
Off the Charts:

*Pay, Profits and
Spending
by Drug Companies*

A REPORT BY
Families USA

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**Off the Charts: Pay, Profits and Spending
by Drug Companies**

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INTRODUCTION

The pharmaceutical industry appears to have one common refrain each and every time it is criticized about fast-rising drug prices. The industry argues that high and escalating drug prices are needed to undertake research and development (R&D) on new drug therapies—and that any action taken to moderate drug prices would inevitably lead to significant reductions in R&D. This, for example, has been the industry's response each time Families USA catalogued the annual increases in drug prices for the top-50 drugs prescribed for seniors.¹ In effect, the industry would have the public believe that future R&D would be stymied if drug prices were moderated.

Based on their own numbers, the industry's repeated refrain about R&D is extraordinarily misleading. As this report demonstrates, the major pharmaceutical companies spend considerably more on marketing, advertising, and administration than they spend on R&D. Most pharmaceutical companies make considerably more in net income than they spend on R&D. Indeed, the pharmaceutical industry continues to be the most profitable U.S. industry, with profit margins in 2000 nearly four times the average of Fortune 500 companies.² Additionally, and perhaps least well known, the drug companies are big spenders when it comes to compensating their top executives.

In an effort to understand the extent of compensation paid to top pharmaceutical company executives, Families USA examined the annual reports submitted by U.S. pharmaceutical companies to the Securities and Exchange Commission (SEC).³ These reports also allow for a comparison between R&D spending compared to net profits as well as spending on advertising, marketing, and administration.

Since Families USA periodically reports about price changes for the 50 drugs most frequently prescribed for seniors, we examined the SEC filings for the fiscal year 2000 of the nine U.S. pharmaceutical companies that market, or are the parent corporations of the companies that market, these 50 drugs. Those companies (in order of revenue size) are: 1) Merck and Co., Inc.; 2) Pfizer Inc.; 3) Bristol-Myers Squibb Company; 4) Pharmacia Corporation; 5) Abbott Laboratories; 6) American Home Products Corporation; 7) Eli Lilly and Co.; 8) Schering-Plough Corporation; and 9) Allergan Inc. Mylan Laboratories, a much smaller company, could not be examined since it had not filed its annual proxy statement with the SEC at the time this publication went to press.

With respect to corporate executives' compensation, the 2000 information submitted to the SEC pertains to the chief executive officer (CEO), regardless of compensation, and the four most highly compensated executive officers.⁴ In some instances, especially when there has been turnover among such executives, the SEC filings include data about more than five top officials.⁵ The information provided through these filings includes two categories of executive remuneration: 1) total annual compensation exclusive of unexercised stock options; and 2) the value of pending, unexercised stock options. Those two types of remuneration entail the following:

- **Total annual compensation exclusive of unexercised stock options in the year 2000:** This category of remuneration includes executives' salaries, bonuses, other compensation (including retirement plans, automobile and travel allowances, relocation expenses, and value of life insurance), restricted stock awards, long-term incentive payouts (LTIP), and exercised stock options.
- **The value of unexercised stock options:** This second category involves stock options awarded in 2000 or earlier that have not yet been exercised. The value of these stock options is self-reported by each company based on one of two SEC-approved methodologies. As described more fully in the methodology section, the value reported by companies is designed to indicate the potential value of stock options awarded in 2000 and the current market value of the unexercised options awarded in previous years.

KEY FINDINGS

Spending on Marketing, Advertising, and Administration Versus R&D

- All of the nine U.S. pharmaceutical companies that market the top-selling 50 drugs for seniors spent more money on marketing, advertising, and administration than they did on R&D. (See Table 1.)
- Eight of those companies—Merck, Pfizer, Bristol-Myers Squibb, Pharmacia, Abbott Laboratories, American Home Products, Schering-Plough, and Allergan—spent more than twice as much on marketing, advertising, and administration as they did on R&D.
- The remaining company, Eli Lilly, spent more than one and one-half times as much on marketing, advertising, and administration as it did on R&D.

Table 1

2000 Financials for U.S. Corporations Marketing Top 50 Drugs for Seniors

Company	Revenue (Net Sales in millions of dollars)	Percent of Revenue Allocated to:		
		Marketing/ Advertising/ Administration	R & D	Profit (Net Income)
Merck and Co., Inc	\$40,363	15%	6%	17%
Pfizer Inc.	29,574	39%	15%	13%
Bristol-Myers Squibb Company	18,216	30%	11%	26%
Pharmacia Corporation	18,144	37%	15%	4%
Abbott Laboratories	13,746	21%	10%	20%
American Home Products Corporation	13,263	38%	13%	-18%
Eli Lilly and Co.	10,862	30%	19%	28%
Schering-Plough Corporation	9,815	36%	14%	25%
Allergan, Inc.	1,563	42%	13%	14%

Net Profits Versus Expenditures on R&D

- Six of the nine U.S. pharmaceutical companies that market the top-selling 50 drugs for seniors made more money in net profits than they spent on R&D. (See Table 1.)
- Of those six companies, Merck, Bristol-Myers Squibb, and Abbott Laboratories received two or more times as much in profit as they spent on R&D.
- Among the remaining three companies, Pfizer received almost as much in net profit as it spent on R&D; American Home Products experienced a net loss in 2000; and Pharmacia received, by far, the lowest net profit rate among the U.S. companies marketing the top-selling 50 drugs for seniors.

Annual Compensation *Exclusive of Unexercised Stock Options* for the Highest-Paid Executive in Each of the Nine Pharmaceutical Companies

- For the highest-paid executive in each of the nine pharmaceutical companies, the average and median compensation—exclusive of unexercised stock options—was almost \$19 million in 2000. (See Table 2.)

