



DRUG MONEY

Price Increases & Big Pharma Profits



October 10, 2016

Executive Summary

Eight major No on 61 donors have increased their gross profits by \$37 billion since 2007. The profits have increased by 20%, from \$177 billion in 2007 to \$214 billion in 2015.

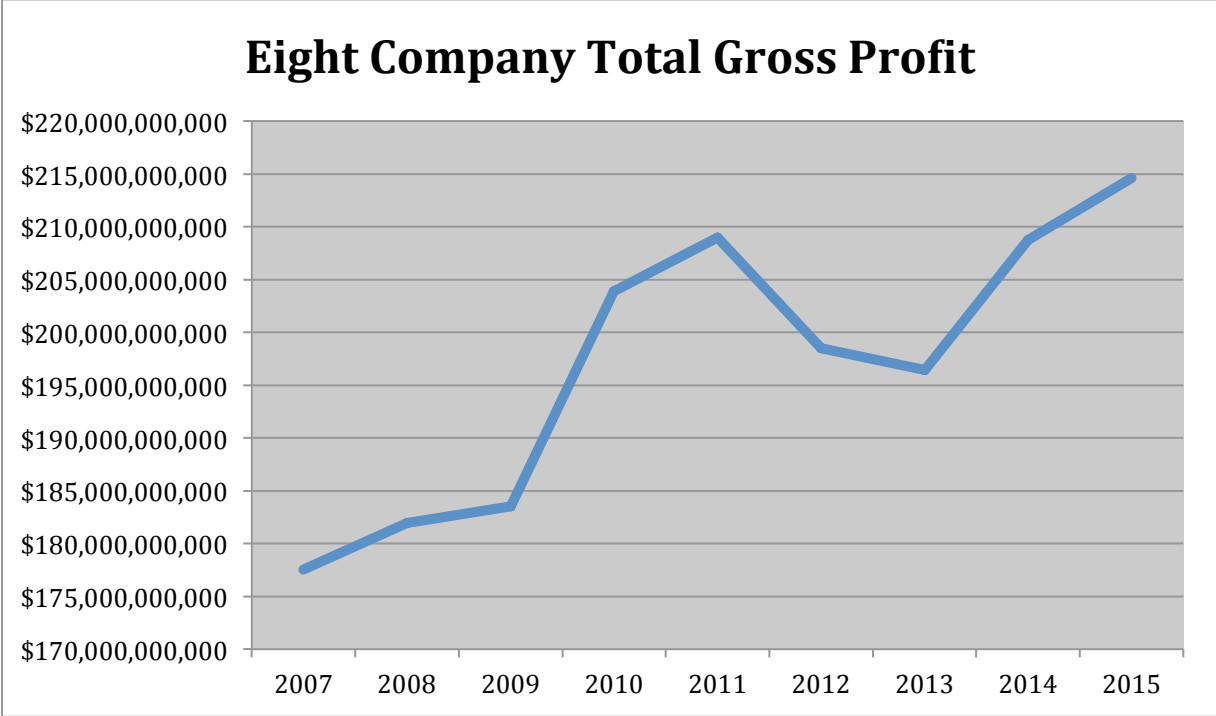
Of the eight companies who have provided major funding to defeat Proposition 61, five of them have increased their profitability since 2007, while three have decreased their gross profits.

This report analyzes eight of the major donors to the No on 61 campaign, and their profits since 2007 – these are the only eight that provided data going back to 2007.

The eight companies have donated over \$43 Million to the No on Prop 61 campaign, .02% of the companies' annual 2015 gross profits.

The companies analyzed in this report are Merck, Allergan, Johnson & Johnson, Gilead, Amgen, Astrazeneca, GlaxoSmithKline, and Pfizer. 'Gross profit' refers to revenue minus costs. All profit data is from Bloomberg Intelligence, which compiles the information from filings with the Securities & Exchange Commission.

