

October 17, 1989

TO: Senator Dole
FROM: Kathy
SUBJECT: Marion Labs Speech

You are schedule to speak at 8:30 in the Ritz-Carlton Balcony Room. You have agreed to speak for 15 minutes.

Rep. Gephardt is also on the program. He is expected to discuss changes in Missouri law affecting the drug industry.

A list of people attending is attached.

I will meet you at the Ritz in the morning, so if you have any questions you can ask me then.

Honored Guests
Marion Laboratories, Inc.
Special Board of Directors Meeting
Washington, D.C.
October 17-19, 1989

Fred & Dee Lyons President + CEO

Jim and Middy Gardner Board Member

Nat and Betty Robertson " "

John and Margaret Biles " "

Paul and Becky Rogers " "

Jim McGraw Marion Officer
Sr Exec VP + COO

Mike and Karen Herman " "

Bill and Bette Hoskins " "

Michie and Vicki Slaughter " "

Harley and Lois Tennison " "

Stu and Mindy Gold " "

Ed and Charlotte Mehrer " "

Larry and Lois Wheeler " "

Speak

*October 18
Wed.*



MARION LABORATORIES, INC.

P.O. BOX 8480 • KANSAS CITY, MISSOURI 64114-0480 • 816-966-4000

PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

8:00 or 8:30 am
Ritz Carlton

September 15, 1989

The Honorable Robert Dole
United States Senate
141 Senate Hart Office Building
Washington, DC 20501

Dy

Dear Senator Dole:

In mid-October the Board of Directors of Marion Laboratories, Inc. will convene for a special two-day meeting in Washington, D.C. This will be the Boards' final meeting before the proposed combination of Marion and Merrell Dow Pharmaceuticals is concluded, creating a greatly expanded Kansas City-based company to be known as Marion Merrell Dow Inc.

Given the significance of this meeting and in view of your personal ties to Marion and its Chairman, Ewing M. Kauffman, it is my pleasure to extend an invitation to you to address this special Board meeting on the morning of October 18, 1989, at the Ritz Carlton Hotel in Washington, D.C. We appreciate the fact that your schedule is hectic and we will be happy to arrange our meeting to accommodate your calendar.

I am certain the members of the Board will enjoy hearing your perspective on the critical legislative issues facing our country or other topics you feel are of importance, and I do hope you will be able to join us for this important meeting.

We look forward to your favorable response and to visiting with you personally during our visit to Washington.

\$2,000 honor

Sincerely,

Fred
Fred W. Lyons, Jr.

cc: The Honorable Paul Rogers · *637-5753* · *Call Paul*

9-19-89 Interim ltr.

Shelia,

I spoke with Shirley Hicks from Fred Lyons' office. These are the particular areas he would like the Senator to speak on.

- o Current fiscal policy, the government budget deficit, etc. the implications for taxation and effect on business.
- o Catastrophic health care and the resulting budget deficit. What will come out of it as a result? *Shelby*
- o The Senator's thoughts on the dynamics of the power structure and the relationship between the White House, the Senate and the House.

Panella

MARION LABS SPEECH

INTRODUCTION

0 THANK YOU FOR INVITING ME TO SPEAK TODAY. IT
IS A GREAT HONOR TO BE WITH THE BOARD OF
DIRECTORS FOR THE FINAL BOARD MEETING OF
MARION LABS. I GUESS IT IS NOT FAIR FOR ME TO
CALL THIS YOUR FINAL BOARD MEETING,

-- 2 --

BECAUSE YOUR PROPOSED MERGER WITH MERRELL
DOW PHARMACEUTICALS REPRESENTS A NEW
BEGINNING, AND NOT JUST FOR MARION LABS --
MERRELL DOW WILL HAVE A LOT TO LEARN FROM
MARION LABS.

-- 3 --

0 MARION LABS HAS GROWN FROM A SMALL ENTERPRISE IN A BASEMENT INTO A COMPANY WITH OVER 3500 EMPLOYEES AND \$930 MILLION IN GROSS SALES, IN LARGE PART, BECAUSE ITS CHAIRMAN, EWING KAUFFMAN BELIEVED THAT "THOSE WHO HELP CREATE THE BENEFITS SHALL SHARE THEM." I HOPE THAT MERRELL DOW WILL CONTINUE EWING KAUFFMAN'S COMMITMENT TO THIS PRINCIPLE, AS WELL AS HIS COMMITMENT TO THE KANSAS CITY COMMUNITY.

