

FILED OGC 4835

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

1440 NEW YORK AVENUE N W
WASHINGTON DC 20005 2107
(202) 371 7000

FAX 202 393 5760
DIRECT DIAL
202 371

BOSTON
BRUSSELS
CHICAGO
HONG KONG
LONDON
LOS ANGELES
NEW YORK
SAN FRANCISCO
SYDNEY
TOKYO
TORONTO
WILMINGTON
RECEIVED
FEDERAL ELECTION COMMISSION
JUN 12 2 41 32 P

June 12, 1992

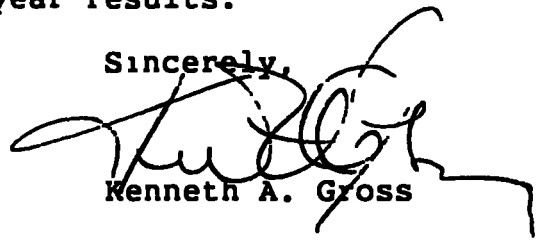
BY HAND

Jonathan Levin, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, Northwest
Sixth Floor
Washington, D.C. 20463

Supplement To
AOR 1992-17

Dear Mr. Levin:

Enclosed is The Du Pont Merck Pharmaceutical Company's third quarter report to employees and a press release concerning full-year results.

Sincerely,

Kenneth A. Gross

Enclosures



NEWS

The Du Pont Merck Pharmaceutical Company
Barley Mill Plaza, Wilmington, Delaware 19880-0025

Contact: Roger R. Morris
(302) 992-4747

DU PONT MERCK EXCEEDS FIRST-YEAR SALES GOAL

WILMINGTON, Del., Feb. 24 -- The Du Pont Merck Pharmaceutical Company reported today first-year sales of \$780 million, exceeding its original projections of \$700 million.

The worldwide pharmaceutical manufacturer began operations on January 1, 1991, as an independent pharmaceutical company owned equally by Du Pont and Merck & Co., Inc.

"Our startup goals included establishing a new company with its own vision, culture, and shared values," said Joseph A. Mollica, president and CEO of Du Pont Merck. "We also needed to meet our financial objectives, considerably expanding our operations in Europe, and keeping experimental compounds moving quickly and efficiently through our R&D pipeline. We are very pleased that we succeeded on all those fronts."

Mollica also reported the company produced "respectable profits" in spite of costs involved in expanding European operations. Most of the personnel and assets of Du Pont Merck had previously operated as a unit of Du Pont. Merck added R&D funding, some products (especially in Europe) and expertise to the new company.

92 JUN 12 11 3:29

FEDERAL BUREAU OF INVESTIGATION
RECEIVED

During 1991, Du Pont Merck introduced three new products -- "Sinemet" CR to treat Parkinson's Disease, "Cardiolite" for heart imaging and IV "Persantine" to simulate exercise in stress testing.

The company said that two of its major compounds in research were well into Phase III clinical trials at year's end. They are "Aviva", a drug to treat Alzheimer's Disease, and "Avastar", a novel antihypertensive being codeveloped with Merck. Other compounds to treat cancer, reduce cholesterol, aid organ transplantation, combat psychosis and treat arthritis also advanced in clinical trials.

In Europe, Du Pont Merck began operations in Italy and established a subsidiary in Spain to join its companies in the United Kingdom, France and Germany. More than 100 new sales representatives were added in Europe during the year, and this expansion will continue in 1992.

Du Pont Merck worldwide pharmaceutical sales were \$634 million. Du Pont Merck's radiopharmaceuticals division, headquartered in Billerica, Mass., had worldwide sales of \$146 million, which was a record.

Major products include "Sinemet" and "Sinemet" CR, "Coumadin", an anticoagulant; "Hespan", a plasma-volume expander; the radiopharmaceuticals thallium, "Cardiolite" and IV "Persantine"; the "Hyco" line of cough-cold products; "Percocet" and "Percodan" analgesics, and "Moduretic", and antihypertensive, sold in Europe only.

Du Pont Merck has reinvested approximately 34 percent of its sales into R&D in recent years, considerably higher than industry averages.

Manufacturing is done at Garden City, N. Y., Billerica, Mass., Manati and Aguadilla, Puerto Rico. It has nearly 5,000 employees worldwide.

Du Pont Merck is an independent, worldwide pharmaceutical company established by Du Pont and Merck & Co., Inc. With R&D expenditures exceeding

\$230 million annually, it is focused on therapies for cardiovascular and central nervous system diseases, oncology, inflammatory diseases, and radiopharmaceuticals.

#

2/24/92

BACKGROUND
FILE: AOR 1992-17

FIRST

QUARTER

REPORT

1991

COMMISSION
OF THE
EUROPEAN
COMMUNITIES

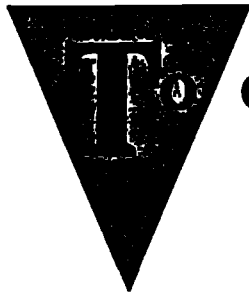
DU PONT
MERCK





Joseph A. Mollica
President and Chief Executive Officer

“You have embraced change, focused your energies on the business and have succeeded in kick-starting this venture toward our goal of becoming a major player in the pharmaceutical industry.”



