

Written Statement of Alcon Laboratories, Inc.
Before the Subcommittee on Antitrust of the
Senate Committee on the Judiciary

Alcon Laboratories, Inc. is pleased to submit this written statement in connection with the Subcommittee's hearing relating to unilateral pricing policies in the contact lens industry. Alcon, which has headquarters in Fort Worth, Texas, is the world's leading eye care company. It operates three divisions: Ophthalmic Pharmaceuticals, which supplies drugs for conditions such as eye inflammation and glaucoma; Surgical, which supplies, among other things, lasers and equipment used during eye surgery; and Vision Care, which principally supplies contact lenses and lens care solutions.

Alcon launched a limited unilateral pricing policy in connection with its 2013 launch of an innovative new contact lens: DAILIES TOTAL1®. DAILIES TOTAL1® was developed in response to the greatest challenge manufacturers and patients faced with respect to contact lenses: comfort. Contact lenses provide several advantages over eyeglasses, including enhanced visual acuity and cosmetic benefits. Despite these advantages, only about 15% of patients in need of vision correction use contact lenses. The principal reason for patients to select eyeglasses rather than contact lenses is that they find (or have heard) that contact lenses become uncomfortable over time. Indeed, the most common reason given by patients for switching back to eyeglasses after having used contact lenses is that the lenses became uncomfortable.

In response to this concern, Alcon initiated a program to develop a daily disposable contact lens that would provide substantially more comfort through the end of the day for the patient. The result was DAILIES TOTAL1®, the first and only water gradient contact lens, featuring an increase in water content from 33% at the silicone hydrogel core to over 80% at the surface, for the highest breathability of any daily disposable lens and superior lubricity compared to competitive daily disposable and silicon hydrogel lenses.

This was not a simple undertaking. Alcon invested ten years of effort and an estimated one million person-hours by its scientists, engineers and others to develop and bring the product to the market. Thus, the financial investment required was enormous. Investing such a substantial amount in a new product makes sense only if Alcon can recoup that investment within a reasonable period of time by selling a sufficient volume of the product.

This takes us to the vital role that eye care professionals – whom we refer to as ECPs – play in the contact lens market. Contact lenses are FDA-regulated medical devices. A patient requires a prescription from an ECP to obtain them. When a patient has an eye examination, he or she will often purchase eyeglasses from the ECP. Unless the patient specifically inquires about contact lenses, the ECP is unlikely to mention them. And even if the patient raises the possibility of buying contacts, some ECPs may not be enthusiastic about recommending them because of the historical problems with comfort.

This situation posed a huge problem for Alcon with respect to DAILIES TOTAL1®. The commercial success of the product, and other technologically advanced products, was dependent on ECPs devoting significant time to learning about the new product and explaining its benefits to patients. That was especially so because DAILIES TOTAL1® was going to be priced higher than other lenses that Alcon and other manufacturers had on the market. In

Alcon's view, the substantially increased comfort of DAILIES TOTAL1® justified the higher price from the patient's perspective. Patients, however, are unlikely to be willing to pay a higher price for DAILIES TOTAL1® unless they understand the breakthrough benefits of the product, and they are unlikely to learn that unless the ECP invests the time to learn about the product and discuss its features and benefits as part of the vision correction options available for patients.

Alcon's concern was assuring that the selling price for DAILIES TOTAL1® was sufficient to motivate the ECPs to invest their time in learning and communicating the benefits to their patients. It is simpler – and less expensive – for the ECPs to simply maintain the status quo by prescribing eyeglasses or refilling a patient's current contact lens prescription. Given that those are medically acceptable alternatives to DAILIES TOTAL1®, one cannot expect that all ECPs would go out of their way to spend time learning about and explaining new technology unless doing so was a reasonable step financially.

In recent years, however, ECPs have found their profit margins on the sale of contacts to be narrow. The profit margin is low because of a classic “free rider” problem. An online seller or mass merchandiser – which does not incur the cost of studying the technology, appraising what is best for a particular patient, or recommending a lens – can generally underprice ECPs who do bear those substantial costs and without whom there would be no market for contact lenses.

