



Strategic buys heat July market

BY PAUL J. MALIE

Strategic buyers led the way in the July merger and acquisition market, especially in the medical supplies arena. Private equity firm Clayton, Dubilier & Rice LLC and GS Capital Partners entered into an agreement to acquire Cleveland-based **HGI Holdings Inc.** HGI is the parent company of medical supply distributor Edgepark Medical Supplies. Also, **Primus Capital Funds** and Great Hill Partners LLC, looking to focus on cost-control and cost-effectiveness within the health care sector, acquired the rapidly growing and profitable SterilMed Inc., a leading reprocessor of single-use medical devices, surgical instruments, power tools, endoscopes and video equipment.

The technology sector was also a popular destination for strategic buyers. In a move to increase its support services, Cleveland-based **Warwick Communications Inc.** acquired the technology firm **ClearBlue Technologies LLC**, which provides support services throughout Northeastern Ohio. Warwick handles business communications and information technology.

Bird Technologies Group Inc., a Solon-based global supplier of radio frequency technology, acquired X-COM Systems LLC. The purchase of X-COM, a manufacturer of radio frequency equipment and military digital communications equipment, helps Bird Technologies increase its products and services offering. With the type of activity seen thus far in 2010, look for strategic buyers with cash to continue to drive the M&A market in the second half of the year.

But the activity didn't stop there. Manufacturing companies were also hungry for growth. Leading power management company **Eaton Corp.**, whose activity level in the M&A market slowed over the last few quarters, expanded its product offering by acquiring EMC Engineers Inc. EMC is a Denver-based provider of energy engineering and energy services for governmental, educational, commercial and industrial facilities.

Cleveland-based **Prestolite Performance LLC**, a maker of high-performance auto parts under brand names such as Hayes and Mr. Gasket, furthered its growth strategy by acquiring transmission and racing accessories manufacturer Quick-Time Inc. of Oskaloosa, Iowa. The move is intended to further cement Prestolite's presence in the auto racing industry. Finally, **The Timken Co.** expanded its high-performance applications and power transmissions capabilities by agreeing to acquire the business of QM Bearings and Power Transmission Inc. QM is a manufacturer of spherical roller bearing steel housed units. More manufacturing acquisitions may be on the horizon as companies look to add to their existing products and offerings. <<

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SELECTED MERGERS & ACQUISITIONS

Local companies in bold.

Deal data provided by Brown Gibbons Lang and Capital IQ.

Closed	Target	Buyer	Seller
July 30	Metreon	Westfield Group	Forest City Enterprises
July 27	QuickTime Inc.	Prestolite Performance LLC	—
July 26	X-COM Systems LLC	Bird Technologies Group Inc.	—
July 22	Heritage Casualty Insurance Co.	Hyatt Legal Plans Inc.	The Allstate Corp.
July 16	Grant Thornton LLP, Supply Chain Advisory Services Practice	KPMG LLP	Grant Thornton LLP
July 15	SterilMed Inc.	Great Hill Partners LLC; Primus	The Argentum Group; First Analysis Corp.; Sterling Partners; Prism Capital Corp.; Ascension Health Ventures LLC
July 15	Tropikal Bahce Ve Evcil Hayvan Urunleri Ticaret Ve Sanayi A.S.	The Riverside Co.	—
July 14	EMC Engineers Inc.	Eaton Corp.	—
July 13	Westport Independent Living at 8460 Westport Dr.	Randall Residences	The Home Savings and Loan Co. of Youngstown, Ohio
July 13	Allergy & Asthma Center of Northeast Ohio Inc.	Akron Children's Hospital	—
July 12	ProSchools Inc.	The Riverside Co.	—
July 8	Hartney Greymont Inc.	The Davey Tree Expert Co.	—
July 6	ClearBlue Technologies LLC	Warwick Communications Inc.	—
July 6	Veritext Corp.	Investcorp Bank B.S.C.	The Riverside Co.; National City Equity Partners LLC
July 2	Florida Marking Products LLC	The Kennedy Group Inc.	—
July 1	Taylor Lumber Inc.	Resilience Capital Partners LLC	—
July 1	Innovative Process Administration LLC	Mercer LLC	—
July 1	Vanliner Insurance Co.	National Interstate Corp.	—

Announced	Target	Buyer	Seller
July 27	HGI Holdings Inc.	Clayton, Dubilier & Rice LLC; GS Capital Partners	The Jordan Co.
July 26	SinglePipe Communications Inc.	Integrated BroadBand Services LLC	Chrysalis Ventures Inc.; The Innovation Group; Meritus Ventures L.P.
July 23	63 Applebee's Restaurants in Minnesota and Wisconsin	Apple American Group LLC	Applebee's Restaurants North LLC; Applebee's Restaurants Inc.
July 19	QM Bearings and Power Transmission Inc.	The Timken Co.	—
July 2	INR-1 Holdings LLC	Cliffs Natural Resources Inc.	INR Energy LLC

DEAL OF THE MONTH

Leading mining and natural resources company **Cliffs Natural Resources Inc.** continues to be very active in the merger and acquisition market and made another big deal in July.

In a move to increase its global coal production capacity, Cliffs agreed to acquire INR Energy LLC's West Virginia coal mining operations for \$757 million. This acquisition, which adds complementary high-quality coal products to Cliff's existing offerings, is expected to immediately contribute significantly to Cliff's EBITDA and cash flow generation. <<