OUR EMPLOYEES:

It has been just over 100 days since the formation of The Du Pont Merck Pharmaceutical Company — and already you have moved us far above our challenging objectives.

Given the full agenda of a new company like ours — in which we are restructuring our relationship with Du Pont, developing a new relationship with Merck, and building our own independent company — strong first quarter results offer us great confidence that we will meet and exceed our objectives for the year

At Du Pont's annual meeting of shareholders held in April, our results drew praise from Du Pont Chairman Edgar Woolard, who told shareholders, the Du Pont Merck pharmaceutical joint venture was a positive contributor to Du Pont's overall first quarter earnings

In its annual report, Merck told its shareholders "Merck's goals for the 1990's are directed to increasing the depth and breadth of our research and development, broadening our product line and increasing our global presence" The Du Pont Merck alliance brings Merck a step closer to that goal and will offer Merck and Du Pont attractive returns in the medium to long term

Our initial progress shows that our employees around the world are committed to the new company and are working together to make a quick and productive transition to Du Pont Merck

That's one of the positive results of the alliance that formed our company We hold all the benefits that come with business combinations, without the slowdowns and anxieties that often accompany mergers And with the experience and guidance of Merck and Du Pont on our side We have the best of both worlds

Our goal is to become a multinational, multibillion dollar, research-based pharmaceutical company by the end of this decade And while we have much to accomplish, our outstanding sales performance, our successful initial steps at integrating our research and development activities and the establishment of a stronger presence in Europe during the first quarter, are early signals that we will deliver on the potential for excellence that exists at Du Pont Merck



FINANCIAL

.....

For the first quarter ended March 31, 1991, Du Pont Merck worldwide sales totaled nearly \$200 million. Earnings were strongly positive and significantly above plan. In addition to higher sales, our managers around the world kept costs in check and contributed to our first quarter financial results.

PRODUCTS

.....

Outstanding sales results for the first quarter were led by the strong performance of Sinemet[®], Hespan[®] and Coumadin[®], and the launching of two advances in radiopharmaceuticals, Cardiolite[®] and IV Persantine[®].

First quarter 1991 sales growth for Sinemet[®], for which Du Pont Merck obtained exclusive North American marketing rights in 1990, was significantly higher than sales in the first quarter of 1990. Sinemet[®], used in the treatment of Parkinson's disease, benefited from Du Pont Merck's Parkinson's disease awareness programs across the nation.

Hespan[®], a plasma volume expander employed by anesthesiologists and cardiovascular surgeons for the treatment of blood loss, showed strong sales increases in the first quarter due to a targeted hospital marketing campaign.

In addition, Coumadin[®], an oral anticoagulant used to treat and prevent thrombosis, continued to gain wider physician acceptance and receive positive results in clinical studies.

Two new product launches from our radiopharmaceuticals business added strong increases to our first quarter sales results. The launch of Cardiolite[®], the first technetium-based cardio-imaging agent, and IV Persantine[®], the first pharmacologic stress imaging agent on the market, not only bolster Du Pont Merck sales, but represent impressive advances in nuclear cardiology, the fastest growing segment of nuclear medicine.

Our multi-source business also showed strong results in the first quarter. Growth in our products, a broad line of generic and multi-sourced pharmaceuticals, was due to heightened sales and marketing efforts and by expanding beyond the traditional hospital market to wholesale and retail accounts.

First quarter results were strengthened by improved manufacturing costs, as a percent of sales, due to a cost-effective product mix and economies of scale.



RESEARCH & DEVELOPMENT

.....

Du Pont Merck filed two INDs DuP 941, an anti-cancer compound, and DuP 128, an anti-hypercholesterolemic In addition, the development of DuP 996, a cognitive enhancer for the treatment of Alzheimer's disease, continued on schedule, with an "End of Phase II" meeting with the FDA late in the quarter DuP 753, our new antihypertensive agent being developed in collaboration with Merck, moved into Phase III trials, with possible market approval by 1995

The aim of Du Pont Merck is to build a fully integrated, world class research and development organization By fully integrated we mean to bring together Du Pont's former Central Research & Development Department, Biotechnology, Drug Development and the other functions and have them operate as a single entity We will strive to balance the needs of our development functions with the resources committed to our research activities

Overall, we are working to create an atmosphere where world class science is applied to the discovery and development of important, novel pharmaceuticals So we are building an organizational structure which provides no artificial barriers and offers strong support to our people in order to reach this goal

In our efforts to discover and develop important novel therapeutics, we will rely on our people to provide energy, fresh ideas and new technology To ensure one source of fresh ideas we will continue to build and expand strong academic interactions We have committed to sponsor 30 additional post-doctoral fellowship positions in our R&D organization This program will bring in more young scientists for two-year assignments at Du Pont Merck in areas of leading-edge science

One of the advantages of our partnership is that we can tap the pharmaceutical experience and expertise of scientists from Merck To this end, we have established advisory panels for both our research and development functions Dr. Edward M Scolnick, President of MSD Research Labs, Dr Charles C Leighton, Senior Vice President of MSD Research Labs, and Dr Seemon H Pines, former Vice President of Process R&D at Merck serve as development advisors Dr Scolnick and Dr Alexander MacLachlan, Senior Vice President, Du Pont R&D serve on our research advisory board composed of other world class scientists from prestigious academic institutions

These boards will help advise Du Pont Merck as we strive to create the type of R&D organization that will ensure the flow of truly innovative products to meet major unmet medical needs in the years ahead



EUROPE AND JAPAN

.....

