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## Stem Cell Industry Overview and Valuation

*July 2007*



**CB CAPITAL**  
PARTNERS, INC.

ANNUITIES • INVESTMENT BANKING • LIFE INSURANCE

# CB Capital Partners Overview

*CB Capital Partners experienced professionals help clients analyze financial alternatives.*



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## CB CAPITAL PARTNERS

- CB Capital Partners is a specialized investment banking firm that creates value through customized financial advisory assignments and by delivering high quality investment banking services to our clients. Our investment banking professionals have strong Wall Street experience and cater to small and middle market companies. We offer companies the expertise and capabilities of a large investment bank combined with the focused attention and energy of a small entrepreneurial firm. Our highest priority is to be an ethical investment banking service provider.

## INDUSTRY FOCUS

- CB Capital Partners brings value-added solutions to our clients through a partnership with our banking professionals and board members. This partnership provides our clients with an industry-knowledgeable team dedicated to their success. CB Capital Partners has proven expertise in the following four primary areas:
  - Healthcare, Medical Devices & Services
  - Consumer & Retail
  - Technology
  - Industrial Manufacturing

## STRATEGIC RELATIONSHIPS



- In 2001, CB Capital Partners became a contracted company of Pacific Life. This offers CB Capital Partners' clientele access to some of the most respected professional services groups on Wall Street.

## We offer our clients:

Expertise in every phase  
Extensive transaction experience  
Industry expertise in our focus areas  
Industry contacts

## Mergers & Acquisitions:

Buy-Side and Sell-Side Advisory Services  
Fairness Opinions and Valuation Services  
Divisional & Subsidiary Divestitures, Spin-Offs & Spin-Outs  
Management and Leveraged Buyouts  
Recapitalizations  
Strategic Partnerships and Investments  
Takeover Defense  
Financial Restructuring and Reorganization  
Maximize Shareholder value

## Private Placements:

Growth and Acquisition Capital  
Going Private Transactions  
Management Buyouts  
Leveraged Buyouts  
PIPEs (Private Investments in Public Companies)  
Recapitalizations  
Debt Refinancing  
Partial Sale or Partial Recapitalization



# Section I

## The Stem Cell Industry Overview



# The Stem Cell Industry Overview

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Regenerative medicine, including stem cell therapeutics, involves the development of therapies that use human cells and substances to create living, functional tissues in order to repair or replace tissue or organ function lost due to age, disease, damage, or congenital defects.



The strong interest in the field of regenerative medicine comes from the remarkable possibilities of developing potential therapies for diseases and injuries with unmet medical needs. Virtually any disease that results from malfunctioning, damaged, or failing tissues may be potentially cured through regenerative medicine.



Diseases that results from malfunctioning, damaged, or failing tissues may be potentially cured through regenerative medicine. Examples of such diseases in which regenerative medicine has potential include Diabetes, Heart disease, Renal failure, Osteoporosis, and Spinal cord injuries.



Approximately 300 million people in the US, EU, and Japan, incurring about \$393 billion in annual healthcare costs, could potentially benefit from stem cell therapeutics.



The potential US patient population that could be treated with stem cell therapeutics, thus representing a huge potential target market in the US for biotechnology companies such as Stemedica Cell Technologies.

*Source: Cohen Research – January 31, 2007*

# The Stem Cell Industry Overview

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Regenerative medicine has the promise to help combat common diseases in the elderly such as diabetes, osteoporosis and cardiovascular disease. The baby boomers that have experienced an improvement in the quality of life due to continual medical advancement are expected to have the greatest need for regenerative medicine because it offers them the greatest hope for the most effective medical treatment and quality of life in their senior years.



Additionally, regenerative medicine can also help to combat rising healthcare costs. Current national healthcare costs in the US are in excess of \$1.5 trillion annually, or 13.0% of Gross Domestic Product (GDP). According to the 2000 census report, the number of Americans aged 65 or older will double to 70 million by 2040.

Medical Condition	Expenditure (\$Billions)
Alzheimer's Disease	100.00
Diabetes Mellitus	45.00
Stroke	30.00
Chronic Liver Disease	25.00
Spinal Cord Injuries	10.00
Parkinsons's Disease	6.50
<b>Total</b>	<b>216.50</b>

Source: Business Insights

# The Stem Cell Industry Overview

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Stem cell-based medical therapies in the field of regenerative medicine are expected to develop within a few years (before 2009) and to grow rapidly thereafter. The stem cell market has been forecasted to grow at a compound annual rate of 22.9% from \$24.6 billion in 2005 to \$68.9 billion in 2010.



In January 2005, Navigant Consulting predicted that the US stem cell therapeutics market would first generate revenues in 2009 and grow rapidly to \$3.60 billion by 2015. Given that the US pharmaceutical market is estimated to be 45% of the world market, the world stem cell market is estimated to be \$8 billion in 2015.

