

**Corporate Presentation**

Providing value  
with quality generics

# Generic Pharmaceutical Overview

- **Generics Have Saved US Consumers Over \$734 Billion over the Last Decade\***
- **Generics Saved \$121 Billion in 2008 alone\***
- **Generic Pharmaceuticals Represent approximately Seventy Percent of all Prescriptions filled in the US**
- **Generics Represent about 16% of the US dollar Spend**
- **U.S. brand pharmaceutical manufacturer sales for 2007: \$228 billion; U.S. generic pharmaceutical manufacturer sales for 2007: \$58.5 billion. (Source: IMS National Sales Perspective, Moving Annual Total, Nov. 2007)**

\*Based on IMS study 1999-2008

# Generic Pharmaceutical Overview

- **Generic Pharmaceuticals Have to Mirror the Same level of Active Pharmaceutical Ingredient in the Blood Stream as the Brand Product**
- **It is Estimated that over \$90 billion in Brands are Coming off Patent 2009-2012**
- **Total spend for prescription drugs in Michigan's Medicaid program in fiscal year 2008 According to data from the Centers for Medicare and Medicaid Services, or CMS was \$512 million.**
- **Notably, 61% of the 5.8 million prescriptions were filled with safe and effective generics, at a cost that consumed just 18% of the total Medicaid drug spend. According to the CMS data, that works out to an average \$205 for each brand prescription compared to only \$15 for each generic prescription purchased by Medicaid**
- **An increase of just 1% in generic utilization in the Medicaid program would save the state of Michigan an estimated \$11.1 million annually. These are critical savings during our challenging economic times**

# **Caraco Pharmaceutical Laboratories, Ltd. Company Overview**

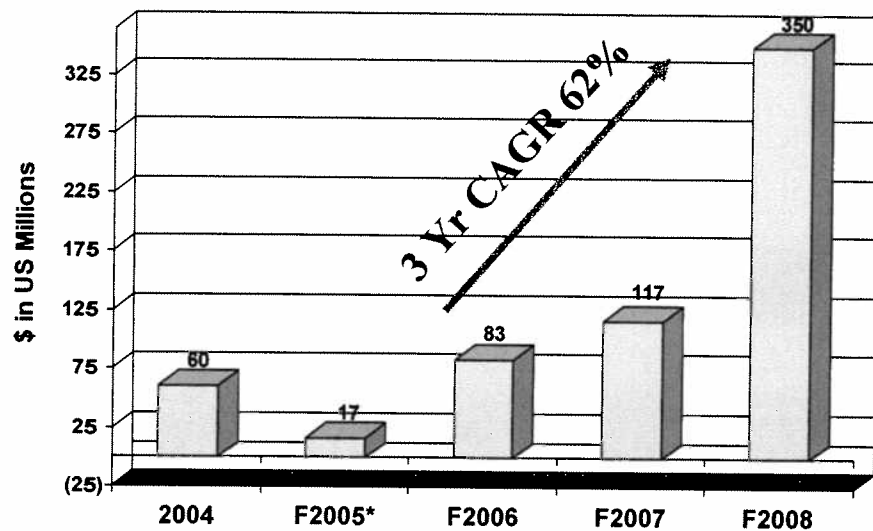
- **Established in 1984, based in Detroit, MI**
- **In 2004 It Had 200 Employees Currently ~650 employees**
- **In Metro Detroit Area Caraco has its Research and Development, Manufacturing, Quality Laboratories, Marketing and Distribution of primarily all its generic pharmaceuticals**
- **Currently market 52 generic products and two brand products**
- **In 1997, Sun Pharmaceutical Industries, Ltd. invested \$7.5 million in Caraco through a stock purchase agreement**
- **In 2002, Caraco signed an agreement with Sun for the technology transfer of 25 products**

# **Caraco Pharmaceutical Laboratories, Ltd. Company Overview**

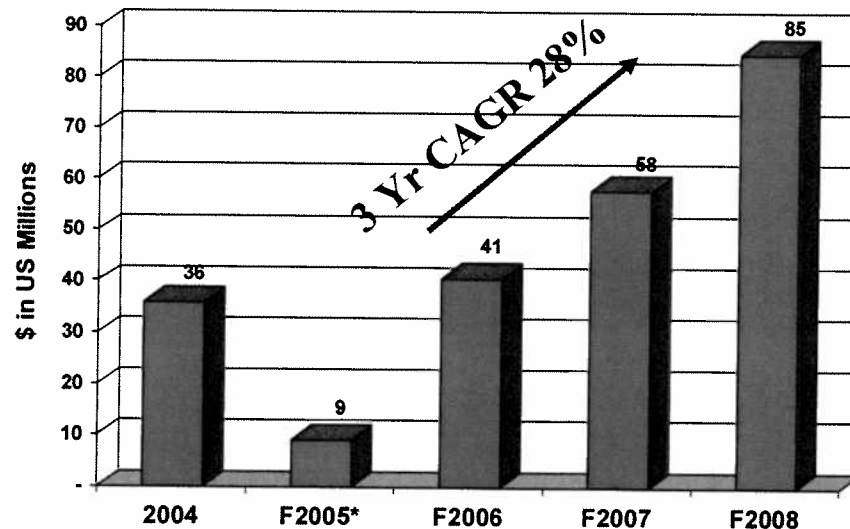
- **At the Beginning of Calendar 2007, Caraco Entered into Marketing Agreement for Sun Products; Executed Another Distribution and Sale Agreement for Paragraph IV Sun Products in Fiscal 2008**
- **We Market and Distribute Both our own Products and those of Sun Pharmaceutical**
- **Multiple Products are Under Development Through a Network of Development and Manufacturing Agreements Across the Globe**
- **Our Customers - Walgreens, CVS, Cardinal Health, Mckesson and Amerisource Bergen to name a few**