A strong European organization is key to our global mission and our financial success. Already, we are well ahead of plan in building our operations there. Nearly 100 sales representatives joined Du Pont Merck in the first quarter putting us well on our way toward our goal of 650 European reps by 1995. This will ensure that our future products will be appropriately supported.

In Japan, with a pharmaceutical market nearly as large as Europe's, we are moving ahead on several important fronts. In conjunction with several Japanese pharmaceutical partners, we are moving through development stages with Ethmozine[®], an antiarrhythmic, and DuP 697, a non-steroidal antiinflammatory. We have also appointed a Japanese distributor for ViaSpan[®], used as a preservative in organ transplantation.

Our goal in Japan is to develop a pharmaceutical presence in this important market. And we are currently exploring several options to establish Du Pont Merck Pharmaceuticals in Japan.

EMPLOYEE POLICIES

.....

Several human resource programs introduced in the first quarter of 1991 emphasize the company's Shared Values. The Founders Plan offered all employees a new role as shareholders in the company, while the U.S. Job Posting program opened doors of information and opportunity to many employees. We continue to develop the "single roll" concept to unify all personnel systems around the world.

In February, the Human Resources Leadership Team, with representation from all sites and every country in which we have a presence, was formed and continues to meet regularly to help bring consistency and fairness to our treatment of people, while striving for innovation in response to changing employee needs. Finally, in the midst of a changing organization, all employees enjoyed the security of uninterrupted benefit and salary administration.

GOING FORWARD

.....

The outstanding results Du Pont Merck achieved during its first few months coupled with the smooth transition to form the company are a testament to the commitment to success and spirit of cooperation that our founding partners — Du Pont and Merck — bring to our new venture. We are thankful for their support and guidance and look to exceed their expectations.

But most importantly, we extend our gratitude to you — the Du Pont Merck employees around the world. You have embraced change, focused your energies on the business and have succeeded in kick-starting this venture toward our goal of becoming a major player in the pharmaceutical industry.

Together, we have a once-in-a-lifetime professional opportunity at Du Pont Merck. And together we can build a company based on mutual respect for each other, offer our customers important pharmaceutical products and improve human health around the world.



Joseph A. Mollica
President & Chief Executive Officer
The Du Pont Merck Pharmaceutical Company

.....

BOARD OF DIRECTORS

Jerry T Jackson
Senior Vice President
Merck & Co, Inc

Edward M Scolnick
Senior Vice President
Merck & Co

Francis H Spiegel, Jr
Senior Vice President
Merck & Co Inc

Michael T Sharples
Vice President — Finance
The Du Pont Company

Mark A Suwyn
Senior Vice President
Imaging Systems &
Medical Products
The Du Pont Company

