

Review 2010 & Outlook 2011

Life Sciences & Healthcare

As we usher out the past year and welcome a new one, we in the global Healthcare industry have plenty for which to be thankful as well as scornful. Perhaps heading the list of those items on which we will reflect with fondness is the ever so slight reopening of the capital markets. While admittedly, 2010 was anything but robust for our industry from a capital formation perspective, the US still witnessed 18 IPOs (up from 11 last year), and the Asia/Pacific several of the largest IPOs in its history, including a \$2.4B IPO for Tokyo-based Otsuka Pharmaceuticals and a \$750M IPO for China-based Sihuan Pharmaceuticals, which was priced at an eye-popping 26.7 times 2011 earnings. US IPO registrations (31 in 2010) were up from the previous year, and PIPES/Registered Directs/Unregistered Directs/Convertibles were also, in the aggregate, up smartly YOY (\$8.8B raised in 2010 vs \$6.2B in 2011). For the year, however, the HC sector underperformed the S&P index, registering a slight aggregate loss (all HC segments) of 0.3%, versus a gain of 12.8% for the S&P 500.

For private equity investors, trade sales continued to be among the most attractive liquidity events in 2010. There were over fifty such HC exits (consideration >\$100M) this past year for private equity investors, and these can be expected to accelerate in 2011 as operating margin pressures, continued tightness in the equity markets, lengthening holding periods, and the 2012-14 debt wall will compel sellers to choose this realization option.

Leading the list of 2010 items for which operators and investors alike will express dismay are the paucity of approvals at FDA (21 in 2010, down from 25 in 2009 and 24 in 2008), and the approval of ObamaCare (the Patient Protection and Affordable Care Act), which has set in motion the creation of 160 new federal government agencies to administer and implement the new legislation. There is, of course, good news about ObamaCare, as it is projected to add 44 million patients to the US healthcare system. Some investors have likened this new behemoth piece of legislation as that which will turn the US healthcare system into a low-innovation, low growth public utility – partially explaining the comparatively low P/E multiples which afflict current HC valuations, especially in developed markets such as Europe, Japan and the US.

Looking ahead, there will be clear winners within the global healthcare industry as a result of the transformative impact of capital flows, new legislation, and regional development.

Emerging markets will continue their march as the fastest growing venues for corporate growth. Capital investment is flowing and will continue to flow plentifully into these markets, resulting in continuing tight labor markets – especially for proven talented executives who will continue to have numerous options for career advancement. And US healthcare providers and services companies will suffer from unprecedented operating pressures, as the addition of millions of patients will force cracks in the healthcare delivery system, coupled with reimbursement curtailments. For certain segments, it will be survival of only the fittest.

In addition, due to scarcity, a premium for talent in certain functional labor markets can be expected to continue – those markets, among others, being Quality, Medical/Clinical Affairs, Regulatory Affairs, Compliance, Market Access, Pricing and Reimbursement, and Technical Operations. Several of these functional areas – notably Quality, Compliance, Market Access, Pricing and Reimbursement – result directly from the mountain of regulation that is being heaped upon HC manufacturers, providers and payers alike. Boards and CEOs remain vigilant about the fiduciary duties associated with fulfilling the obligations associated with each.

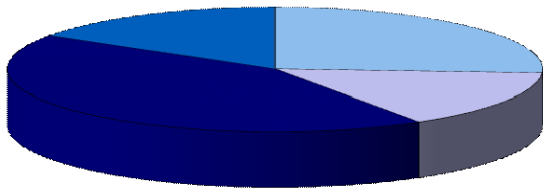
Trends that will either be new in 2011 or will represent strong evolutionary momentum include the ascent of the CHRO in setting corporate strategy and partnering with the CEO to manage the affairs of the board (especially in the realms of succession planning and Compensation and Benefits), the ascent of Quality to a C-Level role, the advent of DBMs (Diagnostics Benefits Managers) as major players in curbing the escalating costs associated with the rollout of new biomarker technology in the personalized medicine/medical diagnostics field, and the progressive introduction of wellness programs by large national enterprises (ie, drug chains, private and national health systems, and payers) as populations expand and precious health management resources are stretched.

There is new optimism that 2011 will offer a better climate for HC managements and investors than what we have endured since the beginnings of the global financial crisis. Cyclically speaking, it's time to be looking more expansively for growth opportunities, shedding a measure of the cautiousness that has dominated and informed management decision making in recent years.

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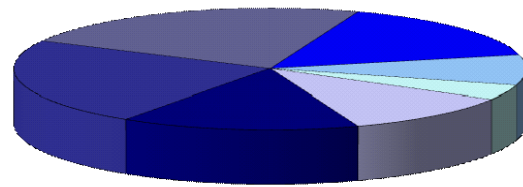
At CTPartners, we strive to assist our Life Sciences and Healthcare clients in meeting their most significant executive team and board-building challenges. For the year ended December 31, 2010, we initiated 225 new search and other consulting engagements for 114 clients in 20 countries, covering a wide range of functions.

