

14894 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

Our Pharmaceutical Division is headquartered in Rochester, New York, where it maintains its production, research and marketing organizations. Our business was founded by the Strassenburgh family in Rochester, and was privately owned until 1960, at which time it was acquired by Wallace & Tiernan, Inc., headquartered in East Orange, New Jersey with plants located in several areas of the United States and abroad. On March 31, 1969, we became part of the Pennwalt Corporation, by virtue of its acquisition of Wallace & Tiernan on that date.

Biphetamine is scheduled by the Drug Enforcement Administration ("DEA") as a controlled substance under Schedule II. As such, the manufacture of this product is specifically limited in terms of quantity and is strictly regulated at every stage in its chain of distribution by the DEA, as I will discuss more fully later. Ionamin is scheduled by the DEA as a Schedule IV substance. It, too, is strictly controlled and regulated at each level of distribution. Both products have been approved by the Food and Drug Administration ("FDA") as safe and effective, as recently as 1974.

In our pharmaceutical operations at Rochester, we maintain a research and development facility, manned with qualified professionals including 4 doctors of medicine, 23 doctors of pharmacology and doctors of chemistry, and other related disciplines. This staff and our administrative staff (quality control, governmental compliance, finance, personnel, etc.) perform the various functions which these titles suggest.