

Strategic Advisors

Middle Market Investment Bankers
"Bringing Efficiency to Inefficient Markets"

400 Southpointe Boulevard, Plaza 1, Suite 120, Canonsburg, PA 15317
Ph. 724-743-5800 Fax 724-743-5870
www.strategicad.com

Copperhead Chemical operates the only facility in North America currently certified by the U.S. FDA to manufacture diluted nitroglycerin for pharmaceutical use. Copperhead was given the opportunity to acquire the "Special Drugs Mixture Business" from Avecia Inc. that supplies diluted nitroglycerin to pharmaceutical companies for use in transdermal heart patches and other heart medications. Avecia Inc. is a U.K.-based global specialty chemicals company that is owned by two European private equity firms.

COPPERHEAD CHEMICAL COMPANY INC.

Approximately one year after its initial attempt to raise the necessary funds to complete the Avecia transaction, Copperhead retained Strategic Advisors as its exclusive financial advisor. Strategic Advisors advised Copperhead management that the following steps were necessary to ensure a successful outcome:

- Create a detailed business plan that accurately portrayed the opportunity;
- Create a detailed financial model for all divisions and product lines;
- Mitigate collateral issues by leveraging Strategic Advisors' relationship with senior and subordinated lenders and centering the focus on Copperhead's plant in-use value and FDA certification;
- Target a broad and diverse number of capital providers that would be willing to lend to a strong cash flow business.

Using a well planned and efficient process, Strategic Advisors received significant interest from both senior and subordinated lenders, affording Copperhead a variety of options from which to choose. In the end, Strategic Advisors completed a private placement of \$10.5 million in senior credit facilities and \$4.5 million in subordinated debt to fund the acquisition and refinance existing Copperhead debt.

Strategic Advisors successfully mitigated a collateral shortfall by focusing on the in-use value of the manufacturing facility and the intrinsic value of Copperhead's FDA certification. The transaction was especially successful because it enabled Copperhead to raise financing at a significantly lower cost than previous alternatives, enabling the company's shareholder to retain 100% ownership interest in the company.

An Affiliate of BPU Investment Group, Inc.
Member NASD, SIPC
3 PPG Place, Suite 500, Pittsburgh, PA 15222
412-288-9150