

MERGERS & ACQUISITIONS

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Lender of the Year

The Mid-Market's Bellwether

GE Capital was officially back last year, tackling new deals while refinancing old ones

By Danielle Fugazy

Deal pros have a saying in the middle market: As goes GE Capital, so goes M&A. And as debt returned to the deal landscape last year, a familiar face was leading the charge.

"As we approached 2010, many of the commercial banks were still working through their issues, and as a result, we were well-positioned and approached the year with cautious optimism," says John Martin, chief executive officer of GE Antares Capital, the middle-market leveraged loan business within GE Capital.

Indeed, that cautious optimism translated into 160 new deals in 2010, 70 of which closed during the fourth quarter. Martin, who assumed the CEO post last year after formerly serving as chief risk officer, says simply, "We were very busy."

Anecdotally, that is a result of GE Capital's efforts during the downturn. As one example, the firm led an effort to help finance Kohlberg & Co.'s acquisition of Centerplate in the middle of the crisis in late 2008. GE worked with Centerplate's existing creditor group, and orchestrated a deal in which Kohlberg could offer a partial pay-down in exchange for revised terms and an extension on the maturity. Everyone won.

When Centerplate looked to acquire Boston Culinary Group in early 2010, the company again turned to GE, this time for new acquisition financing. According to Samuel Frieder, a managing partner at Kohlberg, the decision was easy thanks to the efforts in 2008. "GE Antares viewed themselves as a partner in the transaction, while some other lenders tend to take a less relationship-driven view," he says.

Whether GE Capital was a beneficiary or driver of the deal market last year could be up for debate. Either way, the firm more than doubled its volume of new deals from 2009 and tripled its business in terms of capital put to work. The firm finished out the year as the

2010 US middle market leader with 18% of the marketshare, according to Thomson Reuters LPC.

GE Antares, meanwhile, expanded on its Senior Secured Loan Program (SSLP), jointly managed by Ares Capital. It increased the capital available for lending through the program from \$3.6 billion to \$5.1 billion, giving the firm the wherewithal to compete against a recuperating lender universe that targets all areas of the capital structure. The program is designed to compete against the likes of Golub Capital and other mid-market lenders that provide single-loan financings made up of senior, second lien, subordinated and other debt securities. Last year, the program made approximately \$2 billion in commitments. Among the financings, GE and Ares backed Vestar Capital Partners' recapitalization of healthcare information company Press Ganey Associates and American Securities' recap of United Central Industrial Supply, a mining supply distribution company.

Martin calls United Central "a good example" of the types of deals GE is looking for. "They have a great management team with a diverse product line and customer base, solid free-cash-flow dynamics, and a track record of consistent performance," he describes.

GE Capital also made a name for itself tackling some of the tougher credits. It followed up on a robust 2009 with more than \$1.5 billion committed to restructuring deals last year, according to a story in Reuters. Its December package for Vertis Holdings was a typical effort, as the firm served as administrative agent for a \$200 million debtor-in-possession facility and \$175 million plan of reorganization facility for the marketing communications company. GE was also there when Neff Rental, Allied Holdings and Muzak faced restructurings. It all, in 2010, hearkened back to the conglomerate's old slogan: "We bring good things to life." **MA**



GE Capital's Michael Neal saw his fortunes improve in 2010.

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