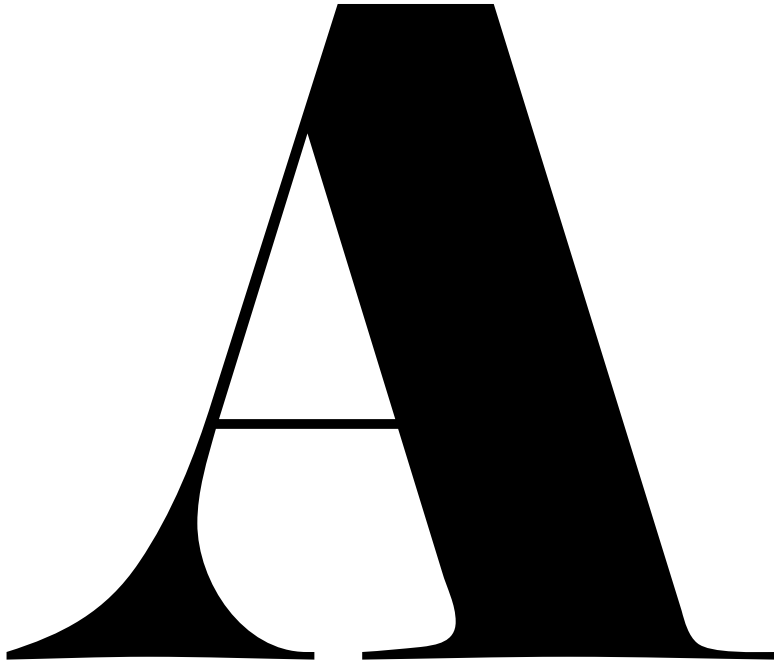


CAPITAL

Institutional Investor



AS A YOUNG ASSOCIATE IN THE MID-1980S AT ACCOUNTING firm Deloitte Haskins & Sells, Kenneth Berliner happened upon an assignment that changed his life.

“The first personal tax return I did was for this guy named George Roberts,” Berliner recalls, referring to the co-founder of giant private equity firm Kohlberg Kravis Roberts & Co. “I didn’t know what George Roberts did, but I knew that whatever he did, that was something that I wanted to try.”

The closest he was able to get to Roberts’s profession was investment banking. Berliner left Deloitte and went to Harvard Business School, in between stints in M&A at Bank of America in San Francisco and Salomon Brothers in New York. Shortly after leaving Salomon, in 1991, a friend introduced him to Peter Solomon, the former Lehman Brothers partner and star retail-industry banker who had recently started his own boutique advisory shop. Seventeen years later, Berliner, 48, is responsible for the bulk of Peter J. Solomon Co.’s operations as his mentor begins to assume a less active role at the firm.

As president of the boutique, Berliner is intimately involved in deals. About half his time is spent advising retail companies, in keeping with the firm’s long-standing focus, and he is preparing for activity in the sector to heat up as economic growth slows.

“Our backlog has never been better,” Berliner says, adding that a tough retail environment should drive companies in the industry to evaluate their strategic options. “If somebody’s stock is down 30 percent over the last three months, he is much more concerned with what to do about it than if his stock is up 30 percent.”

Among the firm’s big retail clients is drugstore chain Walgreen

Co., which tapped Berliner and his colleagues to advise on its largest-ever acquisition — the September purchase of specialty pharmacy services provider Option Care for \$760 million.

“Ken is not a man of many words, but the words he does use when he speaks are pretty strategic and very actionable,” says Robert Zimmerman, vice president in charge of corporate development at Walgreen. Zimmerman notes that although Berliner was not afraid

to contradict executives at the Deerfield, Illinois-based company, he always did so professionally and with a compelling suggestion for an alternate course of action.

The Option Care deal, a rare foray by the retailer into a home-health-care-related business, suited Berliner’s talents especially well. His mother wanted him to be a doctor, but at Duke University he switched out of premed to study economics and accounting — training that landed him at Deloitte after graduation.

Solomon’s firm also attracts an impressive share of non-U.S. clients. It represented Istithmar Group, an investment arm of the Dubai

The Retail Doctor Is In

Peter J. Solomon Co.’s Kenneth Berliner almost became a physician instead of a banker. That training may come in handy if an ailing U.S. consumer infects his clients.

●● BY DAN FREED



government, in its \$942 million acquisition of Barneys New York in September. It is also advising Redcats USA, a subsidiary of Paris-based luxury retailer PPR, on its \$200 million purchase of United Retail Group, an agreement reached in September.

Berliner, who credits Solomon with teaching him most of what he knows about investment banking, is the likeliest candidate to lead the firm once its founder decides to hang up his pinstripes. Solomon, however, isn’t planning to retire anytime soon. “There is no one in my life who would like me to cut back, including my wife,” quips the 69-year-old banker.

And Berliner, for his part, may not be chasing the dream that began with George Roberts’s tax return for the rest of his life. Going to medical school, for instance, is something he still thinks about. “I hope I’ll do this for a while longer,” he says. “But do I have a desire to go out at some point in time and do something different? Sure.”



Once buyout titan George Roberts's accountant, Kenneth Berliner is now a serious deal maker in his own right