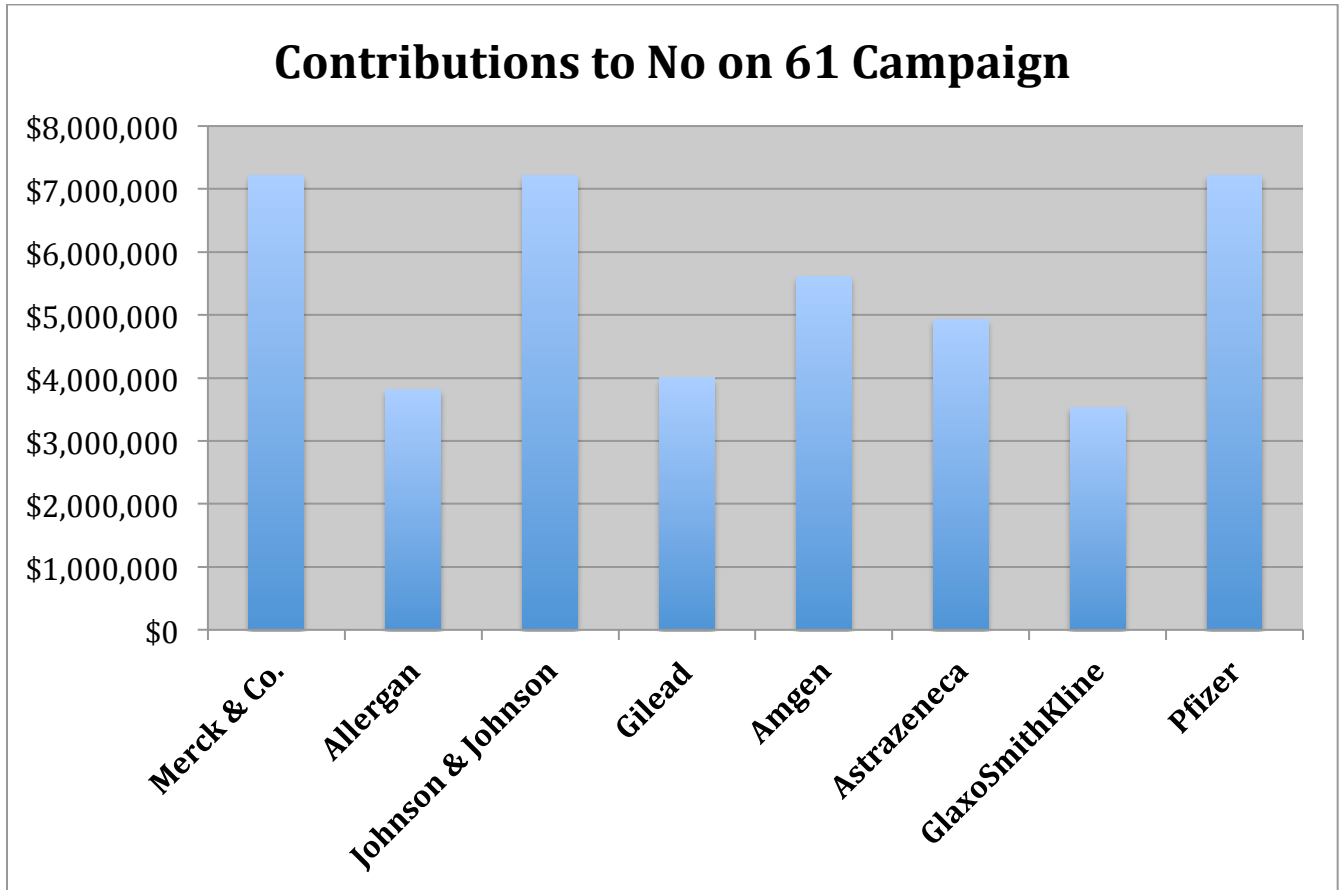
Total Profits



The companies analyzed in this report raised their gross profits from \$177 billion in 2007, to \$214 billion in 2015 – a 20% increase.

Companies: Merck, Allergan, Johnson & Johnson, Gilead, Amgen, Astrazeneca, GlaxoSmithKline, and Pfzier.

