

PLASTICS DEALREADER

Our Mission...

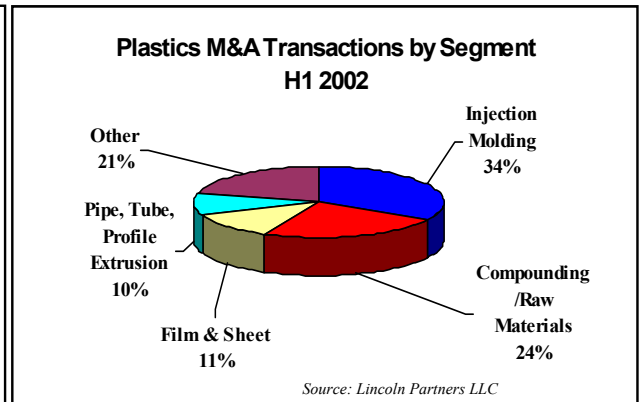
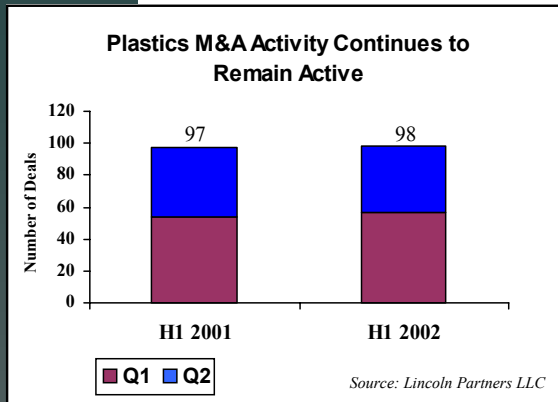
To provide the highest quality, merger, divestiture, acquisition and capital raising advisory services on plastics and packaging transactions to public companies, private equity groups and private companies.

FIRST SIX MONTHS 2002 M&A REVIEW



Announcements

- Lincoln Partners is on track to register another record number of completed transactions in 2002. Selected clients for which transactions were completed in the first half include Alcoa, Brunswick, Emerson Electric, SPX and Sun Capital. Bankruptcy sales were completed on behalf of ABC-NACO, Advance Mixer and Decorative Surfaces, and currently in progress for Fansteel. Our Private Placement Group is most active in arranging equity, mezzanine and senior financing for MBO's.
- Mr. Jerry Mosingo has been promoted to CEO at Collins & Aikman. He was executive vice president of plastic components and cockpits and came with last year's acquisition of Textron Automotive trim division. Mr. Christopher Richard has recently joined as senior vice president of global commercial fabric sales and product design.
- Upcoming events:
 - Plastics News, Plastics Encounter - Indianapolis, Sept. 17-19
 - Canadian Plastics Resin Outlook Conference - Toronto, Oct. 22
 - Pack Expo International 2002 - Chicago, Nov. 5-7
 - Emballage 2002 - World Packaging Exhibition - Paris, Nov. 18-22
 - Plastics News Executive Forum - Phoenix, Jan. 26-29



The trend towards consolidation continued in the plastics industry into Q2 2002 despite a slow overall M&A market. While Q2 2002 experienced a slowdown in activity compared to Q1 2002, M&A activity in the first half (H1) kept pace with the first half of 2001, registering 98 deals. In fact, the deal flow observed in the first half of 2002 equates to an annualized rate of almost 200 transactions.

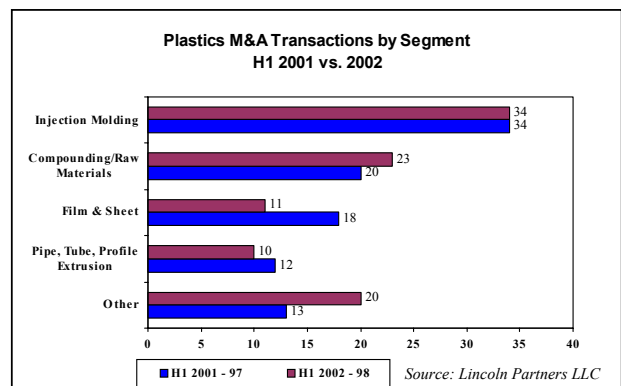
Both the overall U.S. economy and the M&A market remain tumultuous, as an economic turnaround never materialized as predicted. The market experienced a litany of problems ranging from accounting scandals to bankruptcy filings from one time market darlings such as Enron, WorldCom, Adelphia, and Qwest. Subsequently, many large deal makers took a "wait-and-see" approach to the M&A markets, as they focused intensely on maintaining their current core businesses and meeting earnings expectations. Outside of the public sector, tight lending markets are keeping many private equity groups and smaller investors from entering the deal arena, as lending multiples are not permitting dealmakers to achieve their expected rate of return. Due to these difficult market conditions, the overall M&A market experienced a decrease of approximately 30% in H1 2002 as compared to H1 2001.

Despite the continued deterioration of

M&A activity, those familiar with the market remain relatively optimistic as large corporations continue to divest non-core businesses, private equity groups have an inordinate amount of uninvested capital, and deal values are beginning to realign with the market after the explosion seen during the late 1990's.

Once again, the plastics market significantly outperformed the overall market. Deal flow numbers remain static and valuations are holding strong due to the significant growth opportunities in the market and the extreme importance of economies of scale in the industry.

Similar to the distribution of deals across segments last year, injection molding transactions represented the largest share (34%) of deal activity for the first half of 2002.



First Six Months 2002 M&A Review (cont.)

