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NEWS RELEASE

LPL ASSUMES IPO PRICE OF \$28.50 PER SHARE

November 4, 2010

Originally Published By James J. Green & Janet Leveaux, AdvisorOne

LPL Financial, the largest independent broker-dealer, filed an amended Form S-1 with the SEC on Wednesday that assumed an IPO price of \$28.50 per share for 17,176,195 shares of common stock, though it did not set a date for its much-anticipated IPO.

The \$28.50 price is midway between the \$30/share and \$27/share range the company said in its filing that it expected at the time of its offering. At a \$30/share price, the 17 million shares -- which represent the publicly traded minority stake in the firm -- would be valued at \$515.28 million.

Private equity firms Hellman & Friedman LLC and TPG Group each own a 36% stake of LPL Financial. After the IPO, their respective stakes will shrink to about 31.5%, analysts point out, and the company should have some 107 million shares outstanding.

The company, led by Chairman Mark Casady, said it expected its stock to be listed on the Nasdaq Global Select Market with the ticker LPLA.

LPL executives were not available to comment, citing its quiet period.

"I'd assume they will price at the top of their range and be far oversubscribed," said Chip Roame, head of the financial-services consultancy Tiburon Strategic Advisors. "It's a great story about capturing the independent advisor wave."

The IPO gives LPL Financial funding for future growth, Roame says. It also allows the broker-dealer to acquire other firms now "on the cheap and then go 'further public' later at a higher market valuation. It's simple economics, and it's smart," he said in a phone interview on Thursday.

In the filing, LPL touted the growth in its representatives from "3,596 advisors in 2000 to 12,017 as of September 30, 2010, representing a CAGR of 13.2%," though the filing says that past growth "does not guarantee that we will attract advisors at comparable rates in the future."

Lead underwriters for the offering are Goldman, Sachs; Morgan Stanley; Bank of America/Merrill Lynch and JPMorgan Chase; the filing said the underwriters will be able to purchase up to an additional 1.56 million shares from LPL Investment Holdings Inc. and "one of our stockholders."

While not yet a public company, LPL has for some time been releasing corporate financial results. In late October, LPL Investment Holdings released earnings from the third quarter of 2010 and reported net income of \$26.1 million, or 26 cents a share, compared to a loss of \$1.5 million, or 2 cents a share, in the third quarter of 2009.

The total number of financial advisors affiliated with the company as of Sept. 30, 2010, was 12,017, down slightly from 12,027 last year and 12,066 in the second quarter of 2010. This puts it behind Morgan Stanley, Bank of America-Merrill Lynch and Wells Fargo Advisors in the bragging rights for most FAs, but ahead of Ameriprise Financial and UBS-Americas. LPL said it added 128 new advisors to its ranks over the prior 12 months, excluding attrition in the fourth quarter of 2009 related to the consolidation of certain affiliates.

At the time the results were announced, Roame said in an interview that "Because the markets are so crazy, the number of advisors moving firms is down" across the broker-dealer industry. "It's just not a good time for advisors to tell their clients they're going to make a move."

In addition, LPL Financial has been busy acquiring National Retirement Partners, which has about 350 advisors, for \$27 million this past summer, and further integrating advisors from the three Pacific-Life broker-dealers it bought in 2007 for \$100 million.

While the broker-dealer's revenue growth record for the past five years hasn't been stellar due to the wild financial markets and other factors, LPL has held its own with organic growth and acquisitions, says **Daniel Seivert**, CEO and managing partner of **Echelon Partners**, an investment bank and consulting firm in Manhattan Beach, Calif.

"LPL is a wonderful story," Seivert said in a phone interview Thursday. "But it has to prove it can keep it up and provide [investors] with a high rate of return."

Both Roame and Seivert think that the broker-dealer's prospects of staging a successful IPO are good. "Those who invest in the LPL IPO believe two things: First, the movement of independence will continue, and, second, the independent firms will learn to help their reps grow bigger," Roame said.

ABOUT ECHELON PARTNERS

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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