

# The Daily Deal

## Chrysalis buys paper distributor

by Kelly Holman, 1/4/06

Chrysalis Capital Partners LP said Jan. 3 it has acquired paper distributor Central Lewmar LP from its family owners in what a source said was a deal valued at close to \$200 million.

While terms weren't disclosed, GE Capital Corp. provided \$165 million in debt financing to support Chrysalis' purchase of Newark, N.J.-based Central Lewmar — which also is a distributor of packaging materials — and its direct marketing affiliate, Strategic Paper Group LLC.

A 107-year-old business with 13 divisions and 9 retail locations, the target employs more than 600 workers. As a result of the acquisition, it has been renamed Central Lewmar LLC.

Greg Segall, managing partner of Chrysalis Capital Partners, said the company's future hinges on "Leslie Stern's vision" to grow a business that hadn't fully exploited its growth opportunities.

Stern, a former chief executive of National Envelope Corp., was named president and CEO of Central Lewmar, replacing Donald Berkowitz.

Segall declined to comment on the company's historic Ebitda performance, but he said Central Lewmar generates more than \$800 million in annual revenue.

The company has a strong geographic presence in the Northeast, and Stern said other geographic markets offer new business prospects. He declined to elaborate, citing competitive concerns.

The buyout marks the first deal that Chrysalis — a Philadelphia-based firm that invests \$10 million to \$30 million of equity per transaction — has executed as a sole private equity sponsor.

In 2004, Chrysalis participated as a co-investor in the \$1.2 billion acquisition by Sun Capital Partners Inc., Cerberus Capital Management LP and Lubert-Adler Management Inc. of Hayward, Calif.-based Mervyn's department store from Target Corp.

Like Sun Capital and Cerberus, Chrysalis focuses on special situations such as restructurings and turnarounds, as well as recapitalizations. The firm is raising its first fund and has already attracted more than \$280 million, a source said.

Besides Segall, Chrysalis' deal team included partner Paul Halpern, principal William Quinn and associate Michael Koffler.

Blank Rome LLP partner Lawrence Flick II was counsel to Chrysalis, which took accounting advice from KPMG LLP. Morgan Joseph & Co. bankers S. Randy Lampert and Seth Lemler were financial advisers to Leslie Stern. Gibbons, Del Deo, Dolan, Griffinger & Vecchione PC director Michael Lubben was counsel to Central Lewmar.

Central Lewmar announced the deal to its employees last month.