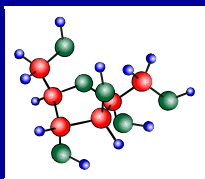
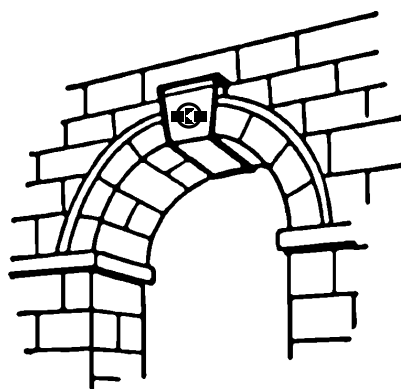


**ANNOUNCING**

# SPECIALTY EXCIPIENTS USA 1998

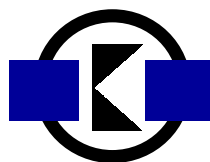


## A Keystone Analysis



key-stone (ke'ston) *n.*

The central principle  
of a system or policy  
on which all the rest  
depends.



**KLINE & COMPANY, INC.**

OVERLOOK AT GREAT  
NOTCH

150 CLOVE ROAD

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**K**line is pleased to propose a unique *KEYSTONE* analysis, **SPECIALTY EXCIPIENTS USA 1998**. Kline defines a keystone as “the central principle of a system or policy on which all the rest depends” and has designed its latest *KEYSTONE* analysis to provide subscribers with an authoritative, accurate view of the market based on clear, consistent, and meaningful definitions so that subscribers can formulate effective strategic programs and business plans.

To provide maximum value to subscribers, **SPECIALTY EXCIPIENTS USA 1998** has been designed as a *four-volume, two-year* program, as described below:

Year 1	Year 2
<b>Volume 1</b>	<b>Volume 3</b>
— Specialty excipients used in pharmaceutical oral solid dosage form (OSDF) products	— Pharmaceutical specialty excipients used in other delivery forms <ul style="list-style-type: none"> <li>■ Liquids               <ul style="list-style-type: none"> <li>— Cough syrups</li> <li>— Antidiarrheal formulations</li> </ul> </li> <li>■ Topical creams and lotions               <ul style="list-style-type: none"> <li>— Topical analgesics</li> <li>— Acne aids</li> <li>— Hemorrhoidal preparations</li> <li>— Fungicidal preparations</li> </ul> </li> <li>■ Other               <ul style="list-style-type: none"> <li>— Suppositories</li> <li>— Injectables</li> </ul> </li> </ul>
<b>Volume 2</b>	<b>Volume 4</b>
— Specialty excipients used in nutritional multivitamin preparations	— Executive summary containing important summary cross reference information from volumes 1, 2, and 3

As a Kline *KEYSTONE* analysis, **SPECIALTY EXCIPIENTS USA 1998** will provide a comprehensive evaluation of the U.S. market for specialty excipients, including:

- Distinct and detailed analyses of major specialty excipient categories, products, and leading end-use markets
- Industry dynamics and key trends, including an assessment of the business implications of these issues
- In-depth business profiles of major suppliers of specialty excipients
- Overall business outlook and opportunity appraisal by product category through 2003

# TENTATIVE OUTLINE

**FOR VOLUMES 1, 2, AND 3, THE FOLLOWING INFORMATION WILL BE PROVIDED:**

## FOREWORD

1. EXECUTIVE SUMMARY
2. INTRODUCTION
3. INDUSTRY OVERVIEW AND BUSINESS ENVIRONMENT
  - Industry structure
  - Description of specialty excipients by category and product
  - Applications
  - Channels of distribution
  - Supplier base
  - Regulatory developments
  - Outlook

## 4. PRODUCTS

- Specialty binders and fillers
- Super disintegrants
- Disintegrants
- Lubricants
- Specialty coatings raw materials
- Formulated coatings

For each product category listed above, the following information will be provided:

- Description of physical properties, grades, prices, and use levels
- Estimated U.S. consumption in volume and value by:
  - Product type
  - Manufacturing process (wet granulation and direct compression) and formulated product category, where applicable, including Rx and OTC
- Purchasing considerations
  - Global procurement of raw materials
  - Key decision makers and influencers in customer organization
  - Key factors for success
  - Supplier/customer interaction
  - Trends
- Distribution channels
- Estimated supplier sales
- Research and development
- Government regulations
- Key market trends and developments
- Appraisal and outlook through 2003

## 5. SUPPLIERS

- Supplier base and developments

- Selected suppliers will be profiled in detail, including the following information:
  - Background
  - Organization
  - Management and personnel
  - Sales and financial performance
  - Specialty excipient products and grades
  - Targeted markets
  - Business and marketing strategy
  - Competitive position
  - Product sourcing/manufacturing capabilities
  - Research and development
  - Appraisal