Basically, the ECP is forced to either match the discount seller's price – in which case the profit margin may be eliminated or reduced to an inadequate level – or to sell at a higher price than the discounter – in which case the patient may obtain refills (and perhaps even the original set of contacts) from the discounters. In either situation, the ECP has reduced incentive to invest in learning about and educating patients on a new technology. ECPs will prescribe contacts to patients who request them, but some ECPs may not undertake the effort to learn about and explain the new technology to patients who abandoned contacts after experiencing discomfort with them. And even for patients who request contacts, an ECP who has not invested time learning about the benefits of water gradient lenses, or is reluctant to undertake the time to explain it to the patient, may simply prescribe an older, less comfortable lens (from Alcon or another supplier). The result is that many patients who would be well served by DAILIES TOTAL1® might never learn about its benefits and consider buying this new product.

As a result of this situation, Alcon chose to create an environment in which ECPs might more likely spend time learning about the new technology and explaining it to patients, all while having the opportunity to make a reasonable profit margin. It did so by adopting its Unilateral Pricing Policy, or UPP, when it launched DAILIES TOTAL1® in 2013. That policy provided that Alcon would not supply DAILIES TOTAL1® to customers who resold it for less than the price announced by Alcon.

To be clear, Alcon did not agree with its customers regarding the price at which they would sell DAILIES TOTAL1® to patients, nor did it prevent them from charging any price they wanted when they resold the product. Rather, Alcon unilaterally stated that it would not sell this particular product to customers that it discovered were selling it below the indicated price.

The idea of adopting the UPP originated at Alcon. An Alcon employee came up with the idea after reading two articles about pricing policies in a business school publication, and he recommended it to higher management. It was never proposed to Alcon by its customers or

anyone else. Rather, it was Alcon's response to the concern that inadequate margins for ECPs would lead to inadequate education of patients about the DAILIES TOTAL1® treatment option, perhaps preventing Alcon from recouping its huge financial investment in this new product.

Alcon believes that the UPP helps most or all of those involved in the contact lens business. It helps patients who would benefit from this technology by ensuring that as many of them as possible learn about and, if medically appropriate, obtain the new lenses. It enhances Alcon's prospects of recouping its investment in the development of DAILIES TOTAL1®, and in doing so makes it economically viable for Alcon to invest in other new technologies – which again benefits patients. It helps ECPs by enabling them to earn a reasonable profit on lenses they sell, if they so choose. And we believe that in the long run it helps online and mass merchandise sellers, because in the end they can only sell this new product when an ECP has prescribed it, and we believe that the UPP will increase patient awareness of an improved contact lens option.

When the UPP was announced, it applied only to DAILIES TOTAL1®. Applying it to older lenses would have made some sense. The problem that the ECPs and Alcon faced in relation to the older the lenses, however, was much less severe because, among other things, ECPs (and many patients) are already familiar with them. In 2014, Alcon extended the UPP to cover three innovative new lenses it was launching: DAILIES® AquaComfort Plus® Multifocal, DAILIES® AquaComfort Plus® Toric, and AIR OPTIX® COLORS contact lenses. Today, the UPP applies to only four of the thirteen contact lens brands that Alcon sells. Going forward, Alcon will periodically re-evaluate whether each of these products should continue to be covered by UPP considering each product's life cycle and other factors.

In conclusion, Alcon's UPP program is good for most or all of Alcon's customers, it is good for patients and it is good for Alcon. We appreciate the opportunity to share these thoughts with the Subcommittee.