Region	2005		2010		CAGR 2005-10 (%)
	Sales (\$MM)	Market Share (%)	Sales (\$MM)	Market Share (%)	
US & Canada	11,074	45.1	25,986	37.7	18.6
European Union	6,430	26.2	20,478	29.7	26.1
Rest of Europe	402	1.6	2,097	3.0	39.2
Japan	2,590	10.5	3,328	4.8	5.1
Asia (excl. Japan), Africa & Australia	1,786	7.3	9,990	14.5	41.1
Latin America	848	3.5	4,968	7.2	42.4
Sub-Total	23,131	94.2	66,847	97.1	23.6
Others	1,429	5.8	2,004	2.9	7.0
<b>Total</b>	<b>24,560</b>	<b>100.0</b>	<b>68,851</b>	<b>100</b>	<b>22.9</b>

Latin America = Argentina, Brazil, and Mexico

Source: Business Insights , Cohen Research – January 31, 2007, Navigant -Stem Cell Culture: Opportunities in an Emerging Market, 09-2006

# The Stem Cell Industry Overview

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Despite lack of federal support and ethical controversies surrounding the technology, interest in Embryonic Stem cells is increasing. The tremendous potential for Embryonic Stem cell-based therapy has attracted the attention of large multinationals with companies such as Johnson & Johnson, General Electric, Novartis, and Becton Dickinson.



December 2005, President George W. Bush signed into law the Stem Cell Therapeutic and Research Act of 2005, which appropriates \$79 million to increase the inventory of umbilical cord blood at blood banks. According to a U.S. Newswire story published on December 20, 2005, "The national program will also promote stem cell research by requiring participating cord blood banks to donate units not suitable for transplant to researchers and scientists."



The state of California passed Proposition 71, which will provide \$3 billion in funding over the next 10 years for embryonic stem cell research. The California Institute for Regenerative Medicine, was recently awarded \$45 million in research grants (Scimitar Equity Research 04-18-07).



The House passed a bill on June 7, 2007 lift President Bush's 2001 restrictions on federal funding for research involving the use of embryonic stem cells. Industry analysts believe the potential impact on Stem Cell stock prices remains to be seen. This may be the last step before the bill is sent to the White House for signing, although President Bush has threatened a veto.

Source: Bloomberg, Business Insights, Cohen Research – January 31, 2007.

# The Stem Cell Industry - Stem Cell Index

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CB Capital Partners – Stem Cell Index



The CB Capital Partners' Stem Cell Index of 15 Stem Cell companies declined 20.3% during the second Quarter of 2007.

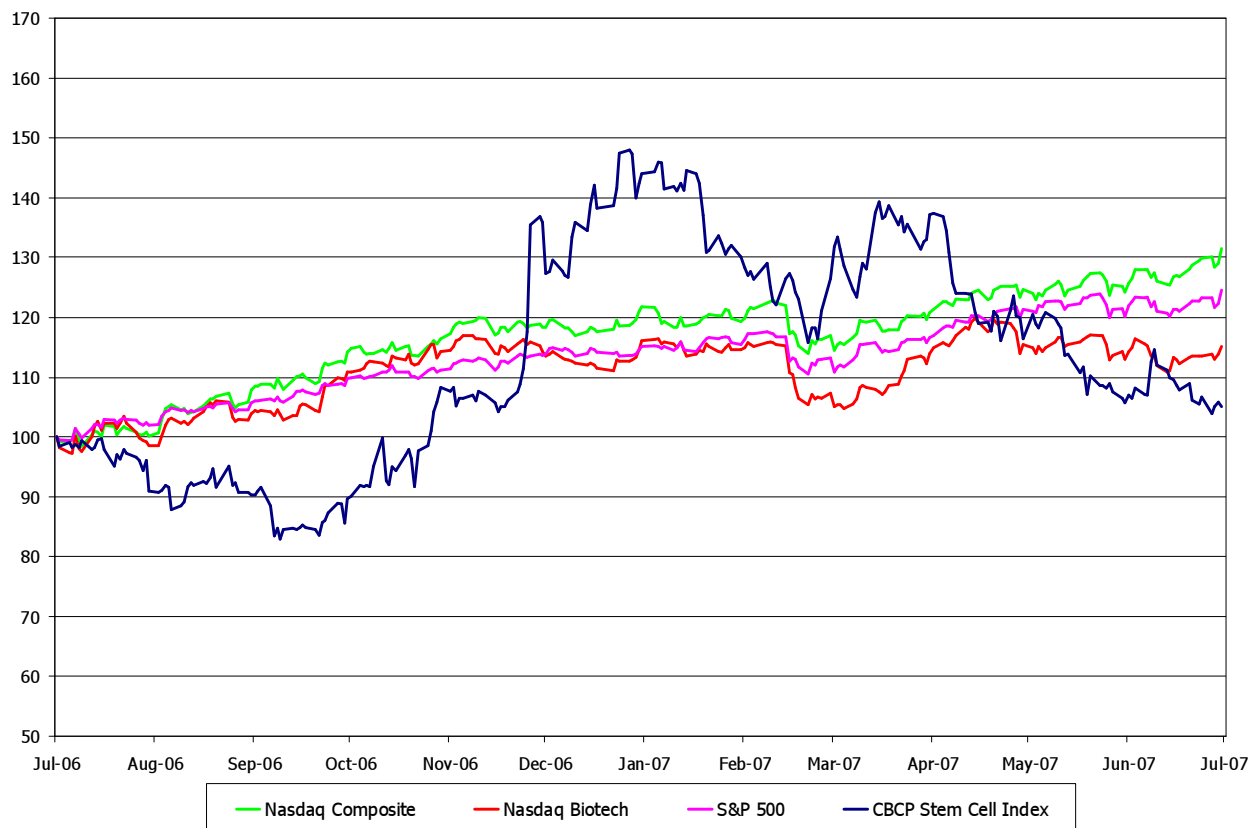
Source: Capital IQ, CB Capital Partners, Inc. 07-13-07

