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Crisis Management at Bausch & Lomb: The 'ReNu with MoistureLoc' Controversy

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*“Bausch & Lomb’s first priority is the health and safety of consumers. If there is a problem with our product (ReNu with MoistureLoc), we’ll find it and we’ll fix it. If there’s not, when we come back, you’ll be able to know with absolute certainty that we’ve taken every possible step to ensure your safety.”*¹

- **Ronald Zarrella, Chief Executive Officer of Bausch & Lomb Inc. (B&L), in April 2006.**

*“They (B&L) couldn’t have done a worse job. It’s almost as if they looked at the handbook on crisis management and threw it out the window.”*²

- **Paul Argenti, Professor of Corporate Communications, Dartmouth College’s Tuck School of Business³, in April 2006.**

BAUSCH & LOMB IN THE PUBLIC EYE

On April 10, 2006, eye care company Bausch & Lomb Inc. (B&L) temporarily suspended the US shipments of its contact lens⁴ cleaner, ReNu with MoistureLoc (ReNu MoistureLoc) produced at its Greenville, South Carolina, U.S.A, manufacturing facility. This was done in order to facilitate a US Food and Drug Administration (FDA)⁵ investigation into reports of a fungal infection, *Fusarium keratitis*⁶ (keratitis), among contact lens wearers in the US. B&L voluntarily suspended its US shipments of ReNu MoistureLoc following an FDA warning to the consumers to use ReNu MoistureLoc with caution. The FDA had issued this warning on the basis of an investigation by the U.S. Centers for Disease Control and Prevention (CDC)⁷, which was reviewing 109 cases of suspected keratitis in the US. Though the CDC did not directly link the infection to ReNu MoistureLoc, it said that when it interviewed 30 affected people, a high proportion (26 out of 30) of the affected people had used B&L’s ReNu MoistureLoc solution.

¹ Jeff Tannenbaum and Kerry Young, “Company Ends Sale of Lens Cleaner,” www.philly.com, April 14, 2006.

² “Bausch & Lomb Withdraws Lens Cleaner from U.S. Market (Update2),” www.bloomberg.com, April 13, 2006.

³ Dartmouth College, located at Hanover, New Hampshire, USA, is a private academic institution. Founded in 1769, it is a member of the Ivy League. The Tuck School of Business Administration was founded in 1900 at Dartmouth College. It is one of the six Ivy League business schools.

⁴ A contact lens is a corrective, cosmetic, or therapeutic lens usually placed on the cornea of the eye.

⁵ The Food and Drug Administration (FDA) is a government agency in the US responsible for regulating food, dietary supplements, drugs, cosmetics, medical devices, biologics and blood products.

⁶ Keratitis is an infection of the eyes caused by fungus. It can scar the corneas, potentially leading to blindness. Symptoms can include blurry vision, pain or redness, increased sensitivity to light and excessive discharge from the eye.

⁷ The Centers for Disease Control and Prevention (CDC) in Atlanta, Georgia, USA, is recognized as the leading United States agency for protecting the public health and safety of people. The CDC provides credible information to enhance health decisions and promotes health through strong partnerships with state health departments and other organizations.

B&L's CEO, Ronald Zarella (Zarella), said, "The CDC has not determined if these reports represent an increase of *Fusarium keratitis* infections and is continuing to investigate the association, if any, of these cases with any product. Nonetheless, in the interest of public health, we will voluntarily suspend U.S. shipments of ReNu with MoistureLoc while we pursue all appropriate steps to bring this investigation to a definitive conclusion."⁸

On April 13, 2006, B&L voluntarily asked US retailers to temporarily remove ReNu MoistureLoc from their shelves. It also recommended that consumers switch to other lens care solutions, so as to prevent any confusion among contact lens wearers about what to do while the investigation was going on. B&L stressed the fact that the report of such cases was linked only to the ReNu MoistureLoc manufactured at its Greenville plant and did not apply to any other B&L products – other lens care solutions of ReNu or to the ReNu MoistureLoc made in factories outside the US. (Refer to Exhibit I for some key sub-brands of B&L and Exhibit II for its lens care products).

However, B&L's corrective action did not impress analysts, marketers, and medical specialists, many of whom felt that the eye care company had not done enough to inform the 30 million wearers of contact lenses in the US about the full extent of the problem. Analysts felt that B&L should have informed the public about the health issues linked with ReNu MoistureLoc as soon as it had come to know about it. They also felt that B&L should have recalled the product from the market in February 2006 itself, when it first came to know about the association of keratitis with ReNu MoistureLoc. They believed that B&L might have to pay the price for not acting promptly in the face of this crisis. The analysts feared that B&L might have damaged its customer relations and that its brand name might have been permanently tainted due to this incident.

BACKGROUND NOTE

Bausch & Lomb Inc., based in Rochester, New York, USA, is an eye care company. The company came into being in 1853 when a German immigrant, John Jacob Bausch, set up an optical goods shop in Rochester, New York. Bausch borrowed US\$60 for the purpose from a friend, Henry Lomb, who eventually became a partner. In the early days, B&L manufactured rubber eyeglass frames as well as a variety of optical products that required a high degree of manufacturing precision. By 1903, the firm had received patents for microscopes, binoculars, and even a camera shutter based on the eye's reaction to light.

In the 1900s, B&L produced the first optical quality glass made in America. Its sunglasses were used by the military in World War I. B&L is also credited with developing the lens of the cameras that took the first satellite pictures of the moon.

In 1971, B&L introduced the first soft contact lenses. As of April 2006, it was the largest global provider of eye care products. B&L's product lines included Vision Care, Surgical, and Pharmaceuticals. Its Vision Care business manufactured and marketed soft and GP (gas permeable) contact lenses, lens care products for soft and GP lenses, eye care products (such as eye drops and ointments) and vision accessories (such as magnifiers and eyeglass accessories). The company offered a comprehensive line of products for ophthalmic surgery in the surgical market segment. It developed and marketed prescription and over-the-counter (OTC) drugs⁹ used to treat a wide range of eye conditions, such as glaucoma, eye allergies, conjunctivitis, and dry eye.

The 'Bausch & Lomb' name is one of the best known and most respected healthcare brands in the world and B&L leverages on this brand name. In 2004, it employed approximately 12,400 people worldwide and its products were available in more than 100 countries. Its 2004, revenues were

⁸ Bausch & Lomb, Press Release, "Bausch & Lomb Temporarily Suspends U.S. Shipments of *ReNu* with *ReNu MoistureLoc* Produced at Greenville, S.C., Manufacturing Facility Pending Investigation of Reports of *Fusarium* Infections Among Contact Lens Wearers," www.bausch.com, April 10, 2006.

⁹ OTC drugs are sold across the counter for which prescription is not needed.