Table 2

Highest Compensation Package, *Exclusive of Unexercised Stock Options*, by Company

Company	Executive	Total Compensation
Abbott Laboratories	Robert L. Parkinson, Jr. Retired President and COO	\$ 6,484,284
Allergan, Inc.	Lester Kaplan, Corporate VP and Pres. R&D	\$ 13,271,881
American Home Products Corporation	John R. Stafford, Chairman and CEO	\$ 27,008,927
Bristol-Myers Squibb Company	M.F. Mee, Executive VP& CFO	\$ 6,924,102
Eli Lilly and Co.	Sidney Taurel, Chairman, President and CEO	\$ 18,788,703
Merck and Co., Inc.	Edward M. Scolnick, Executive VP	\$ 26,454,600
Pfizer Inc.	William C. Steere, Jr., Chairman	\$ 40,191,845
Pharmacia Corporation	Phillip Needleman, Senior Exec. V.P.	\$ 9,305,888
Schering-Plough Corporation	Richard Jay Kogan, Chairman and CEO	\$ 21,444,020

- Among the nine pharmaceutical companies, the highest-paid executive in 2000 was William C. Steere, Jr., Chairman of Pfizer. His compensation-*exclusive of unexercised stock options* was \$40,191,845.
- The total amount of compensation *exclusive of unexercised stock options* received by the highest-paid executives in each of the nine pharmaceutical companies was \$169.9 million.

Value of Unexercised Stock Options for the Executive in Each of the Nine Pharmaceutical Companies With the Largest Value of Unexercised Stock Options

- The executive with the largest unexercised stock options in each of the nine companies had stock options worth, on average, \$99 million in the year 2000. The median value of unexercised stock options exceeded \$73 million. Taken together, these nine executives held unexercised stock options valued at over \$890 million. (See Table 3.)

Table 3

Largest Value of Unexercised Stock Options, by Company

Company	Executive	Total Value
Abbott Laboratories	Miles D. White, Chairman, CEO, Director	\$ 22,156,426
Allergan, Inc.	David E.I. Pyott, President and CEO	\$ 50,801,953
American Home Products Corporation	John R. Stafford, Chairman and CEO	\$ 81,847,569
Bristol-Myers Squibb Company	C.A. Heimbald, Jr., Chairman and CEO	\$ 227,869,513
Eli Lilly and Co.	Sidney Taurel, Chairman, President and CEO	\$ 73,252,288
Merck and Co., Inc.	Raymond V. Gilmartin, Chairman, Pres., and CEO	\$ 181,252,976
Pfizer Inc.	William C. Steere, Jr. Chairman	\$ 130,944,439
Pharmacia Corporation	Fred Hassan, President and CEO	\$ 70,983,888
Schering-Plough Corporation	Raul Cesan, President and COO	\$ 51,329,146

- The pharmaceutical executive with the greatest value of unexercised stock options in 2000 was C.A. Heimbald, Jr., Chairman and CEO of Bristol-Myers Squibb. He held unexercised stock options valued at \$227.9 million.

- The pharmaceutical executives with the second- and third-largest value of unexercised stock options in 2000 were Raymond V. Gilmartin, Chairman and CEO of Merck; and William C. Steere, Jr., Chairman of Pfizer. They held \$181.3 million and \$130.9 million, respectively.

The 25 Highest-Paid Executives in 2000 *Exclusive of Unexercised Stock Options* for the Pharmaceutical Companies Marketing the Top 50 Drugs to Seniors

- The 25 highest-paid executives for the pharmaceutical companies that market the top-50 drugs to seniors received a total of \$331.6 million in compensation *exclusive of unexercised stock options* during 2000. That compensation ranged from \$40.2 million to \$5.9 million. (See Table 4.)
- The average compensation *exclusive of unexercised stock options* for these 25 highest-paid executives was \$13.3 million in 2000, and the median compensation was \$9.3 million.

The 25 Executives From the Pharmaceutical Companies Marketing the Top 50 Drugs to Seniors With the Largest Value of Unexercised Stock Options in 2000

- Among pharmaceutical companies marketing the top 50 drugs to seniors, the 25 executives with the largest value of unexercised stock options held a combined total of almost \$1.6 billion in 2000. The amount so held by these executives ranged from \$227.9 million to \$22.5 million. (See Table 5.)
- The average amount held in unexercised stock options by these 25 executives was \$62.9 million in 2000, and the median was \$46.0 million.

DRUG COMPANY PAY AND PROFITS

Table 4

The 25 Highest Paid Executives' 2000 Annual Compensation *Exclusive Of Unexercised Stock Options*

Executive Name	Title	Company	Annual Compensation
1. William C. Steere, Jr.	Chairman	Pfizer Inc.	\$40,191,845
2. John R. Stafford	Chairman and CEO	American Home Products Corporation	\$27,008,927
3. Edward M. Scolnick	Executive VP	Merck and Co., Inc.	\$26,454,600
4. Richard Jay Kogan	Chairman and CEO	Schering-Plough Corporation	\$21,444,020
5. David W. Anstice	President, the Americas	Merck and Co., Inc.	\$19,600,975
6. Sidney Taurel	Chairman, President and CEO	Eli Lilly & Co.	\$18,788,703
7. Per G.H. Lofberg	President and CEO, Merck Capital Ventures	Merck and Co., Inc.	\$16,803,667
8. John F. Niblack	Vice Chairman	Pfizer Inc.	\$16,485,391
9. Henry A. McKinnell	CEO and President	Pfizer Inc.	\$16,099,281
10. Lester Kaplan	Corporate VP and President, R&D.	Allergan, Inc.	\$13,271,881
11. Hugh A. D'Andrade	Vice Chairman and CAO	Schering-Plough Corporation	\$12,017,010
12. Jack L. Wyszomierski	Executive VP and CFO	Schering-Plough Corporation	\$ 9,404,658
13. Phillip Needleman	Senior Executive VP	Pharmacia Corporation	\$ 9,305,888
14. Robert Essner	President/COO	American Home Products Corporation	\$ 8,699,448
15. F. Michael Ball	Corporate VP and President, North America	Allergan, Inc.	\$ 8,056,722
16. David I.E. Pyott	President and CEO	Allergan, Inc.	\$ 7,887,235
17. Joseph C. Connors	Executive VP and General Counsel	Schering-Plough Corporation	\$ 7,458,565
18. Karen L. Katen	Senior VP	Pfizer Inc.	\$ 7,302,823
19. Goran A. Ando	Executive Vice President	Pharmacia Corporation	\$ 6,940,818
20. M.F. Mee	Executive Vice President and CFO	Bristol-Myers Squibb Company	\$ 6,924,102
21. P.R. Dolan	President and CEO-Designate	Bristol-Myers Squibb Company	\$ 6,745,143
22. Robert L. Parkinson, Jr.	Retired President and COO	Abbott Laboratories	\$ 6,484,284
23. Louis L. Hoynes, Jr.	Executive VP	American Home Products Corporation	\$ 6,232,758
24. David L. Shedlarz	Executive VP and CFO	Pfizer Inc.	\$ 6,085,923
25. Robert I. Levy	Senior VP	American Home Products Corporation	\$ 5,917,225