## 6. LISTING OF EXCIPIENT SUPPLIERS TO THE U. S. MARKET

## 7. APPENDIX

- List of organizations interviewed

**FOR VOLUME 4, THE FOLLOWING INFORMATION WILL BE PROVIDED:**

## FOREWORD

## 1. INTRODUCTION

## 2. INDUSTRY OVERVIEW AND BUSINESS ENVIRONMENT

- Overall industry structure
- Description of specialty excipients by category, product, and application
- Channels of distribution
- Supplier base
- Regulatory developments
- Outlook

## 3. PRODUCT SUMMARY CROSS REFERENCES

- Estimated U.S. specialty excipient consumption in volume and value by:
  - Product type and application
    - Pharmaceutical OSDF
      - Rx and OTC (where applicable)
    - Nutritional
    - Pharmaceutical other delivery forms

## 4. SUPPLIER SALES SUMMARY CROSS REFERENCES

- Estimated specialty excipient supplier sales in volume and value by:
  - Product type and application
    - Pharmaceutical OSDF
      - Rx and OTC (where applicable)
    - Nutritional
    - Pharmaceutical other delivery forms

## SPECIALTY EXCIPIENTS USA 1998

### THE BUSINESS

The U.S. market for specialty excipients, as defined by Kline & Company, is valued at between \$400 million and \$450 million in 1997 and comprises a diverse range of product categories, as shown in Figure 1.

Several key trends are redefining the U.S. market for specialty excipients:

- **Changes in distribution channels**
- **Competition between compression versus wet granulation manufacturing methods for oral solid dosage forms (OSDFs)**
- **Customer base consolidation and right-sizing efforts**
- **Increasing government regulatory scrutiny**
- **Influx of imported specialty excipients that are often aggressively priced**
- **Pharmaceutical company global procurement strategies and purchasing considerations**
- **High cost of introducing new specialty excipients into the U.S. market**
- **Prescription to-over-the-counter (Rx-to-OTC) switches and generic conversions**

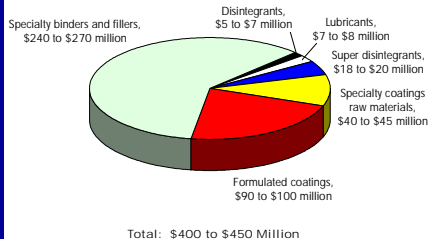
Specialty excipient suppliers are considering the strategic implications of many of these trends and issues on their U.S. businesses, including such questions as:

- **How can we compete successfully and profitably in the future U.S. market?**
- **How will customer expectations and purchasing criteria and practices change over the next five years?**
- **How will future government regulations impact the current product landscape and the development of new specialty excipients?**
- **What are the new growth opportunities for specialty excipients?**
- **How can we ensure that the specialty excipients market remains a value-added one?**
- **Is global harmonization possible? What will it mean for our business?**

Timely and accurate information is a key input requirement for consideration of many of the above issues. Kline's **KEYSTONE analysis, SPECIALTY EXCIPIENTS USA 1998**, will provide an in-depth analysis of this very complex market and will serve as a critical reference source to answer the industry's most challenging questions.

Figure 1

ESTIMATED U.S. CONSUMPTION OF SPECIALTY EXCIPIENTS BY PRODUCT CATEGORY, 1997



## THE STUDY

### **SPECIALTY EXCIPIENTS**

**USA 1998** will be a comprehensive analysis of this complex and fragmented market. The **KEYSTONE** analysis will examine four industry facets: (1) products; (2) applications; (3) government regulations; and (4) suppliers. A tentative report outline is provided at the beginning of this brochure. The report will cover six major categories of specialty excipients and upward of 30 products, as described in Table 1.

## RESEARCH METHODOLOGY

Kline's research approach places the greatest emphasis on primary research. The foundation and insight and information needed to complete this complex analysis will be developed through an extensive series of over 200 field interviews with: (1) raw material suppliers; (2) raw material distributors; (3) manufacturers of OSDF pharmaceuticals and other delivery forms, and nutritional products; (4) specialty formulators and processors;

(5) regulatory agencies; and (6) trade associations and other organizations, including universities. These interviews will be supplemented by a review of nonconfidential information in Kline's library and files and will draw upon: (1) recent trade and technical literature; (2) suppliers' product literature and price lists; and (3) statistical data obtained from government and trade associations.

