

NEWS RELEASE

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**REGENTATLANTIC'S STEINER RESPONDS TO MERCK BUYING  
SCHERING-PLOUGH**

MORRISTOWN, New Jersey (March 9) – Michael Steiner, Group Leader of RegentAtlantic Capital's Pharmaceutical Executive Services Group, was not surprised by the announced merger between drug maker Merck and Schering-Plough. Steiner suggested that “this merger is all about pipeline and positioning,” and more specifically, Schering-Plough's ability to bring a pipeline to the drying pipeline of Merck and a global reach beyond the U.S. market.

The other attraction with a merger, such as the merger between Merck and Schering-Plough, is the impact that it will have on the combined entities' cost structure: redundancies will be consolidated and costs reduced. This makes the merger more compelling because of the potential to lower costs without corresponding decreases in revenues. Additionally, Merck indicated that approximately 16,000 positions (or 15%) of the combined entities will be eliminated. So, while Schering-Plough shareholders and employees may see a nice little pop in their stock, the grim reality for many of those folks working there is that the increase in share value will come at the cost of employment. The expected target areas for job elimination will most likely be in marketing, research and development, and manufacturing. Steiner explained that “marketing and manufacturing are simply matters of numbers, especially when you consider the combination of similar franchises between the two companies.” He added that “R&D is a prime example of an area that can be outsourced for less cost, but more importantly, at a reduction in risk with respect to achieving a return on R&D dollars.”

Steiner noted that this merger follows that of Pfizer and Wyeth earlier this year and “a general trend documented in our white paper, “The Continuing Evolution of the Pharmaceutical Industry: Career Challenges and Opportunities.” This research projects a wave of consolidations in the industry to take place in the coming years. Steiner argued that the pipeline issues that Merck faces are not unlike what other large Pharma companies are facing, and

the most likely near-term solution to this particular problem is to acquire other companies. “When we look back on the industry in five to ten years,” Steiner concluded, “we’ll see big companies getting bigger and middle-sized companies either getting acquired by the big companies or getting big themselves after having gone on the acquisition trail.” These acquisitions are not all expected to be mega, multi-billion dollar combinations. In fact, many of them will probably “be more of the smaller, strategic tuck-in acquisitions that fill smaller voids, kind of like pieces to a puzzle,” explained Steiner.

To obtain an electronic copy of Steiner’s white paper, “The Continuing Evolution of the Pharmaceutical Industry: Career Challenges and Opportunities,” go to [www.regentatlantic.com](http://www.regentatlantic.com) or call (800) 877-5264, ext. 250 to request a hard copy at no cost.

RegentAtlantic Capital, LLC is a fee-only wealth management firm headquartered in Morristown, NJ. The firm, an investment adviser registered with the SEC, has some \$1.2 billion of assets under management and approximately 40 employees.

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