

Project Atlas  
Master FAQs

**GENERAL**

1. Why did Aceto file for Chapter 11?

- a. Rising Pharmaceuticals, the company's generic drug business, has been confronting persistent adverse market conditions. At the same time, Aceto's legacy chemicals businesses (Specialty Chemicals, Agricultural Chemicals, API, Pharmaceutical Ingredients and Nutritionals) have remained stable, cash generating contributors to the company's financial results.

In light of the adverse market conditions, in April 2018 the Board initiated a process to identify and evaluate a range of strategic alternatives. Since then, the company has sought to reduce its debt burden relative to operating results. In addition, the investments made since the beginning of fiscal 2019 in inventory safety stock at Rising and in inventory for the Specialty Chemicals and Agricultural Chemicals businesses in anticipation of potential increases in Chinese tariffs have contributed to a deterioration in the company's liquidity position.

As a result, after evaluating available alternatives, The Board determined that selling the company's assets was the best option and that a court-supervised reorganization under Chapter 11 of the U.S Bankruptcy Code was the best course to facilitate the transactions.

2. Did the Board consider any other options?

- a. Aceto's Board of Directors carefully evaluated a broad range of options in accordance with a strategic alternatives review process initiated in April 2018. In light of the continued adverse conditions in the generics market, cash constraints and other challenges, including the impact of the company's debt load relative to operating results, the Board determined that court-supervised sales processes under the Section 363 of the U.S. Bankruptcy Code offered the best course to achieve full value of the company's legacy chemicals business assets and Rising Pharmaceuticals while maintaining its operations.

3. The Board initiated a strategic alternatives review process almost a year ago. Why did it take so long that in the end the company had to file for bankruptcy?

- a. The scope of the Board's review was intentionally broad, spanning the sale of the company or a business segment; a merger or other combination with another company; continuing as a standalone entity; among other alternatives.

In light of the company's continued business challenges, the Board determined sales of one or more of the company's assets as a going concern was the best available option to maximize value and that a court-supervised sale process under section 363 of the Bankruptcy Code was the best available structure to complete transactions.

4. Is Aceto going out of business?
  - a. No. In fact, Aceto has filed for reorganization under Chapter 11 to continue serving its customers, partners and suppliers without being weighed down by debt obligations and strained working capital.
5. How long will the court-supervised sales processes take?
  - a. We expect to complete the disposition of the company's legacy chemicals business assets and to enter into an agreement to sell Rising Pharmaceuticals before the end of our current fiscal year on June 30, 2019.
6. Will Aceto have enough cash to operate? How will the company finance its day-to-day operations during the sales process?
  - a. Aceto has received a commitment from a syndicate of lenders led by Wells Fargo Bank, N.A. to provide \$60 million debtor-in-possession financing. This will finance our day-to-day working capital needs through the completion of the sales transactions and support payments to vendors and suppliers, on customary terms, for all goods delivered and services provided to us on or after February 19, 2019.
7. What will be the impact on day-to-day operations?
  - a. During the sale processes, we will continue to operate the business in the ordinary course and do not expect any changes in our operations. Our relationships with our various partners, suppliers, customers and vendors are critical to smooth functioning of the company's businesses and we are committed to continuing to conduct business in the ordinary course as before.
8. Are Aceto's foreign subsidiaries impacted by the Chapter 11 filing?
  - a. The Company's foreign chemicals business subsidiaries are not included in the filing but will be included in the sale of the legacy chemicals business.
9. What can you tell me about Aceto's financial condition?
  - a. The company intends to file its 10Q for the second quarter ended December 31, 2018 on February 20, 2019.
10. I have additional questions. Who should I ask?
  - a. Please contact your company representative. For general information, please visit our information webpage at [http://www.aceto.com/court\\_supervised\\_sale.html](http://www.aceto.com/court_supervised_sale.html). For information about the court process, including court filings and inquiries about a pre-petition claim, please contact PrimeClerk, the company's claims agent, at 844-216-7718, (or 347-761-3238 if you are an international caller) or by visiting <http://cases.primeclerk.com/Aceto>.

## **RISING PHARMACEUTICALS CUSTOMERS, PARTNERS, SUPPLIERS**

1. Why wasn't Aceto able to secure a stalking horse bidder for the assets of the company's generic pharmaceutical business conducted through Rising Pharmaceuticals?
  - a. The Board determined that it was prudent for the company to seek relief through a reorganization under Chapter 11 along with the stalking-horse agreement for the legacy chemicals business assets. The company intends to enter into an agreement with a stalking-horse bidder for Rising.