David VS Williamson
President — Europe
The Du Pont Company

PRINCIPAL OFFICERS

Joseph A Mollica
President & Chief
Executive Officer

Kurt M Landgraf
Executive Vice President
Worldwide Pharmaceutical
Operations

Kenneth G Kasses
Senior Vice President
Radiopharmaceuticals

Lawrence J Rasero
Vice President
Human Resources

David W Martin
Executive Vice President
Research & Development

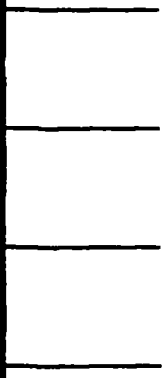
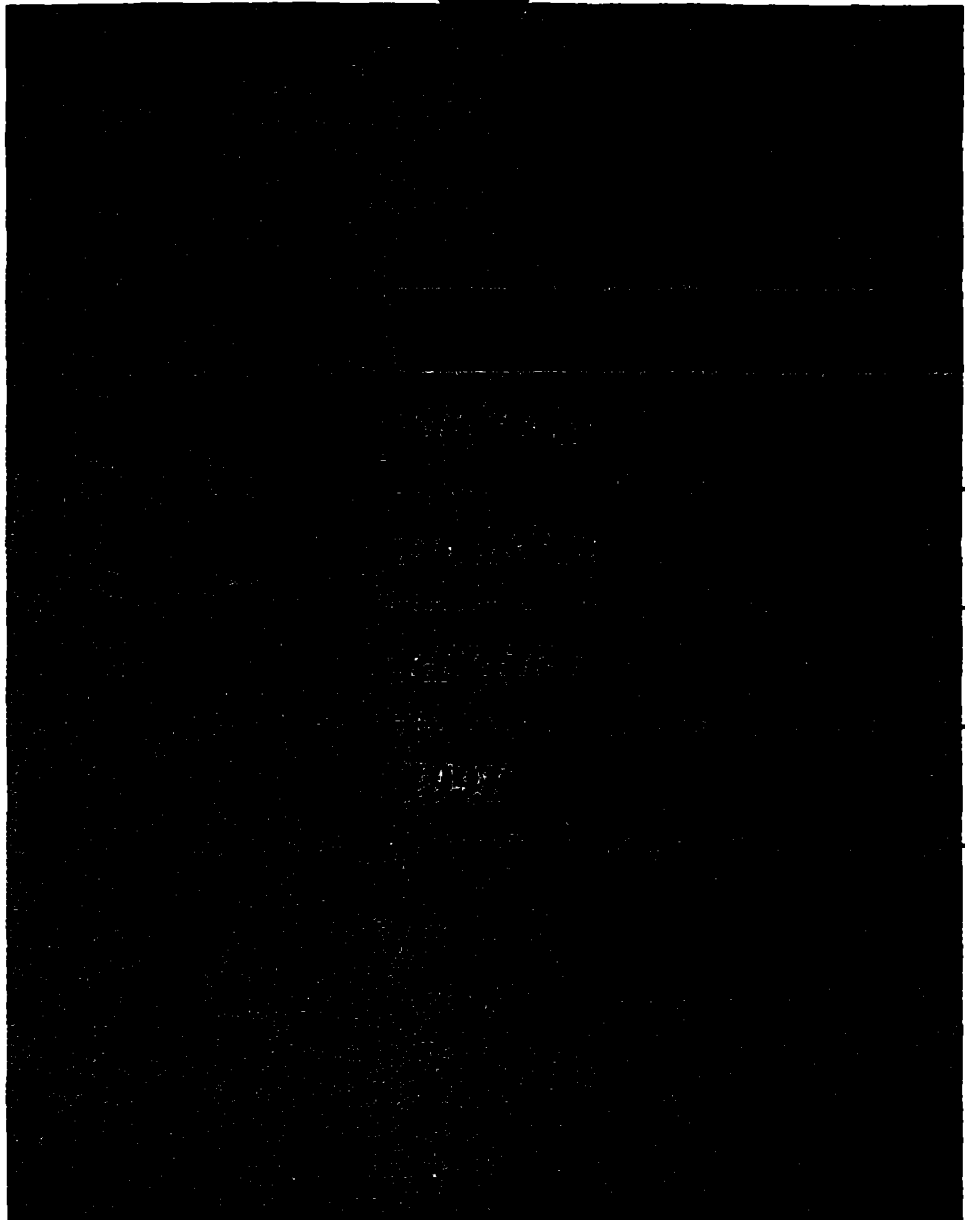
Thomas J Bucknum
Senior Vice President
& General Counsel

Richard L Dunning
Senior Vice President
& Chief Financial Officer

Debby Jo Blank
Vice President
Strategy & Business
Development

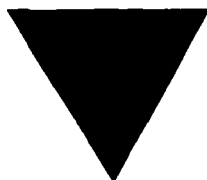


The Du Pont Merck Pharmaceutical Company
Barley Mill Plaza
Wilmington, Delaware 19880



DUPONT
MERCK





TO OUR EMPLOYEES:



JOSEPH A. MOLLICA
President and Chief Executive Officer

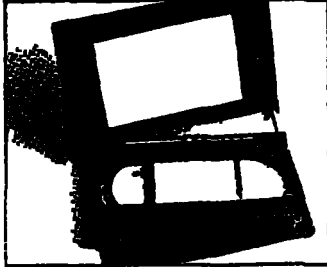
I am proud to report that the performance of our employees around the world has moved The Du Pont Merck Pharmaceutical Company to exceed its initial expectations through the first half of 1991

Consider our progress and our worldwide status First, we're on course to reach sales revenues in excess of \$750 million this year — placing us in the top 50 pharmaceutical companies worldwide Second, we market two of the top 50 pharmaceutical products in the world And third, our profitability is very positive through the first six months of 1991

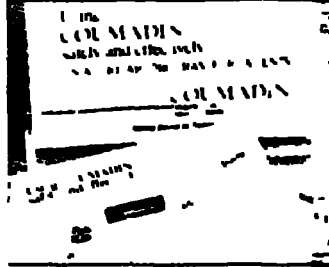
Worldwide sales totaled \$188 million for the three months ended June 30, and \$387 million for the first six months of 1991 Increased sales and earnings primarily were due to higher North American product sales and several worldwide product introductions — coupled with lower than expected selling, marketing and research and development expenses

