



## UCI Holdings Limited Reports Results of Operations for Fourth Quarter 2010

**EVANSVILLE, IN March 30, 2011** – UCI Holdings Limited, the parent company of UCI International, Inc. (“UCI”), today announced UCI’s results for the fourth quarter ended December 31, 2010. Revenue of \$237.0 million was up \$18.2 million, or 8.3%, compared to the year-ago quarter. The company, a leading manufacturer of vehicle replacement parts, reported that revenue increased in the retail, OEM and heavy duty channels, with a decline in the traditional channel and a slight decrease in the OES (new car dealer service) channel. On January 26, 2011, UCI Holdings Limited, an affiliate of Rank Group Limited of New Zealand, completed the acquisition of UCI.

Earnings before interest, taxes, depreciation and amortization, or EBITDA, as adjusted, was \$40.6 million for the fourth quarter, compared with \$38.8 million for the year-ago quarter. The reconciliation of net income to adjusted EBITDA, a non-GAAP measure of financial performance, is set forth in Schedule A.

Net income attributable to UCI for the quarter was \$3.1 million, including \$6.8 million, net of tax, in special items, consisting primarily of patent and class action litigation costs, holding company non-operating costs and costs of obtaining new business. Excluding these items, adjusted net income attributable to UCI would have been \$9.9 million for the quarter. Adjusted net income attributable to UCI for the fourth quarter of 2009 was \$9.4 million, excluding \$6.5 million, net of tax, in special charges, consisting of patent and class action litigation costs, restructuring and severance costs, costs of obtaining new business and holding company non-operating costs.

For the year ended December 31, 2010, revenue was \$945.0 million, compared to \$885.0 million in 2009, a 6.8% increase. Adjusted EBITDA for 2010 was \$169.5 million, a 26.7% increase over the \$133.8 million reported for 2009.

“The fourth quarter was the completion of a very strong 2010 for UCI, from both a sales and operational perspective,” said Bruce Zorich, Chief Executive Officer of UCI. “Our core aftermarket business remained very strong, and we also saw increases from the continuing recovery of the OEM and heavy duty channels. On the operating side, we continued to see the benefits of our lean cost structure on an increasing revenue base.”

**Conference Call**

UCI will host a conference call to discuss its results and performance on Thursday, March 31, at 11:00 a.m. Eastern Time (ET). Interested parties are invited to listen to the call by telephone. Domestic callers can dial (800) 637-1381. International callers can dial (502) 498-8424.

A replay of the call will be available from April 1 for a 14 day period, at [www.uciholdings.com](http://www.uciholdings.com). Click on the UCI Holdings 2010 4th Quarter Results button.

**About UCI International, Inc.**

UCI International, Inc. is among North America's largest and most diversified companies servicing the vehicle replacement parts market. We supply a broad range of products to the automotive, trucking, marine, mining, construction, agricultural and industrial vehicle markets. Our customer base includes leading aftermarket companies as well as a diverse group of original equipment manufacturers.

**Forward Looking Statements**

All statements, other than statements of historical facts, included in this press release and the attached report that address activities, events or developments that UCI expects, believes or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements give UCI's current expectations and projections relating to the financial condition, results of operations, plans, objectives, future performance and business of UCI and its subsidiaries. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They are subject to uncertainties and factors relating to UCI's operations and business environment, all of which are difficult to predict and many of which are beyond UCI's control. UCI cautions investors that these uncertainties and factors could cause UCI's actual results to differ materially from those stated in the forward-looking statements. UCI cautions that investors should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except as required by law, UCI undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