-- 4 --

GRAMM-RUDMAN-HOLLINGS

0 WASHINGTON, AS YOU KNOW, HAS NEVER NEEDED
MUCH ENCOURAGEMENT TO CREATE BENEFITS TO
SPREAD AROUND. THE ONLY PROBLEM IS, WE LIKE
TO USE OTHER PEOPLE'S MONEY TO DO IT.

-- 5 --

0 UP UNTIL A FEW YEARS AGO, CONGRESS DIDN'T
HAVE MUCH TO PREVENT US FROM SPENDING ALL
THE MONEY WE WANTED. SURE, WE HAD
MULTI-BILLION DOLLAR DEFICITS, BUT WE HAD NO
PLAN TO CUT SPENDING OVER THE LONG RUN.
THEN WE PASSED GRAMM-RUDMAN-HOLLINGS.

-- 6 --

0 GRH GAVE CONGRESS THE DISCIPLINE NEEDED TO
CUT SPENDING. IT SET ANNUAL DEFICIT TARGETS,
AND IF CONGRESS DIDN'T MEET THOSE TARGETS,
THEN THE GRH AX AUTOMATICALLY MADE THE
NEEDED CUTS THROUGH WHAT IS CALLED A
SEQUESTER.

-- 7 --

0 OVER THE LAST COUPLE OF YEARS, GRH HAS
WORKED PRETTY WELL. WE HAVE USED SOME
BUDGET TRICKS AND GIMMICKS, BUT OVERALL IT
HAS FORCED US TO LIVE WITHIN CERTAIN LIMITS
AND KEPT THE DEFICIT FROM CLIMBING TO
GREATER HEIGHTS EACH YEAR.

-- 8 --

SEQUESTER

0 EVEN THOUGH CONGRESS HAS MET THE DEFICIT
TARGETS IN PAST YEARS, EACH YEAR HAS BEEN A
SQUEAKER. THIS YEAR, IN PARTICULAR, CONGRESS
HAS CUT THINGS VERY CLOSE.

-- 9 --

0 IN FACT, OFFICIALLY, CONGRESS HAS MISSED THE
OCTOBER 16TH DEADLINE FOR MEETING THE FY
1990 DEFICIT. THE FEDERAL GOVERNMENT IS NOW
MAKING THE REQUIRED \$16.1 BILLION IN ACROSS
THE BOARDS TO MEET THE DEFICIT TARGET OF \$100
BILLION.

-- 10 --

0 THERE IS STILL SOME HOPE, HOWEVER, THAT
CONGRESS MAY AGREE UPON A BUDGET
RECONCILIATION BILL, REDUCING SPENDING BY
\$14.1 BILLION. SOME PEOPLE OUT THERE, MOST
PROMINENTLY DICK DARMAN, SAY THAT IT MIGHT BE
BETTER IF WE JUST STICK WITH A SEQUESTER.
SEQUESTER CUTS, THEY SAY, ARE REAL AND
PERMANENT, WHILE A GOOD NUMBER OF BUDGET
RECONCILIATION CUTS ARE SMOKE AND MIRRORS.

-- 11 --

RECONCILIATION IS BETTER THAN SEQUESTER

0 WELL, I DON'T BUY THAT ARGUMENT. THE SAVINGS
IN BUDGET RECONCILIATION ARE NOT PERFECT,
BUT THAT IS NOT THE POINT. WE WERE ELECTED TO
CONGRESS TO DO A JOB: LEGISLATE. THAT MEANS
MAKING TOUGH DECISIONS ABOUT WHAT TO CUT,
RATHER THAN ALLOWING SOME AUTOMATIC, MEAT
AX PROCESS TO AIMLESSLY MAKE THOSE CHOICES
FOR US.

