

2007

F R O S T & S U L L I V A N

North American Pharmaceuticals & Biotechnology
Service Provider of the Year Award

Award Description

The Frost & Sullivan Service Provider of the Year Award is presented each year to the company that has demonstrated excellence within its industry. The Award is based on numerous factors including the company's business development, competitive strategy, and leadership. This company is perceived to exhibit outstanding management, high growth, and positive social and economic impact on local and national communities and customers. Exceptional customer service has been noted as crucial to success, coupled with the ability to combine technology and successful strategic initiatives. The Award recipient has also demonstrated superior market growth skills through significant gains in the market during the research period. This company has the exceptional know-how to take advantage of market changes through the execution of innovative strategies within the existing competitive landscape.

Research Methodology

In order to select the Award recipient, analysts quantify several market factors for each market participant according to predetermined criteria, paying close attention to their combined operations efforts. This process includes interviews with all the market participants, customers and suppliers, along with extensive secondary and technology research. The companies' efforts are then analyzed based on the number of new customers, new segments, and commitment to business expansion coupled with market growth. Industry participants are then ranked based on the predetermined measurement criteria.

Measurement Criteria

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

- Market potential
- Proof of success executing a restructuring, marketing strategy, and revenue growth
- New market penetration
- Marketing, promotion and visibility of the company
- Degree of strategy innovation
- Improvement in patient satisfaction level
- Technological innovation and leadership
- Increased name recognition

2007 North American Pharmaceuticals & Biotechnology Service Provider of the Year Award

Award Recipient: ICON Plc.

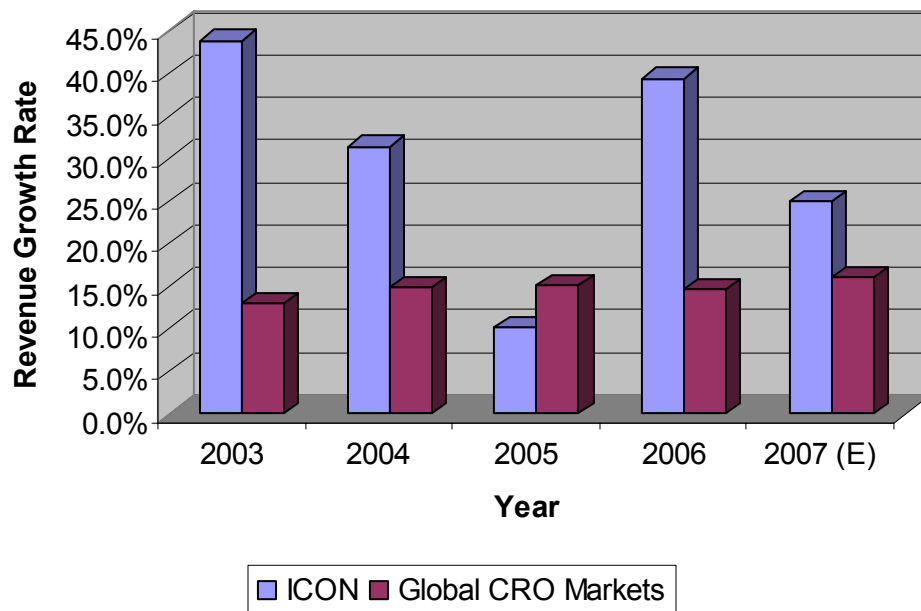
Frost & Sullivan is pleased to present the 2007 Service Provider of the Year Award to ICON Plc. This Award is in recognition of the company's initiatives that have led to sustained growth and a highly successful and integrated business in the pharmaceuticals and biotechnology service provider market.

ICON is a contract research organization (CRO) founded in Ireland, which provides end-to-end development services across phase I to phase IV including data management, biostatistics, staffing, and central laboratory and imaging services. Through a mix of organic and inorganic growth strategies, ICON has a presence in over 30 countries. In a highly fragmented market, ICON is one of the few market participants with the ability to conduct clinical trials in all major therapeutic areas at a global scale.