# Caraco Pharma: Steady Growth

## Net Sales



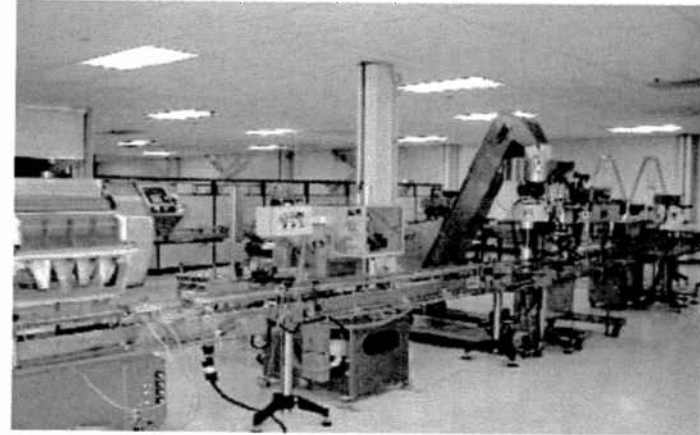
## Gross Profit



\*Change in Fiscal year. Covers transition period from 1/1/2005 to 3/31/2005

# Caraco Capacity

- Recent investment of \$22MM in pharmaceutical facility expansion covering production, R&D, lab, quality, marketing and administrative offices; total footprint of approx. 225,000 sq ft
- Acquired and opened 135,000 sq ft distribution warehouse in Wixom, MI
- 35,000 Packaging facility in Farmington Hills, MI -Acquired in 2007



- 933 million tablets produced in the second quarter of fiscal 2009 (a run rate of 3.7 billion per year)
- Currently running two shifts, five days a week and varied weekend shifts
- Increasing utilization of automated equipment as we grow for better throughput and quality
- Capacity to reach 9 billion tablets annually



# Sun Pharmaceutical Industries, Ltd. Company Overview

- **Established in 1983, Sun is an International, Integrated, Specialty Pharmaceutical Company. Sun manufactures and markets branded generics as well as generics in India, US and several other markets across the world .**
- **The company has strong skills in product development, process chemistry, and manufacturing of complex API, as well as dosage forms.**
- **On a combined basis, Caraco and Sun ANDAs represent more than 90 filings currently awaiting approval at the FDA.**