US\$2.2 billion. (Refer to Exhibit III for B&L's logo and Exhibit IV for key financial data of B&L). In late 2004, B&L launched ReNu MoistureLoc, its newest brand in the lens care segment (Refer to Exhibit V for a brief note on ReNu MoistureLoc and Exhibit VI for a pack shot of the product).

ReNu EYE INFECTIONS – THE INITIAL REPORTS

In January 2006, Singapore health officials noticed a sudden increase in the number of reported cases of keratitis in contact lens users. On February 17, 2006, Singapore's Ministry of Health alerted the public that 18 of the 22 patients, who were affected by keratitis, had used ReNu MoistureLoc. Between January 2006 and February 2006, they discovered 39 cases of keratitis. Of these, 34 patients said that they used ReNu MoistureLoc.¹⁰ Similar cases were also reported in Malaysia and Hong Kong.

In February 2006, B&L stopped shipments of ReNu MoistureLoc to Singapore and Hong Kong although they maintained that the infection was not linked to their product. B&L partnered with health authorities and researchers to investigate the extent and cause of the outbreak. In a press release in March 2006, B&L announced that it was collaborating in a scientific investigation with health authorities and leading experts around the world including the CDC, Bascom Palmer Eye Institute¹¹, Johns Hopkins Wilmer Eye Institute¹², and the Ministries of Health in Singapore, Hong Kong, and Malaysia, to determine the extent and cause of the increase in infection among contact lens wearers. It, however, claimed that the cases reported in Asia involved examples of poor patient compliance with lens care regimens and contact lens wear, such as wearing expired lenses and re-using disposable contact lenses. These investigations did not reveal any cause-and effect relationship between ReNu MoistureLoc and keratitis (Refer Exhibit VII for B&L's press release).

In March 2006, B&L announced that the ReNu controversy would reduce its first-quarter vision care revenues in Asia by as much as US\$10 million as against internal revenue expectations.¹³ This had the potential to hurt the company's bottom-line as Asia accounted for 20% of B&L's revenues in 2004. (Refer to Table I for B&L's revenues by geographic segment - 2004). Concerns in Singapore and Hong Kong had depressed sales in other Asian markets, particularly China.

In the US, there had been reports of contact lens wearers suffering from keratitis from June 2005 itself. By April 05, 2006, the CDC had received reports of about 50 possible cases from 12 states in the US.¹⁴ By April 13, 2006, this figure had increased to 109 cases in 17 states. An interview of 30 of those patients conducted by federal and state health officials revealed that of the 28 who wore soft contact lens, 26 reported using B&L's ReNu brand contact lens solution or a generic type of solution also made by B&L. Five of these 26 patients also reported using other types of solutions in addition to ReNu. Also, nine of them reported that they wore their lenses overnight, a fact known to increase the risk of infection. Earlier, in March 2006, in the wake of the infections reported from Asia, a B&L spokesperson had said that the company was implementing consumer education programs to raise awareness about the importance of good hygiene and lens care. She said, "According to the Singapore health authorities, most of the contact lens-related fungal keratitis infections in that country involved patients with histories of poor contact lens care practices."¹⁵

¹⁰ "Eye Fungus Outbreak in Contact Wearers," www.foxnews.com, April 05, 2006.

¹¹ Bascom Palmer Eye Institute is recognized as one of the world's best centers for ophthalmic care, research, and education. It serves as the Department of Ophthalmology for the University of Miami Miller School of Medicine in Miami, Florida, U.S.A.

¹² The Wilmer Eye Institute at John Hopkins is recognized as one of the world's leading centers for ophthalmic care, research, and education. The Johns Hopkins University, founded in 1876, is a private institution of higher learning located in Baltimore, Maryland, U.S.A.

¹³ "Bausch & Lomb Unsure of Impact from Product Probe," www.news.moneycentral.msn.com, April 12, 2006.

¹⁴ "Eye Fungus Outbreak in Contact Wearers," www.foxnews.com, April 05, 2006.

¹⁵ "US Probes New Keratitis Cases," www.opticianonline.net, March 24, 2006.

On April 10, 2006, a FDA press release alerted health care professionals and their patients who wore soft contact lenses to an increasing number of reports of keratitis in the US and advised consumers to practice good basic hygiene and follow manufacturers' instructions for proper use, cleaning and storage of their lenses. FDA also urged the consumers who had existing supplies of the Renu MoistureLoc to use the product with caution and report any signs and symptoms of eye infection to their doctors. (Refer Exhibit VIII for the FDA press release).

Table I
B&L's Revenues by Geographic Segment – 2004

Region	Revenue (US\$ Million)	Contribution (%)	Growth Y-O-Y (%)
Americas	955.5	43	6
Europe	819.9	37	13
Asia	456.9	20	16

Source: Annual Report- 2004, www.bausch.com

A HAZY VIEW AT B&L?

As B&L stopped shipments of ReNu MoistureLoc, US retail giants like Sears Holdings Corp.¹⁶ (Kmart, Sears Essentials, and Sears Grand stores), CVS Corp. (CVS)¹⁷, Wal-Mart Stores, Inc.¹⁸, Walgreen Co. (Walgreens)¹⁹, Rite Aid Corp.²⁰ and all Albertson Inc.'s²¹ owned chains, including Jewel-Osco and Shaw's, pulled ReNu MoistureLoc off their store shelves. Walgreen went a step further and took all ReNu products off its shelves, not just the ones with the ReNu MoistureLoc formulation line, to prevent confusion among customers. Synsam²² and Specsavers Blic Optik²³ of Sweden also pulled ReNu MoistureLoc off their shelves. On April 14, 2006, B&L asked retailers to stop selling ReNu MoistureLoc, but it stopped short of recalling the product. FDA supported B&L's decision to voluntarily withdraw ReNu MoistureLoc and asked consumers to take precautions to reduce their risk for keratitis through proper lens care practices. (Refer Exhibit IX for FDA press release).

Some analysts were of the view that B&L's decision to ask retailers in the US to stop selling ReNu MoistureLoc could hurt the company's brand name. Moreover, it was likely that the damage would extend beyond its lens care solutions to its other product lines and geographies as well.

¹⁶ Sears Holdings Corporation is the third largest retailer in the US, with approximately US\$ 55 billion in annual revenues, and 3,900 full-line and specialty retail stores in the United States and Canada as of April 2006.

¹⁷ CVS Corporation is the largest pharmacy chain in the US based on store count. It operates stores under the name of CVS/pharmacy.

¹⁸ Wal-Mart Stores, Inc. was founded by Sam Walton in 1962. It is the largest retailer in the world and one of the largest companies in the world based on revenue. For the fiscal year ending January 31, 2006, its sales revenue was US\$ 316 billion.

