



February 2011

Highlights

- Middle market M&A volume grew substantially in 2010, with the number of transactions up 40 percent and deal value up 11 percent from 2009 levels (Page 2). Transaction activity in plastics and packaging showed a steady level of activity over the same period, as distressed deal activity was replaced with a healthier mix of transactions (Page 3). The sector saw a number of transformative deals close in 2010, indicative of further consolidation on the horizon.
- The same factors that spurred the rebound in deal activity, namely a recovering economy, improving debt markets, strengthening company performance, and rising valuations, are expected to drive an even stronger M&A market in 2011. Market optimists are calling for a resurgence in deal activity, with the middle market poised for strong deal flow.
- Strategic buyers have demonstrated a healthy appetite and are stepping up acquisition budgets to pursue growth-oriented buys—a shift from the recovery mindset prevalent during the recession. Private equity continues to be active, motivated by a surplus of capital in play and the need to monetize aging portfolio investments. The expectation is that the financing markets will remain liquid and even improve in 2011, which should provide support for increased buyout activity.
- While there has been notable improvement in quality deal flow, the deal market remains competitive, which is driving up purchase price multiples. Higher leverage in transaction structures is also contributing to the uptick in valuations (Page 2).
- Public companies are reporting improving volumes year over year on strengthening demand and are benefiting from increased operational leverage through cost savings measures undertaken during the downturn. Favorable demand drivers, most notably in the food & beverage and medical markets, and an improving outlook for the automotive and housing markets, are expected to bring volume gains and bolster top-line growth.
- The public equity markets have rebounded from mid-year lows, with the S&P 500 gaining 30 percent since Q2 2010. The packaging composite index posted gains over the same period rising 22 percent, with constituents Paper and Board gaining 35 percent and Flexible Packaging gaining 28 percent, supported by renewed investor confidence in the sector's favorable demand outlook and balance sheet strength and margin performance of industry participants. EBITDA multiple expansion was seen in Flexibles (8.0x in Q3 2010 vs. 7.7x in prior quarter) and Paper and Board (6.2x vs. 5.9x) (Page 10).

The BGL Plastics & Packaging Insider is published by Brown Gibbons Lang & Company, a leading independent investment bank serving middle market companies and their owners throughout the U.S. and internationally.

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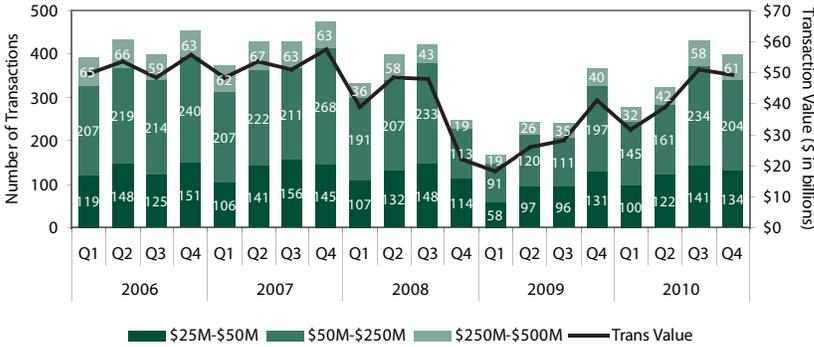


Mergers & Acquisitions

Overall M&A Activity

Mergers & Acquisitions Activity

Middle Market M&A Activity

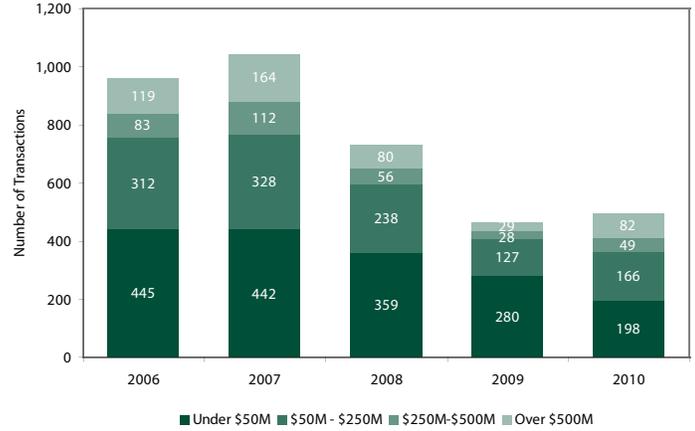


Based on announced deals, where the primary location of the target is in the United States. Middle market enterprise values between \$25 million and \$500 million.

Source: Capital IQ.

Private Equity Transaction Activity

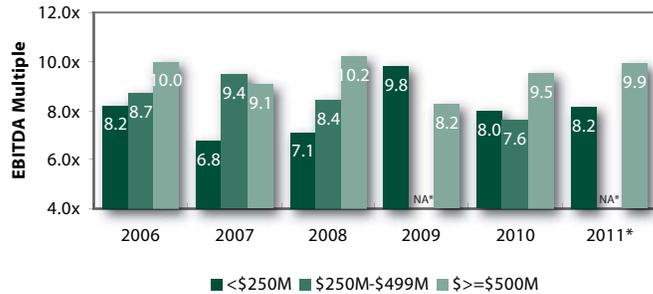
Transaction Count by Deal Size



Counts only include deals with disclosed transaction values.

Source: PitchBook.

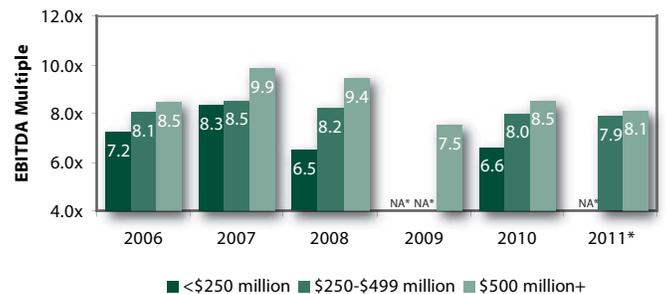
Strategic Buyer Valuation Trends



*NOTE: Data not reported due to limited number of observations for period.

Source: Standard & Poors LCD.

Financial Buyer Valuation Trends

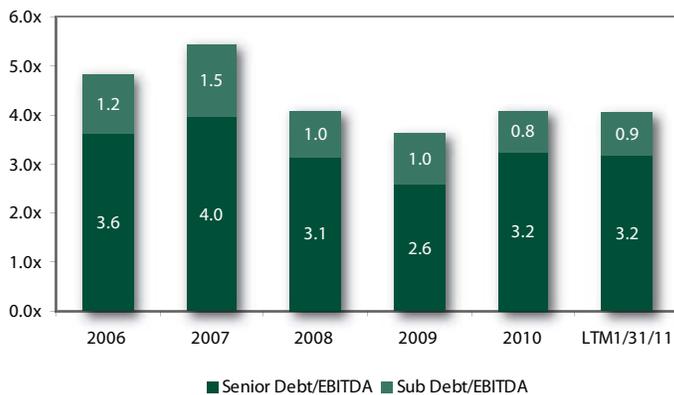


*NOTE: Data not reported due to limited number of observations for period.

Source: Standard & Poors LCD.

