

Outrageous Fortunes: Pharma Executives Cash-In on High Drug Prices

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SUMMARY

→ The pay incentives offered to pharma executives adversely affects patients' access to affordable medication

- Pharma executives received over \$11 billion in compensation between 2011 and 2015
- Total compensation for pharma executives in 2015 totaled \$2,832,837,833
- Average compensation for a pharma executive in 2015 was \$2,847,073
- Horizon Pharma's Chief Executive Officer, Timothy Walbert, who received over \$93 million in compensation in 2015. Highest Executive Compensation during the last five years
- 602 pharma executives made over one million dollars in compensation, in 2015
- The total number of occurrences of pharma executives making over one million dollars for the past five years was 2,468
- The total value of compensation executives making over one million dollars from 2011 to 2015 was \$9,586,798,228
- Top Ten Pharma CEOs made \$327,435,881 in 2015

→ Higher stock prices mean more money for executives

- 60% - 80% of executive compensation is based on performance (in some cases it's nearly as high as 100%)
- The average stock option grant in 1980 was less than 20% of direct pay
- Higher stock prices means higher compensation
- The compensation of pharma CEOs does not necessarily reflect their productivity, rather the value of a company's stock
- High executive compensation is not only for CEOs
- Executives in U.S. pharmaceutical companies are paid more than their European counterparts

→ Pay for performance model encourages executives to make risky decisions and focus on short term financial gain at the public's expense

- From 2007 to 2015 Mylan increased the cost of the EpiPen 461%, and during that same time span Mylan CEO Heather Bresch's total compensation rose 671%; Mylan also paid its top five managers close to \$300 million over the past five years

Outrageous Fortunes: Pharma Executives Cash-In on High Drug Prices

The previous IHSP briefs explained why prices for prescription drugs have risen,¹ and how these increases result in tremendous sales and profits.² Pharmaceutical executives are paid to make sure that this is the case. The pay incentives offered to pharma executives is adversely affecting patients' access to affordable medication. Unlike most Americans, who receive a cash based salary; executives of large U.S. corporations receive annual stock options that are larger than their base salaries and bonuses.³ As such, stock options comprise a large portion of executives' yearly income and wealth in this industry.⁴ This was not always the case. The average stock option grant in 1980 was less than 20% of direct pay.⁵ Over time, the increase in stock options has strengthened the connection between executive pay and performance.⁶ Today, it's not uncommon for Senior Executives to have 60 to 80 or even close to 100% of their compensation based on performance, but how that performance is measured is unclear.⁷ Performance can be measured by stock prices of the company's shares, quarterly earnings, or some other type of financial marker.⁸ Therefore, higher stock prices often mean more money for executives. Such an arrangement encourages executives to make risky and short term decisions that personally benefit them at the expense of consumers. The result is high medication prices that are often out of the financial reach of many American families.

Since the United States does not regulate prescription drug prices, Americans are forced to pay the price that the pharmaceutical industry chooses to charge. This often causes a financial strain for many American families. The median pay for healthcare and pharmaceutical executives in 2015 was approximately \$14.5 million;⁹ meanwhile, the median income for an American household was \$56,500. The average American has experienced years of wage stagnation, while executives in the pharmaceutical industry have been continuously paid outrageously for their services.

¹ Institute for Health and Socio-Economic Policy (IHSP), Tough Pill to Swallow– The High Price of Prescription Drugs in the US, Ver 1.2, Sept 27, 2016, http://nurses.3cdn.net/e4bc726436f172e367_t6m6bhjsj.pdf

² Institute for Health and Socio-Economic Policy (IHSP), Global Pill-Age: Pharmaceuticals Making a Killing, Ver. 1.2, September 30, 2016, http://nurses.3cdn.net/1b3e376e86ade237cd_50m6b34ge.pdf

³ "Executive Stock Options." Accessed October 6, 2016. <http://www.nber.org/digest/dec98/w6674.html>.