# The Stem Cell Industry - Stem Cell Composite

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The CB Capital Partners index underperformed the S&P 500 (+5.5%), the NASDAQ Composite (+7.5%), and the NASDAQ Biotech Index (+3.1%) during the same period. On a year-to-date basis, the Index was down (-24.3%) and has underperformed the S&P 500 (+9.3%), the NASDAQ Composite (+11.5%) and the NASDAQ Biotech Index (+3.6%).



Source: Capital IQ, CB Capital Partners, Inc. 07-13-07

# The Stem Cell Industry – Participants

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Company	Type of Stem Cells	Source	Indication	Stages of Development
Aastrom Biosciences (ASTM)	Proprietary mixture of HSCs and MSCs derived from patient's bone marrow (Tissue Repair Cells (TRC))	Patient specific	Bone grafting	For long bone fractures (Phase II), for jaw bone reconstruction (Phase I)
			Vascular tissue repair	For spinal fusion (Phase I), and osteonecrosis (preclinical)
			Joint repair	For joint repair (in research) 120 patient Phase III clinical trial for the treatment of osteonecrosis
Aldagen	Heterogenous mixture of HSCs, MSCs, endothelial and neural stem cells from patient's bone marrow	Patient specific	Cardiovascular	For treatment of advanced heart failure (Phase I)
			Peripheral vascular	To improve blood supply in patients with critical limb ischemia (Phase I)
			Cord blood transplantation	TStem cells from umbilical cord units for use in exploratory cord blood transplantation methods in children (Phase I)
Brainstorm Cell Therapeutics (BCLI)	Adult MSCs from donor bone marrow	Patient non-specific	Parkinson's Disease (PD)	
			ALS	Pre-Clinical
			Multiple Sclerosis	
Bioheart	Muscle stem cells from patient's thigh (MyoCell™)	Patient specific	Cardiovascular	For treatment for myocardial infarction
Celgene Cellular Therapeutics, a subsidiary of Celgene (CELG)	CSCs and PDSCs	Patient non-specific	Sickle cell anemia	CSCs for treatment of sickle cell anemia (preclinical)
			PDSCs	For neurodegenerative and metabolic diseases (research)
Cellerant	HSCs and myeloid stem cells (limited potential blood stem cells) from patient's or donor bone marrow or mobilized peripheral blood	Patient specific or patient non-specific	Cancer; Sickle cell anemia (patient specific and patient nonspecific)	CLT-001 (purified HSCs) to treat cancer (Phase II) and sickle cell anemia (preclinical)
			Neutropenia (patient non-specific)	CLT-008 (purified myeloid stem cells) for treatment-on-demand for acute neutropenia
Cytori Therapeutics (CYTX)	Adult stem cells from patient's adipose (fat) tissue	Patient specific	Orthopedic; gastrointestinal (GI)	For orthopedic and GI indications (preclinical)
			Reconstructive/cosmetic applications	Tested in Japan for post-mastectomy tissue repair in humans
			Cardiovascular	Phase I to begin in Europe for myocardial infarction and chronic ischemia
Gamida Cell	CSCs and adult stem cells from patient's or donor bone marrow	Patient specific or patient non-specific	Stem cell transplantation (patient non-specific)	In adults (Phase I/II for refractory blood cancers; Orphan drug status)
			Cardiovascular (patient specific)	Phase I/II to begin for treatment of acute myocardial infarction or chronic refractory angina by end of 2006
Geron (GERN)	ESCs	Patient non-specific	Spinal cord injury	IND filing expected in 2007
			Regenerative therapies	For neural degeneration, cardiovascular disease, diabetes, blood disorders, osteoarthritis and osteoporosis (preclinical)
Mesoblast (ASX: MSB)	MPCs from patient's or donor bone marrow	Patient specific or patient non-specific	Orthopedic (patient specific and patient non-specific) Cardiovascular/vesicular (patient specific and patient non-specific; in collaboration with Anioblast Systems)	For long bone fractures (clinical testing initiated in April 2006 in Australia); spinal fusion (preclinical; Phase II to begin in 2007) In Vitro Generation of Differentiated Neurons from Cultures of Mammalian Multi-potential CNS Stem Cell Myocardial infarction/congestive heart failure (pilot clinical testing underway in Australia); peripheral arterial disease and wound repair (preclinical)

