

MACDERMID INC  
Form PREM14A  
January 12, 2007

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

**MacDermid, Incorporated**

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(Name of Registrant as Specified in Its Charter)

n/a

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:  
common stock, no par value

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(2) Aggregate number of securities to which transaction applies:  
30,861,098 shares of common stock and 5,818,818 options to purchase common stock\*

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
\$35.00 per share\*

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(4) Proposed maximum aggregate value of transaction:  
\$1,097,128,543\*

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(5) Total fee paid:  
\$117,392.75\*

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\* As of January 9, 2007, there were (i) 30,861,098 shares of common stock, without par value, of MacDermid, Incorporated ("Common Stock") outstanding. The filing fee was determined by adding (x) the product of (i) the number of shares of Common Stock that are proposed to be acquired in the merger and (ii) the merger consideration of \$35.00 per share, plus (y) \$16,990,113 expected to be paid to holders of stock options with an exercise price of less than \$35.00 per share granted by MacDermid to purchase shares of Common Stock in exchange for the cancellation of such options ((x) and (y) together, the "Total Consideration"). The payment of the filing fee, calculated in accordance with Exchange Act Rule 0-11(c)(1), was calculated by multiplying the Total Consideration by 0.000107.

- Fee paid previously with preliminary materials.
  - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
    - (1) Amount previously paid:
    - (2) Form, schedule or registration statement no.:
    - (3) Filing party:
    - (4) Date filed:
-

**SUBJECT TO COMPLETION, JANUARY 12, 2007**

**MACDERMID, INCORPORATED**  
**1401 Blake Street**  
**Denver, Colorado 80202**  
**(720) 479-3062**

Fellow MacDermid shareholders,

On behalf of the board of directors, I cordially invite you to attend a special meeting of shareholders of MacDermid, Incorporated, which will be held at 245 Freight Street, Waterbury, CT 06702-0671, on \_\_\_\_\_, 2007 at [ ] a.m. Eastern Time. At the special meeting, you will be asked to consider and vote on a proposal to approve the Agreement and Plan of Merger, dated as of December 15, 2006, among MacDermid, MDI Holdings, LLC and Matrix Acquisition Corp. MDI Holdings, LLC and Matrix Acquisition Corp. are newly-formed entities controlled by Court Square Capital Partners II, L.P., Weston Presidio V, L.P. and me.

If the merger agreement is approved and the merger is completed, each share of MacDermid common stock (other than treasury shares and other than shares held by MDI Holdings, LLC, Matrix Acquisition Corp., certain shares held by me and shares held by shareholders who have perfected their appraisal rights under Connecticut law) will be converted into the right to receive \$35.00 in cash, without interest. Immediately prior to the completion of the merger I will exchange a portion of my MacDermid shares and a portion of my proceeds in respect of stock options and restricted stock units for equity interests in MDI Holdings, LLC. As a result of the merger, MacDermid will no longer be a publicly held company but will be privately owned through MDI Holdings, LLC by Court Square Capital Partners II, L.P., Weston Presidio V, L.P. and me.

On September 5, 2006, MacDermid's board of directors established a special committee, consisting of four independent directors, and empowered it to, among other things, investigate, negotiate, consider or otherwise deal with any proposal to purchase the capital stock or the assets of MacDermid and, if appropriate, make a recommendation to MacDermid's board of directors with respect to any such proposal. The special committee has unanimously determined to adopt a report to the board of directors recommending that the board of directors approve and adopt the merger agreement, and that the board of directors submit the merger agreement to the MacDermid shareholders for their approval.

The board of directors (with Joseph M. Silvestri and myself abstaining), acting upon the unanimous action of the special committee, unanimously approved and adopted the merger agreement, and determined that the transactions it contemplates are fair to and in the best interests of MacDermid and its shareholders (other than shareholders who invest in Matrix Acquisition Corp. or its parent, MDI Holdings, LLC), as well as its other constituencies. **The board of directors (with Mr. Silvestri and myself abstaining) unanimously recommends that MacDermid's shareholders vote "FOR" the approval of the merger agreement.** In arriving at their respective recommendations, MacDermid's board of directors and the special committee carefully considered a number of factors which are described in the accompanying proxy statement.

The date, time and place of the special meeting to consider and vote upon the merger agreement will be as follows:

\_\_\_\_\_, 2007  
[ ] a.m.  
245 Freight Street,  
Waterbury, CT 06702-0671

This proxy statement gives you detailed information about the special meeting, the merger agreement and the merger, and a copy of the merger agreement is included as Annex A to this proxy statement. I encourage you to read the proxy statement and the merger agreement carefully.

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**MACDERMID, INCORPORATED**  
**1401 Blake Street**  
**Denver, Colorado 80202**  
**(720) 479-3062**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD**  
**, 2007**

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A special meeting of Shareholders of MacDermid, Incorporated will be held at MacDermid's offices located at 245 Freight Street, Waterbury, CT 06702-0671 on \_\_\_\_\_, 2007 at [ \_\_\_\_\_ ] a.m. Eastern Time, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of December 15, 2006, among MacDermid, MDI Holdings, LLC, and Matrix Acquisition Corp.,
2. To approve the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement, and
3. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Only holders of record of MacDermid common stock at the close of business on \_\_\_\_\_, 2007 are entitled to notice of the meeting and to vote at the meeting or at any adjournment thereof. All shareholders of record are cordially invited to attend the special meeting in person. A list of our shareholders will be available at our principal executive offices at 1401 Blake Street, Denver, Colorado 80202, during ordinary business hours two days after notice of the meeting is given and continuing through the date of the meeting.

Your vote is important, regardless of the number of shares of MacDermid common stock you own. The approval of the merger agreement requires the affirmative vote of at least a majority of the number of votes entitled to be cast by shareholders of MacDermid. The proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies, requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy. Even if you plan to attend the meeting in person, we request that you complete, sign, date and return the enclosed proxy card and thus ensure that your shares will be represented at the meeting if you are unable to attend.

You also may vote your shares by proxy using a toll-free telephone number or the internet. We have provided instructions on the proxy card for using these convenient services. If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the approval of the merger agreement and the proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies.

