SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to (S)240.14a-11(c) or (S)240.14a-12

Chemex Pharmaceuticals, Inc.

(Name of Registrant as Specified In Its Charter)

Chemex Pharmaceuticals, Inc.

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

[ ] $125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(i)(2).
[ ] $500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).
[X] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

N/A
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2) Aggregate number of securities to which transaction applies:

N/A
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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:*

$500.00 Filing Fee calculated in accordance with Exchange Act Rule
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0-11 as one-fiftieth of one percent of $2,500,000.00 cash to be
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received by the Company upon the closing of an Asset Purchase
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Agreement relating to the sale of certain assets of the Company.**
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4) Proposed maximum aggregate value of transaction:

$2,500,000.00
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*Set forth the amount on which the filing fee is calculated and state how it was determined.
**Fee previously paid with initial filing of proxy materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement

number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

N/A

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2) Form, Schedule or Registration Statement No.:

N/A

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3) Filing Party:

N/A

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4) Date Filed:

N/A

CHEMEX PHARMACEUTICALS, INC.
NOTICE OF SPECIAL MEETING

PLEASE TAKE NOTICE that a Special Meeting of Stockholders of Chemex Pharmaceuticals, Inc. (the "Company" or "Chemex") will be held on September 14, 1995 at the Marriott at Glenpointe, 100 Frank W. Burr Boulevard, Teaneck, NJ. The meeting will convene at 10:00 AM for the following purpose:

1. To consider and act upon a proposal to approve the sale to Block Drug Company, Inc. of the Company's interest in the drug AMLEXANOX, including all the tangible and intangible property related thereto, and to ratify the actions taken by the Company's Board of Directors in connection with such sale.

2. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on August 10, 1995, the record date for the Special Meeting, are entitled to receive notice of, and to vote at, the Special Meeting and any adjournment or postponement thereof.

By Order of the Board of Directors

Herbert H. McDade, Jr.
Chairman of the Board of Directors
Fort Lee, NJ
August 11, 1995

Stockholders are cordially invited to attend the Special Meeting in person. YOUR VOTE IS IMPORTANT. If you do not expect to attend the Special Meeting, or if you do plan to attend but wish to vote by proxy, please complete, date, sign and mail the enclosed proxy card in the return envelope provided addressed to Chemex Pharmaceuticals, Inc. c/o American Stock Transfer & Trust Co., 40 Wall Street, 46th Floor, New York, NY 10005 ("American Stock Transfer"). Proxies will also be accepted by transmission of a telegram, cablegram or telecopy provided that such telegram, cablegram or telecopy contains sufficient information from which it can be determined that the transmission was authorized by the stockholder. The telecopy number for American Stock Transfer is (718) 234-2287.

PROXY STATEMENT

SPECIAL MEETING OF STOCKHOLDERS
September 14, 1995

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Chemex Pharmaceuticals, Inc. (the "Company" or "Chemex") of proxies to be voted at the Special Meeting (the "Special Meeting") of Stockholders to be held on September 14, 1995, at 10:00 AM, and at any adjournment thereof. The Special Meeting will be held at the Marriott at Glenpointe, 100 Frank W. Burr Boulevard, Teaneck, NJ. This proxy statement and the accompanying form of proxy were first mailed to Stockholders on or about August 14, 1995. The Company's principal executive offices are located at Fort Lee Executive Park 1, One Executive Drive, Fort Lee, NJ.

A stockholder signing and returning the enclosed proxy may revoke it at any time before it is exercised by voting in person at the Special Meeting, by submitting another proxy bearing a later date or by giving notice in writing to the Secretary of the Company not later than the day prior to the Special Meeting. All proxies returned prior to the Special Meeting will be voted in accordance with the instructions contained therein.

At the close of business on August 10, 1995, the record date established for determining the stockholders entitled notice of and to vote at the Special Meeting and adjournment thereof, there were outstanding and entitled to vote 8,708,726 shares of Common Stock (the "Common Stock") of the Company. The Company has no other outstanding voting securities. Each outstanding share of Common Stock is entitled to one vote. A complete list of stockholders entitled to vote at the Special Meeting will be available for examination by any stockholder for any purpose germane to the Special Meeting at the Company's principal executive offices, during normal business hours, at least ten days prior to the Special Meeting. The Bylaws of the Company require that a majority of the shares entitled to vote, present in person or by proxy, shall constitute a quorum for the conduct of business at the Special Meeting. A broker who holds shares in street name will not be entitled to vote on the proposed sale (the "Sale") of the Company's interest in Amlexanox to Block Drug Company, Inc. ("Block") without instructions from the beneficial owner. This inability to vote is referred to as a broker non-vote. Abstentions and broker non-votes will be counted for purposes of determining the existence of a quorum at the Special Meeting. However, since the proposal for approval of the Sale to be considered at the Special Meeting requires the affirmative vote of a least a majority of the shares of the Company's Common Stock outstanding as of the record date, abstentions and broker non-votes will have the effect of a negative vote with respect to such proposal. If a stockholder (other than a broker which holds shares in street name for its customers) returns a signed proxy card, but does not indicate how his or her shares are to be voted, the shares represented by the proxy card will be voted "FOR" the proposal to approve the Sale.

