

INTERNATIONAL SPECIALTY PRODUCTS INC /NEW/
Form SC 13E3/A
February 07, 2003

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 4 TO
SCHEDULE 13E-3

RULE 13E-3 TRANSACTION STATEMENT
UNDER SECTION 13(E) OF THE SECURITIES EXCHANGE ACT OF 1934

INTERNATIONAL SPECIALTY PRODUCTS INC.
(NAME OF THE ISSUER)
INTERNATIONAL SPECIALTY PRODUCTS INC.
SAMUEL J. HEYMAN
INTERNATIONAL SPECIALTY PRODUCTS HOLDINGS INC.
(NAME OF PERSONS FILING STATEMENT)
COMMON STOCK, PAR VALUE \$0.01 PER SHARE
(Title of Class of Securities)
460337108
(CUSIP Number of Class of Securities)

RICHARD A. WEINBERG, ESQ.
C/O ISP MANAGEMENT COMPANY, INC.
1361 ALPS ROAD
WAYNE, NEW JERSEY 07470
TELEPHONE (973) 628-4000

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSONS AUTHORIZED TO RECEIVE
NOTICE AND COMMUNICATIONS ON BEHALF OF PERSONS FILING STATEMENT)

This statement is filed in connection with (check the appropriate box):

- a. The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the Securities Exchange Act of 1934.
- b. The filing of a registration statement under the Securities Act of 1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

CALCULATION OF FILING FEE

Transaction Valuation*

Amount of Filing Fee**

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\$134,360,564

\$26,873

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- * The transaction valuation was based upon the sum of (i) the product of 12,810,336 shares of Common Stock, par value \$0.01 per share, of International Specialty Products Inc., a Delaware corporation, at a price of \$10.30 per share in cash and (ii) a cash-out of 1,700,156 shares of Common Stock covered by outstanding options at a cost of \$2,414,103.
- ** The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, equals 1/50th of 1% of the transaction valuation.
- [X] Check the box if any part of the fee is offset as provided by Rule 0-11(a) (2) of the Securities Exchange Act of 1934 and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:
Inc. Form or Registration No.:

\$26,873
Schedule 14A

Filing Party: International Special
Date Filed: November 27, 2002

INTRODUCTION

This Amendment No. 4 to the Rule 13e-3 Transaction Statement on Schedule 13E-3 (the "Schedule 13E-3") is being filed by (i) International Specialty Products Inc., a Delaware corporation ("ISP"), the issuer of the equity securities that are the subject of the Rule 13e-3 transaction, (ii) Samuel J. Heyman, a natural person and beneficial owner of approximately 81% of ISP's common stock ("Mr. Heyman") and (iii) International Specialty Products Holdings Inc., a Delaware Corporation ("ISPH"), in connection with the merger of ISPH with and into ISP (the "Merger"), with ISP as the surviving corporation. As a result of the proposed Merger, (i) ISP will cease to be a publicly held company and will become a private corporation, all the stock of which will be beneficially owned by Mr. Heyman and (ii) each issued and outstanding share of ISP common stock will be converted into the right to receive \$10.30 in cash, except shares beneficially owned by Mr. Heyman or by any holder who properly demands appraisal rights under the General Corporation Law of the State of Delaware will be cancelled. Notwithstanding this arrangement, shares owned by a qualified charitable organization, will be entitled to receive \$10.30 in cash.

Concurrently with the filing of this Schedule 13E-3, ISP is filing a definitive proxy statement (the "Proxy Statement") pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which the ISP board of directors is soliciting proxies from stockholders of ISP in connection with the Merger. The information in the Proxy Statement, including all annexes and exhibits thereto, is expressly incorporated by reference herein in its entirety and responses to each item herein are qualified in their entirety by the information contained in the Proxy Statement and the annexes and exhibits thereto. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Proxy Statement.

ITEM 1. SUMMARY TERM SHEET

Regulation M-A

The information set forth in the Proxy Statement under the caption "Summary Term Item 1001 Sheet" is incorporated herein by reference.

ITEM 2.

