

Q2 2008: Inside this Issue

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- Announcement regarding the opening of the Madrid office of Lincoln International (p5).

Spotlight Interview: James Harrison of Archimica



Archimica is a privately held pharmaceutical fine chemicals company owned by TowerBrook Capital Partners and Aisling Capital Partners. Archimica combines first-class chemical manufacturing assets, technologies and process development with a history of pharmaceutical commercialisation that stretches back over 40 years. With respect to new manufacturing projects, Archimica's strategy is focused on phase II and phase III clinical trial manufacturing opportunities. In addition, through partnerships with generic pharmaceutical businesses, Archimica is building its product portfolio for the generic pharmaceutical industry.

Mr. James Harrison is the recently-named CEO of Archimica. He graduated from

Robinson College at the University of Cambridge with an M.A. and an M.Phil in Chemistry, after which he served for three years in the mergers and acquisitions practice at Morgan Stanley. Mr. Harrison has since worked as a partner at Soros Private Equity Partners and as Managing Director of TowerBrook Capital Partners, a spin-off from Soros Private Equity. While in these roles, he led investments in PolymerLatex and Archimica, among others. Mr. Harrison currently serves on the board of directors for Archimica and as a member of the Investment Committee of Robinson College at the University of Cambridge.

Q: Congratulations on the recently signed contract for commercial supply of Naproxinod API for NicOX. Please explain the type of deals and contracts that Archimica is looking at.

A: Thank you. At Archimica we manufacture products for both the innovator and generic pharmaceutical industries. The innovator business is characterised by long-term contract relationships such as the naproxinod API contract we recently announced, while the generics business is much more a spot business. However, in this marketplace, especially in the area of new generics development, we are starting to see an opportunity to partner with generics companies and enter into longer-term contractual relationships.

Q: What are the highlights of the Archimica strategy going forward? Is consolidation a key theme of the marketplace going forward?

A: We have an extremely flexible pilot and large scale manufacturing base in Western Europe and the U.S., and we have a strong and growing R&D and technical marketing group. Our strategy is to apply these strengths to partner with our innovator pharmaceutical customers on phase II and phase III clinical trial material manufacturing, and with our generic pharmaceutical customers on new generic drug development. This is how we bring new manufacturing projects into our product base. Of course our ongoing business needs to be continually optimised and improved in order to deliver a solution that customers want.

With regards to fine chemicals consolidation, I think it is a key theme. We certainly are actively interested in acquiring interesting technologies and market positions. However, I am not so sure that consolidation will be a rapid process. Whilst our customers are more consolidated than our industry and therefore there is a certain natural law which should apply to pharmaceutical fine chemicals, when you drill down to a product by product level, the competitive landscape varies significantly. Fine

(Continued on page 4)

Lincoln International Represents KBA Holdings Inc. in Sale of Reading Alloys to AMETEK, Inc.

Lincoln International's recently completed assignment with the Reading Alloys division of KBA Holdings illustrates our ability to bring both industry and transaction expertise to bear in placing a privately-held company with an appropriate strategic acquirer.

Chicago, IL, April 11, 2008 – Lincoln International, a leading global mid-market investment bank, today announced that Reading Alloys ("Reading") has been sold to AMETEK, Inc. ("AMETEK"). Reading was a division of KB Alloys, Inc. ("KB Alloys"), which is owned by Code Hennessy & Simmons ("CHS"), a Chicago based private equity firm. Lincoln International acted as the exclusive financial advisor to KB Alloys, Reading, and CHS. Terms of the transaction were not disclosed.

Located in Robesonia, PA, Reading is the largest producer of titanium master alloys for use in the growing number of titanium applications. The Company's titanium master alloys are used by the aerospace industry in critical parts and equipment including static engine components, aircraft engine rotating parts, and aircraft structural applications. Reading is also a leading global provider of highly engineered metal powders used in the aerospace, medical implant, military and

electronics industries.

Lincoln International worked closely with executives from Reading, KB Alloys and CHS throughout the sale process. This included providing advisory expertise and managing the preparatory, marketing, negotiation and due diligence phases of the transaction.

