

LPL Completes Debt Transaction, Starts Accelerated Share Repurchase Program

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November 30, 2015



LPL Financial Holdings Inc. (NASDAQ: LPLA), the parent of retail investment advisory firm and independent broker-dealer LPL Financial LLC, completed a debt transaction and entered into an accelerated share repurchase program.

“I’m pleased to announce several steps we have taken to execute on our previously announced leverage and share repurchase plans,” said Matthew Audette, chief financial officer. “As planned, we raised new debt of \$700M, amended our covenants to enable higher leverage, extended the maturity of a significant portion of our existing credit facilities, and used \$150 million of the proceeds to fully pay off our revolver. With our debt transaction now completed, we are moving forward in deploying the proceeds in connection with our previously announced \$500 million share repurchase program. And our first step is a \$250 million accelerated share repurchase plan.”

On Nov. 20, 2015, the company’s subsidiary LPL Holdings, Inc. entered into \$700 million of new term loans due



November 20, 2022 and extended \$631 million of its existing term loans to March 29, 2021. As amended, the maximum permitted net leverage covenant is 5 times adjusted EBITDA until January 1, 2017, when it decreases to 4.75 times. Following the debt transaction, LPL Holdings now has a net leverage ratio of 3.7 times. The minimum interest coverage covenant remains at 3 times adjusted EBITDA. LPL Holdings has a \$400 million revolving credit facility, which is now currently undrawn, and the company has more than \$200M in cash available for corporate use.

LPLH incurred approximately \$21 million of debt issuance costs, including \$7 million of original issuance discount. The vast majority of the \$21 million of debt issuance costs are expected to be capitalized and amortized over the life of the loan.

The debt transaction was managed by an arranger group of eight banks led by J.P. Morgan Securities LLC. Following the debt transaction, credit rating agencies Moody's and S&P each assigned LPLH a stable outlook with ratings of Ba3 and BB- respectively.

On Nov. 24, 2015, the company entered into a \$250 million accelerated share repurchase program with Goldman, Sachs & Co. The company estimates this program will take several months to complete.

LPL Financial, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ:LPLA), is a leader in the retail financial advice market and currently serves \$462 billion in advisory and brokerage assets. LPL is one of the fastest growing RIA custodians and is the nation's largest independent broker-dealer (based on total revenues, Financial Planning magazine June 1996-2015). The company provides proprietary technology, comprehensive clearing and compliance services, practice management programs and training, and independent research to more than 14,000 independent financial advisors and more than 700 banks and credit unions. Advisors associated with LPL also service an estimated 40,000 retirement plans with an estimated \$115 billion in retirement plan assets, as of September 30, 2015. LPL also supports approximately 4,300 financial advisors licensed and affiliated with insurance companies with customized clearing, advisory platforms, and technology solutions. LPL Financial and its affiliates have 3,413 employees with primary offices in Boston, Charlotte, and San Diego.