

OTC Pharmaceuticals

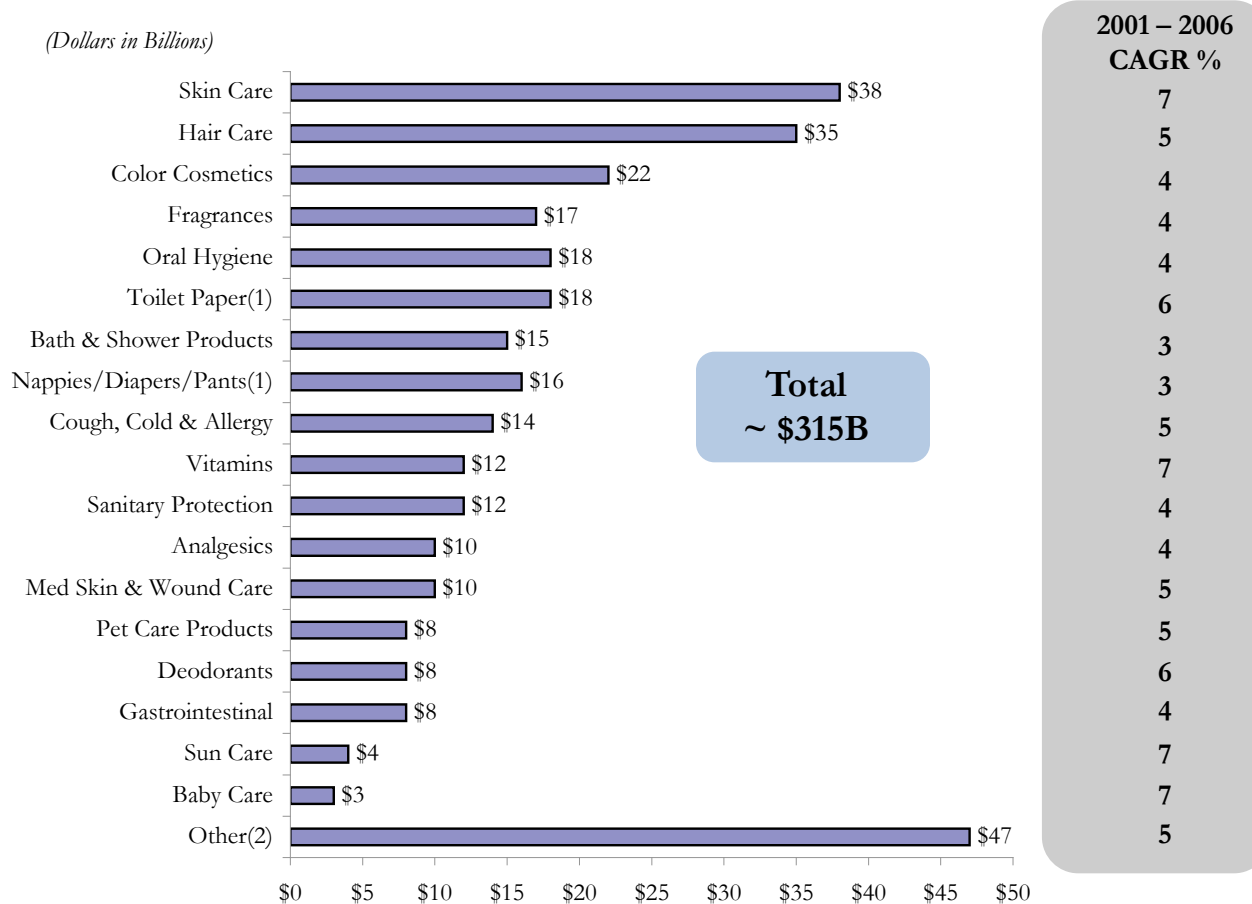
Sector Report

February 2009



Global OTC/Personal Care Industry

In 2006, OTC and Personal Care market was a \$315 billion segment of the healthcare industry



Note:

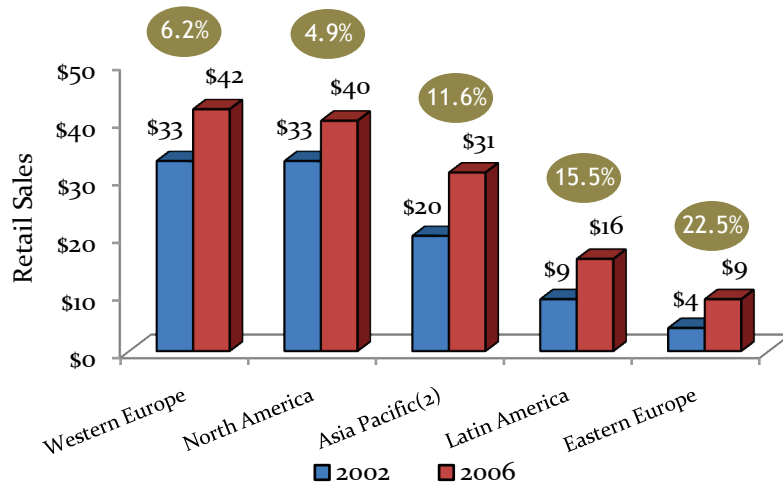
1. Paper products are based on 2005 sales and a 2002-2005 CAGR, constant currency

2. Other includes kitchen towels, tissues, wipes, incontinence products, paper tableware and cotton/wool/buds/pads eye care, smoking cessation, adult mouth care, calming and sleeping products

Source: Euromonitor (2007); (2006) MSP, constant currency

OTC/Personal Care Growth

OTC/Personal Care Revenues and CAGR by Region, 2002-2006

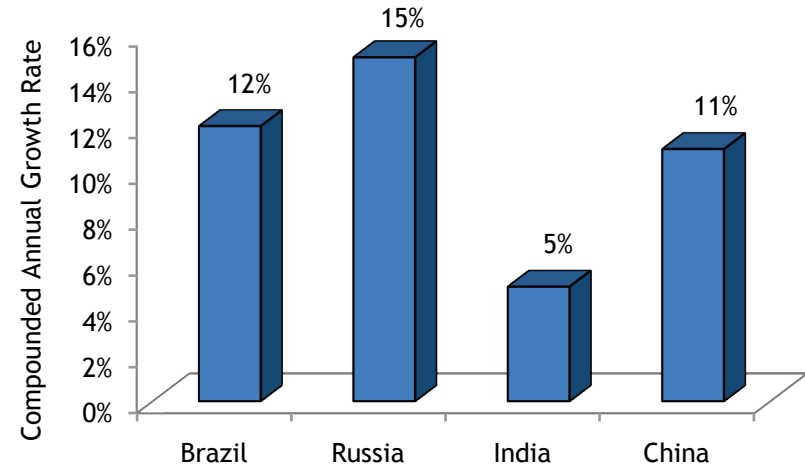


Note:

1. Consumer categories included in the data are OTC/Nutritionals, Skin Care, Baby, Women's Health and Oral Care
2. Asia Pacific excludes Japan

Source: EuroMonitor(2007); (2006) MSP data, constant currency

Emerging Markets Growth, 2002-2006 (CAGR)



Note:

1. Consumer categories included in the data are OTC/Nutritionals, Skin Care, Baby, Women's Health and Oral Care

Source: EuroMonitor(2007); (2006) MSP data, constant currency

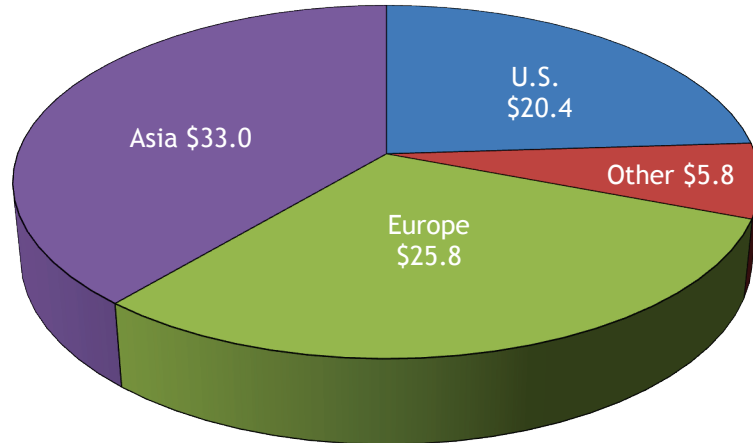
- OTC/Personal Care segments are growing across the board globally
- In 2006, Western Europe had the highest overall retail sales with \$42.0 billion
- The strongest growth is coming from developing regions
 - Asia Pacific CAGR: 11.6%
 - Latin America CAGR: 15.5%
 - Eastern Europe CAGR: 22.5%
- Emerging markets have also shown very strong growth- 3 BRIC nations with CAGR over 10%

OTC Sector Overview

Global

- \$84.8 billion market worldwide
- Asia-Pacific⁽¹⁾ is largest market, followed by Europe⁽²⁾, then U.S.
- Asian market CAGR⁽³⁾: 5.3%
- European market CAGR: 3.2%
- Expected CAGR of 3.7% over next five years⁽⁴⁾

OTC Global Market Value by Location, 2007
(\$ in billions)



Note:

1. Europe comprises Belgium, the Czech Republic, Denmark, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Russia, Spain, Sweden and the UK

2. Asia-Pacific comprises Australia, China, Japan, India, Singapore, South Korea and Taiwan

3. CAGR refers to Compound Annual Growth Rate during 2003-2007

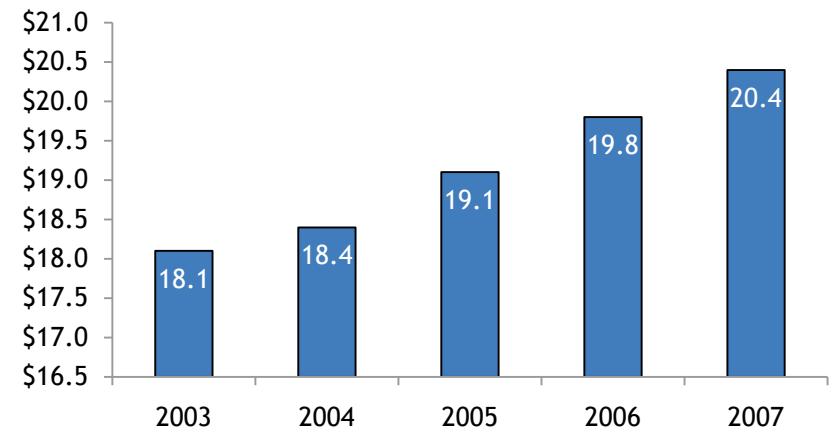
Source: Data Monitor, 2008

4. OTC Pharmaceuticals: Global Sector Guide: Datamonitor, 2008

United States

- OTC pharmaceutical market generated \$20.4 billion in 2007
- 2003-2007 had a CAGR of 3.0%
- Continued growth expectations up to \$23.3 billion by 2012

U.S. OTC Pharmaceutical Market Value, 2003-2007
(\$ in billions)



Year	2003	2004	2005	2006	2007
Sales	\$18.1	\$18.4	\$19.1	\$19.8	\$20.4
2003-2007 CAGR					3.04%

U.S. OTC Revenues by Segment

- In 2007:
 - Cough and cold preparation treatments had the largest market share at 20.8% with revenues of \$4.2 billion
 - Other OTC products⁽¹⁾ captured 20.4% of the market and \$4.2 billion in sales
 - Vitamins and minerals had 20.3% of the market and \$4.1 billion in sales
 - Analgesics captured 13.8% of the market and \$2.8 billion in sales

OTC Pharmaceuticals Market Segmentation, 2007

Segment	Sales	% SOM
Cough and Cold preparations	\$4.2	20.8%
Vitamins and minerals	4.1	20.3%
Analgesics	2.8	13.8%
Indigestion preparations	2.7	13.4%
Topical OTC medicines	2.3	11.4%
Other OTC products	4.2	20.4%