⁴ According to Lazonick and Hopkins, the reported salaries of executives may be lower than they really are. Accessed September 22, 2016. <http://www.theatlantic.com/business/archive/2016/09/executives-making-way-more-than-reported/499850/>

Lazonick, William, and Matt Hopkins. "The Mismeasure of Mammon: Uses and Abuses of Executive Pay Data." *Institute for New Economic Thinking*. Accessed September 22, 2016. [//www.ineteconomics.org/ideas-papers/research-papers/the-mismeasure-of-mammon-uses-and-abuses-of-executive-pay-data](http://www.ineteconomics.org/ideas-papers/research-papers/the-mismeasure-of-mammon-uses-and-abuses-of-executive-pay-data).

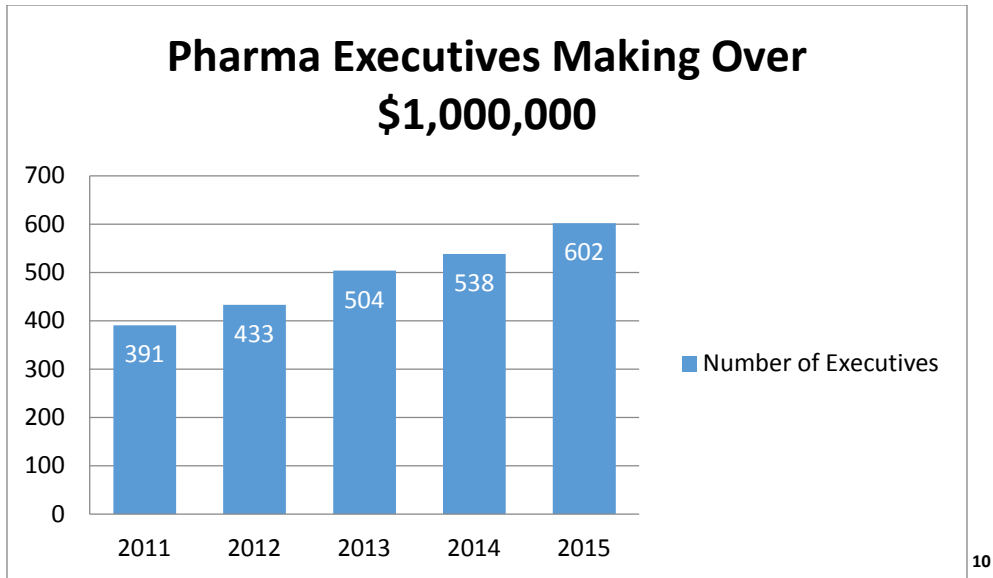
⁵ "Executive Stock Options." Accessed October 6, 2016. <http://www.nber.org/digest/dec98/w6674.html>.

⁶ Stock options are given by companies to employees at a set price, time-restricted, and the employee usually buys them at a price lower than current market value. The purpose of a stock grant is to retain an employee with the company for a set period of time by only allowing the employee to collect on their stocks after the "vesting" period has been met.

⁷ Cable, Dan, and Freek Vermeulen. "Stop Paying Executives for Performance." *Harvard Business Review*, February 23, 2016. <https://hbr.org/2016/02/stop-paying-executives-for-performance>.

⁸ *Ibid.*

⁹ "Healthcare And Pharma CEOs Paid More Than Top Execs In Any Other Industry, Analysis Finds." Accessed October 6, 2016. <http://www.ibtimes.com/healthcare-pharma-ceos-paid-more-top-execs-any-other-industry-analysis-finds-2374013>.



Year	Total of Compensation Over \$1 Million ¹¹	Number of Executives
2011	\$1,323,232,824	391
2012	\$1,530,705,363	433
2013	\$1,724,553,532	504
2014	\$2,386,219,978	538
2015	\$2,622,086,531	602
Total	\$9,586,798,228	2,468

Large executive compensation packages are not necessarily a reflection of a company's size. Not only do pharma executives lead in compensation within the healthcare sector,¹² but executives at small pharmaceutical companies are being paid more than CEOs of well known corporations in various industries.¹³ Several pharma CEOs were paid a base salary of \$1.5 million, with added stock option grants, cash bonuses, and other stock awards. This means, their actual income for that year was

¹⁰ All original data on executive compensation comes from IBM Kenexa CompAnalyst Executive on Cloud. The first two graphs combine compensation from pharma and biopharma executives. Although the differences between pharma and biopharma are arbitrary the remainder of this paper will adhere to the distinctions made by the database.

