Companies Reach $276M Deal

Kimberly-Clark is planning to buy I-Flow, adding technology to its portfolio of pain management and surgical solution products

DALLAS (AP) — Kimberly-Clark Corp. said Friday that it will add higher-margin medical devices to its health care unit by purchasing health care company I-Flow Corp. in a cash deal valued at approximately $276 million excluding acquired cash and cash equivalents.

Kimberly-Clark, maker of Huggies diapers and Kleenex tissues, will start a tender offer to buy all of Lake Forest, Calif.-based I-Flow's outstanding stock at $12.65 per share, or about $324 million. The per share price represents an 8 percent premium to I-Flow's Thursday closing price of $11.76.

"I-Flow will increase our medical device sales by more than 50 percent, add an innovative and successful technology to our growing portfolio of pain management and surgical solution products, and strengthen the depth and breadth of our sales force," Joanne Bauer, president of Kimberly-Clark Health Care, said in a statement.

The planned acquisition follows a Monday announcement by Kimberly-Clark in which the Dallas-based company said it bought Baylis Medical Co.'s pain management business for an undisclosed sum. The Baylis acquisition is being looked at as a way for Kimberly-Clark to boost its standing in the chronic spinal pain management market. Kimberly-Clark's health care division — which provides products and educational resources to help prevent, diagnose and manage various healthcare-related infections — has exclusively distributed Baylis Medical's pain management products in the U.S. since 2001.

Both companies' boards have unanimously approved the I-Flow deal, which is targeted to close in the fourth quarter. The acquisition is expected to add to Kimberly-Clark's earnings starting in 2011.

I-Flow shares advanced 87 cents, or 7.4 percent, to $12.63 in premarket activity. The stock has ranged from $2.01 to $12.95 over the past year.

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