

Analysis of Semi-Annual Valuation Multiples of Specialty Chemical and Commodity Chemical Transactions

Enclosed is Scott-Macon's annual update of valuation multiples for specialty chemical and commodity chemical transactions. As shown in the enclosed chart, the median multiple of total enterprise value ("TEV") to latest twelve months EBITDA ("EBITDA multiple") for specialty chemical transactions closed in 2011 was 10.7x compared to 9.5x, 7.3x and 9.6x for specialty chemical transactions which closed in 2010, 2009 and 2008, respectively, and was 13% higher than the median annual multiple for the five-year period 2006 – 2010 of 9.5x. The 10.7x median EBITDA multiple compares to the prior peak EBITDA multiple of 9.8x in 2007. The median multiple of TEV to latest twelve months sales ("sales multiple") for specialty chemical transactions which closed in 2011 of 1.3x was higher than the sales multiple for specialty chemical transactions which closed in 2010, 2009 and 2008 of 0.8x, 0.9x and 1.1x, respectively, and the median annual sales multiple for the five-year period 2006 – 2010 of 1.1x. The median EBITDA and sales multiples for commodity chemical transactions which closed in 2011 were 6.5x and 1.0x, respectively, compared to 6.1x and 0.7x, respectively, for commodity chemical transactions which closed in 2010.

The median EBITDA multiple in 2011 was 10.9x for specialty chemical transactions closed with TEV's above \$1 billion compared to 10.4x for transactions with TEV's below \$1 billion. The median sales multiple in 2011 was 1.6x for specialty chemical transactions which closed with TEV's above \$1 billion compared to 1.2x for TEV's below \$1 billion.

The TEV of all specialty chemical transactions which closed in 2011 for which information has been disclosed and for which at least one valuation multiple can be calculated was \$62.4 billion, representing 50 transactions. The 2011 figures compare to \$21.0 billion representing 42 transactions which closed in 2010. The median annual TEV of specialty chemical transactions for which at least one valuation multiple can be calculated which closed in the ten-year period 2001 – 2010 was \$24.2 billion, and the median annual number of transactions in the same period was 31. The TEV of all commodity chemical transactions which closed in 2011 was \$32.2 billion, representing 30 transactions. Strategic buyers accounted for 84% of the number of specialty chemical transactions and for 80% of the number of commodity chemical transactions closed in 2011.

COMPARISON OF MEDIAN CHEMICAL TRANSACTION MULTIPLES 2009–2011

	Sales			EBITDA		
	2009	2010	2011	2009	2010	2011
Specialty Chemicals						
All Closed Transactions	0.9x	0.8x	1.3x	7.3x	9.5x	10.7x
Over \$1 Billion	1.2x	1.2x	1.6x	8.9x	10.4x	10.9x
Under \$1 Billion	0.9x	0.8x	1.2x	7.0x	9.3x	10.4x
Commodity Chemicals						
All Closed Transactions	0.7x	0.7x	1.0x	6.6x	6.1x	6.5x
Over \$1 Billion	0.9x	0.8x	1.3x	6.2x	11.8x	11.9x
Under \$1 Billion	0.7x	0.5x	0.7x	7.0x	5.6x	6.3x

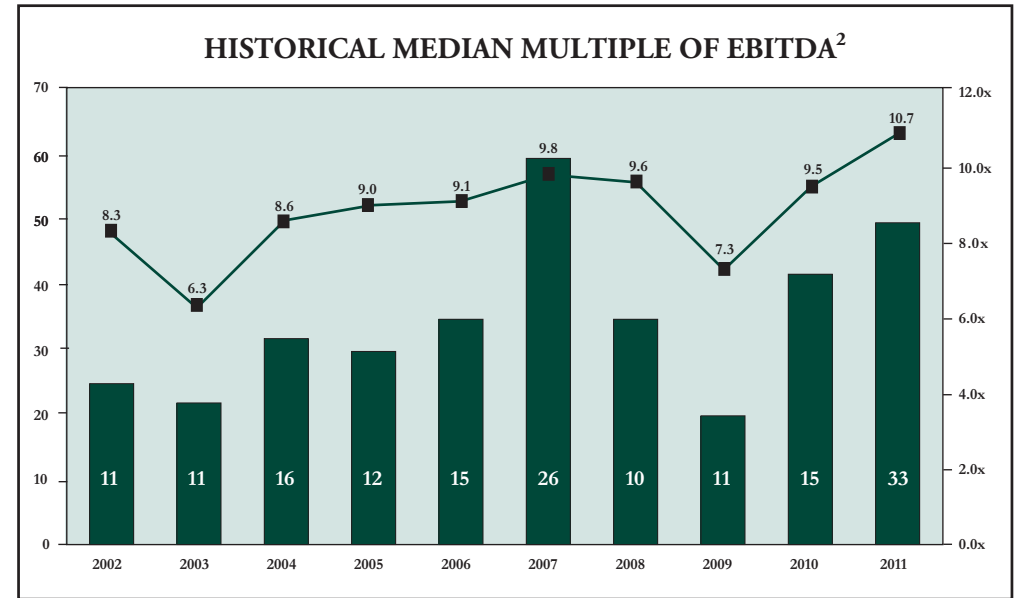
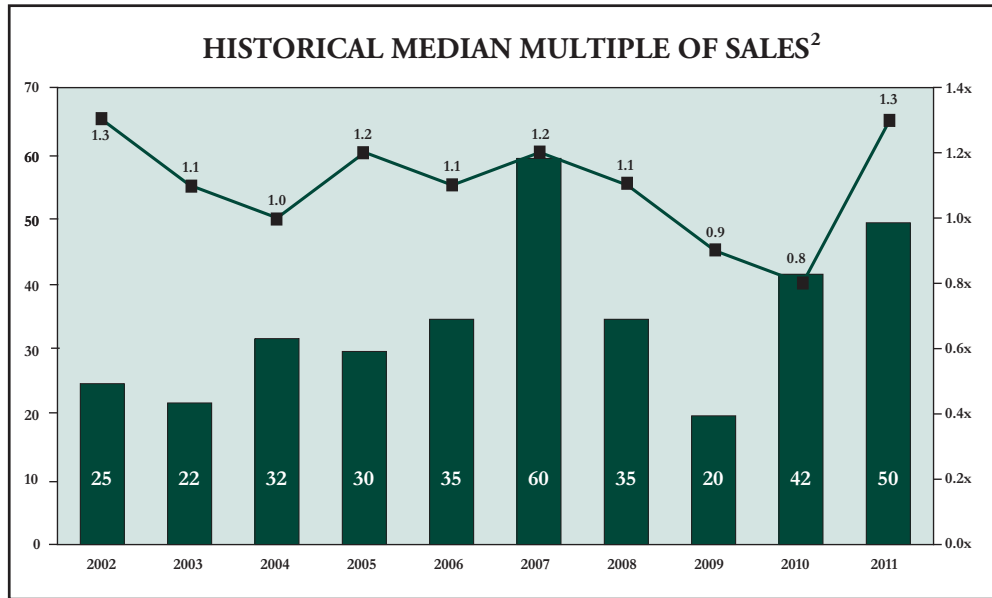
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SPECIALTY CHEMICAL TRANSACTION MULTIPLES 2002–2011¹



■ Number of Transactions —■— Multiple

1) Transactions for 2011 and prior years include only those that were closed during the respective year.

2) Whole numbers in the transaction bars refer to the number of datapoints used in the median calculation.

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