¹⁹ Walgreen is a convenience store and pharmacy chain that operates more than 5,000 stores in 46 states of USA and Puerto Rico.

²⁰ Rite Aid Corp. is a US retailer and pharmacy chain, operating nearly 3,400 stores in 28 states and the District of Columbia. As of April 2006, Rite Aid was the third largest drugstore chain in the US.

²¹ Albertsons Inc. is a supermarket retailer that operates under its own name and under the brands Acme Markets, Bristol Farms, Jewel-Osco, Osco Drug, Sav-on Drug, Shaw's, Star Market and Super Saver Foods.

²² Synsam is the biggest Swedish chain of optician stores, operating in about 300 stores in Sweden, Finland, and Norway.

²³ Specsavers Blic Optik is a Swedish optician store chain with about 40 stores in Sweden.

Michael Weinstein, an analyst at J.P. Morgan Chase & Co.²⁴, commented, “While Bausch & Lomb is only at this time suspending U.S. ReNu MoistureLoc sales, the spillover effect to the broader ReNu brand could be significant.”²⁵

To add to B&L’s woes, a consumer from New York, Nelson Huie, filed a lawsuit against B&L, alleging that it had engaged in deceptive marketing practices and had failed to disclose to consumers an inherent defect in its product. The complaint claimed that B&L had been aware of the link between ReNu MoistureLoc and keratitis in Asia as early as February 2006. However, it had suspended sales in the US only in April 2006. According to the lawsuit, B&L was “unjustly enriched” as it had knowingly jeopardized the health of its customers, without their knowledge.²⁶ The complaint sought class-action status²⁷ for any person who had purchased the ReNu MoistureLoc solution between September 1, 2004 and April 11, 2006. Later, a woman in Miami filed another lawsuit against B&L blaming ReNu MoistureLoc for the damage caused to her eye. On April 20, 2006, a New York law firm filed a class-action lawsuit claiming that B&L’s ReNu MoistureLoc contact lens solution had caused severe eye damage to hundreds of contact lens wearers.

Some analysts felt that as the investigators were unable to identify any connection between the lens cleaner and the fungus, B&L was faced with a trickier situation than the Tylenol crisis,²⁸ as it made the decision of recalling the product more difficult. In a conference call with analysts, Zarella said, “As far as speculation about theories, there’s a lot of them, we’ve run a lot of them to ground and come up with nothing. Every additional test we’ve run suggests that the formulation is as safe and effective as anything on the market and in particular with regard to Fusarium.”²⁹

Though ReNu MoistureLoc’s sales of US\$45 million (for 2005) in the US was only a small part of the company’s annual sales, the damage this incident caused to the company’s reputation and market value was significant.³⁰ (Refer to Table II for contribution of lens care to B&L’s total revenue). By April 13, 2006, B&L’s stock had fallen for 15 straight days, losing US\$1.18 billion in market value.³¹ (Refer to Exhibit X for share prices of B&L from March 31, 2006 to April 17, 2006).

²⁴ JPMorgan Chase & Co., headquartered in New York City, USA, is a financial holding company and is a leading global financial services firm and one of the largest banking institutions in the US. As of April, 2006, it had US\$1.2 trillion in assets, US\$106 billion in stockholders’ equity and operations in more than 50 countries.

²⁵ “ReNu Contact Solution Shipments Stopped,” www.foxnews.com, April 11, 2006.

²⁶ Chad Bray, “NY Man Sues Bausch & Lomb Over ReNu Contact-lens Solution,” www.marketwatch.com, April 13, 2006.

²⁷ A lawsuit brought by one or more plaintiffs on behalf of a large group of others who have a common interest.

²⁸ Tylenol (paracetamol) is a popular American brand of pain reliever and fever reducer, sold by Johnson & Johnson. On September 29, 1982, the Tylenol scare began when the first of seven individuals died in metropolitan Chicago, Illinois, after ingesting Extra Strength Tylenol. Investigations revealed that it was laced with a deadly poison, cyanide. While the crime was never solved, prompt response helped Johnson & Johnson overcome the tampering scare with its Tylenol brand. It quickly recalled Tylenol and launched a PR campaign. The company became a champion of safety, leading the charge for tamper-resistant packaging. As of end 2005, Tylenol remains a top seller, controlling about 35% of the pain killer market in North America.

²⁹ Greg Levine, “Bausch & Lomb CEO: Tests Show No ReNu Infection Link,” www.forbes.com, April 12, 2006.

³⁰ “B&L Stock Falls Again,” www.13wham.com, April 13, 2006.

³¹ “Bausch & Lomb Under Siege in Homeland,” www.jeffooi.com, April, 2006.

Table II
Contribution of Lens Care to B&L's Total Revenue

Particulars	2004	2003	2002
Total Revenue (US\$ Million)	2,232.3	2,019.5	1,816.7
Revenues from Lens Care (US\$ Million)	521.9	498.9	465.5
Contribution of Lens Care (%)	23	25	26

Source: Annual Report 2004, www.bausch.com.

Moreover, some analysts expressed the concern that consumers might stay away from other B&L product lines too. (Refer to Table III for B&L's revenues by product line – 2004). Harris Nesbitt Corp.³² analyst Joanne Wuensch felt that B&L should withdraw its ReNu MoistureLoc for good. "Call it a day. Move on. It's a US\$45 million a year revenue business, and you are putting at risk US\$500 million a year in revenue. A cost-benefit analysis would tell me, call it,"³³ she said.

Table III
B&L's Revenues by Product Line – 2004

Product Line	Revenue (US\$ Million)	Contribution (%)	Growth y-o-y (%)
Contact Lens	675.2	30%	14%
Lens Care	521.9	23%	5%
Pharmaceuticals	524.7	24%	12%
Cataract and Vitreoretinal	358.3	16%	9%
Refractive	152.2	7%	14%

Source: Annual Report 2004, www.bausch.com.

The ReNu MoistureLoc controversy was not the only problem B&L had to face. The company had delayed the filing of its third-quarter Form 10-Q and its annual Form 10-K as a result of investigations of alleged accounting irregularities at its foreign subsidiaries in South Korea and Brazil.

COMPETITORS EYE B&L'S MARKET SHARE

As of April, 2006, more than 30 million people wore contact lenses in the US³⁴ and the estimated global market for lens care solutions was US\$1.8 billion.³⁵ In terms of market share, B&L, Alcon Inc. (Alcon)³⁶, and Advanced Medical Optics, Inc. (Advanced Medical)³⁷ held the top three

³² Harris Nesbitt Corp., based in New York, USA, is the US investment and corporate banking practice of BMO Financial Group. As of April 2006, it had a nationwide network of 1,000 employees in nine major markets, including 22 equity research analysts, covering 332 companies in a wide variety of key economic sectors.