If there is sufficient subscriber interest, field research will start in January 1998 with publication of Volumes 1 and 2 tentatively scheduled for September/October 1998 and Volumes 3 and 4 scheduled for June 1999. A tentative report schedule is shown in Figure 2.

## SUBSCRIPTION TERMS AND PRIVILEGES

### **SPECIALTY EXCIPIENTS**

**USA 1998** is available only by subscription. There will be a progressive subscription rate based on the timing of the acceptance of the subscription agreement.

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Table 1

### **TENTATIVE PRODUCT SCOPE**

#### **Specialty binders and fillers**

- Cellulosics
  - Carboxymethyl cellulose (CMC)
  - Ethyl cellulose (EC)
  - Hydroxyethyl cellulose (HEC)
  - Hydroxypropyl cellulose (HPC)
  - Hydroxypropyl methylcellulose (HPMC)
  - Methyl cellulose (MC)
  - Microcrystalline cellulose (MCC)
- Lactose
- Modified starch
- Phosphates
- Polyols
- Povidone
- Other

#### **Super disintegrants**

- Crospovidone
- Crosscarmellose
- Sodium starch glycolate (SSG)

#### **Disintegrants**

- Alginates
- Guar gum
- Starch

#### **Lubricants**

- Polyethylene glycol
- Stearates
- Other

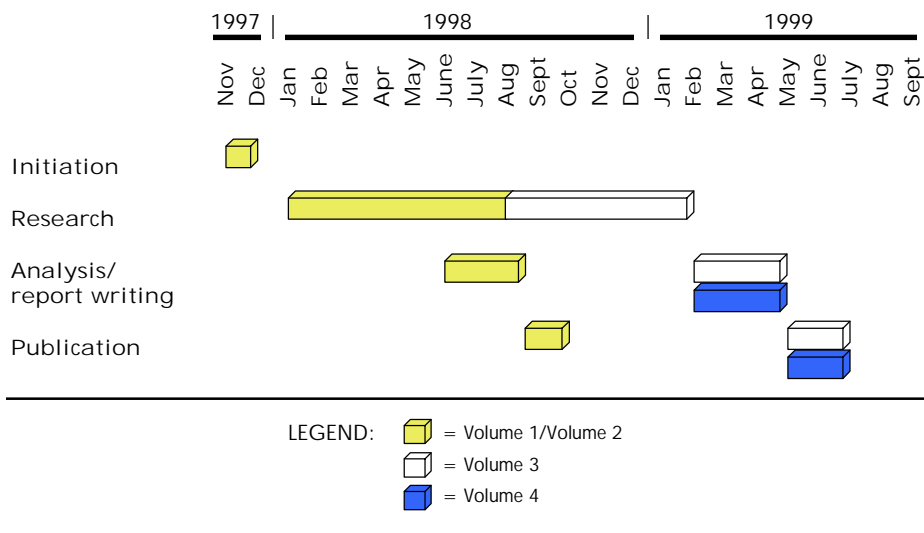
#### **Specialty coatings raw materials**

- FD&C dyes and lakes
- Hydroxypropyl methylcellulose (HPMC)
- Polyvinyl acetate phthalate (PVAP)
- Other

#### **Formulated coatings**

- Enteric
  - Modified release
  - Sugar
-

Figure 2  
SPECIALTY EXCIPIENTS USA 1998  
Report Scheduling



business consulting firms that specializes in the chemical industry. The company helps management solve practical problems in marketing strategies, acquisition and divestiture programs, and the appraisal of new technology. It provides clients with facts, forecasts, and recommended solutions to business problems, based solidly on the realities of the market as well as modern strategic principles.

The company has developed an in-depth, multidisciplinary expertise in specialty excipients by tracking and analyzing the U.S. market for pharmaceuticals and pharmaceutical ingredients, actives, and specialty excipients for more than 20 years. Under the aegis of its Fine and Specialty Chemicals practice, Kline has leveraged its substantial expertise in fine and specialty chemicals into a leadership position in providing consulting services to this industry, especially the pharmaceutical sector. In this arena, Kline has collaborated with clients on a global basis to assist them in:

- **Characterizing and quantifying markets and niche segments of pharmaceutical raw materials**

In order to maximize the usefulness to each subscriber, the following privileges and services will be made available:

- **A flexible subscription option plan that enables companies to subscribe to the whole analysis or selected portions of it**
- **A presurvey meeting for those companies subscribing prior to or early into the initial phases of the study. This will provide companies with an opportunity to discuss key issues and specific informational requirements that can, where possible, be addressed by Kline during the course of the field research**
- **One day of consultation with members of the survey team at Kline's office in Fairfield, NJ, to be used at the client's**

- **discretion within three months of receipt of the report**
- **Access to the original call reports (except where information was provided on a confidential basis)**
- **Three copies of each report volume**

Subscription options and rates are described in Table 2.

