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VAULT GUIDE TO THE TOP
PHARMACEUTICALS AND BIOTECH EMPLOYERS

TYYA N. TURNER
AND THE STAFF OF VAULT

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Introduction

The Global Pharmaceutical Industry

The pharmaceutical industry is a global powerhouse, worth an estimated $593 billion in 2003 with year-over-year growth averaging 8 percent, according to research by the Business Communications Company. A host of factors have led to the industry s healthy profits in recent years, including an aging population, increased awareness and use of drugs, and innovative new cures and preventive treatments for ailments ranging from asthma to toenail fungus.

The industry derives nearly half of its profits from the U.S. market, which lacks price controls on prescription drugs. This, of course, has been a hot topic on Capitol Hill a Medicare reform package in 2003 attempted to address the issue, but advocates for the elderly and other groups are increasingly vocal about what they see as an unfair system.

Coming together

Mergers and acquisitions, along with other deals like co-development and co-marketing, have driven a rash of consolidation during the past decade. According to Business Communications Company research, the market share of the industry s top 10 companies rose to 46 percent in 2002, from 28 percent in 1990. In April 2003, Pfizer already the world s largest drug company acquired Pharmacia, the eighth-largest drug company. The $60 billion deal was the largest ever in the pharmaceutical industry. Other corporate marriages in recent years include the merger of Britain s Zeneca Group and Sweden s Astra in 1999 (now called AstraZeneca), Pfizer s purchase of Warner Lambert in 2000, and GlaxoWellcome s acquisition of SmithKline Beecham in 2000 (now called GlaxoSmithKline).

Patently challenging

Pharmaceutical companies are constantly challenged to stay one step ahead of expiring patents. Drugs receive 20-year patents but the clock starts ticking the day the compound is discovered, so this time period includes the development process, clinical trials and an FDA review process, all of which

together can take between eight and 12 years. When the patent expires, the company s market share for that drug plunges as other companies swoop in to offer cheaper generics. In recent years, blockbuster drugs like AstraZeneca s Prilosec and GlaxoSmithKline s Paxil lost their exclusivity and fell off the top 10 charts after 2002, to be replaced by similar-acting products Nexium and Zoloft, according to research by IMS Health.

Sometimes, these drugs are replaced by generic equivalents, offered at a much cheaper rate than their brand-name counterparts. Business Communications Company research indicates an average annual growth rate of more than 11 percent for the generic market alone through 2008, with sales in this sector reaching $64 billion by that year.

Meanwhile, drug companies continue their quest for the next Viagra another blockbuster drug that will boost their bottom line. When Pfizer launched its little blue pill in 1998, it caused a veritable uproar around the world and doubled the company s stock price. In its first month on the market, the anti-impotence pill generated over $100 million in sales to become the fastest-selling new drug in history. Even in the face of new competition from similar drugs, Viagra will likely remain a cash cow for Pfizer for some time since its patent doesn t expire until 2011. In 2003, the top therapy categories for prescription drugs were cholesterol and triglyceride reducers, anti-ulcerants, antidepressants, and antirheumatic nonsteroidals (NSAIDS).

Busy in the labs

Constant innovation is the key to survival and profit in the industry. In 2003, pharmaceutical companies poured an estimated $33.2 billion into discovering and developing new treatments (Pfizer leads the R&D pack with a budget of $7.9 billion for 2004). But the research can be a slow and costly process: only one out of every 5,000 to 10,000 compounds that are tested ever reaches the pharmacy shelf. In addition, the technology used in the development process is very expensive and constantly changing.

The world s most popular drugs are often up to four times as pricey in the U.S. as in other industrialized nations. That s because the U.S. is the only industrialized country that does not institute price controls on pharmaceuticals. The industry says the high prices help offset the costs of research and development, and provide an incentive for further development. According to AARP, prices charged by manufacturers to wholesalers for

widely used brand name drugs increased by an average of three times the rate of inflation in 2003. Over the four-year period beginning in 1999, AARP tracked an average cumulative price increase of more than 25 percent for major prescription drugs.

Even with the benefits contained in the reform package of 2003 which allows Medicare beneficiaries to buy a card for about $30 that may save them 10 to 15 percent off drug prices many Americans are asking for relief from the rising prices. Several members of Congress have introduced proposals that aim to lower prescription drug prices, increase access to generic drugs and expand prescription coverage to Medicare recipients.

Other legislation seeks to allow the re-importation of U.S.-made drugs from other countries where the drugs cost less. But some Americans aren t waiting around for the legislation to be passed. They re getting their prescriptions filled in neighboring Canada and Mexico, where the prices are almost always cheaper. In fact, even some municipalities have gotten into the so-called re-importation game. In July 2003, the mayor of Springfield, Mass. announced that the city would begin buying drugs from Canada through a voluntary program for city workers and retirees. The initiative was expected to save the cash-strapped city up to $4 million.

Even the nation s most conservative lawmakers are putting pressure on the industry, with Sen. Trent Lott (R-MS) declaring in early 2004 that he would no longer vote against measures allowing Americans to purchase their prescriptions overseas.

The rumblings have the industry worried in January 2004, Pfizer sent a warning to Canada, with a letter to all licensed Canadian pharmacies indicating that those caught breaching the company s ban on exporting its products from up north would result in Pfizer cutting off further supplies of its products. GlaxoSmithKline, AstraZeneca and Eli Lilly also have attempted to curtail re-importation of their drugs. One lawmaker, Sen. Chuck Grassley (D-IA), came up with a compromise in April 2004, suggesting legislation that would reward drug makers that don t actively prevent the cross-border sales of their drugs, and penalize those that do.

Of primary concern to detractors of re-importation is safety the Food and Drug Administration doesn t have jurisdiction over products coming from overseas. Consumer advocacy groups have conducted tests, however, finding no difference in the active ingredients of drugs purchased in the U.S. and

those sold with Canadian labels. Still, the FDA, worried about counterfeiting and contamination of prescription medications, maintains a loose definition of unapproved drugs. In 2003, the agency intercepted two packages of prescription drugs from overseas, deeming nearly 90 percent unapproved, though it never tested the drugs for their chemical contents.

Pharmaceutical companies still wield plenty of power in Washington according to research by consumer advocacy group Public Citizen, the industry employed 675 lobbyists in 2002, spending a record $91.4 million on lobbying activities that year. Industry trade group the Pharmaceutical Research & Manufacturers of America (PhRMA), representing more than 100 brand-name drug companies, is reported to have shelled out $14.3 million in 2002. And they have friends in high places Public Citizen says 26 lobbyists representing the industry s interests are themselves former members of Congress.

Departments in a Biotech Company

Biotech companies focused on healthcare applications contain all the major departments of conventional pharmaceutical companies R&D, operations, quality control, clinical research, business development and finance and administration. In fact, the top 10 biotech companies are essentially mid-cap pharmaceutical companies. Each department houses several functional groups, or specific, logically related areas of activity. The three charts below illustrate how departments and functional groups are organized in different size companies.

As you think about a career in the biotech industry, it is useful to identify the general area(s) where your primary interests and aptitudes lie. The organization charts below provide a general map of the terrain. Note that the charts build on one another, with more groups evolving as a company grows from a small organization (fewer than 50 people) to a medium-size organization (51-300 people) to a large organization (over 300 people). Before discussing the basic career paths, let s take a closer look at how functional groups are organized in different departments.

Research and development

The research and development (R&D) department is responsible for discovering promising drug candidates. The three major functions include discovery research, bioinformatics, and animal sciences. The discovery research function is responsible for performing experiments that identify either targets on the cell or potential drug candidates. The animal sciences function provides cell cultures, grows microorganisms, and manages the care of animals used in discovery research. The extensive data generated from experiments is analyzed with the assistance of the bioinformatics function, which assists discovery research in identifying the most biologically active compounds.

Operations

The operations department is responsible for making commercial quantities of a candidate drug available. Once a promising drug candidate has been identified, the process/product development function determines how to scale up quantities of a product to make enough available for clinical trials, since laboratory-size quantities are usually very small. When a product emerges from clinical trials successfully, the manufacturing and production function creates the final product complete with packaging and labeling that we see on pharmacist and drugstore shelves. Also housed under the operations umbrella is the environmental health and safety function, which assesses the environmental impact of a potential product.

Clinical research

Once a drug candidate emerges from R&D, the clinical research department takes over and becomes responsible for shepherding the drug through the FDA approval process. The clinical research function sets up and manages the clinical trials needed to determine a drug s safety and effectiveness or efficacy. The regulatory affairs function ensures that all FDA reporting requirements are completed and submitted in a timely manner. Finally, the medical affairs/drug information function is responsible for overseeing all the information related to a drug candidate.

Quality

The quality department has groups focusing on quality control, quality assurance, and validation. These groups ensure that products are manufactured along rigorous, consistent standards of quality. This usually entails that well-defined and documented procedures are followed when producing a product either for clinical trials or as an end product.

Finance and administration

The finance and administration department contains these two functional areas as well as information systems and legal. All activities relating to the financial management of the company, its legal relationships to investors, creditors, and employees are housed in this department. The company-wide computer systems separate from computing specifically directed at analyzing research data are also managed here.

Business development

The business development group is typically responsible for identifying prospective new alliance partners and managing existing alliances. The marketing function studies markets, identifies target customer bases, and sets pricing and promotion strategy. The sales function actually meets with potential customers in the field usually specialist physicians in targeted areas of specialization (e.g., cardiologists, endocrinologists, urologists, etc.)

Project management

Finally, many biotech companies also have a separate project management department, which is responsible for ensuring that work requiring the collaboration of several internal departments is discharged smoothly and efficiently. This department oversees special projects that don t naturally fit into any of the traditional formal functions but that require cross-functional collaboration.

To Lab or Not To Lab?

Given the breadth of choices, you might well wonder how to focus your own career aspirations. You may be turned on by science while in college enough to earn a major in a scientific discipline but not be sure you want to make research your life-long career. That s fine, as long as you have a sense of how to manage the critical early years of professional experience. To help you get a wide-angle view of the major career paths available, we have found it helpful to think in terms of two fundamental paths: laboratory research oriented and non-laboratory research oriented. Within each path are several different career tracks, discussed later.

Laboratory research-oriented career paths are found in the research and development (R&D) department. This area is also called discovery research because the work involves discovering new processes, drugs and technologies. These careers involve bench work, referring to a laboratory bench, where scientists set up experiments to generate data. In biotech research, two other areas bioinformatics and animal sciences are especially tightly integrated.

Non-research oriented career paths include everything else. Several functions operations, manufacturing, and quality have an engineering bent and are primarily focused on the applications of science. Others, like clinical research, include all the jobs needed to set up and manage clinical trials and oversee submissions to regulatory agencies. Note that the clinical research function includes all the jobs needed to set up and manage clinical trials. They are put here rather than in the research-oriented path since they require knowledge of medicine and occur in clinical settings such as hospitals or clinics. Still others are business-oriented and include support functions, such as finance, administration, legal, IT, business development, and sales/marketing. Finally many companies have a project management function that helps coordinate projects that overlap among several internal functions.

The common denominator is that careers in most of these functions require at least an undergraduate foundation in a life science. This includes the more generic business functions. Many careers require advanced training in science in addition to education in a functional area. For example, attorneys specializing in intellectual property often also have a Ph.D. in a life science.

Business development people typically have either a Bachelor s or a Master s in a scientific area in addition to an MBA. The industry sets these educational prerequisites for employment outside the lab because a thorough grounding in the vocabulary of genetics, an orientation to the basic concepts behind the products, and a familiarity with the issues and challenges facing the industry are necessary to get people effectively on the same page. The bottom line is this: If you are up and coming in the educational system, you are joining a limited pool of qualified talent competing for the available jobs. That s good news if most of your career is still ahead of you.

Laboratory Research Careers

Within a lab context, you can choose from three career paths: discovery research, bioinformatics, and animal sciences.

Discovery research

Since biotech is still in its infancy, most jobs in biotech companies, especially the smaller ones, are in discovery research. Discovery researchers can range from protein chemists to geneticists to biochemists to many other disciplines in the life sciences. There are jobs at all levels. With a Bachelor s, you can get an entry-level job as a research associate and work for several years, though you will need an advanced degree for more senior jobs. Most responsible positions, however, require a Ph.D. You can definitely break into the industry after undergraduate studies. Entry-level research positions will get your feet wet and give you a chance to experience the culture of research first-hand before committing yourself to advanced studies.

Animal science specialists

Instead of using chemicals the way traditional pharmaceutical chemists do, discovery research scientists use cells, which have to be obtained from animals, cultivated, separated, and utilized in special facilities. Discovery researchers rely on veterinarians and other animal science specialists. They grow cultures, make and purify DNA, and help conduct the earliest phases of testing, when a drug s safety is determined via animal testing.

Bioinformatics

Since nearly all experimental setups are computerized and reams of data are generated with each experiment, the results of biotech experiments are analyzed by specialists who straddle the fence between the biological sciences and information technology. These data analysts are called bioinformatics professionals and comprise some of the most sought-after employees in the industry. They help discovery researchers identify those molecular structures that have the most favorable response profile, and thus the most promising drug candidates.

Bioinformatics has three realms of activity: you can create databases to store and manage large biological data sets, you can develop algorithms and statistics to determine the relationships among the components of these datasets, or you can use these tools to either analyze or interpret biological data e.g., DNA, RNA or protein sequences, protein structures, gene expression profiles, or biochemical pathways.

Non-Laboratory Research Careers

As discussed previously, non-laboratory research careers in biotech encompass a large range of functions, including engineering, careers in medical and clinical settings, administrative/support functions, and sales and marketing.

Engineering careers

Engineering careers have a strong practical application. Where discovery research scientists identify potential drug candidates, engineers are more concerned with figuring out first, how to ensure that enough material is available for clinical testing, and second, how to manufacture an approved drug. Engineering careers require a great capacity for precision, order, defined processes, and a need to see tangible results after a day s work. If you like your work to be exact and practical, engineering-related careers may be just the thing.

Four career paths exist in engineering: process/product development, manufacturing, environmental health and safety, and quality. The first three functions are usually grouped together under the operations department. Although engineering-related, the quality department is usually found as a

separate function in the organization, regardless of its size, probably because its mandate requires independent judgment.

Process/product development

Process/product development engineers ensure that the first goal is achieved. They need to understand how a product s input ingredients behave when relatively larger quantities of the product are needed. It turns out that problems come up when scaling up quantities. Think of it as having to take your Grandma s favorite recipe for chocolate cake that comfortably serves eight and increasing it by an order of magnitude now you need to make cake for 80. Chances are the mixer, pans and ovens used to make the eight-serving cake will not be able to handle the new cake. For that, you ll need industrial size equipment; you may have to adjust the oven temperature and time for baking; you may even need to substitute some ingredients that don t behave quite the same way. These are the types of adjustments process engineers need to explore to make larger batches of materials available for testing. Most entry-level positions require a Bachelor s degree and at least some industry exposure, which you can achieve with a well-placed internship or co-op program while still in college.

Manufacturing

Where process development careers have an investigative component, manufacturing careers are plant-based and focused on producing FDA-approved products for end consumers. Plant managers oversee this task through very strict standards of consistency and quality that have been codified and adopted industry-wide. Among the many different types of tasks and procedures performed are fermentation, protein purification, solvent extraction, tissue culture, preparation of bulk solutions, non-critical aseptic fills of buffers, filling and labeling of vials under sterile and non-sterile conditions, large-scale bioreactor operations, critical small- or large-volume sterile fills and aseptic manipulation of cell cultures.

To qualify for jobs, even at the entry level, employers expect some familiarity with terms such as GMP, GLP, and cGMP (see Glossary). Manufacturing of biotech products requires expensive facilities because the end products are often proteins, which are bigger and harder to produce than the small molecules that make up conventional drugs. You must be able to run complex equipment and ensure that procedures are followed and standards are maintained throughout the manufacturing process.

Environmental health and safety

Fully developed companies also maintain an environmental health and safety group to assess the impact of a product on the environment and ensure that any toxic by-products of research or manufacturing are properly disposed. Environmental engineers test and monitor air and water quality, investigate the health effects of potential toxins, dispose of regular as well as hazardous wastes, develop procedures to control pollution and give input on how to manage the land around a facility. This task becomes especially important in industrial applications of biotechnology, where chemical spills can have devastating effects on the environment if they are not contained quickly. Keeping up and complying with environmental regulations also falls under this group. Environmental engineers prepare permit applications, perform regulatory reviews, inspect the operations at the company s facilities and participate in environmental audits.

Quality

Careers in the quality function focus on developing and implementing standards, methods, and procedures to inspect, test, and evaluate the precision, accuracy, efficacy and reliability of a company s products. These support tasks ensure that the company s submissions to the FDA as well as the products bought by consumers adhere to industry standards. In a tightly regulated industry with a significant potential for liability if a product is defective, careers in the quality function help ensure the safety of the consuming public.

Medical and clinical setting careers

When a product has been demonstrated to be safe in animals that is, it s passed Phase 1 testing it is ready to be tested on a small sample of humans and be submitted as a candidate for a new drug to the FDA. These activities occur in clinical settings, involve interpretation of massive amounts of clinical data, and require extensive documentation to the regulatory body. Two basic paths exist: clinical research and regulatory affairs. Jobs in these functions are usually grouped together in most companies.

Clinical research

First, let s clarify the term research in clinical research. Clinical researchers are physicians, nurses, and data management professionals

who administer and interpret the reactions of patients who have been enrolled in clinical trials. Often, these patients suffer from the disease condition targeted and need to pass a set of qualification criteria set by physician specialists, who must ensure that their overall health status is sufficiently stable to participate in testing the drug candidate. Once a drug is administered to an enrolled patient, the latter is carefully monitored for reactions to the drug. These include desired effects and other adverse or undesired effects. Both sets of data are captured both manually and electronically. Sometimes, manual data has to be transferred to electronic form. All data eventually becomes housed in databases, where physicians and database managers interpret the overall effects of the drug on the total population of patients enrolled in the study. These activities thus constitute research in a clinical setting using clinical data.

Medical knowledge at all levels is required for careers in clinical research physicians identify prospective patients and interpret clinical data; nurses administer drug candidates and help monitor patient reactions; even database specialists need to have some understanding of the type of data the medical professionals generate in order to collaborate with physicians in interpreting it. With the hundreds of biotech drug candidates in the pipeline, clinical research jobs are expected to continue to be plentiful.

Regulatory affairs

Regulatory affairs is the other clinically oriented track. Jobs in this function involve dealing with all aspects of the regulatory environment surrounding drug approval, including submitting New Drug Applications (NDAs), preparing submissions to the FDA summarizing clinical trial results, keeping up with legislation affecting regulatory policy, ensuring the drug company meets new regulations, and working with the marketing function to make sure the message sent to consumers is consistent with federal compliance requirements. Careers in this function often require extensive reading and writing skills, as well as enthusiasm toward activities that protect both the company and the consuming public.

Administrative and support function careers

Biotech companies have a myriad of other careers that support the R&D and clinical testing functions. Typically, the finance and administration department houses these career paths: finance, administration, information systems, legal, and facilities management. Although most companies have a separate project management function, the essence of this group is administrative and that s why we are including it here.

Finance

Although entry-level jobs in the finance function often don t require industry-specific experience, the more senior positions usually ask for exposure to the biopharmaceutical environment. Accounting positions fall into this function. Jobs are available at all levels, including analysts, managers, directors, and vice presidents. Increasingly, understanding how licensing deals work and how to initiate and implement mergers and acquisitions is essential for finance jobs in the biotech industry. Furthermore, leaders in finance play key roles in obtaining the financing needed to run the many small research-oriented biotech companies. To fulfill this mission, they need to have understanding of the company s core technology and be able to communicate its potential value to private equity investors and venture capital firms.

Administration

Administrative support includes administrative assistants, human resource professionals, safety managers, librarians, and external relations officers. In the larger firms, the latter comprise of public relations specialists, who deal with the media; investor relations specialists, who deal with Wall Street investment houses and the financial press, and government relations specialists, who represent the company to government committees and stay abreast of important legislation. Since some aspects of biotech research remain controversial, the specialists in this last function play the special role of advocate for their companies.

Information systems

The information systems function is responsible for the company s computing and networking equipment, as opposed to the specialized equipment used by the bioinformatics group in discovery research. There are jobs for programmers, analysts, network specialists, cyber-security experts and web site developers and site maintenance personnel. As a

company grows, it needs more sophisticated software to maintain its human resource function, in order to keep up with employee benefits, compensation, and training data. Working collaboratively with the HR manager, the IS department determines what hardware and software to acquire, installs it and ensures it is properly maintained.

Legal

You probably understand that biotech companies need lawyers to keep the company on the right side of the law. But if you think there s one generic biotech lawyer, think again. With alliances, partnerships, regulations (U.S. and international), patents, trademarks, labor laws, benefits plans, and mergers and acquisitions to keep up with, lawyers come in several varieties: patent/intellectual property (IP) attorneys, labor/employment law attorneys, and contract attorneys. Patent/intellectual property attorneys are entrusted with protecting the innovations generated by discovery researchers. The most important ingredient here is that the IP attorney speak the same language as researchers; thus, many companies require advanced science as well as legal education. Labor/employment law attorneys look after the company s human resources policies and ensure that hiring practices adhere to federal labor law. Contract attorneys help draft agreements that business development people enter into with alliance partners, participate in negotiations, and review terms of contracts involving the selling of the company or the acquisition of other companies.

Facilities management

In discussing facilities management jobs, first we should define what this means in biotech. In this context, they refer to the facility that houses the company as opposed to the facilities housing animals used in experimentation. This career track requires some understanding of real estate, leases, zoning requirements, etc. as well as the specific needs of the company. Many companies need clean rooms and other areas in which to house special equipment. Nearly all need facilities that are wired to support powerful computing, networking, and other data transfer equipment.

Project management

While project management is more a function than a career path, it is possible to manage projects as a career. The key here is to be able to work

with lots of different types of people, be very organized, and be able to push back to meet deadlines when necessary. Project managers make significant contributions when members of different functional groups need to come together around a task, usually geting a drug candidate into clinical trials or launching a product. It s not so much that functional specialists (scientists, marketers, regulators) are not cooperative; rather, each function has its own mandate and its own criteria for reward. A project manager can make a unique contribution by ensuring that each function has its say without tilting the company s resources (time, money, etc.) too much in any single direction.

Sales and marketing careers

Career paths in this function include sales, marketing, new business development, and alliance management.

Sales and marketing careers in biotech are going through enormous changes, as a result of several factors: Differences in drug pricing across different geograpical areas are becoming increasingly important political issues; biotech drugs typically have smaller sales forces which have very high levels of product knowledge; marketing, at least in the U.S., is increasingly directed toward the consumer, as opposed to the physician; and consumers are clamoring for the government and insurers to pick up at least part of the cost of prescription drug costs. Beyond this complex web of economic forces, lies the business development function, which is itself composed of finding new business partners and managing existing alliances. Finding your way through this terrain is largely a matter of your skills set and preferences where you experience satisfaction and where you get frustrated.

How it Comes Together

Developing and marketing a drug requires extensive collaboration between and among company functions, between corporate functions and external groups (i.e., government agencies), and increasingly, between corporate entities themselves (i.e., smaller research-oriented biotech companies and larger Big Pharma firms with manufacturing and marketing capability). For you to thrive in this industry, it is useful to become familiar with how people

in different functions work together and where collaborative effort will be required.

Discovery researchers are primarily engaged in the focus of their research. As such, they tend to work together in groups, which are often organized hierarchically, with the most senior scientists also acquiring managerial responsibilities within the group. Except for the smallest startups, most companies have several groups of scientists, each pursuing different research objectives. Larger companies may also have several sets of groups dedicated to different therapeutic and diagnostic areas. Mid-level and senior scientists like to communicate with colleagues in other types of institutions, such as government-run laboratories (i.e., National Institutes of Health) and research centers in large universities. Thus, they attend symposia focused on their specialty areas to stay abreast of results obtained by colleagues outside the corporate world as well as to share their own results. Scientists also regularly share results in-house through company-sponsored meetings. Such forums, which permit the free and open exchange of ideas, have helped make the U.S. the leading center of global scientific research and development.

EMPLOYER PROFILES

Abbott Laboratories

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Abbott Park, IL 60064-6400
Phone: (847) 937-6100
Fax: (847) 937-1511
www.abbott.com

LOCATIONS

Abbott Park, IL (HQ)

Principal manufacturing and research & development facilities are located in:

Africa:
Morocco

Asia:
Japan

Europe:
France Germany Italy Spain
The Netherlands United Kingdom

North America:
Canada Mexico United States

South America:
Brazil

DEPARTMENTS

Diagnostics
Hospital Products
Medical Devices
Pharmaceutical

THE STATS

Employer Type: Public
Stock Symbol: ABT
Stock Exchange: NYSE
Chairman and CEO: Miles D. White

Including Hospira (spin off completed May 2004):
2003 Employees: 72,200
2003 Revenue ($mil.): $19,680.6

Excluding Hospira:
2003 Employees: 55,000
2003 Revenue ($mil.): $17,300

KEY COMPETITORS:

Aventis
Merck
Roche

EMPLOYMENT CONTACT

www.abbott.com/career/

THE SCOOP

Fighting the healthcare battle on many fronts

Abbott Laboratories focuses on the discovery, development, manufacture and marketing of pharmaceuticals and medical products, including devices, diagnostics and nutritional supplements. The largest piece of the company s business is its pharmaceutical division, which accounts for 60 percent of its revenue. Among the better-known Abbott medications are AIDS drugs Norvir and Kaletra, arthritis treatment Humira and antbiotic Biaxin. In May 2004, Abbott spun off its hospital products division as a separate, independent company that operates under the name Hospira. Abbott continues to operate other non-pharmaceutical divisions that market medical diagnostic products, medical devices and nutritional products. The company generates about 40 percent of its sales outside the U.S. and has a team of 55,000 employees in 130 countries supporting its research, development and marketing efforts. Unlike many of its competitors, Abbott has largely been spared from major patent expirations in recent years and, as a result, has been posting strong financial results.

HIV warrior

Abbott Labs is composed of several separate businesses: pharmaceuticals, diagnostics, medical devices and nutritional products. Among the company s best-known pharmaceuticals are its AIDS drugs, Norvir and Kaletra. Norvir was introduced in 1996 and was, at one point, the No.-1 selling AIDS drug in the world. It is a member of a class of anti-viral drugs known as protease inhibitors, which are the most effective HIV therapies discovered to date. At its peak, sales of Norvir topped $250 million annually, though today it earns less than half that. The reason is that the HIV virus develops a resistance to many HIV therapies over extended periods of time, which results in the need for patients to switch to different therapies. Norvir is currently used primarily as one ingredient in so-called AIDS drug cocktails combinations of several protease inhibitors that are taken at once. Though Norvir no longer sells at the same levels as it once did, it is still highly valued by doctors because small quantities of the substance have been shown to boost the effectiveness of the other drugs in the cocktail. Kaletra, meanwhile, was developed by Abbott to as a successor to Norvir that would further fight the resistance of the HIV virus. It was introduced in 2000 and has since risen to the top spot among protease inhibitors with sales of more than $750 million in 2003. Kaletra is a combination of two

protease inhibitors including Norvir making it one of the most effective treatments for HIV currently available.

Arthritis, obesity and more

Another Abbott medication is its obesity drug Meridia. The drug was introduced in late 1997, just months before competing treatments fenfluramine and Redux were recalled due to safety concerns. Meridia is a member of a class of drugs known as serotonin norepinephrine reuptake inhibitors (SNRIs). Meridia works in the brain to enhance the normal signal for the sense of fullness. It does not suppress apetite The withdrawal of its primary competitors from the obesity treatment market has left Meridia as one of the only remaining medical therapies available to obese patients for whom diet and exercise are not enough. However, like its predecessors, safety concerns have dogged Meridia and its reputation. Consumer advocacy groups like Public Citizen have voiced concern about the drug, which has allegedly been linked to a few deaths and hundreds of serious heart-related adverse reactions since its debut. Although the drug has come under scrutiny in some European countries, U.S. officias have not found the drug to be dangerous, and it continues to be prescribed by American physicians. Approximately 15 million patients in more than 75 countries have used Meridia since it was approved to treat obesity.

Less controversial is Abbott s newest star drug, Humira. It was launched with much fanfare at the start of 2003 and has been the beneficiary of Abbott s largest-ever marketing campaign. The drug competes in the large and growing market for rheumatoid arthritis treatments a segment currently dominated by Amgen s Enbrel. In its first year on the market, sales of Humira totaled $280 million, but that number is projected to jump to $800 million by the end of 2004. In addition to these big-name, blockbuster drugs, Abbott also makes dozens of other pharmaceutical products. Among the better known are the epilepsy treatment Depakote, antibiotics Biaxin and Omnicef, hypertension drugs Mavik and Tarka, and the thyroid medication Synthroid.

Beyond pharmaceuticals

Though Abbott s remaining product groups maintain a much lower profile than its drug division, they are all large and profitable businesses in their own right. Its diagnostic division supplies medical equipment to blood banks, hospitals, commercial labs and consumers. Its products include testing equipment and supplies used to screen for for recreational drug use; fertility and pregnancy; and infectious

diseases such as hepatitis B/C, human immunodeficiency virus (HIV) and human t-lymphotropic virus (HTLV) I/II. The group makes blood glucose meters and insulin syringes that are sold directly to consumers. Most recently, Abbott Diagnostics has introduced a rapid test for detecting bovine spongiform encephalopathy (BSE), better known as mad cow disease. The company received U.S. governmental approval for its BSE test in April 2004.

Healthy beverages for babies and adults

Abbott s final division is its Ross Products group, which markets nutritional products including the Similac, Isomil and Alimentum brands of baby formula; Ensure adult nutritional beverages; and dozens of other, more specialized, nutrition products. In addition to these core product groups, Abbott is also a 50 percent stakeholder in TAP Pharmaceuticals, maker of the ulcer medication Prevacid and prostate cancer drug Lupron.

Measured medicine

Dr. Wallace Abbott founded his business in 1900 as the Abbott Alkaloidal Company; later, in 1915, the name was changed to Abbott Laboratories. At first, the company made its reputation by manufacturing the dosimetric granule a pill that delivered a standardized quantity of medicine with each dose. Though involved in chemical and pharmaceutical research, the company was primarily to be known for its drug manufacturing capability through the 1920s. In 1929, Abbott Laboratories went public, and seven years later it unveiled its first major research breakthrough: the anesthetic pentothal. During World War II, the company was a major producer of penicillin and other medications for the allied war effort. In 1952, Abbott scientists discovered a powerful new antibiotic called erythrocin.

Branching out

Beginning in the 1960s, Abbott began to transform itself into the health care conglomerate it is today. The company acquired M&R Dietetic Laboratories makers of Similac brand baby formula in 1964. M&R would eventually become Abbott s Ross Products division. In 1973, the company introduced an adult nutritional beverage named Ensure to its product lineup and founded its diagnostic products division. Four years later, Abbott and Takeda Chemical Industries of Japan formed their joint venture, TAP Pharmaceuticals. In the 1980s and 90s, the company introduced a number of significant new products. It developed the world s first

diagnostic test to screen for the HIV virus in 1985. Drug innovations followed, with hypertension drug Hytrin approved in 1987, antibiotic clarithromycin in 1990 and Survanta, used to treat neonatal respiratory distress syndrome, in 1991. Abbott once again made headlines in the AIDS treatment arena with the release of the anti-virals Norvir and Kaletra in 1996 and 2000, respectively. In 2001, the company made the largest acquisition in its history: the $7 billion purchase of the pharmaceutical operations of the German industrial conglomerate BASF (which included its Knoll Pharmaceuticals subsidiary and various other holdings). In the last few years, Abbott has bolstered its lineup of cardiac devices through the acquisitions of Biocompatibles International, maker of cardiovascular stents, in 2002, JOMED s coronary and interventional product lines in 2003 and Integrated Vascular Systems, which makes blood vessel closure systems, also in 2003.

The Feds come a knockin

In July 2003, CG Nutritionals, a subsidiary of Abbott Labs, plead guilty to obstructing a federal investigation into Medicare fraud. The case against CG resulted from a federal sting operation known as Operation Headwaters, which has already netted other health care companies such as AstraZeneca, McKesson and Novartis. In all, Headwaters is expected to expose more than $1 billion in Medicare fraud. All of the companies nabbed by the Feds so far have been employing a similar scheme, with some cases dating as far back as 1992, to overcharge the government for products and services. In this case, CG was caught supplying doctors, hospitals, nursing homes and other health care facilities with free or discounted patient feeding pumps the equipment used to feed disabled patients who are unable to eat solid food. Allegedly, the recipients of these machines were then encouraged to bill Medicare or Medicaid for the cost (usually around $1,000 apiece). The company s motivation in supplying the free products was to increase sales of the pre-packaged nutritional supplements and feeding tubes used by these machines. To settle the charges Abbott agreed to pay a $200 million criminal fine, an additional $400 million in civil penalties, and consented to being placed on probation for five years. In addition, CG Nutritionals was permanently banned from participating in all Medicare and Medicaid programs in the future.

Diagnostics factory (finally) makes the grade

The CG Nutritionals Medicare case is not the only challenge that the company has had in recent years. Starting in late 1999, Abbott s manufacturing capacity for diagnostic test kits was hampered by an FDA-mandated shutdown of one of its

factories in Illinois. More than 60 diagnostic tests that were used by hospitals and laboratories to screen for diseases such as hepatitis, cancer and heart disease were forced off the market in November 1999 after the FDA found Abbott in violation of quality-control standards. Regulators said that the problems discovered were widespread and dated back as far as 1993. Deficiencies were found in Abbott s manufacturing, storage and record-keeping procedures, and as a result, the tests were deemed unreliable. The company was forced to pay a $100 million fine the largest ever levied by the FDA at the time. Abbott estimates its lost revenue at $250 million per year and more than $1 billion in all. After a lengthy reform effort that included a failed attempt to receive re-certification in 2002, the FDA finally gave the company the go-ahead to resume production in December 2003. For the next four years, however, the facility will be on probation and subject to twice-yearly inspections by independent auditors.

Hamburger safety

The discovery of an infected mad cow in Washington in December 2003 has pushed the issue of food safety into the news in the United States, and calls for a stepped-up food inspection regime could potentially benefit Abbott Labs. Currently, all animal disease testing in the U.S. is done at a Department of Agriculture (USDA) lab in Ames, Iowa. Samples taken at slaughterhouses are gathered and sent off to the lab, and results can take as long as five days to be delivered. In the case of the diseased Washington cow, a backlog at the lab delayed the results for nearly two weeks. By that time, the cow had already been processed into beef and delivered into the food supply. Many critics of the current USDA system have called for an increase in the number of tests performed, an outcome that seems contingent on quicker turnaround times.

Since 2001, Abbott Labs has sold a rapid test for mad cow disease that was developed by Enfer Scientific of Ireland. Abbott is licensed by Enfer to market and distribute the test everywhere in the world outside of Ireland. In the United States, the Department of Agriculture approved Abbott s rapid test in April 2004. In January 2004, Agriculture Secretary Ann Veneman announced that her department was reviewing existing rapid testing products and would likely begin using one or more of them in the future in an effort to screen more animals. Rapid tests such as Abbott s could help the USDA achieve its stated goal of testing all so-called downer cattle those animals unable to walk because of disease or broken bones before they are processed into food. Worldwide, Abbott has a 20 percent market share for its mad

cow test; the company s primary competitors are Califorina-based Bio-Rad Inc. and Prionics AG of Switzerland.