## **RISING PHARMACEUTICALS CUSTOMERS**

1. Will customers continue to receive product from Rising during the court process?
  - a. Yes. We intend to continue to operate our business as usual, without any interruption in deliveries or customer service. To that end, the company has requested authorization from the court to enable Rising to honor all contractual obligations, make payments in respect of customer programs and continue sales return programs as before, at agreed upon terms, and we expect that approval will be granted.
2. Why should customers continue to do business with Rising?
  - a. Our relationships with our customers are highly valuable to us and maintaining these relationships during the court process is of critical importance to all parties. We are committed to ensuring the court process is seamless for our customers. In fact, as a result of the court protection afforded to us by the filing, Aceto can now continue to operate without being weighed down by debt obligations and strained working capital. This protection combined with the DIP financing means the company is now better funded and more stable than before the filing.
3. How are customers likely to react to the news?
  - a. We are educating our customers about what to expect during the court process, so they understand that we can and will continue to serve them and conduct business in the ordinary course throughout the process.
4. Are you offering any incentives to encourage customers to stay with you?
  - a. No. We will be operating in the normal course during the court process, including continuing to deliver product to our customers. We hope that they recognize the value of our relationship and continue working with us as before the filing.

## **RISING PHARMACEUTICALS PARTNERS**

1. How does the reorganization under Chapter 11 impact Rising's partnerships with CDOs, CDMOs and CDOs and relationships with its supply chain partners?
  - a. During the court-supervised sale process, we will operate our business in the ordinary course. To support our operations, the company has obtained a commitment from a syndicate of lenders led by Wells Fargo Bank, N.A. to provide \$60 million in debtor-in-possession financing. The DIP financing will finance our working capital needs through the completion of the sales transactions and support payments to vendors and suppliers for post-petition purchases in the ordinary course.
2. Can a partner terminate or change a contract because of the filing?
  - a. No. The law prohibits any party from modifying or terminating a contract due to the Chapter 11 filing.

## **CHEMPLUS CUSTOMERS AND SUPPLIERS**

1. What does this filing mean to me?
  - a. From our perspective the proposed agreement to sell Aceto's legacy chemicals business assets to New Mountain Capital is good news. It ensures continuity of our long-standing relationships with our customers and suppliers under new ownership. Filing for reorganization under Chapter 11 is simply an expedient mechanism to sell the company at the highest and best price. Although we don't know whether New Mountain will be the final buyer, or another bidder will 'win the auction', we do expect to emerge from this process with our business relationships intact and with greater resources to continue serving our customers and conducting business with our suppliers.  
  
During the sales process, we intend to work closely with our customers and suppliers to meet ongoing obligations and continue our business relationships without interruption.
2. What happens to my sales contract? To my supply contract?
  - a. From your perspective nothing should change. During the sales process, we will operate our business in the ordinary course. We also expect the winning bidder will assume all contracts as part of the closing of the transaction. While we work through the sales process, we appreciate your patience.
3. Why should a supplier continue to deliver product to Aceto?
  - b. In conjunction with the filing, we have received a commitment for \$60 million in debtor-in-possession financing from a syndicate of lenders led by Wells Fargo Bank, N.A. The DIP financing will enable us to make timely payments to our suppliers for all product delivered after February 19, 2019. In fact, as a result of the court protection afforded to us by the filing, Aceto can now continue to operate without being weighed down by debt

obligations and strained working capital. This protection combined with the DIP financing means the company is now better funded and more stable than before the filing, and a supplier will not assume any new credit risk by continuing to deliver product to us.

4. What assurance do I have that the buyer will continue to do business with me?
  - a. It is our understanding that New Mountain Capital recognizes the vital importance of the durable and long-standing relationships we have with our customers and suppliers. Although we can't guarantee what decisions New Mountain or any other buyer will make, we can say that under new ownership we will have greater resources to direct toward operations rather than Aceto's debt service. We are committed to ensuring a seamless transition to new ownership and we look forward to investing in opportunities for the benefit of our customers and suppliers for many years to come.

## VENDORS

1. Does Aceto have enough money to operate?
  - a. Aceto has received a commitment from a syndicate of lenders led by Wells Fargo Bank, N.A. to provide \$60 million in debtor-in-possession financing. The DIP financing will finance the Company's working capital needs through the completion of the sales transactions and support payments to vendors and suppliers for post-petition purchases in the ordinary course.
2. Why should I continue to grant trade credit to the company?
  - a. We would like to remain customers of all our vendors. As a result of the bankruptcy filing, Aceto's obligations after February 19, 2019 have a higher repayment status than amounts incurred before the filing, and we will be able to pay our post-petition obligations in the ordinary course of business. In fact, as a result of the court protection afforded to us by the filing, Aceto can now continue to operate without being weighed down by debt obligations and strained working capital. This protection combined with the DIP financing means the company is now better funded and more stable than before the filing, and a vendor will not assume any new credit risk by continuing to deliver goods or provide services to us.
3. Will I be paid?
  - a. We will pay for goods delivered and services provided on or after February 19, 2019, the filing date, in the ordinary course of business and on the same terms as existed before the company filed for bankruptcy. In fact, under the U.S. Bankruptcy Code, payments for goods delivered and services provided to the company on or after the filing date are afforded "administrative priority status" which means they must be paid in full before it can pay for goods delivered and services provided prior to the filing date.
4. I am a Rising vendor. What happens if I delivered goods or provided services prior to the filing date but have not yet been paid?
  - a. The U.S. Bankruptcy Code imposes restrictions on our ability to pay obligations that were outstanding as of the filing date. As part of the ongoing discussions with potential 'stalking horse' bidders for Rising, we are working on reaching a resolution of pre-petition payments, and we appreciate your patience at this time. We have also received a commitment from Wells Fargo Bank, N.A. to provide \$60 million in debtor-in-possession financing, which will support payments to vendors and suppliers for post-petition purchases in the ordinary course.
5. I am a vendor to one of Aceto's chemicals businesses. What happens if I delivered goods or provided services prior to the filing date but have not yet been paid?
  - a. We plan to work with the final buyer on payment of pre-petition invoices as part of the sales process. We can't guarantee the payment of any invoice, of course, and in any case, payments won't be made until after a sale is completed, but we wanted you to be aware of the efforts we are making on your behalf. In addition, we have received a