**For More Information, Contact:**

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**UCI International, Inc.**

**Condensed Consolidated Income Statements**

*(in thousands)*

	Three Months ended December 31,		Year ended December 31,	
	2010	2009	2010	2009
Net sales	\$ 236,987	\$ 218,757	\$ 944,983	\$ 884,954
Cost of sales	179,769	164,396	708,581	688,192
Gross profit	57,218	54,361	236,402	196,762
<b>Operating (expense) income</b>				
Selling and warehousing	(15,922)	(14,163)	(60,550)	(56,598)
General and administrative	(13,990)	(10,599)	(50,643)	(44,927)
Amortization of acquired intangible assets	(1,273)	(1,399)	(5,219)	(5,758)
Restructuring gains (costs), net	446	(922)	(1,655)	(923)
Patent litigation costs	(4,827)	(7,002)	(5,869)	(7,002)
Operating income	21,652	20,276	112,466	81,554
<b>Other expense</b>				
Interest expense, net	(16,001)	(14,789)	(60,829)	(60,469)
Management fee expense	(500)	(500)	(2,000)	(2,000)
Loss on early extinguishment of debt	(25)	---	(8,687)	---
Miscellaneous, net	(397)	(1,293)	(3,433)	(5,458)
Income before income taxes	4,729	3,694	37,517	13,627
Income tax expense	(1,629)	(998)	(14,552)	(5,105)
Net income	3,100	2,696	22,965	8,522
Less: loss attributable to noncontrolling interest	---	(169)	(37)	(680)
Net income attributable to UCI International, Inc.	\$ 3,100	\$ 2,865	\$ 23,002	\$ 9,202

**UCI International, Inc.**

**Condensed Consolidated Balance Sheets**  
(in thousands)

	December 31, 2010	December 31, 2009
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 200,330	\$ 131,942
Accounts receivable, net	271,832	261,210
Inventories, net	144,156	133,058
Deferred tax assets	38,377	31,034
Restricted cash	16,290	---
Other current assets	17,663	23,499
Total current assets	688,648	580,743
Property, plant and equipment, net	135,060	149,753
Goodwill	241,461	241,461
Other intangible assets, net	63,048	68,030
Deferred financing costs, net	9,937	3,164
Restricted cash	---	9,400
Other long-term assets	7,103	6,304
Total assets	\$ 1,145,257	\$ 1,058,855
<u>Liabilities and equity</u>		
Current liabilities		
Accounts payable	\$ 115,159	\$ 111,898
Short-term borrowings	3,271	3,460
Current maturities of long-term debt	4,473	17,925
Accrued expenses and other current liabilities	131,331	108,147
Total current liabilities	254,234	241,430
Long-term debt, less current maturities	766,735	720,202
Pension and other postretirement liabilities	87,040	70,802
Deferred tax liabilities	8,975	8,785
Other long-term liabilities	4,636	6,672
Total liabilities	1,121,620	1,047,891
Equity	23,637	10,964
Total liabilities and equity	\$ 1,145,257	\$ 1,058,855

**UCI International, Inc.**

**Condensed Consolidated Statements of Cash Flows**

*(in thousands)*

	Year ended December 31,	
	2010	2009
Net cash provided by operating activities	\$ 113,340	\$ 129,281
Cash flows from investing activities		
Capital expenditures	(21,298)	(15,266)
Proceeds from sale of property, plant and equipment	437	2,566
Proceeds from sale of joint venture interest (net of transaction costs and cash sold)	272	---
Increase in restricted cash	(6,890)	(9,400)
Net cash used in investing activities	(27,479)	(22,100)
Cash flows from financing activities		
Issuances of debt	11,917	13,187
Debt repayments	(13,439)	(35,227)
Proceeds of 2010 Credit Facility (net of original issue discount of \$5,375)	419,625	---
Payment of deferred financing costs and swaption premium	(9,893)	---
Repayment of 2006 Credit Facility	(190,000)	---
Redemption of senior subordinated notes, including call premium and redemption period interest	(235,512)	---
Proceeds from exercise of stock options	2	18
Net cash used in financing activities	(17,300)	(22,022)
Effect of currency exchange rate changes on cash	(173)	128
Net increase in cash and cash equivalents	68,388	85,287
Cash and cash equivalents at beginning of year	131,942	46,655
Cash and cash equivalents at end of period	\$ 200,330	\$ 131,942