Sugar surveillance

Another new Abbott product that the company believes will generate solid revenue is an improved blood glucose meter for diabetic patients. The device was developed by TheraSense, which was acquired by Abbott in April 2004 for $1.2 billion in cash. This market is an important niche for the company, as the increasing age and obesity of Americans more or less ensures steady growth in the number of diabetics in the coming years. The market for diabetes testing products is currently valued at around $5 billion per year, and analysts predict that it will likely double over the next 10 years. The acquisition of TheraSense makes Abbott the third largest manufacturer of blood glucose testing equipment, trailing only Roche and Johnson & Johnson. The company entered the diabetes testing market in 1996 with the acquisition of MediSense; that business generated $540 million in 2003, or about 3 percent of Abbott s revenue. TheraSense s product, however, is considered to be superior to Abbott s current offerings: It is smaller, draws less blood, and returns results in less time than Abbott s product requires. In addition, TheraSense has been developing a new type of device that continuously monitors glucose levels and wirelessly transmits the readings to a small receiver that the patient can wear on a belt or carry in a purse. Abbott plans to roll out this new high-tech meter as soon as it has received approval from the FDA.

Norvir uproar

For years, Abbott has been recognized as a leader in the field of HIV/AIDS treatment, and the company has generally enjoyed a good reputation among AIDS health care providers. The company was known as one of the leaders among pharmaceutical companies in ensuring fair access to treatments, providing AIDS medication to developing countries and negotiating discounts with un- or under-insured U.S. customers. At the time, an increase in the price of their drug Norvir dissipated much of that goodwill sparking outrage from the AIDS community, criticism from doctors and an investigation by law enforcement officials. (However, an investigation by the NIH later concluded there was no wrongdoing on the part of Abbott, and the FTC determined the company should not be investigated for repricing its product.) The controversy began in December 2003, when Abbott announced a 500 percent increase in the price of Norvir. The cost per pill ballooned from $2.14 to $10.71, pushing the annual cost of a prescription to around $7,000. Concerned AIDS doctors

called the price hike unethical and unprecedented and, in response, formed a pressure group called the Organization of HIV Healthcare Providers. At the 11th annual retrovirus conference held in San Francisco in February 2004, the Organization held a press conference and called on doctors to join their Abbott Labs boycott. Since December, more than 200 doctors have resigned from Abbott-sponsored drug advisory panels, refused to participate in Abbott clinical trials and have pledged to ban Abbott salesmen from their medical offices and to prescribe non-Abbott medications for their patients whenever possible.

Meanwhile, investigators in Illinois and New York have opened a separate investigation into the company to determine if the price increases were legal. Illinois attorney general Lisa Madigan began her state s probe in February 2004 to examine Abbott s pricing decisions. Madigan believes that the price increases may be a violation of Illinois s consumer fraud and deceptive business practice act. Within days of Madigan s announcement, New York s attorney general, Eliot Spitzer, began investigating the company for possible anti-trust violations. To date, neither investigation has produced any charges, but the crux of both investigations is speculation that the real reason behind the price hikes was a desire by Abbott to drive patients to its newer AIDS drug Kaletra. Shifting Norvir users to Kaletra would benefit the company s bottom line as Kaletra is more expensive than Norvir, does not need to be taken in a cocktail and has a longer patent life remaining.

In its own defense, Abbott officials insist that Norvir has been undervalued for many years. Among the handful of drugs that constitute a typical AIDS cocktail, Norvir was by far the cheapest. What s more, the drug was arguably the most important ingredient in the cocktail, since the other, more expensive AIDS drugs rely upon Norvir to amplify their own effectiveness. Abbott officials argue that the increase was necessary to finance the development of the next generation of HIV therapies.

An olive branch

Recognizing the damage its reputation was suffering, Abbott decided by late February 2004 to offer a compromise on the Norvir price hike in an effort to placate its critics. The company apologized for the way it handled the situation and promised to restore its old price levels for patients who received the drug through federal AIDS treatment programs and for those taking part in clinical studies. Abbott also pledged to make Norvir available to uninsured patients and to patients who had exceeded their annual maximum prescription reimbursement through its patient assistance program. Though some activists continue to call for a rollback of prices to their former levels

for all patients, these moves have helped to ease tensions between the company and the AIDS community.

GETTING HIRED

All about Abbott

Abbott Laboratories is based in the Chicago metro area, but maintains corporate outposts all over the United States and in more than 60 other countries around the world. Abbott is seeking college students, recent graduates and experienced professionals in the following areas: science, sales and marketing, finance and accounting, engineering, manufacturing, information technology and quality.

Join the team

The company conducts on-campus recruiting for both full-time and internship positions at dozens of colleges in the United States, including Wharton, Northwestern. the University of Chicago, University of Wisconsin, Purdue, Berkeley, Howard, DePaul, Notre Dame and many others. The complete list is available on Abbott s web site at abbott.com/career/Internships.htm. Students from schools not listed are still eligible for all of Abbott s university programs and should submit their resumes directly to the company through the company s on-line application system. Internship positions are paid and are available for both undergraduate and graduate students. Many of Abbott s entry-level positions are filled by candidates drawn from the company s internship pool. To apply, students must have completed their first year of college and have a GPA of at least 3.0. For recent graduates, Abbott offers entry-level professional development programs in six different departments: engineering, health and safety, finance, information technology, manufacturing and quality assurance. Each of the programs consists of four different job assignments over a two-year period, giving participants an overview of the various job functions available in the respective departments.

Interviews and getting started

The interview process at Abbott seems pretty straightforward. As one contact said, I had an hour interview with a district manager and later a regional manager for about a half hour. The questions were fair and concerned the industry and what I

think I could add to the company. It took them a few weeks to get back to me which was kind of odd, but I was eventually offered the job.

Sources at the company have said that the majority of new employees end up at the company s headquarters in the northern suburbs of Chicago, at least at the outset of their employment. I spent a little over a year in Chicago getting my feet wet before I was given a promotion to another facility. one contact claims. While there are a variety of opportunities at Abbott, the company prefers candidates with some background in the hard sciences. As one contact says, It s not necessarily a prerequisite for landing a job here, especially if you re going to work in marketing or something, but you ll still have to know the basics about the industry and what exactly our product line is. Abbott also has excellent summer internships for both undergraduates and graduate students, which can later lead to jobs at the company.

On the benefits front, Abbott employees receive a full-complement of insurance coverage, including a choice of health plans as well as dental, vision, disability and life insurance. The company s profit-sharing plan rewards employees with an annual cash bonus worth between 5 and 9 percent of their annual pay, depending upon company performance. Abbott s retirement plan includes both a company-paid pension as well as contributions to its workers individual 401(k) accounts. The company also offers family-oriented benefits such as adoption assistance grants of up to $10,000 and an on-site childcare center at the Illinois headquarters. Among Abbott s other notable perks are three weeks of paid vacation awarded immediately to all new hires and company-sponsored recreational activities such as clubs and intramural sports leagues.

OUR SURVEY SAYS

A careful company

Abbott is a very established company and like many established companies, conservative in the way they do business, says one insider. One employee claims that Abbott has something of a good-old boys network where those who know the right people tend to move up quickly in the ranks. Another contact agrees, saying, There isn t any particular bias for or against Ivy League grads or anything like that, but there definitely is some favoritism in the promotion of certain workers. While some may feel this way, another contact doesn t really see this as much of a problem, saying, Like most other large companies, it s easy to get lost in the shuffle. If you

work hard and make yourself available to take on some extra projects and stay on good terms with your co-workers and superiors, you won t get left behind. Making yourself visible is the name of the game, and those who can t play it, lose. Simple as that.

Hours and compensation

Employees at headquarters from a number of different divisions report an increase in workload over the past few years, with one source saying, If you get a job at Abbott, be prepared to log in plenty of 12-hour work days with no additional reimbursement.

Many Abbott employees are relatively satisfied with Abbott s pay. Abbott doesn t try to be on top as far as compensation goes, but has the philosophy of paying enough to attract and retain qualified people. Another contact adds, The pay isn t stellar, and there are times when you would like to be compensated for the long hours you put in, but overall I can t really complain, as it s fair enough.

Culture and environment

On life at Abbott, one employee claims, You will have a tough time trying to establish just what exactly the culture of the company is because our divisions are pretty much all over the board, but I can tell you that I ve always been treated with respect by everyone here. Another employee says, This is a great opportunity for hands-on learning about the pharmaceutical business from an industry leader. Another reports that my own experience with Abbott is only a good one. Still others go on to describe Abbott as a fantastic place to work, claiming that they find the company wonderful, with a warm fuzzy for family. Not all employees seem to agree, however. One long-time employee says, While Abbott used to be a very family-friendly company, it s been changing over the last several years. The company is becoming just another corporate behemoth that, while treating its employees well, is really just concerned with the bottom line and not with the overall happiness and growth of its employees. Another employee, while not exactly parroting this view, seems to point to some malaise in the company, saying, It s hard to say really, the work is engaging and the people are nice, but I get the sense of a pretty big divide between the haves and the have-nots at this company.

Job for life

Current employees advise interested applicants that Abbott Labs seeks those who are passionate about the industry. Another contact agrees, When they start the

recruiting process, and especially when you go in for the interview, they re going to try and find out if you re looking for a job, or looking for a job at a pharmaceutical company. I think you know what they re looking for, and chances are you won t make it far if you try and fudge it. Know your stuff. If you do and you get in, you ll likely be very happy and well taken care of as long as you can keep on top of the workload. Although a stable and reliable job-for-life environment may not be the most exciting prospect out there for new graduates and professional job-hoppers, Abbott definitely offers it a large majority of employees surveyed mention that as a key characteristic of the company.

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LOCATIONS

Thousand Oaks, CA (HQ)

Amgen has facilities in Asia and the Pacific Rim, Europe, and North America.

US Locations:
Thousand Oaks, CA Boulder, CO
Longmont, CO Washington, DC
Louisville, KY Cambridge, MA
West Greenwhich, RI Seattle, WA
Botthell, WA Juncos, Puerto Rico

DEPARTMENTS

Administrative
Engineering/ Operations
Finance/Law
Human Resources
Information Systems
Logistics
Manufacturing
Medical Affairs
Preclinical Development
Process Development
Public Relations
Quality
Regulatory
Research, Sales & Marketing

THE STATS

Employer Type: Public
Stock Symbol: AMGN
Stock Exchange: NASDAQ
Chairman, President, and CEO: Kevin W. Sharer
2003 Employees: 12,900
2003 Revenue: $8,356.0

KEY COMPETITORS

Baxter
Johnson & Johnson
Novartis

EMPLOYMENT CONTACT

www.amgen.com/career/

THE SCOOP

The big two

Amgen was founded in 1980 with under the name Applied Molecular Genetics. Endowed with $19 million in venture capital funding, the company managed to scrape by for three years before its first real breakthrough. In 1983, Amgen successfully cloned erythropoietin (EPO), a protein that stimulates red blood cell production and is naturally produced by the human body. That same year, Amgen went public. The company formed a joint venture to commercialize and market EPO with a rather unusual partner the Japanese brewing company Kirin. The brewer, which is also a pharmaceutical company in its own right, went on to collaborate with Amgen on the development of another human protein, recombinant granulocyte colony stimulating factor (G-CSF).

Headquartered in Thousand Oaks, Calif., Amgen is the world s largest biotechnology company, deriving more than 65 percent of its sales from just two products the anti-anemia drug Epogen and immune system stimulant Neupogen. The company is betting heavily on its July 2002, $10.3 billion acquisition of the Seattle-based Immunex and its arthritis treatment Enbrel, which has the potential to be another blockbuster. With the introduction Aranesp and Neulasta, the next-generation successor drugs to Epogen and Neupogen, the company is well positioned to defend its markets from encroaching newcomers. In fact, in 2003, these three new drugs helped the company s revenue reach $8.4 billion, a whopping 51 percent increase over 2002. Similarly, sales in 2003 grew another 58 percent over 2002, hitting $7.9 billion by year end.

The promise of Enbrel

The 2002 purchase of Immunex was really an investment in Enbrel, which was Immunex s only major product. Since its introduction in 1998, Enbrel has been shown to be highly effective in treating rheumatoid arthritis with a low incidence of side effects. The drug functions by blocking a protein called tumor necrosis factor (TNF), which causes inflammation in the joints. Patients receiving Enbrel treatment require just two injections of the drug per week, making Enbrel a relatively convenient treatment.

The main problem with the drug is that it has been in extremely short supply ever since it was released. Production of Enbrel involves a complicated and delicate cell

culture process, and scientists experienced difficulties in attempting to significantly ramp up production. With 30,000 patients currently on the waiting list for Enbrel, many have turned to alternative therapies. Johnson & Johnson s Remicade has capitalized on the shortage to capture the top spot in market share, while Abbott Laboratories newly introduced Humira is also rapidly winning converts. The market for arthritis treatments is a competitive and potentially lucrative one industry analysts expect spending on arthritis drugs to reach $5 billion per year by 2006. In January 2003, the FDA certified Amgen s new Rhode Island manufacturing facility, meaning that a larger supply of Enbrel is now reaching the market. In addition to Enbrel, Amgen has another arthritis drug called Kinaret in its arsenal. Kinaret is based on a different protein than Enbrel and is generally prescribed when other treatments have proven ineffective. In June 2004, the company announced that sales of Enbrel brought in $440 million, a 45 percent increase over second quarter 2003 sales of $304 million. Overall, the company sales for the second quarter of 2004 jump 24 percent from the same time in 2003.

Battling it out

Over the past several years, Amgen has been involved in a fight with rival pharmaceutical company Johnson & Johnson. J&J markets its own anemia drug, Procrit, which is based on technology that was originally licensed from Amgen in 1985. But the competition between the two companies has not been limited to the marketplace. Beginning in 1998, Amgen and J&J have been involved in a series of legal disputes over that hotly contested deal. Johnson & Johnson won the first round when an arbitrator ruled that Amgen had to pay J&J $200 million in damages for violations of the agreement. Later in 1998, Amgen scored a victory of its own. In that ruling, a court rejected J&J s claim to an Amgen patent on a novel anemia treatment, and granted Amgen exclusive rights to the technology. Most recently, a separate arbitration panel ruled in 2002 that J&J violated the 1985 agreement by marketing Procrit as a treatment for patients receiving kidney dialysis. The licensing deal had exclusively reserved the dialysis market for Amgen.

Looking after its own

Johnson & Johnson has not been the only target for Amgen and its lawyers, though. In 2000, the company sued Aventis and Transkaryotic Therapies for allegedly infringing upon its EPO patent by marketing the drug Dynepo in the U.S. and U.K. Though Amgen was victorious in the initial ruling, a U.K. appellate court later overturned the verdict in 2002, clearing the way for Dynepo to compete with Epogen.

Amgen has pursued a similar strategy in protecting its market share in neutropenia treatments. Neulasta, the next generation version of Neupogen, received FDA approval in 2002 for treatment of chemotherapy-induced netropenia. Both drugs have been shown to be effective in reducing the incidence of infection in chemotherapy patients, but Neulasta, like Aranesp, remains active in the body for a longer period of time. Patients receiving Neulasta treatment need just one injection per chemotherapy cycle. Neupogen treatment, on the other hand, requires daily injections for as long as two weeks after chemotherapy. In its first year on the market, Neupogen has also brought in about 10 percent of Amgen s sales. But in a familiar tale, Neupogen and Neulasta have also been the subject of a long-running intellectual property dispute. Biotech company Genentech had sued Amgen back in 1996, claiming that its production process for the two drugs infringed upon a Genentech patent. In August 2003, though, the two parties finally settled their differences out of court and dropped all pending claims and counterclaims against each other. Under the settlement, Amgen made a one-time payment to Genentech.

Cutting the fat

Amgen s purchase of Immunex has not come without some pain for former Immunex employees. In May 2003, Amgen announced that 150 employees would be laid off at their Seattle location, with about 400 employees being let go across the company. The layoffs reduce the total Amgen Seattle workforce to just 750 individuals, down from over 1,600 at the time of the merger. Many former Immunex senior managers and top executives have left the company in the year since the Amgen buyout. Perhaps even more disconcerting was the exodus of many senior Immunex scientists as well. The researchers were reportedly unhappy with Amgen for discouraging and restricting their ability to publish their research results.

On another front, the company also experienced disappointment when GDNF, a drug that was being developed to treat Parkinson s disease, failed a clinical trial in June 2004. However, the company continues to work on other promising drugs, including an antibody to treat cancer that it developing with partner Abgenix that went into clinical trials in January 2004.

Although the company found it necessary to trim the fat in some places, it s also been busy expanding in other ways. In August 2004, Amgen completed the acquisition of Tularik, a San Fran-based drug maker, by shelling out $1.3 billion to pick up the 80 percent stake in the company it didn t already own. Tularik develops drugs to treat cancer, metabolic disorders and other diseases.

Up north

Although the company did reduce its headcount there, that doesn t mean Amgen has given up on Seattle. In fact, in May 2003 the company announced that it was planning to relocate the headquarters of its cancer research division to the area. Amgen officials cited Seattle s proximity to world-class oncology labs at the University of Washington and the Fred Hutchinson Cancer Research Center as the major reason for the move. The company explained that it had experienced difficulties in recruiting scientists to its Thousand Oaks facility, which has no major research university nearby.

GETTING HIRED

The way in

The company maintains a page on its web site dedicated to career issues, www.amgen.com/career/. Potential employees can search and apply for jobs online on the site. The company s recruiting efforts focus on Masters and MBA students rather than undergraduates. Amgen offers an MBA Leadership Program that recruits business school students for both summer internships and entry-level positions in finance and marketing. MBA candidates entering the final year of their program may submit resumes for full-time positions in September and summer internships in January. The Amgen web site provides a more detailed description of the company s Leadership Program.

They ve got employees covered

Perhaps unsurprisingly for a pharmaceutical company, Amgen offers its employees a full slate of health and medical benefits. Workers receive a choice of medical plans as well as prescription, dental and vision insurance. Amgen s retirement benefits program consists of fully vested matching contributions to a 401(k) savings account and an employee stock purchase plan. Additional benefits include no-cost life insurance, tuition reimbursement, relocation assistance for both new and existing employees, and on-site child-care and fitness facilities at Amgen s Thousand Oaks headquarters. Amgen s child-care center, known as Camp Amgen, has helped the company receive honors from both Fortune and BusinessWeek magazines as one of the top 100 companies for working parents. Amgen also sponsors company activities

such as an annual art show, company picnic, chili cook off, and intramural sports teams.

OUR SURVEY SAYS

Solid pay, handsome benefits, pricey locale

Amgen is sharing the benefits of its financial growth with its employees. Pay is very good, reports one employee. We are very well compensated in terms of salary and benefits, says another. One employee, however, says that while the pay is very good, the cost of living is fairly high as well. Helping to offset that cost of living is a bountiful benefits package. Perks include a gym, cafeterias and a 45,000 square-foot day care facility in Thousand Oaks. The day care center, the largest in the country, was designed to feel like a big house. There are also significant yearly bonuses, insurance plans with extremely affordable monthly premiums, a stock purchase plan, a free 24-hour medical questions hotline, and even an adoption reimbursement plan. And if Amgen itself doesn t provide enough, there s sunny California itself. Thousand Oaks in general is probably one of the nicest suburbs in Los Angeles, according to one employee.

Relaxed culture

Amgen s culture is described as relaxed. Dress at Amgen for researchers is casual. In other areas, however, unlike at some other biotechs, employees are expected to dress up. The dress code is casual in the labs, reports one employee. The code of the offices sales, marketing, human resources, etc. is much more formal. Most of the upper-level managers wear standard business attire, reports one insider, although the men don t always wear ties. Contrast those areas with the labs: I usually wear jeans. Tennis shoes and shorts are accepted, says one employee in research.

Minding the matrix

Also, there is a matrix style organizational structure that seeks to break down walls between departments. One employee reports enjoying having everyone say hello to you in a friendly manner when you see them in the halls, even if we don t know each other. Amgen sponsors a lot of company parties, so that s pretty fun, reports one insider. These events include company-sponsored trips to Disneyland and nearby

beaches, employees say. The closeness of employees doesn t mean that colleagues are always looking over each other s shoulders, though. Amgen employees feel empowered to take the ball and run with it. However, cautions one marketing employee: If you need a lot of supervision and structure, you might want to look somewhere else.

Amgen: biotech s plum

One insider says that while corporate culture is relaxed in general, it is getting tougher every day. Work hours are long, complains one employee. There is no set time, other than you work 40 hours per week. However, it is often 50 hours a week. Overall, however, employees are glad to hold one of the plum jobs in the industry. A fast-paced and motivated staff keeps the momentum going. Sums up one employee: Amgen is the best place I ve ever worked, no doubt.

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LOCATIONS

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Wilmington, DE (U.S. HQ)

DEPARTMENTS

Accounting Administration and Support Services Advertising Auditing Customer Service Finance and Economics Human Resources Information Services Installation Legal Maintenance Marketing Manufacturing and Production Operations PR Purchasing Repair Research and Development

THE STATS

Employer Type: Public
Stock Symbol: AZN (ADR)
Stock Exchange: NYSE
Chairman: Percy N. Barnevik
2003 Employees: 60,000+
2003 Revenue ($mil.): $18,849

TOP COMPETITORS

GlaxoSmithKline
Merck
Novartis

EMPLOYMENT CONTACT

www.astrazenecaus.com/content/careers/

THE SCOOP

England s healing touch

British pharmaceutical company AstraZeneca is a major healthcare business engaged in the research, development, manufacture and marketing of prescription pharmaceuticals and the supply of healthcare services. The company s healthcare products rung up sales of more than $18.8. AstraZeneca is also one of the leading sellers of gastrointestinal, oncology, cardiovascular, neuroscience and respiratory products. AstraZeneca is listed in the Dow Jones Sustainability Index (Global) as well as the FTSE4Good Index.

Worldwide, AstrZeneca has six major research and development sites, four discovery facilities and a clinical research site. In total, AstraZeneca s R&D organization is comprised of more than 11,500 people located in seven countries including Canada, France, India, Japan, Sweden, United Kingdom and the United States.

Though the company makes medications for a variety of ailments, its biggest moneymakers are drugs for gastrointestinal disorders. Its top seller, Prilosec (sold under the brand name Losec outside of the United States), is prescribed for the treatment of ulcers and gastroesophageal reflux disease. Unfortunately for AstraZeneca, Prilosec lost its patent protection in 2002, and now faces the prospect of competing with cheaper generic versions of the drug. Taking its place is Nexium, an improved and refined version of Prilosec that has already posted strong sales numbers since its introduction in 2001. Another top seller is Seroquel, a treatment for schizophrenia. With other products also having gone off patent, including breast cancer drug Nolvadex and hypertension medication Zestril, AstraZeneca needs another blockbuster soon to continue its growth. The company is counting on its highly touted cholesterol-fighting pill Crestor and the controversial cancer treatment Iressa, both of which gained FDA approval in 2003, to deliver high levels of sales within the next few years.

Ulcer pain is AstraZeneca s gain

AstraZeneca s drug portfolio is concentrated on five major treatment areas: gastrointestinal, oncology, cardiovascular, neuroscience and respiratory. The company s main gastrointestinal (GI) drugs are Nexium and Prilosec/Losec. Prilosec, introduced in 1989, was the first proton pump inhibitor (PPI) approved for the treatment of ulcers. The drug was hugely successful; it set sales records and

became, at one point, the No.-1 selling pharmaceutical in the world. More than 665 million Prilosec doses have been sold since its launch. In 2002, the final year of Prilosec s patent protection, the drug took in $4.6 billion (26 percent) of AstraZeneca s total sales, dwarfing all of the company s other products. AstraZeneca s second major GI drug, Nexium, is Prilosec s successor. Though the onset of generic competition will surely diminish Prilosec s value over the next few years, the company hopes to maintain its ulcer treatment market-share by winning over physicians with the new-and-improved Nexium. Nexium is also a PPI and affects the body in a similar way to Prilosec. However, it has been shown in clinical trials to be more effective than its predecessor and requires a shorter treatment period. Nexium has been well received since its launch in 2001 and accounts for $1.9 billion (11 percent) of AstraZeneca s total sales. With no other AstraZeneca drug earning more than 6 percent of revenue, GI treatment is clearly the cornerstone of the company s business.

Though none of AstraZeneca s other drugs qualify for true blockbuster status, the company s portfolio nonetheless boasts a number of significant products. AstraZeneca markets three major treatments for hypertension Atacand, Seloken and Zestril. In addition, the company received FDA approval for a new drug called Crestor in 2003 for patients with high cholesterol. In oncology, AstraZeneca manufactures four commonly prescribed medications: Zoladex and Casodex for prostate cancer and Arimidex and Nolvadex for breast cancer. The company has also added two recently approved drugs to its cancer treatment lineup that have yet to make a significant impact on sales. Faslodex, another breast cancer drug, was approved in 2002; lung cancer treatment Iressa went on sale the following year. AstraZeneca s lineup of respiratory medicines consists of four asthma drugs (Symbicort, Pulmicort, Oxis and Accolate) and the allergy medicine Rhinocort. Rounding out the company s portfolio of major products are its neuroscience drugs. Seroquel, an anti-psychotic, has been prescribed for more than four million patients suffering from schizophrenia since its introduction in 1997. AstraZeneca also manufactures two common anesthetics, Dipravan and Naropin, and the migraine drug Zomig.

Corporate holdings

In addition to its core pharmaceutical business, AstraZeneca also owns three subsidiary companies that operate in health-related markets. The first, Salick Health Care, owns a chain of nine outpatient cancer treatment clinics in New York, California and Florida. The company s AstraTech subsidiary manufactures medical

equipment such as urinary catheters and dental implants. Finally, Marlow Foods produces and sells prepared vegetarian health food under the Quorn brand name. Quorn is the leading vegetarian brand in Europe and is now in the process of expanding its territory to include the United States.

Imperial history

AstraZeneca can trace the main line of its ancestry back to 1926. That year, four British chemical companies, Nobel Industries, United Alkali, British Dyestuffs and Brunner, Mond & Co., merged to form a new company called Imperial Chemical Industries (ICI). Imperial Chemical was an instant success, attracting top British scientists and working closely with university labs to commercialize new discoveries coming out of academia. The company created hundreds of new chemical compounds during the interwar period, including plastics such as polyethylene. In 1936, ICI formed a research team dedicated exclusively to developing pharmaceutical chemicals. Among the early drugs synthesized by Imperial chemists were Pauldrine, an anti-malarial, and the general anesthetic Halothane. This R&D operation became a full-fledged division of the company in 1957. In 1972, ICI acquired U.S.-based Atlas Chemical Industries, which also owned a drug-making subsidiary called Stuart Pharmaceuticals. Financially, however, the company was struggling. As competition in the chemical industry increased following World War II, industrial chemicals became low-margin commodities, and many companies ran into money problems during the 1970s and 80s. By 1980, ICI was in the red and was forced to cut its dividend payout for the first time in its history. In 1982, John Harvey-Jones took over as head of ICI and began restructuring the company in an attempt to reverse its decline. One of his moves was to place an increased emphasis on the biosciences division, which included ICI s pharmaceutical and pesticide businesses. Ten years later, in 1992, ICI spun off this division as a new company, known as Zeneca.

Zeneca s first steps

Early on, Zeneca relied mainly upon its agricultural chemicals business to keep it afloat financially. The company had several promising drugs in development at the time, and while it waited for them to reach the market, it formed partnerships with other companies to develop additional sources of revenue. In 1994, the company signed a marketing agreement with Amersham to help sell the cancer drug Metastron. The following year, Zeneca formed to joint ventures with Chinese companies Tinali and Advanced Chemicals to manufacture chemicals for the textile industry. Also in

1995, the company entered the health care sector for the first time with its purchase of a minority stake in Salick Health Care. Zeneca would eventually acquire Salick completely in 1997. When rival drug-makers Glaxo and Wellcome agreed to a merger in 1995, regulators required the companies to sell off some of their assets. One of the properties sold was an experimental drug candidate called Zomig. Zeneca purchased the rights to Zomig and continued its development. Eventually, the purchase paid off; Zomig was approved for the treatment of migraines in 1997 and today earns the company more than $300 million per year. Zeneca added another major drug to its lineup the following year when Nolvadex was approved for the treatment of women with a high risk of developing breast cancer.

A to Z

In 1999, Zeneca acquired Astra Pharmaceuticals of Sweden a move that nearly doubled its revenue. Overnight, the company was catapulted from a mid-level pharmaceutical corporation to an industry giant. The newly merged company changed its name to AstraZeneca and decided to concentrate solely on the drug industry. It sold off its chemical division, known as Zeneca Specialties, to a group of investors lead by the Cinven Group and Investcorp. At the same time, the company merged its agricultural chemical and pesticide business with that of Novartis, creating a new company called Syngenta. Syngenta would eventually be spun off as an independent company itself. In 2001, AstraZeneca rolled out its first major product: Nexium.

Countering lung cancer

In addition to Nexium, AstraZeneca is counting on two other recently introduced drugs to become major products. The first, Iressa, is a lung-cancer treatment that was approved by the FDA in May 2003. The drug acts by targeting a protein called epidermal growth factor receptor (EGFR), which is over-active in many lung cancer patients. Iressa prevents the activation of EGFR and thus slows the growth rate of cancer cells.

The drug has not been an unqualified success, however. The FDA approved Iressa as a so-called third-line defense, meaning that it would be given to patients that had already been treated with chemotherapy and failed to show any improvement. During clinical trials, Iressa showed a response rate of about 13 percent among these types of patients. Among a larger sample of 2,000 previously untreated patients, however, the drug failed to show any effect when taken in combination with

chemotherapy. Even more worrying for AstraZeneca is the unusually high death rate among Japanese patients who have been taking the drug since its approval in that country in July 2002. Of the 28,300 patients who received Iressa during its first year on the market, 246 died from (and an additional 592 have become sick with) a rare illness known as interstitial lung disease, which is described by doctors as similar to pneumonia. Following the announcements of these preliminary statistics, an advisory panel of the Japanese Health Ministry declined to endorse Iressa and sales in Japan fell from $41 million in the fourth quarter of 2002 to just $19 million in the first quarter of 2003. Pharmaceutical industry analysts had predicted that Iressa could capture as much as one-fourth of the $2 billion annual market for lung cancer therapy, but the drug s early struggles have cast some doubt on its future. Though AstraZeneca is hopeful that more broad-based studies will ultimately prove Iressa s safety and efficacy, its window of opportunity is small. A rival drug called Tarceva, which was developed jointly by Genentech and Roche, is expected to hit the market sometime in 2004.

The statin wars

AstraZeneca s other new medication is the cholesterol-fighting drug Crestor. It received FDA approval in August 2003 and will now challenge Pfizer s Lipitor for supremacy in the lucrative cholesterol treatment market, estimated to be worth more than $23 billion per year. It s a crowded field: Other well-known cholesterol treatments include Merck s Zocor and Bristol-Myers Squibb s Pravachol. All of these drugs, including Crestor, belong to a class of chemicals known as statins.

The main difference with AstraZeneca s statin entry is that it is much stronger than its competitors. This increased potency means that a 40-milligram dose of Crestor lowers cholesterol more than rival products. In clinical trials, Crestor reduced LDL cholesterol (the bad cholesterol) 8.4 percent more than Lipitor. Crestor s strength has raised some safety concerns, however. In October 2003, the British medical journal The Lancet warned in an editorial that there was not enough safety data on Crestor and called on doctors to pause before prescribing it for their patients. These concerns were echoed by the U.S. consumer advocacy group Public Citizen, which warned that the drug could cause kidney damage and/or muscle deterioration. And WellPoint Health, one of the largest health insurers in the United States, has not yet added Crestor to its list of preferred drugs, saying that it would like to review real-world safety data rather than clinical trial results before making a decision on the drug. AstraZeneca has stood by Crestor and insists that its strict standards for clinical studies ensure the drug s safety. A larger challenge for the company may be trying

to convince patients currently taking competing statin medicines to switch over to Crestor. In an effort to do just that, AstraZeneca launched an advertising blitz in 2004 that reportedly cost $40-$60 million.

Government crackdown

As competition among pharmaceutical companies to lock up lucrative markets has increased over the past few years, drug-makers have resorted to ever-more aggressive marketing efforts to get physicians to notice their products. In a recent case involving AstraZeneca, however, those tactics crossed the line from enthusiastic promotion to fraud. In an effort to increase sales of its prostate drug Zoladex, the company courted urologists with inducements such as free samples and other perks. Doctors who were in on the scheme would give these free samples of the drug to their patients, charge Medicare or Medicaid for the cost as much as $300 per dose and pocket the reimbursement from the government. What s more, AstraZeneca was accused of recruiting doctors by bribing them with free travel, entertainment and speaking fees. Government prosecutors estimated total losses to the health care system at both the federal and state levels at more than $40 million. When investigators were able to uncover proof that AstraZeneca was aware of the fraud, the company pleaded guilty in June 2003 to conspiracy to violate a federal prescription drug marketing law. As part of the settlement, AstraZeneca agreed to pay $355 million in penalties and restitution. It was the second largest prescription fraud settlement ever topped only by a similar case in 2001 involving Boston-based drug manufacturer TAP Pharmaceuticals.

GETTING HIRED

Employee benefits

AstraZeneca s compensation package includes a base salary plus the opportunity to earn performance-based incentive bonuses in the form of cash or company stock. The company offers a choice of medical plans as well as prescription drug, dental, vision, disability and life insurance coverage. For retirement benefits, AstraZeneca provides both a defined contribution plan and 75 percent matching funds for employees individual 401(k) savings accounts. Additional benefits include on-site childcare and fitness facilities for employees at the Wilmington headquarters, up to $5,000 in adoption assistance, tuition reimbursement and free AstraZeneca drugs for

employees and dependents. AstraZeneca also sponsors activities such as Take A Child to Work Day, an annual company picnic and discount tickets to museums, theaters and other cultural attractions. In 2003 and 2004, the company was named to both Fortune magazine s 100 Best Companies to Work For list and Working Mother magazine s 100 Best Companies for Working Mothers.

Major departments and locations

London-based AstraZeneca employs more than 58,000 people worldwide 11,000 of them in the United States. The company s U.S. headquarters is located in Wilmington, Del. AstraZeneca s jobs are categorized into 14 departments: accounting, administrative, advertising and marketing, customer service, finance, human resources, information services, maintenance, legal, manufacturing, operations, purchasing, research and development, and sales. AstraZeneca has two major U.S. research labs: one in Wilmington and another in Waltham, Mass. (suburban Boston). Supply and manufacturing facilities are located in Newark, Del., and Westborough, Mass. Finally, field sales positions are based at one of eight U.S. regional business centers located in or near Boston, Dallas, Detroit, Los Angeles, Chicago, Nashville, Tampa and Philadelphia. AstraZeneca s web site lists all open positions and offers the option of creating a personalized user profile.

Corporate culture

Employees say that AstraZeneca s British corporate culture includes a strong work ethic, solid job security, and generous benefits. Some of our contacts say that their distance from the British headquarters can be frustrating, but they are optimistic about AstraZeneca s current effort to transform itself into a truly global corporation. AstraZeneca s recent success in developing cancer medication, moreover, has enabled its insiders to boast about improving the quality of life for people everywhere.