PRODUCT PERFORMANCE

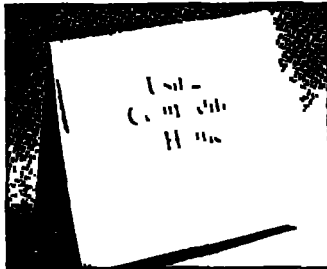
*Coumadin'
Patient Videotape**



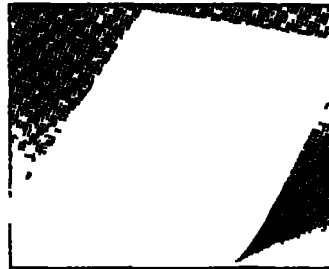
*Coumadin'
Patient Audiocassette**



*Using Coumadin' at Home
Patient Booklet**



*Using Coumadin
at Home Flip Chart**



*Coumadin
Patient Agreement Form**

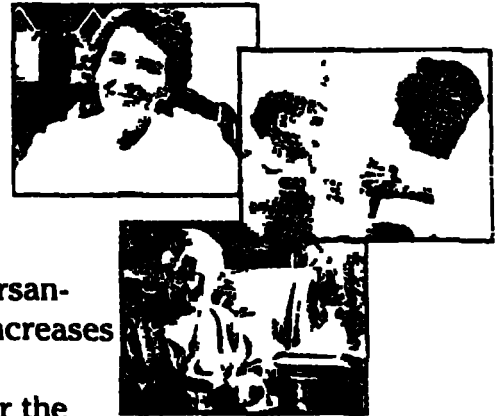


*Coumadin
Weekly Pill Box*

Du Pont Merck's Coumadin Patient Information

Second quarter sales gains were paced by Coumadin', Hespan', Percocet[®] and Percodan' and three radiopharmaceutical products — Cardiolite[®], Persantine[®] and Thallium' — in addition to increases in our multi-source product line

Sales of Coumadin', prescribed for the prevention of blood-clot formation in a variety of conditions including life-threatening strokes caused by atrial fibrillation, continue to grow. Recent studies showing Coumadin' 's usage in stroke prevention also contributed to its increased usage.



Sales of Hespan[®], a plasma-volume expander used in the treatment of shock and sepsis, also showed strong increases. Greater usage of Hespan[®] was due to shifts at many large healthcare organizations from blood-based plasma products to the safety, convenience and lower cost of Hespan[®], a corn-derived product.

To support our current product line and planned new product launches, we announced late in the second quarter an expansion of our US proprietary sales force. The total number of representatives now in our US field force is nearly 600, including clinical liaisons.

RADIOPHARMACEUTICALS POSTS BEST MONTH

.....

At Du Pont Merck Radiopharmaceuticals, our portfolio of nuclear cardiology agents continues to show encouraging sales increases. Radiopharmaceuticals has become solidly profitable, recording the best month in its history in June, aided by the first quarter launches of Cardiolite[®] and IV Persantine[®], while Thallium[®] continued to hold its place as a leading imaging product.

MULTI-SOURCE FORMS STRATEGIC ALLIANCES

.....

Our Multi-Source division, which manufactures and markets a broad line of quality generic products, performed well in the second quarter. New strategic marketing alliances with NovoPharm, Inc., of Canada and Pharmachemie, Inc., Holland's largest pharmaceutical company, will broaden our generic product line and position us for strong international growth.

CANADA GAINS

Our Canadian subsidiary showed strong results in the second quarter where sales of Coumadin[®] increased in unit volume, while significant contributions were recorded from Narcan[®], used to reverse the effect of a drug overdose, and Percodan[®] and Percocet[®], our well-known analgesics. Our Canadian subsidiary unveiled in the second quarter a nationwide advertising campaign that raises expectations of what the Canadian medical community can expect from Du Pont Merck in Canada. Also, in response to customer needs and as part of our company-wide commitment to accepting and encouraging diversity, our Canadian operation opened a French-speaking order-entry facility in Montreal.

**“We walked away,
now we’re coming
right
back.”**



One in a series of ads featuring Country Manager of Canada Nick Teti

We've got this program starting where we'll be sending our people out to meet you. These aren't sales calls. I call them information exchanges.

We've got a lot to tell you—especially about some exciting new products. But we also want to know what you need.

Anyway, I realize we're making up for lost time. All I can say is, that's a good reason for us to work a lot harder." NICK TETI

**DUPONT
PHARMA**



WORLDWIDE DEVELOPMENTS

.....

In other world markets, direct product sales or sales through our worldwide marketing partners were strong in the second quarter. Our subsidiary in Puerto Rico posted significant sales gains as did our sales in such countries as Korea, Mexico and New Zealand.

EUROPEAN DEVELOPMENTS

.....

Du Pont Merck has targeted Europe as a critical area for product registration and market entry. In the last 12 months, our business in Europe has grown significantly — as we have strengthened our product line, with Sinemet[®] and Moduretic[®] from Merck, and built our salesforce and marketing staffs.

During the second quarter of 1991, Du Pont Merck established subsidiaries in Spain and Italy, which represent a combined pharmaceutical market of \$16 billion. We anticipate beginning operations in these two countries before year-end. In addition, in Germany, the U.K. and France we hired nearly 100 sales representatives and appointed product managers in each country.