If you fail to return your proxy card, and do not vote at the meeting, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the meeting and it will have the same effect as a vote against the approval of the merger agreement. If you are a shareholder of record, voting in person at the meeting will revoke any proxy previously submitted.

Under Connecticut law, holders of MacDermid common stock who do not vote in favor of the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by Connecticut state courts if the merger is completed, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and if they comply with the other Connecticut law procedures explained in the accompanying proxy statement.

By Order of the Board of Directors,

John L. Cordani, Esq.  
*Vice President, Corporate Secretary, and  
General Counsel*

Denver, Colorado  
, 2007



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**SUMMARY TERM SHEET**

*The following summary highlights selected information from this proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. Each item in this summary term sheet includes a page reference directing you to a more complete description of that item.*

**The Parties to the Merger (Page    )**

MacDermid, Incorporated, which we sometimes refer to in this proxy statement as we or MacDermid, researches, develops, acquires, manufactures, markets and services a broad line of specialty chemicals for the metal and plastic finishing, electronics, graphic arts and offshore oil industries.

Matrix Acquisition Corp., which we sometimes refer to in this proxy statement as MergerCo, is a Connecticut corporation, and a wholly owned subsidiary of MDI Holdings, LLC, which we sometimes refer to in this proxy statement as ParentCo. ParentCo is a Delaware limited liability company, formed on December 13, 2006 by a private equity fund, Court Square Capital Partners II, L.P., solely for the purpose of acquiring MacDermid and consummating the transactions contemplated by the merger agreement, including the related financings. In this proxy statement we refer to Court Square Capital Partners II, L.P. and another private equity fund, Weston Presidio V, L.P., as the Sponsors, and we refer to the group which includes the Sponsors and the Chairman and Chief Executive Officer of MacDermid, Daniel H. Leever, as the Investor Group.

Whenever we refer to the merger agreement in this proxy statement, we are referring to the Agreement and Plan of Merger, dated as of December 15, 2006, among MacDermid, MergerCo and ParentCo attached as Annex A to this proxy statement, as the merger agreement may be amended from time to time. You should read the merger agreement because it, and not this proxy statement, is the legal document that governs the merger.

**The Proposal (Page    )**

You will be asked to consider and vote upon a proposal to approve the merger agreement, pursuant to which MergerCo will be merged with and into MacDermid, with MacDermid continuing as the surviving company. Immediately following the merger, MacDermid, as the surviving corporation, will become a privately held company, wholly owned by ParentCo. ParentCo will be owned by the Investor Group. See "Special Factors Certain Effects of the Merger" and "Special Factors Interests of Certain Persons in the Merger."

**The Special Meeting (Page    )**

The special meeting will be held on \_\_\_\_\_, starting at [    ] a.m., Eastern Time, at 245 Freight Street, Waterbury, CT 06702-0671.

**Record Date (Page    )**

Each holder of record of shares of MacDermid common stock will have the right to one vote for each such share of common stock held. Only holders of shares of MacDermid common stock of record at the close of business on \_\_\_\_\_, 2007, the record date for the special meeting, are entitled to notice of and to vote at the meeting.

**Effects of the Merger (Page )**

If the merger is completed, you will receive \$35.00 per share in cash, without interest, for each of your shares of MacDermid common stock you own at that time, unless you are a dissenting shareholder and you properly exercise your statutory appraisal rights under Connecticut law. As a result of the merger, MacDermid's shareholders, other than the Investor Group, will no longer have a direct or indirect equity interest in MacDermid; MacDermid common stock will no longer be listed on the New York Stock Exchange; and the registration of MacDermid common stock under Section 12 of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, will be terminated. See "Special Factors Certain Effects of the Merger."

**Treatment of Outstanding Options and Restricted Stock (Page )**

If the merger is completed, unless otherwise agreed between a holder and ParentCo, all outstanding options to purchase shares of MacDermid common stock not exercised prior to the merger will vest and be cancelled and converted into the right to receive a cash payment equal to the number of shares of MacDermid common stock underlying the options multiplied by the amount (if any) by which \$35.00 exceeds the option exercise price, without interest and less any applicable withholding taxes. Any unvested stock options that are subject to a performance multiplier will be deemed to have achieved the performance multiplier at the maximum level.

If the merger is completed, unless otherwise agreed between a holder and ParentCo, all shares of restricted stock will vest and be cancelled and converted into the right to receive a cash payment equal to the number of shares of restricted stock, in each case multiplied by \$35.00, without interest and less any applicable withholding taxes. See "Special Factors Certain Effects of the Merger."

**Interests of Certain Persons in the Merger (Page )**

In considering the proposed merger, you should be aware that some MacDermid shareholders, directors, officers and employees have interests in the merger that may be different from, or in addition to, your interests as a MacDermid shareholder generally, including:

accelerated vesting and cash-out of in-the-money stock options and of restricted stock awards held by directors, officers and employees of MacDermid, in each case unless otherwise agreed between a holder and Parent,

in the case of the Investor Group, ownership of equity interests in and certain governance rights with respect to ParentCo,

in the case of Gregory M. Bolingbroke (Senior Vice President and Treasurer), John L. Cordani (Vice President, Corporate Secretary and General Counsel), and Frank Monteiro (Assistant Treasurer and Risk Manager), potential severance payments in the event of an involuntary termination of employment within two years following the merger,

potential compensation arrangements between ParentCo or any of its affiliates, on the one hand, and members of senior management of the Company, on the other hand, though no such arrangements have been agreed as of the date of this proxy statement, and

continued indemnification and directors' and officers' liability insurance to be provided by ParentCo and the surviving corporation to current and former directors, officers and employees of MacDermid and its subsidiaries.

These arrangements are more fully described under "Special Factors Certain Effects of the Merger" and "Special Factors Interests of Certain Persons in the Merger."

The special committee and MacDermid's board of directors were aware of these interests and considered them, among other matters, prior to providing their respective recommendations with respect to the merger agreement.

**Required Vote (Page )**

In order to complete the merger, under Connecticut law and the terms of MacDermid's Restated Certificate of Incorporation, shareholders holding at least a majority of the number of votes entitled to be cast must vote "FOR" the approval of the merger agreement. A failure to vote your shares of MacDermid common stock or an abstention will have the same effect as a vote against the merger.

The proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies, requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy.

**Share Ownership of Directors and Executive Officers (Page )**

As of the record date, the directors and current executive officers of MacDermid beneficially owned in the aggregate (excluding options, restricted stock units and deferred stock units) approximately % of the outstanding shares of MacDermid common stock. Each of the directors and current executive officers has advised us that he currently plans to vote all of his shares in favor of the approval of the merger agreement.

**Recommendations (Page )**

On September 5, 2006, MacDermid's board of directors established a special committee, consisting of four independent directors, and empowered it to, among other things, investigate, negotiate, consider or otherwise deal with any proposal to purchase the capital stock or the assets of MacDermid and, if appropriate, make a recommendation to MacDermid's board of directors with respect to any such proposal. The special committee has unanimously determined to adopt a report to the board of directors recommending that the board of directors approve and adopt the merger agreement, and that the board of directors submit the merger agreement to the MacDermid shareholders for their approval.

The board of directors (with Daniel H. Leever and Joseph M. Silvestri abstaining), acting upon the unanimous action of the special committee, unanimously:

determined that the merger agreement, the merger and the transactions contemplated thereby are fair to and in the best interests of MacDermid and its unaffiliated shareholders,

adopted the merger agreement and the transactions contemplated thereby, including the merger, and

recommended the approval by our shareholders of the merger agreement.

For the factors considered by the special committee and our board of directors in reaching their respective recommendations with respect to the merger agreement and the merger, see "Special Factors Reasons for the Merger, Recommendation of the Special Committee and of the MacDermid Board of Directors; Fairness of the Merger." See also "Special Factors Interests of Certain Persons in the Merger."

**Opinion of MacDermid's Financial Advisor (Page and Annex B)**

The special committee received an opinion from its financial advisor, Merrill Lynch, Pierce, Fenner & Smith Incorporated, which we refer to as Merrill Lynch, to the effect that, as of the date of its opinion and based on and subject to the matters described in its opinion, the cash merger

consideration of \$35.00 per share without interest was fair, from a financial point of view, to the holders of MacDermid common stock other than ParentCo and its affiliates, including the Investor Group. This opinion is attached as Annex B to this proxy statement.

**Merrill Lynch provided its opinion for the information and assistance of the special committee in connection with its consideration of the merger, and the opinion of Merrill Lynch is not a recommendation as to how any shareholder should vote or act with respect to any matter relating to the merger.** We encourage you to read the opinion and the section entitled "Special Factors Opinion of Financial Advisor" carefully and in its entirety.

**What We Need to Do to Complete the Merger (Page    )**

We will complete the merger only if the conditions set forth in the merger agreement are satisfied or waived. These conditions include, among others:

approval of the merger agreement by the required vote of MacDermid shareholders,

the absence of any law, order or injunction preventing the consummation of the merger and the other transactions contemplated by the merger agreement,

the expiration or early termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder, which we refer to as the Hart-Scott-Rodino Act, the receipt of any applicable European competition approvals, and the receipt of any other antitrust approvals, other than those for which the failure to obtain would not have a material adverse effect on MacDermid,

the representations and warranties of MacDermid and those of ParentCo and MergerCo being true and correct, subject in many cases to materiality or material adverse effect qualifications, and

MacDermid's and ParentCo's and MergerCo's performance, in all material respects, of their respective covenants and agreements in the merger agreement.

At any time before the merger, to the extent legally allowed, our board of directors may waive compliance with any of the conditions contained in the merger agreement without the approval of its shareholders and ParentCo may waive compliance with any of the conditions contained in the merger agreement. As of the date of this proxy statement, neither MacDermid nor ParentCo expects that any condition will be waived.

**Regulatory Approvals That Must be Obtained (Page    )**

The merger is subject to review under the Hart-Scott-Rodino Act. The parties filed their respective notification and report forms with the Federal Trade Commission, which we refer to in this proxy statement as the FTC, and the Antitrust Division of the U.S. Department of Justice, which we refer to in this proxy statement as the Antitrust Division, under the Hart-Scott-Rodino Act on December 22, 2006, and the FTC granted early termination of the waiting period under the Hart-Scott-Rodino Act effective January 9, 2007.

The parties also derive revenues in a number of other jurisdictions where merger control filings or approvals may be required or advisable in connection with the completion of the merger. We are currently in the process of reviewing where merger control filings or approvals may be required or desirable, and we will make filings in such jurisdictions. See "Special Factors Regulatory Approvals."

**Termination of the Merger Agreement (Page    )**

Either MacDermid or ParentCo may terminate the merger agreement at any time prior to the effective time of the merger, whether prior to or after our shareholders approve the merger agreement:

if the merger has not been completed by May 31, 2007, so long as the party seeking to terminate has not breached its obligations under the merger agreement in any manner that has proximately caused the failure to consummate the merger on or before such date (except that MacDermid may not terminate for this reason during the 20 business day "marketing period" described in "The Merger Agreement Financing Commitments; Company Cooperation; Marketing Period"),

if any law or final non-appealable order restrains, enjoins or prohibits the completion of the merger, so long as the party seeking to terminate has used reasonable best efforts to have the injunction or restraint lifted, or

if the merger agreement has been submitted to our shareholders for approval and the required vote has not been obtained.

MacDermid may also terminate the merger agreement if:

ParentCo has breached or failed to perform any of its representations, warranties, covenants or other agreements in the merger agreement and such breach or failure would result in the failure of the related closing condition and cannot be cured by May 31, 2007, so long as we are not in material breach of our representations, warranties, covenants or other agreements in the merger agreement and have given ParentCo 30 days' written notice, or

prior to the receipt of the shareholder vote, our board of directors (or the special committee) has received a superior proposal and enters into a definitive agreement implementing the superior proposal, provided we have complied with our obligations under the merger agreement described under "The Merger Agreement No Solicitation of Transactions" "The Merger Agreement Termination," and "The Merger Agreement Fee and Expenses."