Impressive Revenue Growth

ICON's revenues have risen from \$116.0 million in 2001 to a forecasted \$560.0 - \$580 million in 2007, at an impressive CAGR of 30.0 percent, outpacing the overall market growth. Despite witnessing a drop in revenue growth rate in 2005, ICON has managed to stay ahead of the market. This impressive revenue growth has been driven by a core strategy that is built around organic growth, while acquisitions have added new services to expand the company's business.

Chart 1.1 shows the revenue growth rate comparison between ICON and the global CRO markets.



The rapid growth in revenues has been matched by a record growth in backlog levels, signifying a strong foundation that is likely to drive future business growth. As a service provider, ICON has realized the importance of de-risking its business through global client base expansion and diversification. By spreading the share of its regional business across a broad base of clients, ICON is likely to reduce the negative impact of any short-term regional downturns or market consolidation activity. Between 2005 and 2007, ICON has reduced the revenue contribution of its

top 5 and 10 clients from 42.6 and 62.7 percent to 34.6 and 51.1 percent, respectively, while diversifying its client base and growing its revenue base.

Revenues by therapeutic area have also been distributed considerably amongst a mix of client types that include mid-size pharma, biotechnology and "Big Pharma". While diversification of client base and business has been the cornerstone of ICON's performance in the period between 2004 and 2007, it has made significant investments that enable the company to provide a comprehensive range of services targeting the pharmaceutical and biotechnology industries.

Aggressive Acquisitions Strengthen End-to-End Services

In the past, the service provider market has been fragmented, with pharmaceutical and biotechnology companies working with several market participants for specific needs. However, with rapid growth of the pharmaceutical and biotechnology markets, managing and co-coordinating with multiple service providers has become more expensive and time consuming.

Pharmaceutical and biotechnology companies are increasingly looking towards companies that provide end-to-end services for their development needs to increase productivity and lower costs. As a service provider to pharmaceutical and biotechnology companies, ICON has realized the significance of providing integrated services for garnering greater market share. ICON has pursued an aggressive inorganic growth strategy through timely acquisitions that has built a strong platform for global full service clinical development capabilities. The most recent of these was the acquisition of Docs International a leading European based clinical research staffing organization.

These multiple service platforms enable ICON to cross-sell services to its existing client base to capture more of the spending in the support service areas. This strategy has enabled ICON to grow its core business and expand its service offerings at a global level.

A major impact of ICON's aggressive strategy has been the turnaround of the central lab business unit that accounted for 10.0 percent of total revenues in 2007. In 2005 and first quarter of 2006, the central lab business had been witnessing significant negative margins. In the second quarter of 2006, this business unit made a return to profitability, signifying the positive impact of the acquisitions, which is reflected across the performance of the business segments.

Well Positioned for Sustained Growth

Moving beyond the traditional CRO, ICON has established itself as a global service provider with an excellent reputation for quality. Strong revenue growth, aggressive acquisitions, and well-positioned end-to-end services continue to be the cornerstones of ICON's business strategy. In recognition of these factors, Frost & Sullivan is

pleased to bestow ICON with the 2007 Pharmaceuticals and Biotechnology Service Provider of the Year Award.

About Best Practices

Frost & Sullivan Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry.

About Frost & Sullivan

Frost & Sullivan, a global growth consulting company, has been partnering with clients to support the development of innovative strategies for more than 40 years. The company's industry expertise integrates growth consulting, growth partnership services, and corporate management training to identify and develop opportunities. Frost & Sullivan serves an extensive clientele that includes Global 1000 companies, emerging companies, and the investment community by providing comprehensive industry coverage that reflects a unique global perspective and combines ongoing analysis of markets, technologies, econometrics, and demographics. For more information, visit www.frost.com.