"Lincoln International ensured the success of this transaction by combining its deep industry knowledge, strong relationships and hands-on approach to drive a great outcome," said Paul Jones, President of Reading. "We are pleased with the results of the sale process, and are excited to partner with AMETEK as we continue to build on our strong history of growth."

The sale of Reading builds upon Lincoln International's strong experience in the global chemicals, aerospace, and general industrial sectors, having completed approximately 35 such deals in the past year.

About Code Hennessy & Simmons, LLC

CHS is a Chicago-based private equity firm specializing in private equity investments and recapitalizations of mid-

market companies in partnership with management. CHS targets well-managed companies focused on growth with enterprise values between \$75 million and \$1 billion. With particular expertise in the Business & Consumer Services, Distribution, Consumer Products and Infrastructure & Industrial Products sectors, CHS has completed 69 platform investments and 163 add-on investments. Founded in 1988, CHS has formed five private equity funds and currently manages over \$2.5 billion of capital. For additional information about CHS, please refer to the firm's website at www.chsonline.com.



Q1 2008 Market Commentary — Specialty Chemicals

The charts on page 3 provide a statistical summary of activity in specialty chemicals during the quarter ended March 31, 2008, as collected by Capital IQ. There were several notable transactions announced in the first quarter, as follows:

- On January 15, Oy Forcit AB closed the sale of its Finndisp Division to Rohm & Haas Co. (NYSE:ROH) for \$89.0 million
- On February 11, Aalberts Industries NV (ENXTAM:AALB) completed its acquisition of Duralloy Süd GmbH and Duralloy Ag Schweiz for an undisclosed amount.
- On February 18, Sherwin-Williams Co. (NYSE:SHW) entered into an

agreement with AB Wilh. Becker to sell the Sherwin-Williams Coil Coatings Business. The sale is expected to close in mid-2008, and terms were undisclosed.

As a whole, public companies participating in the specialty chemicals industry rebounded in March from declines seen through the first two months of the quarter. Both the LI Specialty Chemicals and LI Diversified Chemicals indices traded roughly in parallel with the S&P 500 during the first quarter and late in the period recovered most of the value lost during the broader market decline of the second half of 2007.

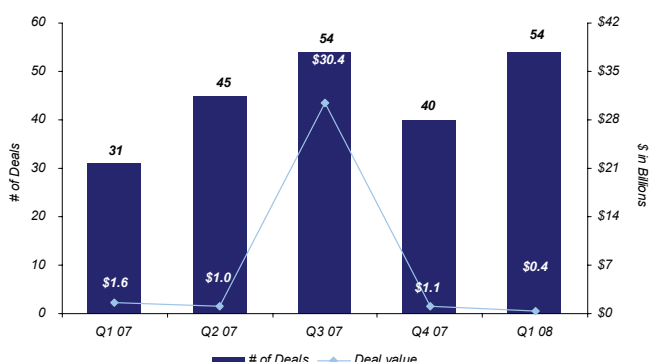
EBITDA multiples for public companies trended downward during the fourth

quarter, consistent with recent U.S. equity market conditions. Large cap multiples decreased from 9.0x to 8.4x, continuing the trend of the last half of 2007. Mid cap valuations also declined, moving down from 7.9x to 7.3x.

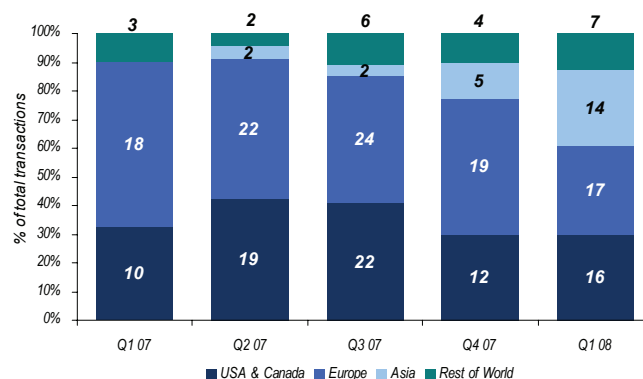
Despite recent credit market conditions, Lincoln has seen strong interest in specialty chemicals M&A during the first four months of 2008. U.S. domestic corporations continue to perform well in terms of profitability and balance sheet strength, as do foreign corporations that also benefit from recent U.S. dollar depreciation. Additionally, publicly traded specialty chemical companies have outperformed the S&P 500 over the past six months, improving the value of their stock as currency in M&A transactions.