ParentCo may also terminate the merger agreement if:

we have breached or failed to perform any of our representations, warranties, covenants or other agreements in the merger agreement and such breach or failure would result in the failure of the related closing condition and cannot be cured by May 31, 2007, so long as ParentCo is not in material breach of its representations, warranties, covenants or other agreements in the merger agreement and has given us 30 days' written notice,

our board of directors or the special committee withdraws or modifies, or publicly proposes to withdraw or modify, in a manner adverse to ParentCo or MergerCo, its recommendation of the merger agreement, fails to recommend to our shareholders that they approve the merger agreement or approves or recommends, or publicly proposes to approve or recommend, any alternative proposal, or

we notify ParentCo that a majority of the disinterested directors of our board of directors or the special committee has determined that the failure to withdraw or modify its recommendation in favor of the merger would be inconsistent with its exercise of its fiduciary duty.

Additionally, MacDermid and ParentCo may terminate the merger agreement by mutual written consent at any time prior to the effective time of the merger, whether prior to or after our shareholders approve the merger agreement.

**Expenses and Termination Fee (Page )**

If the merger agreement is terminated under certain specified circumstances:

we would be obligated to pay a termination fee of \$33 million to ParentCo,

we would be obligated to pay the actual and reasonably documented out-of-pocket fees and expenses of ParentCo and MergerCo, up to \$5 million, which would be credited against the \$33 million termination fee if it became payable, or

ParentCo and MergerCo would be obligated to pay a termination fee of \$33 million to us. Court Square Capital Partners II, L.P. and Weston Presidio V, L.P. have severally agreed to guarantee the obligation of ParentCo and MergerCo to pay this termination fee, subject in each case to a specified cap, as described in "Special Factors Source and Amount of Funds; Financing for the Merger." The aggregate amount of the caps is equal to \$33 million.

**Financing (Page )**

The merger agreement does not contain any condition relating to the receipt of financing by ParentCo and MergerCo. MacDermid and the Investor Group estimate that the total amount of funds necessary to consummate the merger and related transactions, and to pay related fees and expenses, will be approximately \$1.5 billion. The amount is expected to be provided through a combination of:

up to \$560 million under senior secured credit facilities,

up to \$250 million under senior notes,

up to \$215 million under senior subordinated notes,

an equity investment of \$366 million from the Investor Group, including a rollover equity commitment from Mr. Leever of approximately \$20 million, and

cash held by MacDermid in the amount of \$125 million.

**No Solicitations of Transactions (Page )**

The merger agreement restricts our ability to, among other things, solicit or engage in discussions or negotiations with a third party regarding specified transactions involving us or our subsidiaries and our board of directors' ability to change or withdraw its recommendation of the merger agreement. Notwithstanding these restrictions, under circumstances specified in the merger agreement, we may respond to certain unsolicited competing proposals or terminate the merger agreement and enter into an agreement with respect to a superior competing proposal, each under the specific circumstances set forth in the merger agreement. Our board of directors or the special committee may also withdraw its recommendation of the merger agreement if it concludes that doing otherwise would be inconsistent with the board of directors' or the special committee's exercise of its fiduciary duties. See "The Merger Agreement No Solicitation of Transactions."

**Rights of Appraisal (Page and Annex C)**

Connecticut law provides you with appraisal rights in the merger. This means that, if you fully comply with the procedures for perfecting appraisal rights provided for under Connecticut law, you are entitled to have the fair value of your shares determined by the Connecticut Superior Court and to receive payment based on that valuation in lieu of the merger consideration. The ultimate amount you receive in an appraisal proceeding may be more or less than, or the same as, the amount you would have received under the merger agreement. To exercise your appraisal rights, you must deliver a written demand for appraisal to MacDermid before the vote on the merger agreement at the special meeting



and you must not vote in favor of the approval of the merger agreement. Your failure to follow exactly the procedures specified under Connecticut law will result in the loss of your appraisal rights. A copy of Sections 33-855 through 33-872 of the Connecticut Business Corporation Act is attached to this proxy statement as Annex C.

**Material United States Federal Income Tax Consequences (Page )**

The merger will generally be a taxable transaction to you. For U.S. federal income tax purposes, you will generally recognize gain or loss measured by the difference, if any, between the cash you receive in the merger and your adjusted tax basis in the shares you surrender. You should consult your own tax advisor for a full understanding of how the merger will affect you.

**Accounting Treatment of the Merger (Page )**

The merger will be accounted for under the purchase method of accounting, under which the assets and liabilities of the corporation not surviving a merger are, as of the effective date of the merger, recorded at their respective fair values and added to those of the surviving corporation.



**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

*The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a shareholder of MacDermid. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.*

Q: Where and when is the special meeting?

A: The special meeting will take place at 245 Freight Street, Waterbury, CT 06702-0671, on \_\_\_\_\_, at [ ] a.m. Eastern Time.

Q: What matters will be voted on at the special meeting?

A: You will be asked to consider and vote on the following proposals:

to approve the merger agreement,

to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the merger agreement, and

to act upon other business that may properly come before the special meeting or any adjournment thereof.

Q: How does MacDermid's board of directors recommend that I vote?

A: Our board of directors (with Daniel H. Leever and Joseph M. Silvestri abstaining), acting upon the unanimous recommendation of the special committee, recommends that our shareholders vote "FOR" the approval of the merger agreement and "FOR" the adjournment proposal. You should read "Special Factors Reasons for the Merger; Recommendation of the Special Committee and of the MacDermid Board of Directors; Fairness of the Merger" for a discussion of the factors that our board of directors considered in deciding to recommend the approval of the merger agreement.

Q: Who is entitled to vote at the special meeting?

A: The record date for the special meeting is \_\_\_\_\_, 2007. Only holders of MacDermid common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement thereof.

Q: What constitutes a quorum for the special meeting?

A: The presence of holders of a majority of the shares entitled to vote outstanding on the record date, present in person or represented by proxy, will constitute a quorum for the special meeting.

Q: What vote of our shareholders is required to approve the merger agreement? How do our directors and executive officers intend to vote?

A: For us to complete the merger, shareholders holding at least a majority of the number of votes entitled to be cast at the close of business on the record date must vote "FOR" the approval of the merger agreement. Accordingly, the failure to vote or an abstention will have the same effect on this vote as a vote against approval of the merger agreement.

