent at least **$12 billion on acquisitions**, including:

- In January 2024, Merck announced plans to acquire Harpoon Therapeutics for approximately **$680 million**, receiving unanimous support from Harpoon's board of directors.

- In November 2023, Merck acquired Caraway Therapeutics for up to $610 million, including "contingent milestone payments."

- In April 2023, Merck announced plans to acquire Prometheus Biosciences for a **staggering $10.8 billion** in an effort to boost its portfolio in colitis and Crohn's disease treatment. Merck CEO Davis boasted the acquisition allowed Merck "to move into immunology in a strong way, and will allow us sustainable growth, we think, well into the 2030s given the long patent life."

In 2008, Merck agreed to pay a massive $650 million settlement with the Department of Justice over its anti-competitive practices for "failing to pay proper rebates to Medicaid" and "offer[ing] deep discounts" for hospital systems that used its products over competitors. Merck even rewarded physicians with illegal kickback payments that were disguised as training or consultation fees.

Finally, a review of Merck's 2023 lobbying shows the company **spent nearly $10 million** while lobbying against the Inflation Reduction Act's Medicare drug price negotiation mandate and S. 150, the "Affordable Prescriptions for Patients Act of 2023."

Bristol Myers Squibb

In June 2023, Bristol Myers Squibb filed its own lawsuit alleging the Biden administration violated the First and Fifth Amendments and is represented on the PhRMA board, which filed a June 2023 lawsuit challenging the IRA's Medicare drug negotiation provision.

A review of Bristol Myers' 2022 proxy statement shows it paid its previous CEO Giovanni Caforio **over $20 million** and paid then-chief commercialization officer Chris Boerner **$6.8 million**, including **$4.2 million in stock awards**. In November 2023, Boerner succeeded Caforio as CEO and joined the company's board of directors. Before stepping down as CEO, Caforio penned an opinion piece in The Wall Street Journal claiming the IRA's Medicare drug price negotiation provision would lead to the development of fewer drugs.

In February 2024, Bristol Myers reported better than expected sales, with sales of new drugs, such as Reblozyl and Opdualag, increasing 66% year-over-year. This led the company to say it was "tak[ing] a strategic approach" to "returning capital to shareholders," including **a $3 billion increase** to its stock buyback program in December 2023.

Meanwhile, Bristol Myers has spent a **staggering $23.9 billion** on acquisitions since October 2023 including:

- In December 2023, Bristol Myers acquired RayzeBio for **$4.1 billion.** CEO Boerner said the acquisition of RayzeBio, a radiopharmaceutical therapeutics company, would "enhanc[e]" Bristol Myers' "increasingly diversified oncology portfolio" and would lead to growth in the "back half of the decade and beyond."

- Bristol Myers also acquired Karuna Therapeutics for **$14 billion** in December 2023. CEO Boerner boasted the acquisition would "enhance [its] growth through the late 2020s and into the next decade"

during an interview on CNBC.

- In November 2023, Bristol Myers **spent $180 million** to acquire Orum Therapeutics' blood cancer drug which was recently approved by the FDA for an early stage study.

- In October 2023, Bristol Myers acquired Mirati Therapeutics for **up to $5.8 billion.** The company announced part of the deal would pay Mirati shareholders **$1 billion** if a drug manufactured to treat lung cancer was approved by the FDA.

Bristol Myers and its subsidiary Celgene have repeatedly landed in hot water for anti-competitive practices, including:

- In August 2021, Bristol Myers agreed to **pay $75 million** to settle allegations brought by the California attorney general's office that it overcharged insurance and healthcare providers by falsifying rebate amounts.

- In September 2023, Bristol Myers' subsidiary Celgene faced a lawsuit filed by Blue Cross and Blue Shield of Louisiana alleging the company engaged in an "illegal scheme" to charge insurers "hundreds of millions" of dollars more and "sought fraudulent patents" for its myeloma drug Pomalyst.

- In October 2023, the Mayo Clinic and LifePoint Health filed a lawsuit against Bristol Myers alleging the company coerced competitors to delay the development of a generic version of its drug Revlimid. The suit alleged Celgene and Bristol Myers successfully coerced competitors to delay generic alternatives until 2026.

Finally, a review of lobbying disclosures shows Bristol Myers Squibb **spent $8.8 million in 2023** while lobbying against the Inflation Reduction Act and the implementation of its Medicare drug price negotiation provision.

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On February 8, 2024, The CEOs Of Johnson & Johnson, Merck And Bristol Myers Squibb Will Testify Before The Senate Health Committee On The High Cost Of Prescription Drugs After Johnson & Johnson And Merck's CEOs Were Threatened Subpoenas By Sen. Bernie Sanders (I-VT) If They Did Not Agree To Testify.

In Late January 2024, The CEOs Of Johnson & Johnson And Merck Agreed To Testify Alongside The CEO Of Bristol Myers Squibb After Sen. Bernie Sanders (I-VT) Threatened To Subpoena Their Testimony, With A Hearing Set To Take Place On February 8, 2024.

Late January 2024: The CEOs Of Johnson & Johnson And Merck Agreed To Testify On High Drug Prices Before The Senate Health Committee On February 8, 2024 After Sen. Bernie Sanders (I-VT) Threatened To Subpoena. "The CEOs of Merck and Johnson & Johnson have voluntarily agreed to testify at an upcoming Senate hearing on high drug prices in the U.S., Sen. Bernie Sanders announced Friday, as lawmakers ramp up efforts to rein in health-care costs for Americans. The Senate Health, Education, Labor and Pensions Committee's hearing is scheduled for Feb. 8 at 10 a.m. ET." [CNBC, 01/26/24]

The Committee Was Set To Vote On The First Set Of Subpoenas Issued Since 1981, As Bristol Myers Squibb CEO Chris Boerner Agreed To Testify Prior. "The panel had planned to vote to subpoena J&J CEO Joaquin Duato and Merck CEO Robert Davis to testify after both executives declined earlier requests to appear at the hearing. Those subpoenas would have been the first issued by the committee since 1981. Meanwhile, Bristol Myers Squibb CEO Chris Boerner agreed to an initial invitation to testify." [CNBC, 01/26/24]

All Three Companies Set To Testify Have Sued The Biden Administration Over Its Medicare Drug Price Negotiation Provision In The Inflation Reduction Act (IRA).

Sanders Noted "All Three Companies Manufacture Some Of The Most Expensive Drugs Sold In The U.S." As They Have All Sued The Biden Administration Over Its Medicare Price Negotiation Provision In The Inflation Reduction Act (IRA) "Sanders, who chairs the Senate Health panel, noted that all three

companies manufacture some of the most expensive drugs sold in the U.S., including Merck's diabetes drug Januvia, J&J's blood cancer treatment Imbruvica and Bristol Myers Squibb's blood thinner Eliquis. All three of those treatments will be subject to the first round of Medicare drug price negotiations, a key policy under President Joe Biden's Inflation Reduction Act that aims to make costly medications more affordable for seniors. J&J, Merck and Bristol Myers Squibb are all suing to halt the talks, which will establish new prices that will go into effect in 2026." [CNBC, 01/26/24]

This Is The Second Such Hearing Over The Previous Year On The High Cost Of Drugs, With The CEOs Of Moderna, Eli Lilly, Novo Nordisk And Sanofi Previously Testifying. "Last year, the Senate Health Committee similarly heard testimony from the CEOs of Moderna, Eli Lilly, Novo Nordisk and Sanofi on high drug prices." [CNBC, 01/26/24]

Of The 10 Prescription Drugs Set To Be Negotiated With Medicare, Five Are Manufactured By Johnson & Johnson, Merck And Bristol Myers, All Of Which Saw Significant Price Increases Between 2018 And 2022.

In August 2023, The Department Of Health And Human Services Announced The First 10 Drugs Subject To Negotiation, With Medicare Enrollees Paying A Staggering $3.4 Billion In Out-Of-Pocket Costs In 2022.

August 2023: The Department Of Health And Human Services (HHS) Announced The First 10 Drugs Set To Be Negotiated With Drug Manufacturers As Part Of The Inflation Reduction Act's Prescription Negotiation Provision. "Today, the U.S. Department of Health and Human Services (HHS), through the Centers for Medicare & Medicaid Services (CMS), announced the first 10 drugs covered under Medicare Part D selected for negotiation. The negotiations with participating drug companies will occur in 2023 and 2024, and any negotiated prices will become effective beginning in 2026." [U.S. Department of Health and Human Services, 08/29/23]

According To HHS, "Medicare Enrollees Taking The 10 Drugs Covered Under Part D Selected For Negotiation Paid A Total Of $3.4 Billion In Out-Of-Pocket Costs In 2022 For These Drugs." "Medicare enrollees taking the 10 drugs covered under Part D selected for negotiation paid a total of $3.4 billion in out-of-pocket costs in 2022 for these drugs." [U.S. Department of Health and Human Services, 08/29/23]

Three Of The Drugs Set To Be Negotiated With Medicare Are At Least Partially Manufactured By Johnson & Johnson, Which From 2018 To 2022 Raised The Costs Of Xarelto By 38 Percent, Imbruvica By 51 Percent, And Stelara By 97 Percent.

Xarelto, Manufactured By Johnson & Johnson, Was Taken By An Estimated 1.3 Million Medicare Enrollees, Which Increased Prices 38 Percent Between 2018 And 2022. "Between 2018 and 2022, average annual total Part D spending per enrollee taking Xarelto (i.e., the total amount, including Medicare, plan, and enrollee payments, spent on Xarelto per person) increased by 38 percent (from $3,197 to $4,402). [...] About 1.3 million Part D enrollees filled prescriptions for Xarelto in 2022 " [Department of Health and Human Services, 11/13/23]

- **Xarelto Is Manufactured By Janssen Pharmaceuticals, A Subsidiary Of Johnson & Johnson.** [Xarelto.com, accessed 02/01/24]

Imbruvica, Co-Manufactured By Johnson & Johnson Subsidiary Janssen, Saw Its Price Increase By 51 Percent Between 2018 And 2022, With 22,000 Medicare Enrollees Requiring The Prescription In 2022. "Between 2018 and 2022, average annual total Part D spending per enrollee taking Imbruvica (i.e., the total amount, including Medicare, plan, and enrollee payments, spent on Imbruvica per person) increased by 51 percent (from $85,128 to $128,548). [...] About 22,000 Part D enrollees filled prescriptions for Imbruvica in 2022." [Department of Health and Human Services, 11/06/23]

- **Imbruvica Is Jointly Manufactured By Janssen Biotech And Pharmacyclics LLC, A Subsidiary Of AbbVie.** "IMBRUVICA® (ibrutinib) is a once-daily oral medication that is jointly developed and commercialized by Janssen Biotech, Inc. and Pharmacyclics LLC, an AbbVie company." [Imbruvica.com, accessed 02/01/24]

Between 2018 And 2022, Johnson & Johnson Increased The Cost Of Stelara By 97 Percent, With An Estimated 20,000 Medicare Enrollees Requiring The Medication In 2022. "Between 2018 and 2022, average annual total Part D spending per enrollee taking Stelara (i.e., the total amount, including Medicare, plan, and enrollee payments, spent on Stelara per person) increased by 97 percent (from $59,355 to $117,131). [...] About 20,000 Part D enrollees filled prescriptions for Stelara in 2022." [Department of Health and Human Services, 11/09/23]

- **Stelara Is A Drug To Fight Crohn's Disease Manufactured By Johnson & Johnson Subsidiary Janssen.** [Stelarainfo.com, accessed 02/01/24]

Between 2018 And 2022, Januvia Manufacturer Merck Raised The Price Of The Drug For Medicare Enrollees By 32 Percent, With About 885,000 Enrollees Requiring The Medication In 2022.