Acquisition Financing Trends

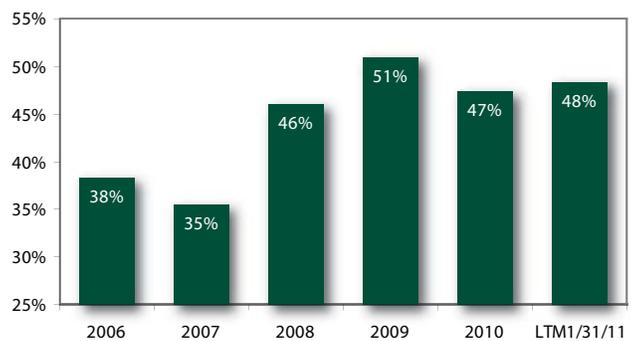
Leverage



Middle market enterprise values between \$25 million and \$500 million.

Source: Standard & Poors LCD.

Equity Contribution



Middle market enterprise values between \$25 million and \$500 million.

Source: Standard & Poors LCD.





2010 - Year in M&A

TRENDS IN M&A ACTIVITY

2010 brought increased buying activity on the part of both strategic and financial buyers, reflective of renewed market optimism driven by an improving economic outlook, greater credit availability, and improved financial performance of middle market businesses. The plastics and packaging industry saw the completion of transformative acquisitions as well as notable consolidation plays across the various sub sectors.

STRATEGICS EYE GROWTH

Strategic buyers have exhibited a shift in mindset toward M&A, leveraging strong cash positions to pursue growth-oriented acquisitions versus seeking defensive business combinations driven by the need to merge to cut costs and improve competitiveness—strategies commonly undertaken during the downturn. Graham Packaging’s purchase of Liquid Container marked the company’s first major transaction since its February IPO, adding significant scale in blow molding and customer and technology expansion opportunities in high margin food and beverage end markets. In the lower middle market, Sonoco Product Company’s purchase of Associated Packaging Technologies and Pactiv’s acquisition of PWP Industries both represent buys to gain customer and technology benefits, also in food and beverage. The transactions also represent private equity exits, which took place in increasing frequency during the year.

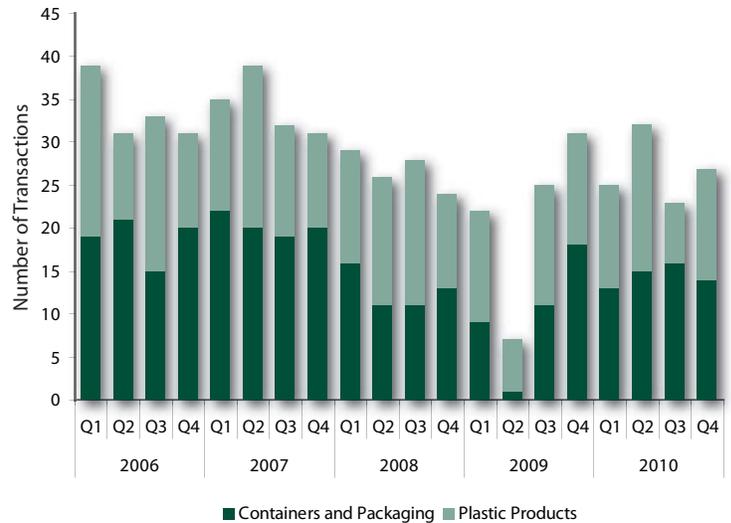
Foreign strategies also took advantage of buying opportunities. Examples include Mexico’s Mexichem SAB de CV’s acquisition of thermoplastic compounder AlphaGary Corporation to gain entry to the U.S. market. Swedish plastic component manufacturer Nolato AB acquired Contour Plastics to execute on its strategic focus on medical technology, gaining access to several major U.S. medical technology companies and geographic expansion opportunities in a key North American region identified by the company.

PRIVATE EQUITY ACTIVE

More accommodating credit markets provided much needed support for private equity as sponsors increased investment activity, with 2010 transaction activity showing a healthy level of platform and add-on acquisitions in the plastics and packaging space. Private equity was a party to industry-shaping transactions, most notably Pactiv’s acquisition by Rank Group and the take private of BWAY Holding Company by Madison Dearborn Partners, which underscored a renewed appetite and market optimism toward funding larger transactions. Sponsors also sought smaller acquisitions as the credit markets opened, taking advantage of industry fragmentation to build growth platforms and demonstrating a healthier environment for M&A. Some examples include:

- Irving Place Capital completed the acquisition of rigid packaging platform Alpha Plastics in August and add-on Progressive Plastics in December, as well as caps and closures producer Mold-Rite Plastics in August. The private equity firm was the most active sponsor in containers and packaging in 2010, tallying three acquisitions and has completed seven acquisitions in the space since 2005.
- Castle Harlan formed packaging platform Pretium Packaging with the merger of Pretium Packaging and Novapak, both acquired in February. In June, the private equity firm exited its 10-year investment in Associated Packaging Technologies with its sale to Sonoco Products Company.

Historical M&A Activity in Plastics & Packaging



Based on announced deals, where the primary location of the target is in the United States.

Source: Capital IQ.

- Wind Point Partners’ contract packaging platform Ryt-way Industries acquired Cloud Packaging Solutions in June. The private equity firm’s compounding platform Citadel Plastics Holdings (fka The Matrixx Group) acquired QTR in July, its sixth purchase since acquiring the platform in 2007. Citadel has stated its intentions to make more acquisitions in engineering thermoplastics and thermosets, as well as expanding global capabilities, according to a recent company statement.
- Private equity backed BWAY Holding Company completed two add-ons, acquiring Plasticscan in October and Phoenix Container in December, executing on its consolidation strategy in rigid plastic and metal containers.
- On the heels of the Liquid Container sale, former investors Mid Oaks Investments acquired Plastic Packaging Technologies, a producer of flexible packaging products, in December. PPT is the firm’s third packaging platform in its current portfolio. Mid Oaks has completed four acquisitions in the packaging space since 2007.
- Historically active in the plastics space, Mason Wells Private Equity acquired film converter Appleton Performance Packaging (nka NEX Performance Films) in July, the company’s third packaging platform in its portfolio holdings and third investment in a plastics-related business since 2008.
- Riverside Company’s December acquisition of PVC window extruder Sunrise Windows marks the private equity firm’s first plastics deal since 2008, indicative of an optimistic outlook on the growth prospects for the construction market, a sector that fell out of favor for sponsors and lenders during the downturn.