The Board of Directors does not specifically know of any matters which will be brought before the Special Meeting other than those matters specifically set forth in the notice of Special Meeting. However, if any other matter properly comes before the Special Meeting, it is intended that the persons named in the enclosed form of Proxy, or their substitutes acting thereunder, will vote on any such matter in accordance with their best

judgment. Shareholders have no appraisal or dissenters' rights in connection with the matters to be acted on at the Special Meeting.

The proxy card also confers discretionary authority on the individuals appointed by the Board of Directors and named on the proxy card to vote the shares represented thereby on any other matter incidental to the Special Meeting that is properly presented for action at the Special Meeting or any adjournment or postponement thereof.

All expenses in connection with solicitation of proxies will be borne by the Company. The Company will also request brokers, dealers, banks and voting trustees, and their nominees, to forward this Proxy Statement, the accompanying form of proxy, the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (the "Form 10-K") and the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1995 (the "Form 10-Q") to beneficial owners

and will reimburse such record holders for their expense in forwarding solicitation material. The Company and its officers, directors and regular employees may solicit proxies in person, by telephone or by telecopy. In addition, the Company has engaged D.F. King & Co., Inc. as proxy solicitors. The anticipated cost for their services is a base fee of $4,000 plus out of pocket costs estimated to be approximately $4,000. D.F. King & Co., Inc. will solicit all significant stockholders including those whose shares are held in nominee name and who have not objected to such solicitation. Each of the members of the Board of Directors has agreed to vote outstanding shares owned by him or her in favor of the Sale.

This proxy statement should be read in conjunction with the Form 10-K including financial statements and management's discussion and analysis of financial condition and results of operations for the fiscal year ended December 31, 1994 and the Form 10-Q for the quarter ended March 31, 1995 which accompany this Proxy Statement.

The Common Stock of the Company is listed on the Nasdaq Bulletin Board under the symbol CHMX. On June 6, 1995, the last trading day before the signing of the Asset Purchase and Royalty Agreement, the last bid and ask prices of the Company's Common Stock as reported by the OTC Bulletin Board were $.09 and $.16 respectively.

Representatives of KPMG Peat Marwick, independent public accountants to the Company are not expected to be present at the Special Meeting and therefore are not expected to make a statement on the Sale or to be available at the Special Meeting to respond to questions.

SUMMARY

The Company currently jointly owns with Block the rights to the proprietary drug Amlexanox. Pursuant to the current ownership arrangements with Block, the Company is required to share certain research and development and other expenses relating to the commercialization of Amlexanox on a 50/50 basis with Block. In the event the Company is unable to fund its share of such expenses, the arrangement with Block provides that Chemex will only be entitled to receive royalties from future sales of Amlexanox. Due to the Company's current cash position, the Company does not believe that it will be able to fund its share of the expenses required for commercialization of Amlexanox. Therefore, the Company has agreed to sell (the "Sale") its interests in Amlexanox to Block for an upfront prepaid royalty of $2,500,000 plus future royalties on sales of Amlexanox, if any. As a condition to the Sale, Block has required that Chemex obtain shareholder approval of the Sale.

DISCUSSION OF ADVANTAGES AND DISADVANTAGES OF PROPOSED SALE OF RIGHTS TO AMLEXANOX TO BLOCK DRUG COMPANY, INC.

The proposal to be acted upon by the shareholders at the Special Meeting involves approval of the proposed sale of the Company's share of its rights to Amlexanox, a drug for the treatment of canker sores, currently awaiting approval by the Food & Drug Administration ("FDA"). An NDA for the approval of Amlexanox was refiled with the FDA on April 17, 1995 and such filing has been accepted by the FDA. The Company anticipates that FDA approval of Amlexanox could be received as early as November 1, 1995, however, there can be no assurance that approval will be received on a timely basis, if at all. The Company anticipates that commercial sales of Amlexanox would commence approximately four months after FDA approval of Amlexanox is obtained. The Company does not believe that there are any other material requirements (other than FDA approval) that must be met before commercial sales of Amlexanox could be made.

Chemex currently owns the rights to Amlexanox jointly with Block under a license from Takeda Chemical Industries, Ltd. ("Takeda"). Shareholder approval is being sought for the Sale for two reasons. First, the Sale could be construed as a sale of substantially all of the Company's assets which, under Delaware law, requires shareholder approval. Second, Block has required shareholder approval as a prerequisite to the closing of the Sale.

Set forth below is a discussion of some of the advantages and disadvantages to the Company and its shareholders of approving the Sale. Shareholders should

carefully consider such advantages and disadvantages in making their decision to approve the Sale. Such discussion is in addition to, and not a substitution for information regarding the Sale which appears elsewhere in this proxy statement. See "Proposal seeking stockholder approval for Sale of Chemex's interest in Amlexanox to Block Drug Company, Inc."

ADVANTAGES

The Sale will immediately provide $2,500,000 to the Company which is vital to its continued economic viability. Current cash on hand will only cover expenses of the Company through September 30, 1995 (including advances from Block described below). The Company has been unable to secure additional financing through the equity markets. Such funds from the Sale would allow the Company to continue to seek a merger partner which has been a stated objective of the Company.