OFF THE CHARTS

Table 5

The 25 Executives with the Largest Value of Unexercised Stock Options in 2000

Executive Name	Title	Company	Value of Stocks
1. C.A. Heimbald, Jr	Chairman and CEO	Bristol-Myers Squibb Company	\$ 227,869,513
2. Raymond V. Gilmartin	Chairman, Pres., and CEO	Merck and Co., Inc	\$ 181,252,976
3. William C. Steere, Jr.	Chairman	Pfizer Inc.	\$ 130,944,439
4. K.E. Weg	Vice Chairman	Bristol-Myers Squibb Company	\$ 84,282,547
5. John R. Stafford	Chairman and CEO	American Home Products Corporation	\$ 81,847,569
6. Sidney Taurel	Chairman, President, CEO	Eli Lilly & Co.	\$ 73,252,288
7. Fred Hassan	President and CEO	Pharmacia Corporation	\$ 70,983,888
8. Henry A. McKinnell	CEO and President	Pfizer Inc.	\$ 66,092,237
9. Per G.H. Lofberg	President and CEO, Merck Capital Ventures	Merck and Co., Inc.	\$ 64,602,595
10. Judy C. Lewent	Executive VP and CFO	Merck and Co., Inc.	\$ 63,068,963
11. Raul Cesan	President and COO	Schering-Plough Corporation	\$ 51,329,146
12. David E.I. Pyott	President and CEO	Allergan, Inc.	\$ 50,801,953
13. David W. Anstice	President, the Americas	Merck and Co., Inc.	\$ 46,045,038
14. Edward M. Scolnick	Executive VP	Merck and Co., Inc.	\$ 43,281,332
15. Per Wold-Olsen	President, Human Health Europe, Middle East, Asia	Merck and Co., Inc.	\$ 42,731,494
16. John F. Niblack	Vice Chairman	Pfizer Inc.	\$ 37,602,903
17. J.L. McGoldrick	Executive Vice President	Bristol-Myers Squibb Company	\$ 35,175,112
18. Phillip Needleman	Senior Executive VP	Pharmacia Corporation	\$ 34,874,315
19. Joseph C. Connors	Executive VP and General Counsel	Schering-Plough Corporation	\$ 34,024,075
20. Pedro P. Granadillo	Senior Vice President	Eli Lilly & Co.	\$ 30,280,305
21. Richard Jay Kogan	Chairman and CEO	Schering-Plough Corporation	\$ 28,818,670
22. Karen L. Katen	Senior VP	Pfizer Inc.	\$ 25,420,613
23. Charles E. Golden	Executive Vice President/CFO	Eli Lilly & Co.	\$ 22,784,496
24. Gerhard N. Mayr	Executive Vice President	Eli Lilly & Co.	\$ 22,501,256
25. Jack L. Wyszomierski	Executive VP and CFO	Schering-Plough Corporation	\$ 22,452,270

Company-by-Company Comparisons of Annual Remuneration for Top Executives in 2000

- The average annual (year 2000) compensation *exclusive of unexercised stock options* reported to the SEC for the highest-paid executives ranged from \$17.2 million (for executives at Pfizer) to \$3.0 million (for executives at Abbott Laboratories). (See Table 6.)

Table 6

Average Compensation for Highest Paid Executives

Company	Average Compensation
Pfizer Inc.	\$ 17,233,053
Merck and Co., Inc.	\$ 12,385,189
Schering-Plough Corporation	\$ 11,243,396
American Home Products Corporation	\$ 9,062,306
Allergan, Inc.	\$ 7,234,980
Pharmacia Corporation	\$ 5,697,393
Eli Lilly and Co.	\$ 5,560,710
Bristol-Myers Squibb Company	\$ 3,880,258
Abbott Laboratories	\$ 2,964,099

- The average value of unexercised stock options in year 2000 for the highest paid executives ranged from \$73.5 million (for executives at Merck) to \$11.2 million (for executives at Abbott Laboratories). (See Table 7.)

Table 7

Average Value of Stock Options for Highest Paid Executives

Company	Value of Stocks
Merck and Co., Inc.	\$ 73,497,066
Bristol-Myers Squibb Company	\$ 65,974,989
Pfizer Inc.	\$ 54,907,204
Eli Lilly and Co.	\$ 33,909,496
Pharmacia Corporation	\$ 32,496,745
Schering-Plough Corporation	\$ 28,344,880
American Home Products Corporation	\$ 22,803,412
Allergan, Inc.	\$ 22,204,796
Abbott Laboratories	\$ 11,192,587

CONCLUSION

The American public is increasingly focusing on fast-rising pharmaceutical prices that are making drugs unaffordable for many millions of Americans, especially seniors. In response, the pharmaceutical industry continues to defend its lavish pricing practices by alleging that those prices are needed to sustain R&D. The industry would have the public believe that moderation of its pricing practices would lead to significant reductions in R&D.