Highlights of Selected Strategic Transactions in 2010

Containers & Packaging

<i>(\$ in millions)</i>						
Acquirer	Target Company	Target Business	Revenue	Enterprise Value	Enterprise Value/Revenues EBITDA	
Silgan Holdings	IPEC Global	Manufactures plastic closures for the dairy and juice markets.	\$35	-	-	-
Graham Packaging Acquisition Corp.	Liquid Container	HDPE and PET plastic bottles for the food, household and industrial chemicals, agricultural chemicals, and automotive after-care markets.	\$400	\$568	1.4x	7.9x
Sonoco Products Co.	Associated Packaging Technologies	Dual-ovenable containers for the food industry focusing on containers, trays, and packaging for direct food contact.	\$150	\$120	0.8x	-
Sigma Plastics Group	McNeely Plastic Products	Flexible plastic packaging for the food processing industry including rollstock, bags, and pouches for retail applications; industrial box liners, films, and bags; and barrier packaging products.	\$35	-	-	-
Amcor Ltd.	Plastics Packaging Americas (Ball Corporation)	PET bottles for the beverage, food, and household product industries.	\$600	\$280	0.5x	4.0x
	Wurzburg	Packing products including boxes, tapes, closures, containers, films, and cushions and packaging equipment.	-	-	-	-
Inteplast Group, Ltd.	Speci-Gard Medical division of Uniflex Holdings (S. Walter Packaging Corp.)	Leak-proof flexible packaging including specimen transport bags, stat bags, and other medical packaging for the transportation of medical materials.	-	-	-	-
Comar, Inc.	Universal Container	Bottles, dropper tips and closures, flip caps, and piercing closures for the food, health care, cosmetics, and pharmaceutical industries	-	-	-	-
Solo Cup Co.	InnoWare Plastic	Manufacturer of a comprehensive line of disposable plastic take-out containers for the foodservice and retail industries.	-	\$24	-	-
Pactiv Corp.	PWP Industries	APET disposable containers for packer processor bakeries, supermarkets, and quick service restaurants.	\$140	\$200	1.4x	-

Plastic Products

<i>(\$ in millions)</i>						
Acquirer	Target Company	Target Business	Revenue	Enterprise Value	Enterprise Value/Revenues EBITDA	
Mexichem SAB de CV	AlphaGary Corporation	Manufacturer of PVC, TPE, and TPO compounds for the wire and cable, medical device, consumer, packaging, and automotive markets.	\$230	\$300	1.30	-
Nolato AB	Contour Plastics	Manufacturer of precision plastic and silicone injection molded parts and assemblies for the medical, electronics, consumer, and commercial markets.	\$22	\$22	1.0x	7.7x
Engineered Plastic Components, Inc.	Innatech	Multi-shot and in-mold assembly injection molding for the automotive, packaging and closures, office furniture, appliances and household goods, juvenile products and toys, and personal care industries.	\$48	-	-	-
Plastic Molding Mfg., Inc.	Res-Tech Corporation	Manufacturer of thermoplastic injection molded parts for the medical, industrial, defense, automotive, food services, consumer goods, electronics, and construction sectors. Product capabilities include insert and two-shot moldings involving plastic-on-plastic and plastic-on-metal.	\$6	-	-	-
Wilbert Plastic Services, Inc.	United Southern Industries	Manufacturer of custom injection, two-shot, gas assist, and over-molding components for the automotive, lawn and garden, power tools, merchandise display, telecommunications, and industrial markets.	\$30	-	-	-
CEPS, Inc.	Johnson Precision	Contract manufacturer of plastic-injected, metal-injected, and insert-molded specialty devices for the aerospace, life science, medical, automotive, and electronics markets.	\$8	-	-	-
McCalmont Industries LLC	Premier Technical Plastics	Manufacturer of injection molded plastic parts for diverse industries including consumer durables, electronics, telecommunications, medical, and transportation.	-	-	-	-

Announced deals where the geographic location of the target is the United States.

Source: Capital IQ, PitchBook, and Plastics News.





2010 - Year in M&A

Highlights of Selected Private Equity Transactions in 2010

Containers & Packaging

(\$ in millions)

Private Equity Sponsor	Target Name	Target Business	Revenue	Acquisition Type		Enterprise Value (\$ mm)	EV Multiple		Packaging Acquisitions Since 2005
				Platform	Add-On		Revenue	EBITDA	
Irving Place Capital	Alpha Plastics	Manufacturer of PET, HDPE, and polylactide bottles and jars for pharmaceutical, nutritional, personal care, and food and beverage markets.	\$136	■		\$260	1.9x	-	7
	Progressive Plastics	Manufacturer of plastic bottles for the consumer chemical, food and beverage, and personal care markets.	\$42		■	-	-	-	
	Mold-Rite Plastics	Provider of plastic caps, child-resistant closures, vials, and jars to the pharmaceutical, nutraceutical, and personal care markets.	\$60	■		-	-	-	
Madison Dearborn Partners	BWAY Holding Company	Manufacturer of metal and rigid plastic containers for paint, food, consumer products, construction, petroleum, and chemical companies.	\$911	■		\$918	1.0x	6.5x	3
	Phoenix Container	Manufacturer of metal pails.	\$34		■	-	-	-	
	Plastican	Injection molder of plastic pails used in the food, construction, janitorial, chemical, and pet-care markets.	\$90		■	-	-	-	
Castle Harlan	Pretium Packaging / Novapak	Manufacturer and distributor of plastic containers and closures for the healthcare/pharmaceutical, personal care, food and beverage, household/industrial/automotive, and agricultural chemical markets.	\$240	■		\$200	0.83x	-	3
Investcorp	Continental Packaging Solutions	Supplier of plastic and glass containers and closures to multiple industries.	-		■	-	-	-	3
	All-Pak	Provider of packaging products and solutions including bags, cans, closures, drums and pails, glass containers, and plastic containers.	-		■	-	-	-	
Sun Capital Partners	Wisconsin and Oklahoma facilities (Bemis Company)	Manufacturer of plastic packaging for retail natural cheese and shrink bags for meat.	\$156		■	\$82	0.53x	-	6
Graham Partners/Apollo Global Management	Superfos Packaging Inc. (U.S. Business of Superfos Industries A/S)	Manufacturer of injection molded plastic containers and other plastic packaging products for the food, industrial & household chemical, building materials, and personal care end markets.	\$47		■	-	-	-	5
Odyssey Investment Partners	Peninsula Packaging Company	Manufacturer of PET food and industrial packaging products, including packaging for produce, bakery and confectionery items, and other utility packaging.	\$85	■		\$52	0.61x	7.0x	5
Stonebridge Partners	Exal Group	Manufacturer of aluminum and steel containers for cosmetics, pharmaceuticals, food, beverage, and liquid markets. The company offers aerosols and bottles.	\$400	■		-	-	-	5
Wind Point Partners	Cloud Packaging Solutions	Contract packager and equipment manufacturer of food, beverage and consumer products.	\$50		■	-	-	-	5
Mid Oaks Investments	Plastic Packaging Technologies	Manufacturer of flexible packaging products, including a full line of converted pouches, bags, and film roll stock, for the food, pet food, specialty consumer, and health care industries.	\$60	■		-	-	-	4
AEA Investors	Intellipack	Manufacturer of foam-in-place packaging systems.	-		■	\$32	-	-	3
Rank Group Investments Limited	Pactiv	Consumer and foodservice/food packaging products.	\$3,545		■	\$6,035	1.7x	8.8x	4
Kohlberg & Company	Marcal Chicago	Manufacturer and marketer of specialty packaging products for foodservice, restaurant, and supermarket customers.	-		■	-	-	-	3
Mason Wells Private Equity	Appleton Performance Packaging (nka NEX Performance Films)	Manufacturer of custom specialty polyethylene blown films for the flexible packaging industry. Products include monolayer to high barrier films for the food, foodservice, pet food, industrial and medical markets.	\$100	■		\$58	0.58x	-	3

Announced deals where the geographic location of the target is the United States.