Between 2018 And 2022, The Price Of The Drug Januvia, Which Is Manufactured By Merck, Increased By 32 Percent With An Estimated 885,000 Medicare Enrollees Requiring It In 2022. "Between 2018 and 2022, average annual total Part D spending per enrollee taking Januvia (i.e., the total amount, including Medicare, plan, and enrollee payments, spent on Januvia per person) increased by 32 percent (from $3,511 to $4,631). [...] About 885,000 Part D enrollees filled prescriptions for Januvia in 2022." [Department of Health and Human Services, 11/07/23]

- **Januvia Is A Diabetes Drug Manufactured By Merck.** [Januvia.com, accessed 02/01/24]

Bristol Myers Increased The Cost Of Its Drug Eliquis By 43 Percent Between 2018 And 2022, With The Drug's Price Set To Be Negotiated With Medicare.

According To HHS, Between 2018 And 2022, The Cost Of Eliquis—Which Is Manufactured By Bristol Myers—Increased By 43 Percent, With 3.5 Million Medicare Enrollees Requiring The Medication. "Between 2018 and 2022, average annual total Part D spending per enrollee taking Eliquis (i.e., the total amount, including Medicare, plan, and enrollee payments, spent on Eliquis per person) increased by 43 percent (from $3,031 to $4,342. [...] About 3.5 million Part D enrollees filled prescriptions for Eliquis in 2022." [Department of Health and Human Services, 10/30/23]

- **Eliquis Is Manufactured By Bristol Myers Squibb And Pfizer.** [Eliquis, accessed 02/01/24]

Several Drugs Set To Have Patents Expire In The Coming Years Earned Johnson & Johnson, Merck And Bristol A Staggering $51.8 Billion In Combined Sales In 2022, Including At Least Two Which Are Set To Be Subject To The Inflation Reduction Act's Medicare Drug Price Negotiation.

Several Drugs Manufactured By Johnson & Johnson, Merck And Bristol Myers Are Set To Have Their Patents Expire In The Coming Years, Which Could Result In These Companies Losing Tens Of Billions Of Dollars If Competing Drugs Are Able To Enter The Marketplace.

January 2024: CNBC Reported Johnson & Johnson, Merck And Bristol Myers Squibb "Face A Looming Threat" Of Losing Tens Of Billions Of Dollars In Sales With Patents Set To Expire, Potentially Leading Competitors To Introduce Cheaper Drugs Into The Marketplace. "Big pharmaceutical companies such as Bristol Myers Squibb, Merck and Johnson & Johnson face a looming threat that will put tens of billions of dollars in sales at risk between now and 2030, as blockbuster drugs will tumble off a so-called patent cliff. That refers to when a company's patents for one or more leading branded products expire, which opens the door for competitors to sell copycats of those drugs, often at a lower price. That typically causes revenue to fall for drugmakers and costs to drop for patients, who can access more affordable options." [CNBC, 01/28/24]

Four Drugs Set To Have Patents Expire In The Coming Years Manufactured By These Companies Generated A Staggering $51.8 Billion In Sales In 2022.

Johnson & Johnson's Stelara Is Set To Expire In The U.S. In 2024, A Drug That Earned The Company Over $10.8 Billion In Sales In 2022, Or 12% Of Its Total Sales:

Johnson & Johnson's Stelara is an immunosuppressive medication used to lower inflammation and treat several conditions, including plaque psoriasis and psoriatic arthritis.

- Key patent expirations: 2024 in Europe, 2025 in the U.S. (Stelara's patents began to expire in the U.S. last year, but the company struck deals with competitors to delay the launches of copycat drugs).
- 2022 sales: $10.86 billion
- Percentage of total 2022 sales: Around 12%
- Estimated future revenue: $2.63 billion in 2028, according to FactSet estimates.

[CNBC, 01/28/24]

Merck's Drug Keytruda, An Immunotherapy For Melanoma, Is Set To Expire In 2028 And Was A Staggering 36% Of Its Sales In 2022, Or Nearly $21 Billion:

Merck's Keytruda is an immunotherapy that treats melanoma, head and neck, lung and other certain types of cancers.

- Key patent expirations: 2028
- 2022 sales: $20.94 billion
- Percentage of company's total 2022 sales: Roughly 36%
- Estimated future revenue: $14.9 billion in 2030, according to Guggenheim estimates.

[CNBC, 01/28/24]

Bristol Myers' Eliquis, A Blood Thinner Used To Prevent Clotting, Is Set To Have Its Patent Expire In 2026 And Accounted For A Quarter Of Its Sales In 2022 At Nearly $11.8 Billion:

Bristol Myers Squibb's Eliquis is a blood thinner used to prevent clotting, to reduce the risk of stroke.

- Key patent expirations: 2026 to 2028
- 2022 sales: $11.79 billion
- Percentage of company's total 2022 sales: Around 25%
- Estimated future revenue: $478 million in 2032, according to Leerink Partners estimates.

[CNBC, 01/28/24]

Bristol Myers' Melanoma And Lung Cancer Drug Opdivo's Patent Is Also Set To Expire In 2028, Which Accounted For Over $8.2 Billion Of Sales In 2022, Almost 18% Of Total Sales:

Bristol Myers Squibb's Opdivo is an immunotherapy used to treat cancers, including melanoma and lung cancer.

- Key patent expirations: 2028
- 2022 sales: $8.25 billion
- Percentage of total 2022 sales: Almost 18%
- Estimated future revenue: $3.18 billion in 2032, according to Leerink Partners estimates.

[CNBC, 01/28/24]

At Least Two Of These Drugs, Eliquis And Stelara, Are Also Set To Be Negotiated Under The Inflation Reduction Act's Medicare Drug Price Provision. "Medicare drug price negotiations under the Inflation Reduction Act are an additional threat to companies, but how the policy affects revenues could differ depending on when a drug loses exclusivity. Medicare is beginning price talks for the first round of 10 prescription medications this year. The talks include Stelara and Eliquis, along with a few other treatments facing patent expirations. By the fall, the federal government will publish the agreed-upon prices for those medications, which will go into effect in 2026." [CNBC, 01/28/24]

According To Kaiser Family Foundation, In 2023, One In Four Medicare Beneficiaries Lived On Incomes Below $21,000 And Savings Below $16,950 Per Person While Half Lived On Incomes Below $36,000 And Savings Below $103,800 Per Person, While Women, Black And Hispanic Beneficiaries Lived On Even Lower.

In 2023, One In Four Medicare Beneficiaries Lived On Incomes Below $21,000 Per Person While Half Lived On Incomes Below $36,000, With Median Income Declining With Age And Lowering For Women And Black And Hispanic Beneficiaries.

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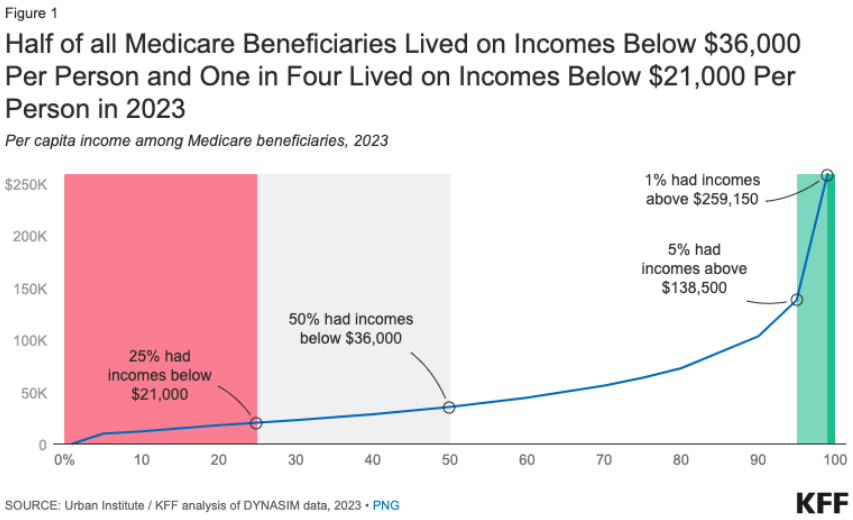
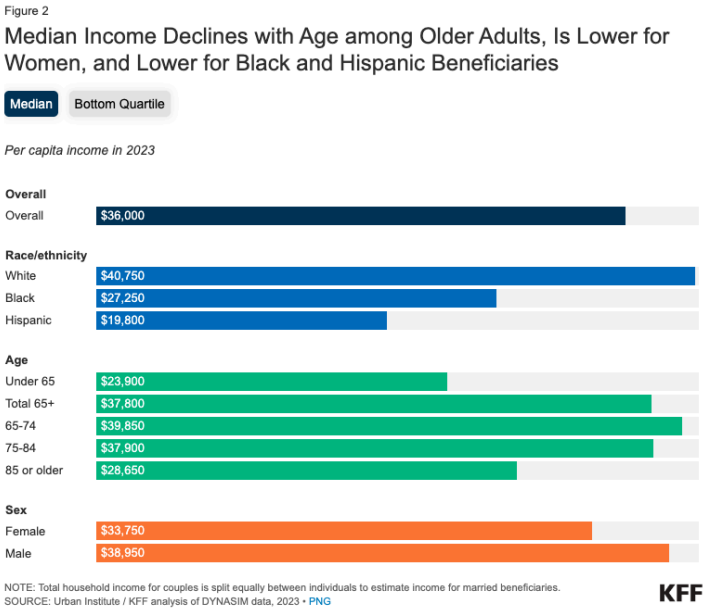


[Kaiser Family Foundation, 02/05/24]

Median Income Declined With Age Among Older Adults, Was Lower For Women, And Lower For Black And Hispanic Beneficiaries:



[Kaiser Family Foundation, 02/05/24]

One In Four Beneficiaries Held Savings Below $16,950 And Half Held Savings Below $103,800 With Lower Savings For Women, Black, And Hispanic Beneficiaries.

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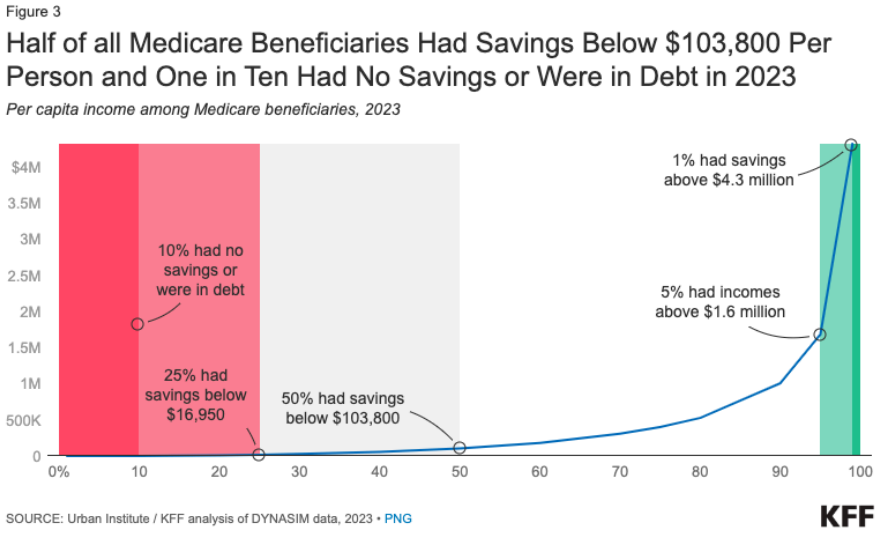
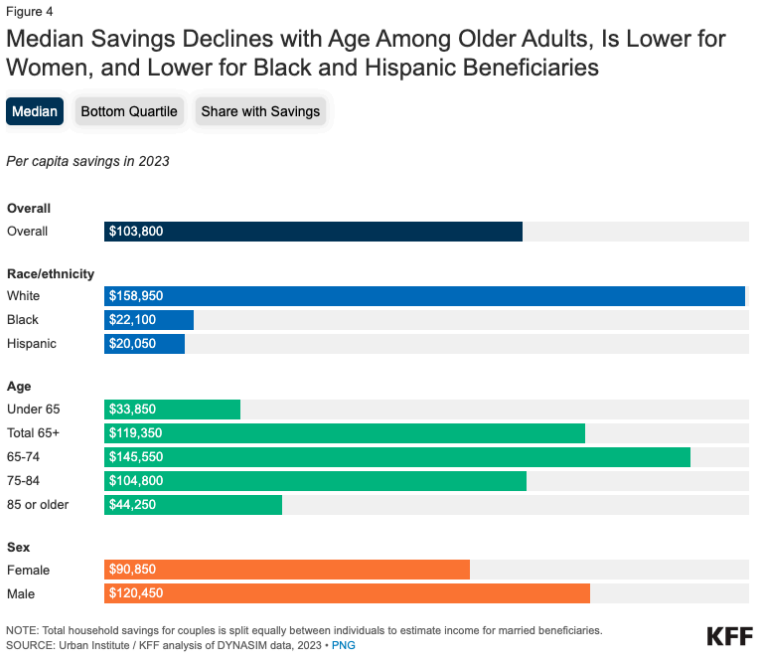