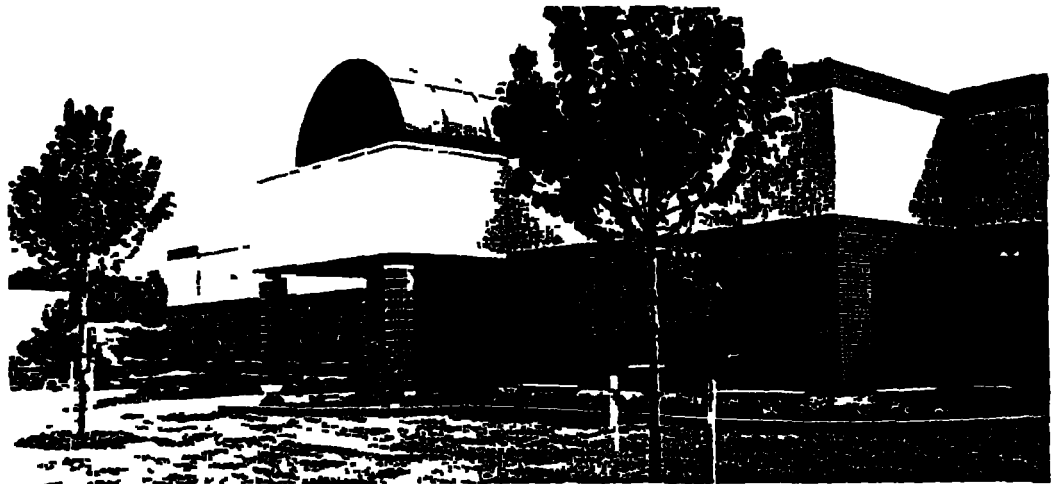
We moved ahead on several important fronts with Du Pont Merck's Andozac[®] brand of finasteride, which will be marketed for the treatment of benign prostatic hyperplasia. In the second quarter we filed product registrations for this compound in our five European markets (U.K., France, Germany, Italy and Spain). We also have established a unified, European marketing strategy and have commenced intensive sales training efforts for anticipated market introduction in the U.K. and Italy next year.

Based on a favorable European regulatory recommendation, we expect earlier than planned country approvals for Sinemet[®] CR, a sustained-release treatment of Parkinson's Disease. At present, we are working toward possible market introduction in the fourth quarter of 1991 in our major country markets.

RESEARCH & DEVELOPMENT

Our R&D people reached significant milestones for the company in the second quarter. Above all, DuP 996 (linopirine) entered Phase III clinical trials. This is the first "homegrown" compound to reach Phase III development and our first compound where simultaneous worldwide registration is expected. DuP 996, as a treatment for Alzheimer's Disease, will be considered for an accelerated review with the FDA. The compound shows great promise and also could represent the first major treatment for the disease. Phase III clinical trials for DuP 996 are on-going at more than 50 centers across the U.S., Canada and Europe where we will enroll about 750 patients.

In the second quarter we filed an IND (investigational new drug exemption) with the FDA for DuP 734, a drug targeted for the treatment of schizophrenia. It is important to keep in mind that moving a drug



Du Pont Merck's new Safety Assessment facility

into human investigation is a milestone in a drug's development because it represents the first opportunity to gauge its effects on improving human health.

In an internal development, we nominated our first compound for development that bears the company's letters — DMP 840 — an anti-cancer agent.

In early June we dedicated our new safety assessment facility at the Stine-Haskell Research Site in Newark, Delaware. The new facility will initially house about 70 researchers. But, it will continue to expand to support the planned six new compounds entering the development pipeline each year.



EMPLOYEE SURVEY

.....

In April we surveyed our employees at all levels and received an outstanding response rate of nearly 80% Overall, employees told us they saw both strengths and weaknesses that need to be addressed as we continue to build our new company

On the plus side, employees understood quite clearly our vision to become a multinational, multibillion dollar, research-based pharmaceutical company, saw our new structure as effective in attaining that vision, and felt that our Shared Values, diversity, teamwork and innovation, among others, were part of the culture of the new company, and felt good about the management of the transition to Du Pont Merck

The survey also told us there are many challenges ahead While employees understand our overall vision, many are not sure how it translates into specific action steps They said that while the spirit of teamwork was strong within units, cross-company communication and teamwork need improvement Employees also commented that they find our new company more stressful, less secure, but more challenging Finally, employees told us they were ready for and expected more change — and were disappointed at times when the environment didn't change as much or as fast as anticipated

Our managers around the company are meeting with employees to share survey results in greater detail and to gather more feedback in order to appropriately address all employee concerns


BOARD & EXECUTIVE APPOINTMENTS

.....

We extend our gratitude to Francis H Spiegel, Jr, who leaves our Board, for his service to Du Pont Merck as a founding member of our Board of Directors Mr Spiegel, Senior Vice President, Merck & Co, Inc, was a key architect in the formation of our new company His advice and strategic counsel were much appreciated

We welcome Judy C Lewent, Vice President — Finance, and Chief Financial Officer, Merck & Co, Inc to our Board

We also congratulate, for their recent promotions, several Merck & Co executives who will work closely with us as we build our company, Jerry T Jackson, Senior Vice President and Edward M Scolnick, Senior Vice President and President MSD Research Lab, G Theodore Mascott, Vice President — Business Planning & Administration, and Jack Rothstein, Senior Director of Merck Du Pont Affairs




Du Pont Merck appointed Jack Armstrong, formerly of Marion Merrell Dow, as Vice President — Technical Operations, responsible for pharmaceutical manufacturing, engineering technology, and quality assurance/quality control. Ann Horner, formerly Secretary to the Management Committee, was named Managing Director of our U K subsidiary. Carol Ammon, former Director of Operations — Garden City, NY, moves to Wilmington as Secretary to the Management Committee. Tessa Hopkins, who was Director of Public Affairs for Merck U K, joins us as Director of Human Relations and Public Affairs for Europe.