Source: Capital IQ, PitchBook, and Plastics News.





Highlights of Selected Private Equity Transactions in 2010

Plastic Products

(\$ in millions)			Revenue (\$ mm)	Acquisition Type		Enterprise Value (\$ mm)	EV Multiple		Plastics Acquisitions Since 2005
Private Equity Sponsor	Target Name	Target Business		Platform	Add-On		Revenue	EBITDA	
Wind Point Partners	QTR	Custom compounder of recycled polycarbonate and other recycled engineering resins. Automotive market comprises more than half of company sales.	\$15		■	-	-	-	6
Barclays Private Equity	O' Sullivan Films	Provider of customized, high-performance polymer films and finishing film technologies for the building products, consumer, healthcare, and automotive markets. Product capabilities include vinyl and engineered materials based compounds, polymer coating systems, screen printing inks, color and additives, and specialty vinyl resins.	\$110		■	-	-	-	2
American Securities	Advanced Drainage Systems	Manufacturer of high-density polyethylene corrugated pipe and related products. The company serves surface drainage, mining, agriculture, turf and recreation, on-site septic systems, sanitary sewers, residential/commercial drainage, landfill/waste disposal management, road and highway drainage, and retention/detention system markets.	\$700	■		-	-	-	2
Graham Partners (Infiltrator Systems)	Corrugated Plastic Pipe division (Blue Diamond Industries)	Manufacturer of high-density polyethylene corrugated pipe.	-		■	-	-	-	2
MCM Capital Partners	RMB Products	Manufacturer of thermoplastic components for the chemical, aerospace, semiconductor, and biopharmaceutical industries.	-	■		-	-	-	2
Rhone Capital	UTEX Industries	Manufacturer of complex gaskets and highly engineered seals to the oil and gas, water distribution, and industrial end markets.	-	■		-	-	-	2
Capstone Capital Partners / Highlander Partners	Premix	Manufacturer and custom molder of thermoset compounds and fiberglass reinforced products.	-	■		-	-	-	1
Kohlberg & Co	Phillips Plastics	Precision injection molder serving the automotive, medical, defense, and consumer products markets.	\$230	■		-	-	-	1
The Riverside Company	Sunrise Windows	Manufactures replacement vinyl windows and sliding doors.	-	■		-	-	-	1
Wingate Partners	Preferred Compounding Corporation	Manufacturer of proprietary and custom mixed rubber compounds for the automotive, construction, power generation, and roll goods industries.	-	■		-	-	-	1

Source: Capital IQ, PitchBook, and Plastics News.

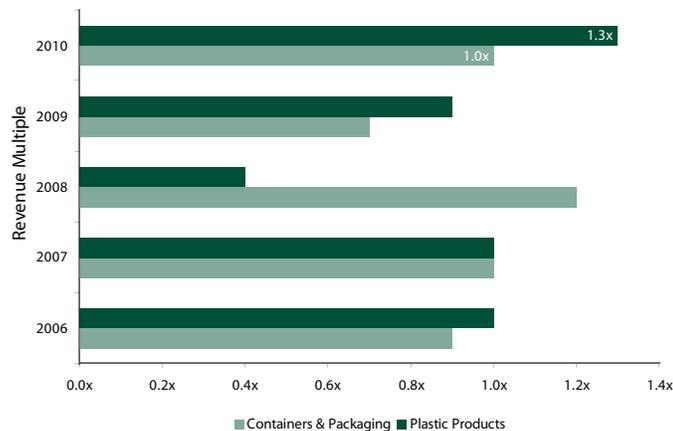
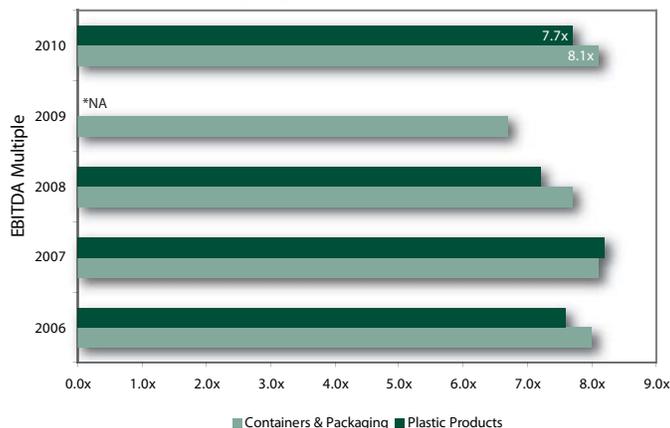


2010 - Year in M&A

VALUATIONS RISING

Strategics are aggressively acquiring, and sponsors continue to bid up high quality assets, with some lenders saying the private equity capital overhang has added at least a multiple to valuations. Valuation data compiled by Standard & Poors Leverage Commentary & Data reported a median EBITDA multiple of 7.9x for middle market strategic acquisitions and 7.8x for LBOs in 2010 (Page 2), which are trending up and compare favorably to valuation multiples of 8.4x and 7.3x, respectively, recorded in the peak market of 2007. Similarly, valuation data compiled by PitchBook reflects a rebound in purchase price multiples for all private equity buyouts in 2010, with the median EBITDA multiple of 8.2x up from the 2009 low of 6.9x. EBITDA multiples in 2010 of 8.1x for Packaging and 7.7x for Plastic Products compare favorably to broader market statistics.

Plastics & Packaging Valuation Trends



Based on announced deals, where the primary location of the target is in the United States.
 *NOTE: No observations for period.

Source: Capital IQ.

Market Observations

Current leverage and pricing trends are reflective of improving conditions in the acquisition finance market.

- Standard & Poors Leverage Commentary & Data reported a median senior leverage multiple* of 3.2x for middle market LBOs in 2010 (2.6x in 2009) and total leverage of 4.1x (3.6x in 2009). Results from our November lender survey (*BGL Inside the Middle Market, November 2010*) show a further delineation by EBITDA size. In the lower mid market (sub \$10 million EBITDA), senior leverage of 2.0x-2.5x with total leverage not to exceed 4.0x is the current market for transactions of this size. Leverage multiples expand slightly at the \$10 million EBITDA threshold (\$10 million to \$15 million EBITDA), with median multiples of 2.5x-3.0x for senior and 4.0x-4.5x total leverage, respectively. Looking ahead, lenders tell us that increased liquidity in the debt markets may drive leverage multiples slightly higher, with multiples inching up another quarter to half turn on both sides.
- Senior cash flow pricing of Libor+500-600 is current market, and Libor floors of 100-200bp are still present in the majority of deals. Pricing spreads and the existence and size of floors is dictated by the competition on a deal. Lenders expect spreads will narrow with increased deal volume and competition on deals in 2011.
- S&P reported an average equity contribution of 47 percent for middle market LBOs in 2010 and 41 percent for all LBOs (40 percent in Q4 2010)—down from the record high 51 percent in 2009. Lenders tell us that 40 percent is still the required minimum, which is likely to remain in place for the foreseeable future.

