

Transcripts of National Center for Public Policy Research Questions to Pfizer and Johnson & Johnson at April 22, 2010 Stockholder Meetings

Transcript #1: National Center's Justin Danhof questions Pfizer CEO Jeff Kindler:

DANHOF: My name's Justin Danhof and I represent the National Center for Public Policy Research. We're a free-market think tank and a Pfizer shareholder. I'm happy to be here with you this morning. A few quick questions. First one is, [regarding] the New York Times article that says that PhRMA has dedicated 150 million dollars to an advertising campaign to support President Obama's health care overhaul, do you know the final amount that was spent and how much of it was Pfizer money?

KINDLER: Well, the premise of that comment isn't exactly accurate. PhRMA, the trade association, had, has, for many years, actually, pre-dating the most recent, legislative battle over healthcare reform, engaged in communications, both paid and unpaid, which means, both advertising as well as grassroots communications, deploying employees, and - and the rest, on behalf of principles that PhRMA and its member companies believe in with regard to health care reform. Those are in now way coordinated with anybody else, they represent our views as an - as an industry on what we believe is, is right. And we have been consistent on those principles from beginning to end. and if you actually look at those communications, and, again, some of them take the form of advertising, some of them don't, um, some of them, actually, are not consistent, and have not been consistent, with the positions that were taken in some cases by the government. For, just to give you one example, in the House bill which passed on Health care reform, we ran ads opposing it. We were running ads advocating greater intellectual property protection for biologics, even though the President actually took a different position; we were running ads supporting, Medicare Part, Part B, as a, an important benefit for seniors, contrary to the position of, of some of the people in the administration. So, we consistently advocated for views that we believed in. Now, it is true, that we believed that health care reform, properly done, was something that we believed should've happened and there were many points along the way where we did advocate that an appropriate form of health care reform was something that should happen, but we were always consistent with our principles regarding what that should look like -- we opposed the public option, we opposed price controls in our, our industry, and we were very consistent with our principles along the way, and I would say that, by and large, again, back to my earlier comments, it's not perfect, but, by and large, the bill that emerged was reasonably consistent with the

principles we advocated. Um, and, in terms of the- the exact numbers, I don't - I don't have those available to me, but, but I can tell you that, in general, PhRMA, as a trade association, and Pfizer, as a company, um, advocates, both on a paid and unpaid basis, for the principles we believe in and we think are in the best interest of our shareholders. Do you have another question?

DANHOF: Could you give me a very quick moment?

KINDLER: Sure.

DANHOF: Just briefly, then. I understand that Pfizer and you supported the health care overhaul. However, the vast majority of the American public doesn't, so I was wondering, you know Rasmussen report after Rasmussen report shows anywhere from 53 - 60% opposed, so I was wondering if there was a cost-benefit analysis of the reputational risk to the company done. And, then, I'm sure you've read some of Kim Strassel's stuff in the Wall Street Journal, talking about the political backlash that may come with Republican staffers on the Hill saying now that, when the tides turn, Pfizer won't have a seat at the table anymore. So, was there a reputational risk and a political risk, cost-benefit analysis done in the decision to support the President's health care overhaul?

KINDLER: I did - I did see that article. I - I - I-, look -- the nature of being engaged in the political process is inherently one where you will get criticized and, frankly, from both sides, and we were criticized from both sides, that's the nature of it. I do, personally, believe that in our business and in our industry we have to be engaged in that process. Our business, by its nature, is - is, very heavily impacted by what's done in Washington and state capitals, and international capitals around the world; they have an enormous impact on our business and our company and I - I just don't believe that we can, either, stand aside and let that happen to us, nor do I believe that it's appropriate to be, umm, to take a position that is opposed to everything that goes on. You have to be engaged and you have to try to be constructive and sometimes that means that you will in an intensely partisan environment, such as we're in today, that will necessarily create some adversaries. I will tell you that we worked very hard. I - I mentioned in response to Mrs. Davis that our PAC is, is [unintelligible] quite balanced. We worked very hard with both sides of the aisle. I've spent a lot of time with members of Congress on both sides of the aisle. Uh, we're going forward very constructively. I - I believe that it is and was in Pfizer's best interest to engage in this process constructively and now, we move on to address other issues. And you know, time will tell, history will be the ultimate judge of all this, but I think that, as I indicated in response to the earlier question, when you consider some of what might've happened, given where this all started from, I - I think on balance Pfizer shareholders

are better off where we are today than where we might've been. [But] that's - that's my point of view.

