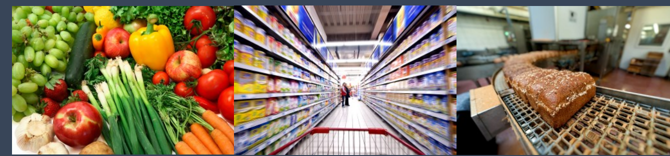
METRONOME PARTNERS LLC

Food & Beverage
Sector Focus



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Excellence On a Consistent Basis

Quarterly Update
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Mergers & Acquisitions | Capital Raising | Strategic Advisory

Newsletter Contents

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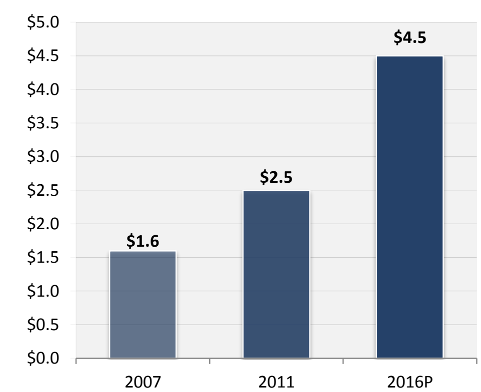
The name Metronome is symbolic of the importance of timing and of achieving excellence on a consistent basis. From marathoners to symphony conductors, a seasoned performer's rhythm, hard work, dedication, and experience dictate the outcome.

Spotlight: Energy/Nutrition Bars
High Growth Category with Immense Competition

The U.S. market for energy/nutrition bars is estimated at over $2.5B, and it has expanded at a compound annual growth rate ("CAGR") of approximately 13% since 2007. Moreover, energy/nutrition bar sales are projected to increase at a CAGR of 12% through 2016, reaching $4.5B in sales. M&A activity in this sector remains robust, as evidenced by NBTY's recent acquisition of Balance Bar in November 2012 (see Acquirer Profile on pg. 2).

Energy/Nutrition Bar Sales ($B)



Source: Packaged Facts

While this category has historically served a small niche of consumers, predominantly athletes and bodybuilders, it has expanded to recreational and lifestyle users. According to a survey conducted by the NPD Group, only 12% of U.S. adults reported eating energy/nutrition bars in 2000, whereas today this statistic has almost doubled to approximately 23% of respondents.

There are a number of key drivers behind the significant growth in this market segment. First, consumer concern regarding health and personal appearance remains strong. There is also a growing base of recreational sports enthusiasts and individuals focused on improving their diet and overall well-being. Moreover, according to a recent article in *Marketing Daily* on consumer trends, 48% of all eating by adults occurs between meals as consumers search for convenience to fit on-the-go lifestyles. Further, innovation among market participants and the rapid introduction of new products that contain proven health and wellness ingredients continues to develop.

A large portion of the available market remains untapped, making this an attractive category for existing players as well as enticing to new market entrants. As such, competition is intense, with hundreds of options for consumers. For example, market leader Clif Bar, with approximately 23% of category sales, has eight major brands with multiple flavors and varieties. The brand and SKU proliferation means the grocery aisle contains numerous options, making product selection difficult for consumers.

Energy/Nutrition Bar Aisle

Source: ThinkBasic; Whole Foods Market

Industry participants must focus product positioning on size, packaging, nutritional value/ingredient composition, and price, as these factors continue to be the primary demand determinants behind consumer purchase decisions. In addition, competitive market dynamics are expected to influence strong M&A activity as key industry players seek exclusive product differentiation.

Please contact us if you would like to better understand how these trends will impact M&A activity. Dan Malina, a Metronome Senior Advisor, has over 25 years of deal experience, including 12 years at General Mills, where he headed both strategy and M&A.

METRONOME PARTNERS LLC

FOOD & BEVERAGE

SECTOR FOCUS

MERGERS & ACQUISITIONS | CAPITAL RAISING | STRATEGIC ADVISORY

M&A MARKET UPDATE: U.S. FOOD & BEVERAGE

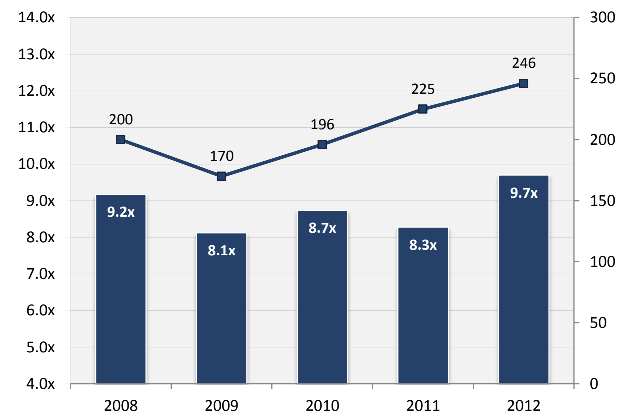
In 2012, the U.S. Food & Beverage M&A market experienced an increase in transaction volume, reaching 246 deals—a 9.3% increase over 2011. Financial buyers completed a number of investments across a variety of Food & Beverage sub-sectors including protein, coffee, desserts, snacks, and organic & natural. Together with the increase in activity, aggregate transaction value increased $10.9 billion to $18.1 billion; however, much of this increase is related to ConAgra Food's $7.1 billion acquisition of Ralcorp Holdings, the Missouri-based producer of private-brand foods and food service products. For the first quarter of 2013, U.S. Food & Beverage M&A transaction volume is up slightly over first quarter 2012 levels, highlighted by 3G Capital Management and Berkshire Hathaway's $23.4 billion bid to acquire H.J. Heinz Company along with the breakup of Hostess Brands after its announced bankruptcy.