While the Company currently owns a 50% interest in Amlexanox, under its current arrangements with Block, it is currently required to share certain additional research and development and expenses and profits or losses from the commercialization of Amlexanox on a 50/50 basis with Block. It is anticipated that a majority of any additional research expenses for the development of Amlexanox would be related to the foreign registration of the product in international markets where the potential use of the product would justify the incremental expenses to register the product in such country. The Sale would allow the Company to avoid any additional product expenses

for Amlexanox, while providing the Company with an up-front payment of $2,500,000 and still allowing the Company to enjoy the potential of future royalties.

The current joint ownership arrangement calls for the sharing of certain profits or losses from the product (over and above research and development expenses and subject to certain limitations on losses for the Company as described below). Since Amlexanox will be the only product with the medical claim of accelerating healing and relief of pain associated with canker sores, there is expected to be significant upfront marketing and selling expenses to establish the product in each market where it is commercialized. In addition to the Company's current cash needs, it remains doubtful that the Company could secure additional financing to be able to absorb its share of marketing and selling expenses to establish the product with dentists and other medical practitioners. As such, the Company currently does not have the ability to finance such initial product expenses. Pursuant to the current joint ownership arrangement, if the Company were unable to finance such initial losses, Block would have the right to convert the current arrangement into a royalty arrangement which royalty arrangement would be without the upfront payment of $2,500,000 which would be made pursuant to the Sale.

The Company has also negotiated with Block that Block will advance up to $250,000 of the upfront non-refundable prepaid royalty prior to shareholder approval as a means to "bridge" the Company's cash position up to the date of shareholder approval. The advance of $250,000 will be deducted from the total gross payment of $2,500,000, so that Block will pay a net amount upon shareholder approval of $2,250,000. The prepaid royalty by Block will enable the Company to continue operations while it seeks a merger partner (see "Plan for Future Company Operations" below).

DISADVANTAGES

Although the Company will receive an upfront non-refundable $2,500,000 prepaid royalty and possible future royalties, the Company, by selling its share of Amlexanox, will relinquish the potential for long term sharing of profits of the product. The patent for the use of Amlexanox for canker sores was issued in the United States in late 1994 and is still pending in Europe.

The Sale would also transfer rights to the most advanced product in the Company's drug development portfolio. Other products in the Company's development portfolio are only as advanced as Phase I/II human clinical trials

and are at least two to three years (the most advanced drug) from filing with the FDA for approval. Further, the time and expense related to development of such products make it doubtful that the Company can effectively commercialize such products without significant equity investment, which under the current market conditions is extremely unlikely. The Company is currently attempting to negotiate for a merger or sale of the Company although no definitive agreement has been negotiated. The Sale may diminish the consideration a third party would pay to acquire the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth beneficial ownership of the Company's Common Stock as of June 1, 1995 by all Directors and Executive Officers of the Company and all Directors

and Executive Officers as a group, and all owners of 5% or more of the Company's Common Stock:

	Common Stock Beneficially Owned	
Name	Number of Shares /(1)/	% of Class
Herbert H. McDade, Jr.	289,157 /(2)/	3.2%
S andford D. Smith	6,667 /(3)/	.1
Charles G. Smith, Ph.D.	102,458 /(4)/	1.2
Vernon Taylor III	412,671 /(5)/	4.6
J. Michael Flinn	68,791 /(6)/	.8
Atul S. Khandwala, Ph.D.	232,653 /(7)/	2 .6
Leonard F. Stigliano	123,080 /(8)/	1.4
Paul P. Woolard	23,800 /(9)/	.3
Elizabeth M. Greetham	21,067/(10)/	.2
David Blech and Affiliates	3,275,700/(11)/	30.0
All Directors and Executives Officers as a group (consisting of the 9 persons named above, other than Mr. Blech)	1,280,344	14.4%

(1) Includes common stock outstanding plus all options exercisable within 60 days after June 1,1995. Unless otherwise indicated, the persons listed have sole voting and investment powers with respect to all such shares.

(2) Including presently exercisable options for the purchase of 17,550 shares of common stock pursuant to the Company's Non-Employee Director Stock Option Plan (the "Non-Employee Director Plan"), and 141,508 shares of Common Stock and 51,829 SARs exercisable pursuant to the Company's 1987 Stock Option Plan (the "1987 Plan") and 69,270 shares issued in connection with the Company's ESOP. Does not include 100,000 SARs that would vest in the event of a merger or sale of the Company.

(3) Including presently exercisable options for the purchase of 5,000 shares of Common Stock pursuant to the Non-Employee Director Plan.

(4) Including presently exercisable options for the purchase of 51,375 shares of Common Stock pursuant to the Non-Employee Director Plan and 333 shares issuable upon the exercise of warrants.

(5) As of March 1, 1995, Mr. Taylor is the owner of record of 227,460 shares and 1,500 shares owned of record by Mr. Taylor's minor son, over which he has sole voting and investment power. Also included are 61,047 shares which Mr. Taylor has the present right to acquire under the 1987 Plan,

77,664 shares issuable upon the exercise of warrants, and 30,000 shares issuable upon the exercise of options to purchase 12,500 units consisting of one share of Common Stock, one warrant, and 4/10 of a warrant. Lastly, includes 15,000 exercisable options for the purchase of shares of Common Stock pursuant to Non-Employee Director Plan.

(6) Including presently exercisable options for the purchase of 56,125 shares of Common Stock pursuant to the Non-Employee Director Plan, and 3,166 shares issuable upon the exercise of warrants.

