

ACG

chairman's letter

Perspective on the New Dealmaking Cycle



By T. Patrick Hurley

Nearly everyone is back from vacation and ready to launch new deals that can still get done before 2006 is in the history book. For many of us, the back-to-school season still marks a time for new beginnings and high hopes.

Not that the summer stretch was all vacation. Deal action remained as hot as afternoon boardwalks, and box scores were good for transactions of all types and sizes. It's just that the fall forces us to realize that another year will soon be gone.

This summer, Apollo Advisors agreed to pay \$2.25 billion for Berry Plastics. Apollo's founder, Leon Black, was a tenth-grader when "The Graduate" hit the movie screen and Walter Brooke said to Dustin Hoffman, "I want to say one word to you, just one word, son — plastics."

Warner Music's board rejected EMI's cash offer this summer and has since dipped over \$1 billion in market cap. Tony Bennett just turned 80 and is still crooning "For Once in My Life," which he first sang before Warner's chairman and CEO, Edgar Bronfman, was born.

KKR topped its RJR buyout with its recent bid for HCA, while rest and relaxation was on the minds of most folks. Plenty of today's prominent private equity players hadn't been to pre-school when Kravis and Roberts started their first fund back when hedge funds conjured thoughts of lawn care, not finance.

ACG crossed the 10,000 mark this summer

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while some worried that the Dow might slip under that level. Storm clouds gathered as interest rates crept up, and the economy cooled while hot spots around the world renewed a variety of concerns.

Globalization teaches us that we must look at commerce through new lenses and plan carefully to adapt to new realities. Our first ACG Europe Capital Connection was held in Vienna a few months ago and plans are underway for events in Hong Kong and Suzhou later this year.

ACG continues to fine-tune its headquarters operations to streamline administration and speed up the technology upgrade. Please support

CEO Dan Varroney in this effort so we can all benefit. The fourth quarter is chock full of events, and InterGrowth 2007 plans are in motion.

What's in store depends on what we bring to the table. Fortunately, we can draw on an extraordinary pool of talent and experience. Hopefully, a little luck will help us all score well.

Endless possibilities make the inevitable setbacks mere obstacles along the course to great rewards. We will prevail and thrive because we will not rest until we do.

Whether you are in this for the long haul or can't wait to graduate, there are many relationships to nurture, competitive situations to brave, problems to solve, compromises to make, deals to be done, and victories to savor.

As a new school year begins for our children, we have a new deal cycle, and the bell is ringing.



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