The pharmaceutical industry's response in this regard is extraordinarily misleading. The revenues earmarked for advertising, marketing, and administration, compared to those for R&D, clearly show that R&D is not the greatest expense for pharmaceutical companies. In this context, to suggest that any moderation in drug prices would reduce R&D ignores the fact that future profits of pharmaceutical companies are dependent on the development of new blockbuster drugs. As a result, these companies cannot afford to de-emphasize R&D.

In addition, given the relative size of R&D spending compared to spending on advertising, marketing, and administration, it is absurd to suggest that the only discretionary resources that would be altered due to more moderate pricing practices is R&D. This is also evident since net profits exceed R&D spending. Moreover, the pharmaceutical companies are profligate spenders when it comes to compensating their top executives. Thus, if meaningful steps are taken to ameliorate fast-growing drug prices and costs, it is corporate profits; expenditures on marketing, advertising, and administration; and executive compensation that are more likely to be affected, not R&D spending.

ENDNOTES

¹ Families USA, *Still Rising: Drug Price Increases for Seniors, 1999-2000* (Washington: Families USA, April 2000); Families USA, *Hard to Swallow: Rising Drug Prices for America's Seniors* (Washington: Families USA, November 1999); and Families USA, *Enough to Make You Sick: Prescription Drug Prices for the Elderly* (Washington: Families USA, June 2001).

² "Fortune 500," *Fortune Magazine*, April 2001. See (www.fortune.com).

³ Publicly traded companies are required to submit such data to the SEC on an annual basis; but this is not required of privately held companies, and different reporting requirements apply to foreign companies.

⁴ Amy L Goodman and John F. Olson, *A Practical Guide to SEC Proxy and Compensation Rules* (Aspen Law and Business, Gaithersburg, NY, 2000 Supplement).

⁵ Among the nine pharmaceutical companies examined, four (Pfizer, Eli Lilly, Schering-Plough, and Allergan) provided data to the SEC about five top executives. Five of the companies (Merck, Bristol-Myers Squibb, Pharmacia, Abbott Laboratories, and American Home Products) provided data to the SEC about six top executives. With respect to Pharmacia, we only included information about four of the six executives because the other two executives worked for Monsanto Company, which was purchased by Pharmacia in 2000.

**APPENDIX I:
METHODOLOGY**

METHODOLOGY

For this report, Families USA analyzed compensation for the top executives during the year 2000 at the nine publicly traded U.S. pharmaceutical companies that manufacture the 50 drugs most used by seniors. Several drugs are marketed by subsidiaries of larger parent companies. However, only the parent company files financial data with the Securities and Exchange Commission (SEC). Therefore, the analysis reflects data only for the parent company. The following table lists the applicable subsidiaries and their parent companies.

Subsidiary	Parent Company
Parke-Davis	Pfizer Inc.
Searle	Pharmacia Corporation
TAP Pharmaceuticals	Abbott Laboratories
Warrick	Schering-Plough Corporation
Wyeth-Ayerst	American Home Products

Families USA examined the annual reports submitted by the top U.S. pharmaceutical companies to the SEC. Foreign-owned companies have different reporting requirements and were, therefore, not included in this analysis.

The data used in this study were taken from the Electronic Data Gathering Analysis and Retrieval (EDGAR) Database. EDGAR is available online at the SEC’s website and includes all public companies’ filings to the SEC. These companies are required to submit both annual reports (form 10-K) and yearly proxy statements (form DEF 14-A). The companies’ annual reports provide information on revenue, expenditures, and profits. Proxy statements report the executive compensation—including salaries, bonuses, stock options, and other compensation—of the companies’ chief executive officers (CEOs) and the four most highly compensated executive officers. Families USA downloaded SEC filings for each of the companies’ fiscal year 2000 financials and executive compensation.

How Financial Data Was Computed

- **Total Revenue:** Reported as either “net sales” or “revenues.”
- **Marketing/Advertising/Administration:** Reported as “marketing, selling and administrative,” “marketing and administrative;” “selling, general and administrative;” “selling, informational and administrative expenses.” One company, Bristol-Myers Squibb, reported advertising costs in a separate category, “advertising and product promotion.” In this case, the total marketing, advertising, and administration costs were computed by adding the two reported figures.
- **Research and Development:** Reported as “research and development expenses.”
- **Profit:** Reported as “net income” or “net earnings.”

How Remuneration Was Computed

- **Total Annual Compensation *Exclusive of Unexercised Stock Options:*** This amount was computed for each executive by adding together the following information from the SEC filing:
 - **Salary:** Annual wages paid to the executive for the fiscal year.
 - **Bonus:** Bonuses paid to the executive for the fiscal year.
 - **Other Annual Compensation and All Other Compensation:** Additional compensation given to the executive, which could include the company’s contributions to a savings plan, tax reimbursements, transportation, relocation fees, a signing bonus, life insurance plans, and retirement plans.
 - **Restricted Stock Awards:** The value of shares given to the executive by the company during 2000. These shares are usually subject to restrictions—for example, the executive may not be able to sell them for a specified period of time. The dollar value is as reported in the proxy statements for the fiscal year and is not adjusted to reflect any of the stock restrictions.

- Long-Term Incentive Plan Payouts: Taxable payments in cash or stock to the executive for reaching a specified performance goal over a period longer than a year.
- Value of Shares Acquired on Exercise: The value of stock options the executive exercised during 2000. The company computes this value by multiplying the number of shares acquired by the difference between the market price and the “exercise price.”
- **The Value of Unexercised Stock Options:** This amount was computed by adding together figures from the SEC filings regarding stock option grants awarded to each executive. Stock option grants give these executives the right—but not the obligation—to buy or sell a specific amount of the company’s stock at a specified price (“exercise price”) during some specified time period in the future. The IRS allows companies to deduct the transaction from taxable income.