CSC: umbilical cord blood-derived stem cell; ESC: embryonic stem cell; HSC: hematopoietic stem cell; MPC: mesenchymal precursor cell; MSC: mesenchymal stem cell; PDSC: placental-derived stem cell; USSC: unrestricted somatic stem cell.

Source: Jefferies & Company equity research 09-14-06, CB Capital Partners, Inc. 07-13-07.

# The Stem Cell Industry – Participants

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Company	Type of Stem Cells	Source	Indication	Stages of Development
MG Biotherapeutics (JV between GENZ and MDT)	Muscle stem cells (myoblasts) from patient's leg	Patient specific	Cardiovascular	For repair of damaged heart tissue after coronary artery bypass surgery (Phase II MAGIC trial ended due to a low likelihood of success in 02/06)
NeuralStem (NRLS)	ESC neural stem cells	Patient non-specific	Spinal cord injury Central Nervous System Diseases	Propagation, and Directed Differentiation of Stem Cell from Embryonic and Adult Central Nervous System of Mammals In Vitro Generation of Differentiated Neurons from Cultures of Mammalian Multi-potential CNS Stem Cells
NeuroGeneration	Adult neural stem cells from patient	Patient specific	Neurological disease	Parkinson's disease (Phase II currently on hold until processing facility meets cGMP standards)
Osiris (OSIR)	Adult MSCs from donor bone marrow	Patient non-specific	GvHD/Crohn's disease	Prochymal (Phase III)
			Meniscus regeneration	Chondrogen (Phase II)
			Prevention/repair of heart damage after acute MI	Provacel (Phase I/II)
			New bone growth	Osteocel-XC (Phase II to begin in 1H07)
PharmaGap (GAP)	NA	Patient non-specific	chemotherapy-resistant cancer	Pursuing pre-clinical development of PhGo1
ReNeuron Group (RENE)	ESCs	Patient non-specific	Parkinson's Disease Stroke	Application filed in November 2006 to commence initial clinical trial in the US with lead ReN001 stem cell therapy for stroke
Stem Cell Innovations (SCLL)	ESCs	Patient non-specific	Huntington's Disease	Proprietary human stem cell platform (PluriCells™)
			Clotting factors - Factor VIII and IX	In vitro toxicology product suite (ACTIVTox®/PREDICTIVTox™)
StemCells (STEM)	Adult stem cells from donor liver and pancreas, and ESC neural from fetal brain	Patient non-specific	Central nervous system	Cultured neural stem cells (HuCNS-SC™) to treat infantile and late-infantile neuronal ceroid lipofuscinosis (NCL or Batten disease) (Phase I); Alzheimer's disease, spinal cord injury, and demyelinating disease (preclinical)
			Liver disease	Human liver stem cells for liver disease (preclinical)
			Type 1 diabetes	Human pancreatic stem cells for Type 1 diabetes (preclinical)
Titan Pharmaceuticals (TTP)	ESC neural stem cells	Patient non-specific	Parkinson's Disease (partnered with Bayer Schering Pharma AG)	Spheramine (Phase IIb), Spheramine Phase III second half of 2008
ViaCell	CSCs, USSCs	Patient non-specific	Cord blood transplantation	Lead product CB001 of purified and concentrated CSCs for CSC transplantation (Phase I)
			Cardiovascular (in collaboration with Centocor/Cordis/J&J)	USSCs for repair of heart tissue after myocardial infarction (preclinical; IND anticipated in 2007)
			Diabetes	Pancreatic stem cells for Type 1 diabetes (research)
Vita 34 (V3V) (merged CorCell, Inc.)	CSC's	Patient non-specific	Autoimmune illnesses, Memory illnesses, Cardiac infarction, Brain damage	NA

CSC: umbilical cord blood-derived stem cell; ESC: embryonic stem cell; HSC: hematopoietic stem cell; MPC: mesenchymal precursor cell; MSC: mesenchymal stem cell; PDSC: placental-derived stem cell; USSC: unrestricted somatic stem cell.