(7) Including presently exercisable options for the purchase of 152,916 shares and 1,000 SARs pursuant to the 1987 Plan and 76,737 shares issued in connection with the ESOP. Does not include 60,000 SARs that would vest in the event of a merger or sale of the Company.

(8) Including presently exercisable options for the purchase of 47,082 shares and 1,842 SARs pursuant to the 1987 Plan, and 44,156 shares issued in connection with the ESOP. Mr. Stigliano resigned as Vice President, Finance and Administration of the Company effective June 9, 1995 to pursue other interests, and has agreed to serve as a part time employee of the Company until September 1995. Does not include 60,000 SARs that would vest in the event of a merger or sale of the Company.

(9) Including presently exercisable options for the purchase of 13,400 shares of Common Stock pursuant to the Non-Employee Director Plan.

(10) Including presently exercisable options for the purchase of 15,067 shares of Common Stock pursuant to the Non-Employee Director Plan.

(11) Sentinel Charitable Remainder Trust ("Sentinel"), 599 Lexington Avenue, New York, New York, is known to the Company to be the beneficial owner of more than five percent of the Company's Common Stock. Mr. David Blech is the direct and indirect owner of 1,075,700 shares of Common Stock which represents 12.4% of the outstanding shares of Chemex Common Stock as of June 1, 1995. Of such shares, 5,000 (.06%) are owned directly by Mr. Blech, 1,020,000 (11.75%) are owned by Sentinel, 25,950 (.30%) are owned by Lake Charitable Remainder Trust and 24,750 (.29%) are owned by Ocean Charitable Remainder Trust. Mr. Blech is the sole income beneficiary of the trusts, and as such may be deemed to be the beneficial owner of the securities held by them. Mr. Nicholas Madonia is the trustee of the trusts and as such may be deemed to be a beneficial owner of the securities held by them.

In addition to the 1,020,000 shares of Common Stock held by Sentinel, Sentinel has the right to acquire 1,000,000 shares upon the exercise of currently exercisable warrants. Sentinel additionally has an option to purchase up to 500,000 units consisting of 500,000 shares of Common Stock and 700,000 warrants. Assuming the exercise of all of the options and warrants described above, Mr. Blech would have a beneficial ownership interest in the Company of 30.0%. Information is based on Form 4 as filed by D. Blech in October 1994 and has been verified with Mr. Blech in June 1995.

PROPOSAL SEEKING STOCKHOLDER APPROVAL FOR THE SALE OF CHEMEX'S INTEREST IN AMLEXANOX TO BLOCK DRUG COMPANY, INC.

BACKGROUND

In June 1990, the Company sold its lead drug, Actinex, a drug developed by Chemex for the treatment of actinic keratoses (pre-malignant lesions of the skin) to Block for a total of $8 million in milestone payments plus future royalties. The Company received $2 million at signing and a total of $6 million in 1992 for achieving certain milestones including FDA approval for the drug. In addition, Block agreed to pay a 2.5% royalty on all cumulative sales up to $40 million, and 5% thereafter on all sales in patent protected countries (2.5% in non-patented countries). Since commercialization of the drug in late 1992, royalties from sales of Actinex have been less than anticipated by the Company;

through March 1995 a total of $127,000 in royalties have been received by the Company on Actinex sales.

The Company entered into a Joint Venture with Block in June 1991, principally to conduct research and development for new drugs in the field of dermatology for up to a maximum of $17 million over a five year research and development agreement. The thrust of the Joint Venture was to utilize Chemex's ability to develop new drugs and to process them through the FDA approval cycle and to have Block manufacture and market any resulting products. Block made an initial $2 million payment for the proprietary rights of the products contributed by Chemex and paid for the first $3 million of research conducted by the Joint Venture. After the initial $3 million of research spending of the Joint Venture, each party was obligated to contribute 50% of research expenses. In addition, each party was obligated to offer all of their respective new dermatological products to the Joint Venture during the five year period.

Accordingly, in March 1993, Block assigned the rights to certain products licensed from Penderm, Inc. to the Joint Venture. These products included a sunscreen which was currently on the market and the rights to a retinoid acid product for the treatment of acne. In December 1993, after incremental losses were incurred by Block in the marketing and selling of the sunscreen, the parties agreed that Chemex would return its share of the sunscreen product to Block in return for reducing its share of ownership of the retinoid acid product from 50% to 40%.

In June 1994, the Company agreed to sell 10% of its ownership of the Joint Venture to Block for consideration of $1.7 million. Accordingly, Chemex reduced its ownership share of the products in its dermatology drug portfolio from 50% to 40% (except the retinoid acid product which was reduced from 40% to 30%).

