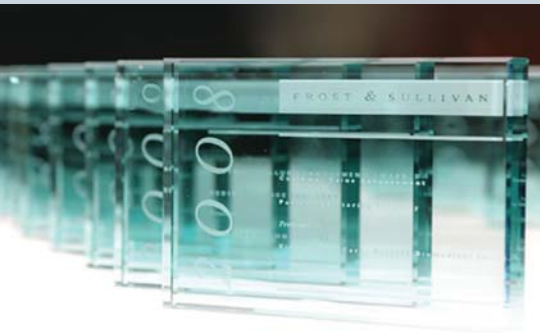




Horphag Research Ltd.: Recipient of the
2008 North American Health Ingredients Excellence in Research of the Year Award



From left to right: Victor Ferrari, CEO, Horphag Research Ltd. and
David Frigstad, Chairman, Frost & Sullivan

“We accelerate growth.”

2008 North American Health Ingredients Excellence in Research of the Year Award

Award Description

Frost & Sullivan's Excellence in Research of the Year Award is bestowed upon a company that has carried out new 'disruptive' research; and has, in general, a strong commitment to research and development. This award recognizes a company's research and development program that has or is expected to bring significant contributions to the industry in terms of adoption, change, and competitive posture. The fruits of this research may already have or will potentially impact certain market sectors. The award also recognizes the company's overall research excellence as well as its commitment toward differentiating itself based on science-backed services or solutions.

Research Methodology

To choose the award recipient, Frost & Sullivan's analyst team tracks research and innovation in key hi-tech markets. The selection process includes primary participant interviews and extensive primary and secondary research via the bottom-up approach. The analyst team shortlists candidates on the basis of a set of qualitative and quantitative measurements. The analysts also consider the pace of research and technology innovation, and the significance or potential relevance of the research to the overall industry. The ultimate award recipient is chosen after a thorough evaluation of this research.

Measurement Criteria

In addition to the methodology described above, there are specific criteria used to determine the final rankings. The recipient of this award has excelled based on one or more of the following criteria:

- Number or type of research projects
- Significance of research in the industry, and across industries (if applicable)
- Absolute R&D expenditures (vis-à-vis industry norm), and % growth (if applicable)
- Caliber/reputation of research staff
- Potential of products of research to become industry standard(s)
- Breadth of intellectual property ownership (patents, scientific publications, papers in peer-reviewed journals, and so on)



The 2008 Frost & Sullivan Excellence in Research of the Year Award in the North American health ingredients market is presented to Horphag Research Ltd. (Horphag). The award recognizes the company's pioneering efforts in conducting several research projects over the years in addition to numerous clinical tests, validating the ingredient Pycnogenol®'s health benefits. Horphag's continuous research endeavors on Pycnogenol®, establishing its usefulness across several industries (such as food and beverage ingredients, pharmaceuticals) have ensured a wide acceptance of the product in the market to the extent of becoming an industry standard. With intellectual property rights over Pycnogenol® and competent research staff, Horphag is set to continue its dominance in the field of scientific research on Pycnogenol®.

Consistent Research Expertise over the Years

Pycnogenol® is one of the most evidence-based health ingredients in the industry with over 220 scientific publications and 80 clinical trials on 7000 patients, confirming its safety, non toxicity and clinical efficacy since 1975. The published studies have validated Pycnogenol®'s role in promoting a wide range of health benefits (including cardiovascular, circulatory, joint health to name a few).

In 1975, a study confirmed Pycnogenol®'s potential to reduce edema and pain in the lower legs. In 1986, another study corroborated Pycnogenol®'s protective effects on the eyes. In 1998, researchers concluded Pycnogenol®'s beneficial role in cardiovascular health and normalization of platelet

function. A number of studies conducted in 2004 revealed the usefulness of Pycnogenol® in lowering blood glucose level and improving metabolic syndrome and diabetic complications. In 2006, studies showed Pycnogenol®'s anti-inflammatory potency in humans that causes relief during menstrual pain and asthma. A series of researches in 2008 has discovered Pycnogenol®'s ability in reducing pain and improving joint flexibility in osteoarthritis patients.

At present, Horphag has twelve ongoing research works on Pycnogenol® in the pipeline and in December 2008, another study is set to be published, demonstrating significant lowering of inflammatory marker C-reactive protein (CRP) in osteoarthritis patients post intake of Pycnogenol®.

These key research initiatives of Horphag demonstrate the company's accomplishments that have surpassed all similar efforts undertaken by other research institutes on Pycnogenol®.

Pycnogenol®: Significant Contribution across Industries

Pycnogenol® is a versatile ingredient with a broad range of health benefits. It has been clinically proven to promote cardiovascular health by improving blood flow, blood lipid profile and strengthening blood capillary walls. It lowers cholesterol, normalizes blood pressure and prevents thrombosis. Pycnogenol® lowers blood glucose level, reduces carbohydrate absorption and hence, helps prevent diabetic syndrome, diabetic ulcers, muscle cramps in humans. The ingredient can also be used for oral and topical skin care formulas because of its antioxidant and anti photo-ageing potencies in addition to the capability of binding collagen and elastin, improving skin elasticity and reducing pigmentation. Pycnogenol® inhibits inflammation in arthritis, reduces pain and joint stiffness while improving joint physical function and mobility. Its immune modulation capability makes it suitable for combating asthma and hay fever, thereby promoting respiratory health.