Source: Jefferies & Company equity research 09-14-06, CB Capital Partners, Inc. 07-13-07.

# Section II

## Stem Cell Valuation Overview



## Stem Cell Valuations - Comparable Company



Given the potential for significant sector growth, the median EV/Sales multiple is 87.2x and the average is 83.4x as of July 13, 2007. Note that these multiples are consistent with a similar comparable analysis done by industry analysts in April of 2007 where the EV/Sales multiple was 84x.



Stock performance has not been consistent across the various stem cell companies, but sector performance has generally improved from the turbulent 2005-2006 period. Companies such as Geron Corporation and ViaCell, Inc. have seen their share prices rise significantly (26% and 40%) over the past 52-week period.



Firms such as Deutsche Bank Securities are valuing companies based upon earnings estimates for 2010 and 2011. For example, Deutsche valued ViaCell, Inc. in March of 2007 at 8x its 2011 earnings.

Source: Capital IQ; Scimitar Research; Deutsche Bank Securities; CB Capital Partners.

# Comparable Company Analysis – U.S.

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	Ticker	Price @	52 Week	Mkt Cap	EV	LTM Sales	LTM EBITDA	EV /	EV /	P/E Ratio	EPS	EPS
	Symbol	7/13/07	% Change	(\$mm)	(\$mm)	(\$mm)	(\$mm)	LTM Sales	EBITDA	FYE Estimate	LTM	Next FY
<b>Companies listed in the U.S.</b>												
Aastrom Biosciences	ASTM	\$ 1.33	15.65%	\$ 159.6	\$ 126.9	\$ 0.8	N/A	158.7x	N/A	N/A	-0.15	-0.18
Advanced Cell Technology	ACTC	\$ 0.44	-50.56%	\$ 21.5	\$ 42.0	\$ 0.5	N/A	87.2x	N/A	N/A	N/A	N/A
BrainStorm Cell Therapeutics	BCLI	\$ 0.70	112.12%	\$ 17.3	\$ 18.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cytori Therapeutics	CYTX	\$ 6.03	14.20%	\$ 142.21	\$ 119.65	\$ 6.9	N/A	17.3x	N/A	N/A	-1.54	-1.57
Geron	GERN	\$ 8.31	26.29%	\$ 605.57	\$ 384.34	\$ 3.6	N/A	106.5x	N/A	N/A	-0.55	-0.96
Medistem Laboratories, Inc.	MDSM	\$ 0.15	N/A	\$ 19.05	N/A	\$ 0.8	N/A	N/A	N/A	N/A	N/A	N/A
NeuralStem, Inc.	NRLS	\$ 2.70	N/A	\$ 78.66	N/A	\$ 0.4	N/A	N/A	N/A	N/A	N/A	N/A
Osiris Therapeutics	OSIR	\$ 12.90	N/A	\$ 354.4	\$ 351.6	\$ 9.2	N/A	38.3x	N/A	N/A	-1.60	-1.44
Stem Cell Innovations	SCLL	\$ 0.02	-92.00%	\$ 22.8	\$ 28.0	\$ 0.2	N/A	172.8x	N/A	N/A	N/A	N/A
StemCells, Inc.	STEM	\$ 2.39	6.22%	\$ 191.3	\$ 141.7	\$ 0.1	N/A	2485.4x	N/A	N/A	N/A	N/A
Titan Pharmaceuticals, Inc.	TTP	\$ 2.42	3.42%	\$ 107.6	\$ 97.1	\$ 0.0	N/A	3133.2x	N/A	N/A	-0.32	-0.32
ViaCell, Inc.	VIAC	\$ 5.73	40.44%	\$ 222.1	\$ 174.7	\$ 56.8	N/A	3.1x	N/A	N/A	-0.57	-0.39
<b>Average</b>								<b>83.4x</b>	N/A	N/A		
<b>Median</b>								<b>87.2x</b>	N/A	N/A		
<b>High</b>								<b>3133.2x</b>	N/A	N/A		
<b>Low</b>								<b>3.1x</b>	N/A	N/A		
<b>S&amp;P 500 Index</b>	<b>SPX</b>	<b>\$ 1,547.70</b>	<b>19.03%</b>									

Source: Capital IQ; Thomson Financial, CB Capital Partners.

Note: StemCells, Inc. and Titan Pharmaceuticals were excluded from the average and median EV/LTM Sales calculations.