As of December 31, 1994, Chemex and Block mutually agreed to dissolve the Joint Venture. Block and Chemex concluded several agreements as part of the Joint Venture dissolution, including: (1) an Asset Distribution Agreement ("ADA") which effectively dissolved the Joint Venture and specified the distribution of assets of the Joint Venture including the following:

(a) Chemex agreed to repurchase 10% of its interest in the Joint Venture from Block for $1,700,000;

(b) All licenses between the Joint Venture, on the one hand, and Block and Chemex, on the other hand, were terminated;

(c) Chemex transferred to Block its interest in an agreement with Penderm, Inc. relating to retinoic acid products;

(d) Chemex granted to Block an exclusive three-year license to manufacture certain Amlexanox products in consideration for $2,600,000 payable by (i) $1,700,000 in cash and (ii) transferring for an agreed value of $900,000 Block's interest in certain assets of the Joint Venture;

(2) a Product Development Agreement ("PDA") and Manufacturing, Marketing and Distribution Agreement ("MMS") which established the joint ownership of Amlexanox and the responsibilities of each party; and (3) a separate agreement giving Chemex an option (the "Option") to transfer its share of the ownership rights to Amlexanox to Block for a non-refundable upfront payment of $2,500,000 plus future royalties.

The Company has been actively seeking a merger partner which has the financial resources to enable the Company to advance its drug portfolio through the necessary testing and human clinical trials as prescribed by the FDA. The Joint Venture with Block proved to be a hindrance in this effort because pursuant to the Joint Venture, essentially half of the assets of Chemex (the dermatology drug portfolio) were encumbered by another party, making it difficult to enter a new relationship with a third party. Further, as a result of the Company's limited cash resources, the Company was unable to continue funding research projects under the Joint Venture. These factors were the primary reasons Chemex sought the dissolution of the Joint Venture.

JOINT OWNERSHIP OF AMLEXANOX WITH BLOCK

The PDA and MMS agreements call for Chemex to conduct all research and

regulatory aspects of the on-going development and product registration of Amlexanox while Block is fully responsible for the manufacturing, marketing and distribution of any and all Amlexanox oral products worldwide. For the major markets where Block and Chemex have rights to sell Amlexanox (North America, Europe and Latin America), the MMS agreement calls for a 50/50 split on any ensuing profits or losses. The parties also agreed to a ceiling on Chemex's share on any losses (in aggregate) in a given year as follows: in the United States in year one - $1 million; year two - $500,000; and no losses thereafter. For international markets, Chemex losses are to be limited by a ratio by market, calculated by dividing the number of practicing dentists in each market by the number of practicing dentists in the United States. The resulting fraction would then be multiplied by $1 million the first year, $500,000 the second year and no loss thereafter to determine the individual market loss ceiling. All research related spending would be split on a 50/50 basis. Under certain circumstances Block's exclusive license to market Amlexanox in certain countries may become semi-exclusive and Block and Chemex may enter into a semi-exclusive license with another party to market Amlexanox in certain countries.

The Company estimates that near term expenses relating to the commercialization of Amlexanox will amount to a minimum of $3 million, including: (1) approximately $250,000 of expenses in connection with registering the product for sale in the United States (including a $104,000 FDA filing fee); (2) $750,000 to register the product for sale in major countries in Europe; and (3) an anticipated $2 million in first year marketing

losses for the U.S. market alone. If the Company cannot fund its portion of the research expenses or any anticipated early losses from the product, the Company would be in default of the PDA and/or MMS, resulting in the Company being forced into a straight royalty on sales of the product, as opposed to a 50/50% split on any profit or losses. Further, there would be no non-refundable upfront prepaid royalty of $2,500,000 as contemplated by the Sale.

THE CHEMEX OPTION TO SELL ITS RIGHTS TO AMLEXANOX TO BLOCK

Block granted to Chemex the Option to sell its share of its rights to Amlexanox for a non-refundable upfront prepaid royalty of $2.5 million plus possible future royalties. The Option was to expire on May 30, 1995 and required the consent of Takeda (the licensor of Amlexanox) to the Sale. Management believes that the Sale terms were negotiated on an arms-length basis and the Sale and the transactions contemplated thereby have been approved by the Board of Directors of the Company.

The Company had been unable to (a) raise additional equity financing and (b) reach agreement, by letter of intent or otherwise, on a merger transaction with a third party. As a result, the Company on May 30, 1995 exercised its option to sell its rights to Amlexanox to Block. The Company has received the consent of Takeda, the licensor of the drug, to transfer Chemex's share of the rights to Amlexanox to Block and is now seeking the required shareholder approval of the Sale. If shareholder approval of the Sale is not obtained, it is probable that the Company will default in its obligations to fund its share of the costs of commercialization of Amlexanox and upon such default Block would have the right to convert the current arrangement into a royalty arrangement which royalty arrangement would be without the upfront payment of $2,500,000 which would be made pursuant to the Sale. Further, the Company would be without funds to continue its operations.

As consideration for the Sale, Block will be obligated to make the following payments to Chemex:

(a) Initial Prepaid Royalty. Upon execution of the Agreement for the sale of
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Amlexanox to Block (the "Agreement"), Block delivered to an Escrow Agent $2.5 million (less advances made to Chemex--described below). The payment is an advance against royalties earned as outlined in the Royalty section below, and will be delivered to Chemex upon the approval of the Sale by Chemex shareholders. Block advanced Chemex a total of $125,000 as of the signing of the agreement for working capital needs and advanced an additional $125,000 on July 1, 1995 while Chemex awaits shareholder approval of the Sale. Accordingly, the prepaid royalty payment to be made to Chemex upon shareholder approval has been adjusted to a net amount of $2,250,000. If the Sale is not approved, Chemex will be obligated to repay such $250,000 advance to Block.