Stock options are only valuable when the market price of the company’s stock exceeds the exercise price of the option. For example, if an executive is awarded 100 stock options at an exercise price of \$10 a share and the market price is \$30 a share, then the executive could buy 100 shares at \$10 a share, reaping the \$20 difference between the exercise price and the market price for each share—or a total of \$2,000. However, if the market price of the share is less than the exercise price, the stock options have no value. The value of unexercised stock options was computed for each executive by adding together the following:

- Value of Unexercised In-The-Money Options/SARS (Exercisable): Value of the “in-the-money” stock option grants the executive has been awarded in the past that are fully vested and, thus, could be exercised in the year 2000. This value is the difference between the current market price and the exercise price.

- Value of Unexercised In-The-Money Options/SARS (Unexercisable): The value of the “in-the-money” stock option grants that are not yet vested and that the executive can choose to exercise in the future. This value is the difference between the current market price and the exercise price for stock options that have not yet vested. For example, this would include options that an executive has held for two years but whose terms require three years to pass before the options are available.

The SEC permits companies to estimate the potential value of stock options awarded to executives in one of two ways:

- Grant Date Present Value: This value is estimated using the Black-Sholes option pricing model. Used by market professionals to calculate the value of an option, it includes such variables as the stock price, the exercise price, and the expiration date.
- Potential Realizable Value: This value is calculated at hypothetical annual growth rates of 5 percent and 10 percent for the stock price over the term of the option—usually 5 or 10 years. The company reports potential realizable value at both 5 percent and 10 percent in its proxy statements. For the purposes of this study, the more conservative value of 5 percent was reported.

**APPENDIX II:
COMPENSATION AND
FINANCIAL INFORMATION,**

ABBOTT LABORATORIES

2000 Financial Data

Total Revenue	\$	13,745,916,000
Marketing/Advertising/Administration	\$	2,894,178,000
Research and Development	\$	1,351,024,000
Net Profit	\$	2,785,977,000

	Total	Average
Annual Compensation for Top Executives	\$ 17,784,594	\$ 2,964,099
Total Value of Unexercised Stock Options	\$ 67,155,522	\$ 11,192,587

Executive Name and Title	Miles D. White Chairman, CEO, Director	Robert L. Parkinson, Jr. Retired President and COO ¹	Gary P. Coughlan Senior Vice President, Finance & CFO	Richard A. Gonzalez Executive Vice President Medical Products	Joy A. Amundson Senior Vice President Ross Products	William G. Dempsey Senior Vice President Internat'l Operations
Salary	1,390,961	982,769	498,927	469,673	428,927	399,154
Bonus	1,800,000	1,089,000	500,000	517,000	436,000	435,000
Other Annual Compensation	68,881	61,554	424,089	32,351	91,285	37,618
Restricted Stock Awards	0	0	0	767,188	346,875	0
Long-Term Incentive Payouts	nr	nr	nr	nr	nr	nr
All Other Compensation ²	63,946	4,350,961	22,550	22,017	19,830	18,453
Value of Shares Acquired on Exercise	229,558	0	749,861	715,672	182,793	631,701
Total Annual Compensation	3,553,346	6,484,284	2,195,427	2,523,901	1,505,710	1,521,926
Value of Unexercised In-The-Money Options/ SARS (E)	4,377,245	4,176,184	1,836,971	1,292,838	5,017,415	2,468,668
Value of Unexercised In-The-Money Options/ SARS (U)	7,958,991	5,974,528	1,709,143	2,084,551	1,691,515	1,691,515
Grant Date Present Value	0	0	0	0	0	0
Potential Realizable Value at 5% Growth	9,820,190	7,092,359	2,351,431	3,089,814	1,964,038	2,558,126
Value of Stock Options	22,156,426	17,243,071	5,897,545	6,467,203	8,672,968	6,718,309

Abbott Laboratories drugs among top 50 drugs prescribed for seniors:

- Prevacid (gastrointestinal agent)

Notes

¹ Mr. Parkinson retired from Abbott in September 2000.

² Other than the 2000 entry for Mr. Parkinson, these amounts are employer contributions made to the Stock Retirement Plan and made or accrued with respect to the 401(K) Supplemental Plan. The 2000 entry for Mr. Parkinson consists of such contributions, the balance for the value of the company car, and over \$4 million in an agreement that, upon retirement, Mr. Parkinson would not compete with Abbott for two years.

nr = Not reported in the SEC filing

ALLERGAN, INC.

2000 Financial Data

Total Revenue	\$	1,563,000,000
Marketing/Advertising/Administration	\$	650,000,000
Research and Development	\$	196,000,000
Net Profit	\$	215,000,000

	Total	Average
Annual Compensation for Top Executives	\$ 36,174,902	\$ 7,234,980
Total Value of Unexercised Stock Options	\$ 111,023,979	\$22,204,796

Executive Name and Title	David E.I. Pyott President and CEO	Lester J. Kaplan Corporate Vice President President, R&D	F. Michael Ball Corporate Vice President President, North America Region	Francis R. Tunney, Jr. Corporate Vice President Administration and Secretary	Eric K. Brandt Corporate Vice President CFO
Salary	806,923	360,923	334,423	353,531	347,308
Bonus	733,500	235,000	260,300	220,200	225,000
Other Annual Compensation	nr	nr	nr	nr	nr
Restricted Stock Awards	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	nr	nr	nr	nr	nr
All Other Compensation ¹	8,841	8,932	8,679	9,052	8,692
Value of Shares Acquired on Exercise	6,337,971	12,667,026	7,453,320	2,717,522	3,077,759
Total Annual Compensation	7,887,235	13,271,881	8,056,722	3,300,305	3,658,759
Value of Unexercised In-The-Money Options/SARS ((E	15,948,063	11,254,641	10,341,003	3,552,478	1,198,519
Value of Unexercised In-The-Money Options/SARS (U)	27,794,663	8,298,834	7,170,897	6,129,172	5,732,194
Grant Date Present Value	7,059,227	1,636,072	1,636,072	1,636,072	1,636,072
Potential Realizable Value at 5% Growth	0	0	0	0	0
Value of Stock Options	50,801,953	21,189,547	19,147,972	11,317,722	8,566,785