[Kaiser Family Foundation, 02/05/24]

KFF Notes "Median Savings Declines With Age Among Older Adults," Is Lower For Women, And Is Substantially Lower For Black ($22,100) And Hispanic ($20,050) Beneficiaries Than White ($158,950) Beneficiaries:



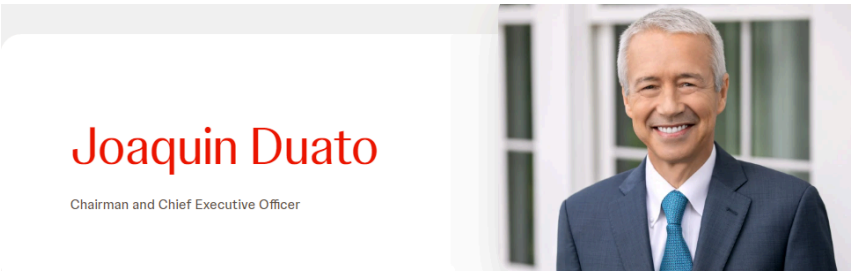
[Kaiser Family Foundation, 02/05/24]

Johnson & Johnson

In 2022, Johnson & Johnson CEO Earned $13.1 Million In Total Compensation, Including $201,894 For Personal Use Of Corporate Aircrafts And A Company Car, While His CEO To Worker Pay Ratio Was A Staggering 164 To 1.

In 2022, Johnson & Johnson CEO Joaquin Duato Earned Over $13.1 Million In Compensation, Including $201,894 For Personal Use Of Corporate Aircrafts And A Company Car, While Duato's CEO To Worker Pay Ratio Was 164 To 1.

According To Its Website, Joaquin Duato Is The Chairman And CEO Of Johnson & Johnson:



[Johnson & Johnson, accessed 01/29/24]

In 2022, Duato Earned $13.1 Million In Total Compensation, A CEO To Worker Pay Ratio Of 164 To 1. "The annual total compensation of our median-paid employee on a worldwide basis for 2022 was $80,000. The

annual total compensation of our Chief Executive Officer for 2022 was $13,121,860. The ratio of the two amounts for 2022 is 164 to 1." [Johnson & Johnson 2022 Proxy Statement, 03/15/23]

Johnson & Johnson Also Spent $201,894 For Duato's Personal Use Of Corporate Aircrafts, Company Car And Driver. "J. Duato: $201,894, which includes personal use of corporate aircraft of $180,847 and personal use of a company car and driver." [Johnson & Johnson 2022 Proxy Statement, 03/15/23]

In Q4 2023, Johnson & Johnson Reported Net Earnings From "Continued Operations" Increasing 28%, With FY 2023 Earnings Nearly Doubling To Over $35.1 Billion When Including Discontinued Operations Such As Its Consumer Brand Segment Which Was Spun Off Into Kenvue In May 2023 And Returned Over $14 Billion To Shareholders In 2023.

In Q4 2023, Johnson & Johnson Reported Earnings From Its "Continued Operations" Increasing By 28% To Over $4.1 Billion, A Nearly $1 Billion Increase From Q4 2022.

In Q4 2023, Johnson & Johnson Reported Net Earnings From "Continued Operations" Of Over $4.1 Billion, A 28% Increase YoY From Q4 2022:

	Q4		
($ in Millions, except EPS)	2023	2022	% Change
Reported Sales	$21,395	$19,939	7.3%
Net Earnings	$4,132	$3,227	28.0%
EPS (diluted)	$1.70	$1.22	39.3%

[Johnson & Johnson, 01/23/24]

- **Johnson & Johnson Noted That "Unless Otherwise Noted, The Financial Results And Earnings Guidance Included Below Reflect The Continuing Operations Of Johnson & Johnson."** [Johnson & Johnson, 01/23/24]

However, Supplemental Results Including Discontinued Operations, Such As Its Consumer Brand Segment That Was Spun Off Into Kenvue In May 2023, Showed Net Earnings Of $35.1 Billion, Nearly Double Its 2022 Earnings Of $17.9 Billion.

However, Johnson & Johnson Reported Net Earnings Of Over $35.1 Billion For FY 2023 When Including Discontinued Operations, Nearly Doubling From $17.9 Billion In 2022:

	2023		2022		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
[...]					
Net earnings from Continuing Operations	$ 13,326	15.6	$ 16,370	20.5	(18.6)
Net earnings from Discontinued Operations, net of tax	21,827		1,571		
Net earnings	$ 35,153		$ 17,941		

[Johnson & Johnson, 01/23/24]

- **May 2023: Kenvue "The New Spinoff Of Johnson & Johnson's Consumer Brand Segment" Debuted On The New York Stock Exchange As The Company Was Set To "Operate With Three Different Business Segments Of Its Own To House All The Brands."** "Kenvue (KVUE), the new spinoff of Johnson & Johnson's (JNJ) consumer brand segment, debuted on the New York Stock Exchange Thursday at $25.53 per share. The stock closed at $26.90 per share, up about 22 percent in its first day of trade. [...] Kenvue, which will be headquartered in Summit, N.J., will be the new home of brands such as Tylenol, Band-Aid, Motrin, Sudafed, and Neutrogena. The company, which was previously one of J&J's three business segments, will now operate with three different business segments of its own to house all the brands. Those are self care, skin health, and beauty and essential health." [Yahoo! Finance, 05/04/23]

Johnson & Johnson CFO Joe Wolk Told Shareholders On A Q4 2023 Earnings Call The Company "Returned Over $14 Billion To Shareholders" In 2023 And Completed Its $5 Billion Stock Buyback Program From 2022.

During Its Q4 2023 Earnings Call, Johnson & Johnson CFO Joe Wolk Said The Company "Returned Over $14 Billion To Shareholders Last Year" And Completed Its $5 Billion Stock Buyback Program Announced In Late 2022. "In early 2023, we completed the $5 billion share repurchase program initiated in late 2022 and, in combination with our dividend, returned over $14 billion to shareholders last year. Through the Kenvue separation, we further reduced the Johnson & Johnson's outstanding share count by 191 million shares or approximately 7% without the use of cash and in a tax-free manner. Looking ahead to 2024, Johnson & Johnson's robust free cash flow generation should continue to solidify our already strong financial foundation and fuel further investment leading to growth for our business or returns to shareholders. Now turning to our full-year 2024 guidance." [The Motley Fool, 01/23/24]

Johnson & Johnson Is A Member Of The Pharmaceutical Research And Manufacturers Of America (PhRMA)—Which Filed A June 2023 Suit Challenging The Biden Administration's Drug Price Negotiation Provision—Later Becoming The Third Major Pharmaceutical Company To File A Suit In July 2023.

In June 2023, The Pharmaceutical Research And Manufacturers Of America (PhRMA)—Big Pharma's Largest Trade Group And Lobbying Arm With Johnson & Johnson Represented On Its Board—Sued The Biden Administration Over Its Medicare Drug Price Negotiation Provision.

June 2023: The Pharmaceutical Research And Manufacturers Of America (PhRMA)—Big Pharma's Largest Trade Group And Lobbying Arm—Sued The Biden Administration Over The Inflation Reduction Act's Medicare Price Negotiation Provision. "The pharmaceutical industry's largest lobbying group and two other organizations sued the Biden administration over Medicare's new powers to slash drug prices for seniors under the Inflation Reduction Act. Pharmaceutical Research and Manufacturers of America, the National Infusion Center Association and the Global Colon Cancer Association argue that the Medicare negotiations violate the U.S. Constitution, in a complaint filed in federal district court in Texas." [CNBC, 06/21/23]

Johnson & Johnson Executive Vice President And Worldwide Chairman Jennifer Taubert Is On The PhRMA Board Of Directors:

Jennifer Taubert

Executive Vice President,
Worldwide Chairman,
Pharmaceuticals
Johnson & Johnson

[Pharmaceutical Research and Manufacturers of America, accessed 01/23/24]

In July 2023, Johnson & Johnson Became The Third Pharmaceutical Company To Sue The Biden Administration Over Its Medicare Drug Price Negotiation Mandate.

July 2023: "Johnson & Johnson Sued The Biden Administration Over Medicare's New Powers To Slash Drug Prices, Making It The Third Pharmaceutical Company To Challenge The Controversial Provision Of The Inflation Reduction Act." "Johnson & Johnson sued the Biden administration over Medicare's new powers to slash drug prices, making it the third pharmaceutical company to challenge the controversial provision of the Inflation Reduction Act. [...] Earlier suits brought separately by Merck and Bristol Myers Squibb, as well as by the U.S. Chamber of Commerce and PhRMA, the pharmaceutical industry's largest lobbying group, made similar arguments." [CNBC, 07/18/23]

Following Johnson & Johnson's December 2022 Acquisition Of Abiomed For $16.6 Billion, CEO Joaquin Duato Hinted The Company Would Look At More Acquisitions With The Company Later Acquiring Heart Surgical Company Laminar For $400 Million And Cancer Treatment Company Ambrx Biopharma For $2 Billion As Johnson & Johnson "Scrambles To Fill A Revenue Hole" When Stelara Begins Having Competing Generics Enter The Marketplace.

Following Johnson & Johnson's December 2022 Acquisition Of Heart Pump Maker Abiomed For $16.6 Billion, Johnson & Johnson CEO Joaquin Duato Said Johnson & Johnson Would Look To Expand Its Portfolio In Eye Care, Orthopedics And Surgical Robotics.

January 2023: Johnson & Johnson CEO Joaquin Duato Said The Company Was Looking At Opportunities To Acquire Companies With Portfolios In The Eye Care, Orthopedics And Surgical Robotics Industries, Adding He Expects Johnson & Johnson To Hit $60 Billion In Sales By 2025. "Johnson & Johnson (JNJ.N), opens new tab will look for opportunities to merge with or acquire firms that add value to its focus areas of eye care, surgical robots, orthopedics and cardiovascular products, the company's Chief Executive Officer Joaquin Duato said on Monday. [...] The company's CEO expects J&J to continue growing towards its goal of $60 billion in pharmaceutical sales by 2025, and is confident of exceeding current Street expectations by the targeted year." [Reuters, 01/09/23]

This Followed Johnson & Johnson Acquiring Heart Pump Manufacturer Abiomed For $16.6 Billion In December 2022. "J&J last month completed its acquisition of heart pump maker Abiomed for $16.6 billion, which will operate as an independent division in its medical devices business." [Reuters, 01/09/23]

In November 2023, Johnson & Johnson Acquired Laminar For $400 Million In Response To Competitor Medtronic's Activity In The "Left Atrial Appendage (LAA) Closure Market."