Note:

(1) Other OTC products comprises anti-smoking aids, eye & ear drops, motion sickness medication, rectal medication and sleeping aids

OTC Comparable Trading

(\$ in millions, except for per share amounts)
Source: Capital IQ

Ticker	Price as of 2/23/2009	Market Cap	Debt	Cash	Enterprise Value	LTM		Enterprise Value/		Margins		
						Revenue	EBITDA	Revenue	EBITDA	Gross	EBITDA	
Blackmores Ltd.	BKL	\$8.58	\$139.7	\$35.7	\$6.7	\$168.7	\$119.7	\$19.1	1.4 x	8.8 x	64.7%	15.9%
CCA Industries, Inc.	CAW	2.81	19.8	0.1	14.6	\$5.3	58.9	6.4	0.1 x	0.8 x	63.4%	10.9%
Cerebos Pacific Limited	C20	1.88	592.0	69.0	118.6	\$542.4	539.8	89.6	1.0 x	6.1 x	54.5%	16.6%
Chattem Inc.	CHTT	62.00	1207.0	460.7	32.3	\$1,635.4	454.9	148.0	3.6 x	11.1 x	71.1%	32.5%
Goldshield Group plc	GSD	4.88	187.3	0.0	44.4	\$142.9	136.0	28.9	1.1 x	4.9 x	67.1%	21.3%
Hi-Tech Pharmacal Co Inc.	HITK	5.49	61.3	0.5	12.9	\$48.9	77.0	3.1	0.6 x	15.8 x	41.2%	4.0%
Hovid Berhad	HOVID	0.04	34.3	105.6	2.9	\$137.0	59.6	6.5	2.3 x	21.1 x	36.1%	11.0%
KrKa dd Novo Mesto	KRKG	77.49	2619.1	272.4	20.1	\$2,871.4	1146.0	358.9	2.5 x	8.0 x	63.8%	31.3%
Lavipharm SA	LAVI	1.26	64.3	176.1	25.7	\$214.7	309.8	5.3	0.7 x	40.5 x	17.1%	1.7%
Mannatech Inc.	MTEX	3.38	89.4	0.3	35.0	\$54.7	355.4	-5.8	0.2 x	NM	39.8%	NM
Martek Biosciences Corporation	MATK	21.34	707.5	1.2	102.5	\$606.2	352.4	84.8	1.7 x	7.1 x	41.3%	24.1%
Matrixx Initiatives Inc	MTXX	18.11	171.3	0.0	30.7	\$140.6	113.9	27.7	1.2 x	5.1 x	68.5%	24.3%
Nature's Sunshine Products Inc.	NATR	4.95	76.8	0.0	43.8	\$33.0	385.3	14.0	0.1 x	2.4 x	81.5%	3.6%
Nutraceutical International Corporation	NUTR	6.28	68.2	29.5	5.0	\$92.7	165.4	29.3	0.6 x	3.2 x	54.3%	17.7%
Nutrition 21	NXXI	0.15	10.2	3.2	3.2	\$26.1	47.4	-2.6	0.6 x	NM	58.0%	NM
Perrigo Company	PRGO	21.42	1973.9	909.1	162.2	\$2,720.8	2045.6	316.6	1.3 x	8.6 x	30.0%	15.5%
The Quigley Corporation	QGLY	4.35	56.1	0.0	10.9	\$45.2	35.7	-3.0	1.3 x	NM	56.8%	NM
Reckitt Benckiser Group plc	RB	39.35	27889.5	2294.7	616.3	\$29,570.9	9475.2	2327.3	3.1 x	12.7 x	59.3%	24.6%
USANA Health Sciences	USNA	20.08	310.2	30.7	13.7	\$327.2	426.7	64.2	0.8 x	5.1 x	79.3%	15.1%