August 6, 2014

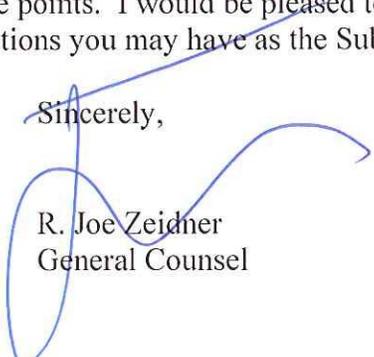
Dear Madam Chairwoman and Senator Lee:

Thank you again for the opportunity to testify before your Subcommittee last Wednesday. I appreciate you providing me this honor, and giving me the opportunity to share our assessment of developments in the marketplace for contact lenses.

Since the hearing, we have taken a close look at the testimony received by the Subcommittee. I have great respect for Dr. Millicent Knight, who testified on behalf of Johnson & Johnson Vision, and enjoyed appearing on the panel with her and the other witnesses. However, we remain perplexed by some of the statements made by Dr. Knight which are contradicted by information we have, or which we feel merit further elaboration.

As such, we provide for the record, the attached memorandum addressing some of those points. I would be pleased to provide additional information or respond to any questions you may have as the Subcommittee continues its review of this industry.

Sincerely,



R. Joe Zeidner
General Counsel

Memorandum

RE: Statements made on behalf of Johnson & Johnson

Before the Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights hearing: “Pricing Policies and Competition in the Contact Lens Industry: Is What You See What You Get?”, July 30, 2014.

Statement: In her testimony, Dr. Millicent Knight, testifying on behalf of Johnson & Johnson Vision, suggested the company’s new Resale Price Maintenance (“RPM”) program is intended to, and will result in, lower consumer prices for Johnson & Johnson’s contact lenses.

Response: Johnson & Johnson’s RPM program sets *minimum* retail prices that retailers, including discounters, cannot sell below. In no way does this program impede a retailer’s ability to set prices above that minimum price.

There is no incentive or requirement from Johnson & Johnson’s RPM program for retailers to lower prices on these products. Rather, this RPM program immediately forces many retailers to increase prices.

For example, for the most popular J&J lens, Acuvue Oasys, the RPM program requires the lowest price Internet seller increase its price by 111%. The charts below compare prices advertised on June 26, 2014, versus the new RPM set minimum price for Acuvue Oasys and for J&J’s 1-Day Moist and 1-Day TruEye lenses.

Acuvue Oasys 6pk (Pre-RPM sold as 6 pk, Post-RPM only sold as 12pk)

	<u>6 pk Pre-PRM*</u>	<u>6 lenses RPM Price</u>	<u>Increase</u>	<u>Percentage Increase</u>
Lowest Internet Price	\$15.99	\$33.75	\$17.76	111%
OptiContacts.com	\$19.49	\$33.75	\$14.26	73%
Lens.com	\$19.99	\$33.75	\$13.76	69%
Coastal Contacts	\$23.99	\$33.75	\$9.76	41%
Sam's Club	\$25.84	\$33.75	\$7.91	31%
1-800 Contacts	\$25.87	\$33.75	\$7.88	30%
Walmart	\$31.48	\$33.75	\$2.27	7%
Average OD Price	*28.11/**\$34.36	\$33.75	\$5.64 / -\$6.1	20% / -2%

*Represents the net price per box for annual supply, after published rebates or discounts

**Represents the net price per box for annual supply, before rebates or discounts

1 Day Moist Pre-RPM 30 pk, Post-PRM 30pk

	<u>30 pk Pre-PRM*</u>	<u>30 pk RPM Price</u>	<u>Increase</u>	<u>Percentage Increase</u>
Lowest Internet Price	\$18.48	\$33.00	\$14.52	79%
OptiContacts.com	\$18.49	\$33.00	\$14.51	78%
Lens.com	\$18.50	\$33.00	\$14.50	78%
Coastal Contacts	\$19.99	\$33.00	\$13.01	65%
Sam's Club	\$21.88	\$33.00	\$11.12	51%
Walmart	\$25.00	\$33.00	\$8.00	32%
1-800 Contacts	\$25.82	\$33.00	\$7.18	28%
Average OD Price	*27.91/**\$32.08	\$33.00	\$5.09 / \$.92	18% / 3%