November 2023: Johnson & Johnson Acquired Laminar, In Response To Competitor Medtronic's Activity In "The Left Atrial Appendage (LAA) Closure Market." "Competition in the left atrial appendage (LAA) closure market intensified this week, once again, with Johnson & Johnson's acquisition of Laminar, a Santa Rosa, California-based company that is developing a new approach to eliminate the LAA. J&J, which announced the deal Thursday morning, paid $400 million upfront to acquire the privately held company, with the potential for additional payments based on reaching clinical and regulatory milestones starting in 2024. J&J said it will take charges related to the deal that will reduce its 2023 earnings by about 17 cents per share from its previously issued forecast and lower its 2024 EPS by about 15 cents." [Industry Dive, 11/30/23]

- **Johnson & Johnson's Acquisition Came The Same Week Competitor Medtronic Had Acquired An "LAA Exclusion System In August From Miami-Based Medical Device Incubator Syntheon."** "The deal comes in the same week that Medtronic revealed it had acquired an LAA exclusion system in August from Miami-based medical device incubator Syntheon." [Industry Dive, 11/30/23]

In January 2024, Johnson & Johnson Acquired Ambrx Biopharma For $2 Billion, Which Will Serve As An Entry Into Antibody-Drug Conjugates Treatments For The Company As It "Scrambles To Fill A Revenue Hole" For When Generics Begin Competing Against Its Top Selling Drug Stelara In 2025.

January 2024: Johnson & Johnson Acquired Cancer Treatment Company Ambrx Biopharma For $2 Billion. "Johnson & Johnson said it will acquire Ambrx Biopharma for $2 billion, picking up a drugmaker specializing in one of the hottest areas of cancer treatment." [CNBC, 01/08/24]

Ambrx Specializes In Antibody-Drug Conjugates (ADCs) Treatment And Serves As An Entry For Johnson & Johnson, Following AbbVie, Pfizer And Merck's Entrance In The Space Over The Past Year. "Ambrx is aiming to target multiple cancers with drugs called antibody-drug conjugates, or ADCs, which are described by researchers as "guided missiles" to directly target and kill cancer cells and minimize damage to healthy tissue. The deal, which was announced on the first day of the annual JPMorgan Healthcare Conference, makes J&J the latest drugmaker to bet on ADCs following similar moves by other large rivals – including Pfizer, AbbVie and Merck– over the last year." [CNBC, 01/08/24]

The Move Came At A Time When Johnson & Johnson Is "Scrambl[ing] To Fill A Revenue Hole" When Its Top-Selling Drug, Stelara, Is Expected To Face Competition From Generic Brands In The Marketplace In 2025. "The acquisition also comes as J&J scrambles to fill a revenue hole that's approaching in 2025, when its top-selling drug Stelara, which is used to treat a long-lasting autoimmune disease called psoriasis, is expected to face generic competition." [CNBC, 01/08/24]

In August 2022, Johnson & Johnson CEO Joaquin Duato Claimed The Inflation Reduction Act's Medicare Negotiation Provision Would "Have A Chilling Effect" On The Industry, Claiming It Would Be "Detrimental" For Companies To Be Able To Invest In R&D And Develop New Medicines If Passed.

In August 2022, Johnson & Johnson CEO Duato Claimed If The Inflation Reduction Act's Medicare Price Negotiation Provision Were Passed, It Would Have "A Chilling Effect" And Have A "Detrimental Effect" For Companies To "Invest In R&D And To Develop New Medicines."

August 2022: Johnson & Johnson CEO Joaquin Duato Said, "'Medicare Price Setting Will Have A Chilling Effect In Innovation That Will Be Translated In Less New Medicines For Patients,'" Claiming "If Passed, The Bill Would Have A 'Detrimental Effect On The Ability Of The Industry To Be Able To Invest In R&D And To Develop New Medicines.'" "Adding on, J&J CEO Joaquin Duato said, 'Medicare price setting will have a chilling effect in innovation that will be translated in less new medicines for patients.' If passed, the bill would have a 'detrimental effect on the ability of the industry … to be able to invest in R&D and to develop new medicines.'" [Fierce Pharma 08/03/22]

Johnson & Johnson Has Settled At Least Two Lawsuits Over Anticompetitive Practices, Including A 2021 Settlement For An Undisclosed Amount With Pfizer Over "Threaten[ing] To Withhold Rebates From Insurers" Who Used A Competing Drug And A 2022 Lawsuit Alleging J&J And Other Companies Conspired In A Price Fixing Scheme For Disposable Contact Lenses.

In October 2022, Johnson & Johnson Agreed To Pay $55 Million To Settle A Class Action Lawsuit Alleging The Company's Vision Division Had Conspired With Other Companies In A Price Fixing Scheme For Disposable Contact Lenses.

October 2022: Johnson & Johnson Agreed To Pay $55 Million As Part Of A $75 Million Settlement Alleging Its Vision Business And Alcon Engaged In Price Fixing Of Contact Lenses. "More than half a decade after it began, a class-action lawsuit accusing several contact lens manufacturers of anticompetitive price fixing has finally come to a close. The case ended with Alcon and Johnson & Johnson Vision agreeing to separate settlements that together equal $75 million. The proposals were initially put forth in April of this year and agreed to by all parties on Wednesday. According to court filings, Alcon agreed to pay $20 million, while J&J Vision will dole out $55 million. They join previous settlements from Bausch + Lomb and CooperVision, which agreed to pay $10 million and $3 million, respectively, in 2019. In agreeing to the settlements, none of the four companies admitted to any wrongdoing in the case." [Fierce Biotech, 10/14/22]

The Class-Action Lawsuit Was Filed In 2015 And Alleged The Two Companies And Others "'Conspired With Each Other" "To Impose Mandatory Pricing Schemes For Some Of Their Products, Dating Back To 2013." "The class-action suit began in 2015. A later consolidated complaint filed in Florida district court in 2017 claimed that the four companies—among the largest makers of disposable contact lenses in the U.S.—had 'conspired with each other' as well as with their shared distributor ABB Optical Group, the American Optometric Association and some independent eye care professionals to impose mandatory pricing schemes for some of their products, dating back to 2013." [Fierce Biotech, 10/14/22]

In July 2021, Johnson & Johnson Agreed To Settle A Lawsuit For An Undisclosed Amount Stemming From A Suit Filed In September 2017 By Competitor Pfizer Which Alleged J&J Had Engaged In "Price Manipulation" Over Its Rheumatoid Arthritis Drug Remicade After "J&J Threatened To Withhold Rebates From Insurers That Determined" Pfizer's Alternative Inflectra "Was An Acceptable Alternative."

September 2017: Pfizer Filed A Lawsuit Against Johnson & Johnson Alleging It Used "'Exclusionary Contracts"' And "Price Manipulation" To Hold A Monopoly On Its Rheumatoid Arthritis Drug Remicade. "Pfizer filed a lawsuit against fellow pharmaceutical giant Johnson & Johnson over 'anticompetitive practices' in a go-for-the-throat showdown involving the drug industry's treatment of medicines that are similar to the originals. In the suit, Pfizer accuses J&J of 'exclusionary contracts' and price manipulation 'to maintain its monopoly' for a drug used to treat rheumatoid arthritis, Crohn's disease and other afflictions. [...] The brawl between Pfizer and J&J centers on the competition between J&J's Remicade and Pfizer's biosimilar alternative, Inflectra, which launched in late 2016." [USA Today, 09/20/17]

In The Suit "Pfizer Allege[d] J&J Threatened To Withhold Rebates From Insurers That Had Determined Inflectra Was An Acceptable Medical Alternative To Remicade" And "Caused Insurers To Reverse Course." "Pfizer alleges J&J threatened to withhold rebates from insurers that had determined Inflectra was an acceptable medical alternative to Remicade. The threats, Pfizer said, caused insurers to reverse course." [USA Today, 09/20/17]

July 2021: Johnson & Johnson Ultimately Agreed To An Undisclosed Settlement Amount Over Its Challenge From Pfizer. "For nearly four years, pharmaceutical heavyweights Johnson & Johnson and Pfizer have sparred in court over competitive dynamics of the biosimilar industry, demanding the attention of the industry in a groundbreaking case that had some promise to serve as a bellwether for the future. Instead, the closely-watched battle, in which Pfizer claimed J&J unfairly stifled competition for Pfizer's once-promising biosimilar Inflectra, has ended quietly. The companies confirmed on Monday that they have settled their case, with the terms undisclosed. The settlement was first reported by the American Journal of Managed Care." [Fierce Pharma, 07/26/21]

In March 2023, Johnson & Johnson Was Penalized By The Centers for Medicare & Medicaid Services (CMS) For Raising Drug Prices Too Fast And Was Ordered To Pay Patients $40 Million In A Separate Settlement Alleging The Company Suppressed Competition And Raised Prices.

Johnson & Johnson Was One Of The First Companies To Face A Government Penalty By The Centers for Medicare & Medicaid Services (CMS) For Raising Medicare Drug Prices Faster Than The Rate Of Inflation.

March 2023: The Biden Administration Announced The First Pharmaceutical Makers To Face Penalties For Raising The Prices Of Drugs Under Medicare Faster Than Rate Of Inflation. "The Biden administration on Wednesday announced the first set of prescription drugs to face penalties for their pharmaceutical makers raising prices within Medicare faster than the rate of inflation." [Healthcare Dive, 03/15/23]

The Penalties Are A Result Of The Inflation Reduction Act And Require Companies To Repay Medicare For Price Hikes Through Rebates. "The rebates are some of the first reforms to kick in from last year's Inflation Reduction Act, which was in part aimed at reducing drug costs. Drugmakers must pay back to

Medicare a rebate for price hikes they took that were greater than inflation — limits that started in October for certain self-administered Part D drugs and in January for certain physician-administered Part B drugs." [Healthcare Dive, 03/15/23]

Johnson & Johnson's Lung Cancer Drug Reybrevant Made CMS's List Of Violators.

Notable drugs included in CMS' list

Drug	Company	Medical use
Humira	AbbVie	Inflammatory diseases
Padcev	Seagen, Astellas	Bladder cancer
Yescarta	Gilead	Lymphoma
Tecartus	Gilead	Lymphoma, leukemia
Xiaflex	Endo Pharma	Dupuytren's contracture, Peyronie's disease
Reybrevant	Johnson & Johnson	Lung cancer

SOURCE: CMS

[Healthcare Dive, 03/15/23]

In March 2023, Johnson & Johnson Was Ordered To Pay $40 Million In Damages Resulting From An Antitrust Suit Accusing The Company Of Preventing Health Care Providers From Buying Competing Drugs At Lower Prices Through Its "Biosimilar Readiness Plan."

March 2023: Patients In Pennsylvania Received Approximately $40 Million In A Settlement With Johnson & Johnson After The Company Stopped Health Care Providers From Purchasing Cheaper Drugs. "A group of patients diagnosed with inflammatory diseases will receive almost $40 million from Johnson & Johnson after a Pennsylvania federal judge gave final approval to a settlement over accusations that the company blocked health care providers from purchasing competing drugs despite lower pricing through its 'Biosimilar Readiness Plan.'" [Law360, 03/16/23]

The Complaint Alleged Johnson & Johnson's "Biosimilar Readiness Plan" Suppressed Competition And Raised Prices. "The plaintiffs complained that Johnson & Johnson rolled out its 'Biosimilar Readiness Plan' in response to the new products. The plan suppressed competition and raised prices by forcing health insurers and providers to enter into exclusionary contracts, as well as bundled other products with Remicade." [Law360, 03/16/23]

During 2023, Johnson & Johnson Spent $6.8 Million While Lobbying Against Efforts To Lower Prescription Drugs, Including The Inflation Reduction Act And The Bi-Partisan "Affordable Prescriptions For Patients Act Of 2023" Which Would Authorize The Federal Trade Commission To Crack Down On "Product-Hopping" That Allows Pharmaceutical Companies To Switch From One Version Of A Drug To Another To Decrease Competition In The Marketplace.

During 2023, Johnson & Johnson Spent $6.8 Million While Lobbying Against The Inflation Reduction Act And S. 150 "Affordable Prescriptions For Patients Act Of 2023."