SUBJECT COMPANY INFORMATION

Regulation M-A
Item 1002

- (a) NAME AND ADDRESS. The information set forth in the Proxy Statement under the caption "Summary Term Sheet - Information About ISP, Mr. Heyman and ISPH" is incorporated herein by reference.
- (b) SECURITIES. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - The Special Meeting" and "The Special Meeting-Record Date" is incorporated herein by reference.
- (c) TRADING MARKET AND PRICE. The information set forth in the Proxy Statement under the caption "Summary Term Sheet - Trading Market and Price; Dividends" is incorporated herein by reference.
- (d) DIVIDENDS. The information set forth in the Proxy Statement under the caption "Summary Term Sheet - Trading Market and Price; Dividends" is incorporated herein by reference.
- (e)-(f) PRIOR PUBLIC OFFERINGS; PRIOR STOCK PURCHASES. The information set forth in the Proxy Statement under the caption "Other Matters - Transactions in Capital Stock by Certain Persons" is incorporated herein by reference.

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ITEM 3.

IDENTITY AND BACKGROUND OF THE FILING PERSON

Regulation M-A
Item 1003

- (a)-(c) NAME AND ADDRESS; BUSINESS AND BACKGROUND OF ENTITIES; BUSINESS AND BACKGROUND OF NATURAL PERSONS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet -Information About ISP, Mr. Heyman and ISPH" and "Special Factors - Background of the Merger" is incorporated herein by reference. During the last five years, none of the filing persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining further violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or a finding of any violations of such laws.

DIRECTORS AND EXECUTIVE OFFICERS OF ISP. The table

below sets forth for each of the directors and executive officers of ISP their respective present principal occupation or employment, the name and principal business of the corporation or other organization in which such occupation or employment is conducted and the five-year employment history of each such director and executive officer. Each person identified below is a United States citizen, unless otherwise noted. Unless indicated otherwise, each person's principal address is c/o ISP, 1361 Alps Road, Wayne, New Jersey 07470.

| NAME ----- | PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS ----- |
|---------------|---|
|---------------|---|

Samuel J. Heyman

Mr. Heyman has been a director and Chairman of the Board of ISP since its formation. He has also served as Chairman of the Board and director of its subsidiaries since December 2001. He has served as Chief Executive Officer of ISP and some of its subsidiaries from their formation to the present. Mr. Heyman also has been a director of G-I Holdings Inc. for more than five years. He has served as President and Chief Executive Officer of G-I Holdings and some of its subsidiaries for more than five years until September 2000. In January 2001, G-I Holdings filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code due to its liabilities from asbestos-related claims. Mr. Heyman was a director and Chairman of the Board of BMCA (Materials Corporation of America) from its formation to September 2000 and served as Chief Executive Officer of BMCA and some of its subsidiaries from June 1999 to September 2000 and from June 1996 to January 1999. He has also served as the Chief Executive Officer, Manager and General Partner of a number of closely held real estate development companies and partnerships whose investments included commercial real estate and a

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portfolio of publicly traded securities. Mr. Heyman has served as a director of Healy Chemicals, Inc., a global manufacturer and marketer of specialty chemicals, since its formation in 2001.

Sunil Kumar

Mr. Kumar has been a director, President and Chief Executive Officer of ISP since its formation and a director, President and Chief Executive Officer of

Officer of some of its subsidiaries s
2001 and June 1999, respectively. Mr.
a director, President and Chief Execu
Officer of BMCA and some of its subsi
from May 1995, July 1996 and January
respectively, to June 1999. He also w
Operating Officer of BMCA and some of
subsidiaries from March 1996 to Janua
He also was a director and Vice-Chair
Board of G-I Holdings from January 19
1999. In January 2001, G-I Holdings f
voluntary petition for reorganization
Chapter 11 of the U.S. Bankruptcy Cod
its asbestos-related claims. Mr. Kuma
served as a director of Hercules Inco
a global manufacturer and marketer of
chemicals, since May 2001.

Robert Englander

Mr. Englander has been a director of
April 2001. He has been the Chairman
Board and Chief Executive Officer of
Publications, a publisher of magazine
and newsletters, since February 1973.
Publications has a business address o
Avenue, Penthouse North, New York, Ne
10028.

Sanford Kaplan

Mr. Kaplan has been a director of ISP
November 1992. He has been a private
and consultant since 1977 with a busi
address of 10128 Empyrean Way, #303,
Angeles, California 90067.