# Comparable Company Analysis - Foreign

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	Ticker	Price^ @	52 Week	Mkt Cap	EV	LTM Sales	LTM EBITDA	EV /	EV /	P/E Ratio	EPS	EPS	
	Symbol	7/13/07	% Change	(\$mm)	(\$mm)	(\$mm)	(\$mm)	LTM Sales	LTM EBITDA	FYE Estimate	LTM	Next FY	
<b>Companies listed abroad</b>													
Arius Research, Inc.	Toronto	ARI.TO \$	0.74	-2.63%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PharmaGap	Toronto	GAP.V \$	0.18	-12.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ReNeuron Group plc	AIM	RENE.L \$	23.50	135.00%	\$ 32.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stem Cell Sciences	AIM	STEM.L \$	39.00	-29.09%	\$ 13.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vita 34^^	Berlin	V3V.BE \$	12.48	2.72%	\$ 33.03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Average</b>									N/A	N/A	N/A		
<b>Median</b>									N/A	N/A	N/A		
<b>High</b>									N/A	N/A	N/A		
<b>Low</b>									N/A	N/A	N/A		
<b>S&amp;P 500 Index</b>		<b>SPX</b>	<b>\$ 1,547.70</b>	<b>19.03%</b>									

Source: Capital IQ; Thomson Financial, CB Capital Partners.

^Prices for AIM-listed companies are in British pounds.

^Prices for Toronto-listed companies are in Canadian dollars.

^The price for Vita 34 is in Euros.

^^Vita 34 went public in Q1 07. V3V.BE has increased 2.72% since that time.

# Precedent Transaction Analysis < \$1Billion

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Effective Date	Target Name	Target Description	Country	Target (\$ in Millions)				Enterprise Value (EV) to		
				Enterprise Value	LTM Revenue	LTM EBITDA	LTM EBIT	LTM Revenue	LTM EBITDA	LTM EBIT
06/19/07	Symbion Health Ltd.	Manufactures generic inject-able pharmaceuticals	Australia	1,206.3	2,791.6	184.8	132.2	<b>0.4 x</b>	6.5 x	9.1 x
06/15/07	Kilith Drugs India Ltd.	Manufactures pharmaceuticals	India	15.4	NA	0.4	0.3	NA	39.4 x	<b>59.0 x</b>
05/29/07	Bradley Pharmaceuticals, Inc.	Develops and distributes pharmaceutical products	United States	372.4	147.9	42.5	29.9	2.5 x	8.8 x	12.5 x
05/09/07	Granules India Ltd.	Manufactures pharmaceuticals	India	55.3	0.0	7.6	5.8	NA	7.3 x	9.6 x
04/13/07	Chongqing Huapont Pharm. Co. Ltd.	Manufactures and distributes pharmaceutical drugs	China	105.8	36.5	10.6	8.9	2.9 x	10.0 x	11.8 x
04/04/07	Bliss GVS Pharma Ltd.	Manufactures pharmaceuticals	India	8.8	0.0	0.4	0.4	NA	21.4 x	22.5 x
02/13/07	Invitrogen Corp.	Develops, tests and manufactures pharmaceutical products	United States	261.3	98.1	26.5	21.0	2.7 x	9.9 x	12.5 x
02/02/07	PI Drugs & Pharmaceuticals Ltd.	Manufactures pharmaceuticals	India	11.3	8.5	1.3	1.2	1.3 x	8.6 x	9.5 x
01/19/07	Chongqing Huapont Pharm. Co. Ltd.	Manufactures and distributes pharmaceutical drugs	China	251.6	36.5	10.6	8.9	6.9 x	23.7 x	28.2 x
12/08/06	Linson Investments Ltd.	Manufactures pharmaceutical products	Cayman Islands	60.7	25.3	7.0	7.0	2.4 x	8.7 x	8.7 x
11/22/06	Fulford India Ltd.	Manufactures pharmaceuticals	India	50.0	34.0	4.6	4.4	1.5 x	10.8 x	11.4 x
11/17/06	Innovata Plc	Researches and develops a small number of ethical pharmaceutical and medical products	United Kingdom	185.9	62.8	29.0	23.9	3.0 x	6.4 x	7.8 x
10/30/06	Glenmark Pharmaceuticals Ltd.	Develops and manufactures pharmaceuticals	India	1,008.9	147.2	28.3	24.3	6.9 x	35.7 x	41.6 x
09/01/06	Natural ASA	Manufactures pharmaceuticals	Norway	55.6	5.5	0.6	0.3	10.1 x	<b>86.9 x</b>	<b>191.8 x</b>
08/29/06	Matrix Laboratories Ltd.	Manufactures pharmaceutical drugs	India	1,014.8	156.4	55.1	50.0	6.5 x	18.4 x	20.3 x
08/28/06	Matrix Laboratories Ltd.	Manufactures pharmaceutical drugs	India	1,011.1	156.4	55.1	50.0	6.5 x	18.4 x	20.2 x
08/14/06	GroPep Ltd.	Manufactures pharmaceuticals	Australia	74.0	10.1	3.7	3.0	7.3 x	19.9 x	24.9 x
08/03/06	Morepen Laboratories Ltd.	Manufactures generic drugs and pharmaceutical formulations	India	120.0	27.4	3.4	(7.6)	4.4 x	35.3 x	NM
06/20/06	Biacore International AB	Researches and develops drugs	Sweden	435.8	72.7	23.9	17.0	6.0 x	18.3 x	25.7 x
01/24/06	JB Chemicals & Pharmaceuticals Ltd.	Manufactures pharmaceutical products	India	220.1	85.2	18.4	16.0	2.6 x	12.0 x	13.8 x
01/10/06	Unichem Laboratories Ltd.	Manufactures pharmaceuticals	India	242.1	133.8	38.3	35.9	1.8 x	6.3 x	6.7 x
11/01/05	Able Laboratories, Inc.	Manufactures pharmaceutical products	United States	6.4	112.5	30.1	26.8	<b>0.1 x</b>	<b>0.2 x</b>	<b>0.2 x</b>
07/13/05	GenCorp, Inc.	Manufactures drugs for the treatment of cancer, AIDS, epilepsy, and the flu	United States	115.8	65.5	11.1	3.2	1.8 x	10.4 x	36.4 x
<b>Average</b>								4.27 x	16.01 x	17.54 x
<b>Median</b>								2.93 x	10.40 x	12.46 x
<b>High</b>								10.09 x	39.36 x	41.55 x
<b>Low</b>								1.33 x	6.32 x	6.74 x