Each of our directors and current executive officers has advised us that he or she currently plans to vote all of his or her shares in favor of the approval of the merger agreement.

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- Q: What vote of our shareholders is required to approve the proposal to adjourn the special meeting, if necessary, to solicit additional proxies?
- A: The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of shareholders holding at least a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter.
- Q: What do I need to do now?
- A: We urge you to read this proxy statement carefully, including its annexes and the documents referred to or incorporated by reference in this proxy statement, and to consider how the merger affects you. If you are a shareholder of record, you can ensure that your shares are voted at the special meeting by submitting your proxy by telephone or via the internet, or by mail, by completing, signing, dating and mailing each proxy card or voting instruction card and returning it in the envelope provided.
- Q: Should I send in my stock certificates or other evidence of ownership now?
- A: No. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your shares of common stock for the merger consideration. If your shares of common stock are held in "street name" by your broker, bank or other nominee, you will receive instructions from your broker, bank or other nominee as to how to effect the surrender of your "street name" shares in exchange for the merger consideration. Please do not send your certificates in now.
- Q: If my shares are held in "street name" by my broker, bank or other nominee will my broker, bank or other nominee vote my shares for me?
- A: No. Your broker, bank or nominee will only vote if you provide instructions on how to vote. You should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee, to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the merger.
- Q: How do I vote my MacDermid 401(k) shares?
- A: If you participate in the Company's 401(k) Plan, which we refer to as the 401(k) Plan, you may give voting instructions to [ ], as trustee of the 401(k) Plan, by completing and returning the 401(k) Plan proxy card accompanying this proxy statement. Your instructions will tell the trustee how to vote the number of shares of our common stock reflecting your proportionate interest in the Company's 401(k) Plan and any such instruction will be kept confidential. The trustee will vote your shares in accordance with your duly executed 401(k) Plan proxy card received by [ ], 2007.
- You may also revoke previously given voting instructions by [ ], 2007, by filing with the trustee of the 401(k) Plan either a written notice of revocation or a properly completed and signed 401(k) Plan proxy card bearing a later date. Your voting instructions will be kept confidential by the trustee.

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Q: Can I change my vote?

A: Yes, you can change your vote at any time before your proxy is voted at the special meeting. If you are a registered shareholder, you may revoke your proxy by notifying MacDermid's Corporate Secretary in writing at John L. Cordani, Corporate Secretary, MacDermid, Incorporated, 245 Freight Street, Waterbury, Connecticut 06702-0671, or by submitting a new proxy by telephone, the Internet or mail, in each case, dated after the date of the proxy being revoked. In addition, your proxy may be revoked by attending the special meeting and voting in person (you must both attend and vote in person; simply attending the special meeting will not cause your proxy to be revoked).

Please note that if you hold your shares of common stock in "street name" and you have instructed a broker, bank or other nominee to vote your shares, the above-described options for changing your vote do not apply, and instead you must follow the instructions received from your broker, bank or other nominee to change your vote.

Q: What does it mean if I get more than one proxy card or voting instruction card?

A: If your shares are registered differently or are held in more than one account, you will receive more than one proxy or voting instruction card. Please complete and return all of the proxy cards or voting instruction cards you receive (or submit each of your proxies by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

Q: Where can I find more information about MacDermid?

A: You can find more information about MacDermid from various sources described under "Where You Can Find More Information."

Q: Who can help answer my other questions?

A: If you have more questions about the merger, please contact our proxy solicitation agent, D. F. King & Co., Inc., toll-free at (800) [ ]. If your broker, bank or other nominee holds your shares, you should also call your broker, bank or other nominee for additional information.

## SPECIAL FACTORS

### Background of the Merger

MacDermid regularly reviews and considers strategic developments and alternatives. To this end, the board of directors of MacDermid from time to time meets, together with management, to discuss management presentations concerning strategic matters. In the past these discussions have included management presentations concerning possible transactions, investments and other business initiatives intended to create or enhance shareholder value.

In 2005 and 2006, as part of its regular strategic reviews, the MacDermid board of directors discussed with management a variety of possible strategic alternatives, including possible acquisitions or strategic business combinations and possible recapitalization strategies. The MacDermid board of directors determined on the basis of these reviews that management should explore potential strategic acquisition opportunities. During 2005, MacDermid commenced preliminary discussions regarding a possible strategic business combination with another company in the specialty chemicals industry ("Company A"). These discussions with Company A remained preliminary and were terminated in late March 2006 without leading to any formal agreement.

Following termination of these conversations, MacDermid's board of directors continued over the next several months to discuss and consider various other potential strategic alternatives, including several possible business initiatives, asset or line-of-business acquisitions and various potential strategies involving possible changes to MacDermid's capital structure to enhance shareholder returns.

At an August 31, 2006 meeting of the MacDermid board of directors, Mr. Leever proposed that he, together with Court Square Capital Partners II, L.P. (a firm of which Joseph M. Silvestri, a member of the MacDermid board of directors, is a managing partner), acquire 100% of the common stock of MacDermid for cash consideration of \$32.50 per share. After discussing this proposal, the board of directors (with Messrs. Leever and Silvestri abstaining) resolved to give authority to the directors who were disinterested with respect to the proposal to engage counsel to advise them with respect to the proposal, and following the engagement of counsel to form a special committee of independent directors for the purpose of considering the proposal as well as other potentially relevant strategic options.

On September 5, 2006, the independent directors of MacDermid contacted Wachtell, Lipton, Rosen & Katz and had preliminary discussions about the situation. The independent directors also interviewed several other law firms to potentially act as counsel to the special committee expected to be formed. Following these discussions it was the sense of the independent directors that Wachtell, Lipton, Rosen & Katz would be selected from among the firms interviewed to advise the special committee.

