

June 7, 2010

Rockland County Industrial Development Agency  
Two Blue Hill Plaza  
Pearl River, NY 10965

Dear IDA Chairman:

ADH Health Products, Inc. has been manufacturing dietary supplements in Rockland County since 1980. We have developed a long-standing relationship with the County, and hope to continue to cultivate that relationship as we pursue exciting growth initiatives. Our industry, dietary supplements, has undergone drastic changes over the last few years. Many of these changes are a result of regulatory changes implemented by the FDA which has altered the competitive landscape of the industry. In order to preserve and enhance our competitiveness in the industry, it is imperative to upgrade and retrofit our manufacturing operations. Needless to say, our preference is to undertake this project at our current location.

In response to industry needs and consumer demand, the FDA finally passed Dietary Supplement Current Good Manufacturing Practices (cGMPs) in June '07 (21 CFR Part 111). The cGMPs regulate the manner in which dietary supplements are manufactured, and essentially require manufacturers to bear a significant amount of additional responsibility for the quality of their products. Needless to say, this has resulted in increased manufacturing costs for dietary supplement manufacturers like ADH. The resulting increased costs have resulted in a wave of industry consolidation – manufacturers are forced to upgrade their operations or pursue other strategic options, likely a sale to a larger company. As in any consolidation, companies become larger and competition becomes more intense. Despite the increased competitive pressure, we have managed to maintain our business and competitiveness thus far. However, in order to continue our operation in the future, we must upgrade our manufacturing operations to streamline our operations, enhance our competitiveness, and fully comply with the new cGMPs.

Our preference is to upgrade our manufacturing operations at our current location, where we have resided for over 15 years. However, we do require the IDA's financial assistance to do so. In the event that the IDA is not able to provide us with the requested financial assistance, we will be forced to build a new facility that will satisfy the desired objectives of our facility upgrade. Unfortunately, due to economic considerations, the new facility construction would occur in another State that would provide compelling financial assistance, similar to the assistance offered by REDC's IDA. Such a scenario would clearly translate to a significant economic loss for New York State and Rockland County.

I would greatly appreciate your consideration of our application for the IDA's financial assistance. I look forward to a positive response from your agency.

Sincerely,

Balram Advani  
President  
ADH Health Products