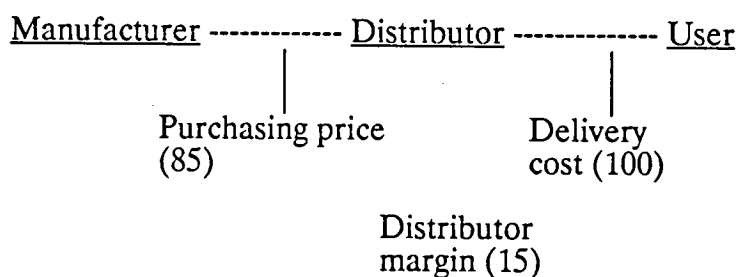


3-3) Role, functions of agents: receives orders for commercial products, delivery business, payment recovery.

Drug information activities are rarely performed. Moreover, hard maintenance of devices, etc., is rarely performed. (Maintenance supervisors are sometimes stationed in large branches.) Therefore, the manufacturer is usually in charge of drug information activities and maintenance.

### 3-4) Distributor Margin

The margin of the distributor varies with the case, but it is usually in the following form:



However, there are many cases where a delivery cost of 100 to the user is not list price and is generally 20 to 40% with some type of reduction. Consequently, the user delivery cost is 20% of the list price in the case of 20% in the aforementioned example and if list price is 100, it is delivery for 80. Fifteen branches get 15% of the delivery price of 80 and therefore, it is 12 to a list price of 100. The price given to branches by the manufacturer is the delivery cost 80 - 12 (branch margin) = 68 (manufacturers shipping cost). The manufacturer gives the branch as much as 68% of the list price. The aforementioned is generally true in the case of hospitals. However, the reduction rate to commercial laboratories (particularly large laboratories) is as much 40% of the list price and depending on the case, can be 50% or more.

Many cases involve manufacturer-direct sales because there are no representative branches.

Moreover, there are also cases where the method is adopted whereby the margin rate is dropped somewhat and 2% to 3% of the total semi-annual or annual sales (target predetermined by manufacturer and representative office) is kicked back.

There are many manufacturers that periodically use the kick back system as payments during new product campaigns, etc.