Lenders expect credit availability to continue to improve in 2011 with the caveat that macroeconomic conditions remain stable. Results of a Thomson Reuters LPC Q410 Middle Market Survey suggest an optimistic lender outlook for 2011. Notable findings include anticipated growth in loan volume, with over 90 percent of respondents reporting higher middle market budgets in 2011. The majority of respondents expect M&A will drive the bulk of loan activity, at least in the first quarter.





FOURTH QUARTER TRANSACTION HIGHLIGHTS

SELECTED TRANSACTIONS IN PACKAGING

In December, private equity firm **Mid Oaks Investments LLC** acquired **Plastic Packaging Technologies, LLC**. PPT is a vertically-integrated manufacturer of flexible packaging products, including a full line of converted pouches, bags, and film roll stock, for the food, pet food, specialty consumer, and health care industries. The company operates two facilities in Kansas and Ohio, with manufacturing capabilities in printing, solventless adhesive lamination, high-speed slitting, pouch making, and converting. PPT is working to reach \$200 million to \$300 million in sales and to become the supplier of choice for value-added flexible packaging, according to Plastics News. PPT was previously owned by **Stonehenge Partners, Inc.** and **Tech Investments, LLC**. Mid Oaks has had a successful 20-year investment track record in the food packaging industry, recently completing the sale of Liquid Container to Graham Packaging in September. Mid Oaks acquired Liquid Container in 1990 for \$70 million.

In December, private equity backed **Berlin Packaging, LLC** completed its second add-on acquisition of the year with the purchase of **Continental Packaging Solutions, Inc.** Founded in 1936 and based in Chicago, Illinois, CPS offers a full complement of glass and plastic containers and closures serving multiple industries. Berlin acquired **All-Pak, Inc.** in February 2010, a Pittsburgh, Pennsylvania-based supplier of rigid packaging solutions, hazardous materials packaging, and laboratory packaging supplies primarily in the Northeast United States. All-Pak's packaging solutions service the food and beverage, household product, pharmaceutical, chemical, laboratory, and hazardous materials packaging end markets. Berlin purchased All-Pak from private equity sponsor **Peninsula Capital Partners, LLC**. Peninsula invested in All-Pak through the support of a management buyout in 2001. Berlin Packaging is a portfolio company of **Investcorp**, which acquired the company in 2007. Berlin Packaging expects to exceed \$600 million in sales in 2011, according to a recent company statement.

Private equity backed **BWAY Holding Company** is executing on its core market add-on acquisition strategy, completing two buys since the completion of the take private transaction by **Madison Dearborn Partners** in June. BWAY completed the acquisition of **Phoenix Container** in December. Headquartered in North Brunswick, New Jersey, Phoenix Container produces steel pails used for packaging industrial and consumer products and has annual revenues of approximately \$34 million. In October, BWAY acquired **Plastican**, a Leominster, Massachusetts-based producer of plastic pails used for packaging industrial and consumer products. The company operates four manufacturing facilities in the U.S. and generated revenues of \$90 million in 2009.

In October, private equity backed **Packaging Dynamics Corporation** acquired **Marcal Chicago, LLC**, a manufacturer of specialty packaging products for foodservice, restaurant, and supermarket customers. Packaging Dynamics is a portfolio company of private equity sponsor **Kohlberg & Co.**, which acquired the company in 2005.

SELECTED TRANSACTIONS IN PLASTIC PRODUCTS

In December, private equity firm **Kohlberg & Co.** completed the acquisition of **Phillips Plastics Corp.** Founded in 1964 and based in Hudson, Wisconsin, Phillips manufactures highly engineered injection-molded plastic and metal products for the automotive, medical, defense, and consumer products markets. The company provides complete services from concept design, rapid prototyping, and tooling through production, assembly, packaging, and distribution. Phillips operates from 14 U.S. locations and generates annual sales of over \$250 million. A recent Plastics News ranking of North American injection molders estimated the company's sales at \$230 million. Commenting on the acquisition, CEO Brad Wucherpfennig said that with private equity backing, Phillips Plastics will focus on serving customers on a global basis, according to a recent news release. Phillips' management team is expected to remain in place post-acquisition and current operations will be maintained.

Mexichem S.A.B. de C.V. announced in December it would purchase thermoplastic compounder **AlphaGary Corporation** from **Rockwood Holdings, Inc.** Based in Leominster, Massachusetts, AlphaGary is a manufacturer of plastic compounds for the wire and cable, medical device, consumer, packaging, and automotive markets and operates four manufacturing facilities in the U.S. and Canada. Two of the company's facilities include specialized areas for materials that are used in medical devices and beverage sealants. AlphaGary generates annual revenues of approximately \$230 million.

AlphaGary is Mexichem's third acquisition in 2010. The company, based in Tlalneantla, Mexico, has more than quadrupled sales in the past five years, mainly through acquisitions. According to Chairman Antonio del Valle Ruiz, Mexichem was looking to acquire a U.S. company as part of its plans to meet its 20 percent revenue growth target in 2011. The cash purchase price valued AlphaGary at \$300 million.

Transaction Multiples: ~1.3x Revenue

In December, private equity firms **Capstone Capital Partners** and **Highlander Partners LP** acquired **Premix Inc.** Founded in 1959 and based in North Kingsville, Ohio, Premix is a manufacturer of thermoset compounds and thermoset molded parts for diverse industries including electrical, appliance/HVAC, construction, industrial equipment, transportation, automotive, heavy truck, aerospace, and military. The company develops and manufactures a wide range of commercial composite materials including sheet molding compounds, bulk molding compounds, thick molding compounds, and engineered structural composites. Capstone and Highlander plan to merge Premix with portfolio holding Hadlock Plastics, a custom molder of high-quality engineered composites. The combined platform is targeting growth from new applications in diverse industries, including aerospace and alternative energy, as traditional manufacturing materials such as metal and wood are replaced with superior-performing, corrosion-resistant composites, said Hadlock President, Terry Morgan, in a press release announcing the transaction. Premix is a former portfolio company of **Mason Wells Private Equity**, which acquired the company in 1999.





2010 - Year in M&A

FOURTH QUARTER TRANSACTION HIGHLIGHTS

SELECTED TRANSACTIONS IN PLASTIC PRODUCTS

In December, **MCM Capital Partners** acquired **RMB Products**. Founded in 1963 and based in Fountain, Colorado, RMB manufactures engineered, high-performance thermoplastic components for the aerospace, chemical, semiconductor, and biopharmaceutical industries. RMB's vertically integrated capabilities include design engineering, custom resin formulation and compounding, rotational molding, compression molding, injection molding, twin sheet thermoforming, and laser sintering. The company's products have applications in electronic cooling system ducting, air conditioning/ventilation ducting, auxiliary power unit and auxiliary heating unit ducting, fluid containment/dispensing vessels, and protective housings/covers for the aircraft and transportation industries. The deal is MCM's first investment in engineered thermoplastics, according to a company news release. MCM now is the majority stakeholder in RMB, acquiring 55 percent of the company's common stock. MCM is teaming up with industry executive Craig Jack, who has 16 years of experience in the engineered thermoplastics business. Jack will serve as President and will assist in building customer relationships and expanding product lines at the company.