Aventis

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LOCATIONS

Straussbourg, France (HQ)
Bridgewater, NJ (U.S. HQ)

Frankfurt
Paris
Tokyo

DEPARTMENTS

Administrative Services
Communications
Finance
Information Solutions
Legal
Marketing
Marketing Research
Medical Education
Medical Research

THE STATS

Employer Type: Public
Stock Symbol: AVE
Stock Exchanges: Frankfurt Stock Exchange, NYSE and Paris Stock Exchange
Chairman of the Supervisory Board: Jean-François Dehecq
2003 Employees: 69,000
2003 Revenue ($mil.): $22,397.0

TOP COMPETITORS

GlaxoSmithKline
Novartis
Schering-Plough

EMPLOYMENT CONTACT

www.aventis.com/main/aventis_careers_en.asp

THE SCOOP

Continental healing

Aventis is a Strasbourg, France-based pharmaceutical company that develops, manufactures and markets prescription drugs for a wide variety of therapeutic areas, such as oncology, cardiology, diabetes, and respiratory and allergy ailments. The company has pioneered drugs that treat lung and breast cancer, thrombosis and hypertension. Some of its more popular drugs are Allegra, an antihistamine; Lovenox, an anticoagulant; Taxotere, a chemotherapy agent; Ketek, an antibiotic; and Copaxone, a treatment for multiple sclerosis. Aventis also offers a range of vaccine products.

In Europe, the company s commercial operations are conducted by Aventis Pasteur MSD, a 50-50 joint venture between Aventis Pasteur and Merck & Co. Through the joint venture, Aventis provides vaccines to 19 countries.

The beginning

The company can trace its history back to 1858, when, in Vaise, France, Marc Gilliard and Jean Marie Cartier began production of chemicals for use in the leather and textile dye industries. What has followed is 140 years of complicated history, with companies being bought and sold off, nationalization and privatization, and several Nobel Prizes being awarded to chemists connected to the company. Finally, in 1999, Aventis was officially created as the result of the merger of two chemical companies, Rhone-Poulenc and Hoechst AG.

As of 2004, the company boasts a commercial presence in approximately 85 countries and sells its products in more than 170 around the world. In 2003, Aventis generated 62.5 percent of its revenue in just four countries the United States, Germany, Japan and France. Japan, the world s second-largest national market, accounted for 5 percent of the company s business sales in 2003.

Across the pond

In the United States, the company owns and operates under the Aventis Pharmaceuticals name and is headquartered in Bridgewater, N.J. U.S. net sales in 2002 were approximately $6.5 billion, and the company currently employs about 10,500 people in the U.S. and Canada, with facilities in Bridgewater; Kansas City, Mo.; Puerto Rico; and Laval, Canada.

The company s big seller in North America is its allergy medication Allegra, which saw worldwide sales of $1.9 billion in 2002, $1.6 billion of which were in the United States. Other notable drugs are Lovenox, which saw sales of $1.5 billion in 2002, Taxotere, which sold $1.2 billion and Lantus, which sold $283 million worth of product in 2002.

In October 2003, Aventis announced that it had agreed to license and sell the North American rights to several gastrointestinal products to Axcan Inc. Under the terms of the agreement, Axcan acquired Carafate and Bentyl for the U.S. market and Sulcrate, Bentylol and Proctosedyl for the Canadian market for a cash purchase of $145 million. These divestments of non-strategic products are in line with Aventis approach to actively manage its product portfolio. In 2002, Aventis net sales of Carafate and Bentyl in the U.S. market and net sales of Sulcrate, Bentylol and Proctosedyl in the Canadian market were approximately $42 million.

Top honors

In September 2003, The California Latino Medical Association (CaLMA) presented Aventis with an award for its long-standing commitment to the health needs of the Latino community and its leadership role in advancing Latino medical professionals, including support of an annual scholarship program for Latino students in medical school. With a membership of more than 3,000 Latino physicians, CaLMA is the largest ethnic physician association in California. In addition to this, Aventis U.S. operation has been named to Working Mother magazine s list of the 100 Best Companies For Working Mothers in 2002, 2003 and 2004.

Takeover bid

In February 2004, the supervisory board of Aventis unanimously rejected a 46 billion euro (US$59 billion) hostile bid from rival French pharmaceuticals group Sanofi-Synthelabo. The rejection, which was the second since the offer was initially made in late January, came as the bid officially took effect. In a statement, Aventis said the bid was clearly inadequate from a financial standpoint, and entails important social risks with limited benefits an apparent reference to possible job losses if the two drug companies were to merge.

However, Sanofi was not to be deterred by Aventis initial interest in remaining on its own. Sanofi increased its bid to $59.9 billion (50.6 billion euro), and the companies agreed to merge in April 2004. Aventis is now part of the Sanofi-Aventis Group, the name used by the combined company. Because of the merger, the Sanofi-Aventis

Group has become the world s third-largest drugmaker and the No.-1 pharmaceutical company in Europe. (Sanofi wasn t the only company eager to join forces with Aventis; Novartis was also quite interested, but backed out just prior to the Sanofi-Aventis coupling.)

A big sale

While Aventis was fending off the hostile takeover bid from Sanofi, it agreed to sell its Aventis Behring subsidiary to CSL Ltd. for over $1 billion. Aventis Behring, headquartered in Pennsylvania, is the second biggest global plasma therapeutics firm and had sales of about $1 billion in 2002. CSL is a blood plasma products company.

The acquisition was completed on March 31, 2004, making CSL the world s biggest blood plasma company. CSL and Aventis were in merger talks for most of 2003 after CSL s attempt to merge the business with Bayer AG s business failed. The Australian company finally launched its bid to buy Aventis Behring in December.

GETTING HIRED

Get online, get employed

The company s web site, www.aventis.com, allows prospective employees to search for jobs online and apply for open positions electronically. The company also offers information on its post-doctoral programs and internships.

Bausch & Lomb Incorporated

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LOCATIONS

Rochester, NY (HQ)

Bausch & Lomb has facilities in:
Australia Brazil Canada China France Germany Hong Kong India Italy Japan the Netherlands South Korea Spain the U.K. the U.S.

DEPARTMENTS

Customer Service
Engineering
Finance
Human Resources
Information Technology
Legal
Research and Development
Sales and Marketing
Supply Chain Management
Operations

THE STATS

Employer Type: Public
Stock Symbol: BOL
Stock Exchange: NYSE
Chairman and CEO: Ronald L. Zarrella
2003 Employees: 11,600
2003 Revenue ($mil.): $2,019.5

TOP COMPETITORS

Alcon
Johnson & Johnson
Novartis

EMPLOYMENT CONTACT

www.bausch.com/us/vision/about/employment/index.jsp

THE SCOOP

Early visionaries

Bausch & Lomb is one of the largest manufacturers of contact lenses and eye care products in the United States. A pioneer in the development and marketing of contact lenses, Bausch & Lomb began in 1853 as a small optical store that sold European imports. After the invention of vulcanized rubber frames in 1880, Bausch & Lomb expanded its service with the production of lenses for telescopes, binoculars, searchlights and microscopes, some of which were used by the American armed forces in WWI. Bausch & Lomb s contribution to the war effort also included Ray-Ban sunglasses, which the company developed for the U.S. Army Air Corps pilots, who fought sun glare as often as Japanese kamikazes. Ray-Bans were made available to civilians in 1936, and their rapid success led the company to go public only two years later. However, in April 1999, after selling its sunglass operations to Italy s Luxottica Group for a reported $640 million, Bausch & Lomb declared its intent to focus solely on the production of new contact lenses and lens solutions.

Refocusing

In the early 1990s, Bausch and Lomb quickly expanded, acquiring Curel skin care products and Miracle Ear hearing aids, increasing overseas sales, and producing optical instruments and drugs, including glaucoma treatments. In growing so rapidly, the company spread itself a bit too thin its profits dropped as a result during the mid-'90s. These losses led to major restructuring in 1996 when 950 employees were laid off, followed by an additional 1,900 cuts the next year to minimize costs. But the company wasn t done yet; the company was forced to shed another 400 jobs in 2002. Other casualties were the loss of the company s Rochester, NY manufacturer and the sale of its skin care business, including Curel and Soft Sense, to Jergens Corp. in June 1998. In May 1999, Bausch & Lomb also sold its Miracle Ear products and unloaded its rat-breeding laboratories.

Still, troubles plagued the company right into the new millennium, when Bausch & Lomb announced that for 2001 its earnings fell to $21.2 million, compared to $83.4 million in 2000. But all was not lost; the cost-cutting measures and layoffs that Bausch & Lomb instituted from 1999-2002 finally began to pay off. During 2002 the company saw huge sales increases worldwide, and for the year, reported earnings of $72.5 million, way up from 2001. The gains were due largely to the sale of newer technology contact lenses, which saw double-digit sales gains. For 2003, earnings

again rose to $125 million, on sales of $2 billion, up from sales of $1.82 billion in 2002.

The company attributed its newfound health to a double-digit jump in sales of contact lenses, eye-care drugs and vision-correction surgical products, including its SofLens66 Toric contact lenses, which became the most frequently prescribed lenses in the U.S. and Europe in 2002.

Solution for the future

After missing the opportunity in earlier years to be the first to market disposable lenses, Bausch & Lomb has committed millions of dollars annually toward research and development. Bausch & Lomb had the technical ability to lead the disposable lens revolution but hesitated, a move that cost the company greatly. But it learned from that mistake; the expansion of R&D paid off in 1997 when Bausch & Lomb introduced the first multi-purpose solution for contact lenses. In 1999 Bausch & Lomb introduced extended-wear lenses, as well as lenses for people with astigmatism. New disposable lenses were also rolled out in 2000. And Bausch & Lomb is getting into laser-eye surgery, marketing a vision-correction machine with a laser beam that is three times narrower then standard lasers. The Technolas 217 is the marker leader overseas, and the company hopes it will catch on here in the States.

Name recognition

In February 2004, the company reached out to television viewers to increase its share of the custom laser eye surgeries performed in the United States. A series of 30-second advertisements promoting Bausch s Technolas 217z Zyoptix System for Personalized Vision Correction began appearing on many network and cable programs that month.

Bausch & Lomb has only about a 10 percent share of the so-called Lasik surgeries in the United States, a distant third behind the market leader, VISX, with a 60 percent share, and Alcon with 20 percent. In speaking to the Rochester Democrat & Chronicle, Chief Executive Ronald Zarrella said the company has to exceed a 20 percent share to have acceptable returns. The paper also reported that Zarrella has hinted he would sell this sector of the business if the company s share does not improve.

Results from the company s fourth quarter of 2003 boded well for the company. Bausch reported revenue from sales for refractive surgery any surgery that involves

alteration of the cornea were $43.9 million, an increase of more than 50 percent from the previous year. Zyoptix shipments quadrupled in the quarter, the company said. Zyoptix, which got FDA approval in October 2003, is the company s version of a custom Lasik system. It allows a surgeon to create a precise map of a cornea that measures the unique imperfections in each patient s eye. The refractive surgery market has a worldwide value estimated at $475 million, analysts say. In 2001, only 4 percent of eligible patients received laser vision correction, according to OptiStock, an investors newsletter. That has increased to about 5 percent, or about 1.4 million procedures. The company wrapped up the fourth quarter of 2003 with the announcement that the LASIK Vision Institute had chosen Bausch & Lomb s Technolas system as the preferred laser for its vision centers around the country.

Patent dispute

Bausch & Lomb is engaged in an ongoing patent dispute with Ciba Vision, Novartis AG s eye care division. Bausch alleges that its competitor has infringed on its patents by using chemical compositions developed by Bausch in Ciba s Focus Night & Day contact lenses. Bausch originally filed suit against Ciba in November 2001, and has followed up with additional suits in July and November 2003. In July 2004, the companies announced they had reached a settlement in which they will cross-license the rights to their respective contact lens technologies.

GETTING HIRED

Hiring process

Bausch & Lomb s employment web page, located at www.bausch.com/EmploymentInfo/employmentinfo.html, provides information on some job openings. Applicants can submit their resumes either by fax or regular mail. Since the web page lists only a few openings, applicants should consider sending resumes and cover letters to the placement office, which keeps resumes on file for six months. Those interested in working at a specific plant must inquire there, since Bausch & Lomb is a highly decentralized company. Those who have gone though the interview process say the interviewers ask fairly relaxed, mostly general questions, though recently they started interviewing in teams, which can be a little intimidating. Usually the interview consists of a human resources rep who does a general info interview, both acquiring information and giving information about the

company, followed by interviews with the hiring manager and supervisor in your field. Interviewers usually don t grill or ask for answers to specific problems, but for recent grads they may ask questions about courses and lab work or other division-related questions.

OUR SURVEY SAYS

Team-oriented

Employees consider themselves lucky to be working for a team-oriented company that listens to its employees ideas. Employees say that throughout the company, Bausch & Lomb fosters interaction among different levels of management, encourages individual initiative, and rewards hard work with genuinely meritocratic promotions. The best way to find out about available positions is through an insider, since campus recruiting is uncommon, and supervisors will often call friends and other sources to let them know they are looking. One insider reveals that the usual way of getting the word out is an internal announcement for three days, then advertising in the paper.

Fast-paced, but relaxed

As the company has grown over the years, there has been a definite change in the environment, surmises one employee. The culture is now more fast paced, sometimes very political and very stressful, but the the atmosphere changes with the building you re in, adds another. Some warn that the world headquarters can be stuffy. Bausch & Lomb offers some relaxed work environment perks: Casual dress is allowed at all locations, alternative work arrangements flex time, compressed work week, and so on are just starting to be put in place. Summer hours for June through August (four nine-hour days and a half day on Friday) is the norm for most divisions, and the company s 401(k) plan is becoming more flexible, points out an insider. One happy insider declares, All in all B&L is a terrific place to work and I hope to be employed there until I retire!

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LOCATIONS

Deerfield, IL (HQ)

Asia/Other:
Australia China India Japan New Zealand Singapore

Europe:
Austria Belgium France Germany Poland Switzerland United Kingdom

North America:
Arkansas California Illinois Indiana Mexico Mississippi New Jersey North Carolina Ontario Quebec Puerto Rico

South America:
Argentina Brazil Chile Colombia Costa Rica Dominican Republic

DEPARTMENTS

Administration Businesss Planning and Development Clinical and Medical Affairs Communications Customer Service Engineering Finance and Accounting Human Resources Information Systems Legal Manufacturing Marketing Operations Quality Assurance Regulatory Affairs Research Research and Development Sales

THE STATS

Employer Type: Public
Stock Symbol: BAX
Stock Exchange: NYSE
Chairman and CEO: Robert L. Parkinson Jr.
2003 Employees: 51,300
2003 Revenue ($mil.): $8,916

KEY COMPETITORS

Becton Dickinson
Boston Scientific
Fresenius Medical Care

EMPLOYMENT CONTACT

www.baxter.com/about_baxter/careers/

THE SCOOP

It s in the blood

Baxter International is a leading supplier of health care and medical devices, manufacturing products in 29 countries and selling them in over 100 others. Baxter s products are used by hospitals, clinical and medical research laboratories, blood and blood dialysis centers, rehabilitation centers, nursing homes, doctors offices and by patients at home under physician supervision. The company is comprised of three segments: medication delivery, bioscience and renal. Baxter makes equipment that collects and separates blood through its bioscience subsidiary, which also develops therapies used to treat blood diseases such as hemophilia. Baxter also makes and markets intravenous and anesthetic supplies through its medication delivery business. The company operates hundreds of dialysis clinics around the world through its renal division. Baxter generates approximately 50 percent of its revenue outside the United States.

Although the company has experienced a spate of layoffs and federal investigations lately, it still ended 2003 with $8.9 billion in sales, up from $8.1 billion in 2002, and employs 50,000 people in more than 50 countries.

Decades of research and development

Baxter s history of high-tech health care innovations began in 1931, when Donald Baxter, a California physician, founded the company to distribute the intravenous products he had developed. One of Baxter s partners, Ralph Falk, bought him out in 1935 and began spearheading the research and development efforts that would establish the company s reputation. In 1939, the company, then known as Baxter Laboratories, debuted the Transfuso-Vac container, billed as the first sterile, vacuum-type blood and collection storage unit. Until the Transfuso-Vac came on the scene, blood could be stored for only a few hours; the introduction of the device meant the life-giving fluid could be stored for weeks, making blood banks a reality. In 1952, the company acquired Hyland Labs, the first U.S.-based company to make human plasma commercially available.

Two years later, Baxter expanded beyond the U.S., opening an office in Belgium, and in the late 1950s, the company established an international division. In 1962, Baxter introduced the first disposable total-bypass blood-oxygenator, which made open-heart surgery possible. By 1978, Baxter s sales had passed the $1-billion mark and

the company had moved into the dialysis market. Seven years later, Baxter bought the American Hospital Supply Corp., broadening its reach into health care products distribution. In 1996, the company spun off Allegiance Corporation, its cost-management services unit. Allegiance expanded its line of surgical and respiratory-care products and management services, while Baxter refocused attention on core technologies such as intravenous therapy, renal therapy, and blood-related and cardiovascular products. Baxter spun off its cardiovascular branch in 1999 to form Edwards Lifesciences.

Searching here, abroad and online for deals

Baxter has positioned itself with two strategies: foreign expansion and research and development. At present the company earns about half its revenue from operations outside the U.S., with Europe comprising half of the company s international business. Additionally, Baxter is the largest foreign health care organization in Japan, where its sales have topped $500 million. In 1994 and 1995, Baxter opened plants in Singapore and China to bring its dialysis systems to those markets. In 1998, Baxter acquired Sweden-based Althin Medical A.B. Baxter teamed with four other large hospital suppliers in April 2000 to create an electronic exchange allowing medical devices and health care services to be ordered over the Internet. And in August 2001, Baxter acquired ASTA Medica, a subsidiary of Germany-based Degussa. Then six months later, Baxter acquired Fusion Medical Technologies, which develops products used to control bleeding during surgery. The acquisitive pace continued with a June 2002 announcement that Baxter had purchased ESI Lederle, a division of Wyeth. Baxter acquired the unit s injectable products, expanding the company s anesthesia and critical care portfolio.

Tough times

Baxter International Inc. delivered a double dose of bad news in July 2003, reporting an 81 percent profit drop due to a bigger-than-expected restructuring charge and disclosing a federal regulatory investigation into a recent earnings forecast. The company said it was eliminating 3,200 jobs 700 more than it said it would earlier in the month which resulted in a larger charge of $337 million, or $202 million after taxes. That means Baxter laid off about 6 percent of its workforce. As part of the layoffs, the company announced it was closing 26 plasma collection centers across the United States and a plasma fractionation facility located in Rochester, Mich., to improve the economics of its plasma therapies business. When it announced its 2003

earnings, the company warned that more layoffs were likely, in line with its target of reducing costs by an additional $200 to $300 million during 2004.

Looking up

Despite these developments, the company saw sales during the third quarter of 2003 of $2.22 billion, an increase of 10 percent over the third quarter 2002. Contributing to the growth in the quarter were strong sales of anesthesia, biosurgery, drug delivery and IV therapy products and record sales of recombinant clotting factor, which rose 14 percent in the quarter.

Baxter s sales in the fourth quarter grew 12 percent to $2.5 billion. Domestic sales also grew 12 percent, and international sales grew 13 percent. Baxter s medication delivery sales for the first time exceeded $1 billion in a quarter, jumping 14 percent to $1.1 billion, driven by strong drug delivery and anesthesia sales. Bioscience sales increased 11 percent in the fourth quarter, totaling $938 million, led by strong sales of recombinant products used in the treatment of hemophilia, which grew 27 percent. Baxter s renal business also grew 9 percent to $497 million.

For the full year, Baxter s sales rose 10 percent to $8.9 billion. Domestic sales increased by 8 percent to $4.3 billion and international sales grew 12 percent to $4.6 billion. Medication delivery sales totaled $3.8 billion for the year, an increase of 16 percent. Bioscience sales grew 6 percent to $3.3 billion, and renal sales were also up 6 percent in 2003, totaling $1.8 billion.

New treatments

Baxter received FDA approval for the company s hemophilia therapy ADVATE Antihemophilic Factor in late 2003. Unlike other hemophilia treatments, ADVATE doesn t contain any added human or animal plasma proteins, thereby eliminating the risk of infections caused by viruses that may be carried in these proteins. Baxter s vaccines business was also awarded a $10 million contract from the National Institutes of Health for the development of a vaccine against SARS (severe acute respiratory syndrome).

Baxter also announced it will collaborate with Avecia, one of Europe s largest privately owned specialty chemical companies, to provide services and regulatory expertise to support the completion of an anthrax vaccine. The vaccine is being developed under a $71 million contract award to Avecia from the U.S. government s National Institute of Allergy and Infectious Disease.

Changes at the top

In January 2004, Harry Kraemer announced that he was resigning his post as chairman and chief executive of the health products maker. Kraemer s resignation came just six months after he assured Wall Street that his job was safe. He plans to stay on at Baxter until a successor is named. Kraemer s fall had come quickly, having graced the cover of BusinessWeek magazine as a model CEO three years before. But a continuing string of earnings that missed expectations and a flagging stock price proved too much for Kraemer, who had spent more than 20 years at the company. The company has a lot to contend with, including concerns over its accounting practices, an ongoing investigation by the Securities and Exchange Commission and continued concerns about the company s financial forecast.

The company s new CEO, Robert L. Parkinson Jr., took over the role in April 2004, and immediately rolled up his sleeves. The week after taking on this new position, Parkinson presided over his first shareholders meeting and told those assembled, The embedded value in this company is tremendous. We must and will identify ways to extract and apply that value for the benefit of our shareholders, and most certainly for the patients who benefit the most from what we do. With that in mind, Parkinson described an even stronger emphasis on science and technology and a commitment to significantly improving our financial position, [which] will provide us with the latitude to pursue new product initiatives that complement our existing businesses as being key objectives going forward.

GETTING HIRED

Hiring process

Baxter International offers a variety of career opportunities in both business- and science-related fields. Positions are most frequently available, however, in the areas of technology and engineering. Baxter lists openings at www.baxter.com/job_seekers/. Prospective employees can search for jobs at the site, and submit their resumes electronically. The company also provides a list of college recruiting events across the country by date and location.

One employee describes the hiring process as a long, drawn-out process involving a day-long series of interviews and adds that follow-up letters after your interviews to everyone you meet are a must. However, another employee states, I ve never heard of anyone finding the process too stressful. Since Baxter operates in highly

specialized medical fields, having a technical background is always a bonus for white collar applicants. Nonetheless, Baxter has a history of hiring a good mix of business and technical backgrounds.

OUR SURVEY SAYS

Relaxed, diverse environment

Baxter fosters a relaxed environment that one long-time employee calls increasingly casual with an open-door policy. Dress code is now business casual. Since pay is tied to performance, employees emphasize productivity. Politics plays a diminished role in this results-oriented company, but there is politics still, and we need to improve on that, says one employee.

The company s international presence means increased opportunities abroad and diversity at home. Baxter is a global company, and if you are bilingual, I think you should definitely put that on your resume, one employee says. There s always a need for multi-lingual managers, adds another. Although one employee finds that since this company is based in the Midwest, the culture is a little conservative for some, another employee insists that even here in Deerfield, Ill., the global corporate headquarters, there are many nations and cultures represented. The vastness of Baxter s operations means that Baxter can prove frustrating for those with a more entrepreneurial bent, reports one insider.

Despite Baxter s drive to the technological avant-garde, employees say the company still retains many of the niceties which corporate America has lost in the past 20 years. For many employees, family comes first this is still just a 40-hour-a-week job. Flexible work schedules make Baxter one of the best corporations around for working mothers, according to another. New scheduling options such as job sharing and telecommuting will enable employees to be even more flexible in the future.

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LOCATIONS

Kansas City, MS
Morristown, NJ
Pittsburgh, PA
Tarrytown, NY

DEPARTMENTS

Communications
Engineering
Finance
Information Technology
Legal
Logistics
Manufacturing
Research and Development
Sales

THE STATS

Employer Type: Public Company
Stock Symbol: BAY [ADR]
Stock Exchange: NYSE
President and CEO: Attila Molnar
2003 Employees: 23,300
2003 Revenue ($ mil.): $10,999

KEY COMPETITORS

ATOFINA
BASF AG
Dow Chemical

EMPLOYMENT CONTACT

www.bayerjobs.com

THE SCOOP

Good for what ails you

The Bayer Corporation is the U.S. subsidiary of Bayer AG, the German chemical and life sciences titan. Perhaps best known for its wide range of pharmaceutical and over-the-counter (OTC) medications, not to mention the discovery of aspirin, Bayer has its U.S. headquarters in Pittsburgh and manufactures a dizzyingly wide array of products.

A major overhaul of the company s infrastructure was unveiled in 2003 in line with changes at the parent company and partly in response to declining profits. Bayer Corp. now has five major divisions (crop science, chemicals, healthcare, pharmaceuticals and polymers) and an administrative services arm. Despite the success of offerings like Cipro, the antibiotic used to treat anthrax, Bayer s pharmaceuticals division was hit hard in 2003 by a blizzard of lawsuits and negative publicity for recalled products like the cholesterol-lowering drug Baycol. Recent pharmaceutical treatments, such as the Viagra-like Levitra, may help bolster the company s economic profile.

The man behind the firm

Although Bayer is best known as a drug maker, partners Friedrich Bayer and Friedrich Weskott actually began the company in 1863 in the German town of Barmen to manufacture and sell synthetic dyes. (Barmen is now part of the city of Wuppertal.) From these origins as a dye maker, the company evolved to experimenting with various chemical compounds. In 1899 the company introduced aspirin to the market and changed the world forever. People finally had a cheap and reliable means of relieving pain and reducing fevers. In spite of aspirin s instant success, Friedrich Bayer was not content to limit himself to pharmaceuticals. His research labs developed groundbreaking compounds like Antinonin (the first synthetic pesticide) and synthetic rubber. In 1929, Bayer s patent on synthetic rubber for tires changed the world s automotive industry; in time, the firm would become the largest supplier of rubber products and chemicals in the world.

Wartime crimes and U.S. operations

Bayer was first established on U.S. soil in 1865 with a stake in a coal tar dye plant in Albany, N.Y. During World War II, the United States seized control of Bayer s North

American holdings and sold the brand rights to Sterling Drug. During World War II, IG Farben, the conglomerate that Bayer joined in 1925, utilized slave labor to manufacture the deadly poison gas used on Jews at Auschwitz. After WWII, IG Farben was disbanded, and Bayer emerged as an independent company in 1951. Over the next few decades, Bayer expanded significantly on its holdings in the U.S. and integrated them under the name Miles, Inc. in 1992. After paying $1 billion to acquire Sterling Winthrop, which owned the Bayer brand and trademark rights in North America, as well as the Bayer Aspirin product line, the company was renamed the Bayer Corporation in 1995. The next year, Bayer AG s CEO publicly apologized for the company s wartime actions.

Today, the Pittsburgh-based Bayer Corporation is a wholly owned U.S. subsidiary of Bayer AG, which is based in Leverkeusen, Germany. The U.S. company has about 22,000 employees and 50 sites nationwide and manufactures some 10,000-plus products. Besides the evergreen Bayer Aspirin, familiar consumer brands include One-A-Day vitamins; Alka-Seltzer antacid and cold medicine; Phillips Milk of Magnesia for the treatment of upset stomach and constipation; and prescription drugs like the hypertension treatment Adalat CC, the prostate cancer implant Viadur, and the antibiotic Cipro. Bayer also manufactures a broad spectrum of non-pharmaceutical products, such as chemicals, agricultural products and photographic imaging technology.

New products

In August 2004, Bayer HealthCare LLC, a unit of Bayer AG, said that the Food and Drug Administration granted the company marketing approval for its second hepatitis B diagnostic test since May. Called the Anti-HBc-IgM assay, the test is run to diagnose Hepatitis B infections, and may help differentiate patients with acute and chronic infections, the company said. The approval follows the FDA s May clearance of the company s Anti-HBs diagnostic, which is used to detect a previous hepatitis B infection and determine a patient s protective immunity from vaccination or evaluate a patient s recovery from an infection. Bayer said about 1.25 million Americans are chronically infected with hepatitis B, with up to 30 percent acquiring their infections in childhood. In July, the company also said that it is currently conducting Phase III trials for an oral anti-cancer drug with Onyx Pharmaceuticals, a drug which is estimated to be able to generate $100 million in sales in the U.S. alone.

Legal issues

Bayer agreed in July 2004 to plead guilty for participating in an international scheme to fix prices for rubber chemicals. The company said that it will pay a $66 million fine and assist federal prosecutors in the ongoing probe that could possibly engulf other big U.S. chemicals firms. The two-year investigation has caught one other company, industrial materials and chemical manufacturer Crompton, which plead guilty and agreed to pay a $50 million fine. The Justice Department charged Bayer with meeting with other chemical producers to raise prices for chemicals sold in the United States and elsewhere. Bayer s plea is subject to court approval.

In a more complicated and longer running dispute, the company which is faced with thousands of Baycol lawsuits across the country has been dealing with the fallout of the failure of its a cholesterol-lowering drug Baycol, which it pulled off the market in 2001 after some patients developed muscle weakening and kidney failure and after it was linked to more than 100 deaths. The company did win one big Baycol-related case in September 2003 when a Texas jury cleared Bayer of liability in a $560 million lawsuit that accused the company of ignoring research linking Baycol to dozens of deaths. The lawsuit was filed in behalf of Hollis Haltom, an 82-year-old retired oil company engineer who said he fell seriously ill after taking Baycol. Finally, in July 2004, Bayer agreed to pay $1.06 billion to settle 2,771 lawsuits relating to Baycol. The company has 8,048 cases pending, and has paid out $1.04 billion to settle 2,710 cases as of mid-June.

Continuing changes

As previously noted, Bayer announced plans for a massive organizational reshuffling in 2003. In line with the new global structure adopted by parent company Bayer AG, creating five independent operating companies and a service company under the umbrella of the Bayer Corporation. The five operating companies are Bayer CropScience, which makes herbicides, insecticides and fungicides; Bayer Chemicals, which makes basic chemicals, fine chemicals (for pharmaceuticals) and pigments; Bayer HealthCare, which makes medical diagnostic equipment; Bayer Polymers, which makes plastics, polyurethanes, coatings and rubber; and Pharmaceuticals, which makes over-the-counter treatments and prescription drugs. The service company, Bayer Corporate and Business Services, handles such functions as information systems, human resources and communications for the company. While Dr. Attila Molnar remains president and CEO of the Bayer Corporation, executives were appointed to head each newly formed operating company, as well as the service company. The company said that the purpose of this reorganization, the most

extensive in the company s history, was to expand Bayer s consumer base while simultaneously cutting 15,000 jobs by the end of 2004.

But in June 2004, the company had some second thoughts, reducing the number of job cuts planned for that year and the next to 3,000. The reduction in the number of jobs being eliminated came as part of an agreement with employee representatives on securing production and jobs, the company said. The 3,000 cuts represent less than 3 percent of its overall work force. Bayer has also been investing heavily in its traditionally strong businesses like polymers, which generated about $12 billion of Bayer s total global revenue of $35 billion in 2003, about $4 billion coming from the U.S. alone. The polymers unit unveiled a new technical center at its U.S. headquarters and formed a 50/50 joint venture in 2003 with PolyOne, the world s largest polymer services company, to develop and market polyurethane systems in the U.S. and Canada. In addition, Bayer Polymers is making substantial inroads in Asia. Seeking government approval for a new polyurethane plant in China, Bayer s polymers unit is expanding its concerns in Thailand as well and setting out to do a hefty 25 percent of its sales in Asia by 2005.

The changes continued through 2004. In July, the company announced that it was spinning off its Lanxess chemicals and polymers unit, instead of filing for an IPO, which it had considered. Bayer will seek shareholder approval for the move in mid-November, and the spin-off is scheduled to occur in early 2005. The company is also in talks to buy rival Roche s over-the-counter-drugs business for a reported $1.9 billion. The Lanxess business contributed $7.4 billion to the company s books in 2003, although it also posted an operating loss as a unit. Meanwhile, Roche OTC s sales were $1.3 billion in 2003 with an operating profit of $215.4 million. The Roche purchase would put Bayer in the same league as GlaxoSmithKline and Johnson & Johnson in the OTC drugs business. The company also announced that it is concentrating most heavily on its health care side, spending more than half its research and development dollars there.

GETTING HIRED

Bayer s hiring process

The Bayer web site offers a link for jobseekers at www.bayerjobs.com. Interested applicants have the option of submitting general resumes or resumes in response to specific postings (the latter is preferred). Resumes sent to the company via the web

site will be given more immediate consideration than other submissions, but all applicant resumes are kept active in the Bayer database for a period of one year. Employees can look forward to a benefits package that includes health and medical coverage, a pension plan, employee savings options and tuition reimbursement for those who qualify.

Student recruitment

Bayer also visits university campuses for recruitment activities; since the reorganization, each operating company conducts its own recruiting activities. Entry-level positions can be found in engineering; information technology; procurement; research and development; finance and administration; and marketing and sales. Applicants should click on the appropriate online links for job descriptions and requirements. The Associates Development Program (ADP), a two to two-and-a-half-year managerial program that rotates its participants through various sites and assignments, requires a B.S., B.A., Ph.D. or Master s degree and proficiency (or a willingness to become proficient) in German.

OUR SURVEY SAYS

A conservative-progressive atmosphere

Bayer defines itself as a leading integrated chemical-pharmaceutical enterprise'" that consists of 23 diverse business divisions. Although insiders report Bayer takes a basically conservative approach to its business practices, they describe their co-workers and office atmosphere as progressive. Bayer s size can be somewhat bureaucratic at times, but the company stresses individual innovation and widespread participation in quality control efforts. Employees throughout Bayer comment that the interactive environment fosters camaraderie, even though some recent hires are disappointed by the poor quality of the communication between lower and upper management. Some feel that Bayer s internal politics have interfered with quality decision making. At Bayer, to be successful you need to be political. Another insider feels that communications are getting better, as the company is using feedback via Internet surveys. However, one 30-year Bayer veteran advises those interested in Bayer to get in, get experience, and then get out. Another respondent corroborates this, citing slow [career] growth potential

International relations

Many agree that Bayer takes serious steps to diversify its workforce, yet some insiders note, in terms of diversity, more needs to be done. As with many major corporations, there are glass ceilings that affect gender and race, some warn, reporting there are some instances where the glass ceiling has prevented people from advancement. The company is evidently aware of these problems: The diversity issue has been championed from the very highest levels in management and is an ongoing program, says one insider. Each year we go through one or two programs that encourage us to open our minds to those of different origins and cultures. Another veteran employee states that Bayer has a very diverse workforce and is working hard to promote diversity. International culture is inherent to the company. As Bayer is a German company, there are a lot of foreign workers here, and an influx of German culture since Bayer AG is our parent company. This can be good or bad depending on your perspective.

Dress code

While details such as dress code and scheduling flexibility vary by department, in general plant locations are usually business casual and corporate is business attire suits, dresses. From May until the end of September, the dress code for corporate is business casual. Work hours vary considerably based on location but in general, offices are open from 8 to 5.

Benefits

Bayer s benefits seem to please most employees. As one insider puts it, The company does a very good job of taking care of its people. Bayer benefits are the best in the industry, giving employees 12 plans to choose from, raves another. Insiders say the company pays 90 percent of the premiums for your medical and dental insurance. As far as the pay scale, Bayer is not bad, having good benefits, proper salary, and a 401(k) that beats any around. Perks include a company store on premises with dry cleaning pickup and delivery, photo processing and a credit union office and ATM on site.

BD

Human Resources
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www.bd.com

LOCATIONS

Franklin Lakes, NJ (HQ)

THE STATS

Employer Type: Public Company
Stock Symbol: BDX
Stock Exchange: NYSE
Chairman, President, and CEO: Edward J. Ludwig
2003 Employees: 24,800
2003 Revenue ($ mil.): $4,528

KEY COMPETITORS

Abbott Laboratories
Tyco/Kendall

EMPLOYMENT CONTACT

www.bd.com/careers

THE SCOOP

Blood sport

Becton, Dickinson and Company (BD) is a global medical technology company that serves healthcare institutions, life science researchers, clinical laboratories, industry and the general public. BD manufactures and sells a range of medical supplies, devices, laboratory equipment and diagnostic products. It is comprised of three segments: BD Medical, BD Diagnostics and BD Biosciences. The company, founded in 1897, is headquartered in Franklin Lakes, N.J.