Notes:

(1) Source: CB Capital Partners, FactSet Mergerstat

(2) Search Criteria:

U.S. & International transaction from 07/01/05 to 07/11/07

Target companies SIC Codes:

\*2834 Pharmaceutical Preparations

\*2836 Biological Products, Except Diagnostic Substances

\*8731 Commercial Physical and Biological Research

Transaction value less than \$1.0 Billion

(3) Bolded numbers excluded from calculations

# Precedent Transaction Analysis < \$10 Billion

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Effective Date	Target Name	Target Description	Country	Target (\$ in Millions)				Enterprise Value (EV) to		
				Enterprise Value	LTM Revenue	LTM EBITDA	LTM EBIT	LTM Revenue	LTM EBITDA	LTM EBIT
06/19/07	Symbion Health Ltd.	Manufactures generic inject-able pharmaceuticals	Australia	1,206.3	2,791.6	184.8	132.2	<b>0.4 x</b>	6.5 x	9.1 x
06/15/07	Kilitch Drugs India Ltd.	Manufactures pharmaceuticals	India	15.4	NA	0.4	0.3	NA	39.4 x	<b>59.0 x</b>
05/29/07	Bradley Pharmaceuticals, Inc.	Develops and distributes pharmaceutical products	United States	372.4	147.9	42.5	29.9	2.5 x	8.8 x	12.5 x
05/09/07	Granules India Ltd.	Manufactures pharmaceuticals	India	55.3	0.0	7.6	5.8	NA	7.3 x	9.6 x
05/01/07	Symbion Health Ltd.	Manufactures generic inject-able pharmaceuticals	Australia	2,615.5	2,791.6	184.8	132.2	<b>0.9 x</b>	14.1 x	19.8 x
04/13/07	Chongqing Huapont Pharm. Co. Ltd.	Manufactures and distributes pharmaceutical drugs	China	105.8	36.5	10.6	8.9	2.9 x	10.0 x	11.8 x
04/04/07	Bliss GVS Pharma Ltd.	Manufactures pharmaceuticals	India	8.8	0.0	0.4	0.4	NA	21.4 x	22.5 x
02/13/07	Invitrogen Corp.	Develops, tests and manufactures pharmaceutical products	United States	261.3	98.1	26.5	21.0	2.7 x	9.9 x	12.5 x
02/06/07	Symbion Health Ltd.	Manufactures generic inject-able pharmaceuticals	Australia	2,023.6	2,791.6	184.8	132.2	<b>0.7 x</b>	10.9 x	15.3 x
02/02/07	PI Drugs & Pharmaceuticals Ltd.	Manufactures pharmaceuticals	India	11.3	8.5	1.3	1.2	1.3 x	8.6 x	9.5 x
01/19/07	Chongqing Huapont Pharm. Co. Ltd.	Manufactures and distributes pharmaceutical drugs	China	251.6	36.5	10.6	8.9	6.9 x	23.7 x	28.2 x
12/08/06	Linson Investments Ltd.	Manufactures pharmaceutical products	Cayman Islands	60.7	25.3	7.0	7.0	2.4 x	8.7 x	8.7 x
11/22/06	Fulford India Ltd.	Manufactures pharmaceuticals	India	50.0	34.0	4.6	4.4	1.5 x	10.8 x	11.4 x
11/17/06	Innovata Plc	Researches and develops a small number of ethical pharmaceutical and medical products	United Kingdom	185.9	62.8	29.0	23.9	3.0 x	6.4 x	7.8 x
11/06/06	Kos Pharmaceuticals, Inc.	Develops pharmaceutical products	United States	3,250.4	813.5	140.9	119.5	4.0 x	23.1 x	27.2 x
