

14906 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

Using 1973 as a base, Pennwalt's direct sales of both Biphedamine and Ionamin to physicians have decreased. By 1975, approximately seven percent of Pennwalt's sales of Biphedamine, and approximately four percent of Pennwalt's sales of Ionamin, were made directly to physicians. Effective in the fall of this year, Pennwalt ceased all such sales.

Pennwalt has not promoted or advertised Biphedamine since 1971. Since that date, we have not detailed or sampled Biphedamine to physicians. Pennwalt advertises Ionamin, but only in journals addressed to the medical profession. It also samples Ionamin in accordance with prevailing competitive practices and existing law.

In August, 1976, the DEA proposed that sampling of all controlled products be prohibited. In that same month, Pennwalt wrote to the DEA to express our agreement with their proposal, and will comply immediately should this proposal become applicable to all competitors.

Pennwalt's 1975 promotional expenditures for Ionamin were approximately 6 percent of total Ionamin sales. Otherwise stated, our total promotional expenditures were approximately 4 percent of our total anti-obesity drug sales. (As noted, we have no promotional expenditures for Biphedamine.)

These figures may be compared to the promotional expenditures for the most popular over-the-counter anti-obesity product, which has an estimated 60 percent of the market. The total promotional expenditures for that product for the last available year have been reported to be more than 20 percent of its sales, on a sales volume of approximately \$15 million.