No on 61 Contributions

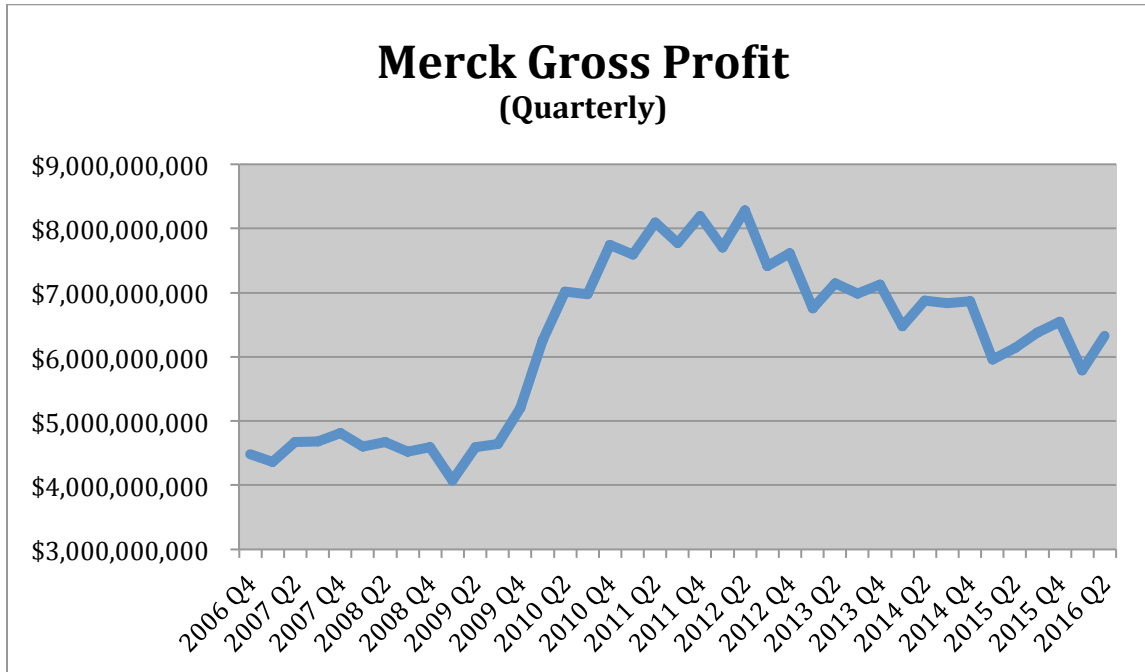


TOTAL Contributed: \$43 million

The eight companies analyzed in this report contributed \$43 million to the No on 61 campaign, making up half of the \$86 million that has been raised to defeat the pro-consumer proposition.

Merck & Co.

No on 61 contributions: \$7,212,000



In 2007, Merck made \$18 billion in gross profit. In 2015, the company made \$25 billion – a 38% profit increase (\$7 billion).

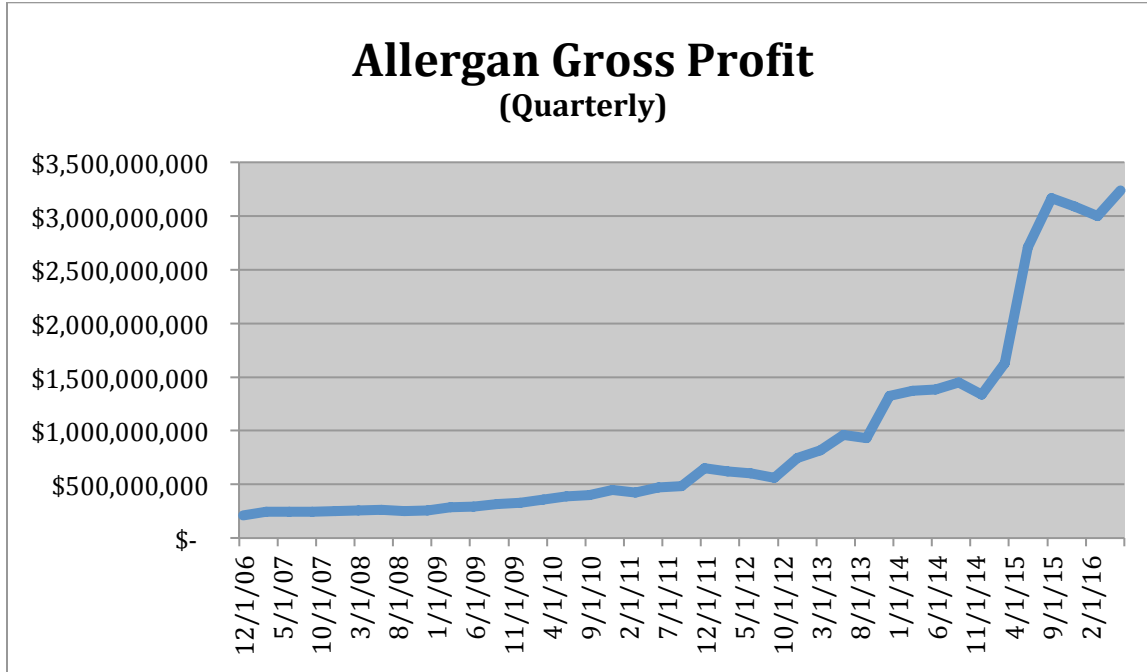
Merck Drug Price increases

- Merck raised the price of 38 drugs in 2015, a quarter of which were increased by 10 percent or more.¹
- In 2015, Merck raised the price of allergy drug Clarinex by 8.9%
- In 2015, Merck raised the price of diabetes drug Januvia by 20.8%

