

Overall M&A activity within the Chemicals sector decreased 8% over the last twelve months (LTM) ending December 31, 2005 with 103 deals reported compared with 112 deals for the same period last year and with median valuation multiples at 1.9 x Revenue, 8.8 x EBITDA, 18.7 x EBIT and 2.6 x Book Value.

M&A TRANSACTIONS BY SUBSECTOR

For the Last Twelve Months Ended December 31,

	01		02		03		04		05	
Commodity Chemicals	52	61%	38	57%	50	54%	60	54%	55	53%
Specialty Chemicals	19	22%	16	24%	22	24%	30	27%	29	28%
Fertilizers & Agricultural Chemicals	7	8%	8	12%	12	13%	14	13%	13	13%
Industrial Gases & Diversified Chemicals	7	8%	5	7%	8	9%	8	7%	6	6%
Total	85	100%	67	100%	92	100%	112	100%	103	100%

Based upon Mosaic Capital research and subject to qualifications found on our website. Valuation multiples include public transactions and premiums for control, which can vary significantly between public and private companies. Private company transactions also typically include valuation discounts for limited liquidity, due to a lack of a public market.

Large national and international strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 168 portfolio companies and also are fueling demand. Buyers objectives include:

- ▀ Reduce energy and feedstock related production costs
- ▀ Increase volume production and achieve economies of scope and scale
- ▀ Reduce overcapacity and increase access to chemicals in limited supply (e.g. – ethylene, polyethylene, etc.)
- ▀ Reduce labor costs by shifting production to lower-cost regions, such as Asia

About Mosaic Capital

Mosaic Capital LLC is a leading national investment banking firm specializing in merger and acquisition and related corporate finance transactions, as well as business valuations for middle-market companies. The private placement of debt and equity securities is provided through affiliate Mosaic Capital Securities LLC - member NASD/SIPC. Mosaic Capital is a member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 98 offices in 24 countries, the partners of which have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital seeks introductions to owners and management teams in the following lines of business:

Commodity Chemicals, including:

- ▀ Sulfur & Salts
- ▀ Acids & Caustics
- ▀ Inorganic Powders & Solids
- ▀ Activated Carbon & Charcoal
- ▀ Alumina
- ▀ Carbon Bisulfide
- ▀ Water Treatment Chemicals
- ▀ Other Industrial Inorganics
- ▀ Industrial Organics
- ▀ Plastic and Synthetic Resins
- ▀ Polymers

Specialty Chemicals, including:

- ▀ Inorganic Dyes & Pigments
- ▀ Organic Dyes & Pigments
- ▀ Bone/Lamp/Carbon Black & Printing Ink
- ▀ Adhesives
- ▀ Sealants
- ▀ Explosives
- ▀ Industrial Coatings
- ▀ Aromatics
- ▀ Paints
- ▀ Varnishes
- ▀ Lacquers

Fertilizers & Agricultural Chemicals, including:

- ▀ Nitrogenous Fertilizers
- ▀ Phosphoric Fertilizers
- ▀ Potash, Soda & Borate Minerals
- ▀ Phosphate Rock

Industrial Gases & Diversified Chemicals, including:

- ▀ Alkalis & Chlorine
- ▀ Nitrogen & Oxygen
- ▀ Diversified Chemicals