Q1 2008 Key Market Statistics — Specialty Chemicals

M&A Transaction Activity vs. Deal Value
(Announced transactions and transaction values)



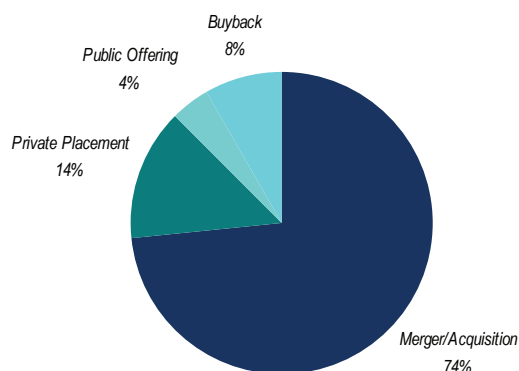
M&A Transactions by Region
(Announced transactions)



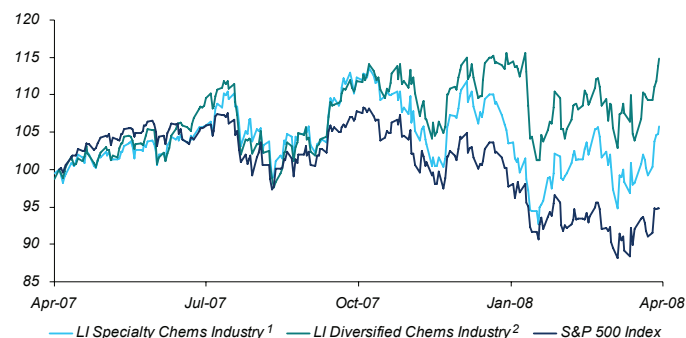
Most Active Buyers / Investors (Last Twelve Months)
(Based on announced transactions and transaction values)

| Top 10 Buyers by No. of Deals | | Top 10 Buyers by Deal Size | |
|-------------------------------|--------------|----------------------------|------------------|
| Company Name | No. of Deals | Company Name | Deal Size (\$mm) |
| Sherwin-Williams | 4 | Akzo Nobel NV | \$ 18,464 |
| PPG Industries | 4 | Henkel Group | 5,479 |
| Akzo Nobel | 3 | PPG Industries Inc. | 3,038 |
| Clariant | 3 | Petroleum Nasional Bhd. | 1,410 |
| Inchem Holdings International | 3 | CVC Capital Partners Ltd. | 1,090 |
| Quest Specialty Chemicals | 3 | Danaher Corp. | 435 |
| Impreglon AG | 3 | Israel Chemicals Ltd. | 352 |
| Mäder Group | 3 | OM Group Inc. | 332 |
| Cheetah Multitrade | 2 | Calumet Specialty Products | 267 |
| Artecola Industrias Químicas | 2 | Western Mining Co. Ltd. | 249 |
| Total Top 10 | 30 | Total Top 10 | \$ 31,117 |

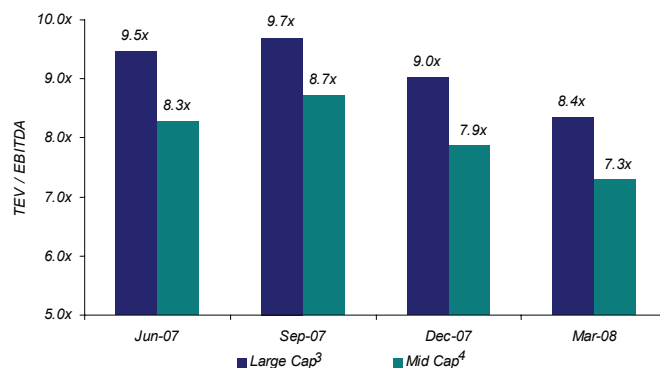
All Transactions by Type (Last Twelve Months)