¹¹ IBM Kenexa CompAnalyst Executive on Cloud

¹² "Pharma Trumps All Healthcare Sectors In Executive Compensation." Accessed October 6, 2016. <http://www.forbes.com/sites/danmunro/2015/05/26/pharma-trumps-all-healthcare-sectors-in-executive-compensation/#11d21cd91e47>.

¹³ "Pharma Trumps All Healthcare Sectors In Executive Compensation." Accessed October 6, 2016. <http://www.forbes.com/sites/danmunro/2015/05/26/pharma-trumps-all-healthcare-sectors-in-executive-compensation/#11d21cd91e47>.

approximately \$15 million.¹⁴ Yet, in the pharmaceutical industry a \$15 million dollar salary is on the low end of the pay scale. In fact the number of pharma executives making over one million dollars a year has increased every year since 2011. The total number of executives making over one million dollars for the past years is 2,468.

Pharma Executive Compensation¹⁵

Year	Total	Average	Maximum
2011	\$1,606,872,448	\$1,595,703	\$36,709,986
2012	\$1,815,362,381	\$1,759,072	\$81,551,448
2013	\$2,078,334,139	\$1,691,077	\$38,217,929
2014	\$2,684,342,963	\$2,318,085	\$50,640,659
2015	\$2,832,837,833	\$2,847,073	\$93,379,077
Total	\$11,017,749,764		

Following, are a few examples of pharmaceutical executives' compensation which demonstrate not only how well these executives are paid in relation to the average median income of American households, but how this pay structure incentivizes executives to raise prices of prescription drugs. John Martin, CEO of Gilead Sciences, is one the nation's most highly compensated executives. In 2014, Martin received a \$1.6 million base salary, \$8.4 million in stock awards, \$5.2 million in stock options, and \$3.7 million in incentive awards.¹⁶ Meaning, his total valued compensation was \$18.9 million; in addition, he earned an added \$187.4 million from prior awarded stock options and restricted shares.¹⁷ Another highly compensated executive is Horizon Pharma's Chief Executive Officer, Timothy Walbert, who received over \$93 million in compensation in 2015 alone.¹⁸ This is ten times greater than his compensation in 2014, which was \$8.97 million.¹⁹ Walbert's pay breaks down as follows, \$47.4 million in received stock options (valued), \$43.5 million in restricted shares, and only \$859,375 in base pay.²⁰ As such, his pay is tied to the value of the stock, showing that it's in his best interest for Horizon's stocks to remain high. Below is a graph providing a visual representation of Walbert's 2015 executive compensation at Horizon.

¹⁴ "Small Pharma CEO Pay Reaches for the Sky." Accessed October 6, 2016. <http://fortune.com/2015/01/05/ceo-pay-pharma-wall-street/>.

¹⁵ IBM Kenexa CompAnalyst Executive on Cloud. Executives with zero compensation were removed for these calculations.

¹⁶ "Gilead CEO Scores \$187 Million in 2014 Gains." Accessed October 6, 2016. <http://www.usatoday.com/story/money/2015/03/27/gilead-sciences-ceo-cashes-in-again-stock-option-gains-worth-1874-million/70546982/>.

¹⁷ Ibid

¹⁸ IBM Kenexa CompAnalyst Executive on Cloud

¹⁹ IBM Kenexa CompAnalyst Executive on Cloud

²⁰ "Lake Forest-Based Horizon Pharma Raises CEO Walbert's Pay 10-Fold to \$93.4 Million - Chicago Tribune." Accessed October 6, 2016. <http://www.chicagotribune.com/business/ct-horizon-pharma-ceo-compensation-20160315-story.html>.