Burt Manning

Mr. Manning has been a director of IS
November 1992. He has been President
Brookbound, Inc., a strategic consult
company since December 1997. He was C
J. Walter Thompson Company, a multina
advertising company, from July 1987 t
1997 and has served as Chairman Emeri
such company since January 1998. Mr.
has been a director of Friendly Ice C
Corporation since November 1997 with
address of 655 Park Avenue, Apartment
York, New York 10021.

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Alan M. Meckler

Mr. Meckler has been a director of IS
April 2001. He has been the Chairman
Executive Officer of Jupitermedia Gro
a provider of global real-time news a
information resources for the interne
industry, since December 1998. He was
and Chief Executive Officer of Meckle
Corp., a provider of internet informa

June 1971 to November 1998. Jupiterterm has a business address of 23 Old King South, Darien, Connecticut 06820.

Richard A. Weinberg

Mr. Weinberg has been the Executive Vice President, General Counsel and Secretary of ISP and its subsidiaries since May 1998 and was Senior Vice President, General Counsel and Secretary of ISP and its subsidiaries from May 1996 to May 1998. He has also been a director of various ISP subsidiaries from February 2002, December 2001 and May 2000. Mr. Weinberg has been President, Chief Executive Officer, General Counsel and Secretary of G-I Holdings since September 2000 and was Vice President, General Counsel and Secretary of G-I Holdings from May 1998 to September 2000. He also was Senior Vice President, General Counsel and Secretary of these corporations from May 1996 to May 1998. Mr. Weinberg has served as a director of G-I Holdings since May 1996. In January 2001, G-I Holdings filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code due to its asbestos-related claims. Mr. Weinberg also has been Executive Vice President, General Counsel and Secretary of BMCA and its subsidiaries since May 1996 and was Senior Vice President, General Counsel and Secretary of BMCA and its subsidiaries from May 1996 to May 1998.

Susan B. Yoss

Ms. Yoss has been the Executive Vice President-- Finance and Treasurer of ISP and most of its subsidiaries since September 1998. She was Senior Vice President and Treasurer of ISP and most of its subsidiaries from February 1998 to September 2000 and was Vice President and Treasurer of ISP and most of its subsidiaries from February 1998 to June 1999. She has also been Senior Vice President of BMCA and its subsidiaries since August 2001, was Senior Vice President and Treasurer of the same corporations from July 1999 to August 2001 and was Vice President and Treasurer of the same corporations from February 1998 to July 1999. Ms. Yoss has served as Senior Vice President,

Financial Officer and Treasurer of G-I Holdings since July 1999. In January 2001, G-I Holdings filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code due to its asbestos-related claims. Ms. Yoss was Assistant Treasurer of Joseph E. Seagram & Sons, Inc., a global beverage and entertainment company, from July 1999 to August 2001.

company for more than five years until 1998.

Roger J. Cope

Mr. Cope has been Senior Vice President and Commercial Director--Europe of ISP and its subsidiaries since July 1999 and was a director of one of its subsidiaries from July 2001 until September 2002. He was Senior Vice President, Pharmaceutical, Agricultural and Beverage Group of ISP and some of its subsidiaries from July 1998 to July 1999. He was Vice President, Asia-Pacific Region of ISP and its subsidiaries from March 1997 to July 1998. Cope is a citizen of the United Kingdom.

Neal E. Murphy

Mr. Murphy has been Senior Vice President and Chief Financial Officer of ISP and its subsidiaries since February 2002 and was a director of one of its subsidiaries since February 2002. Prior to joining ISP, he was President of ISP Europe, a global developer and producer of silica-based specialty chemicals, inorganic chemicals and performance particles from July 1999 to September 2001 and Vice President of ISP and its subsidiaries from May 1995 to September 1999. He was Chief Financial Officer of PQ Corporation, a parent of PQ Europe, from May 1995 until September 1999.

Stephen R. Olsen

Mr. Olsen has been Senior Vice President and Director of Corporate Development of ISP and its subsidiaries since June 2002. He was Vice President--Corporate Development of ISP and its subsidiaries from September 2000 until June 2002 and was a director of some of its subsidiaries from July 2001 until September 2002. He was President and Chief Operating Officer of LL Building Products Inc., one of BMCA's subsidiaries, from July 1999 to September 2000. He was Vice President of Corporate Development and Vice President of General Manager, Accessories and Specialty Products, of BMCA from May 1997 to October 1998.