*Represents the net price per box for annual supply, after published rebates or discounts

**Represents the net price per box for annual supply, before rebates or discounts

1 Day TruEye Pre-RPM 90 pk, Post-PRM 90pk

	<u>90 pk Pre-PRM*</u>	<u>90 pk RPM Price</u>	<u>Increase</u>	<u>Percentage Increase</u>
Lowest Internet Price	\$51.65	\$82.50	\$30.85	60%
OptiContacts.com	\$61.95	\$82.50	\$20.55	33%
Lens.com	\$62.99	\$82.50	\$19.51	31%
Sam's Club	\$66.78	\$82.50	\$15.72	24%
1-800 Contacts	\$67.49	\$82.50	\$15.01	22%
Coastal Contacts	\$79.99	\$82.50	\$2.51	3%
Walmart	\$75.00	\$82.50	\$7.50	10%
Average OD Price	*71.44/**\$83.94	\$82.50	\$11.06 / -\$1.44	15% / -2%

*Represents the net price per box for annual supply, after published rebates or discounts
 **Represents the net price per box for annual supply, before rebates or discounts

Dr. Knight’s testimony that this is about reducing costs for consumers is inconsistent with the well-established purpose of a minimum RPM program; which is to increase retailers’ profit margins by eliminating retail price competition (e.g., eliminating the substantial discounts often offered by online and big box retailers).

The result of such a program is naturally higher prices to consumers, especially for primarily cost-conscious consumers who are the most likely to search for lower prices provided by online and big box retailers. It is not logical to conclude that policies intended to *decrease* competition on the retail level will lower prices. Rather, it is *increased* competition which generally produces lower prices and more options for consumers.

Response: The President of Johnson & Johnson Vision Care, Laura Angelini, did not state that the goal was to lower consumer prices when she described the RPM program to industry press. Rather, in *Vision Monday*, on July 2, 2014, Ms. Angelini “described this new pricing as a ‘holistic multifaceted pricing policy to refocus the conversation between the doctor and the patient on eye health and product performance rather than price. This gives the optometrist the ability to improve his or her capture rate in the office,’ she told Vmail. ‘Now the patient has no incentive to shop around.’”¹

¹ *Johnson & Johnson Vision Care Introduces Unilateral Pricing Policy on ‘Strategic Brand’ CLs, Discontinues Some Acuvue Brands*, Vision Monday (July 2, 2014), available at http://www.visionmonday.com/vmail-headlines/article/49205/?utm_source=vmail&utm_medium=email&utm_campaign=2915_vmail_headlines&vmemail=s.tacchini@mido365.com (last visited Aug. 5, 2014) (emphasis added).

Her statements make clear the goal of the RPM program is to eliminate retail price competition for Johnson & Johnson's contact lenses. As a result, eye care providers (who typically have the highest retail prices) can capture more sales from consumers by prescribing Johnson & Johnson's contact lenses. Attached is a copy of the VisionMonday article.

Response: In a communication sent to the optometric community on June 24, 2014, Ms. Angelini similarly did not mention or otherwise support the argument that lowering consumer prices is the goal of the RPM program. Rather, in her "Dear Eye Care Professional" letter, she informed optometrists that "to further demonstrate our commitment to prescribers. . . many of you will begin to hear about our new pricing strategy . . . [that] includes a Unilateral Pricing Policy (UPP)". Nowhere in the letter is there any discussion of lowering consumer prices. Attached is a copy of the "Dear Eye Care Professional" letter.

Statement: In her submitted testimony, Dr. Knight states: "The Minimum Retail Prices within our UPP are set below the current average market prices for the majority of consumers who purchase these brands."

