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Daily Market Activity Spotlight

Hilton Matchmaker Moelis Basks in Spotlight

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Just four months after jumping ship at UBS, rainmaker Ken Moelis is taking the M&A business by storm.

His Los Angeles-based Moelis & Co. kicked off the second half of the year in style this month by landing a role in one of the hotel industry's biggest buyouts ever. The firm advised Hilton Hotels in its \$26 billion acquisition by Blackstone.

Moelis has been hammering out the blockbuster hotel transaction for months. The deal started taking shape when he was still with UBS, but engagement letters he signed with Hilton allow him to get credit for his work on the transaction.

"Ken Moelis is the consummate banker," says Jonathan Gray, co-head of Blackstone's real estate division. "He understands that transactions are about more than just numbers," Gray adds. He declined to discuss specifics about pending transactions.

Indeed, it's Moelis' relationship with Hilton CEO Stephen Bollenbach that played a key part in getting the Blackstone deal done. The pair have known each other for decades. Bollenbach declined to comment on his relationship with Moelis, via a spokeswoman at the hotel company's Beverly Hills, Calif., headquarters.

Known for his formidable Rolodex, Moelis left UBS after working there for seven years, reportedly because he was unhappy with the big Swiss financial institution's direction.

Sources who have spoken to Moelis tell *TheStreet.com* that the veteran banker left UBS in part because he believes investment banks in general lack direction and create too many conflicts of interest for their clients.

"There's a market for someone who understands M&A and who's not also trying to ... sell you a loan," says the person familiar with Moelis.

Moelis did not return calls for an interview.

The Hilton deal comes as UBS chief Peter Wuffli was stripped of his duties in favor of Marcel Rohner, who has been charged with leading the firm.

Moelis' departure was a big blow, especially because he took some UBS senior execs along for the ride. The

defections notably included 38-year-old Navid Mahmoodzadegan, who announced last Friday that he was heading out to join his mentor. Further challenging UBS is the recent loss of other executives, including global investment banking co-head Jeff McDermott.

"We continue to have a strong group of professionals in our investment bank and we continue to attract talented bankers to our team," says a UBS spokesman.

Many observers are viewing UBS as a takeover target if it does not manage to effectively combine its assets management units and investment banking.

All the strife surrounding UBS might prove an optimal entry point for a new M&A start-up.

Moelis has had a storied Wall Street career. He and McDermott worked at Drexel Burnham Lambert with Michael Milken from 1976 to 1990, when Moelis was hired as co-head of Donaldson Lufkin Jenrette's Los Angeles investment banking group. DLJ later was acquired by Credit Suisse.

In addition to Bollenbach, Moelis is chummy with a number of high-profile execs. That includes corporate raider Carl Icahn, who has jokingly referred to the banker "Mollusk," playing on his last name, in order to unsettle him during a negotiation. Moelis is also a huge online Scrabble player.

The Hilton deal, once it's completed, will be a tough first act to follow. But Moelis has high hopes for his M&A shop.

The firm is expected to be a multifaceted financial institution with an advisory arm and eventually investment management capacity akin to Lazard. The Los Angeles company also will look to open an office in Manhattan in the future, says a person familiar with Moelis' plans.

Similar to firms such as Greenhill & Co., launched in the 1980s by Bob Greenhill, Moelis' firm is emerging as a possible rival to other bigger M&A shops.

"He is able to bring people together despite complex issues and differing objectives," Blackstone's Gray adds. "I have no doubt that he will build a great firm."