Horizon Pharma’s Chief Executive Officer Timothy Walbert 2015 Compensation²¹

Year	Reported Salary	Total Reported Cash Comp (Salary Included)	Option Awards Value	Stock Awards Value	All Other Comp	Total
2015	\$859,375	\$2,459,375	\$47,358,219	\$43,498,946	\$62,537	\$93,379,077

Smaller pharmaceutical companies utilize similar pay for performance structures. Mylan, the manufacturer of the EpiPen, is considered a relatively small company within the pharmaceutical industry. Despite this, it was second in executive compensation among all U.S. biotech and pharma companies for the last five years, paying close to \$300 million to its top five managers.²² During that same five year period, Mylan’s stock increased by 155%.²³ EpiPen, and Mylan in particular, recently garnered quite a bit of negative publicity due to the company’s consistent raising of the price of this lifesaving device. It is reasonable to assume that the drastic price increases of the EpiPen are connected to the pay incentives approved by Mylan’s board.²⁴ In 2007, CEO Heather Bresch’s total compensation was \$2.45 million²⁵ and by 2015 it was \$18.9 million, a 671% increase.²⁶ In the same eight year time span, Mylan raised the average wholesale price of the EpiPen from \$56.64 to \$317.82, a 461% increase.²⁷ The current cost of a two-dose set is listed at \$608.²⁸

It’s important to remember that the EpiPen has been around for 40 years, and Mylan only purchased it in 2007.²⁹ Despite minimal changes, this lifesaving device went through 15 price hikes in the past seven years.³⁰ What was the incentive for Bresch and other executives at Mylan to raise EpiPen prices? In 2014, Mylan created a one-time bonus plan to get their top five executives to raise profits. If Bresch and the remaining executives could reach their target of \$6.00 dollar per share by 2018, each

²¹ IBM Kenexa CompAnalyst Executive on Cloud

²² Maremont, Mark. “EpiPen Maker Dispenses Outsize Pay.” *Wall Street Journal*, September 13, 2016, sec. Business. <http://www.wsj.com/articles/epipen-maker-dispenses-outsize-pay-1473786288>.

²³ Ibid

²⁴ Ibid

²⁵ “Mylan CEO’s Pay Rose Over 600 Percent as EpiPen Price Rose 400 Percent - NBC News.” Accessed October 6, 2016. <http://www.nbcnews.com/business/consumer/mylan-execs-gave-themselves-raises-they-hiked-epipen-prices-n636591>.

²⁶ IBM Kenexa CompAnalyst Executive on Cloud

²⁷ Accessed September 15, 2016. <http://www.nbcnews.com/business/consumer/mylan-execs-gave-themselves-raises-they-hiked-epipen-prices-n636591>

²⁸ Maremont, Mark. “Mylan’s EpiPen Pretax Profits 60% Higher Than Number Told to Congress.” *Wall Street Journal*, September 26, 2016, sec. Business. <http://www.wsj.com/articles/mylan-clarifies-epipen-profit-figures-it-provided-to-congress-last-week-1474902801>.

²⁹ “Why Did Mylan Hike EpiPen Prices 400%? Because They Could.” Accessed October 6, 2016. <http://www.forbes.com/sites/emilywillingham/2016/08/21/why-did-mylan-hike-epipen-prices-400-because-they-could/#3930fa7b477a>.

³⁰ “EpiPen CEO Could Score \$28 Million Payday Thanks to Price Hikes - Aug. 31, 2016.” Accessed October 6, 2016. <http://money.cnn.com/2016/08/31/news/companies/epipen-ceo-pay-bonus/>.

would be given a one-time bonus in the millions.³¹ In other words, the stock price of Mylan would have to increase for the bonus to payoff. Chris Isidore breaks down the bonus plan as follows:

Bresch's bonus would be \$1.4 million dollars for every dollar the stock price goes above \$53.33, up to a price of \$73.33. So if shares goes to \$73.33 or higher, her bonus would be \$28 million. But if they don't reach \$53.33 -- they're currently trading at about \$42 -- there's no bonus.³²

Mylan's bonus plan fits very much with the pay for performance principle of executive compensation, which encourages personal gain at the consumers' expense.