Median	1.1 x	7.6 x	58.0%	16.3%
Mean	1.3 x	10.1 x	55.1%	16.9%
Min	0.1 x	0.8 x	17.1%	1.7%
Max	3.6 x	40.5 x	81.5%	32.5%

Select Comparable Transactions

(\$ in millions, except for per share amounts)
Source: Capital IQ

Target	Acquiror	Date	Selected Financial Information				Multiples	
			Enterprise Value	Sales	EBITDA	Net Income	Enterprise Value /	
							Sales	EBITDA (a)
Herbacos-Bofarma, S.R.O.	Recordati SpA (CM:REC)	Jan-09	\$24.9	\$15.7	NA	NA	1.6x	NA
Valensa International	EID - Parry Ltd. (BSE:500125)	Nov-08	\$18.8	\$8.0	NA	NA	2.3x	NA
DSG Pty Ltd.	Uni-Charm Corp. (TSE:8113)	Sep-08	\$130.3	\$77.1	NA	NA	1.7x	NA
Orthos Europe B.V.	Atrium Innovations, Inc. (TSX:ATB)	Sep-08	\$11.2	\$6.0	NA	NA	1.9x	NA
Pharma Dynamics (Pty) Ltd.	Lupin Ltd (BSE:500257)	Sep-08	\$31.8	\$14.4	NA	NA	2.2x	NA
Clarins SA	The Courtin Family	Sep-08	\$3,167.8	\$1,579.8	\$230.8	\$135.5	2.0x	13.7x
Optimum Nutrition, Inc.	Glanbia plc (ISE:GL9)	Aug-08	\$315.0	\$185.0	NA	NA	1.7x	NA
Cederroth International AB	CapMan Oyj (HLSE:CPMBV); Litorina Kapital	Jul-08	\$248.6	\$293.0	NA	NA	0.8x	NA
AsiaPharm Group Ltd. (SGX:A61)	MBK Partners	May-08	\$281.3	\$75.8	\$17.2	\$8.3	3.7x	16.3x
Bentley Pharmaceuticals (NYSE:BNT)	Teva Pharmaceutical Industries (NASDAQ:TEVA)	Mar-08	\$360.6	\$133.3	\$19.4	\$1.4	2.7x	18.6x
Dr F Frik Ilac Sanayi ve Ticaret AS	Is Private Equity Investment Trust (IBSE:ISGSY)	Mar-08	\$102.9	\$61.3	NA	NA	1.7x	NA
Galpharm Healthcare Ltd.	The Perrigo Company	Jan-08	\$86.0	\$55.0	NA	NA	1.6x	NA
Samsung Pharmaceutical Industry Corporation Limited.	Wooridul Life Sciences Ltd (KOSE:A004720)	Jan-08	\$61.9	\$35.0	\$0.7	(\$2.5)	1.8x	NM
Recip Pharma Ab	Meda AB (OM:MEDA A)	Dec-07	\$491.0	\$132.1	NA	NA	3.7x	NA
Adams Respiratory Therapeutics Inc. (NasdaqNM:ARXT)	Reckitt Benckiser Group plc (LSE:RB.)	Dec-07	\$2,202.2	\$351.4	\$76.4	\$43.6	6.3x	28.8x
SourceCF, Inc.	Eurand Pharmaceuticals Inc.	Nov-07	\$9.6	\$4.0	NA	NA	2.4x	NA
Burt's Bees, Inc.	Clorox Corporation (NYSE:CLX)	Nov-07	\$1,197.7	\$145.9	\$44.1	\$15.1	8.2x	27.1x
Bradley Pharmaceuticals Inc. (NYSE:BDY)	Nycomed US, Inc.	Oct-07	\$354.1	\$141.2	\$25.7	\$0.7	2.5x	13.8x
Playtex Products Inc.	Energizer Holdings Inc. (NYSE:ENR)	Jul-07	\$1,870.6	\$696.4	\$133.0	\$39.0	2.7x	14.1x
Novartis Medical Nutrition SAS	Nestlé S.A. (VIRTX:NESN)	Jul-07	\$2,525.0	\$844.5	NA	NA	3.0x	NA
Pfizer consumer healthcare unit	Johnson & Johnson, Inc.	Jun-07	\$16,600.0	\$3,900.0	NA	NA	4.3x	NA
Grandix Pharmaceuticals, Ltd.	Strides Arcolab Ltd. (BSE:532531)	Jun-07	\$23.4	\$11.4	\$2.6	NA	2.1x	9.2x
Arkopharma SA	The Rombi Family and Colette Robert	Jun-07	\$703.6	\$311.9	\$33.4	\$8.3	2.3x	21.1x
Bausch & Lomb Inc.	Warburg Pincus LLC	May-07	\$3,988.2	\$2,325.3	\$288.1	\$21.5	1.7x	13.8x
Female Health Co. (AMEX:FHC)	Red Oak Partners, LLC	Apr-07	\$54.0	\$17.3	\$0.3	\$0.1	3.1x	160.3x