commitment to provide \$60 million in debtor-in-possession (DIP) financing. The DIP financing will finance Aceto's working capital needs through the completion of the sales transactions and support payments to vendors and suppliers for post-petition purchases in the ordinary course.

6. Will payment terms change during the court process?
  - a. No. We are committed to continuing day-to-day operations normally and we expect to pay all vendors in the ordinary course of business until the sales processes are completed.
7. Can I re-submit past invoices and get paid for them now?
  - a. No, filing for protection under Chapter 11 automatically triggers a halt of "Automatic Stay". This bars, among other things, all collection actions against Aceto and its subsidiaries for monies past due.
8. How do I file a proof of claim with the court?
  - a. Please contact the company's claim agent, Prime Clerk, at <http://cases.primeclerk.com/Aceto> and by calling 844-216-7718, a toll-free number for callers in the U.S. and Canada, or 347-761-3238, for international callers.
9. Who should I contact with questions?
  - a. Additional information about Aceto's reorganization cases can be found at <http://cases.primeclerk.com/Aceto> and by calling 844-216-7718, a toll-free number for callers in the U.S. and Canada, or 347-761-3238, for international callers.

## **U.S. EMPLOYEES**

1. How will my job be affected?
  - a. A reorganization under Chapter 11 allows Aceto to continue its business operations in the ordinary course. This means employees will be able to perform their duties as before.
2. Will employees continue to receive their pay and benefits?
  - a. Yes. The Company is requesting approval from the court to pay all wages and benefits in the ordinary course of business. Employees will be paid the same salary on the standard payroll cycle.
3. I have healthcare claims from services received last month that have not yet been paid. Will these claims be paid?
  - a. Subject to the Court's approval, we will continue payment of claims by employees as before.
4. I am a temporary employee. Will I get paid?

- a. Yes. The Company is requesting approval from the court to pay contractors and temporary employees in the ordinary course of business on the same terms as before the filing date.
5. I filed an expense report that has not yet been paid. Will I be reimbursed?
    - a. Yes. The Company is requesting approval from the court to reimburse employees for expenses incurred and we expect the court to approve our request. During the court-supervised sales processes, employees will be reimbursed for expenses, including business travel expenses.
  6. What happens to our severance plans if we are separated during the sales process?
    - a. During the court-supervised sales process we do not envision making any changes to the current staffing levels.
  7. Will I still be able to go on vacation?
    - a. Yes. The reorganization under Chapter 11 will not affect the use or scheduling of your vacation. All employees should continue to follow existing vacation scheduling and approval procedures.
  8. Will I lose any of my vacation time as a result of the sale to another company?
    - a. Information regarding paid time off for each employee has been provided to the potential buyer(s) and decisions on grandfathering existing paid time off will be part of the negotiations. Beyond that, as in any sale of any business, we're not in a position to predict what decisions a new owner may make.
  9. Will I have a position with the new company?
    - a. Because Aceto's legacy chemicals business assets and Rising will be sold through two separate court-supervised processes under Section 363 of the U.S. Bankruptcy Code, we do not know who the final court-approved buyers will be. It is our expectation that any buyer of these assets will fully appreciate the critical value of the long-standing relationships between the company's employees and its customers, partners and suppliers. Having said that, as in any sale of any business, we're not in a position to predict what decisions a new owner might make.
  10. What should I say if customers or suppliers ask me questions about the filing?
    - a. Please thank them, let them know how much we appreciate their business, and direct them to contact their company representative or visit the information web page we have set up at [http://www.aceto.com/court\\_supervised\\_sale.html](http://www.aceto.com/court_supervised_sale.html). For information about the bankruptcy process, direct them to contact the company's claims agent, PrimeClerk, at <http://cases.primeclerk.com/Aceto> and by calling 844-216-7718, a toll-free number for callers in the U.S. and Canada, or 347-761-3238, for international callers.
  11. What should I do if I am contacted by the media?

- a. Please follow our Corporate policy which is to direct these calls to the CEO or his designee which in most cases is Steve Rogers, our Chief Legal Officer (201) 961-1606; calls may also be directed to our Communications Consultant Jody Burfening at jburfening@lhai.com or (212) 838-3777.

12. How will we get future updates?

- a. We anticipate holding Town Hall meetings as frequently as needed based on the pace of the court-supervised sales processes.