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## Arsenal Capital Partners Establishes Shanghai Office

Presence in Mainland China Will Foster Growth Of Portfolio Companies;  
New Office Headed By Senior Operating Executive

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NEW YORK, January 15, 2008 – Arsenal Capital Partners, a leading New York-based private equity firm that invests in middle-market specialty industrial, healthcare and financial services companies, today announced that it has established an office in Shanghai, China to provide its current and future portfolio companies with additional strategic insights, local and regional support, and expanded relationships in order to enhance opportunities for growth and productivity.

Arsenal has named Dr. Steve (XiaoHu) Li, formerly a senior executive with Arch Chemicals, Inc. (NYSE: ARJ), as its first hire in the new office who will help the firm establish its first full-time presence in mainland China. Arsenal's office is located in the Kerry Building in the center of Shanghai's financial district.

“Through many China-based subsidiaries and joint ventures in our existing portfolio companies, Arsenal has gained considerable experience in the region in establishing lower cost manufacturing facilities, procuring manufacturing inputs, and increasing access to new markets,” said Jeffrey Kovach, a Managing Director at Arsenal Capital. “By leveraging that experience and broadening our resources with a local presence in China, we will further assist our portfolio companies in capitalizing on the ongoing globalization of economies and the increasing importance of China and Asia.”

Dr. Li joins Arsenal as a Principal after serving with Arch Chemicals, overseeing their offices and personnel in China and dramatically building the company's presence

there. "Given the trend toward increased competition and the globalization of markets, we believe there is a heightened need for differentiated strategic insights and capabilities," said Mr. Kovach.

Commenting on Dr. Li's appointment, he added, "Arsenal undertook an extensive search to identify a professional who understands the business landscape in China and Steve has a rare combination of technical expertise, local relationships, and excellent general management skills that will help Arsenal strengthen the China capabilities of our portfolio. We are very pleased that Steve has agreed to join Arsenal in this strategic expansion of our firm. In addition to bringing an impressive combination of skills of his own, Steve will coordinate Arsenal's existing network in the region and draw upon the extensive experience that Arsenal's Operating Partners have in China and Asia," said Mr. Kovach.

Dr. Li spent seven years with Arch Chemicals, most recently serving as Area Director, Asia Pacific/President for Arch China. He also held senior executive positions at Arch, including Area Director for several geographies in that region and Regional Business Manager. Prior to joining Arch in 2000, he was a group manager for Bayer Polyurethanes (formerly Lyondell Singapore) and has also held research and development positions in the U.S. for Bostik Inc. and Century International Adhesives & Coatings Corp. Dr. Li received B.S. and M.S. degrees from Nanjing University in China, and a PhD degree in chemistry from Vanderbilt University. He also has an MBA from the University of Louisville's program in Singapore.

"I was attracted to Arsenal's successful track record of disciplined investing, systematic value creation, and their diverse and talented team of professionals. Arsenal's forward-looking approach to investing that led to establishing a presence in China will provide their portfolio companies with unique access to a range of opportunities in this market," said Dr. Li.

### About Arsenal Capital Partners

Arsenal Capital Partners is a New York-based private equity firm that makes investments in specialty industrial, healthcare and financial services companies. Arsenal makes investments in sectors where the firm has prior knowledge and experience, and targets businesses that have the potential for further value creation by working closely with management to accelerate growth and leverage the firm's operational improvement capabilities. Arsenal currently has \$800 million of committed equity capital. For additional information on Arsenal Capital Partners please visit [www.arsenalcapital.com](http://www.arsenalcapital.com).

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