n.a. - not available

n.m. - not meaningful

(a) Female Health Co. transaction has been removed from EV/EBITDA analysis

Median	2.3x	15.2x
Mean	2.7x	17.7x
Min	0.8x	9.2x
Max	8.2x	28.8x

Coverage of Private Equity Groups with a Focus on OTC Segment

Bourne Partners tracks and maintains relationships with over 200 healthcare focused Private Equity and Venture Capital Groups

Group	Buyer Type	Select Portfolio Companies	Description
Advent International Corporation	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> Ampla Pharmaceuticals, Inc. Nereues Pharmaceuticals, Inc. Spherics, Inc. TorreyPines Therapeutics, Inc. Trident Pharmaceuticals, Inc. 	Advent International Corporation typically invests in business and financial services, retail and consumer, technology, media, and telecom, healthcare and life sciences, and industrial sectors. Within healthcare and life sciences sectors, it focuses on pharmaceuticals, life sciences, medical equipment and devices, and healthcare services companies.
Apax Partners	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> Spyder Active Sports, Inc. LR Health & Beauty Systems Molnlycke Healthcare 	Funds advised by Apax Partners total \$20 billion around the world. Apax Partners invests in large companies across five global growth sectors: Tech & Telecom, Media, Retail & Consumer, Healthcare and Financial & Business Services.
Charterhouse Group	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> Cross Country Healthcare Amerifit Brands, Inc. LogistiCare, Inc. 	It seeks to invest in business services, telecommunication services, healthcare services, and consumer products and service sectors. Within the consumer products and service sector, it's focus includes health and wellness products healthy and beauty aids, and personal care products.
Bear Growth Capital Partners	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> Amerifit Brands Avid Health, Inc. Clintrak Pharmaceutical Services Hand Innovations (BSMB II) Vitamin Shoppe (BSMB II) 	Bear Growth Capital Partners looks for opportunities to work directly with experienced management teams and provide capital and investment expertise to help companies grow. With target investments between \$20 million to \$100 million in enterprise value, BGCP provides a complementary capital pool to BSMB.
Carlyle Venture Partners	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> Acufocus, Inc. Cellutions, Inc. NeoVista, Inc. PixelOptics, Inc. Proteus Biomedical, Inc. Transport Pharmaceuticals, Inc. 	The U.S. Venture & Growth Capital team's industries of interest include healthcare, technology, retail and consumer oriented businesses. The common denominator in all their investments is the potential for exceptional growth, in many cases involving expansion outside of U.S. markets.