³³ Julie Steenhuysen, "Lifting the Lid: Bausch & Lomb Taking it on Chin over Eye Fungus," www.ndtvprofit.com, April 14, 2006.

³⁴ "Bausch & Lomb: Eye Fungus' Source Unknown," www.foxnews.com, April 12, 2006.

³⁵ Lewis Krauskopf, "J&J May Jump into Lens Care after Bausch Setback," www.abcnews.go.com, April 13, 2006.

³⁶ Alcon, headquartered in Hünenberg, Switzerland, is a global medical company specializing in eye care products.

positions in the market (Refer to Table IV for Global market share of top three players in Lens-Care). B&L's ReNu MoistureLoc alone accounted for 9.2% of the market share in U.S. lens care solutions.³⁸

The marketing fraternity in the US believed that B&L's present problem would benefit its competitors Alcon, Advanced Medical, and Johnson & Johnson³⁹. According to David W. Maris (Maris), an analyst at Banc of America Securities⁴⁰, B&L's decision to discontinue its shipments of ReNu MoistureLoc and the negative image as a result of the controversy could deal a devastating blow to the company's earnings estimates and give a boost to its competitors. He felt that the collateral damage for B&L could be "sizeable".

Table IV
Global Market Share of Top Three Players in Lens Care (2005)

Company	Global Market Share (%)
B& L	30
Alcon	23
Advanced Medical	18

Adapted from Lewis Krauskopf, "J&J May Jump into Lens Care After Bausch Setback," www.abcnews.go.com, April 13, 2006.

With investors perceiving that Alcon and Advanced Medical would benefit from B&L's problems, the share prices of these companies increased. On April 11, 2006, the share price of Alcon, the second largest maker of contact lens solutions in the US, rose sharply to US\$107.72 (up US\$6.50) — a 3-week high. The share prices of Advanced Medical were also up US\$3.53 to US\$49.00, a new 52-week high.⁴¹

Analysts felt that with consumers looking to switch to alternative brands, Alcon was more likely to pick up market share as it had stocked more of its product, Opti-Free solution, on retailers' shelves. Its short-term manufacturing capacity was also higher than Advanced Medical. However, they estimated that Advanced Medical could still increase its 2007 earnings by 5% or more if B&L failed to fix its problems quickly. Analysts also expected Johnson & Johnson to benefit, as the company was preparing to enter the lens care market by 2007.

B&L IN DAMAGE CONTROL MODE

When retailers started pulling ReNu MoistureLoc off their shelves, B&L started a public relations blitz in a bid to limit the damage caused to its reputation. It sent out a clear message asking all retailers to stop selling ReNu MoistureLoc until the truth had been established. The company published newspaper ads in *USA Today*⁴² and some regional newspapers which had an open letter

³⁷ Advanced Medical Optics, headquartered in California, USA, is a global medical company specializing in eye care products.

³⁸ Mary Crane, "Competitors to Benefit from Bausch's ReNu Woes," www.forbes.com, April 11, 2006.

³⁹ Johnson & Johnson, based in New Brunswick, New Jersey, USA, is an international pharmaceutical, medical devices and consumer packaged goods manufacturer founded in 1886. As of April, 2006, its products were sold in over 175 countries.

⁴⁰ Banc of America Securities is the investment banking subsidiary of Bank of America, the third largest commercial bank in the US, measured in assets.

⁴¹ "Alcon Inc. Is Benefiting From Weakness In Bausch & Lomb," www.tradingmarkets.com, April 11, 2006.

⁴² *USA Today* is a national American newspaper published by the Gannett Corporation. The paper has the widest circulation among newspapers in the US (averaging over 2.25 million copies every weekday). Among English-language broadsheets, it comes second world-wide, behind *The Times of India*.

to consumers from Zarella. In the letter, Zarella said that the company was voluntarily withdrawing the product in the interests of the public. He also apologized for any “inconvenience or anxiety” caused due to this incident.

B&L announced that consumers who wished to return their ReNu MoistureLoc could visit its website www.bausch.com or call a toll free number to receive a coupon for another B&L eye care product or to receive their money back. It offered a coupon for up to US\$8 toward the purchase of its other contact lens solutions.⁴³

B&L also arranged a conference with analysts and investors. At the conference, Zarella emphasized that there was no evidence directly linking its contact lens solution to the cases of fungal eye infections. “The formulation is as safe, effective as anything on the market, especially in regard to Fusarium, [it] kills Fusarium at rates that are as high or higher than anything else a consumer can use,” said Zarella. He added, “We need to convince consumers that our product is safe and effective.”⁴⁴ Zarella also reassured investors that things were under control and that the company planned to conduct a marketing and public relations campaign to restore confidence in the brand. He said, “We currently have the best and the brightest in the PR and advertising worlds locked up in a room.”⁴⁵

As per Nielsen Monitor-Plus data, B&L’s media expenditure in 2005 was US\$ 35 million, which included US\$15 million on ReNu alone. During that period, Gotham Inc.⁴⁶ had crafted most of its mainstream ad efforts. On April 13, 2006, B&L spokesperson Margaret Graham (Graham) confirmed that the company was working “around the clock” to put a campaign together. “We could have something ready as early as tomorrow,”⁴⁷ she said.

A national advertising campaign directly targeted at consumers was launched on April 14, 2006. The ad encouraged consumers to see their eye doctors if they felt that they had keratitis even as it reassured them about the safety of B&L’s ReNu MoistureLoc contact lens solution. In its ad, B&L suggested that customers use a different contact lens solution, as ReNu MoistureLoc had been temporarily removed from store shelves.

Some analysts felt that this advertising campaign would do no good to B&L. According to Mike Paul, president of MPG & Associates PR⁴⁸, an ad did not build credibility and trust⁴⁹. He felt that launching this kind of ad campaign would not serve any purpose as it only said, “We made mistakes and we want to make sure you know about this.” Marketing expert Al Reis said, “It’s (the ad is) throwing gasoline on a fire. It’s not putting it out.”⁵⁰

B&L took other steps to address the crisis like sending letters to doctors, pharmacies, and retailers. It also began offering consumer rebates for its other products. Besides, B&L encouraged contact lens wearers to follow the guidelines from the American Optometric Association⁵¹ regarding contact lens care.

⁴³ “B&L--Damage Control with Ads,” www.13wham.com, April 14, 2006.

⁴⁴ “B&L CEO Defends Lens Solution,” www.13wham.com, April 13, 2006.

⁴⁵ “B&L Stock Falls Again,” www.13wham.com, April 13, 2006.

⁴⁶ Gotham Inc., based in New York, USA, is an advertising agency. It was established in 1994 and is wholly owned by The Interpublic Group of Companies.

⁴⁷ Nishad Majmudar, “B&L Plans Consumer Education Campaign,” www.democratandchronicle.com, April 13, 2006.