Figure 1
2010 Placements By Segment



Segment	Percent
Pharmaceuticals	26
Biotechnology	15
Medical Devices, Diagnostics & Instrumentation	43
Healthcare Services	16

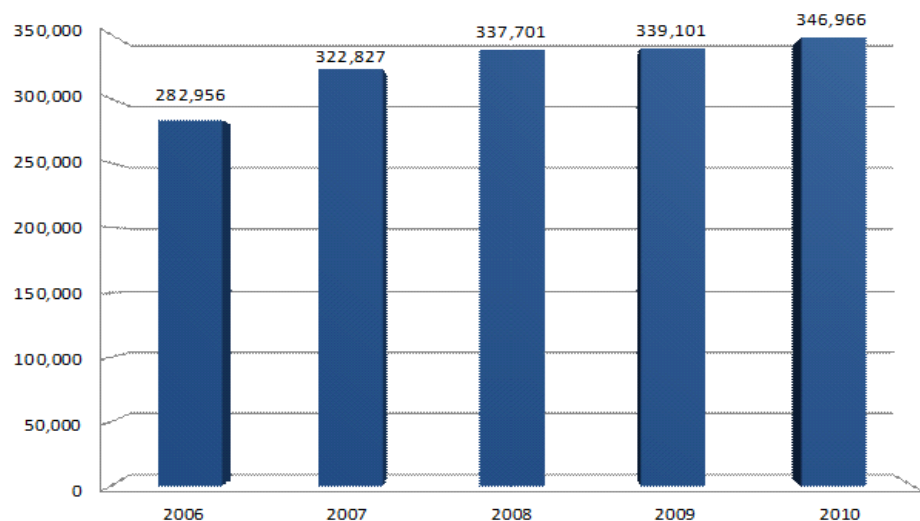
Figure 2
2010 Placements By Function



Function	Percent
CEOs, COOs, GMs & Board Directors	15
Research & Development	23
Sales, Marketing & Commercial	23
Operations, Manufacturing & Supply Chain	16
Finance & Corporate Development	8
IT, Legal & Administrative	4
Human Resources	11

Figure 3
Worldwide Average Total Cash Compensation Of Our Placed Candidates
(excluding Board Members)

* Excludes all forms of non-cash compensation.



Recent Representative Assignments

NORTH AMERICA

Bruce J. Barclay, Chief Executive Officer
Client: Hansen Medical
Past Affiliation: SurModics, Inc.

Gregory D. Casciaro, Chief Executive Officer
Client: Access Closure
Past Affiliation: Orquest

Amar Duvvur, Vice President, Treasury
Client: CareFusion Corporation
Previous Affiliation: Tyco International Ltd.

Paul Grint, SVP, Early Development & Clinical Development
Client: Forest Laboratories, Inc.
Previous Affiliation: Kalypsys, Inc.

Brian Jackson, Division Vice President
Client: DaVita
Previous Affiliation: Cardinal Health

Stuart McGuigan, SVP & Chief Information Officer
Client: CVS Caremark
Previous Affiliation: Liberty Mutual Holding Company

Julie McHugh, Chief Operating Officer
Client: Endo Pharmaceuticals
Previous Affiliation: Centocor Ortho Biotech Products

Vinod Melvani, Senior Vice President, Generics
Client: McKesson Corporation
Previous Affiliation: McKesson Corporation

James R. Miller, VP & GM, Intercontinental Commercial Operations
Client: Talecris Biotherapeutics
Previous Affiliation: Pinnacle Biologics, Inc.

Mark Myslinski, Senior Vice President, Diagnostics
Client: Hologic, Inc
Previous Affiliation: RedPath Integrated

Megan Pace, Vice President, Corporate Communications
Client: Vertex Pharmaceuticals
Previous Affiliation: Genentech, Inc.

Robert Poulton, SVP & Global Head of Quality
Client: Dendreon Corporation
Previous Affiliation: Wyeth

Robert Savel, SVP & Chief Technical Officer
Client: Inspire Pharmaceuticals, Inc.
Previous Affiliation: PDL BioPharma, Inc.

Scott Sherman, Executive Vice President & CHRO
Client: Allergan, Inc.
Previous Affiliation: Medtronic, Inc.

David Southwell, EVP & Chief Financial Officer
Client: Human Genome Sciences, Inc.
Previous Affiliation: Sepracor, Inc.

Kate Stevenson, Board Director
Client: Valeant Pharmaceuticals International
Previous Affiliation: OSI Pharmaceuticals

Ann Veneman, Board Director
Client: Alexion Pharmaceuticals
Previous Affiliation: UNICEF

Peter Zündorf, Senior Vice President & GM Business Unit
Client: Genzyme Corporation
Previous Affiliation: Bayer Schering Pharma

EMEA

Eren Celtikcioglu, Chief Financial Officer
Client: Biofarma Pharmaceutical Industry Co. Inc.
Previous Affiliation: Actavis Turkey

Brian Clark, Chief Operating Officer
Client: Qatar Biobank
Previous Affiliation: onCore UK

Peter Elam, VP, Head of Internal Audit & Compliance
Client: Novartis AG
Previous Affiliation: Shell

Mustafa Hassan, Chief Executive Officer
Client: Amoun Pharmaceuticals
Previous Affiliation: Bristol-Myers Squibb Egypt Co.

ASIA PACIFIC

Swadesh Behera, Vice President, Human Resources, India
Client: Boston Scientific
Previous Affiliation: Merck Sharp & Dohme

Daniel Fung, Head of Commercial Rx, China
Client: Bausch & Lomb Incorporated
Previous Affiliation: IMS Market Research

Kenneth Li, Head of Pharmaceuticals, Asia
Client: Bausch & Lomb Incorporated
Previous Affiliation: Ipsen

Johnson Zhang, President, Genetic Screening
Client: PerkinElmer Life & Analytical Sciences
Previous Affiliation: Sym Bio

LATAM

Claudia Andrade, Business Unit Head
Client: Bausch & Lomb Inc
Previous Affiliation: Novartis Ophthalmics Inc.

Ludwing Samer, Gerente de Producto
Client: Bristol-Myers Squibb Columbia
Previous Affiliation: World Medical SA

Caio Thomas, Controller, Brazil
Client: Nobel Biocare
Previous Affiliation: Drager Medical Brazil

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