Registrant	Filing Period	Related Lobbying Issues	Total Amount Spent
Johnson & Johnson	Q4 2023	PL 117-169, "The Inflation Reduction Act", regarding provisions impacting drug pricing and implementation; S 150, "Affordable Prescriptions for Patients Act of 2023", regarding all provisions	$1,160,000
Johnson & Johnson	Q3 2023	PL 117-169, "The Inflation Reduction Act", regarding provisions impacting drug pricing and implementation; S 150, "Affordable Prescriptions for Patients Act of 2023", regarding all provisions	$2,350,000
Johnson & Johnson	Q2 2023	PL 117-169, "The Inflation Reduction Act", regarding provisions impacting drug pricing and implementation; S 150, "Affordable Prescriptions for Patients Act of 2023", regarding all provisions	$850,000
Johnson & Johnson	Q1 2023	PL 117-169, "The Inflation Reduction Act", regarding provisions impacting drug pricing and implementation; S 150, "Affordable Prescriptions for Patients Act of 2023", regarding all provisions	$2,490,000
		TOTAL:	**$6,850,000**

- **S. 150, "Affordable Prescriptions For Patients Act Of 2023" Is A Piece Of Bipartisan Legislation Which, If Passed, Would Authorize The Federal Trade Commission To "Impos[e] Limits On Patent Litigation Involving Biological Products" And Would Crack Down On "Product-Hopping."** "This bill prohibits product hopping by drug manufacturers, authorizes the Federal Trade Commission to enforce this prohibition, and imposes limits on patent litigation involving biological products. Generally, product-hopping describes a situation where, when the patents on a reference drug (or biological product) expire, the manufacturer switches to a follow-on product that is covered by a later-expiring patent." [Congress.gov, accessed 01/29/24]

- **Product-Hopping Is "When A Brand-Name Pharmaceutical Company Switches From One Version Of A Drug To Another," Leading To Lower Consumer Welfare And Decreased Competition In The Marketplace.** "One of the most misunderstood and anticompetitive business behaviors in today's economy is 'product hopping,' which occurs when a brand-name pharmaceutical company switches from one version of a drug to another. These switches, benign in appearance but not necessarily in effect, can significantly decrease consumer welfare, impairing competition from generic drugs to an extent that greatly exceeds any gains from the 'improved' branded product." [Notre Dame Law Review, November 2016]

Merck

In 2022, Merck CEO Robert M. Davis Earned $18.6 Million In Total Compensation, Including $191,073 For Personal Use Of Corporate Aircrafts, With His CEO To Worker Pay Ratio Totaling A Staggering 188 To 1.

In 2022, Merck CEO Robert M. Davis Earned $18.6 Million In Compensation, Including Nearly $12.4 Million In Stock And Option Awards—A CEO Worker Pay Ratio Of 188 To 1.

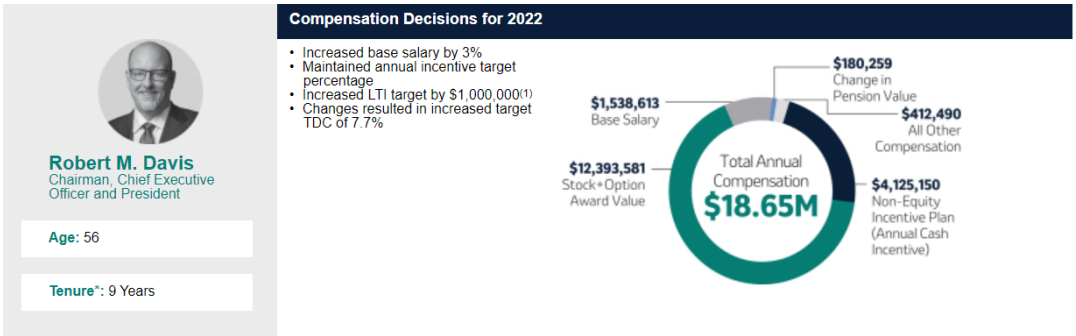
According To Its Website, Robert M. Davis Is The Chairman And CEO Of Merck:

Robert M. Davis

Chairman and chief executive officer

[Merck, accessed 01/29/24]

In 2022, Davis Earned $18.6 Million In Total Compensation, The Majority Of Which Was In Stock & Option Awards Valued At Nearly $12.4 Million:



[Merck 2022 Proxy Statement, 04/03/23]

Merck's CEO To Worker Pay Ratio Was 188 To 1. "The total annual compensation of our median employee as calculated under the Summary Compensation table requirements for calculating total annual compensation was $98,943 comprised of base salary, annual cash incentive, savings plan company match, and change in pension value. The total annual compensation for our CEO was $18,650,093. A reasonable estimation of the ratio of our CEO's compensation to our median employee's compensation is 188 to 1." [Merck 2022 Proxy Statement, 04/03/23]

In 2022, Davis Received $10,000 For Tax Preparation Services While Merck Spent An Additional $191,073 For His Use Of Company Aircrafts, $8,113 For Use Of A Company Car, And $6,689 For Home Security.

During 2022, Merck Spent $10,000 For Tax Preparation Services, $191,073 For Davis' Use Of Company Aircrafts, $8,113 For Use Of A Company Car, And $6,689 For Home Security:

Name	Year	Financial/Tax Counseling & Tax Preparation Services ($)(1)	Company Aircraft ($)(2)	Company Car and Driver ($)(3)	Installation, Maintenance and Remote Access of Home Security ($)(4)	Relocation Expense ($)	Savings Plan Company Match and Credits ($)(6)	Total ($)
Davis	2022	$10,000	$191,073	$8,113	$6,689	$0	$196,615	$412,490

[Merck 2022 Proxy Statement, 04/03/23]

Since April 2023, Merck Has Spent At Least $12 Billion On Acquiring Three Companies, Including A $10.8 Billion Acquisition Of Prometheus Biosciences, Which Merck CEO Davis Boasted Would Lead To "Sustainable Growth" "Well Into The 2030s Given The Long Patent Life."

In January 2024, Merck Announced Plans To Acquire Harpoon Therapeutics For Approximately $680 Million Which Is Expected To Close In The First Half Of 2024 After Harpoon's Board Of Directors Unanimously Approved Of The Acquisition.

January 2024: Merck Announced Plans To Acquire Harpoon Therapeutics, With A Developed Portfolio In Treatments To Kill Tumor Cells, For Approximately $680 Million. "Merck (NYSE: MRK), known as MSD outside of the United States and Canada, and Harpoon Therapeutics, Inc. (Nasdaq: HARP) today announced that the companies have entered into a definitive agreement under which Merck, through a subsidiary, will acquire Harpoon for $23.00 per share in cash for an approximate total equity value of $680 million. [...] Harpoon has developed a portfolio of novel T-cell engagers that employ the company's proprietary Tri-specific T cell Activating Construct (TriTAC®) platform, an engineered protein technology designed to direct a patient's own immune cells to kill tumor cells, and ProTriTAC™ platform, applying a prodrug concept to its TriTAC® platform to create a therapeutic T-cell engager that is designed to remain inactive until it reaches the tumor." [Merck, 01/08/24]

Harpoon's Board Of Directors Unanimously Approved The Acquisition, Which "Is Expected To Close In The First Half Of 2024." "Under the terms of the agreement, Merck, through a subsidiary, will acquire all outstanding shares of Harpoon Therapeutics, Inc. for a price per share of $23.00 in cash. The Board of Directors of Harpoon has unanimously approved the transaction. Closing of the acquisition is subject to certain conditions, including approval of the merger by Harpoon's stockholders, the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act, and other customary conditions. The transaction is expected to close in the first half of 2024 and will be accounted for as an asset acquisition. Merck expects to

record a charge (non-tax deductible) of approximately $650 million, or approximately $0.26 per share, that will be included in non-GAAP results in the quarter that the transaction closes." [Merck, 01/08/24]

In November 2023, Merck—A Previous Shareholder Invested In Dementia And Alzheimer's Therapeutics Company, Caraway Therapeutics—Fully Acquired It For Up To $610 Million, Including "Contingent Milestone Payments."

November 2023: Merck Acquired Caraway Therapeutics, Which Develops Treatments For Dementia And Alzheimer's, For Up To $610 Million, Including "Contingent Milestone Payments." "The Dementia Discovery Fund (DDF), a SV Health Investors (SV) fund specialized in pursuing transformational therapeutic approaches for dementias including Alzheimer's disease, is pleased to announce the acquisition of its portfolio company, Caraway Therapeutics, Inc. by Merck, known as MSD outside the United States and Canada. The companies have entered into a definitive agreement under which Merck will acquire Caraway Therapeutics for a total potential consideration of up to $610 million, including an undisclosed upfront payment as well as contingent milestone payments." [Business Wire, 11/21/23]

Merck Senior Vice President George Addona Said, "Caraway's Multidisciplinary Approach Has Yielded Important Progress In Evaluating Novel Mechanisms Of Modulation Of Lysosomal Function" And "We Look Forward To Applying Our Expertise To Build Upon This Work." "'Caraway's multidisciplinary approach has yielded important progress in evaluating novel mechanisms of modulation of lysosomal function with potential for the treatment of progressive neurodegenerative diseases,' said George Addona, senior vice president, discovery, preclinical development and translational medicine, Merck Research Laboratories. 'We look forward to applying our expertise to build upon this work with the goal of developing much needed disease-modifying therapies for these conditions.'" [Merck, 11/21/23]

Prior To Merck Fully Acquiring Caraway, It Was A Shareholder Through Its MRL Ventures Fund Since 2018. "Under the terms of the agreement, Merck, through a subsidiary, will acquire all outstanding shares of Caraway with earnout milestones associated with the development of certain pipeline candidates. The Board of Directors of Caraway Therapeutics has approved the transaction. Merck, through its MRL Ventures Fund, has been a shareholder of Caraway Therapeutics since 2018." [Merck, 11/21/23]

In April 2023, Merck Announced Plans To Acquire Prometheus Biosciences For $10.8 Billion To Bolster Its Colitis And Crohn's Disease Portfolio, With CEO Davis Saying It Would Lead To "Sustainable Growth" "Well Into The 2030s Given The Long Patent Life."

April 2023: Merck Announced It Would Acquire Prometheus Biosciences For $10.8 Billion, Adding To Merck's Colitis And Crohn's Disease Portfolio. "Merck & Co (MRK.N) said on Sunday it will buy Prometheus Biosciences Inc (RXDX.O), for about $10.8 billion, picking up a promising experimental treatment for ulcerative colitis and Crohn's disease and building up its presence in immunology. [...] Davis said the Prometheus drug, PRA023, being developed to treat two inflammatory bowel diseases (IBD) - ulcerative colitis and Crohn's disease - and other autoimmune conditions, could be a multibillion-dollar seller for Merck. He said the recent release of encouraging mid-stage trial results drove Merck to pounce." [Reuters, 04/17/23]

Merck CEO Davis Said The Acquisition Allows Merck "To Move Into Immunology In A Strong Way And Will Allow Us Sustainable Growth, We Think, Well Into The 2030s Given The Long Patent Life." "'This is allowing us to move into immunology in a strong way and will allow us sustainable growth, we think, well into the 2030s given the long patent life,' Merck Chief Executive Robert Davis said in an interview." [Reuters, 04/17/23]

In June 2023, Merck Said The Deal "Record[ed] A Charge Of Approximately $10.3 Billion" And Would "Result In A Reduction In Both Second-Quarter And Full-Year 2023 GAAP And Non-GAAP Results." "As previously disclosed, because this transaction is being accounted for as an asset acquisition, Merck is recording a charge of approximately $10.3 billion, or approximately $4.00 per share. The impact of this charge will result in a reduction in both second-quarter and full-year 2023 GAAP and non-GAAP results." [Merck, 06/16/23]

Merck—Which Sits On The Board Of PhRMA—Filed Its Own Lawsuit In June 2023 Challenging The IRA's Medicare Drug Pricing Negotiation Arguing The Law Violated The Fifth Amendment And That The Government Wanted To "Take Merck's Patented Innovations By Coercing The Company To Provide Third Parties With Access At Prices The Government Sets."