GOING FORWARD

.....

Together we are moving ahead in establishing Du Pont Merck around the world. As Du Pont Merck, we hold a link to companies with a reputation for quality worldwide. And we're going to build on that tradition.

In the pharmaceutical industry, we are held to high standards in everything we do. Most companies seek to put quality in the final product. We have to see to that as well, but for us, quality is an integral part of the process. We constantly are checking quality throughout the process — from laboratory practices, to clinical trials, to manufacturing, to labeling, to product promotion. It's really a parallel to our Shared Values. We all want results, but it is also important to us *how* we achieve them.



So I remind you that quality is not a destination but a journey
Quality means meeting our commitments every day and fulfilling our
promises — to patients, to physicians and to each other Never stop
challenging ourselves and others by asking “How can we improve what
we’re doing?” Improved quality begins with new ideas

And new ideas form the future of Du Pont Merck — as they did for
our development into a new company Our vision is driven by ideas So
treat ideas — yours and others — with great care — they hold our
future and the future for doing our part to improve human health
around the world

I am counting on your ideas



J A MOLLIKA
President & Chief Executive Officer
The Du Pont Merck Pharmaceutical Company

D
DU PONT MERCK PHARMACEUTICAL COMPANY

Jerry T Jackson
Senior Vice President
Merck & Co, Inc

Edward M Scolnick
Senior Vice President
Merck & Co, Inc

Judy C Lewent
Vice President — Finance
Merck & Co, Inc

Michael T Sharples
Vice President — Finance
The Du Pont Company

Mark A Suwyn
Senior Vice President
Imaging Systems &
Medical Products
The Du Pont Company

David VS Williamson
President — Europe
The Du Pont Company

D
DU PONT MERCK PHARMACEUTICAL COMPANY

Joseph A Mollica
President & Chief
Executive Officer

Kurt M Landgraf
Executive Vice President
Worldwide Pharmaceutical
Operations

Kenneth G Kasses
Senior Vice President
Radiopharmaceuticals

Lawrence J Rasero
Vice President
Human Resources

David W Martin
Executive Vice President
Research & Development

Thomas J Bucknum
Senior Vice President
& General Counsel

Richard L Dunning
Senior Vice President
& Chief Financial Officer

Debby Jo Blank
Vice President
Strategy & Business
Development



The Du Pont Merck Pharmaceutical Company
Barley Mill Plaza
Wilmington, Delaware 19880



1997

1998

1999

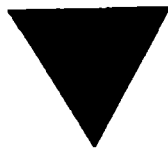
2000

DU PONT
M ERCK





JOSEPH A. MOLLICA
President and Chief Executive Officer



TO OUR EMPLOYEES:

I am proud to report that our employees worldwide have continued to produce outstanding results through the first three quarters of 1991, our first year as a stand-alone pharmaceutical company

Through nine months Du Pont Merck has exceeded expectations in sales of new products integrating our research and development function establishing our European organization and moving our radio-pharmaceuticals business to profitability We have also taken important steps to establish functional excellence as we built our company's infrastructure in human resources finance legal and government and public affairs

During this time we have established a strong working relationship with our founding partners — Du Pont and Merck — without whose support our initial success would not have been possible

While accomplishing these objectives tremendous effort has been continued to develop a foundation to support our growth to a pharmaceutical company of significant size We took important actions in the third quarter to complete our five-year business plan and establish our information systems Each of these steps will enable us to grow within a strong framework of support



FINANCIAL

Worldwide sales for the third quarter of 1991 were \$192 million. For the first nine months of 1991, sales totaled \$580 million — a figure that far exceeds our plan.

WORLDWIDE PRODUCT PERFORMANCE

Third quarter sales gains were paced by our market leaders Sinemet[®], Coumadin[®] and Hespan[®]. Significant sales contributions were also posted by Percodan[®] and Percocet[®], leading analgesics, and three of our radiopharmaceutical products: Cardiolite[®], IV Persantune[®] and Thallium.

Sinemet[®], the leading treatment for Parkinson's Disease, continues its leadership. Adding to its growth was the introduction in the U.S., Puerto Rico and the United Kingdom, of Sinemet[®] CR, a sustained release dosage form. Sinemet[®] CR offers Parkinson's Disease patients the convenience of less frequent dosing, more constant levels of its active ingredients, and, most important, greater clinical improvement in patients with moderate to severe motor fluctuations as rated by physicians. Clinical improvement means Sinemet[®] CR is providing patients with more quality time with less interruptions from problems from their progressive disease.

Coumadin[®], used in the prevention of blood-clot formation, continued to accelerate across all indications. The most dramatic growth came from the use of Coumadin[®] in atrial fibrillation. Prescriptions in this category grew by more than 20% in the third quarter. The benefits of Coumadin[®] in the treatment of atrial fibrillation and stroke were highlighted in a major study presented recently at an American Heart Association conference.

Hespan[®], a plasma-volume expander used in the treatment of shock and sepsis, continued to show strong sales growth. Hospital formulary acceptance of Hespan[®] increased by nearly 15% in the third quarter and sales to all branches of the military continued to increase.