¹ <http://www.bloomberg.com/news/articles/2015-10-02/pfizer-raised-prices-on-133-drugs-this-year-and-it-s-not-alone>

Allergan

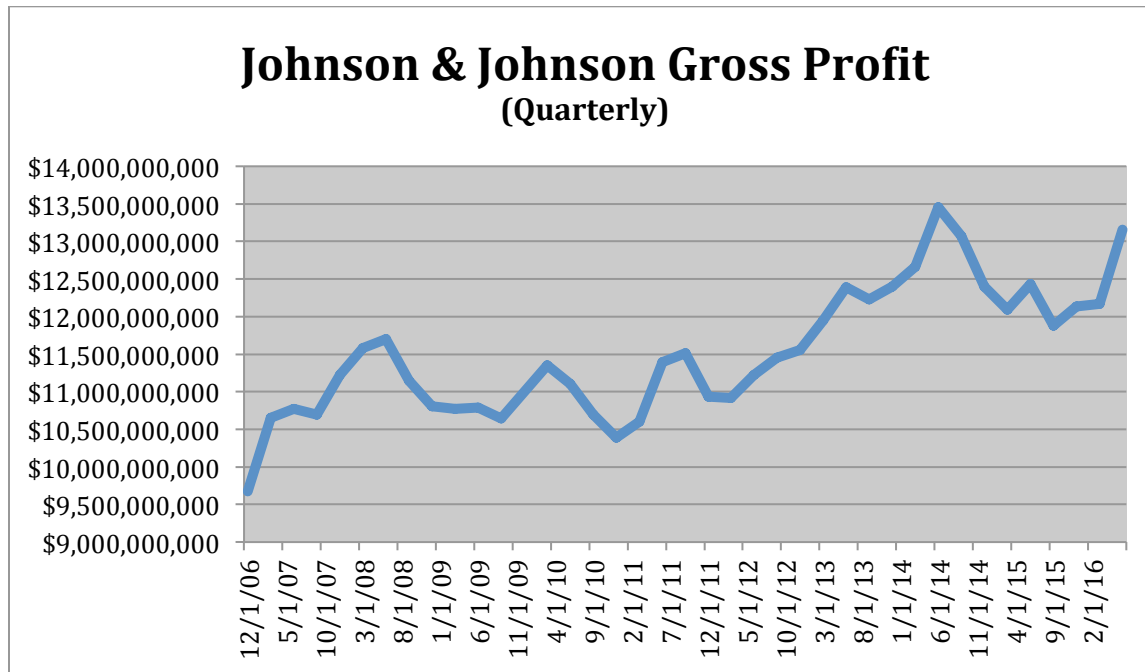
No on 61 contributions: \$3,818,000



Allergan has increased their gross profits by \$9 billion dollars between 2007 and 2015 – an increase of 950% from \$990 million to \$10.5 billion.

Johnson & Johnson

No on 61 contributions: \$7,212,000



The company increased their profits by \$5 billion between 2007 & 2015. The amount is an 11% increase from \$43 billion per year to \$48 billion.