(b) Additional Prepaid Royalty. Block will pay to Chemex $1.5 million as a prepaid royalty after the end of the calendar month during which Block together with any sublicensee has achieved cumulative worldwide sales of Amlexanox oral products of $25 million. After such royalty payment Chemex would be entitled to receive royalties under (c)(i) and (c)(ii) below.

Royalties are to be paid by Block as follows:

(a) Ten (10%) percent on the first $25 million of sales of Amlexanox oral products, to be paid in a lump sum non-refundable prepaid amount of $2.5 million (which amount would be prepaid upon the closing of the Sale as described above).

(b) Seven and one-half (7.5%) percent of cumulative worldwide sales of Amlexanox oral products between $25 million and $45 million which is to be prepaid upon the achievement of cumulative worldwide sales of $25 million (as described above).

(c) For all sales in excess of cumulative worldwide sales of Amlexanox oral products of $45 million, Block will pay Chemex the following royalties on sales of Amlexanox oral products:

(i) For countries where a valid and enforceable Takeda patent or Amlexanox patent for canker sores is in effect at the time of sale:

Ethical formulations: 5%

Over the Counter ("OTC") formulations: 2.5%

(ii) For countries where there is no valid and enforceable Takeda patent or Amlexanox patent for canker sores in effect at the time of a sale:

Ethical formulations: 2.5%

OTC formulations: 1.25%

After the Sale is consummated, the Company's obligations under the PDA and MMS agreements will cease. However, Block, at its option, may request Chemex to conduct further research, development and regulatory studies at Chemex's full cost plus 6%, for a period of three years; provided, however, that if Atul Khandwala, the Company's Executive Vice President, becomes an employee of or consultant to Block, then Chemex's obligations shall be limited to performing reasonable activities in support of obtaining FDA approval of Amlexanox until the earlier of (i) three years after FDA approval of Amlexanox, or (ii) the liquidation or dissolution of Chemex. The Company has been informed that Mr. Khandwala has agreed to become an employee of Block as of September 1, 1995.

Under the joint ownership of Amlexanox, Block and Chemex agreed to purchase active material from Takeda for future use in production of Amlexanox. Both parties have agreed that if any material is used for production validation purposes which will be required by the FDA and if subsequent to such production this material cannot be sold commercially, the parties will split the cost of the material 50/50. Under this circumstance, Chemex could be liable for up to $50,000. If the FDA requires production of materials prior to the issuance of an NDA and the material may be sold for commercial purposes, Chemex would be required to pay for one-half of the material cost of approximately $150,000, but would be reimbursed for such costs when the finished product is eventually sold by Block. If any of such amounts are required to be paid by Chemex prior to the Sale, Block has the right to deduct such amount from the $2,250,000 payable upon the closing of the Sale.

The Company expects to receive payment of the $2,250,000 upon shareholder approval of the Sale. Estimations of when, if at all, the Company expects payment of the next pre-payment amount of $1.5 million as well as future royalties, if at all, is not possible at this time because of a number of factors which are beyond the control of the Company, including, but not limited to, regulatory approvals in various countries worldwide, the diligence and

efforts of Block in marketing Amlexanox, future developments relating to pending patents covering Amlexanox for use in canker sores and the possibility of the introduction of new drugs which may affect the future marketability or viability of Amlexanox. If in the future the Company were to liquidate and distribute its assets to its shareholders, Block would remain obligated to pay any future royalties to the successor entity to the Company or to an entity to which the Company's rights are assigned.

A U.S. patent for the use of Amlexanox for the treatment of canker sores was issued in late 1994. In addition, patents have been filed with the European Patent Organization which covers all western European countries.

BLOCK DRUG COMPANY, INC.

Block Drug Company, Inc. develops, manufactures and sells products which can be classified into the following major product lines: (1) Dental Products, such as POLIDENT, POLI-GRIP, AND SENSODYNE; (2) Consumer Products, including proprietary over-the-counter products such as TEGRIN, NYTOL, and PHAZYME; and (3) Ethical Pharmaceuticals, such as COLYTE. Block also has a research and development program that supports and conducts development of new products for each of these product lines. In May 1995, Block announced the acquisition of the CARPET FRESH product line from Rickett and Coleman, Ltd., and on June 7, 1995, Block announced the sale of its ethical pharmaceutical division to Schwartz Pharma A.G. Block's principal place of business is located at 257 Cornelison Avenue, Jersey City, New Jersey 07302 and the telephone number of its principal executive offices is (201) 434-3000.

Block is subject to the information requirements of the Security Exchange Act of 1934 (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports and other information filed by Block with the Commission pursuant to the informational requirements of the Exchange Act may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and at nine Regional Offices. Copies of such material may be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Block is a publicly-held corporation, the Class A Common Stock of which is traded on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") under the stock symbol "BLOCA". Reports and other information can also be inspected at the offices of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006.

Set forth below is certain summary consolidated financial information derived from Block's Annual Report on Form 10-K for the fiscal year ended March 31, 1995. Such summary financial information is qualified in its entirety by reference to such report and should be considered in connection with the more comprehensive financial information in such report and other publicly available reports and documents filed by Block with the Commission. This information is provided herein solely for the purpose

of enabling the Company's shareholders to evaluate Block's financial ability to perform its obligations under the Agreement and subsequently to market Amlexanox oral products. Company shareholders will not acquire any equity interest in Block by virtue of the Sale or its approval by Company shareholders.