Also in December, **The Riverside Company** announced its acquisition of Temperance, Michigan-based **Sunrise Windows**, a manufacturer of custom vinyl windows and patio doors for the replacement market which are sold through specialty window dealers in 35 states. Riverside purchased the company from private equity sponsor **FdG Associates LLC**. FdG had backed Sunrise since it led a recapitalization of the company in 2005.

In May, **Graham Partners** acquired the **Corrugated Plastic Pipe Division** from **Blue Diamond Industries**. The acquisition brings portfolio company Infiltrator Systems a supply of high-density polyethylene corrugated pipe, which is an important component to the EZflow business it acquired in June 2009. Infiltrator has been backed by Graham Partners since a \$227 million buyout in 2005.

2011 OUTLOOK

M&A volume is expected to increase in 2011 both in terms of number of transactions and deal values, with an increasing trend toward larger transactions, some observers say. Within plastics and packaging, the return of the 'mega-deal' is illustrative of renewed buyer confidence and greater receptivity to financing larger transactions and is likely to be a precursor to further consolidation activity.

The middle market will continue to be a primary source of deal flow. The competitive landscape is highly fragmented, comprised largely of small- to mid-tier operators that are privately-held, family-owned businesses. We expect to see an increasing number of these businesses coming to market, driven by improving business fundamentals and competitive pressures brought on

by sector consolidation. From a financing perspective, lower middle market transactions are structured with less leverage and require fewer lenders, which should support increased deal flow as buyers look for add-on opportunities as tuck-ins to existing platforms.

Defensive end markets such as food & beverage and medical, which have been a primary source of activity, will continue to drive deal flow. Recovering industrial markets, supported by anticipated demand recovery in the automotive and construction markets, are also expected to support increased activity.

WHAT WILL DRIVE DEAL FLOW IN 2011?

STRATEGIC ACQUISITION GROWTH. For strategic acquirers, acquisitions will be a primary means to drive top-line growth and increase returns to shareholders through value creation. A number of public market participants have reported sizable budgets with which to execute on acquisition growth strategies in 2011. Corporates will also continue to look to divestitures to sharpen product portfolios and redeploy cash in higher earning assets.

PRIVATE EQUITY TO REMAIN ACTIVE. Private equity will need to deploy excess capital (earmarked at nearly \$500 billion according to PitchBook) and so will seek strategic transactions that leverage existing platforms and opportunistic transactions that provide entries to growth areas within the sector. In 2010, we saw an increasing number of private equity exits through strategic buyer sales, as well as secondary transactions between sponsors. We see that trend continuing in 2011 as sponsors look for realizations on aging portfolio investments in order to return capital to LPs and assist in future fund raising efforts. In 2010, the average holding period of exits for all buyouts was 5.1 years according to PitchBook, up from 3.5 years in 2007. Similarly, the median time to exit for holdings in Containers and Packaging was 5.6 years and 3.6 years for Plastic Products.

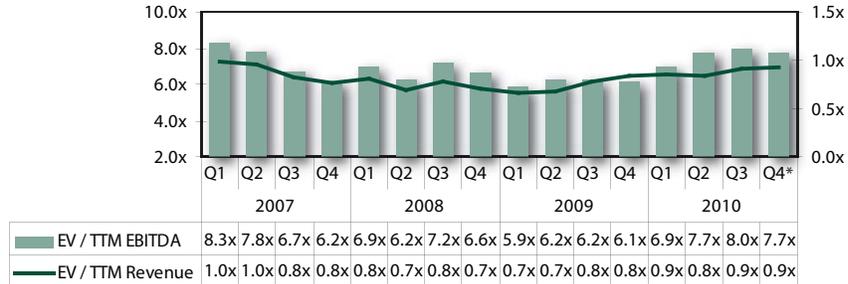
LIQUID DEBT MARKETS. Lenders have expressed cautious optimism as we head into 2011, with most anticipating a continuation of or improvement in current credit conditions, assuming the economy stays on a path toward recovery and growth. For the highest quality middle market businesses, lenders are stretching on leverage, with senior leverage ratios reaching a solid 3x (debt to funded EBITDA), up from lows of 2.0x in early 2009. While the market is already there for larger transactions, lenders expect total leverage will reach a solid 4x in the lower middle market this year.



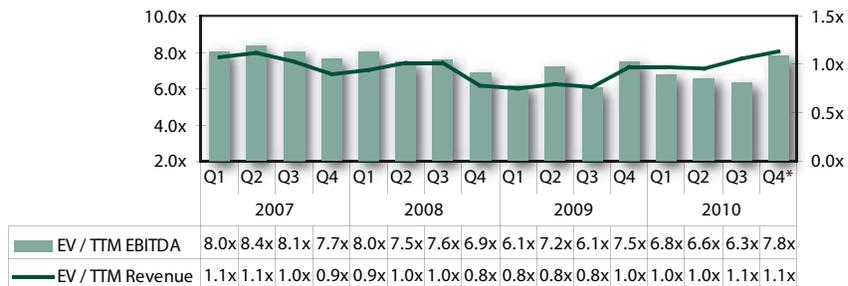


Industry Valuations

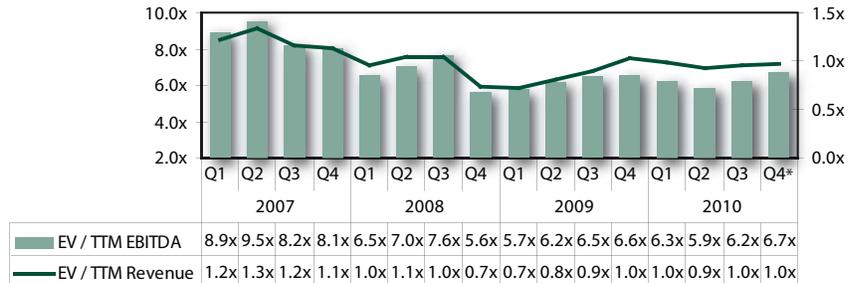
Flexible Packaging



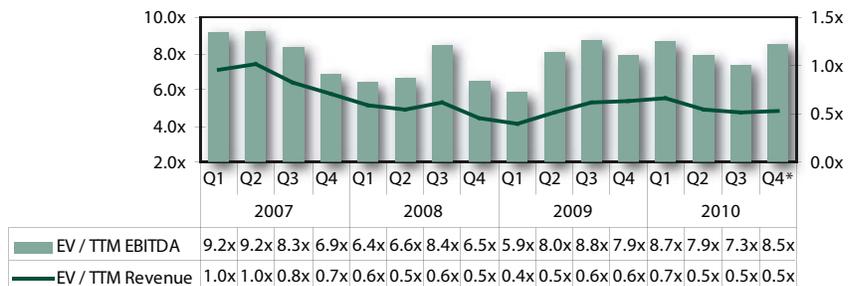
Rigid Plastic Containers



Paper and Board



Plastic Products



BGL Plastics & Packaging indices defined on Page 11.

*Figures include latest reported earnings for index constituents. Full year 2010 earnings had not been released for all companies by publish date.