Response: Dr. Knight's statement relies on the source "Q1 2014 ABB Price Monitor Before Manufacture Rebates." What Dr. Knight's testimony refers to as the "Average Market Prices" actually appear to be the "Average Private Practice" prices (*i.e.*, the average retail price of private eye care providers). It does not reflect the prices charged by alternative retailers, including those charged by major discounters like Walmart, Costco, 1-800 CONTACTS, Coastal Contact, Lens.com, and many others. It also appears not to include or reflect prices paid by consumers who when purchasing lenses from their eye doctors, take advantage of available rebates.

The ABB report provides information on retail prices in the first quarter of 2014 for private ECP practices, 1-800 CONTACTS, and Walmart. The chart below compares the prices reported by ABB with the new minimum prices required by Johnson & Johnson.

Retail Prices in First Quarter 2014 (as Reported by ABB Optical Group) Compared to New Johnson & Johnson Minimum Required Retail Prices				
	Average Private Practice	1-800 CONTACTS (Annual Supply)	Walmart	New J&J Required Minimum Price
Acuvue Oasys (6 pk)	34.74	24.62	31.48	67.50 <i>(for a 12 pack; 6 pack discontinued)</i>
Acuvue Oasys (24 pk)	121.77	98.46	113.00	110.00
1 Day Acuvue Moist (90 pk)	69.98	57.49	59.88	63.50
1 Day Acuvue Moist (30 pk)	31.07	26.66	24.88	33.00
1 Day Acuvue Moist for Astigmatism (30 pk)	34.45	24.57	28.92	34.50
1 Day Acuvue TruEye	81.46	73.12	74.88	82.50
Acuvue Oasys for Astigmatism	47.60	37.37	39.92	40.00

Source: ABB Optical Group, Soft Lens Retail Price Monitor (First Quarter 2014); Johnson & Johnson, Acuvue Brand Contact Lenses, Unilateral Pricing Policy.

Thus, the ABB’s report — the source relied upon by Johnson & Johnson — shows that the new minimum retail prices are substantially above most of those charged by 1-800 CONTACTS and Walmart for Johnson & Johnson’s contact lenses. For example,

- For the Acuvue Oasys 24 pack, the new minimum prices will result in more than a \$10 (12%) increase for customers of 1-800 CONTACTS who purchase an annual supply.
- For the 1 Day Acuvue Moist 90 pack, the minimum price will result in more than a \$5 (10%) increase for customers of 1-800 CONTACTS who purchase an annual supply; and more than a \$3.50 (6%) increase for customers of Walmart.
- For the 1 Day Acuvue Moist 30 pack, the minimum price will result in more than a \$8 (33%) increase for customers of Walmart; and more than a \$6 (24%) increase for customers of 1-800 Contacts who purchase an annual supply.
- For the 1 Day Acuvue Moist for Astigmatism 30 pack, the minimum price will result in nearly a \$10 (40%) increase for customers of 1-800 Contacts who purchase an annual supply; and almost a \$5 (19%) for customers of Walmart.

Notably, the ABB analysis, on which J&J based its statements, does not include many other online or discount retailers that also regularly offer substantial discounts from the prices charged by eye care providers. Johnson & Johnson appears to have set its minimum prices near the average previously charged by private eye care providers despite data indicating that eye care providers typically charge much higher prices than online and discount retailers.

There is also no requirement or any incentive under the RPM program for eye care providers or any other retailer to lower their prices to the new RPM price. Rather, as the RPM program forces discounters from the marketplace, eye care providers will gain more pricing power, and could increase their prices even further down the road.

Response: Dr. Knight’s statement refers to “the majority of consumers who purchase these brands.” Based on the above analysis, it appears her reference to “the majority of consumers” means those who purchase their lenses from their eye care provider and not those purchasing from alternative retailers.

However, it should not be assumed that those who purchase from their eye care providers only purchase through that channel. It is very common in this industry for consumers to purchase their first supply of lenses from their eye care provider and their refills from alternative suppliers.

Specifically, nearly 50% of all contact lens wearers will purchase some lenses from an alternative retailer at least some time during a year, and nearly 30 percent will purchase from an online retailer. So a significant portion of the “majority of consumers” referred to by Dr. Knight may see a slight reduction in pricing when they make their initial purchase of lenses from their eye doctor, but will pay higher prices when they go to alternative retailers for their subsequent purchases during the year.

