

**From:** LBO Wire [djnewsletters@dowjones.com]  
**Sent:** Monday, March 06, 2006 7:45 AM  
**To:** Dai, Shasha  
**Subject:** LBO Wire, Monday, March 06, 2006



Monday, March 06, 2006

Prepared for: Shasha Dai, Dow Jones &amp; Co, shasha.dai@DOWJONES.COM

## Investors Predict Scramble For Slots In H.I.G. Capital Partners IV

H.I.G. Capital is expected to start raising a \$650M next effort in April. Slots will be hard to come by, given strong returns from the firm's previous funds. But investors say that H.I.G., which last raised a \$450M fund in 2002, will likely stick to its target to avoid the pressure of backing larger deals. »

### American Capital Buys Debt-Collection Firm For \$98M

Especially attractive was the branch that provides debt collection services for government agencies. »

### Main Street Capital Holdings Hopes To Contain Violence

It takes a majority of Nabco, the only U.S. company that makes containers for disposing of bombs. »

### Carlyle's Venture Arm Near Deal For Digital Camera Firm

Vision Research's cameras can capture images of fast-moving objects that traditional cameras can't. »

### Stapled Secondaries Link New LPs, Old GPs Firmly Together

General partners are finding new investors for their latest funds via LPs' sales of portfolios. »

## IN THE NEWS

### IN PLAY

- [Bank Holding Co. Greater Atlantic Puts Itself In Play](#)
- [Audio Tech Co. SRS Puts Asian Chip Ops On The Block](#)
- [Obsidian, Campbell Group Bid \\$1.3B For Longview Fibre Co.](#)

### DEALS

- [Seaport Buys Aquila's Telecom Ops For \\$85.7M](#)
- [American Capital Buys Behavioral Health Co. For \\$79M](#)
- [Providence, Goldman Buying For-Profit Co. Education Management](#)

### COLUMN

- [New NY Law Has Some Hidden Hazards For PE Firms](#)

### EXITS

- [Lincolnshire Sells Flatbed Trailer Maker For Respectable Return](#)
- [Allied Capital To Sell Majority Equity Interest in Advantage Sales](#)

### PEOPLE NEWS

- [Water Street Capital Names AI Heller Operating Partner](#)
- [David Katz Leaves Frontenac For GTCR Golder Rauner](#)

### LIMITED PARTNERS

- [Ohio Public Employees Selects Multiple PE Consultants](#)

### M&A

- [Verizon Could Be Spurred To Action By AT&T/Bellsouth Deal](#)

[Subscribe to LBO Wire](#)

## IN THE NEWS

[IN PLAY](#)
[DEALS](#)
[COLUMN](#)
[EXITS](#)
[PEOPLE NEWS](#)
[LIMITED PARTNERS](#)
[M&A](#)
[INTERNATIONAL](#)
[INDUSTRY NEWS](#)
[CORRECTIONS](#)

## INDEXES

[COMPANIES](#)
[INDUSTRIES](#)
[REGIONS](#)

## DEAL SIZES

- [Small deals](#)
- [Mid-market deals](#)
- [Large deals](#)

## TODAY'S METRICS

High-Yield Bond Prices Expected

LAST WEEK'S ACTIVE LEVERAGED LOANS					
The Week's Biggest Movers					
Biggest gainers and losers among widely quoted syndicated loans in secondary trading, in the week ended Feb. 24. (All are in the biggest movers among the 255 loans with at least five bids. All loans listed are in \$ mil. or \$ bil. or sold to institutional investors.)					
Name	Headly %/Yr. A*	Coupon	Maturity	(% chg. wk.)	(% chg. mo.)
Amgen	N.R.*/N.R.*	4.300	6/30/2009	98.87	0.17
Comcast/Comcast	N.R.*/N.R.*	4.400	7/23/2009	101.04	-0.11
Alled Health North America, Inc.	8.62/8.62	4.275	1/15/2010	101.33	0.10
American Continental Lines	N.R.*/N.R.*	4.450	6/30/2008	96.40	-0.45
Continental Cellular	8.00	4.375	1/15/2011	99.71	-0.81

Of more than 40 deals that the firm has backed through its two most recent buyout funds, at least 17 have generated net internal rates of returns in excess of 100%, according to an investor in the \$450 million H.I.G. Capital Partners III LP, the firm's previous fund, raised in 2002.

"They've hit so many home runs, they're the Barry Bonds of the small buyout industry," the investor said.

Among the firm's notable deals: the sale of Agere Inc., an investment from the \$255 million H.I.G. Capital Partners II LP, which returned more than eight times capital, according to one investor; and the recent sale of Oasis Outsourcing Inc., which Fund III bought for less than \$30 million in 2003 and is selling for less than \$150 million.

Investors predict that H.I.G. Capital will resist the temptation to dramatically increase its fund size, to avoid the pressure of having to back significantly larger deals. The firm typically invests in small and mid-sized businesses with annual revenue of up to \$500 million, focusing heavily on manufacturing and service industries.

That will likely leave little room for new investors. Investors in previous funds include Credit Suisse Group, Massachusetts Pension Reserves Investment Management Board, Liberty Mutual Insurance Group, PNC Equity Management Corp., TIAA-CREF, Tokyo Fire and Marine Insurance and Yale University.

In addition to its buyout business, H.I.G. Capital also has a venture capital affiliate that manages \$555 million across two early-stage funds and a distressed debt affiliate that manages a \$300 million fund raised in 2004.

Managing Directors Sami Mnaymneh and Tony Tamer co-founded H.I.G. Capital in 1993. The firm's investment team includes around 15 other managing directors, according to the firm's Web site. At press time, Mnaymneh was unavailable for comment.