Tying executive compensation plans to the pay for performance structure is highly problematic, and one CEO, in particular, demonstrates why. J. Michael Pearson served as the Chief Executive Officer of Valeant Pharmaceuticals from September 2010 to April 2016.³³ Pearson earned praise for his "buy and cut" method, which consisted of acquiring companies, raising drug prices, reducing staff, and cutting research and development budgets.³⁴ Under Pearson, Valeant did not create new drugs, but raised the prices of already existing medications. Valeant's compensation plan encouraged executives such as Pearson to keep the company's stock high. Top executives would receive modest cash compensation in exchange for large amounts of incentive stocks and options, with their stocks tied up over an extended amount of time.³⁵ Executives at Valeant would be paid large salaries so long as they produced long-term value that matched up with the interests of the shareholders.³⁶

For years this model was successful, with Pearson generating tens of billions in value for the company.³⁷ Pearson's total compensation in 2015 was valued at \$143.1 million.³⁸ Things were going well for Valeant under Pearson's leadership, but that ended due to various regulatory investigations, an accounting scandal, and criticism of their operating model from the Senate and House of Representatives. Both the Senate and the House of Representatives disapproved of Valeant's regular practice of buying off-patent drugs in order to drastically increase their prices.³⁹ Pearson left Valeant in

³¹ Ibid

³² Ibid

³³ "J. Michael Pearson: Executive Profile & Biography - Businessweek." Accessed October 6, 2016.

<http://webcache.googleusercontent.com/search?q=cache:zC1K4TJX06QJ:www.bloomberg.com/research/stocks/people/person.asp%3FpersonId%3D40840542%26capId%3D345779%26previousCapId%3D101502%26previousTitle%3DMcKinsey%2520%26%2520Company%252C%2520Inc.+&cd=1&hl=en&ct=clnk&gl=us>.

³⁴ "Valeant Pharmaceuticals' Prescription For Disaster." Accessed October 6, 2016.

<http://www.forbes.com/sites/nathanvardi/2016/04/13/valeant-pharmaceuticals-prescription-for-disaster/#1f787d696c65>.

³⁵ Ibid

³⁶ Ibid

³⁷ Ibid

³⁸ Rapoport, Michael, and Joann S. Lublin. "Valeant CEO Pearson's Compensation Relies Heavily on Now-Underwater Stock." *Wall Street Journal*, April 29, 2016, sec. Business. <http://www.wsj.com/articles/valeant-ceo-pearsons-compensation-relies-heavily-on-now-underwater-stock-1461968375>.

³⁹ "Valeant Pharmaceuticals Hands Out Million Dollar Bonuses As Compensation For 'Challenging Times.'" Accessed October 6, 2016. <http://www.forbes.com/sites/antoinagara/2016/05/17/valeant-hands-out-million-dollar-bonuses-to-top-execs-as-compensation-for-challenging-times/#42b7c09723b2>.

May of this year, and reportedly that did not receive a base salary for 2015.⁴⁰ But, he will receive a \$9 million severance pay out, continue working as a consultant for Valeant until 2017, and is eligible for bonuses linked to Valeant’s performance for the time he was there in 2016.⁴¹ Under the terms of this agreement, Pearson will be paid \$83,000 a month until the end of 2016, and then \$15,000 a month for 2017, including health insurance benefits and expenses.⁴²

It’s easy to take a few case studies, and make gross generalizations. This is certainly not the case when it comes to executive compensation. Below are a series of charts detailing the financial gains of pharmaceutical executives.