Public Market Performance



Enterprise Value / EBITDA (Last Twelve Months)



(1) LI Diversified Chems Index: AKZA, ASH, BAS, CBT, CE, CLX, DOW, EMN, DD, FMC, HUN, MON, OLN, POL, PPG, RHA

(2) LI Specialty Chems Index: Includes all companies in the Large Cap and Mid Cap groups

(3) Large Cap group includes: ALB, APD, ARG, CEM, CYT, ECL, FUL, GRA, HPC, IFF, LZ, NLC, PPG, ROC, ROH, RPM, SIAL, VAL

(4) Mid Cap group includes: ARJ, CBM, FOE, NEU, OMG, SHLM, SMMX, SXT

SOURCE for all data on this page: Capital IQ, Inc. (division of Standard & Poor's), Lincoln International and public filings

(James Harrison, continued)

chemicals may continue to have a certain cottage industry feel to it.

Q: From your perspective, how large is the contract manufacturing API market you are active in and what is the growth outlook for 2008 and 2009?

A: Estimates of the outsourced pharmaceutical manufacturing market size vary significantly depending on who you listen to. I would not hazard a guess. We do not feel constrained in this market today, and that is what matters to us. And we look to build our technology base to expand the market we address. Overall market growth rates again are interesting – perhaps on an average basis the market is growing at 2x GDP driven by more of the global population accessing medicines, the current outsourcing trend at pharmaceutical companies (although this can reverse,; and the large number of patent expirations. However, what is important is the product-by-product analysis.

Q: Since the carve-out from Clariant in 2006, what have been the biggest risks and challenges, both internal and external, for Archimica?

A: We are at the end of a restructuring process that has taken Archimica from being a division of a large chemical conglomerate to being a standalone company. That has required a rationalisation of the product and cost base and a significant investment in business systems throughout Archimica such that we can react quickly to product developments. This phase in our development will be completed during the current quarter, and this positions us to best serve our customers. There are many companies in our industry that also need to go through this process.

Q: Does REACH have an impact on contract manufacturing companies including Archimica? If yes, how have you prepared for it?

A: Yes it does and it is very important. We have a manager responsible for REACH on a global basis and have worked with 3rd parties in our planning work. Archimica now has a systematic evaluation of all products at all of our sites following a global Archimica REACH plan.

Q: With a lot of contract manufacturing companies being active in the market, what are you

particular USPs to differentiate yourself from others in Europe and the U.S.?

A: For new manufacturing projects, a clear focus on phase II and phase III projects with innovators and building preferred supplier relationships and a partnership model with generics customers. Our incentive structures are linked to the development of this business. Not many of our competitors are as focused in this area.

Archimica has a broad range of differentiating technologies include cryogenic capabilities especially for boronic acids, controlled substance manufacturing in the U.S., high pressure hydrogenation, phosgenation with triphosgene, enzymatic chemistries, nitrations and sterile manufacturing capabilities. All of these technologies are present on FDA inspected sites.

Q: What are the key expectations pharma and biotech companies have in choosing a contract manufacturer for their phase II, III and IV products in the pipeline?

A: That you have a track record of delivery. That you can operate to tight timeframes. That your communication back to them is clear and timely. That you value their intellectual property above everything else. That you have the large-scale manufacturing capability as well as the kilo-lab or pilot manufacturing capability in case their molecule is successful in clinical trials and volume requirements increase.

Q: Are Asian, in particular Indian, pharma but also contract manufacturing companies a threat to European and U.S. contract manufacturing companies and sites?