BD s products include insulin syringes and safety devices designed to help protect healthcare workers from infectious diseases. The company also manufactures other specialized medical equipment, including infusion therapy products, flow cytometry systems and lab equipment used in tissue cultures. The products are manufactured and sold worldwide in fact, sales outside the U.S. account for about half of BD s revenue, and BD has manufacturing operations in Brazil, China, France, Germany, India, Ireland, Japan, Korea, Mexico, Pakistan, Singapore, Spain, Sweden, the United States and the United Kingdom. The company currently holds the title of the world s largest maker of syringes for people with diabetes.

Restructuring

In September 2000, the company announced that it was taking action to enhance its operations by improving its bottom line and revamping customer service. BD was unhappy with its financial performance, although its 2000 revenue of $3.6 billion was still more than the $3.4 billion posted in 1999. As a result, the company axed some incentive programs with distributors in an effort to improve the supply chain and reduce costs. The company says that discontinuing the incentive programs helped improve its 2000 fourth quarter revenue by about $50 million. As part of the restructuring program, the company eliminated about 1,000 positions during 2001 as well.

Good numbers

BD reported revenue of $4.5 billion in 2003 due in part to sales of its safety products growing 19 percent to $680 million. In an interview with The Record (Hackensack, N.J.'s daily newspaper), CEO Ed Ludwig said that the company has capitalized on from new federal workplace safety laws requiring the use of safety-engineered

products such as those made by BD. He went on to say that the company believes that the international adoption of similar laws will spur BD s safety business to $1 billion within a few years. But before that happens, there are still the current impressive numbers to look at. One can look back to April 2002 for the start of a stretch of record revenue reports for the company. BD recorded quarterly revenue in excess of $1 billion for the second quarter of 2002, an increase of 7 percent from the same period in 2001. It was the first time in the company s history that it achieved quarterly revenue of over $1 billion. Then, in November, BD reported another record quarterly revenue of approximately $1.1 billion for the fourth quarter. For the full year 2002, BD reported record revenue of $4.03 billion, an 7.7 percent increase over 2001. The next year BD did it again, reporting quarterly revenue of $1.18 billion for the fourth quarter.

Product recalls

In January 2004, BD decided to initiate a voluntary product recall of certain lots of its BD Test Strips used for blood glucose monitoring. The company said that the strips were showing an E-3 message which normally appears during a test to indicate issues with the application of a blood sample or with the test strip. This message doesn t cause incorrect test results, the company says, but it recalled all affected lots of the strips to rectify the problem. In February 2000, BD recalled some lots of the BD Insyte Autoguard shielded IV catheter after it was found that the product caused localized skin irritation following use. While the percentage of complaints the company received were less than .01 percent of all the product that had been shipped, it decided to perform a recall of affected catalog and lot numbers anyway.

The company was stung again in August 2003 when it voluntarily recalled its BD ProbeTec ET instrument for the detection of chlamydia and gonorrhea. The company initiated the recall after receiving reports about a defect discovered in the course of instrument evaluation. The company conducted its own investigation and determined that optical bundles in the instrument may have been incorrectly installed in certain instruments, which could produce false positive and false negative results. The instrument produced 12 inaccurate results within the two-week time period it was in use. By August 2004, 522 units out of 526 distributed in the United States had been checked and found to be functioning correctly. As a result of the reported problem, the company announced that it had adopted additional quality checks and reviews of the optical bundle assembly process to prevent a potential recurrence.

Teaming up

In October 1997, BD entered into a joint venture with Nanogen Inc. to form what is known as The Nanogen/Becton Dickinson Partnership, to develop and market products in the area of in vitro nucleic acid-based diagnostics and monitoring technologies in the field of infectious diseases, according to a press release. The two companies decided to each contribute to the project licenses to intellectual property owned by each company, including BD s SDA technology and Nanogen s bioelectronic chip technology.

A few years after striking up the partnership in September 2000 Nanogen and BD restructured the joint venture to allow each company to go to market with certain discoveries from the joint venture s technology and allow each other the leeway to collaborate with third parties to develop other products in the infectious diseases field. Nanogen obtained a license to certain joint venture technologies to commercialize products in the field of infectious diseases. BD also expanded the field of use for Nanogen s SDA license outside of the joint venture to not only include in vitro human genetic testing and in vitro cancer diagnostics, but also in vitro testing of environmental, agricultural and veterinary samples.

Finally, in May 2001, the companies announced that The Nanogen/Becton Dickinson Partnership had been awarded its first United States Patent relating to technology the parties developed together. The patent, U.S. Patent No. 6,238,868 (the 868 patent as the companies refer to it), covers a kit and methods employing strand displacement amplification ("SDA") that detects and analyzes of nucleic acid sequences.

Pregnant pause

Speaking of patents, in August 2002, BD settled a lawsuit it had filed accusing rival Inverness Medical Innovations Inc. of infringing a patent for early pregnancy-detection kits. BD claimed that Inverness was using BD s technology, patented in 1987, without permission. After two years of litigation, a U.S. District Judge approved an agreement between the two companies in which Inverness conceded BD s patent is valid. The only information about the deal that was made public was that the companies had resolved their differences with a licensing agreement.

GETTING HIRED

Students welcome

Interested applicants can find information on career opportunities at the company s site, www.bd.com/careers/. The site accepts online resume submissions across a variety of job descriptions.

The BD site also provides a wealth of information for students looking to get a foot in the door with a leading healthcare company. Students interested in BD can access the company s campus recruiting schedule to find out if and when company representatives will be interviewing at their school. The site also provides information on the company s summer internship (for undergrads and graduate and MBA students), co-op (available only to students at Kettering University) and development training programs for recent graduates.

The perks of work

Those fortunate enough to be invited to join BD s team will pleased to find the company not only offers the full complement of health and life insurance that would be expected of a major healthcare company, but also adoption assistance, a 401(k) plan with a company match and credit unions and fitness centers in some locations.

Bristol-Myers Squibb

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Fax: (212) 546-4020
www.bms.com

LOCATIONS

Buffalo, NY Fort Lauderdale, FL Greensboro, NC New York, NY Princeton, NJ Stamford, CT Syracuse, NY Washington, DC Athens, Greece Barcelona, Spain Bucharest, Romania Dublin, Ireland Istanbul, Turkey Madrid, Spain Milan, Italy Montreal, Canada Moscow, Russia Ottawa, Canada Rome, Italy St. Petersburg, Russia Stockholm, Sweden Warsaw, Poland

DEPARTMENTS

Administrative Support
Finance
Human Resources
Information Management/Systems
Manufacturing/Operations
Marketing
Research and Development
Sales

THE STATS

Employer Type: Public Company
Stock Symbol: BMY
Stock Exchange: NYSE
CEO: Peter R. Dolan
2003 Employees: 44,000
2003 Revenue ($ mil.): $20,894

KEY COMPETITORS

Merck
Novartis
Pfizer

EMPLOYMENT CONTACT

Human Resources
E-mail: www.bms.com/joinus

THE SCOOP

Drugs and more

For most of their histories, Bristol-Myers and Squibb were independent companies, and each has made significant contributions to the development of the modern pharmaceutical industry. After merging in 1989, the new Bristol-Myers Squibb Company flourished becoming, at one point, one of the top five pharmaceutical companies in the world. Lately, however, the company has had its share of struggles. Several of its most lucrative drugs, including Glucophage, Taxol and BuSpar, have recently gone off patent battering Bristol s revenue. In addition, the company had invested heavily in the development of a new hypertension medicine named Vanlev. After stumbling during clinical trials, however, the drug now appears to be a long shot to ever reach the marketplace. Bristol-Myers Squibb also holds a 20 percent equity stake in ImClone and was counting on ImClone s cancer medication Erbitux to provide a revenue boost. The road to approval from the Food and Drug Administration (FDA) wasn t as smooth as the two companies had hoped, though. In December 2001, he FDA rejected the application for Erbitux. To make matters worse, following ImClone s highly publicized insider trading scandal, BMS has been forced to write off most of the value of its original investment. Nevertheless, the companies perservered after gathering more data and resubmitting the application, the FDA finally approved Erbitux as a treatment for colon cancer in February 2004.

Drugs and more

The core of Bristol-Myers Squibb s business is the development and production of pharmaceuticals particularly treatments for cancer and cardiovascular disease as well as anti-infection medicines. BMS s major products include the cholesterol reducer Pravachol, the anti-blood clotting agent Plavix and the chemotherapy drug Taxol. In addition to prescription drugs, Bristol-Myers also manufactures the over-the-counter painkiller Excedrin. The company s ConvaTec subsidiary sells medical supplies such as wound dressings and ostomy bags. Another subsidiary, Mead Johnson, produces Enfamil baby formula and the Boost brand of nutritional supplements. Finally, Bristol-Myers, along with several other major pharmaceutical manufacturers, sponsors the TogetherRX drug discount program for Medicare recipients who do not have prescription drug coverage.

Prelude to a merger

William Bristol and John Myers purchased Clinton Pharmaceuticals in 1887, and in 1900 the company was renamed Bristol-Myers. Early on, the company s top sellers included products such as mineral salts and toothpaste. By 1924, Bristol s earnings had surpassed the $1 million mark, and five years later, the company went public. In 1943, Bristol-Myers took its first major step into modern pharmaceutical research with the purchase of Cheplin Labs. The lab, which was one of the major penicillin producers at the time, would later be renamed Bristol Labs. During the second half of the 20th century, the company grew through both acquisition and innovation. Among the companies purchased by Bristol-Myers were Clairol in 1959, Mead Johnson in 1967, Zimmer (a manufacturer of orthopedic implants) in 1972 and biotech company Oncogen in 1986. Bristol s scientists were also active during this period, introducing breakthrough products such as cancer drug Platinol in 1978 and anxiety treatment BuSpar in 1986.

Squibb, too, traces its roots back to the 19th century, having been founded by Edward Squibb in 1858. Unlike Bristol-Myers though, whose history began with consumer-oriented personal care products, Squibb s early expertise was in chemistry. The company started out selling chemicals such as ether and chloroform to doctors and hospitals. In 1952, the company was acquired by Mathieson Chemical, which was itself acquired by Olin Industries the following year. Despite the turnover in ownership, the Squibb division retained its name, and in 1971, Olin Mathieson adopted the better-known moniker of its subsidiary for the entire company Squibb is perhaps most famous for its discovery of cardiovascular drugs Capoten and Corgard in the 1970s. Capoten was the first in a new class of drugs known as ACE inhibitors, which would revolutionize the treatment of hypertension.

Bristol-Myers needs yew

Bristol-Myers, with its expertise in cancer treatments, and Squibb, with its valuable cardiovascular drugs, combined their operations in 1989. The merger created the second largest pharmaceutical company in the world at that time. In the early 1990s, Bristol-Myers Squibb made headlines with its experimental cancer drug Taxol. The medicine showed great promise in treating ovarian, breast and lung cancers, but was in extremely short supply. That was because Taxol was extracted from the bark of a rare and endangered tree, the Pacific Yew. Environmental activists feared that all of the remaining trees would be harvested for Taxol. Meanwhile, poachers scoured the Pacific Northwest s national forests in the hopes of collecting some of the bark, which was extremely valuable on the black market. By 1994, however, BMS

scientists had found a way to artificially synthesize the substance from chemicals found in more common varieties of yew. As Taxol became widely available, the furor over the fate of the Pacific Yew subsided.

Silicone valley

Bristol-Myers Squibb was, at one time, one of the major manufacturers of silicone breast implants a chapter of its history that the company would probably like to forget. Questions about the possible health risks associated with implants first began to emerge in the 1980s when Ralph Nader s Public Citizen Health Research Group released a series of reports. The story received little attention at first. In 1988, however, the FDA moved to classify silicone breast implants as Class III products, which required implant manufacturers to submit scientific data by 1991 that proved the safety and efficacy of their products. In the early 1990s, media coverage of the possible dangers of silicone steadily increased, and a string of guilty verdicts in product liability lawsuits followed. In March 1992, Bristol-Myers Squibb announced that it was getting out of the implant business, following a request by the FDA for a voluntary moratorium on breast implant procedures. But the voluntary move to disassociate itself from the silicone implants did not save the company from the legal onslaught that was to follow. In December 1992, BMS lost its first major implant liability case when a Houston jury awarded $25 million to Pamela Jean Johnson. With the largest implant manufacturer, Dow Corning, facing more than 20,000 lawsuits and nearly half a million potential claims, three of the lesser silicone makers Bristol-Myers Squibb, Baxter Laboratories and 3M decided to cut their losses and settle with the claimants. In 1995, the three companies agreed to pay out an average $26,000 per claim, settling most of the outstanding charges against them.

Streamlining

In the late 1990s, Bristol-Myers Squibb began to sell off some of its personal-care product lines to concentrate on the pharmaceutical business. The company sold its Sea Breeze Skin Care business in 1999, the Matrix Essential Care subsidiary the following year and the Clairol product portfolio in 2001. Also in 2001, Bristol s Zimmer subsidiary was spun off as an independent company. With its attention now clearly focused on the pharmaceutical market, Bristol-Myers went out and acquired DuPont s drug business in June 2001. The deal, worth an estimated $7.8 billion, gave BMS the rights to DuPont drugs such as AIDS medication Sustiva and the anticoagulant Coumadin. The company also absorbed DuPont s medical imaging

business, which consisted of injectable contrast agents such as Definity, Cardiolite and Miraluma.

Questionable conduct

The loss of a patent on a blockbuster drug can be a traumatic event for a company financially. So it is only natural that pharmaceutical companies try to delay the expiration of patent protection for as long as possible. Bristol s efforts to protect its monopoly on BuSpar, Platinol and Taxol in 2000 may have gone too far, however. An investigation by federal regulators charged BMS with abusing the patent registration process and conspiring with a smaller generic drug maker to keep cheaper medicines off the market. In one case, the company was accused of claiming a new patent on BuSpar just hours before a generic drug manufacturer was scheduled to release its cheaper version of the drug. When Bristol sued the smaller company for patent infringement, it was granted a 30-month window of exclusive rights to BuSpar while the case was litigated. In another incident, Bristol-Myers was accused of paying a generic drug company some $70 million to withhold its lower-cost drugs from the market. Maneuvers like these landed the company in hot water with the Federal Trade Commission (FTC). In 2003, Bristol settled with both the FTC and prosecutors from 29 states. The company agreed to pay $670 million to states, generic drug makers and pharmacies for its anti-competitive actions. In addition, BMS will be barred from receiving the 30-month exclusivity rights for new patent claims in the future. It isn t hard to see why a company would work so hard to protect its monopolies. In 2000, the last year of patent protection for the three drugs, Taxol, BuSpar and Platinol had annual sales of $1 billion, $600 million and $100 million respectively. Within a year facing competition, those totals had each declined by more than 50 percent.

Bristol s rising stars

The patent losses have had a dramatic impact on Bristol s bottom line. While sales were essentially flat from 2001 into 2002, profits dropped from $4.8 billion to just over $2 billion during that time period. In 2003, however, several new products either entering the market or nearing the end of their development cycle have provided a ray of hope for the company. In November 2002, the FDA approved Abilify, a drug for the treatment of schizophrenia; in July 2003, the medicine won a supplemental authorization to be prescribed for bipolar disorder as well. A new AIDS medicine, called Reyatz, went on sale in June 2003. The drug is the first once-a-day protease inhibitor to be approved by the FDA. That same month, the company

announced that it would once again try to bring Erbitux to market. Also under development is a drug for the treatment of breast cancer and non-small cell lung cancer. The as yet unnamed drug has reportedly performed well in phase II clinical trials. Buoyed by the good news, BMS reported earnings of $878 million for the second quarter of 2003, its first quarterly increase in two years.

Enron, WorldCom... Bristol-Myers Squibb?

Not all of the recent news has been positive, though. Throughout 2003, the cloud of a federal investigation into Bristol-Myers Squibb s finances has been looming over the company. In July 2002, the company admitted to inflating its revenue by offering incentives to wholesalers to purchase more drugs than they needed. In March 2003, BMS agreed to restate its revenue from 1999 to 2002 as well as to re-examine its handling of a variety of restructuring charges and other accounting minutiae. Bristol s revenue had reportedly been inflated by as much as $3.35 billion over the four-year period in question.

While the company hoped that these admissions would put the issue behind it, an investigation by the Securities and Exchange Commission (SEC) continued. In May 2003, The New York Times reported that the inquiry was much more serious than had been previously thought. According to the Times, investigators from the FBI, SEC, and the Postal Service were in the process of examining BMS financial records and interviewing hundreds of its current and former employees. The company is alleged to have willfully misrepresented its financial condition for years, and the investigation is trying to prove that current Chairman and CEO Peter Dolan, former Chairman and CEO Charles Heimbold and two other top-level Bristol officers were intentionally cooking the books. Among the charges being considered against the four men are securities fraud, mail fraud and wire fraud; charges against the company itself are also a possibility. The investigation is particularly significant because it represents one of the first undertaken since the passage of the Sarbanes-Oxley Act in 2002. Passed in the wake of the Enron accounting scandal, the new law allows corporate officers to be held personally responsible for the accuracy of their company s financial statements.

GETTING HIRED

Major employer

Headquartered in New York City, Bristol-Myers Squibb employs nearly 50,000 people worldwide. The company s research activities are concentrated in the northeastern U.S. with labs in Princeton, New Brunswick and Hopewell, N.J., as well as in Wallingford, Conn. BMS spends about $2 billion per year on R&D. For non-scientists, jobs are also available in marketing, sales, finance, information systems, manufacturing, human resources and administrative support. The BMS web site lists all of its open positions.

Bristol-Myers Squibb is particularly proud of its benefits package, which was rated fourth best in the U.S. by Money magazine in 2001. The company offers three different ways to save for retirement: a retirement income plan (pension), matching contributions to individual retirement savings accounts, and an employee stock purchase plan known as TeamShare. Employees become fully vested in all of their retirement benefits after five years of service. Bristol-Myers offers a full slate of insurance coverage including life, disability, medical and dental. The pharmacy benefit program features free BMS drugs and discounts on all other brands. The company s health, fitness and child care benefits have helped Bristol-Myers Squibb win recognition as one of the Ten Best Companies for Working Mothers by Working Mother magazine and as one of the Top 10 Healthiest Companies for Women by Health magazine. A sampling of these award-winning benefits includes on-site exercise facilities, an adoption assistance program, free beepers for expecting parents, free baby formula for one year and on-site child care centers.

OUR SURVEY SAYS

Good name, good benefits

In the world of pharmaceuticals, the name Bristol Myers-Squibb does not lack prestige. The company s employees are thrilled to work for a name known throughout the industry and the world. Compensation is top of the line, including health benefits, stock options after two years, two weeks of vacation to start, 10 paid holidays, two personal days and a paid pension program. Just about everyone below a key manager (mid-management) gets at least a 4 percent annual

bonus at Christmastime. Key managers and above get anywhere from a 14 to 18 percent bonus annually. The BMS environment is also considered a perk: The physical atmosphere at most locations is quite pleasant. Nicely landscaped campus-like settings, modern cafeterias, ATMs, company stores, on-site dry cleaners and hair salons. At BMS s two largest locations (Plainsboro and Lawrenceville, N.J.), the company offers on-site daycare centers; Bristol-Myers is constructing centers at other locations, too.

Flexible career path

The excellent training program at the company leaves employees thoroughly prepared for the challenges that everyday work at Bristol-Myers Squibb brings. A free-thinking, independent atmosphere encourages creativity and grants employees a high-level of autonomy in their daily tasks. BMS insiders also appreciate the ability to move around within the company: One of the benefits of working for such a large company is that if you don t feel comfortable in one place or doing one job, you can interview for another position. BMS is required to search internally before posting the job to the public.

Summing up, one employee reports that his job is frustrating at times with some high-stress periods but is always challenging and rewarding. Continues that insider, If they d let me, I d like to work here until retirement!

Chiron

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LOCATIONS

Emeryville, California (HQ)
Annandale, NJ
Seattle, WA
Vacaville, CA
Europe:
Liverpool, England
Oxford, England
Marburg, Germany
Rosia, Italy
Siena, Italy

THE STATS

Employer Type: Public Company
Stock Symbol: CHIR
Stock Exchange: NASDAQ
President, CEO and Chairman of the Board: Howard Pien
2003 Employees: 5,332
2003 Revenue ($ mil.): $1,766.4

KEY COMPETITORS

Abbott Labs
Amgen
Merck

EMPLOYMENT CONTACT

Human Resources
E-mail: jobs@cc.chiron.com
www.chiron.com/careers/index.html

THE SCOOP

What s in a name?

In ancient Greek mythology, it was a centaur named Chiron that taught the science of healing to Asclepius, the Greek god of medicine. Today, Emeryville, Calif.-based biotechnology firm Chiron Corporation carries on its namesake s campaign to spread medical knowledge. The company places an emphasis on its research programs, which are focused primarily on treatments for infectious diseases and cancers.

And it is this research orientation that sets Chiron somewhat apart from its biotech brethren. Although the company does produce a variety of medicines and diagnostic products, it has resisted the temptation to transform itself into a full-fledged Big Pharma company. Instead, Chiron generally relies upon distribution and marketing agreements with other, larger pharmaceutical firms to get its innovations into the hands of doctors and their patients. In addition, Chiron derives between 15 and 20 percent of its revenue from patent royalties and other intellectual property licensing agreements. This ability to turn its research into cash without huge sales and marketing expenditures has allowed Chiron to grow and remain profitable over the past few years, despite its lack of a true blockbuster drug.

An ounce of prevention

Chiron is comprised of three business units: biopharmaceuticals, vaccines and blood testing. Vaccines are the company s biggest business, accounting for about 38 percent of Chiron s revenue. Chiron produces vaccinations for pediatric illnesses such as measles, mumps, rubella and polio and for common infectious diseases like rabies, yellow fever, cholera, tick-borne encephalitis (TBE), influenza and meningitis.

Currently, Chiron sells the majority of its vaccine products in the European Union, with a major market presence in the United Kingdom, Italy and Germany. Its 2003 acquisition of PowderJect, however, gives Chiron an important foothold in the U.S. flu vaccine market. Chiron also receives royalties from other vaccine makers such as Merck and SmithKline Beecham for the use of Chiron s research in their products.

Therapeutics and diagnostics

The company s biopharmaceuticals lineup consists of four successful, niche-market medications. One of its leading sellers is the cystic fibrosis treatment tobramycin

solution for inhalation (TOBI), with sales totaling about $172 million in 2003. (That s 10 percent of the year s total revenue). TOBI is a specialized preparation of the antibiotic tobramycin that has been engineered for maximum absorption in the lungs when inhaled with a nebulizer. The drug has been credited with increasing lung function and reducing hospitalization rates among CF patients with chronic lung infections. Proleukin, meanwhile, is a genetically engineered, synthetic form of the protein Interleukin-2 that has been approved for the treatment of melanoma and renal cancer. With marketing partner Schering A.G., Chiron also sells a multiple sclerosis medicine called Betaseron (Betaferon in Europe).

Chiron s diagnostics business consists of two separate partnerships to manufacture blood-testing tools. With Gen-Probe, the company sells the Procleix blood testing system, the No.-1 nucleic acid testing (NAT) system (with about 80 percent of the market) used by blood banks and other medical facilities to screen blood and plasma donations. The Procleix system is highly sensitive and able to detect very low levels of virus in a blood sample; it is able to detect infected samples even before the body s immune system has begun manufacturing antibodies. Currently, Procleix devices screen for HIV, hepatitis C (HCV) and West Nile Virus. A new testing assay that will add hepatitis B (HBV) detection has been approved for use in Europe and entered U.S. clinical trials in 2003. The other half of Chiron s blood testing business is conducted through a partnership with Ortho-Clinical Diagnostics. The Chiron-Ortho joint venture sells immunoassays to detect HIV and HCV. The business, in addition to its revenue from sales, receives royalties from other diagnostic manufacturers, including Abbott Laboratories and Bio-Rad Laboratories.

Microbe hunters

Chiron was founded in 1981 by three medical researchers: William Rutter, Edward Penhoet and Pablo Valenzuela. Early on, the company focused its efforts on research into the HIV and hepatitis viruses. Chiron went public in 1983 and, the following year, announced its first major research breakthroughs. That year, Chiron scientists successfully cloned and sequenced the HIV genome and developed the first genetically engineered vaccine for HBV. The vaccine was eventually licensed to Merck for production. Building on its acquired knowledge of the hepatitis virus, the company identified, cloned and sequenced the previously unknown HCV virus in 1987. In 1988, Chiron developed an HBV blood-screening test and began researching an HIV vaccine. The company introduced the first HCV blood-screening test in 1990, the same year that the company posted its first annual profit.

Finding partners

After achieving profitability, Chiron began to expand its business. The company acquired fellow Bay Area biotech firm Cetus Corporation in 1991, jump-starting its cancer research efforts. The following year, the FDA approved Proleukin, which had been developed by Cetus, to treat renal cancer. Meanwhile, the company had teamed up with Schering AG to research treatments for multiple sclerosis; in 1993, a joint Chiron/Schering drug called Betaseron (Betaferon outside the United States) received approval for relapsing-remitting multiple sclerosis, the early onset form of the disease. (In the United States, Schering operates under the trade name of Berlex Laboratories in order to avoid confusion with the similarly named, but unrelated pharmaceutical company Schering-Plough). Another important partnership was formed in 1995 when the Swiss pharmaceutical company Ciba-Geigy (today called Novartis) agreed to merge its diagnostics and vaccine businesses with Chiron in exchange for a minority stake in the company. The deal more than doubled the size of Chiron. Novartis an interest of approximately 42.4 percent in the company, according to Chiron s annual report for 2003.

Restructuring and recovery

Chiron unveiled new products including Fluad, an adjuvanted influenza vaccine, in Europe in 1996 and Regranex gel the following year.

The company experienced a period of transition in 1998 as co-founder Penhoet stepped down as CEO and was succeeded by Sean Lance. The company sold off some of its non-core assets such as its ophthalmic equipment business and its stake in General Injectables and Vaccines and recorded a $22 million restructuring charge. The company quickly regained its footing, however. Chiron introduced the Procleix testing system in 1999 and gained European approval for its meningococcal C disease vaccine and TOBI treatment in 2001. The company s taste for expansion also returned quickly as Chiron added biotech firm PathoGenesis in 2000 and Matrix Pharmaceuticals in 2002.

In April 2003, Chrion purchased the rights to aerosolized cyclosporine (ACsA), an experimental treatment for lung transplant rejection reactions, from Novartis. Chiron officials explain that, if ultimately approved by the FDA, ACsA would compliment their cystic fibrosis/TOBI business, since the company has already cultivated relationships with pulmonary physicians. Lung transplant operations are quite rare just 1,400 are performed each year and cystic fibrosis patients are often the recipients of these procedures. An anti-rejection drug is badly needed; 80 percent of

lung transplant recipients reject their new organs within one year of the operation. Chiron s most significant recent acquisition, however, is its purchase of British vaccine manufacturer PowderJect Pharmaceuticals for $878 million in May 2003. That deal gave Chiron access to the U.S. flu vaccine market for the first time. Though the company produced three different formulas of influenza vaccine at the time of the merger Agrippal, Begrivac and Fluad none were approved for sale in the United States. PowderJect s Fluvirin was one of just two flu vaccines that had been approved by the FDA. With the addition of PowderJect, Chiron became the second largest flu vaccine manufacturer in the world.

A major setback

But the company s status as a major producer of the flu vaccine encountered a serious snag when Chiron was forced to shut down a plant in the United Kingdom in October 2004. British regulators closed the plant temporarily, citing sanitary conditions in the facility. Problems at the Liverpool plant first surfaced in August 2004 when it was discovered that some of the vaccine had been affected by a pathogen named serratia. Company officials took steps to eradicate the problem, but British officials were still concerned that conditions in the plant were not safe The shut down at the start of the flu season has effected numerous countries, including the United States, which had its supply of the flu vaccine cut in half. The news also had a negative impact on Chiron s stock, which took a tumble to its lowest level in more than a year and a half.

News from the lab

Research has always been Chiron s backbone, as evidenced by a couple its new science initiatives. In January 2003, Chiron revealed that it had partnered with GlaxoSmithKline to work on commercializing its research into small molecule drug treatments for obesity. Later, in March 2004, the company announced a partnership XOMA, another Bay Area biotech, to research antibody cancer treatments. Meanwhile, other Chiron R&D efforts moved closer to completion. In March 2003, Chiron and Gen-Probe began testing their West Nile Virus blood-screening assay. The test was rapidly developed by the two companies after the FDA in 2002 called on blood diagnostic companies to prepare an experimental West Nile screen in time for the 2003 mosquito season. Health officials estimated that in 2002, at least 20 cases of West Nile in the United States were caused by blood transfusions, necessitating the development of a reliable test to ensure the safety of the blood supply. Through November 2003, the Chiron/Gen-Probe study had screened more than 3.5 million pints of blood and identified 861 infected samples.

In November 2003, the company initiated a study aimed at determining whether TOBI treatments can be beneficial to cystic fibrosis patients suffering from the milder, intermittent lung infections typical of the early stages of the disease. TOBI is currently used to treat patients with chronic pseudomonal lung infection, a late-stage symptom of CF. Preliminary indications suggest, however, that early TOBI treatment may result in fewer hospitalizations. The study, which will include 120 cystic fibrosis patients, will try to determine if early TOBI treatment is effective in delaying the onset of chronic pseudomonal lung infection. And in March 2004, Chiron and Gen-Probe began clinical trials of their newest blood-testing product: the Procleix Ultrio Assay. This test will add hepatitis B detection to the Procleix testing system, which currently includes blood screens for HIV and hepatitis C. The companies tout the Ultrio Assay as being able to detect HBV as early as 34 days after infection, which would cut detection lag time by more than 40 percent.

Patents and their discontents

The profits generated by Chiron s intellectual property have come as a result of the company s spirited efforts to claim, enforce and license the rights to the research it conducts. In March 2003, Chiron added another patent to its portfolio when the U.S. Patent Office awarded it the rights to the nucleic acid testing procedure used by its Procleix blood testing system. The company had already been awarded an EU patent on the technology and has licensed it to fellow diagnostics manufacturers Bayer, Organon Teknika and Hoffmann-LaRoche. Then in November 2003, Chiron signed a licensing agreement with Rigel Pharmaceuticals for the company s HCV patent. With that deal, Rigel joined a long list of pharmaceutical companies, including Bristol-Myers Squibb, GlaxoSmithKline, Pfizer, Japan Tobacco and Gilead who have made payments to Chiron in exchange for the right to develop drugs based on its hepatitis research.

However, not everyone in the medical research community is in favor of the kind of aggressive patenting strategy that Chiron engages in. Critics charge that a proprietary stance toward basic medical knowledge hurts efforts to discover new treatments and undermines the tradition of scientific openness. In particular, they are upset over vague and broad patents such as Chiron s HCV patent that, in effect, lock up entire fields of inquiry. Chiron is credited with discovering hepatitis C in 1987 and owns the rights to the process used to clone the virus s genome. Any drug maker that would like to develop a treatment based on one of the possible drug targets identified by Chiron s research must pay a licensing fee. More than 170 million people suffer from HCV worldwide and Chiron has claimed more than 100 patents in 20 countries

on its hepatitis research. Chiron s critics claim that this royalty payment combined with the company s history of successfully suing patent infringers discourages other drug firms from pursuing any research into the disease at all. Complicating matters is the fact that Chiron s research owed much to earlier pioneering work done by a scientist employed by the Centers for Disease Control (CDC), a publicly funded institution. The CDC agreed to relinquish its claim to HCV rights in 1990 in exchange for a one-time payment of $2.2 million from Chiron in retrospect, an enormous bargain. In March 2004, the CDC, in response to complaints from unnamed researchers in the field, agreed to take a second look at its agreement with Chiron. The government will be trying to determine what kind of impact Chiron s patent is having on HCV research. Legal experts caution, however, that it is unclear whether the CDC would ultimately have any grounds to challenge Chiron s ownership of the patent. In response to the critics, Chiron representatives point out that the company licenses its patent to 13 different pharmaceutical companies, allows academic researchers to study the virus for free, and has supported the field of HCV research through its sponsorship of conferences and other academic endeavors.

The centaur hits its stride

In March 2003, Howard Pien became Chiron s latest CEO, taking over for Sean Lance, who remained with the company as chairman until Pien took over that role as well. Pien has extensive experience in the pharmaceutical industry, having worked for Abbott Labs, Merck and, most recently, as president of GlaxoSmithKline s international pharmaceuticals business. Financially, Chiron posted solid results in 2003. Net earnings came in at $220 million ($1.15 per share), up from $181 million ($0.94 per share). Sales, too, were up $1.8 billion in 2003 versus $1.3 billion the previous year helped by a weak U.S. dollar and the company s acquisition of PowderJect.

But Pien has set his sights even higher. Speaking to investors at a health care conference in January 2004, Chiron s new boss set a bold and ambitious growth target: to more than double the company s revenue and reach the $3 billion mark by 2008. For 2004, Pien stated that he would boost Chiron s R&D investment by 10 percent, paid for by an expected 30 percent growth in earnings per share. Down the road, the company is planning to expand its blood testing business into Asia and continue its development work on improved influenza vaccines. Though Chiron s Procleix system holds a formidable 80 percent market share in nucleic acid testing in the United States, Pien sees room for growth in overseas markets. Chiron also licensed technology from Infectio Diagnostics of Quebec in the first quarter of 2004

that the company hopes to use to develop a rapid test for bacterial infections in blood platelet donations.

GETTING HIRED

The world according to Chiron

Chiron is headquartered in Emeryville, Calif. about 10 miles outside of San Francisco but has locations in 18 other countries around the world. Aside from its Bay Area base, the company also maintains research laboratories in Seattle and Siena, Italy. Overseas manufacturing facilities are located in Germany, India, Italy and the Netherlands. In the United States, most positions (with the exception of field sales) are located in California, New Jersey, Pennsylvania and Washington State. All open positions are posted on Chiron s web site.

What they re looking for

For its research and other science-based positions such as clinical development, process development and quality control, Chiron generally recruits experienced lab workers with advanced degrees. For all the non-Ph.D.s out there, the company also offers positions in administration, human resources, business development, information technology, legal affairs, health and safety, purchasing, finance and accounting, sales and marketing, and corporate communications.

Recruiting at Chiron varies for each department. Some departments hire temp-to-permanent employees through Interim or Lab Support [agencies]. Some is done through advertising in the paper and referrals, as well as some campus visits.

A benefit-ial package

Chiron s employees receive a standard benefits package that includes medical, dental, prescription drug, vision and life insurance plans and retirement savings options such as matching funds for a 401(k) plan, an employee stock purchase plan and a stock option plan. The company also offers flexible spending accounts that may be used for healthcare or dependent-care expenses and tuition reimbursement for approved courses. Other popular perks include access to an employees credit union, an optional prepaid legal plan that covers all routine legal expenses, and a counseling and referral service that provides information on child care, elder care and adoptions.

Inside the interview

Similarly, the interview process is relatively unique for each department. It usually consists of more than one round, especially for higher-level positions. Advises one insider: Although the working environment is pretty relaxed, be prepared to have a professional demeanor when you go to an interview. It also helps to be knowledgeable about the underlying principles that a particular job requires. The degree of difficulty appears to be fairly standard for the industry. There may be technical questions, but usually not for someone coming out of college, says a source. It is understood that college graduates need to get job experience before technical questions are asked.