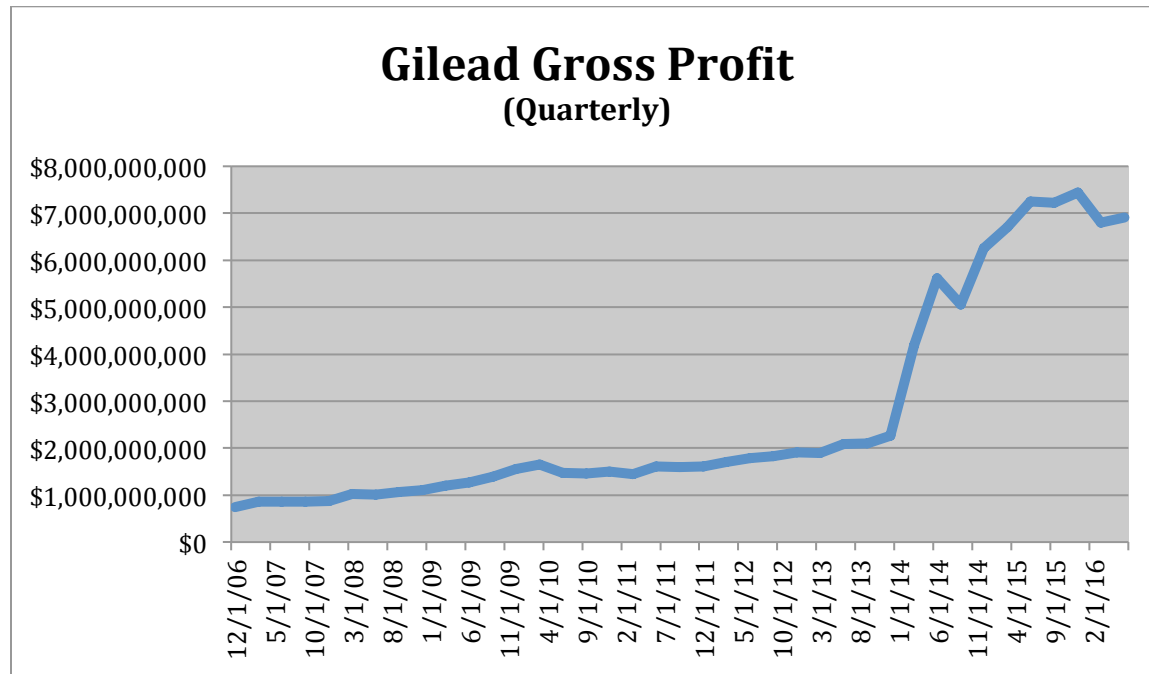
Johnson & Johnson Drug Price Increases

- Johnson & Johnson's Invega Schizophrenia drug price has increased 124% between 2010 & 2015.
- Johnson & Johnson raised the price of Remicade (immunosuppressant – arthritis, etc.) by 62.9% between 2011 & 2016.²
- HIV drug Prezista costs \$1,000 for a 2-month supply. It has increased in price by 27% between 2010 and 2014.
- Johnson & Johnson's Stelara drug for arthritis increased in price by 64% between 2010 and 2014.

² <http://www.fool.com/investing/2016/08/13/prices-for-these-4-top-selling-prescription-drugs.aspx>

Gilead

No on 61 contributions: \$4,000,000



Gilead's profits have increased from just \$3 billion in 2007 to \$28 billion in 2015 – an 800% profit increase.

Gilead Drug Price Increases

- Gilead priced Sovaldi, a Hep C drug at \$1,000 per pill.
 - The price increase led to Medicaid, Medicare and the VA rationing the drug.³
- The amount for a 12-week treatment using Sovaldi is \$84,000.⁴
- On July 1, 2016, Gilead increased list prices for six drugs.⁵
 - Blood cancer drug Zydelig: 10%
 - Chest pain drug Ranexa: 10%
 - Hypertension drug Letairis: 7%
 - HIV regimen Complera: 7%
 - HIV regimen Stribild: 7%
 - Six months prior, Gilead increased Complera prices 7% and Stribild prices 5%⁶