Furthermore, many of the “majority of consumers” do not actually pay out of pocket for the full price of their initial purchases of lenses. According to a recent survey, nearly 60% of contact lens wearers aged 18-49 have vision insurance, and nearly 40% of those consumers use insurance toward the purchase of their lenses, insulating them in whole or in part from prices charged by private practices.

Those consumers whose insurance covers only the initial supply of lenses may not be insulated by insurance from prices for refills. The RPM program will eliminate the ability of such consumers to shop around for a discount on those refills – the ones for which they will be paying out of their own pockets.

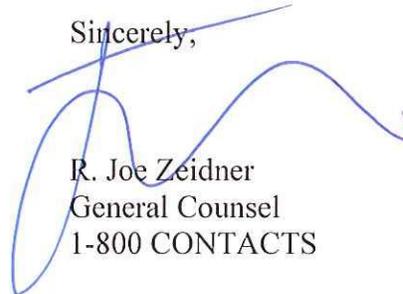
Conclusion: In sum, market data, J&J’s comments to the optometric community and basic economics indicates that the RPM program is not intended to, and will not, reduce prices for consumers. Rather, the program will raise prices for consumers. It will:

- (1) eliminate retail price competition;

- (2) deny consumers who want or need to shop for their lenses based on price the ability to do so;
- (3) force from the market retailers who whose business model is based on competing on price; thereby increasing the market and pricing power of high-priced eye care providers; and,
- (4) provide a greater financial incentive for ECPs to prescribe Johnson & Johnson's contact lenses – which is underscored by Ms. Angelini's statements that her company's RPM program "gives the optometrist the ability to improve his or her capture rate in the office ," and will result in "the patient [having] no incentive to shop around."

Johnson & Johnson's RPM program is bad for competition and consumers. It also directly undermines, and is intended to undermine, one of the principal goals of the Fairness to Contact Lens Consumers Act (PL 108-164), which is to separate the purchase of lenses from the prescribing, and thereby increase consumers' ability to take their prescriptions out of the prescriber's office in search of lower prices and greater convenience in purchasing their contact lenses.

Sincerely,



R. Joe Zeidner
General Counsel
1-800 CONTACTS

Johnson & Johnson Vision Care Introduces Unilateral Pricing Policy on ‘Strategic Brand’ CLs, Discontinues Some Acuvue Brands

By Staff (/author/staff/)

Wednesday, July 02, 2014 12:27 AM



Laura Angelini, president, Johnson & Johnson Vision Care – North America.

JACKSONVILLE, Fla—Last week, in a letter addressed to eyecare professionals dated June 24, 2014, Laura Angelini, president, Johnson & Johnson Vision Care – North America, (<http://www.acuvueprofessional.com/>) announced the company’s launch of its “Enterprise Strategy” and “roadmap for the future,” part of which includes resetting the price of specific contact lens products in the U.S. according to a new “unilateral pricing policy.”

Now, all wholesale customers will receive the same pricing for certain existing contact lenses already offered in the company’s portfolio, Angelini told VMail. The policy applies to the company’s number one reusable, Acuvue Oasys, its number one disposable, Acuvue Moist, and its 1-Day Acuvue TruEye, which Angelini described as the company’s “strategic brands.” The new policy also sets minimum retail pricing, which has been communicated to all its customers. In addition, manufacturer’s rebates have been eliminated by building those discounts into the retail price of these legacy products rather than requiring customers to send in proof of purchase to obtain rebates.

Angelini described this new pricing as a “holistic multifaceted pricing policy to refocus the conversation between the doctor and the patient on eye health and product performance rather than price. This gives the optometrist the ability to improve his or her capture rate in the office,” she told VMail. “Now the patient has no incentive to shop around.”