Says another contact, We will choose someone with good business skills, excellent customer skills, and an ability to learn new stuff over a super technical person with a potato personality.'" Candidates with other similar vegetable-influenced temperaments are also discouraged from applying. After the interview session is concluded, don t be surprised if Chiron takes its time calling you. The people are very busy and there is somewhat of a tendency to forget the great job applicant amidst all the stress of getting other tasks completed. It could be quite a few months.

OUR SURVEY SAYS

Ch-ch-ch-changes

Both in its business dealings and in its corporate culture, Chiron is a company that has undergone many changes in recent years, and is still evolving. For example, as we have become a bigger company over the years, some fun has left. [There are] no more Friday beer and pizza fests, no more corporate Christmas party, and so forth.

Open season

In general though, the atmosphere is still fairly open. Reports one source: Our existing organization is very flat and informal. I can tell our plant manager he s wrong about an idea and not get fired [and] I get to work on lots of fun projects with many talented people. The company is also known to take care of its own. You can be assured that if the people of Chiron take you on, you are more than qualified for the post they want you for. You will understand this based on frequency of promotions, increases in salary and letters from the office commending you on your work...You will find out quickly who the key employees are, what endears them to

the company, and why they are endeared to the company. Simply put, if you do good work, you will be noticed and properly rewarded.

Flexible hours

As is the case with many aspects of life at Chiron, hours really depend on what you are doing. Research hours are flexible and depend on your individual project. In the same way, stress levels are directly linked to what boss and what department you end up in. The basic informality carries over in this respect: There is no time clock, and generally you can set your own work schedule. No one cares as long as you get your work done.

Eli Lilly & Co.

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LOCATIONS

Indianapolis, Indiana

DEPARTMENTS

Aviation
Clinical
Ebusiness
Engineering
Finance
Human Resources
Information Technology
Legal
Manufacturing
Marketing
Public Relations/Government
Procurement
Quality Control
Sales
Science
Statistics

THE STATS

Employer Type: Public Company
Stock Symbol: LLY
Stock Exchange: NYSE
Chairman, President and CEO: Sidney Taurel
2003 Employees: 46,100 ()
2003 Revenue ($ mil.): 12,583

KEY COMPETITORS

GlaxoSmithKline
Novo Nordisk
Pfizer

EMPLOYMENT CONTACT

Phone: (800) 892-9121
Email: resume@lilly.com

THE SCOOP

Good for whatever ails you

With roots dating back all the way to the U.S. Civil War, Eli Lilly is one of Big Pharma s elder statesmen. The company manufactures a wide variety of drugs including antibiotics, growth hormones, anti-ulcer medicines, and treatments for diabetes, cancer, heart disease and neurological disorders. The anti-depressant Prozac is, without a doubt, Lilly s best-known product. After its patents expired in 2001 however, sales of Prozac decreased dramatically, and it no longer brings in the piles of cash that it used to. There s no need to feel sorry for Lilly though the company s current revenue champ, Zyprexa, earns a cool $3 billion per year. Among Lilly s other major products are Gemzar, a treatment for pancreatic cancer, osteoporosis medication Evista and Actos, a drug for type-2 diabetes. The company still sells Prozac, as well as its sibling-drug Sarafem chemically equivalent to Prozac, but prescribed for severe premenstrual syndrome (PMS). Lilly is also a major manufacturer of insulin, which it markets under the Humalog brand name.

Family business

Eli Lilly, a colonel in the Union Army during the Civil War, founded his pharmaceutical company in 1867. Starting out with cash reserves of just $1,300, Lilly managed to build his fledgling company into a successful enterprise. One of the company s first innovations was the development of a new process to coat pills with gelatin to make them easier to swallow. The gelatin-coated pills proved wildly successful, and provided the company with a steady source of income during its early years. When Colonel Lilly died in 1898, the company was passed on to his son, and later to his grandson, remaining under family control until 1953.

Medical milestones

In 1923, Lilly introduced the world s first commercially available insulin dose. It was a milestone breakthrough in the fight against diabetes, a disease that was untreatable and often fatal at the time. The company extracted the insulin from the pancreases of cows and pigs and purified it to make it tolerable to the human body. It took a staggering 6,000 cow pancreases or 24,000 pig pancreases to yield just one ounce of insulin. Lilly also made its mark as a pioneer in the field of antibiotics. It became one of the first companies to devise a successful process for mass-producing penicillin in the 1940s. Later, the company discovered two other antibiotics,

vancomycin and erythromycin, that are still used today. Erythromycin, discovered in 1952, was extracted from a rare Filipino fungus. It is effective against a wide range of bacteria and is often prescribed for patients who are allergic to penicillin. Vancomycin, meanwhile, is an extremely powerful drug that is used as a last resort to fight infections that have proven resistant to other antibiotics. During this period, Lilly was also a major manufacturer and distributor of the Salk polio vaccine.

Eli Lilly experienced a second wave of innovation in the 1980s. The company helped usher in the age of biotechnology with the release of Humulin in 1982. The synthetic insulin, developed by Genentech and manufactured by Lilly, was the first genetically engineered product to go on sale. In 1986, the company introduced Prozac; two years later, the anti-ulcer drug Axid went on sale.

Fending off distractions

Eli Lilly has flirted with diversifying into other markets several times throughout its history, but has always returned to its core pharmaceutical business. The company purchased cosmetics manufacturer Elizabeth Arden in 1971, but later sold the company to Faberge in 1987. In 1989, Lilly and Dow Chemical created a joint venture called DowElanco to manufacture and market pesticides. Eight years later however, Eli Lilly sold its stake to Dow. The company also tried its luck in the pharmacy benefit management (PBM) business, acquiring PCS Health Systems in 1994. Sales never lived up to the company s expectations though, and Lilly ended up selling PCS to Rite-Aid in 1998.

Ultimately, these aborted forays into new markets proved inconsequential as new product introductions in the 1990s helped keep the company s core drug business healthy. In 1996 alone, Eli Lilly released Zyprexa, Humalog, and Gemzar three of its current top sellers. The company also looked to increase sales by finding new markets for its existing drugs. Prozac received an additional clearance from the FDA as a treatment for bulimia in 1996. In 1999, Zyprexa, which was initially prescribed for schizophrenia, was approved for the treatment of bipolar disorder as well. Eli Lilly began re-packaging Prozac as Sarafem for PMS patients in 2000.

Prozac s reign comes to an end

Prozac was a huge success for Eli Lilly, and the drug s sales grew at a healthy pace throughout the 1990s. In 2000, revenue from Prozac topped out at more than $2.5 billion accounting for almost a quarter of Eli Lilly s total earnings. The good times were not to last, however. In 2000, a federal appellate court ruling advanced the date

of Prozac s patent expiration from 2003 to 2001. Lilly had been planning for the loss of its Prozac patent with the development of a new drug meant to be its successor. In October 2000 though, the company withdrew the experimental drug from clinical trials after results showed a risk of heart-related complications. Prozac s patent officially expired in August 2001, and the ensuing drop off in sales was unprecedented in the history of the drug industry. Within the first week of its patent expiration, Merck-Medco Health Solutions (a major PBM), had converted 80 percent of its customers to the lower-cost generic alternative. Historically, the decline in sales for drugs going off patent has been much more gradual with the brand name drug retaining as much as half of its sales volume for six months following the start of competition. Ultimately, Prozac revenue would be cut by a total of 90 percent.

Replenishing the pipeline

Rather than resort to a mega-merger with another Big Pharma company, Eli Lilly has turned to its R&D operations to replace the lost Prozac revenue. The company s $2 billion annual research budget amounts to almost 20 percent of its total revenue. This investment has resulted in more than 40 new drugs currently under development in Lilly labs, including candidate treatments for sepsis, osteoporosis, cancer and diabetes. The company appears to be on a roll with three huge FDA approvals in the last year alone: In November 2003 Lilly s treatment for erectile dysfunction, Cialis, (co-developed with ICOS Pharmaceuticals) was only the third anti-impotency to gain FDA approval. It is quickly inching up on rival Viagra, threatening to overtake the market leader due to certain advantages in safety and effectiveness (also called the weekend pill, Cialis lasts up to 36 hours.) In February 2004, Eli s anticancer drug, Alimta, was approved, in combination with cisplatin (a common chemotherapy agent) for the treatment of malignant pleural mesothelioma, a cancer often associated with asbestos exposure. The drug received a second U.S. FDA approval in September for use as a treatment of non-small cell lung cancer in previously treated patients. Another potential blockbuster is the depression medication Cymbalta also known by its chemical name, duloxetine, which gained FDA approval as a treatment for major depression in adults in August 2004. The drug scored a second FDA approval a month later when it also became the first FDA-approved treatment for pain caused by diabetic peripheral neuropathy. The condition, said to affect over five million diabetic Americans, boosted annual sales predictions for the drug from $2.6 billion to $3.1 billion in 2009, according to Merrill Lynch.

A bit further down the line is a new treatment for type-2 diabetes that is being co-developed by Eli Lilly and Amylin Pharmaceuticals. The drug, called Exenatide, is

a synthetic version of exendin-4, a chemical found in the saliva of the Gila monster. The Gila monster is a poisonous lizard indigenous to the southwestern United States. This lizard produces an enzyme that belongs to a class of substances known as gut hormones chemicals that help the body regulate appetite and fat storage. The Gila monster, with the help of the exendin enzyme, eats just three times per year. Exenatide has shown early promise in clinical trials in the treatment of type-2 diabetes, helping patients lower both their blood sugar and body weight. Lilly and Amylin submitted the drug to the FDA for approval in June 2004. Eli Lilly also recently announced the company would go ahead with plans for a significant investment for the further development of an inhaled formulation of insulin.

Since the loss of the Prozac patent, Lilly has made one acquisition of note. In 2001, the company bought a minority stake in Isis Pharmaceuticals and licensed one of its products, a lung cancer medication. Also in 2001, the company increased its commitment to technology investment by founding Lilly BioVentures, a biotech venture capital fund.

Same drug, new prescriptions

In addition to developing new medications, Lilly has also sought new uses for several of its existing drugs. In June 2003, Gemzar, which had been prescribed mainly for pancreatic cancer, was approved by Finnish regulators for the treatment of breast cancer. With the decision, Finland became the first country to approve Gemzar for breast cancer, potentially opening up a whole new market for Lilly. The company has since entered into discussions with the FDA about gaining a similar clearance for the drug in the U.S. The following month, the FDA approved the company s Humatrope human growth hormone for the treatment of abnormally short, though healthy, children. Prior to the FDA decision, Humatrope could only be given to patients with a growth hormone deficiency. Now, however, the drug can be prescribed for children with normal hormone levels, but who are nevertheless among the shortest 1.2 percent of the population.

Privacy leaks

In 2001 and 2002, Eli Lilly committed two embarrassing blunders involving the misuse of confidential patient data. In the first incident, Lilly accidentally disclosed the e-mail addresses of approximately 670 depression patients on a Prozac e-mail list in June 2001. The release of the information outraged patients and privacy advocates, and led to investigations by the Federal Trade Commission and regulators

in eight states. The FTC investigation was significant because it represented the first time that a company had been prosecuted for a violation of its own web site s privacy policy. Lilly eventually reached a settlement agreement with the FTC and each of the states. The second incident occurred in Florida in June 2002. In that case, dozens of people began receiving free samples of Prozac even though they hadn t requested them. Lilly, along a local pharmacy and several doctors, was accused of improperly using the patients confidential medical histories to market its Prozac Weekly pill. After recipients of the mailing sued Lilly in July 2002, the company disciplined eight employees, firing three of them. Lilly claimed that the mailings had never been approved by management and apologized for having sent them. The three former Eli Lilly workers allege that the mailing was in fact authorized and filed their own lawsuit against the company in December 2002. Both cases remain in litigation.

Lilly has also been threatening legal action of its own against nearly a dozen companies attempting to launch generic versions of anti-impotency drug, Cialis in India. Lilly is still finalizing its own launch of Cialis in India and is working on taking legal recourse to stop Indian companies from marketing these competitors.

Courtney s cancer profiteering

Throughout 2002, Eli Lilly found itself embroiled in a bizarre and disturbing drug-tampering case. A Missouri pharmacist named Robert Courtney plead guilty in March 2002 to selling diluted doses of two cancer drugs: Eli Lilly s Gemzar and Bristol-Myers Squibb s Taxol. In the ensuing civil suits that were brought against Courtney, Lilly was named as a co-defendant. Lawyers for the more than 200 plaintiffs in the case claimed that the company knew, or should have known, about the tampering and did nothing about it. Lilly s lawyers denied that the company knew about the scheme and argued that, even if it had, the company cannot be held liable for the actions of pharmacists after its drugs have entered the marketplace. In June 2002, the plaintiffs lawyers released documents showing that Lilly had investigated Courtney back in 1998. At that time, a Lilly sales rep had complained that he had not been receiving his proper commissions when he noticed that Courtney was reporting more sales of Lilly drugs than he had actually purchased. The company then hired IMS Health, an organization which tracks drug industry sales data, to determine the how Courtney was getting his extra product. The final IMS report stated that it could find no legitimate source for the drugs; no further action was taken by Lilly, however. Ultimately, both Squibb and Lilly reached an out-of-court settlement with the plaintiffs in October 2002. Terms of the agreement were not disclosed, and neither company admitted to any wrongdoing. Thus, the

settlement left unanswered the larger question of whether pharmaceutical companies have a responsibility to ensure that their products are distributed correctly.

Other Legal Entanglements

Lilly lawyers have hardly been on vacation though since the Courtney settlement was reached, and the company has recently been involved in some especially sticky legal entanglements. The most recent involves possible legal recourse being considered by the parents of Traci Johnson, a 19-year-old who hanged herself last February while helping test the recently FDA approved antidepressant, Cymbalta, at the Lilly Clinic in Indianapolis. It was the first patient death in the lab s 78-year history of testing experimental drugs on humans. Johnson s parents believe that the FDA did not do sufficient research in concluding the drug was not involved in Johnson s death, and have strong misgivings about the recent FDA approval the drug received. An official suicide report is set to be released in the next few weeks, but isn t expected to show any ties between the drug and Johnson s suicide.

A solid reputation

Despite its recent spate of court appearances, overall Eli Lilly has a reputation as a good corporate citizen. That was the conclusion drawn by market research company Ratings Research LLC in its annual reputation strength study of pharmaceutical companies. The results of the 2003 survey, which were released in July, show Lilly ranked No. 1 in distributing pharmaceuticals to poor patients, No.-2 in supporting charitable causes, and No. 3 in overall positive impact on the community. The top ranking in drug distribution reflects the success of the company s LillyAnswers program, which offers medicine at deep discounts to needy senior citizens. The study also recognized the contributions of the Eli Lilly Foundation, one of the largest philanthropic foundations in the U.S.

Furthermore, Lilly was recently singled out for praise in a House Energy and Commerce subcommittee hearing concerning the ongoing debate about whether certain drugs should be used to treat depression in children and teens. (Lilly s Prozac is the only modern antidepressant that been specifically approved for this use.) Lawmakers chided many major drug makers (as well as the FDA) for keeping information from the public, and praised Lilly for its recent announcement that beginning in October 2004, the company will post results of all its human clinical trials (including the last 10 years) on a public web site (www.lillytrials.com).

Keeping an eye on Congress

The skyrocketing cost of prescription drugs prompted Congress to debate several possible legal reforms during the 2003 legislative session. One section of the proposed Medicare reform bill would make it easier for generic drug manufacturers to challenge the validity of brand name drug patents. The new law, if passed, would grant generic drug makers who successfully challenge drug patents a 180-day grace period where they may sell their version of the patented drug without competition from other generics. The law is intended to provide a financial incentive for generic drug makers to take on dubious patents, thereby increasing competition and ultimately driving down prices. The proposed law received widespread support from politicians of both parties, but the pharmaceutical industry, led by lawyers and lobbyists representing Eli Lilly, has opposed it. Industry proponents argued that the law would lead to an explosion of petty, but expensive, lawsuits that would divert resources from research to litigation.

Lilly has stepped up its lobbying efforts in response to these proposed measures, more than doubling its full-time or part-time Washington lobbyists from 58 to 27 last year alone. The company has also developed powerful ties to the Bush administration, recently snagging health care lobbyist Deborah Steelman, who was once an advisor to the Bush campaign, to head its lobbying and public affairs shop. While the company admits it has stepped up their public policy efforts, Lilly spokespeople maintain that the company keeps a reasonable size shop for a company of its size, and employs roughly 20 full-time lobbyists on Capitol Hill. (The others only do minor work for the company.)

GETTING HIRED

Lilly around the world

Eli Lilly employs more than 43,000 workers and operates in 74 countries worldwide. In the U.S., most positions are based at the company s headquarters in Indianapolis or branch locations elsewhere in Indiana. The company also has major research facilities at its laboratory in Research Triangle Park, N.C., and at Indiana University Medical Center. Positions are available in one of 10 departments: manufacturing, sales, product teams, science/clinical research, engineering, finance, human resources, information technology, administration and marketing. The Eli Lilly web

site features detailed overviews of different career paths as well as a database of open jobs.

Not just for science students

Lilly offers both undergraduate and graduate-level internships for students pursuing degrees in chemistry, biology, pharmacy, engineering/manufacturing operations, occupational health and safety, finance, marketing, human resources or information technology/computer science. Students interested in a Lilly internship should check with their college s career services office to see if the company s representatives will be visiting their campus. Most interns are recruited during these on-campus interview sessions, though applications may also be submitted online. All internship positions are paid.

Not your run-of-the-mill benefits

Eli Lilly s standard benefits package includes disability, life and a choice of health insurance options. The company s prescription drug plan provides for free Lilly-made drugs and subsidizes the cost of pharmaceuticals from other companies. The company also offers flexible spending accounts for health- and dependent-care expenses. As for retirement benefits, Eli Lilly funds a defined benefit pension plan and offers matching contributions for individual 401(k) accounts. In addition to receiving their regular salary, all employees are eligible to receive an annual bonus of up to 25 percent of their normal pay depending upon the company s sales. Beginning in January 2004, Lilly will offer full benefits to its employees domestic partners. Eli Lilly s extensive slate of family-oriented benefits has helped the company make Working Mother magazine s list of the Best Companies for Working Mothers in each of the last eight years placing in the top 10 four times. Some of those family benefits include an on-site child development center, paid leave for the birth or adoption of a new child, on-site nursing mother stations, adoption assistance of up to $10,000 and a summer science camp for the children of employees. Other perks popular among Lilly workers are the no-stress dress code, tuition reimbursement and on-site facilities including a cafeteria, coffee bar, fitness center, convenience store and dry cleaners.

OUR SURVEY SAYS

Global efforts

At Eli Lilly, there is, in a word, one way to conduct business and research, and that is the correct way, an insider explains. Ethical behavior permeates every area that we work in and anything less is not acceptable. The environment is considered Midwestern, but trying to become more aggressive to compete with East Coast pharmaceuticals. Lilly is a historically conservative company with a historically provincial feel and culture Midwest USA. In the last 10 years, significant efforts have been made to be more of a global company with a more diverse workforce.

Diversity

Lilly is very interested in being sensitive to the family needs of employees because an employee with a satisfying and stable home life is someone who is able to perform at peak performance at work. Working parents benefit from policies such as flexible scheduling options, generous maternity leave, and on-site child care facilities. One insider notes, Lilly has made very significant efforts to recruit and retain minorities as employees, especially women. Women are probably underrepresented in senior management positions, but I don t view that as the result of a glass ceiling. I think women are progressing in their careers as a whole, even at the top levels. Certainly the top management has made it a priority of theirs. The number of minorities recogonized as potential leaders has doubled in the past three years as well due to an employee talent tracking system. Fortune named the corporation one of America s 50 Best Companies for Minorities.

Lifers

An atmosphere of trust and equality is encouraged to create an environment of open thought and innovation. As for compensation, Lilly pays very well and is considered one of the best employers in Indiana, with a bonus which is based on company performance, a percentage of one s previous year s pay given every February. Vacation is standard and increases with your tenure. One satisfied employee looks at it this way: I think Lilly ranks right up there with other pharmaceutical firms in terms of compensation. Lilly has a high percentage of lifers, so to speak.

A human place

Even though the lines of corporate communication sometimes break down, employees remark that an emphasis on people skills makes Eli Lilly a much more human place than most pharmaceutical companies. The campus is large and each area of the company has a different feel R&D, Medical, Legal, Regulatory, Marketing and so on so there are different styles of dress and office design based on the area. Marketing tends to be one of the more formal areas of the company, except for casual Fridays, when all of Lilly tones it down a bit. Eli Lilly has always been an important member of the Indianapolis community, says one insider. The company on a whole is very generous to the communities where their plant sites are located.

Genentech

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LOCATIONS

South San Francisco, CA (HQ)
Vacaville, CA
Porrino, Spain

DEPARTMENTS

Administration Bioinformatics Business and Commercial Development Corporate Compliance Corporate Relations Development Sciences Engineering Environmental Health & Safety Facilities Finance and Accounting Global Supply Chain Human Resources Information Technology Legal Managed Care Manufacturing Marketing Medical/Clinical Affairs Procurement Quality Regulatory Affairs Research Sales Security Training

THE STATS

Employer Type: Public Company
Stock Symbol: DNA
Stock Exchange: NYSE
Chairman, President, and CEO: Arthur D. (Art) Levinson
2003 Employees: 6,226
2003 Revenue ($ mil.): $2,799

KEY COMPETITORS

Bristol-Myers Squibb
Centocor
Novo Nordisk

EMPLOYMENT CONTACT

Human Resources
Phone: (650) 225-2580
www.gene.com/gene/careers/

THE SCOOP

On the cutting edge

Genentech is the second largest biotechnology company in the world, behind Amgen. (As a biotech company, Genentech s products are focused on copying or altering living cell s functions as opposed to a pharmaceutical firm, which uses chemicals or plant extracts to make drugs that alleviate or lessen disease or pain.) Genentech has more than 10 drugs on the market, including top-selling cancer treatments Rituxin and Herceptin. In 2003 the company s revenue exceeded $3.3 billion, with oncology drugs accounting for about half of all sales.

Breaking new ground In 1976, Robert Swanson and Dr. Herbert Boyer founded Genentech Inc., the world s first biotechnology company. Despite encountering early skepticism, Genentech surprised its critics when it cloned human insulin, using a technique patented by Boyer. Genentech s insulin was the first biotech product ever to be approved by the FDA, going on sale in 1982. After five years and $200 million worth of research, the company enjoyed notable success when it released Activase, a blood clot treatment for heart attack victims, in 1988. Activase racked up $180 million in sales during its first year on the market and remains one of the company s top-selling products.

Ambitious plans

In 1999, Genentech, in a bid to remain one of the leading biotechnology companies, set what it calls a 5 x 5 plan: five goals to be attained by the end of 2005. The goals are: 1) To average 25 percent average annual growth in pro forma earnings per share. So far, there has been an average yearly increase of 20 percent from 1999 to 2003. The company feels it s on target to meet this objective. 2) To have 25 percent pro forma net income as a percentage of net revenue. The company reached 18 percent in 2003 and acknowledges that this goal will probably be the toughest goal to achieve because of Rituxin s success. (The larger a company s profits, the more it must contribute to its employee profit-sharing plan. Because of the portion of Rituxin profits that must be funneled into the Genetech s profit-sharing program, achieving the 25 percent goal will prove tough.) 3) To have five new products/indications approved for marketing. By mid-2004, that company had met this goal, as well as one drug delivery device (Nutrapin AQ Pen), since 1999. 4) To have five major products in late stage clinical trials. The company expects to exceed this number as well, as it has several promising ventures in the early-stage pipeline that could be in

late stage by the end of 2005. 5) The last tenet of the 5x5 plan is to bring $500 million in new revenue through strategic alliances or acquisitions. Genentech feels it s made consistent strides in this area and has participated in 25 strategic alliances since 1999, including a lucrative deal with Serona S.A. in 2002 and in early 2003 for rights to market Raptiva, an immunological treatment for psoriasis, in Europe and Asia. In a demonstration of its efforts to continue growing beyond 2005, in September 2004, the company added on to its set of goals, and declared that it aims to increase its earnings per share by an average of 20 percent annually between 2006 and 2010.

It appears that the company s ambitious plans have started to pay off, as for the first quarter 2004, the company saw total product sales of $763.7 million a 28 percent increase over product sales in the first quarter of 2003. For the first six months of 2004, Genentech s revenue jumped 36 percent to $2.1 billion, while net income rose 22 percent to $347 million. The company says the revenue spike reflects increased sales of Herceptin and sales of new products, specifically Avastin and Xolair. Also, Forbes magazine reported in July that the company s share prices were up 40 percent over the last year, and they have tripled over the past two years.

In the fast lane

At the end of June 2003, Genentech announced that the Fast Track designation for which it had applied for the antibody Avastin was approved by the FDA, and the drug as approved in February 2004. Avastin cuts off tumors blood supplies, choking them. Avastin had previously been tested on breast cancer with disappointing results that lowered Genentech s stock in September 2002. But the company decided to test it on colorectal cancer patients and was happily surprised with its success. When the news broke, Genentech stock soared, almost doubling. In July 2003 Swiss drug firm Roche Holdings announced it bought the rights to market Avastin in Europe. Roche, holds the right of first refusal on international marketing rights to Genentech s treatments. Roche already markets Genentech s lucrative Rituxin and Herceptin oncology treatments. For the second quarter 2004, Avastin s sales totaled $133 million, well above analyst s estimates of $85 million and topping even Wall Street s $100 million estimate. The company s other new cash cow, Xolair, saw first quarter 2004 sales of $30 million, jumping to $43 million in the second quarter.

Although Avastin has been growing by leaps and bounds, there are signs of trouble ahead. In August 2004, the U.S. Food and Drug Administration sent a letter to physicians, warning that use of Avastin could increase risk of such conditions as heart attack and stroke in cancer patients. The drug already carries two medical warnings

the first is that it may cause fatal hemorrhaging in patients with advanced lung cancer. The second is that it may interfere with the healing of wounds in the gastrointestinal tract.

Other strong lines

In 1990, Roche Holdings, bought 59.8 percent of Genentech for $2.1 billion. This deal allowed Genentech to devote $500 million to research and development and that investment paid off in 1997 when the company won FDA approval for Rituxan, a treatment for non-Hodgkin s lymphoma. The drug, which was developed in conjunction with IDEC Pharmaceuticals, is one of the company s top-selling products with sales of $1.4 billion in 2003, with the first two quarters of 2004 seeing record sales. Herceptin is another big money maker, with sales of $425 million for 2003, and again, seeing record sales over the first half of 2004. In addition to Activase and Rituxan, Genentech has several other FDA-approved drugs. The company s franchise of human growth hormone drugs (Nutropin, Protropin) is also a big money maker, generating $321 million in sales in 2003.

Battle stations!

In what is being billed as a clash of the titans, in August 2004 it was announced that Pfizer, the world s biggest drugmaker, and Genentech were about to square off over age-related macular degeneration, a leading cause of blindness in people over the age of 60. The drugs in questionnaire Macugen, a drug Pfizer has licensed from New York-based Eyetech, and Lucentis, a medicine made by Genentech that s still far from reaching the FDA. The drugs are designed to inhibit the growth of extra blood vessels in the eye, which can damage the retina resulting in a deterioration of sight. At stake here is a pool of about 1.6 million Americans who are affected by the disease, and the number is growing at about 200,000 U.S. patients per year.

In the eye of the patent holder

Genentech was embroiled in some patent disputes in 2002. In December, the company settled a dispute with Genzyme Corp. Genzyme accused Genentech of infringing on a 1994 patent for a chemical created through genetic engineering, which resulted in Genentech s TNKase clot buster vascular drug. According to Genzyme, payments were due to it under a license it had granted to the other company. Genentech insisted that its technology differed and filed suit in March 2001, looking for the court to rule that TNKase wasn t covered by Genzyme s patent

or that the patent itself was invalid. The following month, Genzyme counter-sued for patent infringement. Neither company would disclose the terms of the settlement except to say that it wasn t material to earnings for either firm.

In another suit in September 2002, Genentech successfully fended off Chiron Corp.'s allegations that Herceptin infringed on Chiron s patent for monoclonal antibodies. Chiron fought the court s decision, but eventually lost in April 2004 when a federal appeals court upheld Genentech Inc.'s legal victory in the $1 billion patent battle.

GETTING HIRED

In good company

In January 2004, Genentech was named by Fortune magazine as one of the 100 Best Companies to Work For for the sixth consecutive year and in October 2003, Science magazine named Genentech the top employer and most admired company for the second year in a row. it s a pretty smart group at Genentech the company employs more than 6,660 people, with more than 80 percent of them holding college degrees. Furthermore, more than 20 percent of Genentech employees have advanced degrees, including Ph.D.s and M.D.s. The company posts a list of open positions on its web page at: www.gene.com/gene/careers/, as well as internship information and a college recruiting schedule.

Making mountains out of data

Regarding qualifications, one insider tells us, We look for people who can learn new techniques quickly, who can create mountains of well-controlled data when necessary, and who can interact well in collaborations within the company. And because of the highly technical nature of Genentech s business, it should come as no surprise that the company places a high value on intelligence and academic excellence. More than 20 percent of Genentech employees hold advanced degrees.

High selectivity, informal interviews

The company offers an internship program that s open to undergrads who will have completed their sophomore year before starting the internship and will be returning to school after the program. Additional opportunities are available in Genentech s co-op program, which is open to university and community college students, and

there s also a program for MBA students who ve completed their first year of study. Genentech recruits at a select number of California universities for undergrads and nationally at top business schools, such as the University of Pennsylvania and Harvard, for MBAs. Check the company s web site at www.genentech.com for the recruiting schedule.

Candidates at Genentech can expect to interview with several employees in the lab or department offering the position, as well as human resources. Unlike other biotech firms, Genentech s interview process is said to be largely laid-back. One insider remarks, I imagine overall, the whole interview process at Genentech is more informal than you might be used to. That s not to say that you shouldn t get dressed up for an interview you still want to look snazzy, as always. Just be prepared to stand out, since everyone around you will most likely be wearing blue jeans, shorts, etc. There are no surprises or tricks, adds another insider, who continues: the idea is to match your qualifications and goals to a position that Genentech needs filled.

OUR SURVEY SAYS

Still in school?

Genentech insiders liken the company to a college: Basically my description in a nutshell would be that it s like a university atmosphere. It is more like a college campus than a company, says another. The corporate culture closely mirrors the campus atmosphere of academia. Employees enjoy a laid-back culture, with no policy manuals. Those in research and development appreciate an atmosphere that is encouraging of freedom. The company understands that its future is new products and so tries to establish an environment conducive to creativity. This apparently extends to extracurricular projects: Our scientists are allowed to work on their own projects several times a month.

Dust off those Birkenstocks

College campuses are, of course, usually devoid of suits. Most people wear jeans and sneakers, says one employee. Another agrees: You will find the majority of employees in T-shirts, jeans, shorts, tennis shoes, Birks oh and lab coats too. And what would college be without a little partying? Genentech is a very social environment. On Friday the company has Ho-Hos gatherings to mingle with co-

workers and friends, reports one employee. These get-togethers, usually on campus between 5 and 7, are well loved by Genentech employees. One insider noted the presence of many Genencouples.

Great benefits

The subpar pay at Genentech is offset by what employees describe as one of the best benefit packages in the country. You will be hard-pressed to find a better benefit package around, says one satisfied insider, listing medical, dental, vision, long-term disability, employee stock program, 401(k)." Employees get about 10 holidays plus three weeks vacation. After six years, Genentech employees are rewarded with a six-week sabbatical. Other than that, though, one respondent claims there is no increase in rewards or benefits with length of service. There s also an education reimbursement program so that you can take courses relative to your field, pursue a Master s or Ph.D. and get reimbursed. Campus perks include subsidized cafeterias, a credit union, travel department, medical services and an ATM. Health care coverage extends to the entire family of Genentech employees, including same-sex partners. Employees also enjoy Date Night, a company-sponsored event that allows workers with children some free time with their spouse/significant other. The company day-care center (dubbed 2nd Generation) stays open until 10 p.m. once every three months, babysitting in a slumber-party atmosphere. Genentech parents get a rare night alone. There is a fee ($20 for the first child, $16 for each additional sibling), but Genentech winds up picking up half the tab.

Student budgets

Unfortunately, Genentech insiders sometimes sound like starving graduate students. Some chalk it up to living in San Francisco. Pay is decent but the Bay Area is really expensive. Others blame the company: You might find better pay at one of the smaller biotech companies that seem to be popping up all over the Bay Area. Genentech pays slightly below the industry standard, says another, but the Human Resources group is supposed to implement an adjustment based on the industry standard. Not everyone is so optimistic: The compensation is measly. A long-time employee believes that worker/manager relations are worsening, claiming that the pay gap has become too large. The environment is also somewhat reminiscent of college dorms, according to one insider, who states that office space is often cramped and nonexistent at lower levels. However, the insider continues, Management just built themselves new luxury offices.

Hardworking but happy

Employees report working hard, fast-paced, and sometimes long hours. One says there is a minimum expected number of work hours (40) and no limit as to how many hours you want to put in. However, employees at the company appreciate flexible hours for non-shift workers: there are no strict starting or quitting times.

People are very dedicated to science and hard work, comments one insider. I have been with Genentech for nine years and have no plans of moving on, reports another employee, even though in my position I have been offered several attractive opportunities with other biotech organizations.

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LOCATIONS

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Genzyme has offices in 29 countries worldwide.

THE STATS

Employer Type: Public Company
Stock Symbol: GENZ
Stock Exchange: NASDAQ
Chairman, President and CEO: Henri A. Termeer
2004 Employees (as of 11/04): 6,500
2003 Revenue ($ mil.): $1,714

KEY COMPETITORS

Abbott Labs
Johnson & Johnson
LabCorp
Quest Diagnostics
Transkaryotic Therapies, Inc.

EMPLOYMENT CONTACT

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THE SCOOP

Biotech in the house

Genzyme Corporation is a leading biotechnology company that provides a range of products and services. The company s product portfolio is focused on rare genetic disorders, renal disease, osteoarthritis and immune-related diseases, cancer, heart disease and other areas of unmet medical needs.

Chairman and CEO Henri A. Termeer is noted for his alacrity at finding money for Genzyme s new initiatives. The Dutchman has won a gaggle of awards since he s been at the helm: Entrepreneur of the Year from Merrill Lynch and Ernst & Young in 1992; Renegade of the Year in 1995 by Success Magazine for his gutsy business maneuvering; and between himself and Genzyme, almost a half dozen awards from Burrill & Company s annual Laguna Niguel meeting of biotech executives. Since the mid-1990s, he s also won several civic honors for his humanitarian endeavors and promotion of immigrants rights.

The road to success

Genzyme was founded in 1981 by Sheridan Snyder and Tufts University professor Henry Blair. A notable milestone came in 1992 when the company began working with human genes in an effort to develop treatments for cystic fibrosis.

At the end of 1998, Genzyme won key approvals from the Food and Drug Administration (FDA) for Thryogen, an injectable cancer-screening drug, and Renagel, a phosphate binder for patients with renal disease. Today the company s best-selling drug is Cerezyme, a treatment for Gaucher s Disease, the most prevalent of all the Jewish genetic illnesses.

Cutting-edge HQ

Headquartered in Cambridge, Mass., Genzyme decided it needed new office space. As befitting a company that is constantly innovating its products, the biotech giant built a new home that s no ordinary office-park box. Instead it constructed a $140 million environmentalists dream, built atop what had been one of the biggest brownfield sites in the state. (Brownfields are former industrial areas that often must be cleaned of pollutants before they can be redeveloped.) With 16 percent of its budget put toward environmentally friendly features, the Genzyme Center may earn the U.S. Green Building Council s highest rating.

