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**Arsenal Capital Partners Acquires Priority Air Express for \$75 Million**

*Specialized Logistics firm is Arsenal Capital's Second Investment in the Pharmaceutical Services Sector during 2004*

**NEW YORK, NEW YORK – August 23, 2004** –Arsenal Capital Partners, a private equity firm that invests in middle-market manufacturing and service companies, announced today that they have acquired Priority Air Express LLC (“Priority Air”), a Philadelphia-based specialty distributor serving pharmaceutical and other mission critical industries. Priority Air was formerly part of the leveraged investment portfolio managed by Boathouse Partners on behalf of Berwind Financial Group. The transaction enterprise value is \$75 million.

Priority Air is a non-asset based logistics company that provides pharmaceutical and healthcare manufacturers with regulatory compliant premium distribution services. The company’s services include the transportation of pharmaceutical samples and promotional materials to sales representatives via pre-scheduled appointments. Additionally, Priority provides the expedited delivery of bulk pharmaceuticals and medical devices to the wholesale, retail marketplace as well as the ultimate healthcare end user.

“We are very excited to enter into this partnership with Arsenal Capital Partners and believe that their experience in pharmaceuticals and distribution services will help us strengthen our position as a leader in our markets,” said Chris Carpenter, President of Priority Air. Added Bill Ciminello, Executive Vice President of Priority Air, “We look forward to working with Arsenal Capital to invest in our existing business as well as pursue new opportunities within healthcare logistics.”

“Priority Air is well established as a valuable partner to numerous pharmaceutical companies in the distribution of their high-value products,” commented Jim Marden, a Managing Director of Arsenal Capital Partners. “We believe Chris and Bill can continue to drive Priority Air’s rapid growth in pharmaceuticals as well as provide additional value-added distribution services to other sectors of the healthcare industry.”

The Priority Air acquisition fits Arsenal Capital Partners’ strategy of acquiring niche market leaders in outsourced segments of healthcare. Arsenal Capital acquired Scientific Protein Laboratories, a leading active pharmaceutical ingredient business, from Wyeth in February.

The transaction was funded by an equity investment from Arsenal Capital Partners and Priority Air management with senior debt financing provided by an affiliate of D.B. Zwirn & Co. and subordinated debt from Audax Mezzanine. Harris Williams & Co. served as M&A advisor to Boathouse Partners in the transaction.

### **About Arsenal Capital Partners**

Arsenal Capital Partners is a New York-based private equity firm that makes control investments in specialty manufacturing and service companies. Arsenal invests where it has substantial prior experience as well as broad operating and functional expertise that can support management teams to drive growth and improve productivity. Arsenal targets specialty manufacturing, specialty chemicals and healthcare companies that can grow in excess of GDP and have leadership positions in niche markets. The firm currently has \$300 million of committed equity capital. For more information on Arsenal Capital Partners please see [www.arsenalcapital.com](http://www.arsenalcapital.com).

### **About D.B. Zwirn & Co.**

D.B. Zwirn & Co. is a global investment firm. An affiliate of D.B. Zwirn & Co. provided the senior debt financing to the Company.

### **About Audax Mezzanine**

Audax Mezzanine is a \$440 million middle market mezzanine fund based in New York seeking to provide junior debt capital to support acquisition financings, recapitalizations and growth opportunities.

### **About Harris Williams & Co.**

Harris Williams & Co. is the nation's largest independently owned firm focused exclusively on providing mergers and acquisitions advisory for middle market transactions. With offices in Richmond, Virginia; San Francisco, California; and Boston, Massachusetts, Harris Williams & Co. represents private equity groups as well as publicly and privately held companies worldwide. For more information about Harris Williams & Co., please visit [www.harriswilliams.com](http://www.harriswilliams.com).

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