Allergan, Inc. drugs among top 50 drugs prescribed for seniors:

- Alphagan (treatment for glaucoma)

Notes

¹ The total amounts shown consist of Company contributions to the Allergan, Inc. Savings and Investment Plan (SIP) and the Allergan, Inc. Employee Stock Ownership Plan (ESOP), and the cost of term life insurance and term executive post-retirement life insurance premiums.

nr = Not reported in the SEC filing

AMERICAN HOME PRODUCTS CORPORATION

2000 Financial Data

Total Revenue	\$	13,262,754,000
Marketing/Advertising/Administration	\$	5,032,548,000
Research and Development	\$	1,687,889,000
Net Profit	\$	(2,370,687,000)

	Total	Average
Annual Compensation for Top Executives	\$ 54,373,838	\$ 9,062,306
Total Value of Unexercised Stock Options	\$ 136,820,474	\$ 22,803,412

Executive Name and Title	John R. Stafford Chairman and CEO	Robert Essner President/Chief Operating Officer	Louis L. Hoynes, Jr. Executive Vice President	David M. Olivier Senior Vice President	Kenneth J. Martin Senior Vice President and CFO ¹	Robert I. Levy Senior Vice President ²
Salary	1,640,000	814,743	567,898	555,000	452,833	554,166
Bonus	1,968,000	978,000	653,000	500,000	498,000	554,000
Other Annual Compensation	nr	nr	nr	nr	nr	nr
Restricted Stock Awards	nr	nr	nr	nr	nr	nr
Long-Term Incentive Payoffs	0	0	0	0	0	0
All Other Compensation ³	794,164	21,285	91,283	26,998	13,585	41,206
Value of Shares Acquired on Exercise	22,606,763	6,885,420	4,920,577	3,613,128	855,936	4,767,853
Total Annual Compensation	27,008,927	8,699,448	6,232,758	4,695,126	1,820,354	5,917,225
Value of Unexercised In-The-Money Options/SARS (E)	60,566,244	12,753,254	6,473,507	2,691,323	864,816	10,682,162
Value of Unexercised In-The-Money Options/SARS (U)	6,564,525	2,306,352	1,222,725	1,178,908	973,458	0
Grant Date Present Value	14,716,800	4,835,520	2,628,000	2,522,880	2,055,680	3,784,320
Potential Realizable Value at 5% Growth	0	0	0	0	0	0
Value of Stock Options	81,847,569	19,895,126	10,324,232	6,393,111	3,893,954	14,466,482

American Home Products drugs among 50 top drugs prescribed for seniors:

- Premarin (estrogen replacement)

Notes

¹ Mr. Martin became an executive officer of the Corporation in February 2000.

² Dr. Levy passed away in October 2000.

³ Represents contributions made by the Corporation under its Savings Plan and Supplemental Employee Savings Plan.

nr = Not reported in the SEC filing

BRISTOL-MYERS SQUIBB COMPANY

2000 Financial Data

Total Revenue	\$ 18,216,000,000
Marketing/Advertising/Administration	\$ 5,532,000,000
Research and Development	\$ 1,939,000,000
Net Profit	\$ 4,711,000,000

	Total	Average
Annual Compensation for Top Executives	\$ 23,281,546	\$ 3,880,258
Total Value of Unexercised Stock Options	\$ 395,849,933	\$ 65,974,989

Executive Name and Title	C.A. Heimbold, Jr Chairman and CEO	K.E. Weg Vice Chairman ¹	P.R. Dolan President CEO-Designate	M.F. Mee Executive Vice President and CFO	J.L. McGoldrick Executive Vice President General Council Pres, Medical Devices	R.J. Lane President Worldwide Medicines Group
Salary	1,376,983	875,108	736,431	681,958	677,996	631,481
Bonus	1,287,587	529,485	609,948	275,945	288,020	333,870
Other Annual Compensation ²	nr	nr	nr	nr	nr	nr
Restricted Stock Awards	0	0	5,165,625	1,927,500	0	1,927,500
Long-Term Incentive Payouts	800,000	400,000	200,000	200,000	200,000	124,000
All Other Compensation ³	61,964	39,380	33,139	30,688	30,510	28,417
Value of Shares Acquired on Exercise	0	0	0	3,808,011	0	0
Total Annual Compensation	3,526,534	1,843,973	6,745,143	6,924,102	1,196,526	3,045,268
Value of Unexercised In-The-Money Options/ SARS (E)	196,356,350	76,684,950	6,301,792	6,510,385	26,175,379	9,053,373
Value of Unexercised In-The-Money Options/ SARS (U)	15,355,930	4,129,149	7,278,792	6,564,355	6,664,980	4,765,149
Grant Date Present Value	16,157,233	3,468,448	3,512,903	2,144,048	2,334,753	2,391,964
Potential Realizable Value at 5% Growth	0	0	0	0	0	0
Value of Stock Options	227,869,513	84,282,547	17,093,487	15,218,788	35,175,112	16,210,486

Bristol-Myers Squibb drugs among top 50 drugs prescribed for seniors:

- Glucophage (oral antidiabetic agent)
- Plavix (anti-platelet agent)
- Pravachol (lipid-lowering agent)

Notes

¹ Mr. Weg retired from the company effective February 2001.