Top 20 Highest Paid Pharma Executives for 2015⁴³

Company Name	Year of Data	Executive Name	Executive Title	Total Compensation
HORIZON PHARMA PLC	2015	Timothy P. Walbert	Chairman, President and Chief Executive Officer	\$93,379,077
REGENERON PHARMACEUTICALS	2015	Leonard S. Schleifer M.D., Ph.D.	President and Chief Executive Officer	\$47,462,526
REGENERON PHARMACEUTICALS	2015	George D. Yancopoulos M.D., Ph.D.	President, Regeneron Laboratories and Chief Scientific Officer	\$40,302,356
VERTEX PHARMACEUTICALS INC	2015	Jeffrey M. Leiden	Chairman, President & CEO	\$28,099,826
INTREXON CORP	2015	Samuel Broder	Senior Vice President – Health Sector	\$26,462,171
INTREXON CORP	2015	Joel Liffmann	Senior Vice President – Finance	\$26,442,684
HORIZON PHARMA PLC	2015	George P. Hampton	Executive Vice President, Orphan and Primary Care Business Units and International Operations	\$25,191,012

⁴⁰ Rapoport, Michael, and Joann S. Lublin. “Valeant CEO Pearson’s Compensation Relies Heavily on Now-Underwater Stock.” *Wall Street Journal*, April 29, 2016, sec. Business. <http://www.wsj.com/articles/valeant-ceo-pearseons-compensation-relies-heavily-on-now-underwater-stock-1461968375>.

⁴¹ “Valeant’s Former C.E.O. to Receive \$9 Million Severance - The New York Times.” Accessed October 6, 2016. <http://www.nytimes.com/2016/06/01/business/c-michael-pearson-former-valeant-chief-to-receive-9-million-severance.html>.

⁴² “ex10-1.htm.” Accessed October 6, 2016. http://hsprod.investis.com/shared/v2/irwizard/sec_item_new.jsp?epic=valeant_pharmaceuticals&ipage=10969400&DSEQ=2&SEQ=&SQDESC=SECTION_EXHIBIT&exp=&subsid=41.

⁴³ IBM Kenexa CompAnalyst Executive on Cloud

ALEXION PHARMACEUTICALS INC	2015	Leonard Bell M.D.	Former Chief Executive Officer, Chairman	\$24,918,377
MERCK & CO	2015	Kenneth C. Frazier	Chairman, President and Chief Executive Officer	\$24,208,083
JOHNSON & JOHNSON	2015	Alex Gorsky	Chairman/CEO	\$23,795,866
MYRIAD GENETICS INC	2015	Peter D. Meldrum	President and Chief Executive Officer	\$23,358,043
CELGENE CORP	2015	Robert J. Hugin	CEO and Chairman	\$22,472,912
ABBVIE INC	2015	Richard A. Gonzalez	Chairman of the Board and Chief Executive Officer	\$20,810,103
MYLAN NV	2015	Rajiv Malik	President	\$19,901,735
MYLAN NV	2015	Heather Bresch	Chief Executive Officer	\$18,931,068
HORIZON PHARMA PLC	2015	Paul W. Hoelscher	Executive Vice President, Chief Financial Officer	\$18,918,114
HORIZON PHARMA PLC	2015	Robert F. Carey	Executive Vice President, Chief Business Officer	\$18,907,229
GILEAD SCIENCES INC	2015	John C. Martin	Chairman and Chief Executive Officer (Executive Chairman)	\$18,755,952
HORIZON PHARMA PLC	2015	John J. Kody	Former Executive Vice President, Chief, Commercial Officer	\$18,646,385
REGENERON PHARMACEUTICALS	2015	Neil Stahl Ph.D.	Executive Vice President, Research & Development	\$18,374,510
Total Sum				\$559,338,029
Average				\$27,966,901

The chart above reveals that these high compensation packages aren't reserved for just the CEOs.⁴⁴ Other senior executives are also making incredibly high compensation.

Excessive executive compensation in the pharmaceutical industry is not an American phenomenon. Pharma's European counterparts have also done quite well for themselves. The following chart offers a small sampling of what executives were paid in other countries. The compensation has been converted from their nation's currency to U.S. dollars.