A: Yes they are. There will be a drift of market share to India and to China; however, there is enough technical differentiation opportunity, and longevity of customer relationships and delivery track record are so important that in my opinion there will be a thriving European and U.S. pharmaceutical fine chemicals industry for a long time.

Q: What is your view on the near-term outlook for contract manufacturing chemical companies?

A: Near term the outlook is cautiously positive given the current outsourcing trend. The long term winners will be

defined by those that succeed if overbuilding occurs again and when the market growth reduces. That requires close customer relationships.

Q: What considerations should an owner or management team have when becoming a part of a private equity-backed business?

A: Be prepared to analyse your business from first principles. You will have to do this under a private equity ownership model. It is a healthy process, and you should accept the outcomes and change accordingly.

Q: What were your personal expectations and challenges transitioning from being the owner of the business to becoming the CEO of the business?

A: I am a chemist by education and an investor through on-the-job training at Morgan Stanley, Soros and TowerBrook. Leading this business gives me the opportunity and the challenge to combine all of this.

Lender Sentiment Survey: What the Market Thinks



Robert Horak

As corporate acquirers contemplate growth strategies for the remainder of 2008, the state of the credit markets is no doubt a major factor. With that in mind, the results of a re-

cent study conducted by Lincoln International are worth a look.

We surveyed 117 mid-market lenders, including both senior and mezzanine lenders, on their view for 2008. The survey addressed four critical areas: leverage, liquidity, pricing and defaults. The results of our survey indicate that mid-market lenders are expecting the credit markets to be tighter in 2008 with less leverage, lower liquidity, higher pricing and problem deals working their way back into portfolios.

Specifically, the survey resulted in the following key findings:

Leverage: According to S&P/LCD, in the fourth quarter of 2007 total leverage of mid-market LBO loans hovered at 5.6 times after two quarters of successive decline. The majority of respondents believe that levels will retrench, particularly as it relates to total leverage, with 81% of respondents believing that 2008 will witness lower total leverage multiples.

Liquidity: Only 6% of respondents believed that liquidity would be higher in 2008, while 31% thought it would be unchanged. The remaining 63% believed the amount of liquidity in the market would continue to decline.

Pricing: The combination of reduced liquidity and market uncertainty drove price increases of 100-200 basis points through the end of 2007 and early 2008. Was this enough? The vast majority of respondents indicated no. Eighty-one percent of those surveyed expect to see higher prices in the senior debt market, while 72% expect the same in the subordinated lender market.

Defaults: One hundred percent of our respondents indicated that they expect the number of problem deals/defaults to

increase in 2008 relative to 2007. Given that default rates are well below historical averages, this should be of little surprise.

Putting it all together, mid-market lenders are expecting the credit markets to be tighter in 2008 with less leverage, lower liquidity, higher pricing and problem deals working their way back into portfolios. And since lenders are the ones making the credit and lending decisions, many of the perceptions expressed are likely to become reality.

Does this mean that deals will not get done in 2008? Not at all. Rather, we're expecting that marginal credits will not be funded, and funding will generally be more expensive and at leverage levels that are still high by historical standards but off the peaks of 2007.

Robert Horak is a managing director at Lincoln International in the Capital Raising group. The firm raises capital to finance leveraged buyouts, acquisitions, recapitalizations, refinancing, management buyouts and shareholder dividends.

Lincoln International Opens Madrid Office in February 2008

Lincoln is proud to announce the opening of its Madrid office. This is the firm's second new office this year, following its London office opening in January. With an investment banking staff of approximately 130 professionals, Lincoln International has established a strong presence in the key global economies, with offices in Chicago, Frankfurt, London, Los Angeles, New York, Paris, Vienna and now Madrid.

Spain and Portugal represent one of the Europe's most dynamic and growing economic regions. Lincoln International's local presence will help to expand and strengthen the firm's relationships with current and prospective clients in this important market.