² The value of "other annual compensation" provided to the named executives was below reporting thresholds established by the SEC.

³ Consists of matching contributions to the Savings and Investment Program (SIP) and the Benefits Equalization Plan for the SIP.

nr = Not reported in the SEC filing

ELI LILLY & CO.

2000 Financial Data

Total Revenue	\$	10,862,200,000
Marketing/Advertising/Administration	\$	3,228,300,000
Research and Development	\$	2,018,500,000
Net Profit	\$	3,057,800,000

	Total	Average
Annual Compensation for Top Executives	\$ 27,803,553	\$ 5,560,711
Total Value of Unexercised Stock Options	\$ 169,547,478	\$33,909,496

Executive Name and title	Sidney Taurel Chairman, President and CEO	August M. Watanabe Executive Vice President Science and Technology	Charles E. Golden Executive Vice President CFO	Gerhard N. Mayr Executive Vice President Pharmaceutical Operations	Pedro P. Granadillo Senior Vice President Human Resources
Salary	1,300,000	759,540	759,540	711,180	600,120
Bonus	1,487,294	592,442	592,442	554,710	436,889
Other Annual Compensation	171,492	29,183	38,839	174,770	78,253
Restricted Stock Awards	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	3,054,879	981,750	981,750	756,766	796,854
All Other Compensation ¹	78,005	45,572	45,572	42,671	36,007
Value of Shares Acquired on Exercise	12,697,033	0	0	0	0
Total Annual Compensation	18,788,703	2,408,487	2,418,143	2,240,097	1,948,123
Value of Unexercised In-The-Money Options/SARS (E)	45,834,900	11,917,637	13,973,000	14,722,588	22,968,689
Value of Unexercised In-The-Money Options/SARS (U)	17,067,888	5,263,096	5,263,096	4,230,268	4,354,616
Grant Date Present Value	10,349,500	3,548,400	3,548,400	3,548,400	2,957,000
Potential Realizable Value at 5% Growth	0	0	0	0	0
Value of Stock Options	73,252,288	20,729,133	22,784,496	22,501,256	30,280,305

Lilly drugs among top 50 drugs prescribed for seniors:

- Humulin N (insulin antidiabetic agent)
- Evista (osteoporosis treatment)

Notes

¹ Company contributions to savings plan.

nr = Not reported in the SEC filing

MERCK AND CO., INC.

2000 Financial Data

Total Revenue	\$ 40,363,200,000
Marketing/Advertising/Administration	\$ 6,167,700,000
Research and Development	\$ 2,343,800,000
Net Profit	\$ 6,821,700,000

	Total	Average
Annual Compensation for Top Executives	\$ 74,311,136	\$12,385,189
Total Value of Unexercised Stock Options	\$ 440,982,398	\$73,497,066

Executive Name and Title	Raymond V. Gilmartin Chairman President and CEO	Edward M. Scolnick Executive Vice President Science and Technology	David W. Anstice President, the Americas	Judy C. Lewent Executive Vice President and CFO	Per Wold-Olsen President, Human Health, Asia, Europe, Middle East	Per G.H. Lofberg President & CEO Merck Capital Ventures ¹
Salary	1,283,340	790,000	526,670	525,838	495,838	505,576
Bonus	1,700,000	860,000	600,000	600,000	515,000	580,000
Other Annual Compensation	nr	nr	nr	nr	nr	nr
Restricted Stock Awards	nr	nr	nr	nr	nr	nr
Long-Term Incentive Payouts	nr	nr	nr	nr	nr	nr
All Other Compensation ²	7,650	3,825	7,650	7,650	7,650	6,296
Value of Shares Acquired on Exercise	nr	24,800,775	18,466,655	3,842,650	2,466,278	15,711,795
Total Annual Compensation	2,990,990	26,454,600	19,600,975	4,976,138	3,484,766	16,803,667
Value of Unexercised In-The-Money Options/ SARS (E)	104,140,000	nr	14,645,000	33,082,050	17,069,581	33,202,557
Value of Unexercised In-The-Money Options/ SARS (U)	60,635,937	35,042,812	26,045,000	24,631,875	20,306,875	26,045,000
Grant Date Present Value	0	0	0	0	0	0
Potential Realizable Value at 5% Growth	16,477,039	8,238,520	5,355,038	5,355,038	5,355,038	5,355,038
Value of Stock Options	181,252,976	43,281,332	46,045,038	63,068,963	42,731,494	64,602,595

Merck drugs among top 50 drugs prescribed for seniors:

- Fosamax (osteoporosis treatment)
- Zocor (lipid-lowering agent)
- Pepcid (gastrointestinal agent)
- Vioxx (anti-inflammatory)
- Cozaar (angiotensin II inhibitor)
- Vasotec (ACE inhibitor)

Notes

¹ Mr. Lofberg was not an executive officer at the end of the last complete fiscal year. He assumed his current position on November 27, 2000. Previously, he was Chairman, Merck-Medco Managed Care, L.L.C.

² Company contribution to the Merck & Co., Inc. Employee Savings and Security Plan.

nr = Not reported in the SEC filing

PFIZER INC.