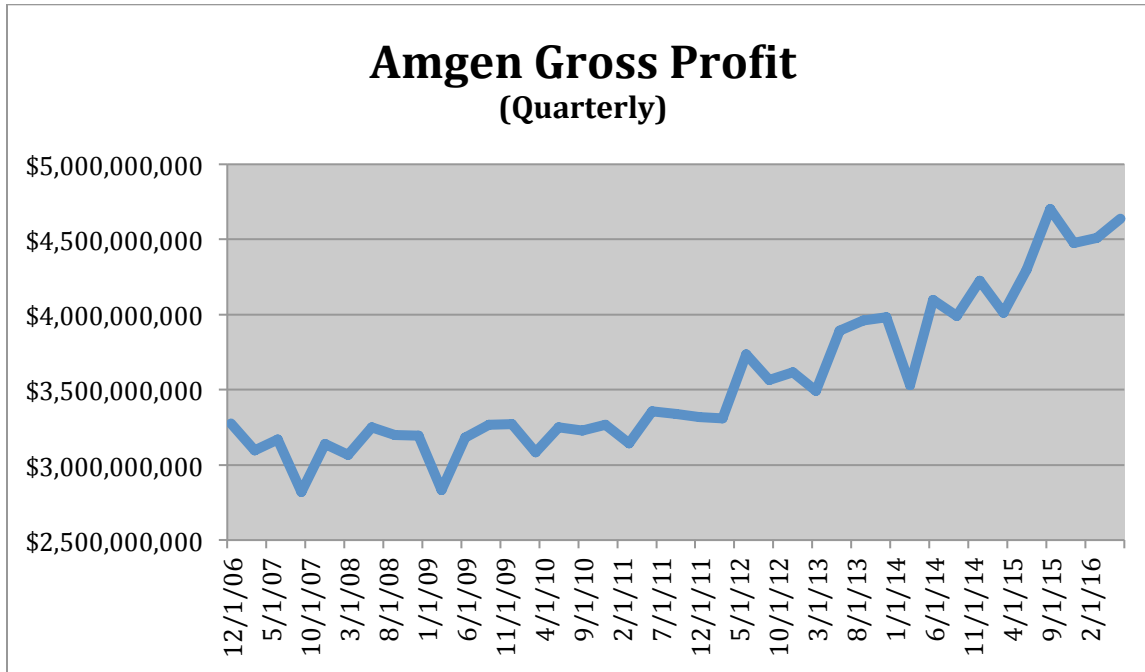
³ <http://www.biospace.com/News/pfizer-merck-co-valeant-all-increase-prices-of/393714>

⁴ <https://www.washingtonpost.com/news/wonk/wp/2015/12/01/how-an-84000-drug-got-its-price-lets-hold-our-position-whatever-the-headlines/>

⁵ <https://www.statnews.com/pharmalot/2016/07/01/gilead-hikes-prices-six-drugs-7-10-percent/>

Amgen

No on 61 contributions: \$5,617,000



Amgen profits increased by \$5 billion between 2007 and 2015, from \$12 billion to \$17 billion, an increase of 41%.

Amgen Drug Price Increases

- Amgen raised the price of arthritis drug Enbrel by 118% in five years starting in 2011.⁷
- Amgen raised the price of Neulasta, a bone marrow stimulant, by 55.3% in the last five years (January 2011 – Aug. 2016)⁸

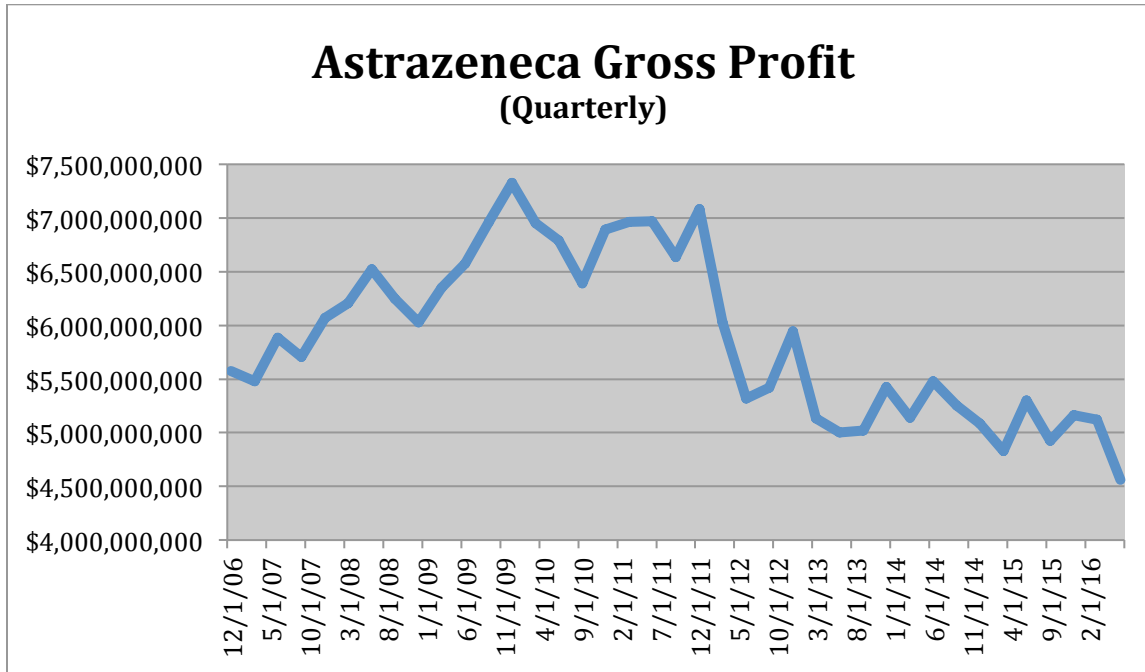
⁶ <https://www.statnews.com/pharmalot/2016/07/01/gilead-hikes-prices-six-drugs-7-10-percent/>