The letter to eyecare professionals described the three areas in which the company would “demonstrate support for the profession and the professional—Prescribers, Portfolio and Preferred Partners.” Within the “Prescribers” portion, the letter referenced the new pricing strategy and also introduced a new six-month supply pack of Acuvue Oasys, as a means of improving patient compliance, noting that beginning July 1, 2014, the product will no longer be available in three-month supply packs. The Oasys product portfolio also features new packaging.

The letter cited the scheduled 2015 introduction of the 1-Day Acuvue Define lens to the U.S. Already available in Asia, the contact lens is built on the 1-Day Acuvue Moist platform and adds a natural-looking luminous definition to the eye by enhancing the appearance of the iris, giving it more contrast, dimension and radiance without changing the color. Because they are not colored contact lenses but rather “add luminosity to the iris,” Angelini described them as creating a new category of contact lenses. In addition, a multifocal will be added to the 1-Day Acuvue Moist family of brands.

The “Preferred Partners” section of the letter states that the company “will continue to develop solutions that further elevate the importance of the prescriber. For example, we will continue to expand the

Acuvue myAdvantage Program to include services to assist with contact lens practice management, patient education and staff support.” The letter concludes with a request for feedback at customerexperience@its.jnj.com (<mailto:customerexperience@its.jnj.com>).

Johnson & Johnson Vision Care also announced that effective March 31, 2015, it will discontinue Acuvue Advance, Acuvue Advance for Astigmatism, Acuvue Advance Plus, as well as the Acuvue brand contact lenses that were originally introduced in 1987. Diagnostic lenses for Acuvue Advance and Acuvue Advance for Astigmatism had previously been discontinued, and diagnostic lenses for Acuvue Advance Plus will be discontinued effective Aug. 1, 2014.

Johnson & Johnson Vision Care will provide in-office tools to help doctors and staff transition patients from Acuvue Advance and the original Acuvue to the most current Acuvue technology. The company also will alert contact lens wearers by communicating the product discontinuation information on the Acuvue website (<http://www.acuvue.com/>). The company is also offering a reimbursement of up to \$100 toward patients’ fitting fees when Acuvue Advance brand family or Acuvue wearers are prescribed an annual supply of any product in the Acuvue Oasys brand family, 1-Day Acuvue Moist brand family, or 1-Day Acuvue TruEye brand contact Lenses.

“For more than 25 years, the Acuvue brand has been at the forefront of innovation, contributing to today’s high standards for contact lenses,” said Angelini. “Contact lens wearers continue to embrace innovative new materials, technologies, and designs that meet their vision, comfort, health and lifestyle needs. As we continue to invest heavily in research and development of new and improved products that offer benefits beyond vision correction, we have made the decision to discontinue production of some of our older technology.”

[Click Here](#) to view online.



Dear Eye Care Professional,

When I last communicated with you about six months ago, I shared that Johnson & Johnson Vision Care, Inc., North America (JJVC), was in the process of carefully assessing our overall strategy so that we could best meet the needs of our customers, and asked for your feedback on what we were doing well and areas where we could improve.

Thanks to your open and candid responses, we were able to define our strategy and implement the changes and actions you told us were needed. Earlier this year, we launched our new Enterprise Strategy and roadmap for the future, with a dedicated focus on three areas you told us were important to demonstrate our support for the profession and the professional – **Prescribers, Portfolio, and Preferred Partners.**

Prescribers

You, the eye care practitioner who prescribes our products, have our unwavering support for your clinical, business, and patient needs. In the past few months, you have told us that initiatives such as the ACUVUE® myADVANTAGE™ Program are a step in the right direction toward fulfilling our promise.

