



GE Insight, Initiative Win ESP Pharma's Business

Provider Profile

ESP Pharma, Inc.
Edison, New Jersey

Today, many drugs in late-stage clinical development – as well as approved specialty medicines already on the market – cannot meet the increasing revenue thresholds of large pharmaceutical companies. Sometimes, drugs also become unavailable due to industry consolidation or other factors.

By selectively acquiring the marketing and manufacturing rights for commercial or developmental acute-care drugs, ESP Pharma enhances the availability of these important therapeutics, bringing their benefits to physicians, hospitals and patients alike.

Lender Summary

GE Healthcare Financial Services provides ESP Pharma with:

- A senior credit facility for working capital needs and facilitating future acquisitions
- An understanding of ESP Pharma, its products and vision, and the complexities of the healthcare and pharmaceutical industries
- Syndication capabilities that facilitate transactions
- Value-added “At the Customer For the Customer” techniques and consultation for improving internal processes

ESP Pharma's involvement with GE Healthcare Financial Services began in a rather roundabout way.

“Less than a year after we had established our company, I got a call from a rep in GE's technology finance group,” recalls ESP Pharma's Chief Financial Officer Andy Einhorn. “I explained to him that, as a pharmaceutical company, we had very few fixed assets – which we preferred to buy, not lease.”

“The GE rep said, ‘Well, we also have a healthcare finance group. It might be a good idea for you to talk to them.’”

“So it was really through the GE leasing rep that the initial contact was made,” Einhorn says. “I think that says something very positive about GE.”

A critical eye

A banker by background, Einhorn was well qualified to evaluate potential lenders. And he liked what he saw in GE. “Over a very short period of time, GE did a thorough job of getting to understand us, our product portfolio, and where we were heading,” he says.

“I emphasized to the GE team that, even though our company hadn't been around long, many of our products had been in the market for quite a while,” Einhorn explains. “So they were very predictable.”

“A lot of other lending institutions – including some who claimed to be savvy in our particular industry – just could not get past the youth of our company,” Einhorn says. “The fact that the GE team put in the time and effort to learn about us and our products really set them apart.”

Forging the deal

When it came to the finer points of the credit agreement, “GE showed remarkable flexibility in their negotiating strategy,” Einhorn notes. “We knew what was important to each of us, and where we could compromise. So we didn't quibble about the small stuff. The whole experience was very positive.”

GE was one of four financial institutions submitting proposals to lead the transaction. “They put forth the best deal – and not just from a pricing standpoint. They also put together the credit facility with terms that were quite attractive,” Einhorn says.

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Andy Einhorn
Chief Financial Officer
ESP Pharma



Maintaining perspective

The week of the closing, a significant issue arose that threatened the transaction. "Having had credit training myself, I totally understood how this was a very challenging issue for GE," Einhorn says.

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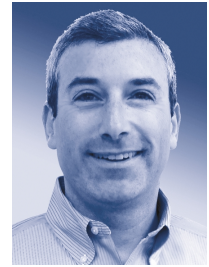
Andy Einhorn
Chief Financial Officer
ESP Pharma

"It was one of those moments that could have cratered the deal," he says. "The fact that it didn't speak volumes about GE's willingness to think through the true implications of a particular issue to see if it's really a problem or just a tempest in a teapot. I found that to be exceedingly impressive."

Einhorn also views the "At the Customer For the Customer" (ACFC) program – through which GE shares its corporate best practices with customer companies and cultures – as a big value-added benefit of doing business with the lender.

"The ACFC program is fantastic," he says. "In the near term, CAP (Change Acceleration Process) and Breakout are techniques that will definitely help us. We're also reviewing our internal controls, and I think there is some Six Sigma work we can incorporate into that exercise as well."

"GE has proven that they can deliver on their commitments," Einhorn concludes. "I absolutely see GE as a company that I would like to do business with again."



Andy Einhorn
Chief Financial Officer
ESP Pharma

For more information on how we can help you successfully meet your business objectives, contact us at 1-800-598-6201 or visit us at www.GEHealthcareFinance.com.

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