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Steven E. Post

Mr. Post has been Senior Vice President and Director of Specialty Chemicals of ISP since July 2002 and was a director of one of its subsidiaries from June 2001 until September 2002. He has been President of ISP Alginates Inc. since October 1999. He was employed as President of Monsanto Company's Kelco Alginates division from July 1997 to October 1999.

from January 1999 to October 1999. He was Vice President and General Manager, Asia of Monsanto Company from December 1999 to January 1999.

Lawrence Grenner

Mr. Grenner has been Senior Vice President, Latin America of ISP since May 2002. He was previously Senior Vice President--Marketing and Product Development of ISP and some of its subsidiaries from June 2000 until May 2002. He was Vice President and Business Unit Manager, Skin Care of ISP and some of its subsidiaries from January 1999 to June 2000 and Vice President, Marketing--Personal Care of some of its subsidiaries from January 1999 to January 1999.

To the knowledge of ISP, during the last five years, none of the foregoing directors or executive officers has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations, prohibiting or mandating activities subject to, federal or state securities laws or a finding of any violations of such laws.

DIRECTORS AND EXECUTIVE OFFICERS OF ISPH. Mr. Heyman is the sole beneficiary of ISPH common stock. The table below sets forth for each of the executive officers of ISPH their respective present principal occupation or employment, their principal address, the name and principal business of the corporation or other organization in which such occupation or employment is conducted and a five-year employment history of each such executive officer.

| NAME | PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS |
|------------------|--|
| Samuel J. Heyman | Mr. Heyman is a director of ISPH. Please see "Directors and Officers of ISP." |
| Sunil Kumar | Mr. Kumar is President, Chief Executive Officer and a director of ISPH. Please also see "Directors and Officers of ISP." |

| NAME | PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS |
|---------------------|---|
| Richard A. Weinberg | Mr. Weinberg is an Executive Vice President, General Counsel and Secretary of ISPH. Please also see "Directors and Officers of ISPH." |
| Susan B. Yoss | Ms. Yoss is the Executive Vice President and Treasurer of ISPH. Please also see "Directors and Officers of ISPH." |

To the knowledge of ISPH, during the last five years, none of the foregoing directors or executive officers has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations, prohibiting or mandating activities subject to, federal or state securities laws or a finding of any violations of such laws.

ITEM 4.

TERMS OF THE TRANSACTION

Regulation M-A
Item 1004

- (a) (1) TENDER OFFERS. Not applicable.
- (a) (2) (i) TRANSACTION DESCRIPTION. The information set forth in the Proxy Statement under the caption "Summary Term Sheet" is incorporated herein by reference.
- (a) (2) (ii) CONSIDERATION. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - What You Will Be Entitled to Receive in The Merger," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Special Factors - Recommendation of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger" and "The Merger - Payment of Merger Consideration and Surrender of Stock Certificates" is incorporated herein by reference.
- (a) (2) (iii) REASONS FOR TRANSACTION. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendation of Special Committee and our Board of Directors," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Recommendation of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger"

and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

- (a) (2) (iv) VOTE REQUIRED FOR APPROVAL. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - The Special Meeting," "Summary Term Sheet - The Merger Agreement," "The Special Meeting - Voting Rights; Vote Required for Approval" and "The Merger - Merger Agreement" is incorporated herein by reference.

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- (a) (2) (v) DIFFERENCES IN THE RIGHTS OF SECURITY HOLDERS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - What You Will Be Entitled to Receive in the Merger," "Special Factors - Effects of the Merger; Plans or Proposals After the Merger" and "The Merger - Payment of Merger Consideration and Surrender of Stock Certificates" is incorporated herein by reference.

- (a) (2) (vi) ACCOUNTING TREATMENT. The information set forth in Proxy Statements under the caption "The Merger - Accounting Treatment" is incorporated herein by reference.

- (a) (2) (vii) INCOME TAX CONSEQUENCES. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Material U.S. Federal Income Tax Consequences" and "Special Factors - Material U.S. Federal Income Tax Consequences of the Merger to our Stockholders" is incorporated herein by reference.