In June 2023, The Pharmaceutical Research And Manufacturers Of America (PhRMA)—Big Pharma's Largest Trade Group And Lobbying Arm With Merck Represented On Its Board—Sued The Biden Administration Over Its Medicare Drug Price Negotiation Provision.

June 2023: The Pharmaceutical Research And Manufacturers Of America (PhRMA)—Big Pharma's Largest Trade Group And Lobbying Arm—Sued The Biden Administration Over The Inflation Reduction Act's Medicare Price Negotiation Provision. "The pharmaceutical industry's largest lobbying group and two other organizations sued the Biden administration over Medicare's new powers to slash drug prices for seniors under the Inflation Reduction Act. Pharmaceutical Research and Manufacturers of America, the National Infusion Center Association and the Global Colon Cancer Association argue that the Medicare negotiations violate the U.S. Constitution, in a complaint filed in federal district court in Texas." [CNBC, 06/21/23]

Merck President And CEO Robert M. Davis Sits On PhRMA's Board Of Directors:

Robert M. Davis

Chief Executive Officer and President

Merck & Co., Inc.

[Pharmaceutical Research And Manufacturers of America, accessed 01/29/24]

Prior To PhRMA's Lawsuit Challenging The IRA, Merck Filed Its Own Lawsuit Claiming The Medicare Drug Pricing Negotiation Provision Violated The Fifth Amendment And Would Lead To The Government "Tak[ing] Merck's Patented Innovations By Coercing The Company To Provide Third Parties With Access."

June 2023: Merck Filed A Lawsuit Against The IRA's Medicare Drug Negotiation Provision, Claiming The Law Was Unconstitutional And Would Lead To "Devastating Consequences For Millions Of Patients In Need." "Unfortunately, this progress is now at risk due to unconstitutional provisions in the Inflation Reduction Act (IRA), necessitating the legal action Merck has taken in U.S. Federal Court against the United States government. We believe this program will negatively impact biopharmaceutical innovation and the

sector's work to develop lifesaving and life-changing innovations. In turn, it will have devastating consequences for millions of patients in need." [Merck, 06/06/23]

Merck Sued The Biden Administration On The Grounds The IRA Allegedly Violated The Fifth Amendment And Would Lead To The Government "Tak[ing] Merck's Patented Innovations By Coercing The Company To Provide Third Parties With Access At Prices The Government Sets." "As we detail in our complaint, the Fifth Amendment requires the U.S. government pay 'just compensation' if it takes property for public use. However, the IRA allows the government to obtain innovations without providing fair value for them. Under the IRA, the government will take Merck's patented innovations by coercing the company to provide third parties with access at prices the government sets." [Merck, 06/06/23]

On A Q2 2023 Company Earnings Call, CEO Robert Davis Claimed That The Inflation Reduction Act Would "Damag[e]" The Pharmaceutical Industry, Calling The Drug Price Negotiation Provision "Unconstitutional Price Setting" And "Misguided."

During Its Q2 2023 Earnings Call, Merck CEO Robert Davis Claimed The Inflation Reduction Act Would Damage The Biopharmaceutical Industry, Calling The Drug Price Negotiation Provision "Unconstitutional Price Setting" And "Misguided."

August 2023: During Its Q2 2023 Earnings Call, Davis Claimed The Inflation Reduction Act Would "Damag[e] The Very Promising Long-Term Innovation Potential Of The Biopharmaceutical Industry." "With that in mind, I'd like to speak for a moment about the Inflation Reduction Act. We've consistently communicated our support for elements of the law that improve patient affordability and access, such as the Medicare Part D reform, but which do so without damaging the very promising long-term innovation potential of the biopharmaceutical industry." [Seeking Alpha, 08/01/23]

Davis Further Said "Through The Complaint We Recently Filed In U.S. District Court, Merck Is Taking A Principled Stand Against The Negative Long-Term Impacts Of The Price Negotiation Provision Of The IRA," Calling The Act "Unconstitutional Price Setting" And "Misguided." "Through the complaint we recently filed in U.S. District Court, Merck is taking a principled stand against the negative long-term impacts of the price negotiation provision of the IRA which we believe amounts to unconstitutional price setting that violates several provisions of the U.S. Constitution. This misguided policy does not strike the right balance between incenting investment in innovation and improving affordability and access." [Seeking Alpha, 08/01/23]

In February 2008, Merck Paid A Massive $650 Million Settlement With The Department Of Justice For "Fail[ing] To Pay Proper Rebates To Medicaid" And "Offer[ing] Deep Discounts" For Hospital Systems That Used Its Products Over Competitors, Rewarding Physicians With Illegal Kickbacks Disguised As Training And Consultation Fees.

In February 2008, Merck Paid Over $650 Million To Settle Allegations The Company "Failed To Pay Proper Rebates To Medicaid," "Offered Deep Discounts" For Hospital Systems That Used Their Products Over Its Competitors, And Rewarded Physicians Who Used Their Products With Illegal Kickbacks Disguised As Training And Consultation Fees.

February 2008: Merck Agreed To Pay Over $650 Million To Resolve Allegations The Company "Failed To Pay Proper Rebates To Medicaid And Other Health Care Programs And Paid Illegal Remuneration To Health Care Providers To Induce Them To Prescribe The Company's Products." "Merck & Company has agreed to pay more than $650 million to resolve allegations that the pharmaceutical manufacturer failed to pay proper rebates to Medicaid and other government health care programs and paid illegal remuneration to health care providers to induce them to prescribe the company's products, the Justice Department announced today. The allegations were brought in two separate lawsuits filed by whistleblowers under the qui tam, or whistleblower, provisions of the False Claims Act." [U.S. Department of Justice, 02/07/08]

A Former Employee Alleged In One Suit That "Merck Violated The Medicaid Rebate Statute In Connection With Its Marketing Of Its Drugs Zocor And Vioxx" And "Offered Deep Discounts For The Two Drugs If Hospitals Used Large Quantities Of Those Drugs In Place Of Competitors' Brands." "H. Dean Steinke, a former Merck employee, alleged in his suit filed in Philadelphia that Merck violated the Medicaid Rebate Statute in connection with its marketing of its drugs Zocor and Vioxx. (Zocor is a cholesterol lowering drug and Vioxx, pulled from the market by Merck in September of 2004, was used for the treatment of acute pain and in the treatment of arthritis.) Merck allegedly offered deep discounts for the two drugs if hospitals used large quantities of those drugs in place of competitors' brands." [U.S. Department of Justice, 02/07/08]

The Suit Further Alleged That Merck Paid Kickbacks To Physicians Who Used Its Products And Disguised These As Fees Paid For Consultation Or Training. "Steinke's suit further alleged that from 1997-2001, Merck had approximately fifteen different programs used by its sales representatives to induce physicians to use its many products. These programs primarily consisted of excess payments to physicians that were disguised as fees paid to them for 'training,' 'consultation' or 'market research.' In fact, the government alleged that these fees were illegal kickbacks intended to induce the purchase of Merck products. Merck agreed today to pay $399 million plus interest to settle the Medicaid Rebate as well as the kickback allegations." [U.S. Department of Justice, 02/07/08]

A Separate Lawsuit Filed By A Louisiana Physician Alleged Merck "Established A Marketing Scheme In Which It Provided Substantially Reduced Prices For Its Pepcid Products Once The Hospitals Agreed To Primarily Use The Drug Instead Of A Competitor's" And "Excluded" Discounts Given To These Hospitals From Reports To The Government. "In a separate suit filed by physician William St. John LaCorte in New Orleans, it's alleged that Merck had established a marketing scheme in which it provided substantially reduced prices for its Pepcid products once the hospitals agreed to primarily use the drug instead of a competitor's. (Pepcid is used to reduce stomach acid and to treat heartburn and acid reflux.) Merck allegedly offered these incentives to hospitals in order to obtain the benefit of spillover business when patients would continue to purchase Pepcid once he or she was discharged. Merck improperly termed as 'nominal' the prices it offered to hospitals to boost the sales of Pepcid, excluded those discounts from the prices it reported to the government, and thus effectively denied the government the benefit of these lower prices. Merck agreed today to pay $250 million plus interest to settle these allegations." [U.S. Department of Justice, 02/07/08]

During 2023, Merck Spent Nearly $10 Million While Lobbying Against Efforts To Lower Prescription Drug Costs, Including The Inflation Reduction Act And The Bipartisan "Affordable Prescriptions For Patients Act."

During 2023, Merck Spent Nearly $10 Million While Lobbying Against Efforts To Lower Prescription Drug Costs, Including The Inflation Reduction Act And The Bipartisan "Affordable Prescriptions For Patients Act."

Registrant	Filing Period	Related Lobbying Issues	Total Amount Spent
Merck	Q4 2023	S. 150, Affordable Prescriptions for Patients Act of 2023; Drug pricing; Inflation Reduction Act (P.L. 117-169), issues relating to drug pricing provisions	$1,940,000
Merck	Q3 2023	S. 150, Affordable Prescriptions for Patients Act of 2023; Drug pricing; Inflation Reduction Act (P.L. 117-169), issues relating to drug pricing provisions	$2,130,000
Merck	Q2 2023	S. 150, Affordable Prescriptions for Patients Act of 2023; Drug pricing; Inflation Reduction Act (P.L. 117-169), issues relating to drug pricing provisions	$2,980,000
Merck	Q1 2023	S. 150, Affordable Prescriptions for Patients Act of 2023; Drug pricing; Inflation Reduction Act (P.L. 117-169), issues relating to drug pricing provisions	$2,930,000
		TOTAL:	**$9,980,000**

- **S. 150, "Affordable Prescriptions For Patients Act Of 2023" Is A Piece Of Bipartisan Legislation Which, If Passed, Would Authorize The Federal Trade Commission To "Impos[e] Limits On Patent Litigation Involving Biological Products" And Would Crack Down On "Product-Hopping."** "This bill prohibits product hopping by drug manufacturers, authorizes the Federal Trade Commission to enforce this prohibition, and imposes limits on patent litigation involving biological products. Generally, product-hopping describes a situation where, when the patents on a reference drug (or biological product) expire, the manufacturer switches to a follow-on product that is covered by a later-expiring patent." [Congress.gov, accessed 01/29/24]

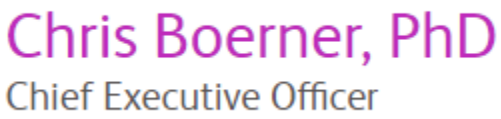
- **Product-Hopping Is "When A Brand-Name Pharmaceutical Company Switches From One Version Of A Drug To Another" And Leads To Lower Consumer Welfare And Decreases Competition In The Marketplace.** "One of the most misunderstood and anticompetitive business behaviors in today's economy is 'product hopping,' which occurs when a brand-name pharmaceutical company switches from one version of a drug to another. These switches, benign in appearance but not necessarily in effect, can significantly decrease consumer welfare, impairing competition from generic drugs to an extent that greatly exceeds any gains from the 'improved' branded product." [Notre Dame Law Review, November 2016]

Bristol Myers Squibb

Bristol Myers Squibb Announced In April 2023 That Chief Commercialization Officer Christopher Boerner Would Succeed Outgoing CEO Giovanni Caforio, Who Earned Over $20 Million In Total Compensation In 2022, A CEO To Worker Pay Ratio Of 134 To 1.

In April 2023, Bristol Myers Squibb Announced Its CEO Of Eight Years, Giovanni Caforio, Would Retire From The CEO Position Effective November 1, 2023, With Then-Executive Vice President And Chief Commercialization Officer Christopher Boerner Set To Succeed Him As CEO.