⁴⁸ MPG Associates PR, based in New York, USA, is a public relations firm.

⁴⁹ Some PR professionals believe that an ad only aids in brand recall; only PR builds credibility, particularly when there is a crisis at hand.

⁵⁰ Holly M Sanders, “B&L Black Eye,” www.nypost.com, April 15, 2006.

⁵¹ The American Optometric Association, based at Saint Louis, Missouri, USA, represents more than 34,000 optometrists, optometry students, and paraoptometric assistants and technicians.

According to Graham, these steps were not being taken in response to criticism, but had been developed and refined based on information the company had received from the marketplace and the situation at hand. She insisted that B&L had responded in a timely fashion. The company had contacted the CDC as soon as it had learned about the infection appearing in Singapore, she claimed, and added that it had suspended sales of ReNu MoistureLoc in Singapore and Hong Kong in February 2006. She also said that B&L had issued a news release as early as March 31, 2006, giving details about the tests it was doing to ensure that there was no compromise on quality. "We are devoting every effort to ensuring that customers know we are trying to get to the bottom of this,"⁵² said Graham.

Marketing experts felt that B&L's damage control effort would be of little use if it could not win over customers with credible action. They felt that B&L had to be sincere in its efforts to co-operate with the FDA and the CDC and should also offer help to the eye infection victims, even though a cause had yet to be determined. This, they felt, would be the best PR as the public would forgive companies that owned up to their mistakes.

DID B&L GIVE ITSELF A POKE IN THE EYE?

Many analysts believed that B&L had adopted a "self-destructively passive role" in dealing with customers and investors and had thus broken the basic rule in crisis management.⁵³ Analysts criticized B&L for remaining silent even after it had learnt about the health problems associated with the product after they surfaced in Asia as early as November 2005. Glenn MacDonald, Professor at John M. Olin School of Business, Washington University⁵⁴, said: "When you have a problem like this, you should deal with it immediately. I don't know of a consumer good where the people are more concerned about the quality of the product than one they have to stick in their eyes. This could turn out to be a case of the eye people – Bausch & Lomb – poking themselves in the eye."⁵⁵

According to analysts, the problem with the ReNu MoistureLoc contact lens cleaner presented B&L with a corporate communications challenge similar to the Tylenol crisis.⁵⁶ Some felt that B&L was not handling the crisis well. In the early day of the crisis, the home page of B&L did not even have any reference to issues connected with ReNu MoistureLoc. This, they felt, showed that there was a lack of coordination within B&L. According to them, B&L should have launched a communication blitz immediately after the initial reports of the problem had come in.

Analysts said swift consumer communication was of paramount importance during such a crisis. Marketing expert Jack Trout commented, "If you tarry, it will double back and people will say you are not on the case, and your brand gets irrevocably bruised."⁵⁷ Robert Dilenschneider, a New York communications consultant, said, "Bausch should have done what smart politicians do — called in the press, the analysts, the medical experts, certainly its critics, and say 'we'll talk about this until there's nothing more to talk about'. Instead, they made the same mistake Dick Cheney⁵⁸ made after he shot his friend. They waited too long."⁵⁹

⁵² Claudia H. Deutsch, "Bausch's Reaction Time is Questioned," www.iht.com, April 16, 2006.

⁵³ "Bausch & Lomb Under Siege in Homeland," www.jefffooi.com, April 2006.

⁵⁴ Washington University is a private research university based in St. Louis, USA.

⁵⁵ Phil Mintz and Francesca Di Meglio, "Bausch & Lomb: Crisis Management 101," www.businessweek.com, April 17, 2006.

⁵⁶ Dave Taylor, "Crisis Management at Bausch & Lomb?" www.intuitive.com, April 12, 2006.

⁵⁷ Julie Steenhuisen, "Lifting the Lid: Bausch & Lomb Taking it on Chin over Eye Fungus," www.ndtvprofit.com, April 14, 2006.

⁵⁸ Richard Bruce "Dick" Cheney (born January 30, 1941) was the 46th Vice President of the US under President George W. Bush. On February 11, 2006, he accidentally shot his hunting companion, Texas attorney Harry Whittington, while hunting on a private ranch in south Texas, USA.

⁵⁹ Claudia H. Deutsch, "Bausch's Reaction Time is Questioned," www.iht.com, April 16, 2006.

Analysts also criticized B&L for not recalling ReNu MoistureLoc earlier and for leaving it to the retailers to decide what to do with the lens product left on their shelves. Specifically, most brand specialists felt that B&L should have withdrawn ReNu MoistureLoc quickly in the US as soon as problems cropped up in Asia. They felt that B&L should have withdrawn the product as soon as the CDC had sent out its warning. "The fact that they are not recalling it is a huge issue. Even if there are only a handful of infected people, they should jump into action,"⁶⁰ said Paul Argenti.

Analysts felt that B&L had messed up by not issuing a recall and by leaving retailers to announce that they would remove the product from the shelves themselves. Tobe Berkovitz, associate dean of Boston University's⁶¹ College of Communications, explained, "When you're a company like Bausch & Lomb, that has a good reputation, the first thing you want to do is protect it." He felt that allowing retailers to be the ones to pull the product "plays terribly in the minds of consumers." He added, "Now all of a sudden, the good guys are CVS and Walgreen, as opposed to the good guys being Bausch & Lomb."⁶² George Sard, chairman and CEO of Citigate, Sard Verbinen⁶³, said, "They had plenty of warning. They kept taking this series of temporizing measures and half-steps, and they've probably exacerbated concerns about the integrity of their brands."⁶⁴

However, some analysts felt that the ReNu MoistureLoc issue was trickier than the Tylenol case as investigators had not been able to identify any connection between the lens cleaner and the fungus. According to Peter Morrissey who was involved in the strategy and messaging for the Tylenol crisis, B&L executives were smart people, and could have had a strategy. He pointed out that taking a product off the shelves involved a great amount of risk as rivals would step in immediately.

Some believed that it was too early to panic and expected that B&L would bounce back. "It would be early to count B&L down and out. It's a company that has seen major ups and downs in the last few years,"⁶⁵ George Conboy, a financial analyst with Brighton Securities, Inc.⁶⁶, said. According to Susan Palombo, Director of brand strategy for Landor Associates⁶⁷, the brand success of B&L could aid its efforts to come back from this product setback. She felt that B&L's strong brand image would see it through the crisis. Pointing to similar crises with other brands like Tylenol, she commented, "It's not what you would wish for, but how you respond to a crisis can really let you build trust with the consumer."⁶⁸

FUTURE OUTLOOK

Analysts expected that ReNu MoistureLoc was unlikely to return to the US market in 2006. Maris expected B&L's remaining lens care business to witness at least a 10% market share contraction in 2006.⁶⁹ Analysts also felt that even if the product were to be cleared soon, it would be difficult to regain the lost market share quickly. The fallout could also erode the company's brand equity not only in lens care, but also in the contact lens business itself.