The 12-story HQ is run on renewable energy sources, including solar energy and gas emitted from a landfill. When the weather turns warm, some of its 900 workers can let fresh air into their offices by utilizing a double-layered glass curtain that covers a third of the building. The building also features a central atrium, prisms and mirrors on the roof that reflect sunshine through a skylight. Another bonus: 30 percent savings on energy and water costs.

Genzyme likes to bind

Genzyme has been willing to partner up with other companies to develop and market products. For instance, Genzyme teamed up with Massachussetts-based GelTex to develop Renagel, which it then purchased outright in December 2000.

Genzyme has also targeted lupus and rheumatoid arthritis in its sights. In the fall of 2003, the company joined forces with MacroGenics to develop new therapies for these and other immune-mediated diseases. Not all of Genzyme s collaborations are geared toward drug development: The company announced in December 2003 that it would help the National Kidney Foundation launch an educational campaign on Fabry disease, a genetic disorder rare enough to go misdiagnosed and untreated, even by kidney specialists.

Wrinkles by any other name

Not all the company s products target deadly disorders. Pairing up with INAMED Corporation, Genzyme set off down the road toward approval of a dermal filler. In November 2003, the FDA recommended approval of Hylaform, a gel that treats soft tissue contour deficiencies fine lines and deeper wrinkles.

More movement

In April 2001, Genzyme purchased Lisfarma Importacao of Brazil, which gives it the licenses necessary to market in that country. The next month it spent $65 million in cash on San Diego-based Wyntek Diagnostics, which strengthened the firm s presence in the medical diagnostic field.

It continued to expand in September 2001 by acquiring Novazyme Pharmaceuticals, and in January 2002 completed the acquisition of Peptimmune, which researches and manufactures anti-allergy medications. Genzyme s expansion strategy paid off in December 2001, when it replaced Ralston Purina on the S&P 500 Index. But Genzyme s Novazyme purchase came under fire from the Federal Trade Commission

(FTC), which probed whether the firm violated federal antitrust laws. However, the FTC closed its investigation in February 2004 without taking any action against Genzyme.

The company continued to forge on internationally, especially in Europe s burgeoning biotech industry. Genzyme established new manufacturing plants in places like Waterford, Ireland, and in January 2004, announced that it would set up shop in Cambridge, England, to research antibody technology. The new facility set smack in the middle of a 200-company-strong biotech cluster and a ready pool of renowned academics opened in 2004.

Afflicted

In addition to the FTC s investigation of Genzyme, the company had to face charges on other fronts in 2003. In March, the United Kingdom fined the company $11 million for restricting competitive pricing of the Gaucher Disease drug Cerezyme.

Then in June, two major holders of the company s former Biosurgery tracking stock charged top execs at Genzyme of deliberately withholding information from investors in order to drive down the share price so they could buy it back later at a bargain-basement rate. The accusers sued Genzyme in U.S District Court in Manhattan, asking for an injunction to block Genzyme s planned purchase of its own outstanding biosurgery and oncology stock for $108 million. Happily for the company, a judge threw out the entire lawsuit in November 2003. But not every case ended so well for Genzyme: In November 2002, a federal court jury struck down all of the patent violation charges Genzyme had leveled against rival Atrium Medical Corporation. In fact, the jury decided Genzyme s own patents were invalid.

Perhaps tired of the patent battles that have become so commonplace in the drug-making industry, Genzyme finally settled one long-running war. Genzyme had sued competitor Transkaryotic Therapies Inc. (TKT), charging that one of its drugs infringed on a Genzyme patent. In turn, TKT threatened to sue Genzyme over another medication. But in October 2003, the two companies made peace, deciding instead to collaborate on a prospective treatment for Hunter Syndrome an X-chromosome illness that mothers can pass on to sons, in whom it can cause growth of a large head, excessive hair, enlarged internal organs, deafness, stiff joints and sometimes profound mental retardation.

New moves

Legal troubles aside, Genzyme continued to transform its businesses. In July 2003, it sold its cardiothoracic devices business to Teleflex, an aerospace equipment and auto parts manufacturer in Pennsylvania. The deal earned Genzyme $8 million in assumed debt and $32.4 million in cash and allowed the company to concentrate its energies on drug research and development.

One of the company s promising drugs is Synvisc, a pain-reliever for osteoarthritis and Genzyme Biosurgery s biggest product line. In September 2003, Ann Merrifield, president of the division that produces Synvisc, said she d like to boost sales in the U.S. (and later, Japan) by gaining approval for use of the drug in more than just sore knees: It can also help aching hips and other joints. The baby boomer, over-50 population is growing, Merrifield told the Boston Business Journal. The demographics are in our favor.

Evolution

New product launches helped boost Genzyme s earnings in 2003. The company reported fourth quarter revenue of $479 million, up from $359 million the year before. Some of the rise, according to CEO Termeer, was also due to a simplified financial structure the elimination of Genzyme s tracking stocks.

Increased profits also stemmed from the continued development of core businesses. But such evolution could also have another, less quantifiable effect: It could transform Genzyme into a biotech-pharmaceutical hybrid organically, rather than through acquisitions or partnerships, the traditional route. And it s all because of a new elixir currently under development. Genzyme scientists are working on a pill to ease multiple sclerosis. Such small molecule drugs aren t the company s usual purveyance. Until now, it has specialized in large molecule drugs, or biologics, that have to be injected, instead of ingestible drugs that are normally produced by the likes of Pfizer and GlaxoSmithKline. It s all part of the company s drive to be more agnostic about product development for Genzyme-like diseases, those that affect a small number of people and have few, if any, available treatments. Senior vice president for drug discovery Fred Vinick, whose wife suffers from multiple sclerosis, says he used to employ 40 people in his division. Now he s got 190, and they re on track to test this new drug on human subjects in 2005.

GETTING HIRED

Risk-takers need apply

Genzyme s nascent multiple sclerosis drug was discovered with a scientific shot in the dark. As it turns out, say company spokesmen, innovation and risk-taking are encouraged at Genzyme. Open-mindedness also comes from cross-communication between different disciplines, such as cell therapy and gene therapy, and a regular influx of talent from universities. These traits led the journal Science and the American Association for the Advancement of Science to rank Genzyme 10th on their 2003 list of top places for scientists to work.

Perks

Scientists, though, account for only about 1,500 of the company s more than 6,500 employees. To find a slot in other fields like accounting, competitive intelligence, customer service, distribution, environmental health and safety, or legal, among others applicants can search by city and keyword on the company s career web site. There s ample reason to want to join Genzyme: Employees can choose from several plan options for family health coverage, including insurance for domestic partners and their children. There are also plans for employee stock purchases, paid leave for new adoptive parents and different levels of life insurance coverage.

Other entryways

Genzyme offers internships that run the gamut from scientific fields to finance and marketing for undergraduates, graduates and MBA students. Most take place during the summer months. But the company doesn t scour college campuses for its new recruits: So those who want to apply have to submit a resume through the web site, which gives little guidance about what qualities the company is looking for or what the positions are like.

Another way into Genzyme is through its many temporary and temp-to-hire positions, which it fills through Randstad, a broad-based staffing firm. Candidates can fax or e-mail their resumes to Genzyme for these slots, which are broken down on the company s career web page first by general category, like research or accounting, and then specific job title.

OUR SURVEY SAYS

Cutting edge, but growing pains

Employees turn in mixed reviews on Genzyme. One employee at Genzyme headquarters reports that I ve been at Genzyme for almost four years now, and I still love working here! There are many chances for advancement and many career paths to follow. Another employee gave her experience high ratings: I would have to say that this is the most progressive company you could hope to work for; the work is cutting edge and it s fun. But in contrast, one contact warns: The increase in size...has meant a lot of problems for management that are often not handled until it is too late, and it also seems the right hand doesn t know what the left hand is doing. People are now trying to tackle these problems, but as you can imagine, it isn t easy.

Anemic pay, but healthy perks

One frequently voiced gripe at Genzyme is the pay scale. Pay is average, says an insider. Pharmaceutical companies pay more. The pay scale is competitive with other biotech companies perhaps slightly less, but we receive company stocks, says another employee. A former Genzymer says: I couldn t speak for the other divisions of Genzyme, but for myself, I basically bit the bullet with GG for six months and collected my meager paychecks while I looked for a job I could build a career on. One area where there s more agreement among Genzyme employees is the company perks. These include employee stock options and employee stock purchase programs, as well as three weeks vacation your first year, [and a] 401(k) matched by the company.

Clinging to start-up spirit

I would say the corporate culture is still fairly young and innovative, says one business analyst. Stemming from its days as a small startup, management has always stressed the entrepreneurial spirit that has been so much a part of the company s everyday culture, says a researcher. Management still promotes individual initiative in all areas of the company. The emphasis on individual initiative is still a product of the company s relatively small size, says one employee. Working at Genzyme, people tend to get a lot of experience since there aren t as many people working on projects in comparison to the big pharm companies. This aspect of Genzyme s culture can be a bit intimidating, employees report. The atmosphere is intense, but not overwhelming, says one longtime employee. Another

worker offers a similar description: Things move at a rapid pace here. One employee in the company s regulatory affairs department reports working 10 to 12 hours a day. Most employees, however, report working a 40-hour workweek, with flexible hours.

Take off your lab coat and stay a while

Genzyme s youthful corporate culture plays itself out in company social life. The average age is 30, so people are very young, says one employee. Another insider notes that although the company has grown, it is not so big that they left all of their small company niceties by the roadside. There is a company happy hour on Fridays and company meetings to discuss the future and get to know other areas within the company. One employee in his 20s raves about this weekly happy hour, saying it involves complimentary food, beer and wine, who adds that for the plenty of twenty- and thirty-somethings here at Genzyme, there are several sports and activities available as well. The dress code is casual for researchers, formal for marketing, sales and administrative staff, with casual Fridays for everyone.

Diversity in development

As for the treatment of women and minorities, a female employee with the company says, As a feminist, I am proud to say that this company has a strong and informative sexual harassment policy, but in this atmosphere it s not even needed. Genzyme has a good number of high-ranking women, one employee reports. I know of at least two division presidents who are women. Employees also say the company requires employees to take training sessions dealing with sexual harassment and diversity issues. However, one researcher says that while the company seems to be good in its treatment toward minorities and women...there still is a pay inequality here. Another insider reports that while there are women in top positions throughout the company, there aren t many people of color in the top ranks.

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Zebulon, NC

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Administrative
Business Development
Clinical
Coporate/Public Affairs
Engineering
Environment Health and Safety
Facilities
Finance
Human Resources
Information Technology
Legal
Logistics
Managed Care
Manufacturing
Marketing
Procurement
Regulatory Affairs
Sales
Scientific

THE STATS

Employer Type: Public Company
Stock Symbol: GSK (ADR)
Stock Exchange: NYSE
CEO: Jean-Pierre Garnier
2003 Revenue ($ mil.): 38,238
2003 Income ($ mil.): $7,997

KEY COMPETITORS

Novartis
Pfizer
Schering-Plough

EMPLOYMENT CONTACT

Human Resources
www.gsk.com/careers/joinus.htm

THE SCOOP

Gargantuan Glaxo

Cobbled together from four sizable and formerly independent pharmaceutical companies, GlaxoSmithKline is one of the giants of the industry. In 2003, the company s revenue totaled $38 billion good for a profit of nearly $11 billion. In addition to prescription medications, Glaxo also manufactures vaccines, over-the-counter (OTC) drugs, oral care products and nutrition drinks. In all, the company markets more than 1,200 different brands which are sold in 130 countries worldwide. This comprehensive product line can be credited to Glaxo s massive $4 billion annual research and development budget, as well as to its 40,000 strong sales force the largest in the industry that keeps those products moving out of the warehouses and into the market. Glaxo s annual pharmaceutical sales make up approximately 7 percent of the worldwide market.

Inside Glaxo s medicine cabinet

Glaxo has an extensive line of prescription drugs, with particular strengths in anti-infection, central nervous system (CNS), respiratory and anti-viral medications. Among the company s best known drugs are medications that help regulate the central nervous system. Paxil, a selective serotonin re-uptake inhibitor (SSRI), is used to treat depression, panic attacks, post-traumatic stress disorder, obsessive-compulsive disorder, and anxiety disorders. Paxil has been a huge moneymaker for Glaxo, earning $3 billion in revenue in 2003. Other Glaxo CNS medications include the antidepressant Wellbutrin and the migraine headache treatment Imitrex. Two of Glaxo s other blockbusters are the respiratory medications Advair and Flovent; these two drugs are among the most commonly prescribed for asthma patients. The company has also been at the forefront in the development of anti-viral drugs to treat HIV. Glaxo produces three different anti-viral medications: Retrovir, Epivir, and Ziagen. In addition to marketing these drugs individually, the company also manufactures Combivir, a dosage formula that contains both Retrovir and Epivir, as well as Trizivir, which combines all three substances.

The final piece of GlaxoSmithKline s business is its consumer products and over-the-counter medications. The company manufactures popular drugstore items such as the antacid Tums, Citrucel laxatives, Contac cold medicine and the Oxy line of skin-care products. For smokers looking to kick the habit, Glaxo offers Nicorette gum and the Nicoderm patch. Its oral care products are sold under the Aquafresh, Sensodyne,

Polident, and Poligrip brands. Finally, Glaxo s line of nutrition drinks includes Ribena, Horlicks, and Lucozade.

No-name competition

Though Glaxo s post-merger drug portfolio is deep, recent court decisions invalidating some of the company s patents have become a major source for concern. Between December 2001 and December 2002, three separate rulings by a federal judge in the U.S. District Court in eastern Virginia invalidated all of the patents on its antibiotic Augmentin. The patent challenge was brought by the Israeli generic pharmaceutical manufacturer Teva. Within months, Teva had begun selling generic versions of Augmentin for 80 percent less than what Glaxo used to charge. Prior to losing its patent protection, Augmentin had been Glaxo s second largest revenue earner, bringing in $1.8 billion in 2001. In the fourth quarter of 2002, however, sales of Augmentin dropped 41 percent. In a related matter, in July 2004, Glaxo agreed to pay $92 million to settle several class-action lawsuits as part of antitrust litigation involving Augmentin. As a result, the drugmaker said it will take a charge of about $300 million in connection with the case.

In March 2002, Glaxo suffered another setback when a judge ruled that the Andrx Group s generic version of Wellbutrin did not infringe upon GSK s patents. The decision also affects Glaxo s Zyban, which is chemically the same drug, just sold under a different name. Wellbutrin is prescribed for depression; Zyban is given to patients trying to quit smoking. The most serious of Glaxo s patent problems is the challenge to its crown jewel, Paxil. The patents covering Paxil are valid through 2006. In March 2003, however, a federal judge in Chicago ruled that the generic version of the drug sold by Canadian drug manufacturer Apotex did not infringe upon any of those patents. Paxil accounts for approximately 11 percent of Glaxo s worldwide revenue, and industry analysts have warned that the loss of its monopoly on the drug will have serious consequences for the company s bottom line. In August 2003, the Food and Drug Administration (FDA) approved Apotex s generic formula.

Taking a hit...

In 2004, many of the dire predications about the effect these generics would have on Glaxo s bottom line began to come true. In the second quarter of 2004, the company s profits fell a full 13 percent due to a weak dollar and generic competition, the company announced in July. Sales of Paxil fell 41 percent to $513 million for the quarter, while Wellbutrin revenue sank 7 percent from the previous year to $349

million. The drugmaker said that revenue came in at $9.2 billion, which is down 6 percent from the previous year. The quarter didn t bring all bad news, however, as Glaxo also announced that sales in its diabetes franchise, which includes Avandia and Avandamet, surged 59 percent to $556 million and sales of asthma medication Advair were also strong, rising 22 percent to $1 million. The company also said that it expects to introduce four new products by the end of the year, including Vesicare, for overactive bladder; Rotarix, a vaccine for rotavirus to be launched in Latin America, and Epivir/Ziagen, a combination of two existing AIDS drugs.

...and coming back swinging

Of course, Glaxo hasn t taken any of the patent and OTC threats lying down. The company is actively engaged in researching new drugs to replace former blockbusters whose profits are waning. Although it s not likely to post Paxil-like sales figures, Glaxo is pleased to see Entereg progressing through the FDA approval process. Entereg, a drug Glaxo developed with Adolor Corp., is designed to treat post-surgical patients with gastrointestinal ailments. In September 2004, Glaxo announced that the FDA had accepted the drug for review. And in an OTC twist of its own, Glaxo announced in July 2004 that it had acquired the rights to market the popular obesity drug Xenical under the name orlistat.

The Canadian connection

The growing trend of American customers purchasing prescription drugs north of the border represents another serious threat to the profitability of pharmaceutical companies like Glaxo. U.S. customers spend an estimated $500 million to $1 billion on drugs from Canada each year. Because the Canadian federal government regulates the prices that companies can charge, these drugs are significantly cheaper in Canada than in the U.S. On average, pharmaceuticals from a pharmacy in the United States can cost two to four times as much as drugs from Canada. A thriving Internet-based mail-order drug business has sprung up in Canada, largely in the province of Manitoba, to meet the growing American demand for more affordable drugs.

Predictably, pharmaceutical companies are not at all pleased with losing all of this revenue, and Glaxo has been among the leaders in trying to shut the cross-border drug trade down. In January 2003, Glaxo sent letters to all of its Canadian wholesalers, warning them not to sell GSK products to 29 pharmacies that were blacklisted for selling to U.S. customers. If the wholesalers failed to comply with

the Glaxo demand, they would risk losing their supply of the company s drugs for all of their customers. The blacklisted pharmacies were directed to contact Glaxo directly for their supply of drugs. The company said that it would ensure that these businesses were supplied only with enough medicine for their Canadian customers. The move caused a firestorm of protest on both sides of the border, and a consortium of pharmacies known as the Manitoba International Pharmacists Association called on the Canadian government to investigate Glaxo for anti-competitive practices. In March 2003, however, the Canadian Competition Bureau ruled that Glaxo was justified in withholding the drugs and refused to pursue any legal penalties against the company. In the continuing battle, in May 2004 the Minnesota Attorney General won a ruling forcing Glaxo to produce all documents related to the importation of prescription drugs. The AG said the documents will show whether Glaxo and other major pharmaceutical companies are conspiring to block the importation of prescription drugs from Canada in retaliation for cross-border drug sales. The ruling stated that Glaxo executives had to produce any correspondence between Glaxo and other drug company executives, the Food and Drug Administration, company lobbyists, and any pharmaceutical trade organizations. The judge also ordered GlaxoSmithKline to report any meetings that took place about drug reimportation and produce documents it sent to Canadian pharmacies over reimportation. Glaxo appealed the ruling, and it was still tied up in the courts by late 2004.

Levitra vs. Viagra vs. Cialis

Under siege from generic competition, Glaxo desperately needs a successful new product. And the company is hoping that Levitra, co-developed with Bayer, might be it. The FDA approved Levitra for sale in the U.S. in August 2003. The drug had already received approval from inspectors in the European Union in March and is now cleared for sale in more than 50 countries. Levitra is a treatment for erectile dysfunction and is meant to compete with Pfizer s blockbuster, Viagra. Glaxo tapped former NFL coach Mike Ditka as its spokesman, a move that mimics the method used by Pfizer to make Viagra a household name with the assistance of former senator and presidential candidate Bob Dole. But Viagra is not battling Levitra in the marketplace alone, as Eli Lilly and the biotech firm ICOS released its own ED drug, Cialis in late 2003.

Legal issues

The past year has seen Glaxo settling a number of lawsuits and court cases. In February 2004, the company agreed to settle a U.S. antitrust case involving the

nonsteroidal anti-inflammatory product Relafen. Glaxo was told to ante up $175 million in settlement of a class-action lawsuit brought on behalf of direct purchasers, including pharmaceutical wholesalers. In a related matter, in May, the company agreed to pay another $75 million to another group of consumers and insurers who said the company illegally blocked a generic form of Relafen.

But more trouble was around the corner when in June 2004, New York Attorney General Eliot Spitzer filed a suit alleging that Glaxo committed fraud by withholding negative information from the public about its antidepressant medication. Anxious to keep the allegation from turning into a protracted legal battle, Glaxo released negative data on the safety and effectiveness of its drugs to settle the suit just a few months later in September. The company will also pay $2.5 million to the state of New York as part of the settlement. The suit came about after an article in the May issue of the Journal of the American Medical Association that reviewed 102 clinical trials found that 50 percent of efficacy outcomes and 65 percent of harm outcomes were incompletely reported. The article concluded that trial outcomes are frequently incomplete, biased and inconsistent with protocols. Although Glaxo settled the suit, it maintains that the data had already been released through means that included posters, medical letters to healthcare professionals and during meetings. In addition, after Spitzer s suit was filed in June, the company posted on its web site the Paxil studies that Spitzer had accused the company of hiding.

In an effort to avoid similar legal entanglements in the future, the company also agreed to begin posting summaries from all its clinical trials online, becoming the first major drug maker to agree to disclose all its studies, and began doing so in September 2004. By the end of 2005, Glaxo expects to have posted results from every one of its clinical trials conducted since December 2000.

GETTING HIRED

Twenty one ways to join Glaxo

GlaxoSmithKline is headquartered in the U.K. and has operations in 39 countries, including a significant presence in the U.S. The company employs approximately 100,000 people. Its sales and marketing force, which totals more than 40,000 workers, is the largest in the industry. About 16,000 more employees work in the company s 24 research and development laboratories. Jobs at GSK are available in one of 21 departments: administrative, business development, clinical, public affairs,

engineering, environmental health, facilities, finance, human resources, information technology, legal, logistics, managed care, manufacturing, marketing, procurement, project management, quality and validation, regulatory affairs, sales and scientific. Open positions in the U.S. and in Europe can be searched for at Glaxo s web site.

A totally rewarding experience

Glaxo offers a wide range of opportunities for students of all levels, primarily at one of the company s two U.S. headquarters in Philadelphia or Research Triangle Park, N.C. For undergrads, paid internship and co-op positions are available; stipends vary according to each student s academic and prior work experience. Internships last for three months and take place in the summer. Co-op positions, meanwhile, generally last for six to eight months during the academic year. Glaxo recruits for co-op employees at colleges such as Temple, LaSalle and Drexel in the Philadelphia area and at North Carolina Central, North Carolina A&T and N.C. State in the Triangle region.

Johnson & Johnson

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LOCATIONS

New Brunswick, NJ (HQ)
Arlington, TX
Asheville, NC
Cincinnati, OH
El Paso, TX
Jacksonville, FL
Los Angeles, CA
Menlo Park, CA
Miami, FL
Rochester, NY
San Diego, CA
Tampa, FL
Wilmington, DE

THE STATS

Employer Type: Public Company
Stock Symbol: JNJ
Stock Exchange: NYSE
Chairman & CEO: William C. Weldon
2002 Employees: 110,600
2003 Revenue ($ mil.): $41,862

KEY COMPETITORS

Merck
Novartis
Procter & Gamble

EMPLOYMENT CONTACT

www.jnj.com/careers

THE SCOOP

A diversified health care leader

Johnson & Johnson is the largest manufacturer of health care products in the world. Its offerings, which include baby care, first aid, skin care, prescription pharmaceuticals, diagnostic and feminine hygiene products, are marketed through some 200 operating companies in over 50 countries around the world. More than half of the company s employees are based outside of the U.S. The company employs almost 110,000 people. Among the most visible products from the 200 operating units of Johnson & Johnson are the ubiquitous BAND-AID® Adhesive Bandages, TYLENOL® pain reliever, REACH® toothbrushes and ACUVUE® contact lenses.

Johnson & Johnson (& Johnson)

Founded in 1886 by James and Edward Johnson, the company s first success was a surgical dressing developed by a third Johnson brother, Robert. Johnson & Johnson introduced its famous BAND-AID® adhesive bandages in 1921, establishing itself as a leader in the health care industry. In the 1930s, the firm implemented a policy of decentralization, giving autonomy to a growing number of company divisions and affiliates within the Johnson & Johnson family a policy that still exists today. The company went public in 1944. In 1989, the company formed a joint venture with Merck, geared toward the development and marketing of non-prescription products. The joint venture launched PEPCID® AC in 1995. Johnson & Johnson expanded its presence in the skin care business with the 1994 acquisition of Neutrogena Corp., and in 1999, purchased the AVEENO® line of skin care products from S.C. Johnson & Son Inc.

Three primary units

Today, the company splits its businesses into three major segments. Combined, the three units brought in $7.2 billion in income on nearly $42 billion in sales for 2003; that s a nearly $6 billion increase over income in 2002. This kind of growth is nothing new to the company the last time it did not achieve year-on-year growth was way back in 1931, in the midst of the Great Depression.

The pharmaceutical segment is the biggest unit, generating $19.5 billion in worldwide sales in 2003. The unit makes products such as PROCRIT®, a drug that helps boost red blood cell production in dialysis and cancer patients; anti-fungal

treatments SPORANOX® and NIZORAL®; anti-psychotic drug RISPERIDAL®; LEVAQUIN®, an anti-infective; a full line of oral contraceptives, including the popular patch, ORTH EVRA®; and Retin-A Micro acne treatment. Medical devices and diagnostics make up the second largest unit, with $14.9 billion in sales in 2003. This unit makes minimally invasive surgical instruments, sutures and orthopedic products, as well as contact lenses. The third main group within the J&J family is the consumer group, which rang up $7.4 billion in sales in 2003. Some of the company s best-known products are in this group, including the JOHNSON s Baby line, painkillers, skin and hair products, first aid products, sanitary protection products and toothbrushes. In addition, the McNeil Nutritionals unit sells SPLENDA®, No Calorie Sweetener, the leading tabletop no-calorie sweeterner in the U.S.

New additions to the family

In June 2001, J&J acquired pharmaceutical firm ALZA Corporation in a deal valued at more than $10 billion. That same year, Johnson & Johnson completed the acquisition of Inverness Medical Technology s diabetes unit, making it a wholly owned subsidiary of the pharmaceutical behemoth. The acquired unit now works with J&J s LifeScan subsidiary, which makes blood glucose monitoring systems for home and hospital use. In 2002, Johnson & Johnson acquired Tibotec-Virco, a privately held biopharmaceutical company focused on anti-viral treatments, for $320 million. Also in 2002, the company acquired Pennsylvania-based OraPharma for approximately $85 million. OraPharma s initial product, ARESTIN®, is a locally administered, time-released antibiotic that effectively controls the germs that can cause periodontal disease, a disease that affects more than 50 million people in the United States. Finally, in April 2003, J&J completed its acquisition of Scios Inc. for $2.4 billion. Scios was folded into the pharmaceuticals group of Johnson & Johnson, and is a biopharmaceutical company developing treatments for cardiovascular and inflammatory disease.

All of these acquisitions have had an effect on the company s bottom line, however, as in July 2003, J&J announced that its second-quarter earnings had dropped 27 percent due to costs for acquisitions. The company also experienced a drop in revenue from its biggest drug, Procrit sales declined 7 percent due to increased competition in the market.

The highs and lows of stents

In 2003 CYPHER® Stent, the drug-coated stent from the Company s Cordis subsidiary (a stent is a tiny metal scaffold used by doctors to prop open clogged coronary arteries after they have been cleared of life-threatening plaque with angioplasty balloons), was approved by the FDA, making it the first drug-coated stent on the U.S. market. Although nearly 80 percent of all angioplasties performed in the United States use a stent as part of the procedure, the CYPHER® was the first to be coated with drugs that decrease the chances of the arteries closing up again. The stent market (which is currently worth about $2 billion annually) is expected to grow to about $5 billion by 2005, and the stage has been set for competition. Enter Boston Scientific, Inc., which launched its Taxus stent in 2003.

GETTING HIRED

Hiring overview

Because Johnson & Johnson has a decentralized structure that incorporates more than 200 subsidiaries worldwide, hiring processes are not uniform throughout the company. Applicants should consult Johnson & Johnson s web site, located at www.jnj.com, for an extensive list of job openings, including international opportunities. Each office has different resume requirements; though electronic submission is the best method, nearly all accept resumes by regular mail, e-mail or fax or some combination of the three. Johnson & Johnson, which has been known for years as a top employer of MBAs for brand management, also looks to business school grads to fill finance positions. Says one financial analyst, They re starting to hire more MBAs, shifting their work from routine tasks to analytical roles. According to one summer intern in the finance department, J&J welcomes MBAs and is always looking for good people.

Marketing MBAs enter the brand management function as assistant product directors or product directors, according to their previous experience. The company offers internships to MBAs in both brand management and finance.

OUR SURVEY SAYS

Family-friendly perks

Among its family friendly perks are more on-site childcare centers than any other company, $3,000 reimbursement for adoption expenses, a 75 percent match of up to 6 percent of salary for its 401(k) program, a generous gift matching program of $2 for each $1 donated by an employee to a qualified nonprofit, and even a hotline that provides employees with childcare advice. Renowned architect I.M. Pei designed the childcare center at the company s New Jersey headquarters. As might be expected of a company whose products are concerned with childcare and health care, Johnson & Johnson is described as having a very family-friendly culture, with a somewhat slow pace. It is a great company to work for, says one insider, and another concurs that there are good benefits, great employee perks and a conscious responsibility to the community.

As for other aspects of life at J&J, most corporate personnel wear business casual every day. Most affiliate offices are informal as well. Compensation is described as very competitive, at least for the high performers.

Autonomy, for better or for worse

While insiders say the corporate structure encourages individual autonomy, many employees say that the strict rules and procedures are cumbersome. In addition, the unusual level of freedom often requires recent hires to take initiative in seeking out feedback. An employee comments on a downside of this freedom: Slack workers can successfully hide in this company, as it is slow to release them to the outside world.

Several Johnson & Johnson employees comment that the diverse workforce is benefiting from the company s new emphasis on hiring women into more visible management positions. One multi-year employee goes further than this, and states that women and minorities are singled out for special attention to advance their careers at Johnson & Johnson. There are affinity groups for African-American, Asian, Gay and Lesbian and Hispanic employees that include large networking meetings and discussions with executive management.

McKesson Corp.

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www.mckesson.com

LOCATIONS

San Francisco, CA (HQ)
Alpharetta, GA
Carrollton, TX
Canada

THE STATS

Employer Type: Public Company
Stock Symbol: MCK
Stock Exchange: NYSE
Chairman, President, and CEO: John H. Hammergren
2004 Employees: 24,600
2004 Revenue ($ mil.): $69,506
2004 Income ($ mil.): $647

KEY COMPETITORS

AmerisourceBergen
Cardinal Health
Cardinal Medical Products and Services

EMPLOYMENT CONTACT

Human Resources
Phone: (415) 983-8300

THE SCOOP

Chain reaction

McKesson is one of the country s largest pharmaceutical distributors. In addition to prescribed drugs, the company distributes health and beauty care products and medical supplies through more than two-dozen distribution centers serving all 50 states. McKesson also sells information management software geared toward health care providers. Zee Medical, a McKesson subsidiary, offers safety training and first aid products. McKesson s customers include the country s largest drug store chains, among them Walgreens, Rite Aid and Longs.

Drug tested

McKesson traces its roots back to 1833 as a wholesale distributor specializing in health-related products. At first, McKesson and Olcott founded by John McKesson and Charles Olcott in New York City provided botanical-based drugs such as herbs and vegetable extracts. Another executive, Daniel Robbins, came on board soon after the company s founding, and upon Olcott s death, the distribution company changed its name to McKesson and Robbins. By the time the 1900s rolled around, McKesson had added several subsidiaries, creating a large distribution network. Through the 1920s and 1930s the company continued to grow, and just after WWII, McKesson and Robbins formed McKesson Chemical Co., which became a nationwide distribution leader.

In 1967, the company merged with Foremost, a nationwide dairy distributor, and in the next decade, Foremost-McKesson, as the new company was called, became the largest U.S. distributor of drugs, alcoholic beverages and dairy products. McKesson began refocusing on its drug and health care business in the 1980s, and divested several of its businesses, including its consumer water products and dairy businesses.

A bumpy start

In 1998, after disposing of most of its non-health care-related businesses McKesson bought HBO & Co., the largest maker of software for health care companies, for $14 billion. The acquisition proved difficult to swallow at first. Not long after the deal closed, McKesson learned of accounting irregularities at HBO & Co. that forced it to restate its earnings downward for the previous three years.

Despite the company s difficulties early in the decade aside, McKesson s information solutions business is now an IT vendor for more than half of the hospitals in America. In addition, the company s software is used by more than 90 percent of the health plans in the United States to help them manage both the financial and the clinical side of their businesses.

McKesson is also a leader in both hospital and non-hospital automation. It has a very large presence in retail pharmacy automation and has a very successful product in pharmacies that use barcodes to track the distribution of medications.

Back on track

In late 2003, McKesson was selected by the Department of Veterans Affairs (VA), which runs the nation s largest integrated healthcare system, to be the VA s primary pharmaceutical vendor. The two-year agreement, valued at approximately $2.9 billion per year, calls for McKesson to supply all of the VA s medical centers and outpatient clinics, as well as the VA s Consolidated Mail Outpatient Pharmacies (CMOPs). As part of the contract, which went into effect on April 1, 2004, McKesson will supply pharmaceuticals to approximately 665 facilities, including more than 270 VA medical centers and outpatient clinics, as well as the VA s seven CMOPs. The initial two-year contract includes options for up to three two-year extensions. The VA is already utilizing McKesson s dispensing automation in some of its hospitals and CMOPs.

In February 2004, McKesson Automation signed a contract to supply high-tech pharmacy equipment to more than 50 hospitals operated by Health Management Associates. McKesson Automation, a Pittsburgh-based subsidiary of McKesson Corp., says the agreement covers all of the 52 hospitals operated by Health Management Associates, of Naples, Fla. HMA operates suburban and rural acute care hospitals with more than 7,500 beds in 16 states. The contract calls for McKesson to be the sole supplier of the pharmacy equipment. McKesson Automation makes bar code-based equipment that helps hospitals automate their pharmacy and supply operations.

In another important deal signed in early 2004, MedCom, a leading provider of health care and financial transaction solutions for the health care industry, signed an agreement with McKesson Information Solutions to process real-time health care transactions from the MedCard Point of Service System through the McKesson network of insurance payers. These transactions, which include McKesson s Real-Time Eligibility solution for verifying insurance coverage of patient services, will

expand the MedCom network to encompass the majority of government Medicaid and Medicare insurance payers.

Done deal?

In January 2004 McKesson announced that it would acquire Moore Medical Corp., a New Britain, Conn.-based company that distributes surgical and pharmaceutical supplies, for approximately $40 million. However, the following month, Clinical Data, a company that supplies surgical instruments to doctors, threw its hat into the ring by making a counter offer for Moore Medical. There was a brief period of uncertainty as to which suitor Moore would end up with. But Moore s board of directors met to evaluate the offers and decided McKesson was the best fit. McKesson wasted little time closing deal. By April 2004, Moore Medical was part of the McKesson family.

Award winning

It may not be a glamorous as winning an Oscar or an Emmy, but McKesson was nonetheless pleased with winning best in class awards for three of its products from technology consulting firm KLAS Enterprises. The three products that were ranked No. 1 in their respective classes are Horizon Patient Folder, Horizon Lab and a product combining the company s Pathways Financial Management and Pathways Materials Management software. Four other McKesson products ranked No. 2. KLAS issues its annual rankings based on interviews with healthcare executives, professionals and clinicians at more than 4,500 acute-care facilities, large clinics and integrated delivery networks.