Reach H.I.G. Capital at 305-379-2322.

<http://www.higcapital.com>

[E-mail this story](#) [Top](#) [Section Top](#)

MID-MARKET / ATLANTA

## American Capital Buys Debt-Collection Firm For \$98M

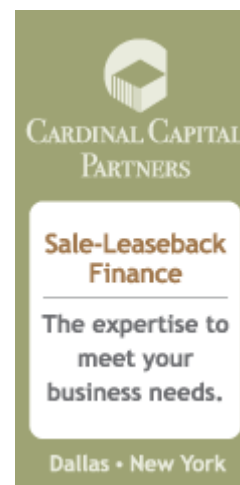
BY [SHASHA DAI](#)

### FINANCIAL SERVICES

3/6/2006 – American Capital Strategies Ltd. is the latest financial sponsor to plunge into the debt-collection industry - which has been seeing strong private equity interest over the last few months - with the purchase of Financial Asset Management Systems Inc. for \$98 million in debt and equity.

American Capital acquired 79% of Financial Asset Management, with the company's

[Refco Group](#)  
[Seaport Capital](#)  
[SRS Labs](#)  
[The Carlyle Group](#)  
[Transcraft](#)  
[Verizon Communications](#)  
[Vision Research](#)  
[Volkswagen](#)  
[Water Street Capital](#)  
[Weil, Gotshal & Manges](#)



### INDUSTRIES

[Automobiles & Parts](#)  
[Banks](#)  
[Basic Resources](#)  
[Chemicals](#)  
[Construction & Materials](#)  
[Financial Services](#)  
[Food & Beverage](#)  
[Healthcare](#)  
[Industrial Goods/Services](#)  
[Insurance](#)  
[Media](#)  
[Oil & Gas](#)  
[Personal & Household Goods](#)  
[Retail](#)  
[Telecommunications](#)  
[Technology](#)  
[Travel & Leisure](#)

management buying the remaining 21%. The publicly-traded mezzanine and buyout firm said its investment includes several tranches of financing including a revolving credit facility, senior term loan, junior debt and equity.

The sellers are the company's co-founders, R.T. Cardwell and T.M. "Pete" Nance, who unloaded their entire interest through the deal, according to Kaulkin Ginsberg Co., the investment banking firm that advised the sellers.

Founded in 1993, Atlanta-based Financial Asset Management has two business divisions. One unit helps the U.S. Department of Education recover defaulted student loans, and the other helps commercial clients such as banks and telecom companies retrieve debt. The company employs 500 people in four offices in Atlanta and St. Louis.

The deal was driven by the "convergence of factors on the macro-economic level," said Brian Greenberg, a Kaulkin Ginsberg managing director. American consumers, known for being spend-thrifts, are running up huge amounts of debt on such items as credit cards and phone bills, giving rise to the demand for debt-collection services, Greenberg said.

Creditors, meanwhile, are increasingly sending out collection work to third parties like Financial Asset Management to save costs and focus on core operations. Government agencies particularly, like the Internal Revenue Service, are driving the demand by awarding contracts to private debt collectors, Greenberg said. Indeed, it was Financial Asset Management's government business - which Greenberg called the "jewel of a contract" - that piqued American Capital's interest, he said.

The debt-collection industry also is coveted because it is largely populated by small companies, meaning plenty of opportunities for consolidation, Greenberg said.

Accordingly, debt-collection and accounts management companies have become popular acquisition targets, seeing a record \$1.7 billion in M&A activity last year, up from \$1.6 billion in 2004, Kaulkin Ginsberg said in a recent report.

Much of that activity was driven by private equity firms, such as American Capital, Brazos Private Equity Partners, Guggenheim Partners and KRG Capital Partners, which have all invested in the sector over the last seven months.

Reach American Capital at 301-951-6122; and Kaulkin Ginsberg at 301-907-0840.

<http://www.americancapital.com>

<http://www.kaulkin.com>

[✉ E-mail this story](#)

[⬆ Top](#)

[⬆ Section Top](#)

CANONSBURG, PA.

## Main Street Capital Holdings Hopes To Contain Violence

BY [MATTHEW MONKS](#)

3/6/2006 – Main Street Capital Holdings has taken a majority stake in Nabco Inc. -- the only company in the U.S. that makes heavy-duty containers for disposing of bombs

[Utilities](#)

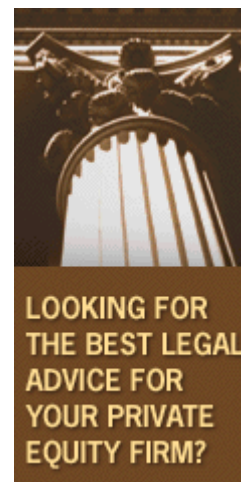
[Other](#)

---

### REGIONS

---

- [New England](#)
- [Mid-Atlantic](#)
- [Midwest](#)
- [Mountain](#)
- [West](#)
- [Southeast](#)
- [Southwest](#)




---

### YOUR ACCOUNT

---

[Change your e-mail address](#)

---

### TERMS OF SERVICE

---

This issue delivered to: [Shasha Dai](#), Dow Jones & Co and is intended for the sole use of that subscriber.

This subscription is subject to the [usage agreement](#) you agreed to upon subscription and may not be forwarded, copied or re-distributed.

---

### CONTACT

---

Send news items to [vweditor@dowjones.com](mailto:vweditor@dowjones.com)

For questions, complaints, or service queries, email us at [private.equity.support@dowjones.com](mailto:private.equity.support@dowjones.com)

For further information or for