- (c) DIFFERENT TERMS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - What You Will Be Entitled to Receive in the Merger" and "The Merger - Payment of Merger Consideration and Surrender of Stock Certificates" is incorporated herein by reference.

- (d) APPRAISAL RIGHTS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Appraisal Rights " and "The Merger - Appraisal Rights" is incorporated herein by reference.

- (e) PROVISIONS FOR UNAFFILIATED SECURITY HOLDERS. None.

- (f) ELIGIBILITY FOR LISTING OR TRADING. Not applicable.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS

Regulation M-A
Item 1005

- (a) (1) TRANSACTIONS WITH ISP. The information set forth in the Proxy Statement under the captions "Special Factors - Specified Relationships between ISP and Mr. Heyman" and "Other Matters - Transactions in Capital

Stock by Certain Persons" is incorporated herein by reference.

- (a) (2) TRANSACTIONS WITH OFFICERS, DIRECTORS AND AFFILIATES OF ISP. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," and "Special Factors - Interests of Directors and Executive Officers in the Merger," "Other Matters - Transactions in Capital Stock by Certain Persons" and "Other Matters - Certain Transactions" is incorporated herein by reference.
- (b) - (c) SIGNIFICANT CORPORATE EVENTS; NEGOTIATIONS OR CONTRACTS. The information set forth in the Proxy Statement under the captions "Special Factors - Background of the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger" and "Other Matters - Certain Transactions" is incorporated herein by reference.
- (e) AGREEMENTS INVOLVING THE SUBJECT COMPANY'S SECURITIES. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Special Factors - Background of the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger," "The Special Meeting - Voting Rights; Vote Required for Approval" and "Other Matters - Certain Transactions" is incorporated herein by reference. The information set forth in Exhibits (d) (1) and (d) (2) is incorporated herein by reference.

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ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS

Regulation M-A
Item 1006

- (b) USE OF SECURITIES ACQUIRED. The information set forth in the Proxy Statement under the captions "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" and "Special Factors - Effects of the Merger; Plans or Proposals After the Merger" is incorporated herein by reference.
- (c) (1 - (8) PLANS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - The Merger," "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Summary Term Sheet - The Merger Agreement," "Special Factors - Background of the Merger," "Special Factors - Effects of the Merger; Plans or Proposals After the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger" and "Other Matters - Certain Transactions" is incorporated herein by reference.

ITEM 7.

PURPOSES, ALTERNATIVES, REASONS AND EFFECTS

Regulation M-A
Item 1013 (a)

PURPOSES. The information set forth in the Proxy Statement under the captions "Special Factors - Recommendations of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Background of the Merger" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

- (b) ALTERNATIVES. The information set forth in the Proxy Statement under the captions "Special Factors - Background of the Merger," "Special Factors - Recommendations of the Special Committee," "Special Factors - Recommendations of our Board of Directors" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.
- (c) REASONS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Opinion of Lehman Brothers Inc.," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "Special Factors - Opinion of Lehman Brothers" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.
- (d) EFFECTS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - What You Will Be Entitled to Receive in the Merger," "Summary Term Sheet - Opinion of Lehman Brothers Inc.," "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Summary Term Sheet - Material U.S. Federal Income Tax Consequences," "Summary Term Sheet - Appraisal Rights," "Special Factors - Background of the Merger," "Special Factors - Opinion of Lehman Brothers," "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger," "Special Factors - Effects of the Merger; Plans or Proposals After the Merger," "Special Factors - Material U.S. Federal Income Tax Consequences of the Merger to our Stockholders," "Special Factors - Litigation," "The Merger - Payment of Merger Consideration and Surrender of Stock Certificates," "The Merger - Appraisal Rights" and "The Merger - The Merger Agreement" is incorporated herein by reference.

ITEM 8.

