

## **Mylan's Pay for CEO Bresch Grates on Lawmakers, Many Investors**

Anders Melin | September 22, 2016

Mylan NV Chief Executive Officer Heather Bresch was lambasted at a congressional hearing this week for taking home tens of millions of dollars as the company raised the price on its EpiPen allergy shot. Some investors have been critical of Mylan's executive compensation for years.

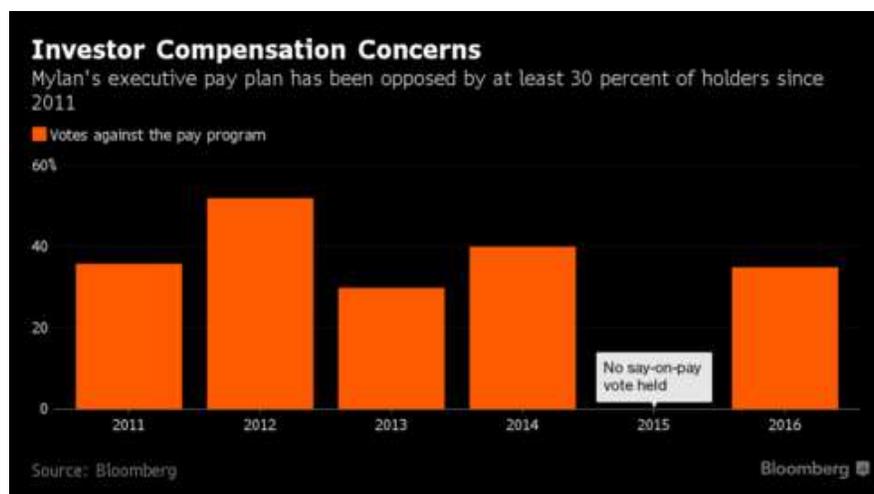
While the drugmaker touts "strong support" for its executive pay program in regulatory filings, votes cast by shareholders tell a different story. At least 30 percent of investors have voted against the program in every election on the matter since 2011. That's the worst streak of results among companies in Mylan's compensation peer group, according to data compiled by Bloomberg.



Bresch in Washington, D.C., on Sept. 21.  
Photographer: Andrew Harrer/Bloomberg

"I don't know of any company that considers approval in the 60 percent range to be strong support," said Robin Ferracone, CEO of Farient Advisors, an executive compensation consulting firm. "Either the board isn't taking action on investors' concerns, or it's like whack-a-mole -- they take action but another problem pops up."

"Over the last several years, the company's shareholders have consistently voted on and approved" the pay program, Mylan spokeswoman Nina Devlin said in an e-mail. "Mylan has had extensive discussions with holders of over 80 percent of Mylan's ordinary shares on a variety of topics."



Shareholders opposing the pay program at Mylan's June 24 annual meeting included BlackRock Inc., the world's largest investment manager, according to Fund Votes, a company that tracks proxy voting. That's an unusual move: BlackRock and Vanguard Group Inc., which are among the largest shareholders at most big U.S. companies, vote with boards on executive pay 97 percent of the time, according to **As You Sow**, a shareholder advocacy group.

Vanguard has supported Mylan's pay program each year except 2012. Representatives of BlackRock declined to comment, and Vanguard officials didn't immediately respond to a request for comment.

Bresch faced lawmakers at a Wednesday hearing in Washington. The company became a target for outraged politicians and consumers after it raised the price of EpiPen, a self-administered injection used to treat dangerous allergic reactions, by about sixfold since 2007.



Rep. Cummings during a hearing in Washington, D.C., on Sept. 21.

Photographer: Andrew Harrer/Bloomberg

“While the price of EpiPen shot up exponentially, so did Ms. Bresch’s paycheck and the lavish compensation of her fellow executives at Mylan,” Maryland Representative Elijah Cummings, a Democrat, said at the hearing.

### **CEO-Level Packages**

While Bresch’s reported compensation fell to \$18.9 million last year from \$25.8 million in 2014, proxy adviser Institutional Shareholder Services Inc. noted that Mylan paid two CEO-level packages since Executive Chairman Robert Coury received \$17.7 million. The company also failed to acknowledge its poor 2014 say-on-pay result and list feedback received from shareholders, according to a report from the investor services firm.

Proxy adviser Glass Lewis & Co. noted an “overall misalignment” between pay and the company’s performance and echoed the lack of response to “significant shareholder opposition.” Both firms recommended that owners vote against the pay program.

Some investors, including Invesco Ltd. and Wells Fargo & Co., have opposed Mylan’s executive pay ever since shareholder votes were first mandated in 2011. Such consistent opposition is unusual. Companies in the Standard & Poor’s 500 Index received on average 91 percent support in 2015, according to data compiled by Bloomberg. Results below 70 percent typically trigger increased scrutiny by proxy advisers and can embarrass company directors.

More than a quarter of Mylan shareholders voted in June against the nomination of Wendy Cameron, head of the board’s compensation committee that designs the pay packages. Cameron, a former bottling company executive, has served on the panel for more than a decade and became chairman in 2015. Mark Parrish, CEO of health-care services provider Trident USA Health Services, and Neil Dimick, a former executive at AmerisourceBergen Corp., also serve on the committee and received 84 percent and 88 percent support, respectively. The three couldn’t be reached for comment.

<http://www.bloomberg.com/news/articles/2016-09-22/mylan-s-pay-for-ceo-bresch-grates-on-lawmakers-many-investors>