SELECT RECENT TRANSACTIONS

Announced	Target	Acquirer	EV ($mm)	EV/EBITDA
03/20/2013	Pepsi Bottling Ventures (Long Island, NY)	Pepsi-Cola Bottling Co. of New York	-	-
03/01/2013	Mary's Gone Crackers	Kameda Seika (TSE:2220)	$25.7	-
02/28/2013	Hostess Brands, Beefsteak Rye Brand	Grupo Bimbo (BMV:BIMBO A)	$31.9	-
02/27/2013	Dr Pepper 7 Up Bottling Co. of the West	Dr Pepper Snapple Group (NYSE:DPS)	$13.4	-
02/26/2013	Big Train	Kerry Group (ISE:KRZ)	-	-
02/15/2013	Don Julio Foods	Tyson Foods (NYSE:TSN)	-	-
02/14/2013	H. J. Heinz Company (NYSE:HNZ)	3G Capital, Berkshire Hathaway	$23,407.3	13.6x
01/30/2013	Hostess Brands, Certain Snack Cake Brands	Apollo Global Management (NYSE:APO)	-	-
01/28/2013	Hostess Brands, Certain Brands/Bakeries	Mountain States Bakeries	$30.9	-
01/28/2013	Hostess Brands, Drake's Brand	McKee Foods Corporation	$27.5	-
01/11/2013	Hostess Brands, Certain Brands/Bakeries	Flowers Foods, Inc. (NYSE:FLO)	$360.0	-
01/11/2013	Phelps Industries	Wafra Partners	-	-
01/11/2013	Brady Enterprises	Gemini Investors	-	-
01/07/2013	Organic Avenue	Kohlberg Kravis Roberts (NYSE:KKR)	-	-
01/03/2013	Unilever, Skippy Peanut Butter Business	Hormel Foods Corp. (NYSE:HRL)	$700.0	-
01/02/2013	Sacramento Coca-Cola Bottling Co.	The Coca-Cola Company (NYSE:KO)	-	-
01/02/2013	Gusto Packing Company	Butterball	-	-

Source: Capital IQ

MEDIAN EV/EBITDA & TRANSACTION VOLUME—U.S. FOOD & BEVERAGE



Source: Capital IQ

NBTY INC.

ACQUIRER PROFILE: NBTY, INC.

NBTY, Inc. ("NBTY" or the "Company") engages in the manufacture, marketing, distribution, and retailing of vitamins, nutritional supplements, and related products in the United States and internationally. It operates 21 brands across three main segments— (i) Vitamins & Supplements, (ii) Active Nutrition, and (iii) Retail & Online—with a product portfolio exceeding 25,000 SKUs.

The Company competes in the energy and nutrition bar category through its Active Nutrition segment, which includes the following brands: Balance Bar, Body Fortress, Good 'N Natural, MET-Rx, and Pure Protein. Products across these brands include tablets, powders, nutrition bars, and drinks formulated to enhance physical activity as well as provide for meal replacement. NBTY distributes these products across a variety of channels, and it has long-standing relationships with several domestic retailers, including Wal-Mart, Costco, CVS, Walgreens, Kroger, and Target.

NBTY continues to grow through strategic acquisitions. Since 1986, it has acquired 30 businesses engaged in the manufacturing, retail, and direct response sale of nutritional supplements and related products. In November 2012, it acquired The Balance Bar Company from Brynwood Partners for $78 million.

NBTY is headquartered in Ronkonkoma, New York.

KEY STATISTICS AND SELECT ACQUISITION HISTORY—NBTY

Select Brands

Financial Statistics

As of 12/31/2012	($mm)		
Total Revenue (LTM)	$3,073.8	Total Revenue - 3-year CAGR	5.1%
EBITDA (LTM)	$517.6	EBITDA - 3-year CAGR	12.6%
Cash & Equivalents	$120.6	Total Debt	$2,238.9

Select Acquisition History

Date	Target	Description
Nov. 2012	The Balance Bar Company	Energy and nutrition bars
Jul. 2003	Rexall Sundown	Nutritional vitamins and supplements
Dec. 1999	MET-Rx Nutrition	Sports nutrition products

Source: Capital IQ

Metronome Partners, LLC is an independent, Chicago and Memphis based M&A advisory firm that specializes in managing, structuring, and negotiating transactions of varying sizes and complexities in a broad range of industries. With over 200 transactions completed by Metronome's principals, the firm guides its clients through critical, value-based corporate finance alternatives, including strategic sales, recapitalizations, divestitures, and debt and equity placements. The firm focuses on middle-market businesses nationwide, valued from $30 million to over $500 million.