Earnings down

McKesson s net income fell 10 percent in the fiscal quarter ending December 31, 2003. However, revenue rose 22 percent. The company earnings were hurt by delays for anticipated price increases for its pharmaceutical products. For the quarter ended Dec. 31, 2003, McKesson reported net income of $120.2 million, as compared to income of $134.3 million for the fourth quarter of 2002. Revenue rose to $18.23 billion from $14.92 billion a year earlier, driven by increases in U.S. and Canadian pharmaceutical distribution.

GETTING HIRED

Hiring process

Visit the McKesson career web site at www.mckesson.com to search for jobs and fill out an online application. The company recruits at college campuses across the country, including Purdue, Howard, Florida A&M and Pennsylvania State for a wide variety of internships and entry-level and MBA-level openings. Consult the company s web site at www.mckesson.com/camp_req.html, to find out when McKesson representatives will be at your school.

Merck & Co., Inc.

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LOCATIONS

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Argentina Brazil Canada Ecuador Mexico United States

Asia Pacific:
Australia China Hong Kong Japan Korea Malaysia New Zealand Philippines Singapore Taiwan

Europe:
Austria Belgium Czech Republic Denmark Finland France Germany Ireland Italy The Netherlands Norway Portugal Russia Spain Sweden Switzerland Turkey United Kingdom

Middle East & Africa:
Egypt Israel Lebanon Pakistan Saudi Arabia

DEPARTMENTS

Corporate Audit Corporate Controllerships Divisional Financial Services Financial Evaluation and Analysis Human Resources Information Services Legal Manufacturing & Engineering Public Affairs Research Sales & Marketing Tax Treasury

THE STATS

Employer Type: Public Company
Stock Symbol: MRK
Stock Exchange: NYSE
2003 Employees: 30,828
2003 Revenue ($ mil.): $22,486
2003 Income ($ mil.): $6,831

KEY COMPETITORS

Aventis
Bristol-Myers Squibb
Pfizer

EMPLOYMENT CONTACT

www.merck.com/careers/index.html

THE SCOOP

Good for what ails you

Merck is the world s third-largest seller of prescription drugs, with blockbusters that include cholesterol treatment Zocor, osteoporosis medicine Fosamax, hypertension drugs Cozaar and Hyzaar, and the asthma medication Singulair. With more than 63,000 employees, Merck conducts research at 11 major laboratories in the United States, Europe and Japan. It owns more than 32 manufacturing facilities and sells its products in approximately 150 countries. Merck and Johnson & Johnson maintain a consumer drug alliance that markets such products as the ulcer drug Pepcid. And the company doesn t just treat humans Merck and biotech company Aventis jointly own one of the world s top animal health companies, Merial. Despite all this, the company s sales only inched up slightly in 2003 to $22.4 million, from $21.4 million in 2002. The results were largely the same for the first half of 2004, as well, with the company seeing net income of $3.39 billion compared to $3.33 billion in the same period for 2003.

German roots

Merck was founded when Theodore Weicker came to the United States in 1887 to establish a U.S. branch of E. Merck AG, a German chemical company. At first, the U.S. branch served as an importer for the German parent company. It was only in 1904 that Merck opened its first U.S. factory in Rahway, N.J. Merck s first research lab, opened in 1933, isolated and manufactured vitamin B-12 and produced the first steroid, cortisone. During WWII George Merck, CEO and grandson of the German founder, gave 80 percent of Merck s German-held stock to the U.S. government, keeping the other 20 percent for himself. After the war, the U.S. government holdings went public, and the company enjoyed success as Merck researchers earned five Nobel prizes in the 1940s and 1950s. A 1953 merger with sales powerhouse Sharp & Dome helped the drug conglomerate achieve both additional research prestige and a formidable market share.

Committed to in-house research

What makes Merck distinctive from other drug manufacturers is its commitment to in-house research. Merck outsources only 5 percent its research budget which during 2003 was about $3 billion as opposed to the nearly 80 percent typical at rival companies. Though this strategy has its critics within the pharmaceutical industry,

Merck has historically been successful at keeping a steady stream of products coming down the pipeline. Merck s research has produced vaccines and medicines to treat arthritis, glaucoma, prostate enlargement, and cardiovascular, gastrointestinal and infectious diseases. In addition to the well-known blockbuster drugs mentioned above, the company also manufactures a number of different vaccines, including Varivax (to prevent chickenpox), Vaqta (hepatitis A), Recombivax HB (the first recombinant vaccine for hepatitis B) and MMR II (measles, mumps and rubella). After struggling for 10 years to create an effective treatment for HIV, the company introduced Crixivan, a protease inhibitor, to much fanfare in 1996. The breakthrough drug was so desperately needed that the typically stringent FDA released it for use after only 42 days of trials. In the months that followed, Crixivan proved to reduce AIDS-related deaths by 60 percent and, when used in combination with two other HIV drugs, cut the spread of HIV infection by 90 percent within an 18-month period.

Competition and expiring patents

In the late 1990s Merck began feeling the effects of increased competition, especially in markets the company usually dominates: AIDS and cholesterol. Sales of Crixivan, once Merck s cash cow, started being affected by Agouron Pharmaceuticals Viracept, a protease inhibitor that is easier to take. The company s cholesterol-lowering Zocor, meanwhile, began losing ground to Warner-Lambert s Lipitor. In 2001 the company was hurt by the loss of patents on its hypertension treatment Vasotec, cholesterol drug Mevacor and ulcer medicine Pepcid. In 2002, the patents on hypertension drug Prinivil and ulcer medication Prilosec also expired. A potential disaster looming in the future, though, is the expiration of the patent on Zocor in 2006. Zocor currently hauls in a staggering $5 billion for Merck each year.

Flummoxed by Vioxx

Merck received a boost in 1999 with the release of Vioxx, an arthritis drug. Belonging to a class of drugs called Cox-2 inhibitors, Vioxx was believed to cause fewer gastrointestinal problems than other arthritis treatments. In addition, Vioxx was FDA approved for the treatment of severe pain associated with conditions other than arthritis, such as menstrual cramps. Merck was thus able to capitalize on a much wider market than competitors like Monsanto, whose Cox-2 inhibitor Celebrex has only been approved as a treatment for arthritis. Two years after its launch, Vioxx had become the world s fastest-growing branded prescription arthritis medicine. In 2001, however, sales of Vioxx started to slow amid emerging safety concerns about the drug and newfound competition from Pharmacia s painkiller Bextra. Merck had

even more cause for concern, however. In August 2004, an FDA-funded study linked Vioxx to a higher risk of heart attack and sudden cardiac death than rival Pfizer s Celebrex. Merck disputed the finding s validity until results from another trial (conducted by non-Merck researchers) confirmed a link between the drug and increasd risk for heart attacks and strokes. At that point, the company made the decision to withdraw Vioxx from the market. With $2.5 billion in annual sales for 2003, Vioxx was a major revenue source for the company.

What s next?

With controversy surrounding Vioxx and patents expiring on some other key drugs in the next few years, (most importantly in 2006 when the company s $5 billion Zocor loses U.S. patent protection), Merck is pinning a lot of its hopes on Vytorin, a combination of two existing drugs the blockbuster Zocor and a cholesterol-cutting drug from Schering-Plough called Zetia. Some analysts claim that Vytorin could reach sales of $2.5 billion in 2008, although Merck will have to share that with partner Schering. Other than sales, however, another big plus for Merck is that if it can switch a lot of Zocor patients to the new pill, which will be under patent protection through the middle of 2015, it will lessen the impact of generic Zocor competition in the U.S. As for the immediate future, as of September 2004, the company is awaiting the FDA s approval of Arcoxia, its newest Cox-2 inhibitor, which has already been launched successfully in 38 countries around the world. In 2005, Merck expects to file applications for three other vaccines that deal with cervical cancer; rotavirus, a gastroenteritis infection; and the pain associated with shingles. The company also announced that if ongoing trials are successful, in 2006 it anticipates filing for approval for a DP-IV inhibitor for diabetes.

The company isn t doing all this alone, relying instead on partnerships to help it develop more products faster. In 1999, for example, it completed just 10 deals with external partners while in 2003, it closed on 47 significant partnerships, including research collaborations, preclinical and clinical compounds, and technology transactions. Merck announced one such partnership in September 2004, with TransTech Pharma to use its technology in Merck s R&D efforts.

The Medco issue

Merck s former Medco subsidiary, which provides pharmaceutical benefit services through its subsidiary Medco Health Solutions and employs more than 16,500 employees nationwide, including over 3,000 pharmacists, was finally spun off by

Merck in 2003 after a troubled relationship. Although Medco Health provides pharmaceutical care for more than 65 million Americans, or one out of every four, on behalf of more than 1,400 health plan clients throughout the United States, it had caused more then its fair share of legal headaches for the parent company. In August 1998, Merck reached a settlement with the Federal Trade Commission to end a longstanding antitrust inquiry into the company s purchase of Medco. Under the agreement, Merck pledged unrestricted access to all prescription drugs for its health plan customers and to keep confidential market information from being leaked from company officials to its benefits-management subsidiary. The settlement came at a time when the federal government was scrutinizing the relationships between the pharmaceutical industry and company-owned prescription benefit managers. In December 2002, Merck agreed to pay $42.5 million to settle long-running class-action lawsuits against Medco. The plaintiffs claimed that Medco steered it customers to higher-priced drugs (including Merck products) and kept rebates from drug companies that should have been passed on to the state. Medco is not alone in this, however. In a series of lawsuits across the country, Medco, AdvancePCS and Express Scripts have all been accused of violating fiduciary duties to customers under the federal Employee Retirement Income Security Act by failing to disclose the extent of their financial ties with drug manufacturers. Some lawyers claimed that Merck s payout was too small, considering that Medco had pocketed billions of dollars in rebates from manufacturers and other fees that they said should have gone to thousands of health plans and millions of consumers.

The Wall Street Journal reported that based on a preliminary analysis by expert consultants, Medco had held back $2.85 billion in incentive rebates from 1995 to 1999 and $1.29 billion more in additional rebates and various fees in 1999 alone. Under terms of the settlement, Medco agreed to notify customers when it makes changes on its preferred list of drugs and when lower-cost generic versions become available. It would also tell them what prices and costs were used to calculate discounts. Finally, in August 2003, Merck spun off Medco by distributing all of the outstanding common stock of Medco Health Solutions, Inc. to Merck shareholders of record.

Keeping the lawyers on speed dial

Just as the Medco class-action suits were being wrapped up, however, West Virginia s attorney general sued Merck and Medco in November 2002 over the same issue, claiming that the company had kept rebates from drug companies that should have been passed on to the state. According to the Charleston Daily Mail, the state s

annual drug expenses increased from $65 million to $108 million between 2000 and 2002, the two years that Medco served as the state s pharmacy benefits manager. West Virginia s lawsuit accuses Medco of causing the state s prescription-drug costs to rise to levels substantially higher than can be accounted for by drug inflation rates and/or member utilization. According to The Wall Street Journal, West Virginia officials allege that the company steered the 200,000 state employees in the Medco program to more expensive drugs in return for millions of dollars in kickbacks from the drug makers. Under the terms of the agreement between the state and Medco, West Virginia was supposed to have received 95 percent of all rebates awarded to Medco by drug manufacturers. The lawsuit claims that Medco attempted to hide these payments by labeling them as marketing fees or other kinds of fees. West Virginia claims it received just 3 to 4 percent of the rebate funds it was entitled to. As of September 2004, this case was still pending.

Unfortunately, that wasn t the end of the Medco-related legal woes. In January 2003, New York attorney general Eliot Spitzer began an inquiry to determine whether Medco engaged in anti-competitive practices to increase sales of Merck medicines. As with the above case, Spitzer was still conducting his investigation in late 2004. Finally in June 2003, the U.S. Justice Department announced that it was joining two lawsuits brought by whistle-blowing former Medco employees. The lawsuits, filed by a New Jersey physician and two Nevada pharmacists under the False Claims Act, allege that Medco employees destroyed customers mail-order prescriptions on busy days to avoid late penalties, substituted Merck drugs when cheaper alternatives were available and filled prescriptions with fewer doses than were ordered.

GETTING HIRED

The way in

The company has a page dedicated to employment on its corporate web site at: www.merck.com/careers/ where applicants can search for open positions in the United States or in one of the other countries where Merck operates. The company also has information about its intern and graduate assistant programs. The Intern/Graduate Associate program usually lasts between 10-12 weeks and includes one or more projects, while the company s co-op program lasts 6 months.

OUR SURVEY SAYS

Family friendly and diverse

Insiders say Merck is a family-friendly company and point to generous family leave policies and to on-site child care programs. Merck even extends its tuition reimbursement policy to employees families. Insiders also report that especially in sales and marketing, women and minorities are very well represented and hold management positions. These numbers have only been getting better in the past few years. Says one insider, the people are unquestionably our best asset, adding that they are friendly and knowledgeable.

Pay issues

Merck has a good bonus and options program, especially for those in mid to high levels of management, say insiders. The bonus plan is based on company performance, division performance and department performance, as well as personal performance. Another contact states, The benefits at Merck are incredible, but they re pretty good at just about all pharmaceutical companies. Merck also offers an uncommon stock option program in that all levels of employees are eligible for the program. All that and good food, too: The cafeterias are not the cheapest way to get a meal, but they are excellent and convenient.

One aspect of the company that some insiders would like to improve is the salary. Way below industry average, says one employee. Merck consistently underpays for the industry, and this is marginally offset by the benefits package. I m not sure if it s worth it, to tell you the truth. Another contact shares.

GETTING HIRED

The way in

The company has a page dedicated to career issue on its corporate website at: www.merck.com/careers/ where you can search for open positions in the United States or in one of the other countries where Merck has a presence. The company also has information about it intern and graduate assistant programs. The Intern/Graduate Associate program usually lasts between 10-12 weeks and includes one or more projects, while the company s co-op program lasts 6 months.

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LOCATIONS

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DEPARTMENTS

Animal Health Biomedical Research Consumer Health Corporate Research Human Resources Infant & Baby (Gerber) s Legal and General Affairs Oncology Ophthalmics OTC Pharmaceuticals Pharma Development Public Affairs and Corporate Communications Sandoz Transplantation & Immunology

THE STATS

Employer Type: Public Company
Stock Symbol: NVS
Stock Exchange: NYSE
Chairman and CEO: Daniel L. Vasella
2003 Employees: 78,541
2003 Revenue ($ mil.): $24,864
2003 Income ($ mil.): $5,016

KEY COMPETITORS

Johnson & Johnson
Merck
Pfizer

EMPLOYMENT CONTACT

www.novartis.com/careers/careers-novartis.shtml

THE SCOOP

Swiss peak

The Swiss may be famous for their neutrality in world politics, but they ve also developed a hearty pharmaceutical industry, and Novartis International AG, headquartered in Basel, leads the pack.

Business is booming at the $24.9 billion company: It has launched more than 11 new medicines in the U.S. since 2000 and received seven major approvals for new drugs in 2003 alone. Novartis boasts 360 independent affiliates in 140 countries around the globe.

What s what at Novartis

Novartis Pharmaceuticals organized into the units of Primary Care and Specialty Medicines is the main branch of the company, accounting for 64 percent of sales in 2003. Primary Care includes a wide range of products for several disease areas, in particular products for treating cardiovascular diseases and central nervous systems disorders as well as dermatological and gastrointestinal disorders. Novartis Specialty Medicines brings together three high-growth businesses Oncology, Ophthalmics and Transplantation & Immunology particularly since Novartis is one of the top five players in oncology due to the rapid development and success of the leukemia drug Gleevec.

Novartis Consumer Health, the company s other division, is made up of the business units Sandoz (Novartis Generics), over the counter (OTC), animal health, medical nutrition, infant and baby, and CIBA Vision.

Novartis is the only major pharmaceutical company to have achieved global leadership positions in both patented and generic pharmaceuticals. The company s objective is to strengthen its position as a medicines company, offering a broad range of drug treatment options to patients and physicians. Novartis offers, patent-protected medicines that address unmet needs, cost-effective generic medicines and leading OTC brands.

A new day

Novartis was created in 1996 through the merger of two big Swiss chemical and life sciences companies, Sandoz and Ciba-Geigy. It s been steadily growing since then

with a particular penchant for opening up new research centers. In 1998, it set up the Novartis Institute for Functional Genomics. Then in 2001, it opened the Novartis Respiratory Research Centre, the biggest of its kind in the world, in the southeastern English town of Horsham. Later, the company headed to the biotech hub of Cambridge, Mass., when the re-organization of its global research network resulted in the creation of the Novartis Institutes for BioMedical Research (NIBR). Then in July 2004, Novartis expanded its presence in Singapore, opening the Novartis Institute for Tropical Disease with a particular focus on biomedical search for two troubling diseases dengue fever and drug-resistant tuberculosis (TB). Additional company research sites are located in Switzerland, Austria, Japan and various other U.S. locations.

Novartis has poured $760 million into renovating the old Necco candy factory in Cambridge, creating 764,000 square feet of laboratory space, as well as 400 new jobs (which it plans to bump up to 1,000 in the future). In the coming years, the company expects to invest another estimated $10 billion into the building. One part of the building that has yet to be renovated is its old, rusty water tower, painted in layered pastels to resemble Necco s signature candy wafers. Rather than tear the tower down, Novartis announced a design competition for the 21-foot-high tower in February 2004. The company has sent out notices to hundreds of area artists and design schools, as well as Cambridge city schools, which will each receive a $500 grant for participating, even if they only submit one idea.

Allegiances

Despite a couple of rounds of layoffs 172 ophthalmics jobs in Duluth and 87 workers in Maryland, both after sales of subsidiaries Novartis continued to add to its portfolio with strategic partnerships. In 2003, it paired up with Cell Genesys to develop and market oncolytic virus therapies; with Britannia Pharmaceuticals Limited to speed up work on an advanced nasal powder to treat migraines; with Sankyo of Japan to produce a treatment for gastro-esophageal reflux and peptic ulcers; and with Momenta Pharmeceuticals to develop technology that utilizes complex sugars in drug discovery.

Novartis has also grown the old-fashioned way: by buying up parts of other businesses. In December 2003, the company spent $385 million to purchase an adult nutritional business from Bristol-Myers Squibb, a subsidiary of Mead Johnson & Company. In June 2004, Novartis announced the acquisition of two generic drug companies, the Danish company Durasacan A/S from AstraZeneca plc and Sabex Holdings Ltd. of Canada.

No deal

But not every company was so anxious become part of the Novartis family. A longstanding rumor in the industry was that Novartis would take over Swiss rival Roche, but Roche has steadfastly proclaimed it would never allow the deal to go through. After Novartis revealed at the end of 2003 that it had increased its share of Roche holdings to 33.3 percent of the company s bearer shares and about 6 percent of the entire company (the upper limit in Switzerland before a company must begin a formal takeover bid), Roche s chairman and CEO, Franz Humer, defiantly told The New York Times, There is absolutely no interest in any deal with Novartis on the part of Roche shareholders. As the world s top maker of cancer drugs, including medicines for Hodgkin s lymphoma and breast cancer, Roche has continued to declare its independence in the three years since Novartis first acquired some of its stock.

Novartis also took a pass in April 2004 at acquiring French rival Aventis after getting involved in a three-way battle with Sanofi, which eventually acquired Aventis in a hostile-turned-friendly transaction.

A step too far?

The feds turned their sights on Novartis for its Lamisil ads. The pill treats toenail infections but can also cause liver and kidney problems as side effects. Viewers, however, might not have noticed the announcement of this disclaimer because of the music and graphics in the ad. In addition, the Food and Drug Administration found that the TV spots didn t get across an important point clearly enough: that only 38 percent of clinical trial patients were completely cured. In August 2003, the FDA said the commercials should be pulled off the air.

Growing strong

Novartis reported a 19 percent rise in its 2003 sales to $24.9 billion and a 6 percent increase in net income to $5.0 billion. It even reported in dollars for the first time in 2003 so that investors and observers could more easily compare results with its rivals across the ocean in the U.S., Novartis biggest market for pharmaceuticals. The strong financials and gain in market share made Novartis the fifth largest drug company in the world in 2004.

WHO cares

Like other pharmaceutical companies, Novartis has reached out to form not just new partnerships, but new kinds of collaborations as well. The company has started focusing more on customer-oriented tactics instead of fixating on products alone. In particular, Novartis inked a five-year deal with the World Health Organization to make tablets to treat tuberculosis for emergency situations in developing countries, with the hope of boosting patient compliance with medication routines and cutting the chances of developing drug-resistant TB. The partnership keeps poorer patients healthier while bumping up the company s brand loyalty and socially responsible image among investors and advocacy groups.

GETTING HIRED

Don t call us; we can t call you

As long as a position is listed on Novartis career page web site, consider it available. Posting open spots externally is also company policy. The company has more than 6,000 sales representatives in the U.S. and is constantly seeking qualified candidates. By browsing the site s FAQs, applicants can also find out how to submit their information by snail mail. They ll also discover that there s very little way to ever find out what happens to their resumes once submitted the company admits that due to the high volume of inquiries it gets, it doesn t provide any one-on-one answers to questions about jobs or applications.

Spontaneity counts

If you don t see the specific job opening you ve been hunting for, you can submit what Novartis calls a spontaneous application. It s a general resume submission, accompanied by a detailed questionnaire about your qualifications and interests, which depending on whether you re applying for positions in the U.S., Switzerland or another location, will include language skills, employment history, educational background and other fields of interest. Novartis particularly encourages applications from professionals with science backgrounds who are interested in transitioning into marketing careers.

For the latter, you can even choose five behavioral skills that describe your personality, such as strategic thinking and acting and leading though vision and values, or group-oriented straits like contributing to team success.

Rewards

Novartis encourages performance by offering rewards and benefits for jobs well done. In addition, it touts the theory that employees are knowledge workers and that its locations around the globe are not factories, plants or industrial parks, but campuses. Novartis has backed up this talk by remodeling sites, starting for now with its headquarters in Basel, as towns within towns that incorporate landscaping, parks, cafes and service facilities.

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LOCATIONS

New York, NY (HQ)
Ann Arbor, MI Cambridge, MA Groton, CT La Jolla, CA Morris Plains, NJs New London, CT Peapack, NJ Amboise, France Nagoya, Japan Sandwich, England Tokyo, Japan Toronto, Canada

DEPARTMENTS

Accounting Administration Chemical Services Communications/Public Relations Corporate Affairs and Policy Customer Service Engineering Environmental/Health & Safety Executive Facilities Finance Human Resources Information Technology Legal/Patents/Corporate Affairs Logistics Maintenance Management Manufacturing Marketing Medical Pharmaceutical Sciences Operations Procurement Purchasing Quality Control/Quality Assurance/Process Development Regulatory Affairs Research & Development Sales Scientific Project Management Strategic Operations Supply Chain Veterinary Medicine

THE STATS

Employer Type: Public Company
Stock Symbol: PFE
Stock Exchange: NYSE
Chairman, President, and CEO: Henry A. (Hank) McKinnell Jr.
2003 Employees: 122,000
2003 Revenue ($ mil.): $45,188
2003 Income ($ mil.): $3,910

KEY COMPETITORS

GlaxoSmithKline
Johnson & Johnson
Merck
Procter & Gamble

EMPLOYMENT CONTACT

www.pfizer.com/are/careers/index.html

THE SCOOP

Pharmaceutical giant

Pfizer is the world s largest research-based pharmaceutical firm in terms of sales. Its biggest selling prescription drug is the cholesterol-lowering Lipitor, which Pfizer gained when it acquired Warner Lambert in 2000 for a whopping $90 million. Its other drugs include the hypertension drug Norvasc, the popular anti-depressant Zoloft and the anti-impotence pill Viagra. The New York-based firm also offers a variety of well-known consumer products, such as Visine, Listerine, Dentyne and Zantac, as well as healthcare products for livestock and domestic animals. With three business segments, health care, animal health and consumer health care, the company offers its products in more than 150 countries.

A long history

Pfizer was founded by cousins and German immigrants Charles Pfizer and Charles Erhart in 1849 in Brooklyn, N.Y. For decades, citric acid was the company s most popular product, but when the availability of the ingredients needed to make the product slowed during WWI, Pfizer was forced to find new supply sources. It did so after years of experimenting with fermentation, a process that eventually enabled Pfizer to produce penicillin on a large-scale basis, as it did during WWII. Over the next few decades, Pfizer diversified into animal health care and expanded its pharmaceutical business overseas. Warner Lambert, for its part, began as a mom and pop pharmacy in Philadelphia in 1856. The firm grew through a series of partnerships, ventures and acquisitions. Of particular note is the purchase of Parke Davis in 1970. By 1999, it was among the world s top 10 producers of over-the-counter medicines and the leading producer of fish food and aquarium products. The company is perhaps best known for its cholesterol-lowering drug Lipitor, which is the world s top selling drug, and for its erectile dysfunction drug Viagra.

Some big buys

In 1999, Pfizer made an unsolicited $82.4 billion offer for Warner Lambert, just a few hours after the rival drug firm agreed to merge with American Home Products (now Wyeth). Pfizer s offer was significantly sweeter than AHP s, but it seemed Warner Lambert was not interested. Pfizer eventually won its hostile bid for Warner Lambert and the two companies merged in June 2000. (AHP walked away with a $1.8 billion breakup fee the largest in history.) The combined company kept Pfizer s name and

New York headquarters, while Warner Lambert s New Jersey home base became the site for the company s consumer products division.

In July 2002, Pfizer again agreed to buy another big pharmaceutical peer, this time it was Pharmacia Corp. In an all-stock deal worth $60 billion, the merger gave Pfizer the rights to Pharmacia s wildly popular Celebrex arthritis drug, giving rise to an industry juggernaut with more than $48 billion in annual revenue. Pharmacia s Celebrex, and its follow-up drug Bextra, had sales of $2.4 billion in 2003. In December 2002, shareholders of Pfizer and Pharmacia Corp. voted to approve the proposed acquisition. Pfizer successfully completed its acquisition of Pharmacia in April 2003. For the full year 2003, the company racked up $45 billion in revenue, up from $32 billion in 2002. In June 2004, Pfizer Inc. purchased a cancer treatment from Paris-based Sanofi-Synthelabo for about $620 million. If the deal is approved by regulators, Pfizer will take over clinical studies for Campto, a treatment for advanced colorectal cancer.

Not all winners

Inspra, a medicine for heart failure, is one of the biggest disappointments to come out of the company s purchase of Pharmacia. Before the merger in 2002, analysts had been forecasting that Inspra could become a billion-dollar pill. Instead, sales in the second quarter of 2004 were a miniscule $1 million. Pfizer replied to the disappointing numbers by saying that a quarter of the cardiologists in the United States had tried the drug in some of their patients, and a slow ramp-up in sales was always expected.

Selling off

In March 2003, Pfizer successfully sold its Schick-Wilkinson razor business for a cool $930 million in cash to U.S. battery maker Energizer Holdings Inc. as part of a generalized shedding of non-core assets. In keeping with that goal, the company brokered a deal in December 2002 to sell Adams, its little-known candy division (which makes Trident, Certs and Halls), to Cadbury Schweppes for $4.2 billion. Pfizer had been trying to sell Adams since June of the same year, when the company originally announced its intention to shed the candy company. The deal was completed in March 2003. In December 2002, Pfizer India announced that it would sell its Protinex food supplement business in India to East Asiatic Company of Denmark for $7 million. Just a month earlier, Pfizer announced an agreement to sell its Tetra aquarium and pond supply business for $238 million. In March 2003, the

company sold the oral contraceptive lines Loestrin and Estrostep to Galen Holdings, the Northern Irish pharmaceuticals business, in a deal valued at ¬309.2 million ($484 million). Pfizer went on to sell rights to its hormone replacement therapy, femhrt, to Galen in April 2003. Most recently, in January 2004, Pfizer agreed to sell its in-vitro allergy and autoimmune diagnostic testing business for $575 million to Triton and in August, sold its Italian generic pharmaceutical marketing company, Dorom Srl to Israeli drug maker Teva Pharmaceutical Industries Ltd. The transaction which is valued at about $85 million is expected to close in December.

Investing in R& D and people

Pfizer employs more than 12,000 people at its research and development centers around the world. In 2003, Pfizer invested $7.1 billion in R&D, more than any other firm in the industry, and now has 200 projects in its pipeline. Thanks to its heavy investment in R&D, Pfizer now markets 14 of the world s top-selling medicines, more than any other company. One of those drugs is the cholesterol-lowering treatment Lipitor, with saw sales of $9.2 billion in 2003, an industry record. Besides longtime blockbusters like Viagra and the hypertension treatment Norvasc, other lucrative drugs for Pfizer include anti-depressant Zoloft, which was approved by the FDA in February 2003 to be marketed as a treatment for social anxiety disorder, and the antihistamine Zyrtec.

In August 2004, Pfizer also announced the start of a new program, called Pfizer Helpful Answers which helps the uninsured get Pfizer medicines for free or at significant savings. The company has set up a web site and a toll-free number for uninsured people to call to find out how to enroll in the program.

New products

In August 2004, it was announced that Eyetech Pharmaceuticals drug to treat the leading cause of blindness in the elderly was moving closer to gaining government approval after an advisory panel to the Food and Drug Administration spoke favorably about it. The FDA is scheduled to make a decision on the drug by mid-December, and Pfizer is slated to sell the drug in partnership with Eyetech. The biggest concern of the FDA was that 2 percent of patients in the clinical trials developed potentially serious eye infections. Up to this point, only one drug has been approved for wet macular degeneration, Visudyne, which is sold by Novartis.

Viagra mania

Pfizer has received a lot of attention for its blockbuster anti-impotence drug Viagra, which was launched in 1998. In its first month on the market, the little blue pill generated over $100 million in sales, making it the fastest-selling new drug ever. By 2004, some 16 million men have been prescribed the drug, and according to the company, nine pills are distributed every second worldwide. But Viagra hasn t been without its faults. Dozens of people claim to have suffered heart attacks caused by the drug, and several lawsuits have been brought against the drug maker. All of the suits, however, have been dismissed. Due to the popularity of Viagra, Pfizer sought to fight off bids by other drug companies to develop similar drugs. After winning a U.S. patent for Viagra as a treatment for erectile dysfunction in October 2002, the company immediately turned to the court system to try to keep two joint ventures led by Eli Lilly and Co. and Bayer AG from getting a piece of the $2 billion impotence market dominated by Viagra. The lawsuits, filed the same month that Viagra obtained its patent, accused the two rival companies of patent infringement. Based on method of use, the patent bars other companies from treating erectile dysfunction with the same type of drug, oral PDE-5 inhibitors, and is supposed to protect Viagra until 2019. In effect, the lawsuits stood to limit choices by doctors and patients seeking remedies for impotence and prop up Viagra s prices by reducing competition from similar products. Viagra is relatively expensive, selling through online and conventional pharmacies for $4.95 to $11.95 for one 50 mg dose.

The lawsuits amount to an aggressive move by Pfizer to claim the rights to a method for influencing biology. Typically, drug makers patent only the chemical structure of drugs and the way they re made. Pfizer asked a federal judge in Delaware to block Lilly and its joint-venture partner Icos Corp., along with Bayer and its joint-venture partner GlaxoSmithKline, from selling their anti-impotence drugs because they inhibit the same enzyme, PDE 5, that Viagra acts on. By acting on the enzyme that restricts blood flow, Viagra allows patients to achieve erections. Keeping competitors at bay also would allow Pfizer to reap more profits from an erectile dysfunction market that s expected to double to 322 million men worldwide over the next 20 years, according to a study cited by Bayer and Glaxo. Pfizer s earlier method-of-use patent on Viagra, obtained in 1993 and set to expire in 2013, sought to prohibit other companies from utilizing the active ingredient, sildenafil citrate. That patent, however, hasn t withstood scrutiny abroad, and it was ruled invalid by the High Court of London and the European Patent Office in 2000. Unfortunately for Pfizer, major rivals Bayer and Glaxo won the FDA approval they were seeking, and their anti-impotence drug Levitra hit the U.S. market in September 2003. Lilly and

Icos also received federal clearance and released their drug, Cialis, shortly after Levitra.

GETTING HIRED

The way in

The company s web site, www.pfizer.com, provides information on a wide range of openings, as well as links to other Pfizer job pages. Interested applicants can apply online for specific positions and submit a resume to the company database. Pfizer actively recruits on a number of undergraduate and graduate campuses across the country, including Harvard, Columbia, Northwestern and the California Institute of Technology. Positions are available in the six divisions of the company: animal health; consumer healthcare; corporate, which includes human resources, business/information technology and finance; global manufacturing; global research and development; pharmaceuticals; including sales operations. Requirements vary according to position, and the company looks for candidates with degrees ranging from BS to MBA to Ph.D. Previous experience in the industry is a plus in all departments, and insiders tell us that recruiters are looking for knowledge of chemistry; willingness to travel; good interpersonal and organizational skills; and experience with marketing. Internships and co-op programs are also available in a wide range of divisions, and MBA candidates will discover several options open to them. Check the web site for detailed descriptions and contact information, which vary with each operating group.

Interviewing tips

Insiders warn that interviewing at Pfizer is not an easy process and may involve up to two days of interviewing and meals with company officials. Each interview will focus on one particular area, such as technical skills, teamwork abilities, communications, outside interests, among others. For some departments, the company may even require the candidate to give an hour-long presentation on a subject of the candidate s choosing, usually related to the department s work. As one contact says, You can probably expect a screening interview followed by a district manager interview, then a regional manager interview for most positions. Some of their questions can get pretty in-depth, so I d suggest doing as much research on the company and the industry as possible beforehand.

OUR SURVEY SAYS

Conservative, but not stuffy

Pfizer insiders indicate that their company isn t exactly freewheeling. The culture of Pfizer is conservative, as would be expected of a major healthcare company, says one. Another agrees: As a company we are very, very, very conservative and don t enjoy high-risk decisions. Pfizer s conservatism, however, doesn t seem to mean that day-to-day life is stuffy or overly formal. People are most often on a first-name basis, little in the way of formality, says another contact who notes that even titles are evolving here from manager to team leader.'" Another concurs: It has a reasonably open and democratic structure, so while there is a defined line management structure, within that you are able, even expected, to make a personal contribution. One contact doesn t think that the company s conservatism is that big of a deal, Sure, it can be a bit stuffy here, but what do you expect from a Fortune 500 company? We re somewhat formal but that doesn t mean that you don t get along with the people you work with. There s a time and a place for everything. I think the environment is pretty appropriate for the size of the company and the quality of work we do.

The huge volume of Viagra-powered publicity and glowing articles in top magazines like Fortune have warmed the hearts of our Pfizer insiders. It s actually nice working for a company with such great name recognition. Reports one insider. There s an element of pride that Pfizer employees have and I think that it really carries over into our work. The company is in a strong position and we want to make sure it stays that way. Another source notes that pharmaceutical sales certainly represents the elite of post-college opportunities for those interested in sales, or marketing for that matter. Of the pharmaceutical companies, Pfizer is very highly regarded for the strength it has in sales, marketing and research. Another insider picks up the refrain of many industry analysts: Pfizer is well-positioned to be what Merck used to be in the 90s. It s important to be a team player at Pfizer. one contact counsels.

Judging by our contacts comments, now is the right time to work for Pfizer. We re a company that continues to grow. says one contact. I d say get in if you can, your career will be better off for it. Another contact seems to agree, saying, It certainly won t hurt your career to have Pfizer on your resume. The company, while conservative, still manages to be innovative in its product line and that s recognized in this industry and in the business world in general. Another adds, Working for

Pfizer is a fine experience. One contact in Animal Health notes simply, I like the working environment here.