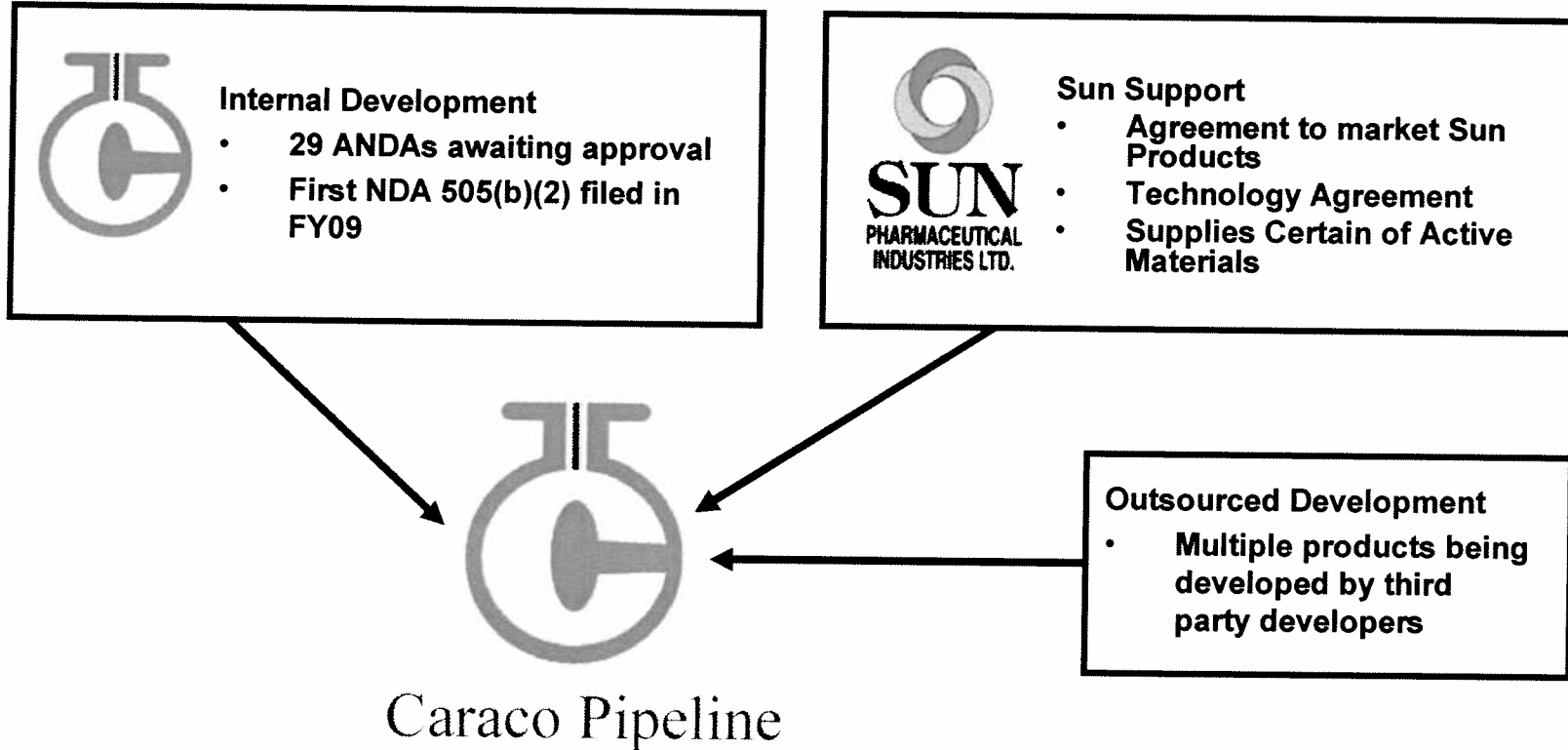
<i>As of 5/1/09</i> <i>(\$ in 000s)</i>	<b>USD Mkt Cap</b>	<b>FY09 (e)</b>	
		<b>Revenue</b>	<b>EBITDA</b>
<b>Sun Pharma</b>	\$5,311,505	\$884.9	\$411.1
<b>Cipla</b>	\$3,762,423	\$1,072.2	\$258.4
<b>Dr. Reddys</b>	\$1,844,189	\$1,337.7	\$158.4
<b>Ranbaxy</b>	\$1,402,860	\$1,540.7	\$238.1

*Source: Thomson One*



# What Sets us Apart?

## Strong Pipeline



- Together, Caraco's and Sun's Research and Development Represent Over 90 Products Awaiting Approval at the FDA

# Risks to Business

- **Inability to Hire Experienced Talent Locally**
- **Inability to Attract Talent to Detroit**
- **Inability to Train Locally for Continued Success**
- **Timing or Delay of FDA Approvals**
- **Unknown changes to Michigan Business Tax.**

# Risks to Business

- There are several bills currently pending in the state legislature that discourage the use of generic drugs in favor of brand name drugs. It looks like proponents, particularly brand name manufacturers, are lining up support and legislative action soon on these bills:
- **SB 314 (Gleason)** prohibits pharmacist from interchanging immunosuppressive drugs without notification to and consent of prescribing physician and patient.
- **SB 318 (Gleason)** prohibits pharmacist from interchanging antiepileptic drugs without notification to and consent of prescribing physician and patient.
- **HB 4408 (Gonzalez)** prohibits pharmacist from interchanging antiepileptic drugs without notification to and consent of prescribing physician and patient.
- **SB 356 (Patterson)** prohibits health plans from offering incentives to physicians or other health care professionals for prescribing certain medications.

# Potential to Diversity Incentives

- **Provide Tax Incentives for Companies that lower Healthcare Costs**
- **Provide Tax Incentives for Companies retraining Auto Worker to work within Pharmaceutical sector**
- **Provide Grants for Technical Schools and Local Universities for Diversity Companies With Curriculum Endorsed by Such Companies**
- **Create Pharmaceutical Incubator for Companies That Lower Healthcare Costs (this could include preventative medicine, generics, biosimilars)**

# Potential Diversity Incentives

- **Endorse Student Loans at Reduced Rates for Michigan Residents**
- **Subsidize Loan for Students that Remain in Michigan and are Employed by Diversity Companies for at least 5 years**
- **Student Discounts for Students That Take Curriculum endorsed by Diversity Companies that Lower Healthcare costs**
- **Grants for Students that Intern or Extern at Diversity Companies each Year over Four Years**
- **Establish Consortium whereas Companies that lower healthcare costs are Aligned with State, County and City Stakeholders in Effort to reduce Healthcare Costs and provide compliance.**

# Summary

- **Part of a Global Company Well Positioned to Execute its plan**
- **We are an Up and Coming Manufacturing Company that is Technically Savy with a Strong Marketing and Distribution Base**
- **We are Built to fit the Current Competitive Environment**
- **Financial Strength Allows us the Ability to Pursue Selected Acquisition Opportunities**
- **Large Basket of Products Awaiting approval at FDA**