⁶⁰ Julie Steenhuysen, "Lifting the Lid: Bausch & Lomb Taking it on Chin over Eye Fungus," www.ndtvprofit.com, April 14, 2006.

⁶¹ Boston University is a private university located in Boston, Massachusetts, USA.

⁶² Greg Gatlin, "Into Public's Eye: Bausch Lens-cleaner Plan Questioned," www.business.bostonherald.com, April 14, 2006.

⁶³ Citigate Sard Verbinen is a crisis management firm with offices in New York City, Chicago and San Francisco in the US.

⁶⁴ Claudia H. Deutsch, "Bausch's Reaction Time is Questioned," www.iht.com, April 16, 2006.

⁶⁵ "B&L Stock Falls Again," www.13wham.com, April 13, 2006.

⁶⁶ Brighton Securities Inc., based at Rochester, New York, USA, is an independently owned stock brokerage and financial services firm that was established in 1969.

⁶⁷ Landor Associates is a San Francisco-based brand and creative design consultancy.

⁶⁸ Constantine von Hoffman, "B&L Mulls Ways to Save ReNu," www.adweek.com, April 13, 2006.

⁶⁹ "Bausch & Lomb Under Siege in Homeland," www.jefffoo.com, April, 2006.

B&L also faced legal liability issues which could impact the company in the near future. Although Moody's⁷⁰ initially described the crisis as a "potential management distraction", it soon released a statement saying that this crisis could have a material impact on B&L over the near term due to the "enhanced risk that current and potential future product sales suspensions, and damage to the brand."⁷¹ Fitch Ratings⁷² also expected that the absence of the product from the US market would negatively affect B&L's financial performance in the near term.

The impact of the crisis also had the potential to spill over to other countries. There was already a contraction in sales of B&L products in Asia. Zarella said that the company had not estimated the extent of the damage caused by negative publicity on other geographical markets such as China and Europe.

B&L announced that ReNu MoistureLoc would continue to be sold in the UK, as its supplies for Europe, the Middle East, and Africa were made in Milan, Italy.⁷³ It reiterated that the eye disease had been linked to contact lens solution manufactured in B&L's plant in Greenville, which supplied products to the US and South-East Asia. B&L had throughout maintained that ReNu MoistureLoc was not responsible for the infection and this link was just a statistical anomaly.

Zarella said that he was confident of regaining market share at the earliest opportunity as the company was "working aggressively on brand-building actions."⁷⁴ According to company sources, B&L was looking to shift production in favor of other lens care products such as ReNu MultiPlus and to speed up the development of a next-generation solution originally slated for introduction in late 2007.⁷⁵

⁷⁰ Moody's Investors Service performs financial research and analysis on commercial and government entities. The company also ranks the credit-worthiness of borrowers using a standardized ratings scale. The company has a 40% share in the world credit rating market.

⁷¹ "Fitch, Moody's May Cut Bausch & Lomb's Debt," www.today.reuters.com, April 12, 2006.

⁷² Fitch Ratings, Ltd., dual-headquartered in New York City, USA, and London, UK, is an international credit rating agency.

⁷³ Christine Seib and Sam Lister, "US Scare Will Not Halt UK Sale of B&L Contact Lens Solution," www.business.timesonline.co.uk, April 12, 2006.

⁷⁴ Rob Moss, "US Retailers Including Wal-Mart Remove ReNu from Shelves as Bausch Delays 2005 Results Again," www.opticianonline.net, April 12, 2006.

⁷⁵ Nishad Majmudar, "Lens Solution Scare Rocks B&L Stock," www.democratandchronicle.com., April 13, 2006.

Exhibit I

Some Key Sub-brands of B&L

Segments	Sub-brands
Contact Lens	Boston, Medalist, PureVision, SofLens
Lens Care	Boston, ReNu, Sensitive Eyes
Pharmaceuticals	Alrex, Indocolllyre, Liposic, Lotemax, Minims, Moisture Eyes, Ocuville, PreserVision, Zylet
Cataract and Vitreoretinal	Akreos, AMVISC, Millennium, SofPort, Storz
Refractive	Hansatome, Technolas, Zyoptix

Source: www.bausch.com.

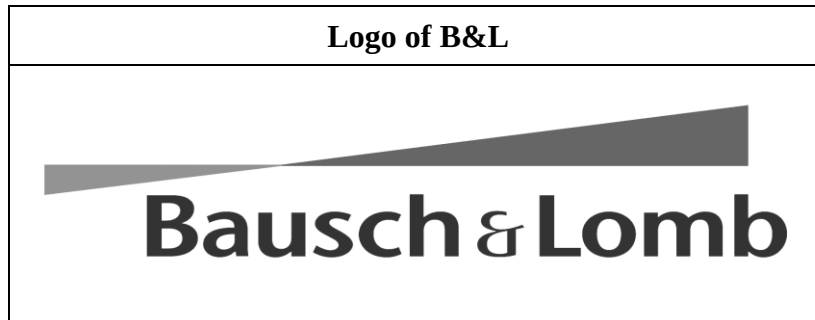
Exhibit II

Lens Care Products of B&L

ReNu • ReNu with ReNu MoistureLoc Multi-Purpose Solution • ReNu MultiPlus Multi-Purpose Solution No Rub Formula • ReNu Multi-Purpose Solution • ReNu 1 Step Enzymatic Cleaner • ReNu 1 Step Daily Protein Remover Liquid • ReNu MultiPlus Lubricating and Rewetting Drops • ReNu Rewetting Drops
Boston • Boston Simplus Multi-Action Solution • Boston Advance Comfort Formula System • Boston Original Formula System • Boston One Step Liquid Enzymatic Cleaner • Boston Rewetting Drops
Sensitive Eyes • Sensitive Eyes Plus Saline Solution • Sensitive Eyes Saline Solution • Sensitive Eyes Daily Cleaner • Sensitive Eyes Drops
Bausch & Lomb • Bausch & Lomb Concentrated Cleaner • Bausch & Lomb Wetting and Soaking Solution

Source: www.bausch.com.

Exhibit III



Source: Bausch & Lomb.

Exhibit IV

Key Financial Data of B&L

Year	Net Sales (US\$ Million)	Gross Profit (US\$ Million)	Net Income (US\$ Million)	Earnings Per Share (US\$)	
				Basic	Diluted
2004	2,232.3	1,297.4	159.6	3.03	2.93
2003	2,019.5	1,161.5	125.5	2.37	2.34
2002	1,816.7	1,019.6	72.5	1.35	1.34

Source: Annual Report, 2003, Annual Report, 2004, www.bausch.com.