SOURCE: Capital IQ.





Public Composite

(\$ in millions, except per share data)

Company Name	Country	Ticker	Current Stock Price (1)	% of 52W High	Market Capitalization (2)	Enterprise Value (3)	TTM Enterprise Value / Revenue	TTM Enterprise Value / EBITDA	Total Debt/ EBITDA	TTM Revenue	TTM Margins Gross	TTM Margins EBITDA
FLEXIBLE PACKAGING												
Sealed Air Corporation	United States	NYSE:SEE	28.52	99.1%	\$4,554.1	\$5,304.8	1.2x	7.6x	2.0x	\$4,490.1	28.1%	15.6%
Bemis Company, Inc.	United States	NYSE:BMS	33.02	96.4%	3,572.5	4,846.4	1.0x	7.7x	2.1x	4,835.0	18.4%	12.9%
Tredegar Corp.	United States	NYSE:TG	19.97	98.0%	637.0	564.3	0.8x	6.8x	0.0x	740.5	17.1%	11.8%
AEP Industries Inc.	United States	NasdaqGS:AEP	29.00	71.8%	178.1	368.2	0.5x	9.8x	5.1x	800.6	13.9%	4.7%
Median			\$28.76	97.2%	\$2,104.8	\$2,705.4	0.9x	7.7x	2.0x	\$2,645.3	17.8%	12.4%
Mean			\$27.63	91.3%	\$2,235.4	\$2,770.9	0.9x	8.0x	2.3x	\$2,716.5	19.4%	11.3%
RIGID PLASTIC CONTAINERS												
Amcor Ltd.	Australia	ASX:AMC	\$6.75	95.9%	\$8,272.3	\$11,372.4	1.2x	10.9x	3.3x	\$9,849.5	17.7%	10.2%
AptarGroup, Inc.	United States	NYSE:ATR	49.24	98.4%	3,302.7	3,281.5	1.6x	8.2x	0.9x	2,076.7	33.6%	19.3%
Rexam plc	United Kingdom	LSE:REX	3.74	99.2%	3,280.3	5,148.3	1.1x	6.7x	2.5x	4,841.0	48.1%	15.8%
Silgan Holdings Inc.	United States	NasdaqGS:SLGN	37.68	98.4%	2,893.3	3,622.7	1.2x	8.0x	2.0x	3,071.5	15.4%	14.7%
Graham Packaging Company, Inc.	United States	NYSE:GRM	17.29	95.7%	1,199.3	3,893.1	1.5x	9.1x	6.6x	2,512.7	17.4%	17.0%
RPC Group plc	United Kingdom	LSE:RPC	2.84	88.2%	458.3	533.0	0.7x	7.0x	1.3x	749.9	51.1%	10.1%
Constar International Inc.	United States	OTCPK:CNST.Q	0.18	0.9%	0.3	198.9	0.3x	6.0x	6.1x	579.8	10.4%	5.7%
Median			\$6.75	95.9%	\$2,893.3	\$3,622.7	1.2x	8.0x	2.5x	\$2,512.7	17.7%	14.7%
Mean			\$16.82	82.4%	\$2,772.4	\$4,007.1	1.1x	8.0x	3.2x	\$3,383.0	27.7%	13.2%
PAPER AND BOARD												
MeadWestvaco Corporation	United States	NYSE:MWV	\$30.01	100.0%	\$5,049.3	\$6,328.3	1.1x	7.1x	2.3x	\$5,693.0	21.4%	15.6%
Sonoco Products Co.	United States	NYSE:SON	36.16	98.4%	3,657.7	4,120.3	1.0x	7.6x	1.2x	4,124.1	18.6%	12.9%
Packaging Corp. of America	United States	NYSE:PKG	29.15	98.8%	2,989.4	3,526.5	1.4x	8.1x	1.6x	2,435.6	21.9%	17.9%
Rock-Tenn Co.	United States	NYSE:RKT	71.07	97.9%	2,799.8	3,869.2	1.3x	7.5x	2.1x	3,071.7	23.5%	16.9%
Temple-Inland Inc.	United States	NYSE:TIN	25.10	99.4%	2,706.1	3,488.1	0.9x	9.0x	1.9x	3,799.0	8.3%	10.2%
Graphic Packaging Holding Company	United States	NYSE:GPK	4.95	98.0%	1,701.0	4,260.4	1.0x	7.1x	4.5x	4,062.0	13.9%	14.8%
Median			\$29.58	98.6%	\$2,894.6	\$3,994.8	1.1x	7.5x	2.0x	\$3,930.5	20.0%	15.2%
Mean			\$32.74	98.7%	\$3,150.6	\$4,265.5	1.1x	7.7x	2.3x	\$3,864.2	17.9%	14.7%
PLASTIC PRODUCTS												
West Pharmaceutical Services, Inc.	United States	NYSE:WST	\$40.55	90.4%	\$1,350.2	\$1,626.1	1.5x	8.4x	2.0x	\$1,121.3	28.9%	16.9%
Myers Industries Inc.	United States	NYSE:MYE	9.40	81.4%	332.0	433.3	0.6x	10.4x	2.6x	737.7	21.4%	5.6%
Spartech Corp.	United States	NYSE:SEH	8.71	56.0%	269.0	436.6	0.4x	8.1x	3.2x	1,022.9	10.6%	5.3%
Intertape Polymer Group Inc.	Canada	TSX:ITP	1.21	33.6%	71.3	295.4	0.4x	7.8x	6.1x	701.2	11.5%	5.2%
Median			\$9.06	68.7%	\$300.5	\$434.9	0.5x	8.2x	2.9x	\$880.3	16.5%	5.5%
Mean			\$14.97	65.4%	\$505.6	\$697.9	0.7x	8.7x	3.5x	\$895.8	18.1%	8.2%

NOTE: Figures in bold and italic type were excluded from median and mean calculation.

(1) As of 2/14/2011.

(2) Market Capitalization is the aggregate value of a firm's outstanding common stock.

(3) Enterprise Value is the total value of a firm (including all debt and equity).

Source: Capital IQ.