Injection Molding

The number of Injection Molding deals remained unchanged from the first six months of 2001 to the first half of 2002. While a number of noteworthy deals closed in 2002, big name players, such as GE and Delphi, were not as active in the first half of this year compared to the first six months of 2001.

The first half of 2002 remained strong for the medical products manufacturers. Notable dealmakers included APEX Manufacturing, Medex, and Medegen Holdings, all of which added to their molded medical products business through acquisitions. Other deals in the injection molding sector include the Barnes Group's acquisition of Spectrum Plastics and South Bend Plastics' sale to private investors.

In the financial sponsor market, Nautic Partners recapitalized Medegen Holdings. In addition to the recapitalization, the proceeds were utilized for Medegen's aforementioned acquisition of Premium Plastics, which manufactures a wide variety of disposable medical products.

Raw Materials/Compounding

Raw Materials and Compounding was also an active sector of the plastics industry as the number of transactions in the first half of 2002 increased compared to the first six months of 2001. Compared to the overall plastics industry, this segment accounted for approximately 24% of total deals.

Several noteworthy deals occurred, including Formosa Plastics Corporation's acquisition of Borden Chemicals' PVC plant in Illinois, which provides the company with an additional 200 million pounds per year of specialty PVC production capacity. Other deals in this sector included Quaker Chemical's acquisition of Epmar Corporation; Americhem's acquisition of Extruded Colors, Inc., a manufacturer of colorants; and Spartech's agreement to acquire GWB Plastics, a compounder and concentrate

manufacturer that is composed of UVTec and PolyTech South.

Film & Sheet

The Film and Sheet segment experienced a slowdown in deal flow in the first half of 2002 when compared to the first six months of 2001.

At the same time, a number of notable deals occurred, including Pliant Corporation's purchase of Decora Industries, a manufacturer of adhesive products that has been in Chapter 11 bankruptcy since December of 2000. Also, GE Plastics agreed to purchase Zhongshan Plastech Sunsheet, a Chinese manufacturer of polycarbonate sheet, giving GE the ability to expand its global reach and increase its focus on the Chinese market. Pechiney Plastic Packaging remained active into 2002 with the acquisition of Phoenix Health Care, helping the company to grow its health-care business and expand capacity. Further, sources report that Pechiney is preparing a takeover offer for VAW Aluminum AG, Europe's third largest flexible packaging company. Finally, Bemis announced the acquisition of DuPont's Clysar shrink films business.

Pipe, Tube and Profile Extrusion

Pipe, Tube and Profile Extrusion deals accounted for 10% of total deals in the first half of 2002 and included several significant deals. First, Harvest Partners acquired Associated Materials, Inc., a \$600 million in sales manufacturer of exterior building products including vinyl siding, windows, and fences. The final transaction value is estimated to be \$436 million, with Harvest Partners paying \$50 per share to acquire the company. Masco Corporation also rolled up three U.K. manufacturers of vinyl window frames and other vinyl extruded products. The company's recent string of acquisitions totaled nearly \$220 million.

Thermoforming / Blow Molding / Rotational Molding / Other

Other deals that occurred in the second half of 2002 included Pactiv's acquisition of Winkler Forming, which manufactures a variety of food packaging products; Exxon Mobil's agreement to acquire Solutia's 50% ownership of joint venture Advanced Elastomer Systems; Amcor's acquisition of Schmalbach-Lubeca's Closures and Containers business for an estimated 6.7 times EBITDA; and DuPont's acquisition of Liqui-Box Corporation, a publicly traded company that develops and manufactures flexible liquid packaging systems.

Conclusion

The first half of 2002 was greatly affected by accounting scandals and headline bankruptcies. The overall market suffered a precipitous decline as the M&A market hit lows not seen since 1996. Despite this environment, the plastics M&A market remained resilient, as total deal numbers remained constant and a number of attractively priced high profile deals were announced or completed. Examples are included in the Recent Deal Pricing Summary set forth below.

Recent Deal Pricing Summary

Seller/Buyer	Enterprise Value (mm)	EV/Sales	EV/EBITDA	Date Completed
Associated Materials/ Harvest Partners	\$436	1.4x	7.1x	Apr-02
Berry Plastics/GS Capital Partners	\$838	1.8x	8.0x	Jul-02
Ivex/Alcoa	\$790	1.2x	7.9x	Jul-02
Liqui-Box Corp./ Dupont Canada, Inc.	\$333	2.4x	11.1x	Jun-02
Nortek, Inc./Kelso & Co. (updated)	\$1,600	0.9x	7.0x	Pending
Schmalbach-Lubeca AG (Plastics and Closures)/Amcor Ltd.	\$1,570	0.9x	6.7x	Jul-02
Winkler Forming Inc. /Pactiv Corp. (est.)	\$73	N/A	7.0x	Jun-02

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About Lincoln Partners LLC

Founded in Chicago in 1996, Lincoln Partners is a pre-eminent middle market M&A and private capital raising advisor to Fortune 1000 companies, private equity groups and private companies. Senior bankers, full valuations and repeat business for the highest quality clients are key distinguishing features of Lincoln Partners.

We have senior bankers dedicated to the following industry sectors: Plastics, Packaging and Building Products; Transportation Equipment and Services; Electronics Manufacturing Services; Aerospace and Defense; Consumer Products; Metals; and General Industrial. We also have a very active Financial Recovery Group which specializes in troubled company transactions and a Private Placement Group which raises private equity, mezzanine and senior debt for MBOs, acquisitions and refinancings. More on Lincoln Partners, including the year end 2001 issue of the DealReader, at www.lincolnpartners.com.