Also on September 5, 2006, the independent directors met in executive session and formally resolved to form a special committee of directors consisting of Robert Ecklin, Donald Ogilvie, James Smith and T. Quinn Spitzer, Jr., and elected Mr. Spitzer to serve as Chairman of the special committee. The purpose of the special committee as determined by the board of directors was, consistent with applicable law, to investigate, negotiate, consider or otherwise deal with any proposal to purchase the capital stock or the assets of MacDermid, including but not limited to the Investor Group's proposal. The board of directors further resolved that the special committee would have, to the fullest extent permitted by law, the full authority of the board of directors with respect to any proposed transaction, and the special committee was authorized to retain and compensate attorneys, investment bankers and other counselors as it saw fit.

That same day, the special committee directed the issuance of a press release by MacDermid publicly announcing the receipt of the Investor Group's proposal, the price per share reflected in the proposal and the creation of the special committee. Also on the same date, Mr. Leever filed with the

Securities and Exchange Commission an amendment to his Schedule 13D disclosing the Investor Group's proposal.

Over the following two weeks, with the assistance of its counsel, the special committee met and interviewed several investment banking firms in order to select an independent financial advisor to the special committee. The special committee engaged Merrill Lynch to act in this capacity on September 18, 2006. On the same date, the special committee directed the issuance of a press release by MacDermid that announced, among other things, the engagement of Merrill Lynch, and that the special committee was expected to review and consider the Investor Group proposal as well as other strategic options.

Following their engagement and in the subsequent weeks, the special committee's advisors conducted due diligence reviews of MacDermid. In addition, throughout the month of September, the Chairman of the special committee and other members of the special committee had regular conference calls with Wachtell, Lipton, Rosen & Katz and Merrill Lynch, and members of the special committee on numerous occasions consulted informally among themselves and with their financial and legal advisors, regarding the process underway for determining what other potential strategic options might be available to MacDermid. During this time, under the oversight of the special committee, Court Square Capital Partners II, L.P., pursuant to a confidentiality agreement, undertook a due diligence review of MacDermid.

On September 28, 2006, Merrill Lynch received a letter from Company A in which Company A, in light of the public disclosure of the proposal by Mr. Leever and Court Square Capital Partners II, L.P., expressed an interest in acquiring 100% of MacDermid, although it did not propose the other specific terms of such a transaction.

The special committee met on October 5, 2006, together with its advisors from Merrill Lynch and Wachtell, Lipton, Rosen & Katz to discuss financial analyses prepared by Merrill Lynch, potential strategic options and process and timing considerations and otherwise structuring an orderly process. Among the potential strategic options discussed at the meeting were remaining an independent company and not undertaking any extraordinary transaction, pursuing a significant acquisition, exploring a transaction such as a leveraged recapitalization to provide shareholder liquidity and enhance shareholder returns and pursuing a sale to or merger with potential strategic acquirors or financial acquirors (including the Investor Group). Following extensive discussions the special committee determined to commence a process by which selected third parties would be contacted by Merrill Lynch for purposes of gauging each such party's interest in an acquisition of 100% of MacDermid, and authorized Merrill Lynch to commence making these contacts to a list of 14 potential third-party acquirors, which included Company A. The special committee, in authorizing this list of contacts, considered that both the Investor Group's proposal and the special committee's process, including Merrill Lynch's role as financial advisor to the special committee, had been publicly disclosed by press release and thus was likely to be well-known to any other potentially interested parties.

Following the October 5 meeting, the special committee contacted the Investor Group to notify it that its initial proposal was not viewed by the special committee as offering a price upon which the special committee was willing to proceed.

During the course of Merrill Lynch's contacts with potential third-party acquirors, Company A reiterated its preliminary interest in acquiring 100% of MacDermid. On the basis of such interest, Company A, following the execution of a confidentiality agreement in late October 2006, commenced due diligence with respect to MacDermid.

Throughout the month of October and early November 2006, members of the special committee and its financial and legal advisors had regular conference calls and discussions to review the process of contacting potential acquirors of MacDermid. In late October, 2006 the special committee held a

telephonic meeting to review materials prepared by Merrill Lynch, which summarized the process to date and contacts with third parties. During this time Company A conducted, pursuant to a confidentiality agreement, a due diligence investigation of MacDermid, which included access to written materials, management presentations and discussions with MacDermid employees and with advisors to the special committee.

The special committee met again in mid-November, 2006, together with its financial and legal advisors, to review materials prepared by Merrill Lynch that summarized contacts with potential third-party acquirors of MacDermid and included financial analyses concerning a potential leveraged recapitalization of the company, and to discuss the process conducted by the special committee and its advisors to date and the process going forward. Among the matters discussed at the meeting was that in the weeks since the Investor Group's proposal was publicly disclosed, and following outreach by Merrill Lynch to potential third-party acquirors, the parties indicating interest in acquiring 100% of MacDermid were limited to the Investor Group and Company A. Following the meeting, the special committee authorized Merrill Lynch to send to each of Investor Group and Company A a bidding procedures letter. The letter formally invited each of these parties to submit a bid for the acquisition of 100% of MacDermid by November 28, 2006, and set forth specific requirements for a bid that would be acceptable to the special committee. Each of the Investor Group and Company A was also sent a draft merger agreement for a potential transaction and asked to provide any comments on the draft agreement so that it would be in a form that the bidder would be prepared to execute.

On November 28, 2006, the special committee received communications from each of the Investor Group and Company A. The Investor Group's proposal offered a revised price of \$33.00 per share for 100% of MacDermid and otherwise was similar to its initial offer. The Investor Group's proposal also included a revised version of the draft merger agreement that the Investor Group indicated it was willing to enter into as drafted, and a commitment letter with respect to its debt financing requirements for the proposal. The letter received from Company A indicated that Company A was not interested in purchasing 100% of MacDermid as it did not wish to own MacDermid's Printing Solutions business, and further indicated a nominal price per share of \$37.50 but that this price would be subject to adjustment and that the actual final value to be received by shareholders of MacDermid would depend on MacDermid separately reaching agreement with an unidentified third party to buy the Printing Solutions business and on the price such third party would agree to pay. Company A indicated that it had in mind a potential strategic third party buyer for the Printing Solutions business, that the third party would require its own separate diligence process, and requested that MacDermid permit it to advise the third party of the potential transaction and have the third party commence diligence (although Company A also invited the special committee's thoughts on who would be a potential acquiror of the Printing Solutions business).