**KEYSTONE** analysis deliverables for partial study subscriptions are described in Table 3.

## QUALIFICATIONS

Established in 1959, Kline & Company is recognized around the world as one of the leading

Table 2

SPECIALTY EXCIPIENTS USA 1998  
SUBSCRIPTION OPTION MENU

Option	Description	Price \$ (U.S. funds)
Option 1	Whole study	\$29,500
Option 2-a,b,c	Subscription to a single product category: <ul style="list-style-type: none"> <li>— Specialty binders and fillers</li> <li>— Specialty coatings raw materials</li> <li>— Super disintegrants</li> <li>— Disintegrants</li> <li>— Lubricants</li> <li>— Formulated coatings</li> </ul>	19,500 12,500 9,500 9,500 9,500 9,500
Option 3-a,b,c	Subscription to specialty binders and fillers and one other product category	24,500
Option 4-a,b,c	Subscription to two of the following product categories: <ul style="list-style-type: none"> <li>— Super disintegrants</li> <li>— Disintegrants</li> <li>— Lubricants</li> <li>— Specialty coatings</li> <li>— Raw materials</li> <li>— Formulated coatings</li> </ul>	14,500

a- Should the subscriber desire to purchase the whole study at any time before study publication, Kline will credit subscription monies towards the full pre-publication purchase price. Subscribers should note that pre-publication purchase price will increase by 10% to 15% after December 31, 1997.

b- Report deliverables are described in Table 3.

c- Subscribers will receive three copies of a four-volume set of reports.

■ **Identifying and evaluating potential growth and diversification opportunities, along with such themes as market/product/technological synergies and the ability to capture additional value through downstream expansion**

■ **Determining the attractiveness and viability of stepping out beyond current businesses into new sectors, including an assessment of leverageable skills and competencies, cultural fit, skill and infrastructure gaps, and the likelihood of success**

■ **The development and implementation of pragmatic business strategies to better position client firms for continued viability and prosperity as a supplier of specialty raw materials to the pharmaceutical industry**

The **keystone** upon which Kline has built its consulting practice in pharmaceutical actives, excipients, and intermediates

is the aggregate expertise that results from the firm's detailed knowledge of the markets, products, technologies, and suppliers comprising the global business, as well as an intimate understanding of the characteristics, culture, and capabilities that a leader needs to succeed in this business. Kline's knowledge spans the industry from fine chemicals and pharmaceutical intermediates to bulk actives and specialty excipients.

The Fine and Specialty Chemicals Practice of Kline leverages the synergies that exist with the company's international consulting practice dedicated to the pharmaceutical and healthcare industries. This practice assists client companies that manufacture and/or market

pharmaceuticals to develop pragmatic business strategies and tactics that reflect the dynamics associated with key industry issues, including healthcare reform, managed care, consolidation, and value extraction. Kline has an in-depth understanding of the markets for

pharmaceutical products in both prescription and over the counter (OTC) segments, as well as managed care, medical device, and diagnostic businesses.

Table 3

**KEYSTONE ANALYSIS DELIVERABLES FOR  
OPTIONS 2 THROUGH 4**

*FOR VOLUMES 1, 2, AND 3, THE FOLLOWING  
INFORMATION WILL BE PROVIDED:*

FOREWORD

1. EXECUTIVE SUMMARY  
(Options 3 and 4 only)

2. INTRODUCTION

3. INDUSTRY OVERVIEW AND BUSINESS  
ENVIRONMENT

- Industry structure
- Description of specialty excipients by category and product
- Applications
- Channels of distribution
- Supplier base
- Regulatory developments
- Outlook

4. PRODUCTS

For each product category of interest to the subscriber, the following information will be provided:

- Description of physical properties, grades, prices, and use levels

- Estimated U.S. consumption in volume and value by:

- Product type
- Manufacturing process (wet granulation and direct compression) and formulated product category, where applicable, including Rx and OTC

- Purchasing considerations

- Global procurement of raw materials
- Key decision makers and influencers in customer organization
- Key factors for success
- Supplier/customer interaction
- Trends

- Distribution channels

- Estimated supplier sales
- Research and development
- Government regulations
- Key market trends and developments
- Appraisal and outlook through 2003

5. SUPPLIERS

For each product category of interest to the subscriber, the following information will be provided:

- Supplier base and developments

(Continued) . . .