Transcript #2: National Center's Dr. Tom Borelli Questions Johnson & Johnson CEO William C. Weldon:

EMCEE: We have Dr. Tom Borelli from the National Center of Public Health [sic] Policy Research. He would like to discuss the Johnson & Johnson role on the Obama policy.

BORELLI: Good morning, Mr. Chairman; shareholders. As introduced, my name is Tom Borelli with the National Center for Public Policy Research, and part of our role is, we hold CEOs accountable not only for their financial risk and exposure but also as public policy. As we all know, ObamaCare passed last year, despite the overwhelming number of Americans that were opposed to it, and I add, multi-million dollars in cuts in Medicare payments for the elderly, as part of the plan. My specific question is, what role did Johnson & Johnson play in passing this legislation, how much did J&J contribute to the \$150 million ad campaign that the pharmaceutical industry broadcasted nationwide in conjunction with union labor activists and, finally, what do you perceive to be the reputational damage to your company for being a big backer of a policy of which a vast number of American people are opposed to, including the millions of Tea Party patriots who are trying to stop ObamaCare. We're trying to hold you accountable. Before we do, we would like to know some specifics with respect to how much money you contributed so we can hold you accountable. Thank you, sir.

WELDON: Thank you for your comments. Um, the first thing is, we - we are - we are part of an organization called PhRMA in Washington, and it was PhRMA that was running campaigns. We pay our dues to PhRMA and we contribute, as do all pharmaceutical companies do. As far as supporting the programs of - of the - of, uh, Obamacare, as - as you referred to it, we feel and we've had a program for years, which has said our, basically, our promise for healthcare, where we support coverage for people and we think people should have access to affordable health care. We feel that is very important. We also feel that there are things like comparative effectiveness that are very important. There are many things that need to be utilized appropriately that would be included within this bill that would allow people to have access to - to have health care. So - so, there are parts we support and there are parts that would not be supported. But we feel that there are things that we think would be very good for the people of America that are in ObamaCare, and then, there are other things that have to be addressed. As far as how much money we supported, somebody could get that to you, but it's basically through our contributions through, uh, our

involvement in PhRMA and the dues that we pay to PhRMA.

BORELLI: There might have been extra dues to PhRMA. If you could just address the --

WELDON: Yes, there -- yes, there were; I don't want to deny that.

BORELLI: Oh, ok.

WELDON: There were extra dues that was an assessment of all companies, but it would've be - would've been exactly what, um, would have been assessed to companies. So, we would've put in what exactly our assessment would've been.

BORELLI: And the reputational damage for supporting [unintelligible] Obamacare?

WELDON: Um, I- I don't think that there's any reputational damage. I think that there is support uni- for people to have accessible, affordable health care.

BORELLI: Everybody - everybody wants health care; that's not the point.

WELDON: No, no, I- excuse me, you asked for my comments. I agree -- everybody wants health care; everybody wants people to be taken care of; we want accessible, affordable health care. There are things in the bill we would not support. There are things that are very important. We would like to see people treated appropriately and taken care of, and we think that is very important. Now, this will be continued to be discussed and worked through, and there will be changes as this bill goes- moves on.

BORELLI: [unintelligible] it may well be unconstitutional, because there are twenty states trying to stop it.

WELDON: Ok, tha- that will be determined. I appreciate your comments.

BORELLI: Thank you.

WELDON: Thank you very much.

Transcript #2: National Center's Deneen Borelli Questions Johnson & Johnson CEO William C. Weldon:

BORELLI: Good afternoon, Mr. Weldon. Deneen Borelli from Project 21

and, also, a concerned shareholder. Johnson & Johnson is a part of a lobbying group, USCAP who is lobbying for climate change legislation and there is research that determines that this legislation would result in higher energy costs, job losses and a slower economy. So, you have a room full of wonderful senior citizens here who are most likely on fixed income; consumers will most likely not be able to afford your premium products. I would like to know if there has been any cost-benefit analysis done for the reason to be in this coalition.

WELDON: Yeah, yes, thank you for your - your comment. I'll make two comments to that. One is, as a health care company, we really do believe that the health of people is tied directly to the environment, and we want to make sure that we have a good, safe environment on a go-forward basis. As far as a comparator on pricing, and specifically to J&J, we have been investing in climate control and - and in our environment for some time now, and we've been investing in solar panels and other ways to look at clean and better utilization of, of energy to cut back on emissions over time. We've found that the returns have been, interim returns have been about 19%. So we think that returns of investment in these alternative sources have been very beneficial to our shareholders and to Johnson & Johnson.

Note: The transcript has been cleaned up to remove extraneous words. For audio recordings of the exchanges visit the SunnyDayAmerica YouTube channel.