The pay s the thing

Pfizer is flush with capital, and beyond ploughing the dough into research and development, the company seems to be paying its employees very well. Competitive, says one. Another seems to agree, saying The salary and benefits package is pretty fair overall. I don t have any complaints. Yet another contact agrees with a little more gusto: The salaries are excellent, and the benefits are among the best in the industry. The same contact indicates that annual pay raises ranges from three to five percent in production and four to six percent in sales, but also gives this advice: Make sure you negotiate your salary and are very happy with it. No number is too large at Pfizer if you have the qualifications.

Pharmacia Corporation

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LOCATIONS

Kalamazoo, MI
Bridgewater, NJ

THE STATS

Employer Type: Public Company
Stock Symbol: PHA
Stock Exchange: NYSE
Chairman and CEO: Fred Hassan

KEY COMPETITORS

Warner-Lambert

EMPLOYMENT CONTACT

Human Resources
Phone: (800) 253-9860

THE SCOOP

From Celebrex to Nicorette

Pharmacia is one of the world s leading drug companies, and once its $60 billion merger with Pfizer goes through in early 2003, it will be part the largest drug company in the world. The company s best-known prescription drugs include Celebrex, Ambien and Xalatan, whereas Rogaine and Nicorette are some of its most popular over-the-counter products.

The evolution of Pharmacia

Pharmacia s roots date back to 1853 when Italian pharmacist, Carlo Erba, started his own company. His company later merged with Sweden s Kabi Pharmacia to become Pharmacia AB in 1993. Two years later, it merged with The Upjohn Company, which was started in 1886 by Dr. W.E. Upjohn in Kalamazoo, Mich. The combined firm became a global provider of human healthcare products, animal health products, diagnostics and specialty products. In 1998, Pharmacia & Upjohn moved its headquarters from the United Kingdom to New Jersey. Two years after that the firm acquired Monsanto, which was formed in 1901 by entrepreneur John Queeny in St. Louis, Mo. The newly formed company became known as Pharmacia Corporation.

Spinning off Monsanto

One of the main reasons Pharmacia & Upjohn bought Monsanto in a $27 billion deal was for its G.D. Searle drug unit, which launched the blockbuster arthritis drug Celebrex in 1999. Once the deal was completed in March 2000, Pharmacia decided to keep Searle and sell 15 percent of the remaining Monsanto agricultural unit in an initial public offering. Then, in November 2001, Pharmacia s Board of Directors approved a formal plan to distribute the remaining 84 percent of Monsanto in a tax-free dividend to Pharmacia shareholders. The spin-off of Monsanto allowed Pharmacia to devote time and effort to its core assets.

The product line

Pharmacia s prized possession is Celebrex, which was gained through the 2000 acquisition of Monsanto. The drug is the number one selling prescription arthritis medication in the world and the drug industry s most successful new product launch ever. In 2001 Celebrex received FDA approval for new indications to treat acute pain

and menstrual cramps. That helped push sales of the drug to $3.1 billion dollars in 2001, a 19 percent increase over 2000. Other top money makers for Pharmacia in 2001 were insomnia treatment Ambien ($902 million), glaucoma medication Xalatan ($818 million), overactive bladder treatment Detrol/Detrusitol ($617 million), metastatic colorectal cancer treatment Camptosar ($613 million), and growth hormone drug Genotropin ($511 million). In order to roll out products like this, Pharmacia invests approximately $2 billion a year in research & Development. The companys research activities are focused primarily in the areas of cancer, arthritis, inflammation and pain, central nervous system disorders, infectious diseases, cardiovascular and metabolic diseases, ophthalmology, urology and women s health.

Over-the-counter drugs

Pharmacia has improved the bottom line of its consumer healthcare unit by moving some of its prescription brands to over-the-counter status. In 2001, sales of consumer health care products rose 14 percent to $732 million. The main driver of that growth was the line of Nicorette smoking cessation products, which racked up $299 million in sales in 2001, a 37 percent increase over 2000. Sales of over-the-counter Rogaine hair regrowth products were also strong, raking in $117 million for the year. Pharmacia added a new product to its consumer health care unit in 2001 by acquiring Luden s throat drops.

New launches

The company is still waiting for FDA approval for its hypertension treatment eplerenone, which could be Pharmacia s next blockbuster. The company plans to file an additional application for the drug as a treatment for heart failure in the first half of 2003.

Getting hitched

In July 2002, Pfizer agreed to buy pharmaceutical peer Pharmacia Corp. in an all-stock deal worth $60 billion. The merger, which gives Pfizer the rights to Pharmacia s wildly popular Celebrex arthritis drug, will give rise to an industry juggernaut with more than $48 billion in annual revenues. Pharmacia s Celebrex, and its follow-up drug Bextra, are expected to have sales of $3.8 billion in 2002, according to The Wall Street Journal. The merged company will be the biggest pharmaceutical company in the world, with an estimated global market share of 11 percent, Reuters reported.

In December 2002, shareholders of Pfizer and Pharmacia Corp. voted to approve proposed acquisition. The companies had hoped to complete the deal before the end of the year, but in November they said requests for more information by European regulators could delay the closing until early 2003.

Giving back

Pharmacia also takes part in many acts of charitable giving, providing its drugs for free to people and communities who cant afford treatment. For example, due to Pharmacia s donation of one of its oncology drugs, hundreds of children in East Africa are being cured of Burkitt s Lymphoma, a form of cancer. BL is a malignant, rapidly growing tumor of the jaw, face or eye. It occurs in young children who live in areas of Africa that have a high prevalence of malaria and is always fatal unless treated. BL is one of the few cancers that can be cured with chemotherapy alone. Pharmacia s NEOSAR is successfully used in the treatment of BL. In December 2000, Dr. Glen Brubaker, medical advisor to Interchurch Medical Assistance, Inc., traveled from the United States to Shirati Hospital in Tanzania, carrying 288 vials of NEOSAR, enough to treat 24 children. The hospital had reported an increase in the number of BL patients and an inadequate supply of the drug. When a larger supply of the drug was requested to combat BL in East Africa, Pharmacia responded by sending a shipment of 4,200 vials of NEOSAR via airfreight to Tanzania. To date, more than 375 children have been treated.

Pension issues

In some bad news to employees preparing to retire, in November 2002, Pharmacia announced that it was slashing pensions for thousands of employees as the company prepares for its acquisition by pharmaceutical giant Pfizer. The impact on workers who leave or lose their jobs after the Pfizer takeover will reportedly depend on the age, pay, and seniority of each employee. Some workers could lose thousands of dollars, the Wall Street Journal reported. At the same time, Pharmacia also made changes that will prevent workers who are already vested in their pensions from taking retirement funds when they leave. In its defense, Pharmacia noted that benefits such as severance pay and medical benefits for retirees were increased.

As can be imagined, the announcement didn t necessarily go over so well with Pharmacia workers, especially considering that the top eight executives at the company will get $110 million in severance and pension benefits when the acquisition is complete. Pfizer is expected to cut thousands of jobs after the $60

billion acquisition of Pharmacia. Most of the job cuts are expected to come from Pharmacia s 2,200 workers in New Jersey. Experts said Pharmacia made the pension changes in the hope of avoiding paying millions of dollars into its underfunded plan before the acquisition. They said Pfizer does not want to be responsible for the cost when laid-off employees seek payment.

Warning!

Late in 2002 Pharmacia was given the kind of news that no pharmaceutical company ever wants to receive. In November, the FDA said it has received about 20 reports of serious reactions to Bextra since sales of the drug began in March 2002. Bextra, a second-generation COX-2 inhibitor used to treat arthritis and menstrual cramping, reportedly causes a variety of problems, which include the skin diseases Stevens-Johnson syndrome, toxic epidermal necrolysis and exfoliative dermatitis, as well as allergic reactions. The FDA estimates about 800,000 to one million people recently began taking Bextra. The skin disorders linked to the drug are tied to the immune system, and are believed to be more likely occur during the first few weeks of use, rather than after the body becomes accustomed to the medicine.

The conditions can be life-threatening, and a few patients required hospitalization. Stopping Bextra at the first sign of a rash lowers the chance of suffering a severe reaction, said Dr. Lawrence Goldkind, FDA s deputy director for painkillers according to an Associated Press report. In addition, the FDA warned that Bextra should not be used by anyone allergic to sulfa-containing drugs. Upon receiving the news, Pharmacia wrote thousands of doctors alerting them to the warning.

GETTING HIRED

Pharmacia Corporation offers exciting and challenging positions which combine the benefits of working with a team with the fulfillment of individual contributions and performance. Right now, we re growing one of the most dynamic pharmaceutical sales forces in the business, reports one insider. Those interested in a U.S. sales position should log on to www.pnucareers.com for an updated list of openings. Here, Pharmacia will post career opportunities as it continues to grow our dynamic pharmaceutical sales team. Applicants may send their resumes online or contact Pharmacia Corporation by phone, fax, mail or e-mail. One employee advises, We are currently hiring sales representatives to call on doctors around the country, and the salesforce is about half women. If you re interested, it s a good time to be hired.

Pharmacia Corporation s departments conduct their hiring independently of one another, and procedures differ. The company recruits regionally for office and technical, as well as for pharmaceutical sales positions. Pharmacia Corporation also advertises top professional positions in The Wall Street Journal, Science magazine, and some local newspapers. According to the New Jersey Monthly, new employees at Pharmacia receive twelve days of vacation in their first year and three weeks after that, in addition to nine paid holidays and four floating days. The 401(k) plan matches 100 percent of the first five percent of salary. Full tuition reimbursement and a pension plan are also offered. Pharmacia has a resource and referral network for child and elder care, and adoptive parents are reimbursed for a portion of their expenses.

Culture clash

The Pharmacia & Upjohn merger gave both source companies an even broader international outlook without significantly changing how the company treats its workers. However, some employees report that the culture clash between a Swedish company and a Midwestern company has been difficult to resolve, resulting in slowing production and confusion. Employees feel confident, however, that they are on the right track now.

Many Upjohn employees feared that the merger with Pharmacia would cost the company its family style of management and family-oriented practices. The best attribute of Upjohn, according to one insider, was that the company was very people-oriented. The company thinks about its associates first, even when making business decisions, so employees feel their level of job security is pretty high. Advancement depends on the person, but one insider notes, I find it slow, to be sure. The slow mobility may be due to the high retention of associates.

Changing slowly but surely

Pharmacia Corporation has many minorities and women in middle management, but there are significantly fewer minorities and women in top management. Things maybe changing, as Pakistani CEO Fred Hassan s first hire was a woman, who is second in charge now. There is also a female Chief Information Officer, and several women VPs.

Salary insights

The culture of the company is changing, says one contact, but the current Pharmacia Corporation offers a small-company atmosphere that encourages individual freedom. Another contact agrees, saying You re given some room to make decisions here. The management structure is in control, of course, but they allow you to be creative. Pay is not the best, but it s also not the worst as the company tries to stay at least average. Some are a little less understanding about the pay scale, however, saying, The pay isn t great, but gets better as time goes on. Pharmacia is a good company to have on your resume, so it probably all works out in the end. Others find the salary more generous and note it s higher than what Pharmacia s rivals offer. Benefits include a profit-sharing bonus given once a year on a company-wide basis, several performance awards;" there is also a cafeteria style benefits program, so you can pick and choose those benefits applicable to you, as well as a 401(k) and retirement plan. The savings plan is very good, says one employee. It gives you 50 percent extra for every dollar saved, up to a 5 percent maximum.

Moving everything around

Some employees bemoan a strict dress code and a workweek that can stretch into eternity when project deadlines near. The company s relocation of the North American Marketing and Sales staff to its New Jersey headquarters leaves many insiders feeling as if the corporate culture is still up in the air, and no one is sure exactly how the dust will settle. Many contacts remain hopeful, however, that Pharmacia will become an industry leader with time and acknowledge that change was necessary.

One thing that some contacts aren t so sure about is the fallout from the impending merger with Pfizer due to take place early in 2003. There are a lot of nervous people around here. One source admits. We assume that there are going to be some layoffs due to overlap, we just don t know when, where or how big. Another contact agrees, saying I ve been kind of walking on eggshells, trying to figure out what the merger will mean.

Roche Group

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LOCATIONS

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Africa
Asia
Australia
Canada
Europe
New Zealand
South America
United States

DEPARTMENTS

Administration
Consumer Health
Diagnostics
Pharmaceuticals
Safety & Environment

THE STATS

Employer Type: Public Company
Stock Symbol: RHHVF (ADR)
Chairman and CEO: Franz B. Humer
2003 Employees: 65,357
2003 Revenue ($ mil.): $25,132
2003 Income ($ mil.): $2,471

KEY COMPETITORS

Aventis
Dade Behring
Schering-Plough

EMPLOYMENT CONTACT

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www.roche.com/home/careers.htm

THE SCOOP

Health care stalwart

When Fritz Hoffmann founded F. Hoffmann-La Roche & Co. near the Rhine in Switzerland in 1896, he sought to produce medicines on an industrial scale outside the pharmacy and sell them on the international market. Among the first products introduced by the young company was Airol, a wound antiseptic that debuted in Germany. Today, Basel, Switzerland-based Roche has grown into a global health care player, with more than 140 subsidiaries around the world across three divisions (pharmaceuticals, diagnostics and vitamins).

Prescription for growth

The company opened European subsidiaries in the latter part of the 19th century and into the early 1900s. Roche then crossed the ocean to launch its first U.S. subsidiary, Hoffmann-La Roche Chemical Works Inc., in New York City in 1905. In 1909, Roche s Pantopon entered the market. The pain, anxiety and cough reliever is still sold in a few countries, making it the longest-selling product on the company s roster of drugs. A series of international events including a German boycott of Roche products and the loss of a Russian operation as a result of the 1917 revolution prompted Roche to become a limited company in 1919.

Entering new markets

Roche s entry into the vitamin market came in the 1930s after scientist Tadeusz Reichstein offered the company a workable method of synthesizing vitamin C. During the late 1930s and into the subsequent decade, Roche began producing a variety of different vitamins and became a leading supplier. With the 1958 acquisition of Geneva-based Laboratoires Sauter S.A., a manufacturer of sticking plasters and adhesive bandaging, Roche increased its presence in the non-prescription drug segment. Four years later, the company debuted Fluoro-uracil Roche, its first anti-cancer drug. A year later, the company launched Valium, which became a worldwide blockbuster. In 1968, Roche created its diagnostics department. Roche acquired a majority interest stake in genetics firm Genentech in 1990, and in 1994 bought Syntex Corporation, a U.S.-based pharmaceuticals maker, which subsequently became Roche Bioscience. As a result of its global reach, Roche products can be found in more than 150 countries.

These days, Roche has an eye on diagnostic testing. The company solidified its presence in this market with its 1997 acquisition of Boehringer Mannheim. Diagnostic testing allows companies to develop drugs designed to target very specific disease variations a key activity in devising efficient treatments, as only 60 percent of patients see favorable effects from major drugs. In July 2003, the company announced that it would acquire Igen International, a Gaithersburg, Md.-based developer of blood testing technology. Igen s technology is used in industrial food and water processing. Under terms of the deal, Roche will spin off a new unit after completing the acquisition. The new company, called BioVeris, will continue to be run by Igen s current management, but enables Roche to access Igen s blood testing technology. Ironically, Roche came close to losing this technology because of a legal dispute with Igen over Roche s licensing of it. Igen had previously sued Roche for underpayment of fees, and won court approval to cancel the license. But the companies managed to make up, and in the process negotiated a deal to join forces. Roche closed on the $1.4 billion purchase in the first quarter of 2004.

Parlaying promise into pipeline

In April 2002, Roche said it would file 17 new drug applications through 2005 targeting cancer, rheumatoid arthritis and AIDS, among other afflictions. Roche also has 74 pharmaceutical projects in the development stage and another 138 projects in the research stage. Looking ahead, the company plans to expand its position in the diagnostics market, especially in genomics, blood screening and virology.

Big bucks now, and maybe later

In September 2003, Roche announced a deal that will add $80 million to its coffers. Drug company Protein Design Labs agreed to pay Roche that tidy sum to purchase exclusive rights to market the drug Zenapax. The agreement gives Protein Designs the right to sell Zenapax to treat autoimmune diseases. The drug has another application in the treatment of transplant patients, but Roche has retained the rights to sell the drug for that use until at least 2007.

A May 2003 partnership with Maxygen Inc. has yet to result in a big payday for Roche, but the company is optimistic that it will yield profits down the road. The two companies are working together to develop treatments for hepatitis B and C. Maxygen s research will play a key role in the development of potential drugs to fight these diseases, while Roche will market the drugs worldwide.

Serious concerns

The company has experienced quite a few headaches over its popular acne medication, Accutane. The drug, which has been on the market since 1982, has been found to cause serious birth defects. What s more, Accutane has also been linked to severe depression and debilitating physical ailments.

Accutane had been one of Roche s most consistent money makers, bringing in more than $1 billion annually, according to Biotech Week. However, the company is likely to find the drug to be more of drain on its bottom line than a boon as various Accutane-related lawsuits have been filed against the company.

Roche has sought to curb the number of prescriptions that are given for the drug, warning doctors that it should only be given to patients who suffer from severe acne. Roche, along with the companies that produce the generic version of the drug, have also been active in seeking ways to prevent pregnancies among female users of Accutane. In February 2004, the Food and Drug Administration announced its support for an Accutane registry. Roche and the other makers of the drug also support this action. Under the registry plan, women would not be given their monthly prescription unless they took a pregnancy test that came back negative. The plan also calls for creating a registry of every Accutane patient male and female as well as every doctor prescribing the drug.

GETTING HIRED

Hiring overview

Roche offers job seekers opportunities across its three divisions and in several countries. Start by searching at the company s web site at www.roche.com. Links to different locations, from the U.S. to Switzerland to Spain will show sales and non-sales positions. The company has U.S. locations in New Jersey, California, Indiana, South Carolina and Colorado.

Schering-Plough Corporation

2000 Galloping Hill Rd.
Kenilworth, NJ 07033-0530
Phone: (908) 298-4000
Fax: (908) 298-7653
www.schering-plough.com

LOCATIONS

Kenilworth, NJ (HQ)

United States:
Baton Rouge, LA Berkeley Heights, NJ Branchburg, NJ Cleveland, TN Cranford, NJ Elkhorn, NE Lafayette, NJ Las Piedras, PR Madison, NJ Manati, PR Memphis, TN Miami Lakes, FL Millsboro, DE Omaha, NE Reno, NV San Diego, CA Springfield, NJ Summit, NJ Suwanee, GA Terre Haute, IN Union, NJ

Select international locations:
Argentina Australia Austria Belgium Brazil Canada Chile China Colombia Finland France India Italy Japan Mexico Russia South Africa South Korea Spain Sweden Switzerland Thailand United Kingdom Venezula

DEPARTMENTS

Business segments:
Animal Health
Consumer HealthCare
Prescription Pharmaceuticals

THE STATS

Employer Type: Public Company
Stock Symbol: SGP
Stock Exchange: NYSE
Chairman and CEO: Fred Hassan
2003 Employees: 30,500
2003 Revenue ($mil.): $8,334

KEY COMPETITORS

Abbott Laboratories
GlaxoSmithKline
Johnson & Johnson
Merck
Pfizer

EMPLOYMENT CONTACT

www.schering-plough.com/careers

THE SCOOP

Vulnerable, but still strong

Schering-Plough Corporation has its roots in mid-19th-century Berlin. It was there, in 1864, that chemist Ernst Schering began selling his wares to the city s pharmacists. A century and a half and several acquisitions later, Schering-Plough is one of the largest pharmaceutical manufacturers in the world, with major product lines in both human and animal health and annual sales in the $8 billion range.

However, the 2002 expiration of the patent on its most profitable drug, the anti-allergy product Claritin, cut heavily into profits. Combined with a series of legal woes stemming from market interference and quality-control violations, the result was a disappointing 2003 for Schering-Plough. Sales dropped 18 percent, and in February 2004 Standard and Poor s lowered the company s debt rating from A to A-minus. Schering-Plough doesn t appear to be in any immediate danger of being taken over, but clearly some tough years lie ahead.

In the medicine cabinet

In addition to Claritin now sold as an over-the-counter drug Schering-Plough makes PEG-Intron and Rebetol, two of the leading Hepatitis C drugs; Lotrimin, a leading antifungal; the Afrin nasal decongestant and Nasonex nasal inhaled corticosteroid, for allergies; Temodar, a cancer drug; and a host of less-well-known products. The company partnered with Merck to release Vytorin, an anti-cholesterol treatment combining Schering s Zetia and Merck s Zocor. Vytorin was approved in the U.S. in 2004. And Schering-Plough continues to earn profits from its numerous animal-related products, including growth hormone for cows and vaccines for chickens.

Reliable favorites

Despite revenue losses, Schering s investment in research actually increased in 2003, to $1.469 billion from $1.425 billion the previous year. And in Clarinex, a patented second-generation form of Claritin (it works on indoor allergens as well as outdoor ones!), the company may have found a new, albeit smaller, cash cow. And as summer arrives, the company s Coppertone sunscreen line will also heat up.

Trying times

Still, the end of the Claritin patent has hurt Schering-Plough, and the company does not expect earnings to recover from the loss of sales until such time as the company introduces new products, according to the 2003 annual report to investors. The report notes ominously, that the recovery may take several years.

There s also the matter of two legal affairs that have hurt the company s reputation as well as its wallet. In December 2003, Schering-Plough was judged by the Federal Trade Commission (FTC) to have paid a competitor, Upsher-Smith Laboratories, $60 million to keep a low-cost alternative to one of Schering s heart drugs off the market. And in 2002, the company agreed to pay the government $500 million as part of a consent decree after the Food & Drug Administration (FDA) opened a criminal investigation into quality-control violations at one of its Puerto Rico factories. The consent decree also opened the company s manufacturing practices to increased government regulation.

The company is facing several other looming challenges. A generic form of Rebetol, which was approved in April 2004, will cut into profits from that drug, and Schering-Plough s factories are operating at well below full capacity due to contractions in sales and the effects of the consent decree regulations.

The doctor is in

Faced with these difficulties, the board of Schering-Plough turned to new leadership. Fred Hassan replaced Richard Jay Kogan as chairman and CEO of the company in April 2003. Hassan came from Pharmacia and Upjohn (now Pfizer), another industry giant; before that, he was an executive vice president at Wyeth, heading its pharmaceuticals line, and before that he spent 17 years at Sandoz Pharmaceuticals, now called Novartis, in top management positions. In short, the man knows his industry, and is friends with lots of its top brass. This may account for his interest, and his success, in forming partnerships with other pharmaceutical manufacturers, distributors and marketers a strategy aimed at quickly increasing Schering-Plough s presence in the market without forcing the company to lay out major amounts of cash.

Additionally, in his first six months as CEO, Hassan replaced almost every top Schering-Plough executive with a hand-picked successor. That action is a key component of his five-step plan to unify what had become a fragmented company. By centralizing decision-making, merging supply lines and pushing an across-the-board cost-reduction plan, Hassan and his team hope to quickly stop the

hemorrhaging of company funds. Once this is completed (the company is anticipating a timeframe of two years), the company will enter what it calls the turnaround phase, to be followed by long-term strength building and lastly, by a still-to-be-determined breakout action that will reestablish Schering-Plough as an industry standard-bearer.

Prognosis: a slow recovery

But new leadership notwithstanding, Schering-Plough remains ill. The Standard and Poor s demotion simply put an official stamp on existing investor doubt over the company s ability to turn a profit in the short term. Stock price, dividends, income and capital investment all dropped in 2003, and the company s year-end report warned, 2004 will be even more challenging.

GETTING HIRED

Hiring process

If you want to be a researcher for Schering-Plough, you ll need a Ph.D. in a scientific field from a top university. The company recruits heavily on these campuses. As a global company, Schering-Plough also needs people in the fields of law, public relations, manufacturing and quality control, materials science and engineering, information technology and finance. Candidates will need to show consistent past performance in their fields. Visit www.schering-plough.com/careers to see a listing of open positions.

Schering-Plough offers the standard array of corporate benefits, including medical and dental insurance, a 401(k) plan and disability and life insurance. Not only that, eligible employees are 100 percent covered for prescription drugs made by the company. (No co-pays!) Benefits are extended to spouses and life partners. In addition, some Schering-Plough employees are eligible to receive relocation expenses and depending on location, may have access to on-site healthcare facilities.

Wyeth

5 Giralda Farms
Madison, NJ 07940-0874
Phone: (973) 660-5000
Fax: (973) 660-7026
www.wyeth.com

LOCATIONS

Madison, NJ (HQ)
Collegeville, PA
Puerto Rico

DEPARTMENTS

Administrative
Animal Health
Consumer Healthcare
Corporate
Distribution
Manufacturing
Pharmaceuticals/Research

THE STATS

Employer Type: Public Company
Stock Symbol: WYE
Stock Exchange: NYSE
Chairman, President and CEO: Robert A. Essner
2003 Employees: 52,385
2003 Revenue ($ mil.): $15,851
2003 Income ($ mil.): $2,051

KEY COMPETITORS

Eli Lilly
Novartis
Pfizer

EMPLOYMENT CONTACT

www.wyeth.com/careers/index.asp

THE SCOOP

A clear focus

Madison, Wis.-based Wyeth (formerly known as American Home Products) is one of the largest pharmaceutical companies in the world. It produces a range of products, from the estrogen therapy medication Premarin one of the most widely prescribed drugs in America to top-selling over-the-counter (OTC) medications such as Advil and Preparation H. The company also makes veterinary medicine and owns the majority stake in two biotech firms. Wyeth has more than 52,000 employees worldwide, and its products are sold in more than 140 countries.

What s in a name?

Wyeth began in Philadelphia in the 1860s as a small drugstore. In 1931 the company was acquired by American Home Products. The combined entity retained the American Home Products name and experienced steady growth over the years as it made more acquisitions. Among the acquired properties were Genetics Institute; A.H Robins (the maker of Chap Stick, Dimetapp and Robitussin); Ayerst, Lederle Laboratories and American Cyanamid. By 1990, the company manufactured a wide variety of products, including household goods, food and medical supplies. But since then, the company has narrowed its focus to three health-related divisions: OTCs (such as Advil, Centrum and Dimetapp), prescription pharmaceuticals and vaccines and related animal health businesses. In March 2002, the company changed its name from American Home Products to Wyeth, which had become its largest and most well-known subsidiary.

Bumps in the road

Not all of Wyeth s attempts to expand its operations have gone smoothly. Merger talks in early 1998 with SmithKline Beecham broke down, reportedly over cultural differences. Five months later, Wyeth again looked to be on the verge of a merger, this time with St. Louis-based Monsanto. The deal, valued at nearly $34 billion, would have created one of the largest life sciences outfits in the world, with a market value exceeding $98 billion. But the deal was not to be, as talks broke down in the very late stages. Amid expensive settlements involving the diet drugs Redux and Pondimin, Wyeth agreed to merge with Warner-Lambert in November 1999 in a $72 billion deal. But only hours after the merger was announced, Pfizer stepped in with an $82.4 billion unsolicited offer for Warner-Lambert. It wasn t a total loss for

Wyeth, though, which walked away with a $1.8 billion termination fee, leaving Pfizer to acquire Warner-Lambert.

A run-in with the law

In February 2002 Wyeth settled its involvement in a Federal Trade Commission (FTC) investigation of both Wyeth and Schering-Plough. The FTC s complaint accused the two companies of conspiring to keep Wyeth s generic version of Schering s K-Dur 20 potassium chloride supplement off the market; Schering was accused of paying Wyeth millions of dollars not to release its drug. In what amounted to a slap on the wrist, the settlement with the FTC required Wyeth to notify the government when making certain agreements with drug companies in the future. The settlement did not require Wyeth to admit to any wrongdoing.

Decision on Norplant

In July 2002, Wyeth announced it would not resume sales of Norplant, its implantable birth control device. Two years earlier, the company had pulled the device from shelves amid questions that some batches of Norplant might not be effective. Norplant, which gradually releases a hormone that prevents pregnancy, stays implanted for a five-year period. The July announcement that the company would not put Norplant back on the market came despite tests that showed the device was working as intended.

On the block

The same month, Wyeth inked an agreement with Baxter Healthcare Corp. to sell its ESI Lederle Injectable Pharmaceuticals business and a manufacturing facility located in New Jersey for $305 million. The sale includes ESI Lederle s generic injectable products (and other products whose patents have expired) such as heparin and Ativan. The purchase helped expand Baxter s anesthesia and critical care product lines.

Wyeth has continued to divest some of its assets. In March 2004, it sold Scientific Protein Laboratories, a manufacturer of anticoagulants for the prevention and treatment of thrombosis, coronary problems and other ailments, to Arsenal Capital Partners for approximately $81 million.

The previous month, Wyeth sold its interest in Neurocrine Bioscience s experimental insomnia drug back to Neurocrine for $95 million. Neurocrine already has a $400 million deal with Pfizer Inc. to co-develop and co-market the drug.

Concern over HRT

A July 2002 study by the Women s Health Initiative claimed that PremPro a Wyeth combination hormone replacement therapy (HRT) could be linked to a higher risk of breast cancer and other diseases for women who had been taking the drug for more than five years. Prempro makes up nearly $1 billion of Wyeth s annual revenue. Investors dumped the stock on the news and press reports swirled on the pros and cons of hormone replacement therapy. In August, the FDA and several other government agencies announced they had begun a reassessment of combination therapy. Prempro s sales plummeted 32 percent for 2002.

Then, in March 2004, the National Institutes of Health stopped Wyeth s clinical trial of Premarin. The pure estrogen compound was found to increase the risk of stroke, and have no effect on the risk of breast cancer or heart failure. This was a blow to the company, as in 2002 it generated around two-thirds of the HRT market s estimated $3.3 billion in global sales. Premarin is still an effective treatment for symptoms of menopause and will remain on the market. In February 2004, Wyeth had already prepared for this negative outcome by releasing a new version of Prempro with 52 percent less estrogen and 42 percent less progestin. A lower-dose version of Premarin is also in the works.

More legal issues

In August 2002, a federal judge issued a $54 million judgement against a Wyeth unit, American Cyanamid Co., in a patent-infringement suit brought by a group of plaintiffs, including the University of Colorado Foundation. Two researchers at the university had found an improvement on one of the company s vitamin supplements and published their findings, which were then allegedly plagiarized by Cyanamid and used in a patent application. Wyeth said it would appeal the case to the Federal Circuit appeals court in Washington, D.C.

But an issue that continues to plague the company revolves around its Redux and Pondimin diet drugs. Redux was originally expected to be a blockbuster. It was developed by Interneuron (which has now been renamed Indevus) and licensed to Wyeth. Unforeseen side effects apparently emerged when Redux and Pondimin were combined with another diet drug, phentermine. Patients developed potentially lethal

problems with their heart valves. The drug was pulled from the market, and a large number of class-action lawsuits emerged. Wyeth wound up paying all damages and eventually took charges of more than $14.6 billion to cover the costs. Most of the costs were paid in 2002 and 2003, but the company announced that it was recording an after-tax charge of $1.3 billion for 2003 to increase the reserve for any ongoing diet drug litigation. The company s 2002 results included an after-tax charge of $910 million related to the litigation. Due to the fallout from the diet drug litigation, for the full year, the company s income fell from $4.4 billion in 2002 to $2 billon in 2003.

Some bad decisions...

One of the higher profile missteps during 2003 was the disappointing FluMist launch, a product co-marketed with MedImmune. Sales of the flu vaccine turned out to be so disappointing and demand so low, the companies slashed the price of the costly vaccine, and ended up giving it away at no charge. Reuters reported that the vaccine only generated about $9 million in revenue for the quarter. This is a far cry from the high-flying figures bandied about last fall, when the sales outlook for the vaccine was seen as high as $140 million for 2003.

...and some good

Despite these setbacks, for 2003, the company s revenue actually reached an all-time high before being dragged down by litigation and one-time restructuring costs. Four of the company s pharmaceutical products Effexor, Enbrel, Premarin and Protonix each exceeded $1 billion in annual sales. Effexor, an antidepressant, achieved sales of $2.7 billion, an increase of 31 percent over 2002. Protonix, an inhibitor for the treatment of gastroesophageal reflux disease, increased sales by 39 percent to $1.5 billion. Rheumatoid arthritis treatment Enbrel reached nearly $1.6 billion in sales, a 70 percent increase from 2002.

GETTING HIRED

Hiring overview

Wyeth s corporate headquarters, with a staff of about 600 employees, accepts resumes for the limited number of positions that become open each year. Wyeth s subsidiaries, however, conduct their hiring autonomously to fit their particular needs.

Consult Wyeth s home page, located at www.wyeth.com, for information about contacting these companies. The page features on online search tool where prospective employees can fill out an application for a specific job and submit a cover letter and resume. The site also lists the company s recruiting events at colleges and universities across the United States.

OUR SURVEY SAYS

Entrepreneurial

Wyeth offers a substantial history of innovation and a dynamic, entrepreneurial corporate culture. Policies such as dress code vary by subsidiary and office, but Wyeth employees say that the top management is consistently dedicated to providing new employees with the resources they need to succeed. While Wyeth s strategy of frequent acquisition causes frequent short-term disruptions, employees say that the company offers long-term stability and the promise of merit-based promotions and bonuses.

APPENDIX

Alphabetical list of Employers

About the Author

Tyya N. Turner is an editor at Vault. She worked at several publishing companies, including Pocket Books, McGraw-Hill and CMP, prior to joining Vault. She is a graduate of Howard University and lives in New York.

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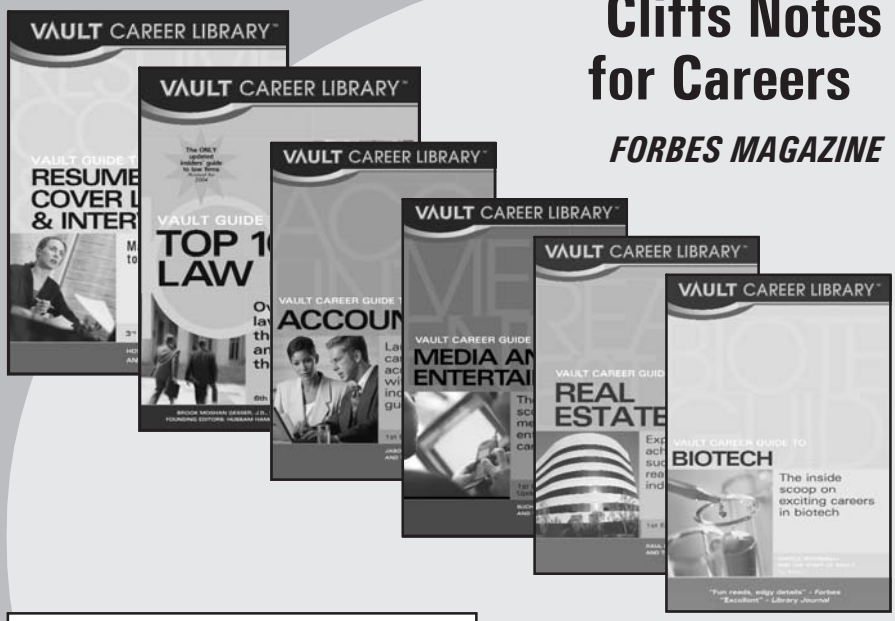

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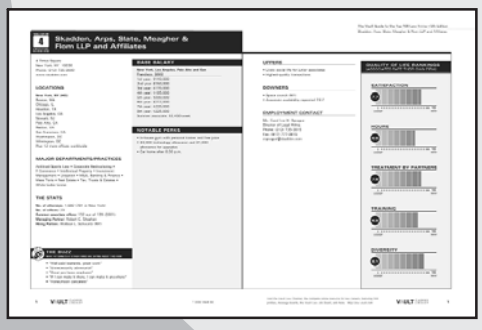

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