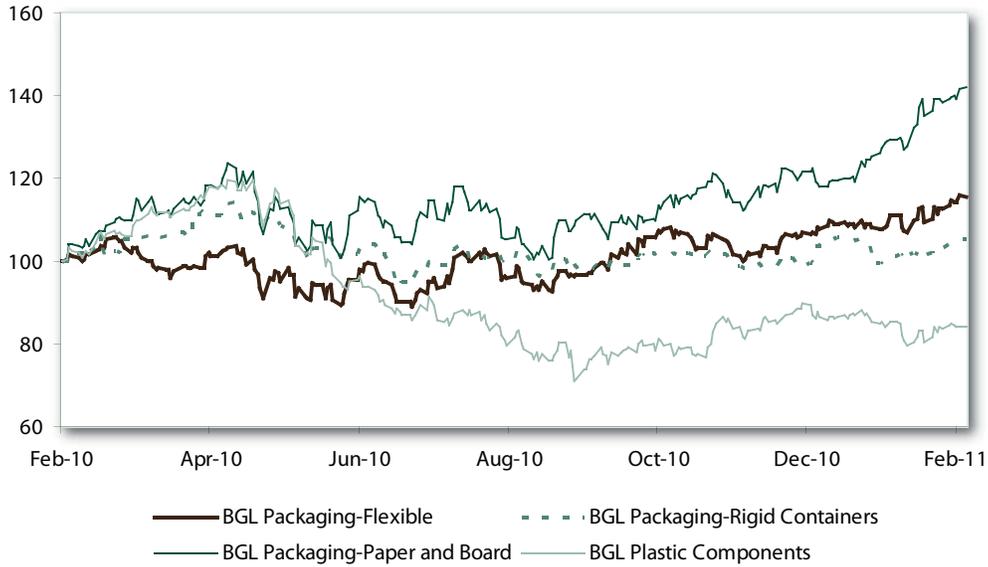




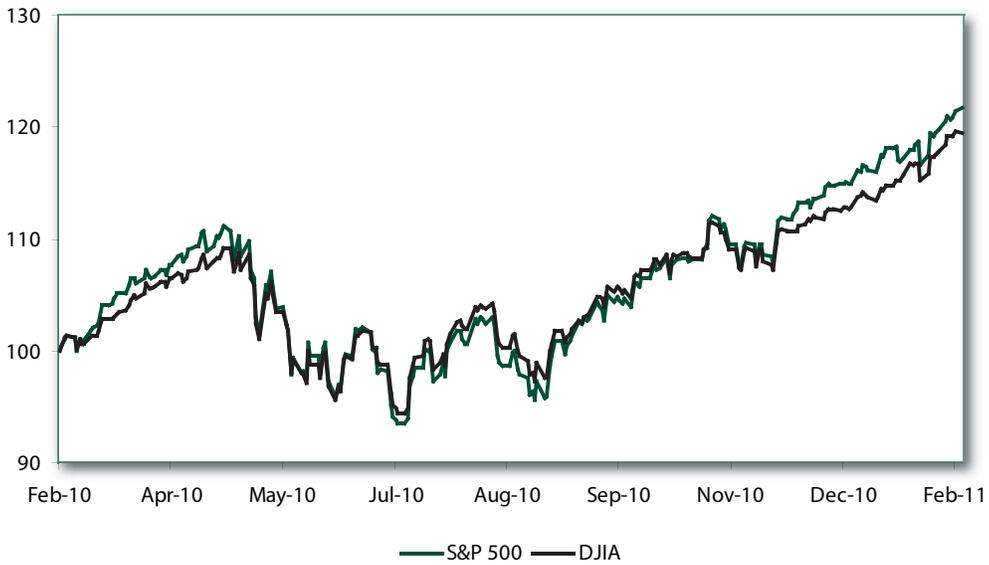
Industry Valuations

Index Performance

Plastics & Packaging



Market

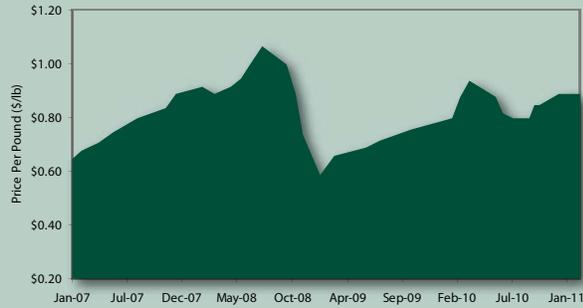


Source: Capital IQ.

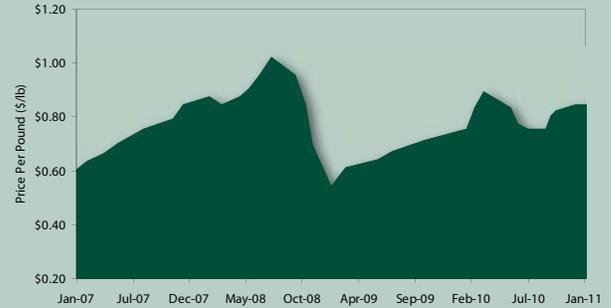




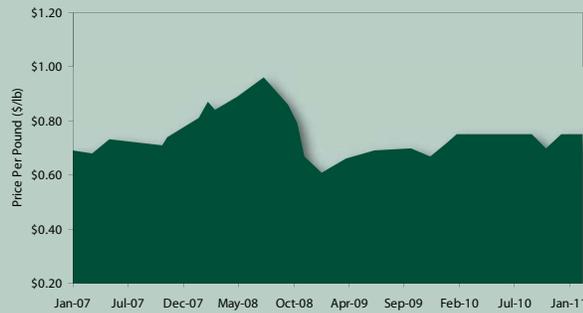
HDPE



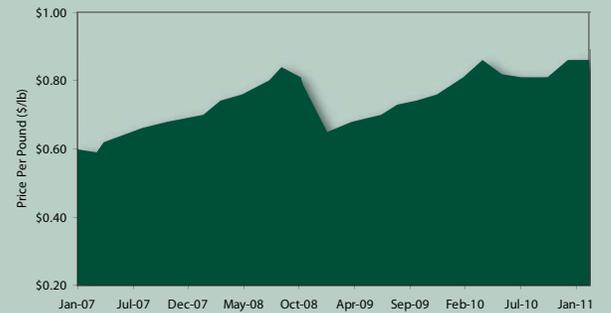
LLDPE



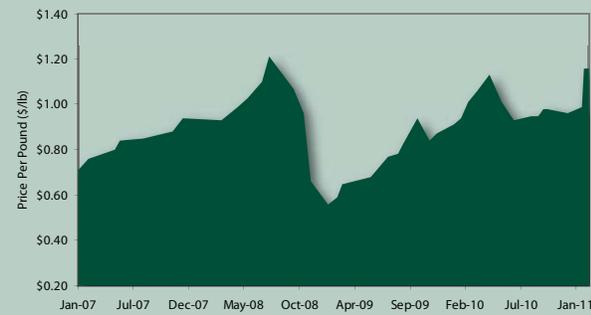
PET



PVC



PP



PS



Source: Plastics News.





Global Plastics & Packaging Practice

BGL's dedicated Plastics & Packaging Group provides comprehensive **M&A**, **private capital-raising**, and **financial restructuring services** to private and public companies spanning the global plastics and packaging industries.

Industry Expertise

Complementing our transaction experience is thorough and up-to-date knowledge of **production, capacity, key raw material inputs** and **pricing trends**, as well as deep understanding of the primary **end markets** that drive overall demand.

Focus Areas

- Flexible Packaging
- Caps and Closures
- Containers
- Cartons and Labels
- Plastic Engineered Components
- Plastic Products
- Rubber Products

Global Access

As the **lead U.S. shareholder** of **Global M&A**, BGL has access to global buyers, sellers, and financing sources throughout **Europe, Asia, Australia, the Middle East, and North and South America** that is unparalleled in the middle market.



BGL In the Market

Global Reach/Local Knowledge

Global Transaction Activity

Turkish manufacturer of industrial bulk bags for storage and transportation

Chilean flexible packaging business

Italian manufacturer of closures for pharmaceutical and cosmetic packaging

German manufacturer of injection molded products

French manufacturer of paper packaging

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