2000 Financial Data

Total Revenue	\$	29,574,000,000
Marketing/Advertising/Administration	\$	11,442,000,000
Research and Development	\$	4,435,000,000
Net Profit	\$	3,726,000,000

	Total		Average		
Annual Compensation for Top Executives	\$ 86,165,263		\$17,233,053		
Total Value of Unexercised Stock Options	\$ 274,536,020		\$54,907,204		
Executive Name and Title	William C. Steere, Jr. Chairman	Henry A. McKinnell CEO and President	John F. Niblack Vice Chairman	Karen L. Katen Senior Vice President	David L. Shedlarz Executive VP and CFO
Salary	1,616,000	984,100	832,500	698,800	695,100
Bonus	3,232,000	1,426,900	932,400	730,300	723,700
Other Annual Compensation ¹	21,500	42,079	23,538	11,638	12,909
Restricted Stock Awards	2,688,600	1,408,826	1,096,949	688,282	763,562
Long-Term Incentive Payouts	9,410,100	4,930,892	3,839,321	2,408,986	2,672,468
All Other Compensation ²	179,544	83,084	69,128	53,772	53,508
Value of Shares Acquired on Exercise	23,044,101	7,223,400	9,691,555	2,711,045	1,164,676
Total Annual Compensation	40,191,845	16,099,281	16,485,391	7,302,823	6,085,923
Value of Unexercised In-the-Money Options/ SARS (E)	78,292,271	43,996,450	20,704,920	14,443,418	3,400,752
Value of Unexercised In-the-Money Options/ SARS (U)	36,079,537	15,259,577	12,547,667	7,559,090	7,760,550
Grant Date Present Value	0	0	0	0	0
Potential Realizable Value at 5% Growth	16,572,631	6,836,210	4,350,316	3,418,105	3,314,526
Value of Stock Options	130,944,439	66,092,237	37,602,903	25,420,613	14,475,828

Pfizer drugs among top 50 drugs prescribed for seniors:

- Norvasc (calcium channel blocker)
- Zolofit (antidepressant)
- Lipitor (lipid-lowering agent)
- Glucotrol XL (oral antidiabetic agent)

Notes

¹ The amounts shown in this column represent tax payments made by the company on behalf of each officer relating to his use of company transportation and personal financial counseling.

² The amounts shown in this column represent company matching funds under the Savings and Investment Plan and related supplemental plan.

nr = Not reported in the SEC filing

PHARMACIA CORPORATION

2000 Financial Data

Total Revenue	\$ 18,144,000,000
Marketing/Advertising/Administration	\$ 6,739,000,000
Research and Development	\$ 2,753,000,000
Net Profit	\$ 717,000,000

	Total	Average
Annual Compensation for Top Executives	\$ 22,789,571	\$ 5,697,393
Total Value of Unexercised Stock Options	\$ 129,986,981	\$ 32,496,745

Executive Name and Title	Fred Hassan President and CEO	Phillip Needleman Senior Executive Vice President	Timothy G. Rothwell Executive Vice President	Goran A. Ando Executive Vice President
Salary	1,250,006	675,000	778,257	716,184
Bonus	2,005,600	761,000	901,300	691,700
Other Annual Compensation ¹	51,499	0	0	0
Restricted Stock Awards	0	0	0	0
Long-Term Incentive Payouts	0	380,000	0	0
All Other Compensation ²	183,654	774,313	79,201	114,734
Value of Shares Acquired on Exercise	0	6,715,575	1,293,348	5,418,200
Total Annual Compensation	3,490,759	9,305,888	3,052,106	6,940,818
Value of Unexercised In-The-Money Options/ SARS (E)	49,710,763	31,448,534	8,668,357	5,448,859
Value of Unexercised In-The-Money Options/ SARS (U)	4,703,125	1,175,781	1,175,781	1,175,781
Grant Date Present Value	16,570,000	2,250,000	3,850,000	3,810,000
Potential Realizable Value at 5% Growth	0	0	0	0
Value of Stock Options	70,983,888	34,874,315	13,694,138	10,434,640

Pharmacia drugs among top 50 drugs prescribed for seniors:

- Xalatan (glaucoma treatment)
- Detrol (overactive bladder treatment)
- Celebrex (anti-inflammatory)

Notes

¹ Includes, among other things, use of company airplane

² Includes company contributions to savings plan and life insurance

SCHERING-PLOUGH CORPORATION

2000 Financial Data

Total Revenue	\$	9,815,000,000
Marketing/Advertising/Administration	\$	3,485,000,000
Research and Development	\$	1,333,000,000
Net Profit	\$	2,423,000,000

	Total	Average
Annual Compensation for Top Executives	\$ 56,216,982	\$ 11,243,396
Total Value of Unexercised Stock Options	\$ 141,724,399	\$28,344,880

Executive Name and Title	Richard Jay Kogan Chairman and CEO	Raul E. Cesan President and COO	Hugh A. D'Andrade Vice Chairman and CAO	Joseph C. Connors Executive Vice President General Counsel	Jack L. Wyszomierski Executive Vice President CFO
Salary	1,338,000	918,000	726,250	502,000	475,000
Bonus	1,872,000	nr	464,500	289,000	273,500
Other Annual Compensation	nr	nr	nr	nr	nr
Restricted Stock Awards	6,304,250	3,020,000	2,604,750	1,668,550	1,668,550
Long-Term Incentive Payouts	nr	nr	nr	nr	nr
All Other Compensation ¹	377,785	264,785	185,695	123,082	103,037
Value of Shares Acquired on Exercise	11,551,985	1,689,944	8,035,815	4,875,933	6,884,571
Total Annual Compensation	21,444,020	5,892,729	12,017,010	7,458,565	9,404,658
Value of Unexercised In-The-Money Options/ SARS (E)	12,502,062	20,971,836	3,171,075	13,537,255	1,566,450
Value of Unexercised In-The-Money Options/ SARS (U)	5,771,100	22,554,600	0	13,987,400	14,386,400
Grant Date Present Value	10,545,508	7,802,710	1,929,163	6,499,420	6,499,420
Potential Realizable Value at 5% Growth	0	0	0	0	0
Value of Stock Options	28,818,670	51,329,146	5,100,238	34,024,075	22,452,270

Schering-Plough drugs among top 50 drugs prescribed for seniors:

- Isosorbide Mononitrate (anti-anginal agent)
- Albuterol (respiratory agent)
- K-Dur 20 (potassium replacement)
- Claritin (nonsedating antihistamine)

Notes

¹ Corporation contributions to executive life and medical insurance

nr = Not reported in the SEC filing

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