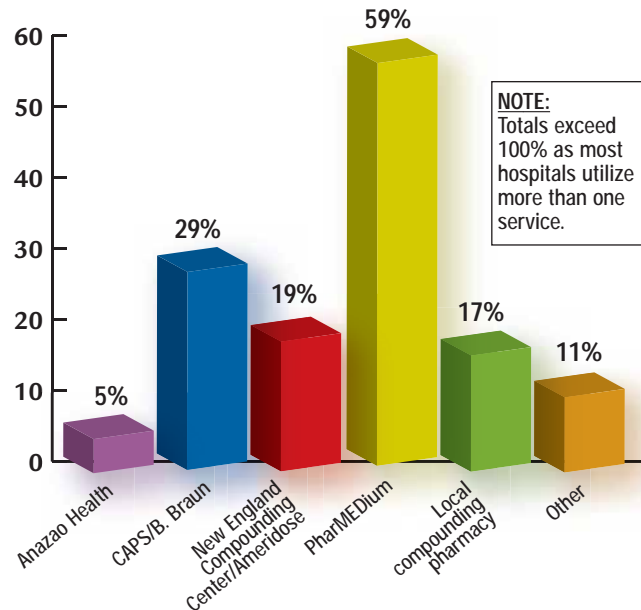


Outsourcing



Outsourced Compounding Services in Use

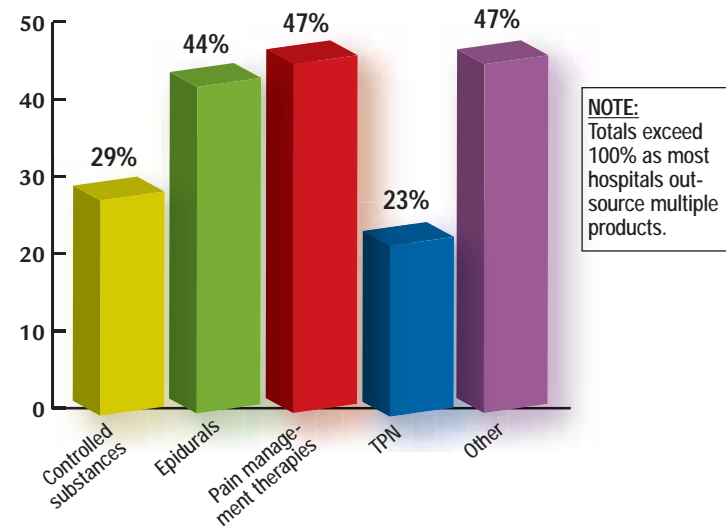


NOTE:
Totals exceed 100% as most hospitals utilize more than one service.

PharMEDium leads in marketshare for pain management therapies, epidurals, and controlled substances, followed by New England Compounding Center and CAPS. For TPN, CAPS leads the market. Interestingly, all of the service providers rated very high (98%) in customer satisfaction.

A majority (56%) of hospitals outsource at least some of their compounding activities to third parties, and growth for these services shows no sign of stopping; 22% of hospitals indicate they will expand their use of outsourced compounding services in the future.

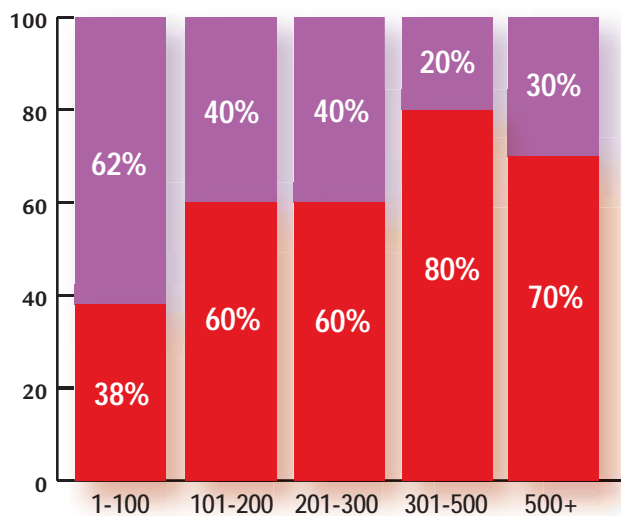
Products Currently Outsourced



NOTE:
Totals exceed 100% as most hospitals outsource multiple products.

Pain management therapies are the most commonly outsourced product, followed closely by epidurals. In the "other" category, oxytocin was the most commonly outsourced product followed by cardioplegia, antibiotics, and high-risk drugs.

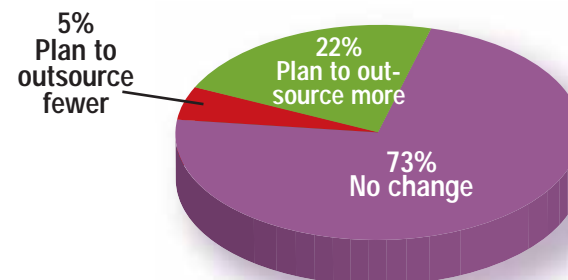
Outsourcing of Compounded Products by Bed Size



56% of hospitals report outsourcing some of their compounding. The larger the hospital, the more likely they are to take advantage of outsourcing.

KEY:
■ Not Outsourcing
■ Outsourcing

Projected Changes in Future Outsourcing of CSPs



Growth is projected in this marketplace, as 22% of hospitals plan to outsource more CSPs in the future. These projections were relatively consistent across facilities of all bed sizes.