According To Its Website, Chris Boerner Is The CEO Of Bristol Myers Squibb:



[Bristol Myers Squibb, accessed 01/29/24]

April 2023: Bristol Myers Announced Its CEO Giovanni Caforio Would Retire From The CEO Position Effective November 1, 2023, And That The Company Was Promoting Christopher Boerner To Serve As CEO. "Bristol Myers Squibb (NYSE: BMY) today announced that Giovanni Caforio, MD, Chairman of the Board and Chief Executive Officer, has decided to retire as Chief Executive Officer, effective November 1, 2023. Christopher Boerner, PhD, EVP, Chief Commercialization Officer, has been named EVP, Chief Operating Officer, effective immediately, and will succeed Caforio as CEO on November 1, 2023. The Board also intends to appoint Boerner as a member of the Board after the Annual Meeting of Shareholders." [Bristol Myers Squibb, 04/26/23]

- **Caforio Served As Bristol Myers CEO For Eight Years Before Stepping Down.** [Fierce BioTech, 04/28/23]

- **"After November 1, 2023, Caforio Will Continue To Serve As Executive Chairman For A Transition Period To Be Determined By The Board."** [Bristol Myers Squibb, 04/26/23]

In 2022, Former Bristol Myers CEO Caforio Earned Over $20 Million In Total Compensation—Equivalent To A CEO Worker Pay Ratio Of 134 To 1—With Then-Chief Commercialization Officer Boerner Earning Over $6.8 Million In Compensation.

In 2022, Caforio Earned Over $20 Million In Total Compensation, Including $14.2 Million In Stock Awards:

Name and Principal Position	Year	Salary[1]	Bonus[2]	Stock Awards[3]	Non-Equity Incentive Plan Compensation[4]	Deferred Compensation Earnings[5]	All Other Compensation[6]	Total
Giovanni Caforio, M.D. Board Chair and Chief Executive Officer	2022	$1,700,000	$0	$14,289,505	$3,450,252	$0	$613,275	$20,053,032
	2021	$1,700,000	$0	$13,965,989	$3,410,625	$0	$708,192	$19,784,806
	2020	$1,687,115	$0	$13,457,248	$4,201,602	$0	$804,937	$20,150,902

[Bristol Myers Squibb 2022 Proxy Statement, 03/23/23]

In 2022, Bristol Myers Squibb's CEO To Worker Pay Ratio Was 134 To 1. "We calculated that the median employee's 2022 total compensation, as determined in the same manner as 'Total Compensation' in the 2022 Summary Compensation Table, was $149,162. Dr. Caforio's 2022 total compensation was $20,053,032. Based on this information, for 2022, the ratio of the annual total compensation of the CEO to the median of the annual total compensation of all other employees of the Company was 134 to 1." [Bristol Myers Squibb 2022 Proxy Statement, 03/23/23]

Meanwhile, Boerner Earned $6.8 Million In Total Compensation In 2022, Including $4.2 Million In Stock Awards:

Christopher Boerner, Ph.D. EVP and Chief Commercialization Officer	2022	$1,064,049	$0	$4,256,197	$1,274,626	$0	$285,348	$6,880,220
	2021	$1,020,118	$0	$4,095,864	$1,313,855	$0	$273,192	$6,703,029
	2020	$952,603	$0	$3,210,894	$1,581,713	$0	$247,023	$5,992,233

[Bristol Myers Squibb 2022 Proxy Statement, 03/23/23]

In February 2024, Bristol Myers Reported Better Than Expected Sales, With Sales Of New Drugs, Such As Reblozyl And Opdualag, Increasing 66% Year-Over-Year And The Company Admitting To "Tak[ing] A Strategic Approach" To "Returning Capital To Shareholders," Increasing Its Share Buyback Program By $3 Billion.

In February 2024, Bristol Myers Reported Better Than Expected Sales, With Sales Of New Drugs, Such As Reblozyl And Opdualag, Increasing 66% Year-Over-Year, Leading The Company To Say It Was "Tak[ing] A Strategic Approach" To "Returning Capital To Shareholders," Including A $3 Billion Increase To Its Stock Buyback Program.

February 2024: Bristol Myers Q4 2023 Earnings Topped Investor Expectations, While "Its Portfolio Of New Drugs Posted Strong Sales Growth." "Bristol Myers Squibb reported quarterly earnings and revenue that topped expectations on Friday as its portfolio of new drugs posted strong sales growth. [CNBC, 02/02/24]

Bristol Myers Said Its Revenue Growth Was "In Large Part Due To Higher Sales" Of New Drugs Such As Reblozyl And Opdualag, Which Raked In Over $1 Billion In Sales, Up 66% From Q4 2022. "The company said it eked out revenue growth in large part due to higher sales of a group of new drugs, including anemia drug Reblozyl and advanced melanoma treatment Opdualag. That group raked in $1.07 billion in sales for the quarter, up 66% from the $645 million for the year-earlier period." [CNBC, 02/02/24]

Despite Seeing A Slight Decrease In Yearly Profit, The Company Issued A Forecast For 2024 That Was Expected To Be "Higher-Than-Expected" From Analysts. "While Bristol Myers beat earnings expectations,

its profit shrank from the prior year. The company reported net income of $1.76 billion, or 87 cents per share. That compares with a net income of $2.02 billion, or 95 cents per share, for the year-ago period. Excluding certain items, adjusted earnings per share were $1.70 for the period. Bristol Myers also issued its full-year 2024 forecast. While its revenue outlook was in line with Wall Street estimates, it anticipates higher-than-expected earnings for the year." [CNBC, 02/02/24]

In Its Q4 2023 Earnings Release, Bristol Myers Said It "Takes A Strategic Approach To Capital Allocation Focuse[d] On Prioritizing Investment For Growth" Adding It Was "Returning Capital To Shareholders Through Dividends And Share Repurchase[s]." "The company takes a strategic approach to capital allocation focused on prioritizing investment for growth through business development, maintaining a strong investment grade credit rating, and returning capital to shareholders through dividends and share repurchase. Dividend decisions are subject to approval by the Board of Directors." [Bristol Myers Squibb, 02/02/24]

Bristol Myers Said Its Board Approved An Additional $3 Billion Stock Buyback Program In December 2023, Increasing Its Share Repurchase Authorization To $5 Billion. "Also in December, the company announced that the Board authorized the repurchase of an additional $3 billion of the company's common stock under an existing multi-year share repurchase program. With this increase, the company's total outstanding share repurchase authorization is approximately $5 billion." [Bristol Myers Squibb, 02/02/24]

Since October 2023, Bristol Myers Squibb Has Spent $23.9 Billion On Acquiring Three Companies, In Moves CEO Chris Boerner Said Would "Enhance" The Company's Portfolios And Lead To "Growth Through The Late 2020s And Into The Next Decade."

In December 2023, Bristol Myers Acquired Radiopharmaceutical Therapeutics Company RayzeBio For $4.1 Billion In A Move That Diversified Its Oncology Portfolio.

December 2023: Bristol Myers Acquired RayzeBio For $4.1 Billion. "Bristol Myers Squibb (NYSE: BMY) and RayzeBio, Inc. (NASDAQ: RYZB) today announced a definitive merger agreement under which Bristol Myers Squibb will acquire RayzeBio for $62.50 per share in cash, for a total equity value of approximately $4.1 billion, or $3.6 billion net of estimated cash acquired. The transaction was unanimously approved by both the Bristol Myers Squibb and RayzeBio Boards of Directors." [Bristol Myers Squibb, 12/26/23]

CEO Boerner Said The Acquisition Of RayzeBio, "A Clinical-Stage Radiopharmaceutical Therapeutics" Company, "Enhances" Bristol Myers' "Increasingly Diversified Oncology Portfolio" And Would Lead To Growth In The "Back Half Of The Decade And Beyond." "RayzeBio is a clinical-stage radiopharmaceutical therapeutics ('RPT') company with an innovation-leading position in actinium-based RPTs and a pipeline of potentially first-in-class and best-in-class drug development programs. [...] 'This transaction enhances our increasingly diversified oncology portfolio by bringing a differentiated platform and pipeline, and further strengthens our growth opportunities in the back half of the decade and beyond,' said Christopher Boerner, Ph.D., Chief Executive Officer of Bristol Myers Squibb." [Bristol Myers Squibb, 12/26/23]

In December 2023, Bristol Myers Acquires Karuna Therapeutics For $14 Billion, Which Is Expected To Enhance Its Neurological And Psychiatric Portfolio, Acquiring The Rights To Psychiatric Drug KarXT, A Drug That Will "Enhance" Myers' "Growth Through The Late 2020s And Into The Next Decade."

December 2023: Bristol Myers Acquired Karuna Therapeutics For $14 Billion To "Help Expand [Its] Drug Pipeline After Competition From A Generic Offering" To Its Blood Cancer Drug Revlimid. "Bristol Myers Squibb on Friday announced it agreed to buy biopharmaceutical company Karuna Therapeutics for $14 billion in cash, or $330 per share. [...] The deal will help expand Bristol Myers' drug pipeline after competition from a generic offering caused demand for the company's blood cancer drug Revlimid to tumble in its third quarter." [CNBC, 12/22/23]

"Karuna Develops Medications For Patients Living With Neurological And Psychiatric Conditions" With KarXT Serving As Its Lead Asset Which Will "Serve As A Treatment For Adults With Schizophrenia Beginning In Late 2024." "Karuna develops medications for patients living with neurological and psychiatric conditions. The company's lead asset is an antipsychotic called KarXT, which is expected to serve as a treatment for adults with schizophrenia beginning in late 2024, the release said." [CNBC, 12/22/23]

Bristol Myers CEO Chris Boerner Said "Karuna Strengthens Our Position And Accelerates The Expansion And Diversification Of Our Portfolio," Adding Bristol Myers "Expect[s] KarXT To Enhance [Its] Growth Through The Late 2020s And Into The Next Decade." "'There are tremendous opportunities in neuroscience, and Karuna strengthens our position and accelerates the expansion and diversification of our portfolio in the space. We expect KarXT to enhance our growth through the late 2020s and into the next decade,' Bristol Myers Squibb CEO Christopher Boerner said in a statement." [CNBC, 12/22/23]

In November 2023, Bristol Myers Acquired Orum Therapeutics' Blood Cancer Drug, Which Was Approved By The FDA For Early-Stage Study.

November 2023: Bristol Myers Acquired Orum Therapeutics' Blood Cancer Drug ORM-6151 In A Deal Worth As Much As $180 Million—The Drug Had Been Approved By The FDA For An "Early Stage Study." "Bristol Myers Squibb (BMY.N), opens new tab has acquired Orum Therapeutics' experimental therapy to treat a type of blood cancer for a total value of up to $180 million, the privately held company said on Monday. The therapy, ORM-6151, which helps degrade a specific protein hard to treat previously, has received the U.S. Food and Drug Administration's (FDA) clearance for an early stage study." [Reuters, 11/06/23]

"The Deal Includes An Upfront Payment Of $100 Million And Milestone Payments." "The deal includes an upfront payment of $100 million and milestone payments, Orum said, without disclosing further details." [Reuters, 11/06/23]

In October 2023, Bristol Myers Acquired Mirati Therapeutics For Up To $5.8 Billion, In A Deal That Will Reward Mirati Shareholders With $1 Billion If The FDA Approves An Application For Its Cancer Drug MRTX1719, A Move Boerner Said Would "Strengthen" Bristol Myers "For The Latter Half Of The Decade And Beyond."

October 2023: Bristol Myers Acquired Mirati Therapeutics For Up To $5.8 Billion After Mirati Was "Rumored" To Be A Target Of "Big Pharma" For Years. "After years serving as a rumored target of Big Pharma M&A, Mirati Therapeutics has finally made its sale a reality. The buyer, Bristol Myers Squibb, will pay up to $5.8 billion for the California-based cancer drug developer, the two companies said Sunday. The price marks a 52% premium to a 30-day average of Mirati's stock before a Bloomberg report of a potential takeover boosted the company's market performance." [Fierce Pharma, 10/09/23]

As Part Of The Deal, Bristol Myers Said It Would Pay Mirati Shareholders $1 Billion If The Food And Drug Administration "Accepts An Application For The Company's Pipeline Drug MRTX1719" Used To Treat Non-Small Cell Lung Cancer. "Through the acquisition, BMS will gain FDA-approved non-small cell lung cancer (NSCLC) drug Krazati, which the companies billed as the best-in-class KRAS G12C inhibitor. [...]