⁴⁴ IBM Kenexa CompAnalyst Executive on Cloud

International Compensation for 2015

Company Name	Year of Data	Executive Name	Executive Title	Total Compensation
Roche	2015	Severin Schwan ⁴⁵	CEO	\$12,300,000
GlaxoSmithKline	2015	Andrew Witty ⁴⁶	CEO	\$9,600,000
Novo Nordisk	2015	Lars Rebien Sørensen ⁴⁷	CEO, President	\$3,300,000
Sanofi	2015	Olivier Brandicourt, M.D. ⁴⁸	CEO	\$19,000,000
Novartis	2015	Joe Jimenez ⁴⁹	CEO	\$12,000,000

Conclusion

The average executive in healthcare and pharma earned millions more when compared to the average household making \$56,000. As mentioned earlier, only a small portion of executives' salaries comes from cash, the majority is through stock options. This pay for performance structure of financial compensation encourages executives to put their needs and company profits above those of American families. The higher the stock, the higher their compensation, which usually translates into raising the price of the products they sell. The salary of a CEO does not necessarily reflect the productivity of executives, and paying CEOs less or taxing them more would not negatively impact their job performance.⁵⁰ This excessive type of financial compensation cannot be justified when the average American struggles to pay for medical expenses and prescription drugs. Prop 61 will provide the financial relief that so many Californians need to afford their medication. Patients shouldn't have to pay astronomical prices for life saving medicine in order for an executive to receive an outrageous bonus.

⁴⁵ "Roche CEO Schwan Beats Novartis Chief with \$12.3M in 2015 Pay, but U.S. Companies Shell out More | FiercePharma." Accessed October 6, 2016. <http://www.fiercepharma.com/pharma/roche-ceo-schwan-beats-novartis-chief-12-3m-2015-pay-but-u-s-companies-shell-out-more>.

⁴⁶ KetakiGokhale, Ketaki Gokhale. "Glaxo May Need to Boost Pay to Lure U.S. CEO Candidates." *Bloomberg.com*, April 20, 2016. <http://www.bloomberg.com/news/articles/2016-04-20/glaxo-may-need-to-boost-pay-to-lure-u-s-candidates-for-ceo-role>.

⁴⁷ "Lars Rebien Sørensen: Executive Profile & Biography - Businessweek." Accessed October 6, 2016. <http://www.bloomberg.com/research/stocks/people/person.asp?personId=7793326&privcapId=323452>.

⁴⁸ "Olivier Brandicourt M.D.: Executive Profile & Biography - Businessweek." Accessed October 6, 2016. <http://www.bloomberg.com/research/stocks/people/person.asp?personId=83197162&privcapId=687130>.

⁴⁹ "Novartis CEO Jimenez Sees Pay Drop to \$11.9M on Alcon, Emerging Markets Shortfalls | FiercePharma." Accessed October 6, 2016. <http://www.fiercepharma.com/financials/novartis-ceo-jimenez-sees-pay-drop-to-11-9m-on-alcon-emerging-markets-shortfalls>.

⁵⁰ "CEO Pay Continues to Rise as Typical Workers Are Paid Less | Economic Policy Institute." Accessed October 6, 2016. <http://www.epi.org/publication/ceo-pay-continues-to-rise/>.

Appendix – Additional Executive Information

Top Ten CEOs of 2015⁵¹

Company Name	Year of Data	Executive Name	Executive Title	Total Compensation
HORIZON PHARMA PLC	2015	Timothy P. Walbert	Chairman, President and Chief Executive Officer	\$93,379,077
REGENERON PHARMACEUTICALS	2015	Leonard S. Schleifer M.D., Ph.D.	President and Chief Executive Officer	\$47,462,526
VERTEX PHARMACEUTICALS INC	2015	Jeffrey M. Leiden	Chairman, President & CEO	\$28,099,826
ALEXION PHARMACEUTICALS INC	2015	Leonard Bell M.D.	Former Chief Executive Officer, Chairman	\$24,918,377
MERCK & CO	2015	Kenneth C. Frazier	Chairman, President and Chief Executive Officer	\$24,208,083
JOHNSON & JOHNSON	2015	Alex Gorsky	Chairman/CEO	\$23,795,866
MYRIAD GENETICS INC	2015	Peter D. Meldrum	President and Chief Executive Officer	\$23,358,043
CELGENE CORP	2015	Robert J. Hugin	CEO and Chairman	\$22,472,912
ABBVIE INC	2015	Richard A. Gonzalez	Chairman of the Board and Chief Executive Officer	\$20,810,103
MYLAN NV	2015	Heather Bresch	Chief Executive Officer	\$18,931,068
Total Sum				\$327,435,881
Average				\$32,743,588

