

Strategic Advisors

Middle Market Investment Bankers
"Bringing Efficiency to Inefficient Markets"

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Strategic Advisors is pleased to announce the completion of a \$30 million recapitalization of Erie Plastics, a nationally-recognized leader in the high-volume custom manufacturing and assembly of injection-molded packaging components including caps, closures, dispensing tops, spouts, dispensing packages and containers.

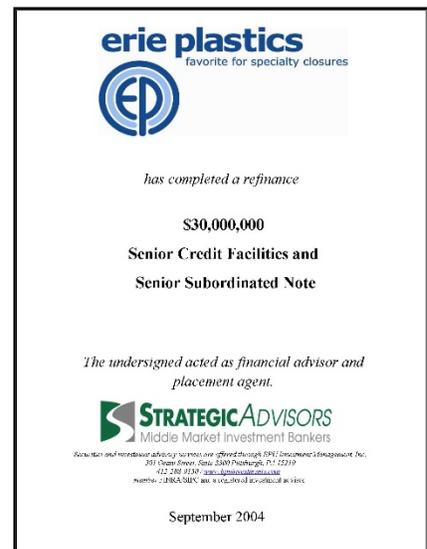
The primary impetus for the transaction was Erie's desire to replace its existing mezzanine investor, with whom its relationship had significantly deteriorated, and to obtain capital for growth. Furthermore, Erie wished to partner with a capital provider that would consider capping its return through deferred interest or success fees in lieu of warrants.

The Company chose Strategic Advisors to guide them through the restructuring process after interviewing more than five high-quality investment banks. Erie's decision was driven by Strategic Advisors' experience, knowledge of the junior capital markets and advice not to narrow its potential investor choices based upon a narrow product solution. Strategic Advisors was emphatic about running a discreet and efficient debt placement process to achieve the best results that an aggressive lending environment could provide.

The market was very enthusiastic about the debt offering and numerous proposals were received that met or exceeded Erie's expectations. As a result, the Company entered into negotiations with several teams of senior and subordinated lenders.

One new market dynamic emerged that was unique. Two very competitive proposals were submitted by subordinated lenders contingent upon their institutions' senior lenders being awarded the deal. This one-stop offering by different units of the same institution had historically been difficult to structure due to the underlying equitable subordination issue. It seems that certain subordinated lenders have overcome this issue by using interest rate accruals instead of warrants and by limiting board involvement. This structure also worked well for Erie as it reduced the overall cost, eased documentation concerns and capped the investor's upside.

Most importantly, Strategic Advisors raised the \$30 million in senior and subordinated debt that provided ample capital for growth at an all-in cost of capital that was much lower than originally anticipated with a partner that Erie was comfortable with to achieve their business goals and objectives.



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