

APPENDIX III

SCHERING CORP.,
November 3, 1967.

HON. GAYLORD NELSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR NELSON: In the course of the July 24, 1967, hearings before the Subcommittee on Monopoly of the Senate Select Committee on Small Business, you referred to the "research . . . done by the National Institutes of Health with prednisone," and interrogated Mr. W. H. Conzen, President of Schering Corporation, concerning the report you had received from the NIH as to its expenditures in that regard.

You stated that you had been informed by NIH that they spent a total of \$2,114,000 in intramural research on prednisone and prednisolone in the years 1953 through 1967, and that, in addition, NIH had submitted to you a record of expenditures totaling \$14,384,144 in extramural research grant obligations for the period from 1953 through 1967.

You further stated (Transcript, p. 1032): "This involved 639 grants from the period 1953 through 1967. These grants were not, I understand, exclusively to do research in prednisone and prednisolone, but in each of these 639 grants, research was done on prednisone and prednisolone, and that totaled \$14,384,144."

You asked that the listing of the intramural research expenditures and the table of the extramural research obligations be printed at the conclusion of Mr. Conzen's testimony. The interpretation given to these statements by the press throughout the country is typified by the following:

"Senator Nelson of Wisconsin pointed out that some 60 million dollars had been spent on prednisone research and development grants by the National Institutes of Health. So much for the claim that in this instance private industry carried the ball" (*Times Herald*, Carroll, Iowa).

"Nelson also took issue with Schering's claim of its contributions as the discoverer and developer of prednisone. He cited figures that the National Institutes of Health has spent some \$60 million in development and research grants on the drug" (*The Washington Post*, Washington, D.C.).

To clarify this matter, our Research Vice President requested NIH to furnish us information on this subject. We are now in receipt of its response, a copy of which we are enclosing. We ask that it, together with this communication, be incorporated into the record of the proceedings so that the latter may be more precise and complete.

Very truly yours,

IRVING H. JUROW,
Vice President and General Counsel.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
PUBLIC HEALTH SERVICE,
NATIONAL INSTITUTES OF HEALTH,
Bethesda, Md., October 4, 1967.

DEAR DR. GIBSON: This is in response to your recent inquiries concerning references made to NIH support of research on prednisone and prednisolone before the Senate Select Committee on Small Business Subcommittee on Monopoly, chaired by Senator Gaylord Nelson. We are enclosing a copy of the material supplied to the Committee in response to their request.

There are several points which need to be reemphasized, although they were fully explained by Senator Nelson during the hearing on July 24. As you will see in the attached document, the research reported (both intramural and extramural) covered prednisone and prednisolone for the fiscal years 1953 through 1967. The intramural funds reported were spent entirely on prednisone or prednisolone research. The footnote on the extramural research data (which was read into the hearing record by Senator Nelson, according to a member of his staff) reads as follows:

"Extramural obligations overestimate funds devoted to prednisone and prednisolone since all grants in which prednisone and/or prednisolone were named were counted in the total."

As far as the method of compiling the information is concerned, the Division of Research Grants, together with the Science Information Exchange, conducted a hand search of research projects either through the "Notice of Research Project" or through the Public Health Service Index for fiscal years 1953-1965.