Table 3

KEYSTONE ANALYSIS DELIVERABLES FOR  
OPTIONS 2 THROUGH 4

(Continued)

- Selected suppliers will be profiled in detail, including the following information:
    - Background
    - Organization
    - Management and personnel
    - Sales and financial performance
    - Specialty excipient products and grades
    - Targeted markets
    - Business and marketing strategy
    - Competitive position
    - Product sourcing/manufacturing capabilities
    - Research and development
    - Appraisal
  - 6. LISTING OF EXCIPIENT SUPPLIERS TO THE U.S. MARKET
  - 7. APPENDIX
    - List of organizations interviewed
- FOR VOLUME 4, THE FOLLOWING INFORMATION WILL BE PROVIDED:*
- FOREWORD
1. INTRODUCTION
  2. INDUSTRY OVERVIEW AND BUSINESS ENVIRONMENT
    - Overall industry structure
    - Description of specialty excipients by category, product, and application
    - Channels of distribution
    - Supplier base
    - Regulatory developments
    - Outlook
3. PRODUCT SUMMARY CROSS REFERENCES
    - For each product category of interest to the subscriber, the following information will be provided:
      - Estimated U.S. specialty excipient consumption in volume and value by:
        - Product type and application
          - Pharmaceutical OSDF
            - Rx and OTC (where applicable)
          - Nutritional
          - Pharmaceutical other delivery forms
  4. SUPPLIER SALES SUMMARY CROSS REFERENCES
    - For each product category of interest to the subscriber, the following information will be provided:
      - Estimated specialty excipient supplier sales in volume and value by:
        - Product type and application
          - Pharmaceutical OSDF
            - Rx and OTC (where applicable)
          - Nutritional
          - Pharmaceutical other delivery forms

# SUBSCRIPTION FORM

## SPECIALTY EXCIPIENTS USA 1998

Please enter our subscription to your comprehensive **KEYSTONE** study **SPECIALTY EXCIPIENTS USA 1998**. This subscription includes three copies of each volume and one day of consultation at Kline's Fairfield, NJ, headquarters with a member of the survey team, within three months of receipt of the report. Additional copies are available for a nominal fee.

To protect our investment in this report and that of other subscribers, we agree that for three years after its date of issue we will: (1) refrain from reproducing or copying this report in whole or in part by any means; (2) restrict its circulation to our own employees; and (3) use all reasonable precautions to prevent the disclosure of its contents to any other persons or organizations. However, we may make this report available to any subsidiary company in which we hold more than half interest or to any parent company that holds more than a half interest in our firm. We may also use or disclose any information in this report that is public knowledge, that was already in our possession before receipt of the report, or that comes to us from third parties independently of this report.

Kline & Company, Inc. similarly agrees that it will use all reasonable precautions to prevent the disclosure of the contents of this report to any persons or organizations other than subscribers for three years after its date of issue.

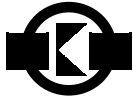
We understand that **SPECIALTY EXCIPIENTS USA 1998** is available only by subscription. We have indicated our subscription preference below. You will invoice us immediately for the full amount upon your acceptance of this subscription. We will pay this invoice within 30 days of receipt.

Option	Description	Please circle price and specify product category(ies) if required	
		Price \$ (U.S. funds)	Product category(ies)
Option 1-a	Whole study	\$29,500	
Option 2-a,b	Subscription to a single product category: <ul style="list-style-type: none"> <li>— Specialty binders and fillers</li> <li>— Specialty coatings raw materials</li> <li>— Super disintegrants</li> <li>— Disintegrants</li> <li>— Lubricants</li> <li>— Formulated coatings</li> </ul>	19,500 12,500 9,500 9,500 9,500 9,500	
Option 3-a,b	Subscription to specialty binders and fillers and one other product category	24,500	
Option 4-a,b	Subscription to two of the following product categories: <ul style="list-style-type: none"> <li>— Super disintegrants</li> <li>— Disintegrants</li> <li>— Lubricants</li> <li>— Specialty coatings</li> <li>— Raw materials</li> <li>— Formulated coatings</li> </ul>	14,500	

a- Price will rise by 10% to 15% on January 1, 1998.

b- Should the subscriber desire to purchase the whole study at any time before study publication, Kline will credit subscription monies towards the full pre-publication purchase price. Subscribers should note that pre-publication purchase price will increase by 10% to 15% after December 31, 1997.

ACCEPTED	<b>KLINE &amp; COMPANY</b>	COMPANY
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NAME	_____	NAME
TITLE	_____	TITLE
DATE	_____	DATE
		P.O.
		_____
<b>SHIP TO:</b>		<b>SEND INVOICES TO:</b>
NAME	_____	NAME
TITLE	_____	TITLE
ADDRESS	_____	ADDRESS
	_____	_____



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