On December 1, 2006, the special committee met, together with its financial and legal advisors, to discuss the letters received from the Investor Group and Company A and other potential strategic options including a potential leveraged recapitalization, as well as materials prepared by Merrill Lynch relating to each of these matters. Following extensive discussions regarding these matters, and consistent with the advice of its advisors, the special committee determined to communicate to Company A that its letter did not constitute a proposal which the committee could consider or act upon in its current form, as, among other things, the proposal excluded a significant portion of MacDermid's business and was contingent upon MacDermid separately entering into a transaction with a third party, and again invited Company A to submit an offer for the purchase of 100% of MacDermid. In addition, the special committee determined that it would be willing to facilitate access to due diligence materials to a third party partner to Company A to the extent this would aid Company A in formulating a firm offer for the purchase by Company A of 100% of MacDermid; and that Company A would be afforded additional time to modify its proposal in accordance with the special committee's instructions while the special committee continued to consider its potential strategic

options. Immediately following the meeting, on December 1, 2006, the special committee sent a letter to Company A communicating these matters as well as the special committee's plans to meet again to consider MacDermid's strategic options. Wachtell, Lipton, Rosen & Katz subsequently sent to counsel to Company A a confidentiality acknowledgement letter intended to permit access to due diligence materials to a third party interested in the Printing Solutions business. The special committee did not receive a response to this communication.

Also at the December 1 meeting, the special committee further determined, following extensive discussions and consistent with the advice of its advisors, that it would, if contacted by the Investor Group, communicate the special committee's view to the Investor Group that its proposed price was insufficient. The special committee was subsequently contacted by the Investor Group, and during these and subsequent conversations communicated to the Investor Group that \$33.00 per share represented an insufficient price.

On December 8, 2006, the special committee received another letter from Company A. The amended letter indicated that Company A's interest in MacDermid, while at the same nominal amount per share, remained contingent upon initiating a process to commence negotiations with a third party for the separate purchase of the Printing Solutions business, and now identified a private equity firm as a potential buyer of the Printing Solutions business. The letter also indicated that any proposal would remain contingent on due diligence by the private equity firm as well as negotiating the terms of its purchase of the Printing Solutions business, arranging equity and debt financing for such purchase, and due diligence by the financing sources for the private equity firm. The December 8 letter also continued to omit any revised draft merger agreement and a debt financing commitment letter, in each case as specified in the Merrill Lynch bid procedures letter.

During the first week of December and continuing into the weekend, representatives of the special committee had several conversations with representatives of the Investor Group concerning its proposal. The parties discussed, among other things, that the special committee was not prepared to recommend proceeding with a transaction at \$33.00 per share and that the Investor Group would need to significantly increase its offer price in order for the special committee to consider pursuing the Investor Group proposal.

On December 11, 2006, the special committee received a proposal from the Investor Group offering cash consideration of \$35.00 per share of MacDermid common stock. The letter indicated that the offer would expire on December 15 if not accepted prior to that time and requested that MacDermid enter into a one-week exclusivity arrangement as a condition to accepting the offer.

The special committee met on December 12, 2006, to discuss the most recent communications from the Investor Group and Company A, as well as to discuss further analysis of a leveraged recapitalization, and to review materials and preliminary financial analyses concerning these matters prepared by Merrill Lynch. Merrill Lynch reviewed financial aspects of the Investor Group's revised proposal of \$35.00 per share. The special committee discussed the fact that Company A's letter cited several substantial contingencies to its proposal, and the special committee's and its advisors' view that its indication of interest remained preliminary and uncertain over the course of the process and that the latest communication from Company A had not allayed these concerns. The special committee discussed the likelihood and the likely timeframe of ultimately receiving a definitive proposal from Company A that constituted an offer capable of being accepted by the special committee, the impact of a continued protracted process and related uncertainty and distraction on MacDermid and its operations and the risk to other potential options if it was unable to reach a definitive agreement with Company A and any relevant third parties in a reasonable amount of time. The special committee also discussed with counsel the terms of the merger agreement proposed by the Investor Group, including the "deal protection" terms, and the legal requirement that the proposed transaction be approved by MacDermid's shareholders. The special committee also extensively discussed the potential of a

leveraged recapitalization and received additional information and financial analyses from Merrill Lynch regarding this alternative. Following extensive discussions on these matters, the special committee determined, in light of the Investor Group's revised proposal, to proceed toward finalizing discussions regarding a potential transaction with the Investor Group, but that it would decline to enter into an exclusivity arrangement prior to a definitive agreement being executed.

The special committee authorized Wachtell, Lipton, Rosen & Katz to negotiate definitive agreements in respect of the Investor Group's proposal with counsel for the Investor Group. On December 12, 2006, Wachtell, Lipton, Rosen & Katz sent counsel to the Investor Group a revised draft of a definitive agreement and between December 12, 2006 and December 14, 2006, the parties negotiated the terms of the definitive documentation.

On December 15, 2006, the special committee met to discuss the proposed transaction with the Investor Group. Representatives of Wachtell, Lipton, Rosen & Katz discussed with the special committee members the legal standards applicable to its decisions and actions with respect to its evaluation of the Investor Group's proposal and other potential strategic options and reviewed the terms of the merger agreement and related transaction documents. Following discussions among, and questions by, members of the special committee, Merrill Lynch then reviewed with the special committee its financial analysis of the consideration offered by the Investor Group, as more fully described under "Special Factors Opinion of Financial Advisor," and rendered an oral opinion, subsequently confirmed in writing, to the effect that, as of that date and based on and subject to the matters described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of MacDermid common stock other than ParentCo and its affiliates, including the Investor Group. Following these discussions and further review and discussions among the special committee members, the special committee unanimously resolved to adopt a report to the board of directors recommending that the board of directors approve and adopt the merger agreement, and that the board of directors submit the merger agreement to the MacDermid shareholders for their approval.

The MacDermid board of directors met immediately following the conclusion of the special committee meeting. Following the presentation of the special committee's findings and recommendation, and after discussion among the members of the board of directors and questions to the special committee's financial and legal advisors, the board of directors (with Messrs. Leever and Silvestri abstaining) unanimously approved and adopted the merger agreement, determined that the transactions contemplated thereby are fair to and in the best interests of MacDermid and its unaffiliated shareholders, as well as its other constituencies, and unanimously resolved to recommend that the MacDermid shareholders approve the merger agreement.