BLOCK DRUG COMPANY, INC.
SELECTED CONSOLIDATED FINANCIAL DATA
($ FIGURES IN THOUSANDS)

<TABLE>
<CAPTION>

	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales	$669,854	$613,283	$624,826	$562,932	$512,884
Income, Dividends and other income	$ 23,026	$ 23,383	$ 26,490	$ 22,328	$ 17,970

Income before taxes	$ 63,649	$ 57,114	$ 77,713	$ 68,454	$ 69,062
Income Taxes	$ 13,280	$ 9,262	$ 16,167	$ 11,187	$ 15,852
Net Income	$ 50,369	$ 47,852	$ 61,546	$ 57,267	$ 53,210
Ave. No. of common shares outstanding	20,148	19,529	19,504	19,490	19,606
Net income per share of common stock	$ 2.50	$ 2.45	$ 3.16	$ 2.94	$ 2.71
Cash dividends declared/share of Class A common	$ 1.06	$ 1.02	$ .95	$ .85	$ .75
Stock dividends declared/share of Class A common	3%	3%	3%	3%	3%
Stock dividends declared/share of Class B common	3%	3%	3%	3%	3%
Depreciation	$ 16,031	$ 13,560	$ 10,727	$ 9,059	$ 8,215
Working Capital	$ 26,095	$ 32,637	$ 51,203	$ 69,653	$ 88,620
Current ratio	1.1	1.2	1.3	1.4	1.8
Total assets	$871,320	$771,068	$726,497	$649,608	$550,735
Long-term debt and notes payable	$ 15,273	$ 17,880	$ 19,160	$ 19,435	$ 19,459
Shareholders' Equity	$562,531	$515,121	$485,298	$446,550	$298,736
No. of employees	3,521	3,491	3,505	3,301	3,105

</TABLE>

ACCOUNTING TREATMENT AND TAX CONSEQUENCES RESULTING FROM THE SALE OF THE AMLEXANOX RIGHTS

The following discussion summarizes the principal Federal income tax consequences associated with the Sale under the Internal Revenue Code of 1986, as amended (the "Code"), assuming that the Sale is consummated as described herein. The discussion is based upon currently existing provisions of the Code, existing and proposed Department

of Treasury regulations thereunder, and current administrative rulings and court decisions. All the foregoing is subject to change and any such change could affect the continuing validity of this discussion. No rulings have been or will be requested from the Internal Revenue Service (the "IRS") with regard to any of the matters discussed herein.

The amounts payable by Block to the Company pursuant to the Agreement will be recognized as revenue when they are due (the initial and second lump sum payments as well as future royalty payments). The Company as of June 30, 1995 has approximately $38 million of net operating losses that are carried forward, although the loss carryforward has an annual limitation of approximately $1.5 million per year. However, the Company believes that the combination of its current operating loss and federal and state loss carryforwards, even with the annual loss limitation, will offset any gains recorded with respect to the $2,500,000 upfront royalty payment. However, for federal tax purposes the tax loss carryforward will offset only 90% of the income recognized for alternative minimum tax purposes. The Company believes that its tax liability in fiscal 1995 will not be greater than approximately $25,000. There will be no tax consequences directly to the shareholders of the Company as a result of the Sale.

JUSTIFICATION FOR THE SALE OF AMLEXANOX RIGHTS

As described in the "Background" section above, the Company has been unsuccessful in its attempt to raise additional equity financing over the past three years which reflects the general difficulty of biotechnology and

pharmaceutical research and development companies to obtain such financing. The Company is actively pursuing several merger possibilities with the objective to maximize shareholder value through a merger with a third party that either has adequate financial resources to continue the research and development of the Company's dermatology drugs or with a company with significant technology that would give the Chemex shareholders some "upside" possibility in terms of share value. To date these efforts have not resulted in any letter of intent or definitive agreement and there is no certainty that such activities will result in a merger or sale of the Company.

As the cash situation of the Company has become more critical, the Board of Directors has carefully reviewed the situation and determined that the only viable alternative to enable the Company to continue operations at this time was to exercise the Option to sell to Block Chemex's share of its rights to Amlexanox. This decision was based in part on the fact that Amlexanox is the Company's most advanced product in the regulatory approval process, that Block has made a bona fide offer to purchase Chemex's interest in the drug, and that the Company would not have the prospects of being able to finance the product launch expenses if the Company remained on a 50/50 profit/loss split with Block.

The Board of Directors after careful deliberation decided not to retain an investment banker to render a fairness opinion as to the value assigned to Amlexanox pursuant to the terms of the Agreement. The Company has had several discussions with multi-national companies with market presence in dental products and had received only one informal offer for the product at a value for the product of less than the value under the Sale agreement. As mentioned above, given the circumstances which culminated in the Board's decision to pursue the Sale, the Board believes at this time that the sale of rights to Amlexanox is the best alternative available to accomplish the Company's goals of continuing operations while seeking a merger partner. Based upon its evaluation of the Agreement and other information requested or otherwise made available to them,

including but not limited to initial loss projections relating to the commercialization of Amlexanox, cash flow projections for the Company, and details of the offer to purchase the Company's rights in Amlexanox from a multi-national company, management and the Board of Directors believe that the value assigned to the rights to Amlexanox as negotiated by the Company and Block is fair and reasonable.