To further demonstrate our commitment to prescribers, beginning this week, many of you will begin to hear from your JJVC Sales Representative about our new pricing strategy within the United States. This includes a Unilateral Pricing Policy (UPP) for our ACUVUE® OASYS® and 1-DAY ACUVUE® MOIST® Families of Products and our 1-DAY ACUVUE® TruEye® Brand Contact Lenses. We believe the multifaceted nature of this new pricing strategy and the variety of elements that comprise the program will allow you to refocus the critical doctor/patient conversation on eye health and product performance, rather than cost. Also, by removing the complexity of rebates and building these savings into our new pricing, we believe we will be able to reach more patients with instant savings, while providing a simpler approach for everyone.

Additionally, this week we are introducing a new six-month supply pack of ACUVUE® OASYS® Brand Contact Lenses (12 lenses per box) in all available parameters. Effective July 1, 2014, we will no longer be shipping three-month supply packs (six lenses per box) of this product. In a study that captured actual product use patterns among ACUVUE® OASYS® Brand three-month and annual supply users across a four-month time period, research showed that patients with larger pack sizes tended to be more compliant in replacing their lenses bi-weekly as recommended by their doctor. Moreover, these patients had a significantly better wearing experience with respect to better comfort throughout the day, at the end of the day, and throughout the wear cycle.*

Portfolio

Since the 1987 introduction of ACUVUE®, the first disposable soft contact lens, the ACUVUE® Brand has been at the forefront of innovation, contributing to today's high standards for contact lenses. It is our goal to deliver clinically differentiated products to help you provide the best health and experience for your patients.

I know that many of you are wondering, "What's next?"

We are excited to share with you that in 2015 we will begin a cadence of innovation starting off by bringing 1-DAY ACUVUE® DEFINE™ Brand, the #1 contact lens within the Beauty Segment in Asia, to the United States, with a design specifically for Western Eyes. This remarkable contact lens is built upon the 1-DAY ACUVUE® MOIST® Brand Contact Lenses

platform and adds a natural-looking, luminous definition to the eye. It enhances the natural appearance of the iris, giving it more contrast, dimension, and radiance without changing the color of the eye, which will transform the definition of what a contact lens can offer you and your patients.

Also, we will be rounding out the 1-DAY ACUVUE® MOIST® Brand Family with a contact lens many of you have been asking for -- 1-DAY ACUVUE® MOIST® MULTIFOCAL, a daily disposable contact lens uniquely designed to meet the needs of the aging eye, while providing consistent results that you and your patients can depend on.**

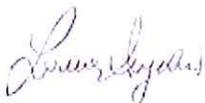
Preferred Partners

It is the goal of JJVC to lead as your preferred solutions partner. We will continue to develop and provide you with a customized suite of solutions that meets your needs and further elevates the importance of the prescriber. For example, we will continue to expand the ACUVUE® myADVANTAGE™ Program to include services to assist you with contact lens practice management, patient education, and staff support.

On behalf of all of us at Johnson & Johnson Vision Care, Inc., thank you for the trust and confidence you have in prescribing ACUVUE® Brand Contact Lenses to your patients. We are counting on your support in the months to come as we continue to demonstrate our commitment to the eye care practitioner who prescribes our products.

Please continue to share your feedback with us at customerexperience@its.jnj.com.

Sincerely,



Laura Angelini
President, Johnson & Johnson Vision Care – North America

**2011/2012 study that captured actual use patterns among ACUVUE® OASYS® Brand 3-month and ACUVUE® OASYS® Annual Supply users across a 4-month time period to understand if having a larger box (Annual Supply pack) in their pantry (compared to the smaller traditional 3-month supply) would have an impact on lens consumption.*

***Pending 510(k) clearance – not available for sale within the United States*

ACUVUE® Brand Contact Lenses are indicated for vision correction. As with any contact lens, eye problems, including corneal ulcers, can develop. Some wearers may experience mild irritation, itching or discomfort. Lenses should not be prescribed if patients have any eye infection, or experience eye discomfort, excessive tearing, vision changes, redness or other eye problems. Consult the package insert for complete information. Complete information is also available from VISTAKON® Division of Johnson & Johnson Vision Care, Inc., by calling 1-800-843-2020 or by visiting www.ACUVUEProfessional.com.

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