⁷ <http://www.reuters.com/article/us-usa-healthcare-drugpricing-idUSKCN0X10TH>

⁸ <http://www.fool.com/investing/2016/08/13/prices-for-these-4-top-selling-prescription-drugs.aspx>

Astrazeneca

No on 61 contributions: \$4,923,000



Astrazeneca’s gross profit peaked in 2009, before falling to \$20 billion in 2007. Its gross profit has fallen from \$23 billion in 2007 to \$20 billion in 2015.

Astrazeneca Drug Price Increases

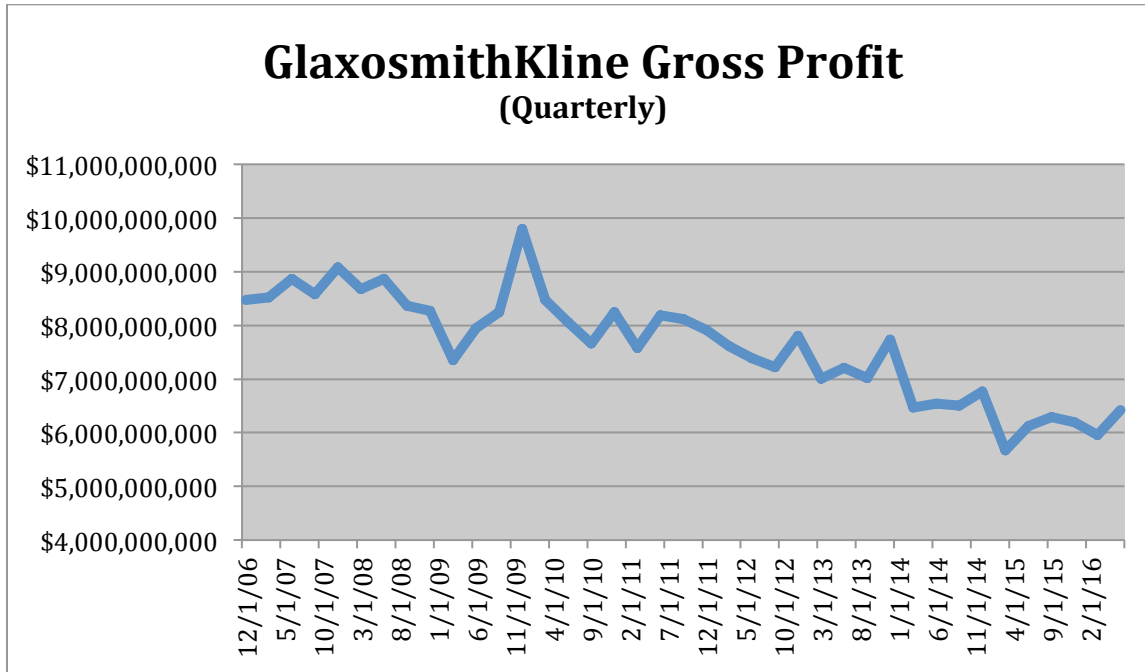
- Astrazeneca raised the price of acid reflux drug Nexium by 50% in five years starting in 2011.⁹
- Astrazeneca raised the price of cholesterol drug Crestor by 112.9% in five years (January 2011 – Aug. 2016)¹⁰

⁹ <http://www.reuters.com/article/us-usa-healthcare-drugpricing-idUSKCN0X10TH>

¹⁰ <http://www.fool.com/investing/2016/08/13/prices-for-these-4-top-selling-prescription-drugs.aspx>

GlaxoSmithKline

No on 61 contributions: \$3,538,000



Gross profits for the company have dropped from \$35 billion to \$24 billion from 2007 to 2015.