PLAN FOR FUTURE COMPANY OPERATIONS

Company management intends to use the proceeds from the Sale to fund limited operations while the Company seeks a merger partner. As of July 31, 1995 the Company's research and development operations ceased and the Company's operating expenses will be reduced significantly. The Company currently intends to continue to pursue a merger strategy for up to the next 6 months as the funding from the Sale is not sufficient to complete all necessary research and testing of any one compound to complete an New Drug Application. On a limited operations basis, the Company believes that the proceeds from the Sale could support the Company's limited operations for approximately eighteen months. However, if the prospects to merge or sell the Company do not improve over the next 6 months, the Company may consider liquidation of its assets and a distribution of such proceeds to its shareholders. The current arrangements with Block provide that Block will be required to continue to pay royalties in the event that the Company is liquidated or dissolved.

THE PROPOSAL WILL BE APPROVED IF IT RECEIVES THE AFFIRMATIVE VOTE OF A MAJORITY OF THE OUTSTANDING SHARES ENTITLED TO VOTE. UNLESS OTHERWISE INDICATED THEREON, THE ACCOMPANYING PROXY WILL BE VOTED FOR APPROVAL OF THE PROPOSAL TO SELL CHEMEX'S SHARE OF ITS RIGHTS TO AMLEXANOX TO BLOCK. THE BOARD OF DIRECTORS UNANIMOUSLY APPROVED THE PROPOSAL AND RECOMMENDS A VOTE FOR APPROVAL OF THE PROPOSAL.

RESEARCH AND DEVELOPMENT STRATEGY AND PRODUCT PORTFOLIO

The Company's research strategy has been to in-license existing drugs which are being developed for non-dermatological medical indications for application to

dermatology. This strategy has enabled the Company to bypass much of the drug discovery phase and preclinical research which reduces both time and cost to develop a new drug.

The Company's current product portfolio consists of six compounds (one of which is an option to license and on hold) at various stages of development. Five of the six drugs are targeted for topical and/or dermatology indications, and the remaining one is targeted for anti-tumor activity. The drugs in the portfolio have either been developed by Chemex or licensed for the field of dermatology from pharmaceutical companies. With the exception of Actinex(R) and Amlexanox, the rights to all of the dermatology drugs are owned by Chemex (see Form 10-K and Form 10-Q for a detailed status by project). Actinex(R) was sold to Block in June 1990 for the indication of actinic keratoses and basal cell carcinoma. The rights to Amlexanox are currently owned jointly by Block and Chemex but as part of the above PROPOSAL, Chemex intends to sell its rights to Amlexanox to Block.

Effectively, all research projects have been suspended pending the Sale and will be reviewed after the PROPOSAL is approved to determine which projects, if any, will be funded and at what spending rate (see the Form 10-K and Form 10-Q and Management's Discussion and Analysis of Financial Condition for a more detailed discussion of the Company's financial condition and prospects).

<TABLE>
<CAPTION>

CHEMEX DRUG PORTFOLIO

Compound	Originator	Indication	FDA Filing	Clinical Stage Royalty
<S>	<C>	<C>	<C>	<C>
Actine x/(1)/	Chemex	Actinic keratoses	FDA approved	Completed
Block/Chemex Joint Ownership	Takeda	Oral ulcers	IND filed 1990	NDA filed Apr il 1995
Amle xanox/(4)/ (CHX-3673)				
Chemex Proprietary EP C-K\\1\\ (CHX-3107)	Senju	Atopic dermatitis Prev ention of photo-aging of skin	IND filed 1992	Phase I/II
CHX-108	Chemex	Psoriasis	IND filed 1987	Phase I/II
CHX-100/(2)/	Chemex	Prevention of photo-aging of skin	IND filed 1993	Phase II
Masoprocol/(2)/	Chemex	Anti-tumor (Can cer)	Development	Preclinical
Hypericin/(3)/	VimRx	Psoriasis	VimRx IND	Phase I

</TABLE>

(1) Sold to Block Drug.

(2) Involves the use of NDGA and may be developed by the Company pursuant to the royalty-free, worldwide, exclusive license from Block to the Company.

(3) Option to license compound for dermatological use from VimRx Pharmaceuticals.

(4) Chemex has exercised the option to transfer its rights to Amlexanox to Block for a non-refundable upfront payment plus future royalties, subject to Chemex shareholder approval.

PLEASE REFER TO THE PRODUCT DEVELOPMENT DESCRIPTIONS, RELATED LICENSING AGREEMENTS AND STATUS OF PROJECTS OUTLINED IN THE FORM 10-K AS OF DECEMBER 31, 1994 AND FORM 10-Q AS OF MARCH 31, 1995.

GENERAL

Each stockholder is urged to complete, date, sign and return the enclosed proxy card in the enclosed envelope provided for that purpose and addressed to:

Chemex Pharmaceuticals, Inc.
c/o American Stock Transfer and Trust Company
40 Wall Street
46th Floor
New York, New York 10005

A prompt response is helpful and your cooperation will be appreciated.

By Order of The Board of Directors

August 11, 1995 Herbert H. McDade Jr., Chairman