FAIRNESS OF THE TRANSACTION

Regulation M-A
Item 1014

- (a) - (b) FAIRNESS; FACTORS CONSIDERED IN DETERMINING FAIRNESS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendations of the Special Committee and our Board of Directors," "Summary Term Sheet - Opinion of Lehman Brothers Inc.," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Recommendations of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "Special Factors - Opinion of Lehman Brothers," "Special Factors - ISP's Forecasts" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.
- (c) APPROVAL OF SECURITY HOLDERS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - The Special Meeting," "Summary Term Sheet - The Merger Agreement," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "The Special Meeting - Voting Rights; Vote Required for Approval" and "The Merger - The Merger Agreement" is incorporated herein by reference.
- (d) UNAFFILIATED REPRESENTATIVE. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendations of the Special Committee and our Board of Directors," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Recommendation of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to Fairness of the Merger" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.
- (e) APPROVAL OF DIRECTORS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendations of the Special Committee and our Board of Directors," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Recommendations of the Special Committee," "Special Factors - Recommendations of our Board of Directors" and "Special Factors - Mr. Heyman and ISPH's Positions as

to the Fairness of Merger" is incorporated herein by reference.

(f) OTHER OFFERS. Not applicable.

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ITEM 9. REPORTS, OPINIONS, APPRAISALS AND NEGOTIATIONS

Regulation M-A
Item 1015

(a) - (c) REPORT, OPINION OR APPRAISAL; PREPARER AND SUMMARY OF THE REPORT, OPINION OR APPRAISAL; AVAILABILITY OF DOCUMENTS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Opinion of Lehman Brothers Inc.," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Opinion of Lehman Brothers," "Special Factors -Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "Special Factors - ISP's Forecasts" and "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," is incorporated herein by reference. The full text of the written opinion of Lehman Brothers Inc., dated November 8, 2002, is attached to the Proxy Statement as Annex B thereto and is incorporated herein by reference. The written materials presented by Lehman Brothers Inc. to the ISP Special Committee on November 6, 2002 are set forth as Exhibits (c) (2) through (c) (6) hereto and are incorporated herein by reference.

ITEM 10. SOURCE AND AMOUNTS OF FUNDS OR OTHER CONSIDERATION

Regulation M-A
Item 1007

(a) - (d) SOURCE OF FUNDS; CONDITIONS; EXPENSES; BORROWED FUNDS. The information set forth in the Proxy Statement under the captions "The Merger - Fees and Expenses of the Merger" and "The Merger - Financing of the Merger" is incorporated herein by reference.

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ITEM 11. INTEREST IN SECURITIES OF THE SUBJECT COMPANY

Regulation M-A
Item 1008

- (a) SECURITIES OWNERSHIP. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Special Factors - Background of the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger," "The Special Meeting - Voting Rights; Vote Required for Approval" and "Other Matters - Security Ownership of Specified Beneficial Owners and Management" is incorporated herein by reference.
- (b) (1) - (5) SECURITIES TRANSACTIONS. The information set forth in the Proxy Statement under the caption "Other Matters - Transactions in Capital Stock by Certain Persons" is incorporated herein by reference.

ITEM 12. THE SOLICITATION OR RECOMMENDATIONS

Regulation M-A
Item 1012

- (d) INTENT TO TENDER OR VOTE IN A GOING-PRIVATE TRANSACTION. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Interests of Directors and Executive Officers in the Merger," "Special Factors - Interests of Directors and Executive Officers in the Merger" "Special Factors - Specified Relationships Between ISP and Mr. Heyman" and "The Special Meeting - Voting Rights; Vote Required for Approval" is incorporated herein by reference.
- (e) RECOMMENDATIONS OF OTHERS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Recommendations of the Special Committee and our Board of Directors," "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Mr. Heyman and ISPH's Position as to the Fairness of the Merger," "Special Factors - Background of the Merger," "Special Factors - Recommendation of the Special Committee," "Special Factors - Recommendations of our Board of Directors," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger" and "Special Factors - Reasons for the Merger; Purpose and Structure of the Merger" is incorporated herein by reference.

ITEM 13. FINANCIAL STATEMENTS

Regulation M-A
Item 1010

- (a) FINANCIAL INFORMATION. The information set forth in the Proxy Statement under the caption "Summary Term Sheet - Selected Consolidated Financial Data of ISP" is incorporated herein by reference.

(b) PRO FORMA INFORMATION. None.

