



Thursday, March 11, 2004

## Vermont eyes move against Pfizer

March 11, 2004

By Darren M. Allen

VERMONT PRESS BUREAU

MONTPELIER - Vermont might join Minnesota in pressuring drug giant Pfizer Inc. to stop punishing its Canadian customers who sell its products across the border. Pfizer has stopped shipping to Canadian pharmacies that sell the company's drugs to Americans. State Treasurer Jeb Spaulding Wednesday said he would ask the boards that control Vermont's three public retirement funds to support Minnesota's move to force Pfizer Inc. to reverse its decision to halt shipments to Canadian pharmacies.

"The decision by Pfizer to end supplies of their products to pharmacies that refuse to promise to refrain from selling such products to U.S. residents is likely to impose a substantial and unnecessary hardship on many Vermonters," Spaulding wrote in a letter to Minnesota Gov. Tim Pawlenty, who heads the board responsible for managing his state's nearly \$36 billion retirement fund. "In my view, as part owners of Pfizer, investors should not sit idly by while management develops and implements such a policy." That Pawlenty would be leading yet another charge in the battle over drug reimportation is hardly surprising. The maverick Republican established the country's first state government-sponsored Web site that guides Americans in how to buy their prescription drugs across the border. In Canada, prices of name-brand prescription drugs approved by the U.S. Food and Drug Administration are up to 50 percent less than they are in U.S. pharmacies. Such prescription drug reimportation schemes are catching on around the country and are gaining bipartisan support despite the opposition of the \$190 billion drug industry, the FDA and the administration of President George W. Bush. Vermont Gov. James Douglas, a Republican, has expressed his support for a reimportation plan for the early 20,000 state employees, retirees and their families who participate in Vermont's employee health plans. However, unlike Pawlenty - and Burlington Mayor Peter Clavelle - Douglas has asked the FDA for permission, and he refuses to establish a program until the federal government gives its approval. The governor has experience when it comes to using the state's fiscal muscle to make a point. As state treasurer in 1997, Douglas called on the state's retirement funds to sell off their nearly \$21 million in tobacco company holdings. At the time, he said, it was bad public policy to invest in companies whose products were driving more than \$145 million in health care costs every year in Vermont.

Jason Gibbs, Douglas's spokesman, said the governor is receptive to Spaulding's move. "This is a proposal that Gov. Douglas is going to give significant consideration to," he said. "The governor, having served eight years as state treasurer, is very aware of the influence that such actions might have." Using the clout of a state's holdings in major companies is itself becoming a trend with large public investment pools. Late last year, Spaulding spearheaded a successful effort to convince the state's retirement boards - with holdings of about \$2.4 billion - to begin voting their shares at the annual meetings of the companies in which the funds had holdings. In the case of Pfizer, Vermont's voice will admittedly be tiny. At about \$21 million, Vermont's stake in the \$280 billion drug behemoth would hardly be noticed. Even combined with Minnesota's \$476 million worth of holdings, the two states hold less than 1 percent of the company's stock. The effort Vermont would be joining is the crafting of a shareholder resolution that would be put to the company's stockholders at their 2005 annual meeting. The resolution would call on the company to reverse its decision to stop shipments of drugs to Canadian pharmacies selling to Americans.

A company spokesman did not return calls seeking comment, but in a statement issued to the Associated Press after Minnesota announced its shareholder resolution intentions, Pfizer said, "Pfizer is always willing to listen to hear from its shareholders."

Spaulding said he had no intentions of recommending that the state divest itself of Pfizer stock, which last year generated what he called a "highly competitive return." But he said he feels strongly that all shareholders of a company have a responsibility to let management know if they are displeased. "My philosophy is that if we divest, it's the same as people saying, 'I'm not going to vote,'" Spaulding said in a telephone interview. "As part owners of the company, we certainly want to make a good profit. But we must also take the pertinent steps to make sure the company remains a good corporate citizen."

Contact Darren Allen at [darren.allen@timesargus.com](mailto:darren.allen@timesargus.com) or [darren.allen@rutlandherald.com](mailto:darren.allen@rutlandherald.com)