Hence, Pycnogenol® provides a safe, reliable and clinically tested nutritional option of addressing a comprehensive range of health issues simultaneously across the food and beverage ingredients industries and pharmaceutical industry. Pycnogenol® can be suitably applied to sports nutrition on account of its usefulness in relaxing and strengthening blood vessels, improving blood flow and skin respiration during sports, enhancing muscle performance and speedy recovery from injury. This powerful antioxidant extract can be effectively used either in a stand alone formula or in combination with other ingredients in functional foods and beverages applications.

High Potential to become an Industry Standard

By virtue of Horphag's continuing commitment towards ensuring high quality, safety and effectiveness of Pycnogenol® on a wide variety of health benefits, the compound has already become an industry standard in the marketplace and is commonly referred to as a 'gold standard ingredient'. Horphag adheres to strict research processes and manufacturing guidelines ensuring consistent quality and compliance with regulatory standards such as Good Manufacturing Practices (GMP). In addition, Pycnogenol® has received Kosher certification for quality and generally recognized as safe (GRAS) approval from the U.S. Food and Drug Administration (FDA) for use in functional foods in 2003. It is one of the few ingredients that have been tested to conform with bioavailability, metabolization, excretion and complete pharmacokinetics in humans.

Pycnogenol® has set a new benchmark for all nutritional ingredients and dietary supplements in terms of its versatile health benefits, safety data and research portfolio and stands the highest probability of becoming an undisputed industry standard in the near future.

Pycnogenol®: The Competitive Edge

Pycnogenol® has certain basic properties that are unique and offer superior health benefits as compared to the conventional pine bark extracts. Pycnogenol®'s competitive advantages over other similar generic ingredients include Horphag's extensive history of Pycnogenol® research spanning over the last 40 years, over 220 scientific and clinical studies and peer-reviewed articles published, validating Pycnogenol®'s health benefits and its U.S. and international patents protection. Another attribute that sets it apart from the other pine bark extracts is that the ingredient is GMP and GRAS certified and is manufactured in accordance with a patented extraction process complying with the highest level of quality control. Pycnogenol® is considered as an innovation on account of its revolutionary features that help it act as a powerful antioxidant and natural anti-inflammatory.

Moreover, its ability to bind to collagen and elastin selectively and stimulate production of endothelial nitric oxide which helps strengthen blood vessels stands as yet another differentiating factor for Pycnogenol® in the market.

Horphag's Keen Focus on Research and Development

Horphag's concerted Research & Development (R&D) efforts toward scientific Pycnogenol® studies are highly commendable in the market. It has outperformed its competitors for continuous research on Pycnogenol® and its health effects on humans over the last 40 years. The company has invested \$1.6 million on R&D in 2008. Consistent R&D-centric approach has enabled Horphag to effectively expand Pycnogenol®'s application areas on human health. Horphag is expecting an increase in its sales figures in 2008 by 21 percent globally with an increase of 31 percent in the U.S. Horphag collaborates with the most reputed Universities (such as the university of Florida, the University of Arizona) across the world for carrying out its research. Their eminent researchers, experienced scientists and competent staff have contributed immensely to Horphag's 40 year-long and successful commitment toward research on Pycnogenol®.

Wide Breadth of Intellectual Property Ownership

Pycnogenol®, an evidence-based proprietary extract of Horphag, is protected by U.S. and international patents. It received the U.S. patent 5,720, 956 in 1998. It states the potency of Pycnogenol® to inhibit platelet aggregation induced by cigarette smoking without hampering the bleeding time that is characterized by aspirin usage. The other U.S. patent 6,372,266 on Pycnogenol® was awarded to Horphag in 2002 for the ingredient's ability to reduce pain and discomfort during menstruation (PMS). These patents complemented with numerous publications of scientific studies, clinical tests and peer-reviewed journals on Pycnogenol® provide a range of intellectual property rights of Horphag over Pycnogenol®.

Successful Product Acceptance in the Market

Pycnogenol® has a huge demand in the market and is widely accepted among the health-conscious consumers. Currently, there are hundreds of product formulas containing Pycnogenol® in the U.S. market, which are available across various health food stores, drug stores, grocery shops, mail order catalogue and the Internet. Customers avail of both stand alone and combination products containing Pycnogenol® from Vitamin Shoppe, Whole Foods, Swanson Vitamins, Vitacost, Trader Joes and the like. Pycnogenol® is used in standard product formulas with a range of 30 to 100 mg per capsule or tablet. There are over 600 dietary supplements, cosmetic formulas, functional foods and beverages that contain Pycnogenol® available across the globe. With 40 years of research and safety data backing the ingredient, it is expected Pycnogenol® will continue to dominate the health ingredients market in future as well.

Horphag has prioritized its R&D initiatives on its proprietary extract Pycnogenol® over the years. It has successfully yielded verified reports on a host of health benefits of Pycnogenol® and still continues to conduct extensive research on expanding its beneficial health applications. The effectively safe ingredient with its versatile antioxidant properties is capable of positively addressing a broad spectrum of health concerns in humans and hence, is suitable for the food and beverage ingredients and pharmaceutical industries. With several advantageous features over similar extracts and potential to become an industry standard, Pycnogenol® has gained worldwide acceptance. All the above factors clearly indicate the competitive edge the company has exhibited over other participants in the market in carrying out our research studies, thereby making Horphag the worthy recipient of the 2008 Frost & Sullivan Excellence in Research of the Year Award in the U.S. health ingredients market.

About Frost & Sullivan

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