-- 12 --

0 THE SENATE RECONCILIATION PACKAGE, WHICH
WAS PASSED LATE FRIDAY NIGHT, IS A PRETTY
GOOD PACKAGE. IT WASN'T WHEN WE STARTED
WORKING ON IT, BUT AFTER A WEEK OF INTENSE
NEGOTIATIONS, BOTH SIDES OF THE AISLE AGREED
TO CUT OUT THE GOODIES AND GET BACK TO THE
BASIC TASK OF CUTTING THE DEFICIT. SO, WE CUT 9
POUNDS OF PROVISIONS FROM A 12 POUND BILL.

-- 13 --

0 SOME OF THESE ITEMS WERE GOOD FOR KANSAS
AND GOOD FOR AMERICA. SOME OF THESE ITEMS
WERE PROBABLY THINGS THAT INTERESTED THIS
GROUP. HOWEVER, THIS WAS THE SACRIFICE WE
HAD TO MAKE TO RESTORE THE RECONCILIATION
PROCESS FROM AN ALL-PURPOSE LEGISLATIVE
GRAVY TRAIN TO ITS ORIGINAL ROLE -- AN
EXPEDITED VEHICLE FOR DEFICIT REDUCTION.

-- 14 --

HEALTH ISSUES

0 I KNOW MANY OF YOU HERE ARE PARTICULARLY
INTERESTED IN THE FATE OF TWO ITEMS THAT WERE
DELETED FROM THE SENATE'S RECONCILIATION
BILL: CATASTROPHIC INSURANCE AND PHYSICIAN
REIMBURSEMENT.

-- 15 --

0 PHYSICIAN REIMBURSEMENT REFORM IS CLEARLY
LONG OVERDUE. WE NEED TO IMPLEMENT A MORE
RATIONAL SYSTEM THAT PLACES A VALUE ON THE
TIME SPENT WITH PATIENTS, AS WELL AS WHAT THE
PHYSICIAN DOES.

0 CATASTROPHIC INSURANCE, ACCORDING TO OUR
NATION'S ELDERLY, ALSO NEEDED A FAIRLY MAJOR
OVERHAUL. I WORKED TO SAVE THE PREMIUM,
WHILE CUTTING THE SIZE OF THE PROGRAM BACK
TO A MORE REASONABLE LEVEL OF COVERAGE.

-- 16 --

0 WHILE SOME OF YOU MAY BE DISAPPOINTED IN THE
CUTBACKS WE MADE IN THE DRUG PORTION OF THE
PACKAGE, THE ALTERNATIVE WOULD HAVE BEEN
OUT OF CONTROL SPENDING, RESULTING IN
INCREASED GOVERNMENT INTERFERENCE. THAT'S
AN OUTCOME THAT NEITHER WE, NOR THE DRUG
INDUSTRY WANTED.

-- 17 --

0 BY STRIPPING THESE ITEMS OUT OF THE
RECONCILIATION BILL, WE HAVEN'T PUT ANY LESS
IMPORTANCE ON THEM. WE HAVE SIMPLY DECIDED
THAT THEY DESERVE TO BE CONSIDERED
INDIVIDUALLY AND NOT IN A MASSIVE SPENDING
REDUCTION BILL.

-- 18 --

CONFERENCE

0 SO FAR, THE HOUSE HAS NOT AGREED TO OUR
STRIPPED-DOWN RECONCILIATION BILL. HOWEVER,
I AM OPTIMISTIC THAT THE "GOOD GOVERNMENT"
MOVEMENT WILL CATCH ON THERE, PARTICULARLY,
SINCE LOADING DOWN THIS LEGISLATION WILL
ATTRACT A CERTAIN PRESIDENTIAL VETO, A
PERMANENT SEQUESTER AND THE CONTEMPT OF
THE AMERICAN PEOPLE.

-- 19 --

PRIVATE SECTOR SUPPORT

0 THOSE OF YOU IN THE PRIVATE SECTOR CAN AID US
IN THIS EFFORT BY EXPRESSING YOUR SUPPORT
FOR PURE DEFICIT REDUCTION -- EVEN IF IT ENTAILS
A SLIGHT DELAY IN POPULAR INITIATIVES. WHILE
YOU MAY HAVE TO SACRIFICE QUICK ACTION ON
CERTAIN ITEMS, THE PAY-OFF WILL BE IN GREATER
FISCAL RESPONSIBILITY BY CONGRESS IN THE LONG
RUN.