Ramon Vecino

The Madrid office – initially comprising 11 professionals – will be led by Ramon Vecino and Dr. Guido Siebiera who recently joined the firm as President and Managing Director, respectively. Both are seasoned professionals and have been involved in M&A transactions and privatizations as well as business development within the Iberian financial and industrial communities for many years. Vecino previously spent 29 years in top positions within the industrial and financial services sectors, and Siebiera's professional background includes 7 years spent with ThyssenKrupp as director for business development and 10 years as an M&A practitioner.

"As we continue to expand, Spain and Portugal offer a multitude of opportunities for us in a wide range of industries," said Hans Peter Peters, Co-Chairman of Lincoln International. "Our Madrid office provides us with a dedicated local team and will allow us to deepen our ties with Spanish and Portuguese private companies and public sector entities. Also, Ramon, Guido and the team will provide

increased access to private equity firms from that region for our global sell-side business."

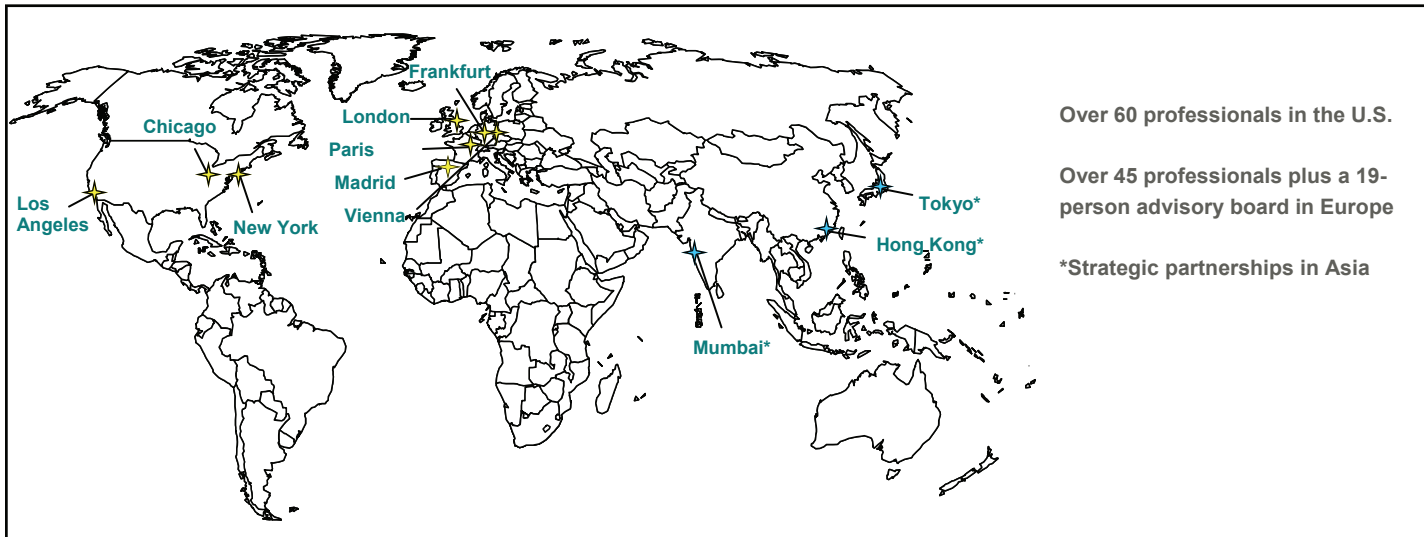
"We are convinced that bringing the Lincoln International platform into Spain and Portugal will create huge opportunities. I am very impressed by the quality of the client relationships, execution skills and industry expertise that Lincoln International is able to offer," stated Ramon Vecino.

Jim Lawson, Co-Chairman of Lincoln International, said "We are very excited about the addition of the Madrid office as part of our global expansion. I am convinced that it will be a great success."



Dr. Guido Siebiera

Lincoln International's Global Footprint



About Lincoln International

Lincoln International specializes in merger and acquisition services, private capital raising, fairness opinions and valuations for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, London, Los Angeles, Madrid, New York, Paris and Vienna and strategic partnerships with China Everbright, ICICI, and other partner firms in Asia, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com and www.lincolninternational.com/chemicals

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