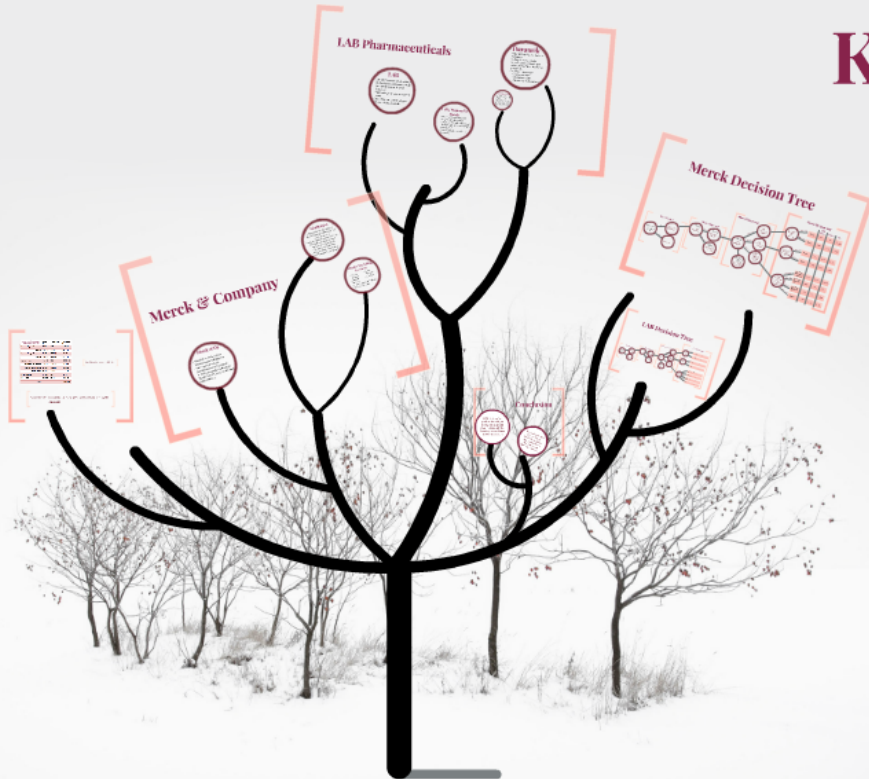


Knowlton Roberts Ii (A)

Heather Roberts
Danielle Marenco

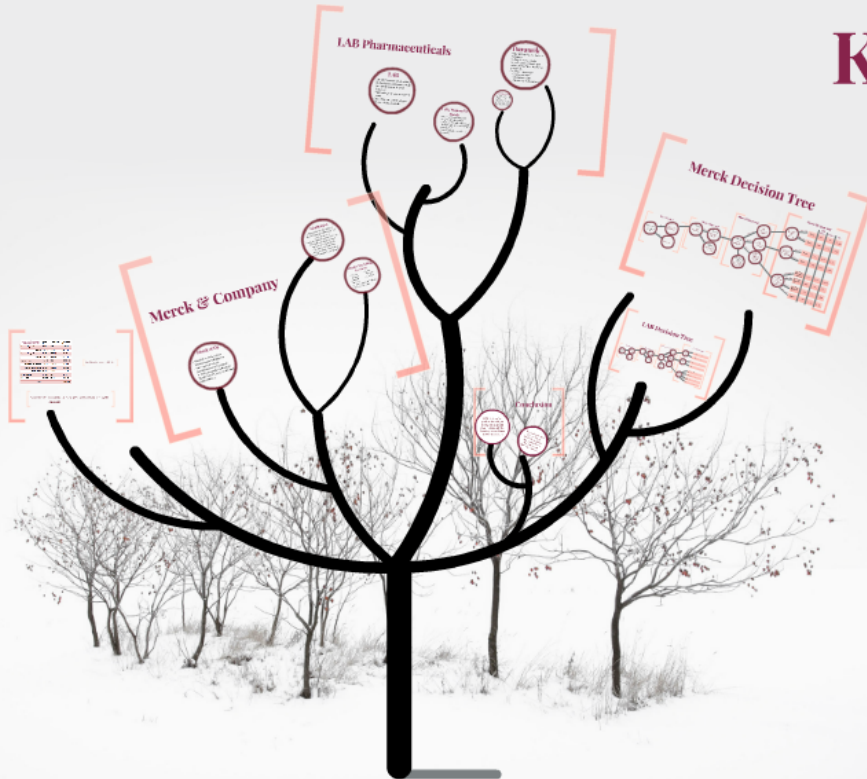
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Merck & Company

Merck & Co.

- Global Research-Driven Pharmaceutical Company
- Discovers, develops, manufactures and markets healthcare products through Merck directly but also through joint ventures

Challenges

- Patents for the majority of Merck's most popular drugs are to expire in 2002
- Once the patents expire, sales are anticipated to drop as generic versions become available
- In order to counter the anticipated loss, a new drug would need to be developed

Merck's Top Selling Products

- Vasotec
- Mevacor
- Prinivil
- Pepcid
- Vioxx
- Singulair
- Fosamax
- Generated over \$5.7 billion in worldwide sales

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LAB Pharmaceuticals

LAB

- Lab Pharmaceuticals specializes in developing compounds for the treatment of neurological disorders.
- LAB has been in operation for 15 years
- They have recently developed the new drug Davanrik

LAB's Proposal to Merck

- License Davanrik to Merck
- Receive initial payment
- Receive additional payments as Davanrik completes each clinical testing phase.
- Receive royalties on sales of Davanrik

Davanrik

- Drug developed to initially treat depression
- Testing shows that it also promotes hunger which could potentially lead to marketing for weight loss.
- Potential to market for
 - Depression Only
 - Weight Loss Only
 - Depression & Weight Loss

Considerations

- The FDA approval process could take 7-10 years before a drug could be marketed
- LAB has 150,000,000 in R&D for Phase II/III testing
- The FDA will have to be consulted for the FDA approval process with any other drugs

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