Top 5 Highest Paid Pharma Executives over the Past 5 Years⁵²

Company Name	Year of Data	Executive Name	Executive Title	Total Compensation
HORIZON PHARMA PLC	2015	Timothy P. Walbert	Chairman, President and Chief Executive Officer	\$93,379,077
REGENERON PHARMACEUTICALS	2015	Leonard S. Schleifer M.D., Ph.D.*	President and Chief Executive Officer	\$47,462,526
REGENERON PHARMACEUTICALS	2015	George D. Yancopoulos M.D., Ph.D.*	President, Regeneron Laboratories and Chief Scientific Officer	\$40,302,356

⁵¹ IBM Kenexa CompAnalyst Executive on Cloud

⁵² IBM Kenexa CompAnalyst Executive on Cloud

*Names appear in multiple years

VERTEX PHARMACEUTICALS INC	2015	Jeffrey M. Leiden*	Chairman, President & CEO	\$28,099,826
INTREXON CORP	2015	Samuel Broder	Senior Vice President – Health Sector	\$26,462,171
VALEANT PHARMACEUTICALS INTL	2014	Ari S. Kellen	Executive Vice President, Company Group Chairman	\$50,640,659
REGENERON PHARMACEUTICALS	2014	Leonard S. Schleifer M.D., Ph.D.	President and Chief Executive Officer	\$41,965,425
VERTEX PHARMACEUTICALS INC	2014	Jeffrey M. Leiden	Chairman, President & CEO	\$36,635,468
REGENERON PHARMACEUTICALS	2014	George D. Yancopoulos M.D., Ph.D.	President, Regeneron Laboratories and Chief Scientific Officer	\$35,506,811
UNITED THERAPEUTICS CORP	2014	Martine Rothblatt*	Chairman and Co-Chief Executive Officer	\$33,214,929
UNITED THERAPEUTICS CORP	2013	Martine A. Rothblatt	Chief Executive Officer	\$38,217,929
REGENERON PHARMACEUTICALS	2013	Leonard S. Schleifer M.D., Ph.D.	President and Chief Executive Officer	\$36,272,665
REGENERON PHARMACEUTICALS	2013	George D. Yancopoulos M.D., Ph.D.	President, Regeneron Laboratories and Chief Scientific Officer	\$31,017,593
CELGENE CORP	2013	Robert J. Hugin	Chief Executive Officer, President and Chairman of the Board	\$20,995,785
BRISTOL-MYERS SQUIBB CO	2013	Lamberto Andreotti	Chief Executive Officer	\$20,847,745
REGENERON PHARMACEUTICALS	2012	George D. Yancopoulos M.D., Ph.D.	Chief Scientific Officer and President, Regeneron Laboratories	\$81,551,448
REGENERON PHARMACEUTICALS	2012	Leonard S. Schleifer M.D., Ph.D.	President and Chief Executive Officer	\$30,047,097
JOHNSON & JOHNSON	2012	William C. Weldon	Former Chairman/CEO	\$29,838,259
MYLAN INC.	2012	Robert J. Coury*	Executive Chairman; Director	\$28,032,770

PFIZER INC	2012	Ian C. Read*	Chairman and Chief Executive Officer	\$25,634,136
VALEANT PHARMACEUTICALS INTL	2011	J. Michael Pearson	Chief Executive Officer, Director	\$36,709,986
JOHNSON & JOHNSON	2011	William C. Weldon*	Chairman/CEO	\$26,797,939
SPECTRUM PHARMACEUTICALS INC	2011	Rajesh C. Shrotriya M.D.	Chief Executive Officer	\$25,215,760
PFIZER INC	2011	Ian C. Read	Chairman and Chief Executive Officer	\$25,013,348
MYLAN INC.	2011	Robert J. Coury	Chairman and Chief Executive Officer	\$21,337,770