10/30/06	Glenmark Pharmaceuticals Ltd.	Develops and manufactures pharmaceuticals	India	1,008.9	147.2	28.3	24.3	6.9 x	35.7 x	41.6 x
10/17/06	ICOS Corp.	Provides therapeutics to patients	United States	2,485.6	84.3	41.1	32.8	<b>29.5 x</b>	<b>60.4 x</b>	<b>75.8 x</b>
09/21/06	Serono SA	Specializes in the manufacture of cancer and cardiovascular drugs	Switzerland	9,704.9	2,674.9	918.6	785.8	3.6 x	10.6 x	12.4 x
09/20/06	Mayne Pharma Ltd.	Manufactures pharmaceutical products	Australia	1,961.6	591.8	12.7	(1.9)	3.3 x	<b>154.3 x</b>	NM
09/01/06	Natural ASA	Manufactures pharmaceuticals	Norway	55.6	5.5	0.6	0.3	10.1 x	<b>86.9 x</b>	<b>191.8 x</b>
08/29/06	Matrix Laboratories Ltd.	Manufactures pharmaceutical drugs	India	1,014.8	156.4	55.1	50.0	6.5 x	18.4 x	20.3 x
08/28/06	Matrix Laboratories Ltd.	Manufactures pharmaceutical drugs	India	1,011.1	156.4	55.1	50.0	6.5 x	18.4 x	20.2 x
08/14/06	GroPep Ltd.	Manufactures pharmaceuticals	Australia	74.0	10.1	3.7	3.0	7.3 x	19.9 x	24.9 x
08/03/06	Morepen Laboratories Ltd.	Manufactures generic drugs and pharmaceutical formulations	India	120.0	27.4	3.4	(7.6)	4.4 x	35.3 x	NM
06/20/06	Biacore International AB	Researches and develops drugs	Sweden	435.8	72.7	23.9	17.0	6.0 x	18.3 x	25.7 x
05/29/06	PLIVA dd	Manufactures pharmaceutical products	Bulgaria	2,647.2	1,071.8	197.4	103.2	2.5 x	13.4 x	25.6 x
03/26/06	Zentiva NV	Manufactures and processes drugs	Czech Republic	2,154.9	480.8	137.2	110.3	4.5 x	15.7 x	19.5 x
03/13/06	Andrx Corp.	Develops, manufactures and commercializes oral pharmaceuticals products	United States	1,813.4	1,042.0	84.7	49.2	1.7 x	21.4 x	36.9 x
01/24/06	JB Chemicals & Pharmaceuticals Ltd.	Manufactures pharmaceutical products	India	220.1	85.2	18.4	16.0	2.6 x	12.0 x	13.8 x
01/10/06	Unichem Laboratories Ltd.	Manufactures pharmaceuticals	India	242.1	133.8	38.3	35.9	1.8 x	6.3 x	6.7 x
11/01/05	Able Laboratories, Inc.	Manufactures pharmaceutical products	United States	6.4	112.5	30.1	26.8	<b>0.1 x</b>	<b>0.2 x</b>	<b>0.2 x</b>
07/13/05	GenCorp, Inc.	Manufactures drugs for the treatment of cancer, AIDS, epilepsy, and the flu	United States	115.8	65.5	11.1	3.2	1.8 x	10.4 x	36.4 x

<b>Average</b>	4.02 x	15.91 x	18.84 x
<b>Median</b>	3.14 x	12.70 x	17.42 x

<b>High</b>	10.09 x	39.36 x	41.55 x
<b>Low</b>	1.33 x	6.32 x	6.74 x

Notes:

(1) Source: CB Capital Partners, FactSet Mergerstat

(2) Search Criteria:

U.S. & International transaction from 07/01/05 to 07/11/07

Target companies SIC Codes:

\*2834 Pharmaceutical Preparations

\*2836 Biological Products, Except Diagnostic Substances

\*8731 Commercial Physical and Biological Research

Transaction value less than \$10.0 Billion

(3) Bolded numbers excluded from calculations