Coverage of Private Equity Groups with a Focus on OTC Segment

Bourne Partners tracks and maintains relationships with over 200 healthcare focused Private Equity and Venture Capital Groups

Group	Buyer Type	Select Portfolio Companies	Description
Essex Woodlands Health Ventures	<ul style="list-style-type: none"> Venture Capital 	<ul style="list-style-type: none"> Acura Pharmaceuticals, Inc. Amerifit Brands, Inc. EUSA Pharma, Inc. Horizon Therapeutics, Inc. Xanodyne Pharmaceuticals, Inc. 	Essex Woodlands Health Ventures (EMHV) is a principal investment firm specializing in pharmaceuticals, biotechnology, life sciences, medical devices, health services, managed care, and health information sectors. It focuses on companies with revenues between \$20 million and \$100 million. It prefers to be the lead investor in its portfolio companies.
Riverside Company	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> American Hospice Water-Jel Technologies 	Riverside Company will consider investments in manufacturing and service companies or in stable products not subject to rapid obsolescence including sectors like health, leisure, and specialized service. The firm seeks to invest in between €10 million (\$14.05 million) and €15 million (\$21.07 million) companies headquartered in Europe, North America, and Asia and have been in operation for a minimum of five years.
TSG Consumer Partners	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> Chloraseptic Compound W Dermoplast Momentum New-Skin Percogesic 	TSG seeks to invest in both private and public companies in the branded consumer sector. The firm typically invests between \$15 million and \$100 million in companies with revenues between \$20 million and \$300 million. The firm has invested in a number of OTC pharmaceutical companies.
Thoma Cressey Bravo	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> InfluScience, Inc. AriTech, Inc. Luxe Beauty Holdings, Inc. 	Healthcare investing at TCB has always been a core focus area for the firm, with over 25 years of experience and investments in almost every major healthcare segment and niche. Within the healthcare sector, TCB invests in healthcare services, healthcare facilities, pharmaceuticals and medical products.
Warburg Pincus LLC	<ul style="list-style-type: none"> Private Equity 	<ul style="list-style-type: none"> Allos Therapeutics, Inc. Inspire Pharmaceuticals, Inc. InterMune, Inc. Rib-x Pharmaceuticals, Inc. ZymoGenetics, Inc. 	Within healthcare and life sciences, the firm seeks to invest in healthcare services, medical devices, biotechnology and specialty pharmaceuticals. Within financial services, the firm primarily invests in specialty and consumer finance, private banking, payment and transaction processing companies, insurance companies, financial technology, exchanges, banks, depository institutions, and asset and wealth management.

Bourne Partners Overview

- Investment banking and strategic business development support services
- Healthcare focus
- Client segmentation
 - Specialty Pharmaceuticals
 - OTC/Nutraceutical
 - Medical Device
 - Healthcare services
 - Distribution
 - Biotechnology
- Over \$2.5 billion in debt and equity capital raised in the healthcare sector
- Over \$2.5 billion executed in financial advisory (M&A) assignments in the healthcare sector
- Since 2004, Bourne Partners has advised on deals in 8 different countries:
 - U.S., Germany, Canada, Ireland, Sweden, Denmark, Brazil, and Italy



Where Bourne Adds Value

M&A Specialist Group

- *Concentrate on acquisition, sale and going private assignments*
- *Focus on \$25-\$250 million transactions or licensing collaborations with product sales expectations of \$20 million and above*
- *Strong private equity and venture capital relationships*
- *Focus on serving middle market companies*
- *Company and product M&A*

Depth of Resources and Relationships

- *Significant industry relationships; access to key decision makers*
- *Deal team depth and experience*
- *Extensive international coverage*
- *Bankers and healthcare executives within the firm*

Experienced in Maximizing Value

- *Directly relevant experience*
- *Professionally structured process*
- *Deal team staffing a proper mix of junior and senior resources*
- *Memorandum and material preparation of the highest quality*
- *Sensitive to confidentiality issues*

Healthcare Industry Expertise

- *Healthcare focus*
- *Relationships with over 500 healthcare companies worldwide*
- *Dedicated industry research coverage*
- *Dedicated internal analyst coverage*
- *Significant transaction record*

Professionals to Contact

- **Banks Bourne, Senior Managing Director**

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- Investment banking with Wachovia Securities, Inc.
- Founder and managing partner of Bourne Partners
- B.A. - Business Management with distinction, MBA - Wake Forest University

- **Jeremy Johnson, Vice President**

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- 7 years of life sciences M&A and licensing experience
- B.S. from Georgetown University