

MADISON DEARBORN TO BUY NFP \$1.3 BILLION

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Private-equity firm Madison Dearborn Partners LLC has agreed to buy National Financial Partners Corp. (NFP) for \$1.3 billion, the companies said today.

The deal, which includes debt that can be converted into stock, works out to \$25.35 a share. The sale, which is expected to close in the third quarter, is subject to the approval of NFP shareholders.

The transaction will end something of a roller coaster ride for NFP as a public company. The company went public at \$23 a share in 2003, and at one point in 2008, the aggregator of insurance, corporate benefits and wealth management firms was trading for less than \$1.

Meanwhile, Jessica Bibliowicz, the company's chief executive and daughter of financier Sandy Weill, who has led NFP since 1999, plans to step down next month.

NFP's board plans to appoint Douglas Hammond, NFP's president and chief operating officer, as the next CEO.

Observers said the transaction is another example of how private-equity firms increasingly are looking to take stakes in the wealth management industry.

Madison Dearborn is "one of the old-line [private-equity] firms that has grown over the years to quite significant size," said **Dan Seivert, CEO of Echelon Partners**, a mergers-and-acquisitions firm.

"These public-to-private transactions are just one type of opportunity they look for," he said. "It's almost like a relief package, to take a company out of the burden of being public, [which] can be an impediment to growth because you're looking to the next quarter instead of the long-term growth strategy."

Madison Dearborn, based in Chicago, has raised six funds with more than \$18 billion since it was founded in 1992.

Mr. Seivert said the firm isn't known as an active buyer of financial services companies, but it does have a stake in Nuveen Investments Inc.

NFP was launched in 2000 with the goal of acquiring registered investment adviser firms but has since done acquisitions of corporate-benefits and insurance firms, said David DeVoe, managing partner at DeVoe & Co., a consultant.

"The investment from a private-equity firm could potentially help [NFP] re-engage in that strategy" of buying wealth managers, Mr. DeVoe said this month when news emerged that Madison Dearborn was one of the final bidders for NFP.

NFP gets almost half its revenue and two-thirds of its profits from its corporate-client group, which provides employee benefit services to middle-market companies.

Last summer, NFP acquired Fusion Advisor Network, which has 240 advisers, bringing NFP's retail-wealth-management business to about 1,700 adviser

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ECHELON Partners (ECHELON) was formed in 2001 to offer investment banking and consulting to a subset of the financial services industry known as “investment product developers and distributors” (IPDADs). Since that time, ECHELON’s professionals have helped hundreds of senior executives envision, initiate, and execute a multitude of complex business strategies and transactions. ECHELON’s business is making companies more valuable through delivering advice and orchestrating transactions. Accordingly, ECHELON measures its success in the enterprise value it creates for its clients. Companies that strive to outperform their peers choose to work with ECHELON because we are as passionate about their results as they are.

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