GlaxoSmithKline Drug Price Increases

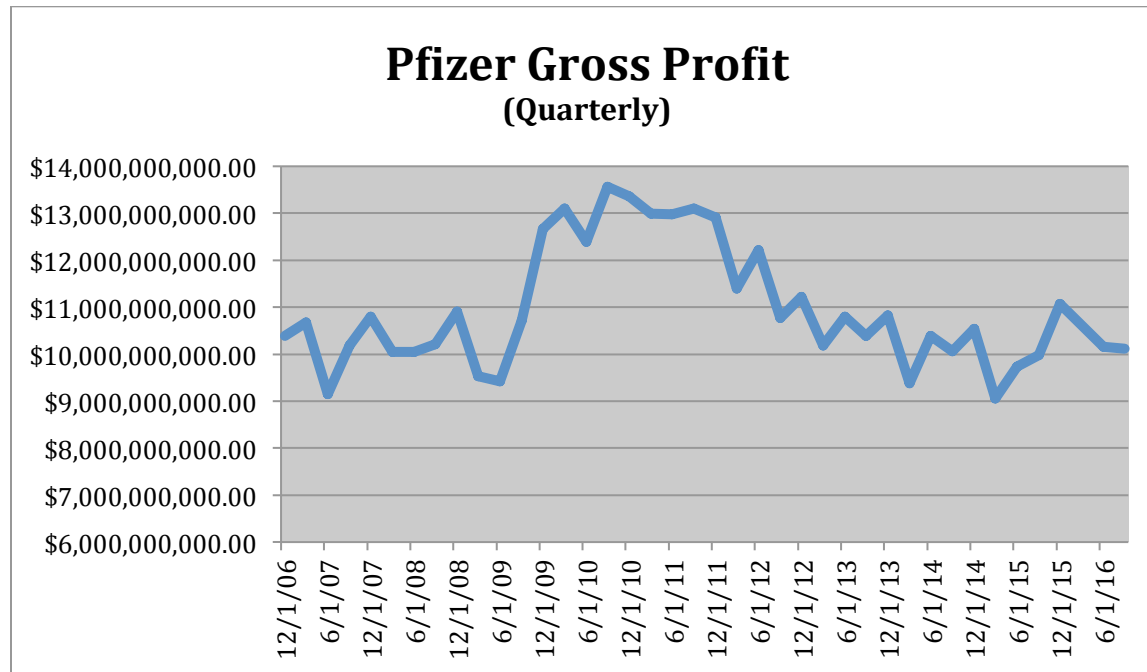
- In 2014, GlaxoSmithKline increased the price of Lovaza by 25.1%. The drug is used to treat high triglycerides.
- GlaxoSmithKline's Epilepsy drug Lamictal increased 24.2% **in the same period**.¹¹
- Raised the price of Advair 67.4% between Jan. 2011 & Aug. 2016 (5 years)¹²

¹¹ <http://www.bloomberg.com/news/articles/2015-05-06/diabetes-drugs-compete-with-prices-that-rise-in-lockstep#media-2>

¹² <http://www.fool.com/investing/2016/08/13/prices-for-these-4-top-selling-prescription-drugs.aspx>

Pfizer

No on 61 contributions: \$7,212,000



Pfizer's gross profits have remained relatively the same – the company made \$40.8 billion in 2007, and made \$39.8 billion in 2015.

Pfizer Drug Price Increases

- Pfizer raised prices on 133 of its brand-named products in the US in 2015, according to research conducted by UBS. 100 of those were hikes of 10 percent or more. The increases affected more than 22% of the company's drugs.
- The price of Lyrica increased 9.4% in 2015.
- Morgan Stanley analysts stated "Pfizer's net prices grew 11 percent a year on average from 2012 to 2014."¹³
- Pfizer has increased their Viagra prices 21.9% in 2014.
- Pfizer increased its Celebrex (arthritis drug) 22.5% in 2014.
- Pfizer increased its Premarin Vaginal Cream (Menopausal symptoms) by 218% in 5 years (ending in Q1 2015).¹⁴

¹³ <http://www.bloomberg.com/news/articles/2015-10-02/pfizer-raised-prices-on-133-drugs-this-year-and-it-s-not-alone>

¹⁴ <http://www.bloomberg.com/news/articles/2015-05-06/diabetes-drugs-compete-with-prices-that-rise-in-lockstep#media-2>