## **EBITDA and Adjusted EBITDA**

EBITDA, a measure used by our strategic owner to measure operating performance, is defined as net income (loss) for the period plus income tax expense, net interest expense, depreciation expense of property, plant and equipment and amortization expense of identifiable intangible assets. Net income (loss), income tax expense (benefit), net interest expense and depreciation and amortization expense are not reduced by the amounts attributable to noncontrolling interests. Adjusted EBITDA as presented herein is also a financial measure used by our strategic owner to measure operating performance. Additionally, Adjusted EBITDA is used in the calculation of compliance with certain covenants in our Senior Secured Credit Facilities and the indenture governing our Senior Notes. Adjusted EBITDA is calculated as EBITDA adjusted for particular items relevant to explaining operating performance. EBITDA and Adjusted EBITDA are not presentations in accordance with U.S. generally accepted accounting principles (“GAAP”), or measures of our financial condition, liquidity or profitability and should not be considered as a substitute for net income (loss), operating profit or any other performance measures derived in accordance with GAAP or as a substitute for cash flow from operating activities as a measure of our liquidity in accordance with GAAP. Additionally, EBITDA and Adjusted EBITDA are not intended to be a measure of free cash flow for management’s discretionary use, as they do not take into account certain items such as interest and principal payments on our indebtedness, working capital needs, tax payments and capital expenditures. We believe that the inclusion of EBITDA and Adjusted EBITDA is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. We additionally believe that issuers of high yield debt securities also present EBITDA and Adjusted EBITDA because investors, analysts and rating agencies consider these measures useful in measuring the ability of those issuers to meet debt service obligations. In addition, Adjusted EBITDA is used to determine our compliance with certain covenants, including the fixed charge coverage ratio used for purposes of debt incurrence under the indenture governing our Senior Notes and certain other agreements governing our indebtedness. Because not all companies calculate EBITDA and Adjusted EBITDA identically, this presentation of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies.

**Schedule A**

**Reconciliation of Net Income to EBITDA and Adjusted EBITDA**

*(dollars in millions)*

	2010					2009				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Results of operations:										
Net income attributable to UCI International, Inc.	\$ 6.6	\$ 8.9	\$ 4.4	\$ 3.1	\$ 23.0	\$ (4.4)	\$ 2.5	\$ 8.2	\$ 2.9	\$ 9.2
Plus: net loss attributable to noncontrolling interest	--	--	--	--	--	(0.3)	(0.1)	(0.1)	(0.2)	(0.7)
Net income	<u>6.6</u>	<u>8.9</u>	<u>4.4</u>	<u>3.1</u>	<u>23.0</u>	<u>(4.7)</u>	<u>2.4</u>	<u>8.1</u>	<u>2.7</u>	<u>8.5</u>
Interest expense	14.8	14.9	15.1	16.0	60.8	15.8	15.2	14.7	14.8	60.5
Income tax expense (benefit)	4.2	6.3	2.4	1.7	14.6	(2.2)	1.7	4.6	1.0	5.1
Depreciation expense	7.0	6.7	6.8	6.7	27.2	7.3	7.2	7.0	7.0	28.5
Amortization expense	<u>2.0</u>	<u>2.1</u>	<u>2.0</u>	<u>2.1</u>	<u>8.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.1</u>	<u>2.1</u>	<u>8.6</u>
<b>EBITDA</b>	<b>34.6</b>	<b>38.9</b>	<b>30.7</b>	<b>29.6</b>	<b>133.8</b>	<b>18.4</b>	<b>28.7</b>	<b>36.5</b>	<b>27.6</b>	<b>111.2</b>
Special items:										
Restructuring costs and severance	2.1	0.3	(0.3)	(0.2)	1.9	1.2	0.6	0.8	1.4	4.0
Allowance for non-trade receivable	--	1.4	--	--	1.4	--	--	--	--	--
Cost of defending class action litigation	0.9	2.4	2.1	1.8	7.2	0.5	0.3	0.3	0.4	1.5
Patent litigation costs	1.0	0.1	--	4.8	5.9	--	--	--	7.0	7.0
Loss on early extinguishment of debt	--	--	8.7	--	8.7	--	--	--	--	--
New business changeover cost and sales commitment costs	0.6	0.3	0.5	0.3	1.7	2.4	1.1	0.2	1.3	5.0
UCI International non-operating costs	0.9	0.3	1.6	3.7	6.5	1.5	0.2	0.1	0.4	2.2
Establishment of new facilities in China	--	--	--	--	--	0.4	0.1	--	--	0.5
Non-cash charges (stock options expense)	0.1	0.1	0.1	0.1	0.4	0.2	--	--	0.2	0.4
Management fee	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>2.0</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>2.0</u>
<b>Adjusted EBITDA</b>	<b>\$ 40.7</b>	<b>\$ 44.3</b>	<b>\$ 43.9</b>	<b>\$ 40.6</b>	<b>\$ 169.5</b>	<b>\$25.1</b>	<b>\$31.5</b>	<b>\$38.4</b>	<b>\$38.8</b>	<b>\$133.8</b>