

## **Merger of Arrowhead Brass Products, LLC and Champion Irrigation, LLC August 2006**

### **About Arrowhead Brass Products**

Founded in 1936, Arrowhead Brass Products, LLC (“Arrowhead” or the “Company”) is the leading domestic manufacturer of premium rough brass plumbing products. The Company has developed a tremendous reputation among plumbing wholesalers, contractors and independent sales representatives by producing the highest quality, most reliable brass plumbing and irrigation valves and related products in the industry.

### **Transaction Background**

Caltius Equity Partners, a Los Angeles based premier private equity investment firm, retained The Mercanti Group to serve as its exclusive financial advisor based upon Mercanti’s outstanding M&A execution capabilities and significant wholesale plumbing expertise. Having previously served as exclusive financial advisor to Todd Pipe & Supply in its sale to Hughes Supply and Indiana Plumbing Supply in its sale to Ferguson Enterprises, Mercanti was able to leverage its industry and market knowledge to best position the Arrowhead opportunity.

### **Transaction Process**

As a sophisticated investor, Caltius collaborated with Mercanti in order to maximize value through a well-constructed and executed marketing process limited to strategic buyers and financial buyers with strategic considerations. Based upon certain factors including valuation, the level of due diligence required and the opportunities for the Company and Caltius going forward, Mercanti assisted Arrowhead’s shareholders in negotiating a merger with Champion-Irrigation, LLC (“Champion”).

Champion is a designer, marketer and manufacturer of a full-line of irrigation products for the residential and commercial markets.

### **Successful Transaction Outcome**

Mercanti successfully negotiated a combination of Arrowhead and Champion on highly favorable terms to Arrowhead’s shareholders, who received both liquidity and ownership in the combined entity. The transaction combines two companies with well known brands in separate industries and creates significant cross-selling opportunities.