Exhibit V

Brief Note on ReNu MoistureLoc

Bausch & Lomb's ReNu with ReNu MoistureLoc Multi-Purpose Solution (ReNu MoistureLoc) was developed by B&L as a multipurpose solution for the care of soft contact lenses. The solution was designed to help lenses retain moisture. It was used to clean, disinfect, rinse, and store soft contact lenses as well as to remove protein deposits from them. It was launched in the later part of 2004. As of end 2005, it was the newest product of B&L in its Lens Care segment.

ReNu MoistureLoc was a combination of polymers that worked with the user's tears and kept the lenses moist and clean. Poloxamer 407 in ReNu MoistureLoc worked on the surface of the lens and created a protective shield that did not allow protein deposits to form. It also prevented proteins from denaturing and helped stabilize protein, keeping it in its natural, healthy state. Another polymer, Polyquaternium 10, combined with hydroxyethyl groups, to help create a long-lasting cushion of moisture for sustained comfort day after day.

According to the sponsors, contact lenses soaked in ReNu MoistureLoc overnight provided conditioning of the lens surface and delivered significantly longer wetting than other lens care solutions. According to them, its action over protein was also significantly better than other competitors.

ReNu MoistureLoc killed germs in four hours and kept the lenses sterile. Ironically, it was supposed to have better killing power against Fusarium. With ReNu MoistureLoc, lenses could be stored for up to 30 days in the unopened lens case.

ReNu MoistureLoc was the newest offering of B&L in the Lens Care segment. It was available in almost every drug and grocery stores in the US. Its sale in the US in 2005 was US\$45 million, and accounted for 9.2% of B&L's Lens Care business. It was available in the market as 4 oz., 12 oz. and 2x12 oz packing.

Compiled from various sources.

Exhibit VI

ReNu MoistureLoc Pack Shot



Source: Bausch & Lomb.

Exhibit VII

Bausch & Lomb Collaborates with Experts to Investigate Extent and Cause of Fungal Eye Infections

FOR RELEASE FRIDAY, MARCH 31, 2006

ROCHESTER, N.Y. - Bausch & Lomb is collaborating in a scientific investigation with health authorities and leading experts around the world including the U.S. Centers for Disease Control and Prevention, Bascom Palmer Eye Institute at the University of Miami, Johns Hopkins Wilmer Eye Institute, and the Ministries of Health in Singapore, Hong Kong and Malaysia, to determine the extent and cause of an increase in a rare fungus infection among contact lens wearers that first surfaced in certain parts of Asia.

Based on the Company's data to date and consultations with leading epidemiologists, Bausch & Lomb believes that the root cause of these infections is not related to a specific contact lens or lens-care product.

Reports of an unusual incidence of *Fusarium* keratitis among contact lens wearers first came from health authorities in Singapore, Hong Kong and Malaysia. Because these infections are rare, there now is a heightened level of awareness and surveillance surrounding this issue in other markets, resulting in reports of cases from a variety of locations. Efforts to enhance surveillance programs that track the incidence of the fungal infections are now in place in the US, Singapore, Hong Kong and Malaysia. Specifically,

- Bausch & Lomb initiated contact with the U.S. Centers for Disease Control and Prevention to develop a system to investigate and track the incidence of these infections. Johns Hopkins Wilmer Eye Institute is working with the CDC to implement a surveillance program involving leading corneal treatment centers in the U.S.
- Bausch & Lomb is working with independent experts in microbiology to collect and culture clinical isolates of *Fusarium* from patient samples to identify the genetic make-up of the organisms, and to determine if they represent an uncommon variant of the fungus.
- Bausch & Lomb is collaborating with health authorities in Singapore and Hong Kong in completing a case control study to assess what common factors existed among the patients with infections.
- Bausch & Lomb has met with leading optometrists and ophthalmologists to raise the level of awareness of the situation and assist in public health-information programs.

Evidence Suggests Proper Lens Care is Paramount

Many of the reported cases in Asia involved examples of poor patient compliance with lens care regimens and contact lens wear, including wearing expired lenses and re-using daily disposable contact lenses.

In the interest of good public health, Bausch & Lomb, a world leader in contact lenses and lens care products, urges contact lens wearers to follow good hygiene and proper lens care practices to prevent infection. Contact lens wearers are advised to:

- carefully follow the contact lens wearing and replacement instructions recommended by eye care practitioners;
- carefully follow the care and cleaning regimens recommended by eye care practitioners and outlined in the patient information material that comes with the lens-care products;

Contd...

Contd...

- use the proper product to both clean and disinfect contact lenses (saline solutions and rewetting drops are not designed to disinfect lenses);
- never reuse lens-care products; discard used product and only use fresh solution to ensure proper cleaning and disinfection;
- choose a well-known, respected lens-care brand purchased from a reputable merchant to avoid unreliable, unregulated so-called "knock-off" products;
- contact an eye care practitioner immediately if they experience eye pain, discharge, unusual redness, light sensitivity or sudden blurry vision.

Extensive Testing Confirms Sterility and Efficacy of ReNu ® Multi-Purpose Solutions

When the first reports of the unusual spike in contact lens-related *Fusarium* keratitis in Singapore and Hong Kong first came to the attention of Bausch & Lomb, the Company immediately suspended sales of ReNu multi-purpose solutions there and initiated an extensive series of additional tests on the sterility and biocidal efficacy of its products. The results have yielded no evidence to suggest that the products in any way caused or contributed to the infections.

Moreover, health authorities in Hong Kong and Shanghai reported that their independent tests of samples of ReNu multi-purpose solutions obtained in those markets confirmed that the products are sterile. Examples of the Company's test results are listed below.

- Product from the lots of ReNu® with MoistureLoc ® multi-purpose solution that were identified as being used by patients in Singapore and Hong Kong, were tested and proved to be stable, sterile and highly effective in killing the fungus.
- Product from the lots of ReNu with MoistureLoc and ReNu® MultiPlus ® multi-purpose solutions that were shipped to Hong Kong and Singapore were tested and proved to be stable, sterile and highly effective in killing the fungus.
- Product samples collected from the Hong Kong, Malaysia and Singapore markets were tested with a full panel of biocidal challenge organisms and full chemical testing was performed. All testing indicated that the samples were within specification and highly effective in killing bacteria and fungi.
- Bausch & Lomb's FDA-certified manufacturing facility in South Carolina has been extensively tested; all product samples pass rigorous sterility, safety and efficacy tests and environmental monitoring confirms that the facility is in full compliance with Good Manufacturing Practices.