In the third quarter, it was announced that a federal government-sponsored study on experimental uses of Ethmozine[®], for the treatment of life-threatening ventricular arrhythmias, was halted. The government study failed to show positive results for the drug's use in patients with *mild* heart-rhythm disturbances. Ethmozine[®] is approved for use only in patients who have *severe* life-threatening arrhythmias.

Du Pont Merck Radiopharmaceuticals has achieved unprecedented results in 1991. Their success was reflected in strong third quarter sales fueled by Cardiolite[®], sold in over 50 countries, and IV Persantine[®], sold throughout the U.S.

Our Multi-Source Division, which manufactures and markets a broad line of proprietary and generic products, increased its market presence in the U.S. as it became the sole U.S. distributor for NovoPharm's brand of amoxicillin.

EUROPEAN DEVELOPMENTS

Du Pont Merck took important steps in the last half of 1991 to exponentially grow our presence in a market critical to our long-term success in Europe. Beginning the year with a small sales presence in the U.K., France and Germany, we have accelerated our efforts to build our capabilities in those markets. In addition, we have recently entered Italy where we have named Jean Bellin, formerly with Eli Lilly, as Managing Director and have hired and trained a nearly 30-person sales force there.

In the third quarter we hired a number of new product managers for Europe. These experienced brand managers will coordinate individual products from a pan-European perspective taking advantage of the emerging unified market and the similarities in the individual countries.

RESearch & DEVELOPMENT

In the third quarter Du Pont Merck filed two INDs (investigational new drug exemptions) with the Food & Drug Administration for DuP 697, an anti-inflammatory and DuP 785, for organ transplantation. These filings bring our IND filings in 1991 to five.

We opened the laboratory portion of our process research facility at the Chambers Works site in southern New Jersey. While the pilot plant portion of this facility will be opened in mid-1992, this first step represents a milestone in establishing our bulk chemical capabilities for the future.

Also in the third quarter, we registered the name AVIVA, as our trademark for linopirine our cognitive enhancer for the treatment of Alzheimer's Disease. While this brand name breaks with the tradition of hard-to-pronounce prescription pharmaceutical names, it was chosen to show our confidence in the promise of AVIVA to produce an improved quality of life in Alzheimer's patients. More than 300 patients have been enrolled for Phase III clinical trials.

D EVELOPMENT & TRAINING

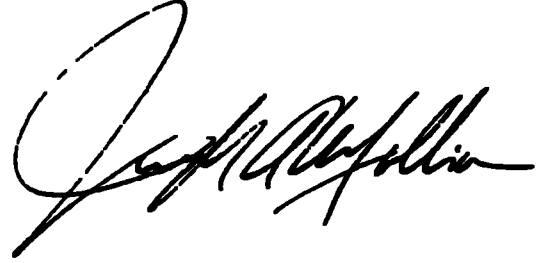
During the third quarter we established a worldwide Development & Training function to enhance the performance of our employees today and prepare them for the challenges that lie ahead as Du Pont Merck grows. The department will have company-wide responsibility for sales and technical training, management development and employee orientation. Our employee development activities are a testament to Du Pont Merck's commitment to foster an environment that promotes individual growth for every one of our employees. We believe that the growth of our people and the advancement of our business are inseparable.

G OING FORWARD

As we near the close of a very successful year I want to congratulate our employees for their efforts to produce truly impressive results in Du Pont Merck's first year. As we look ahead however, many challenges will face us as we grow and strive to complete our aggressive mission.

As we face these challenges, I have asked each of our employees to commit themselves to four critical success factors of The Du Pont Merck Challenge. These success factors are: One, committing ourselves to continuous improvement. Two, holding ourselves accountable not only for action but inaction. Three, delivering on what we promise. And lastly, anticipating change.

If we can strive to meet this Challenge, it will minimize the impact of outside factors such as legislation regulation and increased competition on our business With the quality of our pipeline, our products and our people I m confident we can become a leader in the pharmaceutical industry



J A MOLLIKA
President & Chief Executive Officer
The Du Pont Merck Pharmaceutical Company

BOARD OF DIRECTORS

Jerry T Jackson
Senior Vice President
Merck & Co Inc

Edward M Scolnick
Senior Vice President
Merck & Co, Inc

Judy C Lewent
Vice President — Finance
Merck & Co, Inc

Michael T Sharples
Vice President — Finance
Du Pont

W Earl Tatum
Senior Vice President
Imaging Systems &
Medical Products
Du Pont

David VS Williamson
President — Europe
Du Pont

PRINCIPAL OFFICERS

Joseph A Mollica
President & Chief
Executive Officer

Kurt M Landgraf
Executive Vice President
Worldwide Pharmaceutical
Operations

Kenneth G Kasses
Senior Vice President
Radiopharmaceuticals

Lawrence J Rasero
Vice President
Human Resources

David W Martin
Executive Vice President
Research & Development

Thomas J Bucknum
Senior Vice President
& General Counsel

Richard L Dunning
Senior Vice President
& Chief Financial Officer

Debby Jo Blank
Vice President
Strategy & Business
Development



The Du Pont Merck Pharmaceutical Company
Barley Mill Plaza
Wilmington, Delaware 19880