#### **Reasons for the Merger; Recommendation of the Special Committee and of the MacDermid Board of Directors; Fairness of the Merger**

##### *The Special Committee*

The special committee, acting with the advice and assistance of its independent legal and financial advisors, evaluated and negotiated the merger proposal, including the terms and conditions of the merger agreement, with ParentCo and MergerCo. The special committee unanimously resolved (i) to recommend to the board of directors that the board of directors approve and adopt the merger agreement and (ii) to recommend to the board of directors that the merger agreement be submitted to the shareholders of MacDermid for approval.



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In the course of reaching its determination, the special committee considered a number of factors, including the following:

the special committee's understanding of MacDermid and its business, financial performance, operations, management strength and future prospects, and the special committee's understanding of business challenges which would be faced by MacDermid going forward,

the special committee's understanding of management's views and forecasts regarding the future financial performance of MacDermid, and the historical financial performance of MacDermid relative to forecasts,

the special committee's understanding of current trends in MacDermid's industries,

the market performance of MacDermid common stock,

financial analyses and information provided by the special committee's financial advisor, Merrill Lynch, and the results of its due diligence investigations, including discussions with management of MacDermid regarding its financial performance and outlook,

the opinion of Merrill Lynch that the consideration to be paid in the merger is fair, from a financial point of view, to the holders of MacDermid common stock, other than ParentCo and its affiliates, including the Investor Group,

the proposed financial and other terms of the merger and the merger agreement, and the terms and conditions of the merger agreement, including deal protection provisions that would permit the special committee to continue to exercise its fiduciary duties, including by responding to unsolicited acquisition proposals in certain circumstances prior to MacDermid shareholders' approving the merger agreement, and permitting termination of the agreement by MacDermid, in certain circumstances prior to MacDermid shareholders' approving the merger agreement, in connection with the receipt of a superior proposal and upon the payment of a \$33 million termination fee,

the fact that the consideration to be paid to MacDermid shareholders is all cash, that the contingencies involved in the merger appeared acceptably limited and the expectation that the parties will be able to consummate the merger without undue delay,

the potential timing and completion risk of other possible strategic options, including possible risks associated with obtaining financing and the possibility of antitrust or regulatory issues or delays with potential strategic business combination alternatives,

the special committee's view that, considering all of the relevant factors (including stated value, likelihood of consummation and risks to achieving shareholder value) and in the exercise of its judgment, the merger was determined to be superior to the other alternatives considered,

the fact that judgments regarding future stock value in any potential leveraged recapitalization transaction depended on many assumptions, including as to future market and industry conditions, many of which would be beyond the control of MacDermid, and that any potential leveraged recapitalization transaction would involve risks associated with significant increases in MacDermid's indebtedness,

the auction process conducted by the special committee with the assistance of its financial advisers, the number of parties expressing interest and the unresolved contingencies associated with Company A's proposals,

the fact that the shareholders of MacDermid (other than shareholders in the Investor Group) after the merger was completed would no longer be equity holders in the company and therefore



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would no longer participate financially in the potential risks or potential benefits associated with MacDermid common stock and MacDermid's continued ability to execute its business plans,

the fact that the merger could not be completed until after approval by the shareholders of MacDermid, and the special committee's understanding that participating members of management did not control sufficient votes to dictate the outcome of that shareholder vote,

the special committee's consideration of the potential impact of the merger on MacDermid's employees, customers, creditors and suppliers, as well as community and societal considerations and the degree to which synergies could be expected to be a factor in the various alternatives under consideration,

the special committee's understanding of the likelihood that the Investor Group could successfully obtain the equity and debt financing required to fully fund the payment of the merger consideration,

the fact that MacDermid's remedy for breach of the merger agreement by ParentCo or MergerCo, or their failure to complete the merger, is limited to \$33 million in the aggregate, and

the fact that receipt of the merger consideration will be taxable to United States shareholders of MacDermid for United States federal income tax purposes.

The special committee also considered the following factors relating to the procedural safeguards that the special committee believes were and are present to ensure the fairness of the merger and to permit the special committee to represent MacDermid's unaffiliated shareholders, which the special committee believes support its decision and provide assurance as to the procedural fairness of the merger to MacDermid's shareholders:

that the special committee consists solely of directors who are not officers, employees or controlling shareholders of any of the entities included in the Investor Group or MacDermid, are not otherwise affiliated with the Investor Group and are all independent of MacDermid management,

that the members of the special committee will be adequately compensated for their services and that their compensation is not contingent on approving or consummating the merger agreement or any other particular potential strategic option,

that the special committee received the advice of financial advisors and legal counsel who represented that they are, and whom the special committee determined to be, independent of the Investor Group and MacDermid management in exercising their judgment and providing professional advice in connection with the special committee's activities,

that the special committee considered a number of possible strategic options over the course of three and a half months, and had, together with its financial advisor, access as needed to MacDermid's management,

that the special committee and its independent advisors negotiated on an arm's-length basis with the Investor Group and its representatives,

the authority given to the special committee under the resolutions establishing the committee, including the authority to determine whether or not to proceed with the Investor Group's proposal or any other possible strategic option, and that the members of the special committee were aware that they were under no obligation to recommend, and could reject, any transaction, and

that under Connecticut law the shareholders of MacDermid will have the right to demand appraisal of their shares.



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The special committee expressly adopted the analysis and the opinion of Merrill Lynch, among other factors considered, in reaching its determination as to the fairness of the transactions contemplated by the merger agreement. In the course of reaching its decision to recommend to the MacDermid board of directors that it approve the merger agreement, the special committee did not consider the liquidation value of MacDermid's assets because it considers MacDermid to be a viable going concern business. Further, the special committee did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of MacDermid as a going concern but rather is indicative of historical costs. In addition, MacDermid's net book value per share as of September 30, 2006 was substantially less than the \$35.00 per share cash merger consideration. The foregoing discussion summarizes the material factors considered by the special committee in its consideration of the merger. After considering these factors, the special committee concluded that the