On top of the current equity value of $4.8 billion, the deal also includes a non-tradeable contingent value right term. It promises to pay Mirati shareholders $1 billion if the FDA accepts an application for the company's pipeline drug MRTX1719 for NSCLC in patients who've received no more than two prior lines of therapy within seven years of deal closure." [Fierce Pharma, 10/09/23]

Boerner Said "Mirati Is Another Step Forward In Our Efforts To Grow Our Diversified Oncology Portfolio" And Will "Strengthen Bristol Myer Squibb's Pipeline For The Latter Half Of The Decade And Beyond." "'With multiple targeted oncology assets including Krazati, Mirati is another important step forward in our efforts to grow our diversified oncology portfolio and further strengthen Bristol Myers Squibb's pipeline for the latter half of the decade and beyond,' BMS' CEO-elect, Chris Boerner, Ph.D., said in a statement Sunday." [Fierce Pharma, 10/09/23]

Bristol Myers Squibb—Represented On PhRMA's Board Of Directors—Filed Its Own Lawsuit In Court Challenging The IRA's Medicare Drug Price Negotiation Provision Claiming It Violated The First And Fifth Amendments, With Its Former CEO Writing An August 2023 Opinion Piece Claiming It Would Lead To The Development Of Fewer Drugs.

In June 2023, The Pharmaceutical Research And Manufacturers Of America (PhRMA)—Big Pharma's Largest Trade Group And Lobbying Arm With Merck Represented On Its Board—Sued The Biden Administration Over Its Medicare Drug Price Negotiation Provision.

June 2023: The Pharmaceutical Research And Manufacturers Of America (PhRMA)—Big Pharma's Largest Trade Group And Lobbying Arm—Sued The Biden Administration Over The Inflation Reduction Act's Medicare Price Negotiation Provision. "The pharmaceutical industry's largest lobbying group and two other organizations sued the Biden administration over Medicare's new powers to slash drug prices for seniors under the Inflation Reduction Act. Pharmaceutical Research and Manufacturers of America, the National Infusion Center Association and the Global Colon Cancer Association argue that the Medicare negotiations violate the U.S. Constitution, in a complaint filed in federal district court in Texas." [CNBC, 06/21/23]

Bristol Myers CEO Chris Boerner Is On The Pharmaceutical Research And Manufacturers Of America Board Of Directors:

Chris Boerner, PhD

Chief Executive Officer

BMS

[Pharmaceutical Research And Manufacturers of America, accessed 01/29/24]

Bristol Myers Squibb Also Filed Its Own Lawsuit In June 2023 Alleging The IRA's Drug Price Negotiation Provisions Violated The First And Fifth Amendments.

June 2023: Bristol Myers Squibb Followed Merck And Filed Its Own Lawsuit Challenging The Inflation Reduction Act Claiming It Violated The Constitution, Alleging The IRA Violated The First And Fifth

Amendments. "After Merck filed a bombshell lawsuit challenging some measures in the Inflation Reduction Act (IRA), Bristol Myers Squibb has followed on with a case of its own. The New York-based pharma giant took the same approach as Merck, questioning the constitutionality of some aspects of the law. Specifically, BMS alleges that the IRA's price-setting facets, which allow Medicare to negotiate and set prices for certain drugs, violate the First and the Fifth Amendments of the U.S. Constitution." [Fierce Pharma, 06/20/23]

In August 2023, Former Bristol Myers CEO Caforio Claimed The Inflation Reduction Act Medicare Negotiation Provision Did Not "Involve Any Negotiation In Any Ordinary Sense Of The Word," Claiming It Would Lead To The Development Of Fewer Drugs And "Signal That Industry Should Walk Away From Medicines For The Elderly."

August 2023: Prior To Stepping Down As CEO, Caforio Wrote An Op-Ed In Which He Claimed The Inflation Reduction's Act Medicare Price Negotiation Provision Did Not "Involve Negotiation In Any Ordinary Sense Of The Word" And Claimed It Would Cause Pharmaceutical Companies To "Withdraw" Medicines Under Medicare And Medicaid. "Eliquis is now in the news again. It is among the first 10 medicines subject to 'negotiations' under the Inflation Reduction Act to determine what Medicare will pay for it. Contrary to how it has been framed, the Inflation Reduction Act's drug-pricing program doesn't involve negotiation in any ordinary sense of the word. If drug developers disagree with the dictated price, our only options are to pay impossibly high penalties or withdraw our medicines from Medicare and Medicaid." [The Wall Street Journal, 08/29/23]

Caforio Further Claimed It Would "Discourag[e] The Development Of Oral Drugs" And Would "Sen[d] A Signal That Industry Should Walk Away From Medicines For The Elderly." "The law will end up discouraging the development of oral drugs that help millions of elderly patients in the U.S. That's because the Inflation Reduction Act arbitrarily offers less protection to 'small molecule' medicines, including those taken in a pill or capsule, than to 'large molecule' injected or infused medicines, thus penalizing the development of treatments that are more convenient for patients. It also targets treatments that help many older Americans, sending a signal that industry should walk away from medicines for the elderly." [The Wall Street Journal, 08/29/23]

Bristol Myers Squibb, And Its Subsidiary Celgene, Have Faced Numerous Lawsuits Alleging The Companies Overcharged Insurance And Healthcare Providers By Falsifying Rebate Amounts, Sought Fraudulent Patents And Even Coerced Competitors To Delay The Production Of A Generic Version Of Its Drug Revlimid.

In August 2021, Bristol Myers Reached A $75 Million Settlement With The California State Attorney General After It Allegedly Overcharged For Its Pharmaceuticals And Lowered Rebate Amounts "Using Falsification And Deception."

August 2021: Bristol Myers Reached A $75 Million Settlement With The State Of California And Other State Medicaid Programs After The Company Overcharged States For Its Pharmaceuticals After It Decreased Rebate Amounts The Company Had To Pay. "California Attorney General Rob Bonta today announced a $75 million nationwide settlement with global pharmaceutical company Bristol Myers Squibb (BMS), resolving allegations that BMS underpaid the drug rebates owed to Medi-Cal and other state Medicaid programs. According to a complaint filed by a whistleblower, BMS overcharged the states for its

pharmaceuticals by decreasing the rebate amount the company, like other drug manufacturers, must periodically pay to ensure that states pay competitive prices for pharmaceuticals. Of the $75 million BMS will pay to resolve the allegations against the company, $41,360,522.93 will go to the federal government and $33.639,477.07 to the states involved. California's share of the settlement is $2,356,842.71." [California Office of the Attorney General, 08/17/21]

Attorney General Rob Bonta Said, "Using Falsification And Deception To Underpay Drug Rebate Programs" Undermines Efforts "To Look After The Millions Of Californians Who Rely On The [State Medicaid] Program For Their Essential, Life-Saving Medications." '"Using falsification and deception to underpay drug rebate payments to Medi-Cal undermines Medi-Cal's ability to look after the millions of Californians who rely on the program for their essential, even life-saving medications,' said Attorney General Bonta. 'We will continue to step in when corporations make decisions that compromise the interests, health, and wellbeing of our state's residents.'" [California Office of the Attorney General, 08/17/21]

In September 2023, Blue Cross And Blue Shield Of Louisiana Filed A Lawsuit Against Celgene, A Subsidiary Of Bristol Myers, Alleging The Company Engaged In An "Illegal Scheme" To Charge Insurance Companies '"Hundreds Of Millions"' Of Dollars More After It "Sought Fraudulent Patents" And "Abused The Federal Judiciary System" For Its Myeloma Drug Pomalyst.

September 2023: Bristol Myers Faced A Lawsuit Filed By Blue Cross And Blue Shield Of Louisiana Alleging Celgene—The Maker Of The Myeloma Drug Pomalyst—"Used An Illegal Scheme To Protect The Drug's Monopoly, Causing Purchasers To Overpay By 'Hundreds Of Millions, If Not Billions' Of Dollars Over The Years." "After 10 years on the market, the Bristol Myers Squibb and Celgene blockbuster multiple myeloma treatment Pomalyst has landed in some legal hot water. In a new lawsuit (PDF), Blue Cross and Blue Shield of Louisiana claims Celgene used an illegal scheme to protect the drug's monopoly, causing purchasers to overpay by "hundreds of millions, if not billions" of dollars over the years." [Fierce Pharma, 09/07/23]

- **Celgene Is A Subsidiary Of Bristol Myers.** [Celgene, accessed 01/30/24]

The Suit Alleged "Celgene Sought Fraudulent Patents, Abused The Federal Judiciary System, And Shared Some Of Its 'Illicitly Acquired' Profits With Generic Drug Makers To Keep Competition At Bay." "In the suit, Blue Cross and Blue Shield of Louisiana says Celgene sought fraudulent patents, abused the federal judicial system and shared some of its 'illicitly acquired' profits with generic drug makers to keep competition at bay." [Fierce Pharma, 09/07/23]

Celgene And Bristol Myers Also Faced An October 2023 Lawsuit Brought By The Mayo Clinic And LifePoint Health After The Companies Allegedly Conspired With Other Drug Companies To Delay The Production Of A Generic Version Of Its Drug, Revlimid.

October 2023: The Mayo Clinic And LifePoint Health Filed A Lawsuit Against Celgene, Its Parent Company Bristol Myers For Conspiring With Other Drug Companies To Delay The Production Of A Generic Version Of Its Drug Revlimid In What It Described As A "Pay For Delay" Scheme. "The Mayo Clinic and LifePoint Health believe that collusion within the pharmaceutical industry forced their organizations to overpay for the multiple myeloma drug Revlimid and are petitioning the court to recover the funds. Earlier this month, the health systems filed a 146-page lawsuit in the U.S. District Court for the Northern District of California against Revlimid manufacturer Celgene and its parent company Bristol-Myers Squibb (BMS), as well as drugmakers Natco Pharma, Teva Pharmaceuticals and Dr. Reddy's Laboratories. The complaint alleges that

Revlimid's rights holders conspired with the latter group of drugmakers to limit and delay their production of a generic version of Revlimid—what the systems described as 'pay for delay' settlement agreements." [Fierce Healthcare, 10/19/23]

Celgene And BMS Allegedly Were Able To Coerce Competitors Into Not Launching Generics In Certain Dosage Strengths And Even Delaying Supplying The Market With Generic Alternatives Until 2026. "In exchange for dropping its patent lawsuits against the other drug makers and ceding a portion of the market for the treatment, Celgene and BMS allegedly secured arrangements in which the other defendants chose not to launch their generics in certain dosage strengths. Some of these alleged agreements keep the other defendants from fully supplying the market with a generic until 2026, according to the lawsuit." [Fierce Healthcare, 10/19/23]

During 2023, Bristol Myers Squibb Spent $8.8 Million While Lobbying Against The Inflation Reduction Act And The Implementation Of Its Medicare Prescription Drug Price Negotiation Provision.

During 2023, Bristol Myers Squibb Spent $8.8 Million While Lobbying Against The Inflation Reduction Act And The Implementation Of Its Medicare Drug Price Negotiation Provision.

Registrant	Filing Period	Related Lobbying Issues	Total Amount Spent
Bristol Myers Squibb	Q4 2023	Inflation Reduction Act implementation	$2,060,000
Bristol Myers Squibb	Q3 2023	Inflation Reduction Act implementation	$2,180,000
Bristol Myers Squibb	Q2 2023	Issues related to the Inflation Reduction Act of 2022	$2,230,000
Bristol Myers Squibb	Q1 2023	Issues related to the Inflation Reduction Act of 2022; IRA implementation	$2,410,000
		TOTAL:	**$8,880,000**