ITEM 14. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED

Regulation M-A
Item 1009

(a) - (b) SOLICITATIONS OR RECOMMENDATIONS; EMPLOYEES AND CORPORATE ASSETS. The information set forth in the Proxy Statement under the captions "Summary Term Sheet - Our Position as to the Fairness of the Merger," "Summary Term Sheet - Opinion of

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Lehman Brothers Inc.," "Special Factors - Background of the Merger," "Special Factors - Opinion of Lehman Brothers," "Special Factors - Special Committee's Position as to Fairness of the Merger," "Special Factors - Mr. Heyman and ISPH's Positions as to the Fairness of the Merger," "The Special Meeting - Solicitation of Proxies," "The Merger - Fees and Expenses of the Merger" and "The Merger - Financing of the Merger" is incorporated herein by reference.

ITEM 15. ADDITIONAL INFORMATION

Regulation M-A
Item 1011

(b) OTHER MATERIAL INFORMATION. The information set forth in the Proxy Statement, including all annexes and exhibits thereto, is incorporated herein by reference.

ITEM 16. EXHIBITS

Regulation M-A
Item 1016

(a) Definitive Proxy Statement filed with the Securities and Exchange Commission on November 27, 2002 (incorporated herein by reference to the Definitive Proxy Statement).

(b) None.

(c) (1) Opinion of Lehman Brothers Inc. attached as Annex B to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).

(c) (2) Materials presented by Lehman Brothers Inc. to the ISP Special Committee on September 18, 2002.

(c) (3) Materials presented by Lehman Brothers Inc. to the ISP Special Committee on September 27, 2002 (previously filed).

- (c) (4) Materials presented by Lehman Brothers Inc. to the ISP Special Committee on October 21, 2002 (previously filed).
- (c) (5) Materials presented by Lehman Brothers Inc. to the ISP Special Committee on November 6, 2002 (previously filed).
- (c) (6) Materials presented by Lehman Brothers Inc. to the Board of Directors of ISP on November 8, 2002 (previously filed).
- (d) (1) Agreement and Plan of Merger, dated as of November 8, 2002 by and among ISP and ISPH attached as Annex A to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
- (d) (2) Stockholder Voting Agreement, dated November 8, 2002, between ISP and Samuel J. Heyman attached as Annex C to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
- (e) None.
- (f) Section 262 of the General Corporation Law of the State of Delaware attached as Annex D to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
- (g) None.

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SIGNATURE

After due inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: February 7, 2003

INTERNATIONAL SPECIALTY PRODUCTS INC.

By: /s/ SUNIL KUMAR

Name: Sunil Kumar
Title: President and Chief Executive Officer

SAMUEL J. HEYMAN

/s/ SAMUEL J. HEYMAN

INTERNATIONAL SPECIALTY PRODUCTS
HOLDINGS INC.

By: /s/ SUNIL KUMAR

Name: Sunil Kumar
Title: President and Chief Executive Officer

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EXHIBIT INDEX

| EXHIBIT NO. | DESCRIPTION |
|-------------|--|
| (a) | Definitive Proxy Statement filed with the Securities and Exchange Commission on November 27, 2002 (incorporated herein by reference to Amendment No. 3 to the Definitive Proxy Statement). |
| (b) | None. |
| (c) (1) | Opinion of Lehman Brothers Inc. attached as Annex B to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement). |
| (c) (2) | Materials presented by Lehman Brothers Inc. to the ISP Special Committee on September 18, 2002. |
| (c) (3) | Materials presented by Lehman Brothers Inc. to the ISP Special Committee on September 27, 2002 (previously filed). |
| (c) (4) | Materials presented by Lehman Brothers Inc. to the ISP Special Committee on October 21, 2002 (previously filed). |
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ISP Special Committee on November 6, 2002
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- (c) (6) Materials presented by Lehman Brothers Inc. to the Board of Directors of ISP on November 8, 2002 (previously filed).
- (d) (1) Agreement and Plan of Merger, dated as of November 8, 2002 by and among ISP and ISPH attached as Annex A to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
- (d) (2) Stockholder Voting Agreement, dated November 8, 2002, between ISP and Samuel J. Heyman attached as Annex C to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
- (e) None.
- (f) Section 262 of the General Corporation Law of the State of Delaware attached as Annex D to the Definitive Proxy Statement (incorporated herein by reference to the Definitive Proxy Statement).
- (g) None.