ReNu multi-purpose solutions meet the stringent safety, efficacy and quality standards set by the U.S. Food and Drug Administration and similar health agencies around the world. In fact, Bausch & Lomb has determined that among the major brands of contact lens care products, ReNu multi-purpose solutions have unsurpassed disinfecting efficacy against *Fusarium* as well as other known ocular pathogens.

Bausch & Lomb indicated that this situation is expected to reduce first quarter vision care revenues in the Asia region by as much as \$10 million versus the Company's internal expectations. Hong Kong and Singapore are relatively small markets, but the publicity associated with the unusual incidence has spread beyond their borders. That has depressed sales in other areas, particularly China, which is being impacted despite the fact that there have been no reports of *Fusarium* infections among contact lens wearers there.

Source: www.bausch.com.

Exhibit VIII

FDA Press Releases on Keratitis Associated with Soft Contact Lens Use and Contact Lens Solution

The U.S. Food and Drug Administration (FDA) and the Centers for Disease Control and Prevention (CDC) are alerting health care professionals and their patients who wear soft contact lenses to an increasing number of reports in the United States of rare but serious fungal infections in the eye that can cause permanent loss of sight. Some patients have reported a significant loss of vision, resulting in the need for a corneal transplant.

A fungus called *Fusarium* has been identified as the cause of the reported infections. As of April 9, 2006, 109 cases of suspected *Fusarium* keratitis are under investigation by CDC and public health authorities in 17 states of the U.S.

"This is a serious infection and soft contact lens users should be mindful of the potential to develop this problem," said Dr. Daniel Schultz, director of the FDA's Center for Devices and Radiological Health. "We're advising consumers to practice good basic hygiene and follow manufacturers' instructions for proper use, cleaning and storage of their lenses, and report any signs of infection to their doctors."

Clinicians who evaluate patients with microbial keratitis should consider that a fungal infection may be involved and refer the patient to an ophthalmologist, if appropriate to obtain a specimen for laboratory analysis. In addition, the FDA and CDC are urgently advising consumers to take precautions to prevent contamination of the soft lenses and the products used to maintain them. These preventive practices for contact lens wearers include the following:

- Wash hands with soap and water, and dry (lint-free method) before handling lenses.
- Wear and replace lenses according to the schedule prescribed by the doctor.
- Follow the specific lens cleaning and storage guidelines from the doctor and the solution manufacturer.
- Keep the contact lens case clean and replace every 3-6 months.
- Remove the lenses and consult your doctor immediately if you experience symptoms such as redness, pain, tearing, increased light sensitivity, blurry vision, discharge or swelling.

In addition, regardless of which cleaning/disinfecting solution used, wearers may want to consider performing a "rub and rinse" lens cleaning method, rather than a no rub method, in order to minimize the number of germs and reduce the chances of infection.

Of the 30 patient cases fully investigated so far, 28 wore soft contact lenses and two reported no contact lens use. Twenty-six of the soft contact lens users who remembered which solution they used during the month prior to the infection onset reported using a Bausch & Lomb ReNu brand contact lens solution or a generic brand manufactured by the same company. Five case-patients reported using other solutions in addition to the ReNu brand, and nine patients reported wearing contact lenses overnight, a known risk factor for microbial keratitis.

"It is important to note that some of the affected patients had used other solutions in addition to the ReNu brand, and that the source of this fungus has not yet been identified. But we're working with CDC and Bausch & Lomb -- and we're investigating other possible causes -- to prevent these infections," Dr. Schultz added.

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Bausch and Lomb has informed FDA that they are voluntarily stopping shipment of the ReNu Moisture Loc product while they are continuing to investigate the cause of these infections. Soft contact lens users who have existing supplies of the Renu Moisture Loc should use the product with caution and report any signs and symptoms of eye infection to their doctors.

Clusters of *Fusarium* keratitis were reported among contact lens users in Asia beginning in November 2005. In February 2006, Bausch & Lomb voluntarily suspended sales of its ReNu multipurpose solutions in Singapore and Hong Kong after multiple reports of the infection among contact lens users there. No other jurisdictions have taken similar action to date.

Fusarium species are normally found in many plants, soil, and tap water. The annual risk of contact lens-related microbial keratitis is estimated in most studies to be between four and 21 per 10,000 patients, depending on whether the lenses are worn only during the day or continuously overnight.

Fungal keratitis can be associated with trauma to the surface of the eye, immunodeficiencies, and contact lens use. Organisms associated with contact lens-related keratitis are usually bacteria rather than fungus, often arising from contamination of lens care products or from contact lens storage cases.

Source: www.fda.gov.

Exhibit IX

FDA Press Release Supporting B&L's Decision

FDA is continuing to work closely with the Centers for Disease Control and Prevention (CDC) and Bausch & Lomb to investigate the source of *Fusarium keratitis* eye infections. The agency supports Bausch & Lomb's decision to voluntarily withdraw ReNu MoistureLoc® contact lens solution from the market until the agencies have had a chance to conclude their investigation.

FDA started its investigation of the Bausch & Lomb manufacturing plant on March 22, 2006, and will continue inspections of the Greenville, SC manufacturing plant and other facilities through next week. While the investigation continues, FDA will work with CDC to identify and confirm cases of *Fusarium keratitis* reported by state health departments and from FDA Medwatch reports.

FDA and CDC are advising consumers to take precautions to reduce their risk for *Fusarium keratitis* through preventive practices for contact lens wearers that include:

- Wash hands with soap and water, and dry (lint-free method) before handling lenses.
- Wear and replace lenses according to the schedule prescribed by the doctor.
- Follow the specific lens cleaning and storage guidelines from the doctor and the solution manufacturer.
- Keep the contact lens case clean and replace every 3-6 months.
- Remove the lenses and consult your doctor immediately if you experience symptoms such as redness, pain, tearing, increased light sensitivity, blurry vision, discharge or swelling.

Source: www.fda.gov.

Exhibit X

Share Prices of B&L (March 31, 2006 to April 17, 2006)

Date	Open (US\$)	High (US\$)	Low (US\$)	Volume (Nos.)	Adj Close* (US\$)
April 17	46.34	46.75	45.58	5,083,200	46.46
April 13	45.47	47.08	44.58	10,533,700	46.17
April 12	48.45	48.86	45.45	15,924,400	45.61
April 11	46.41	49.40	45.36	26,751,400	49.03
April 10	58.08	58.30	57.17	1,853,700	57.44
April 07	58.50	58.81	57.54	1,587,700	57.67
April 06	58.15	58.95	57.57	2,509,400	57.93
April 05	60.02	60.02	57.96	4,885,600	58.02
April 04	61.60	62.01	60.40	4,098,400	60.41
April 03	63.77	63.96	61.20	3,568,600	61.25
March 31	64.69	64.93	63.68	1,792,500	63.70

*Close price adjusted for dividends and splits.

Source: www.uk.finance.yahoo.com.

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