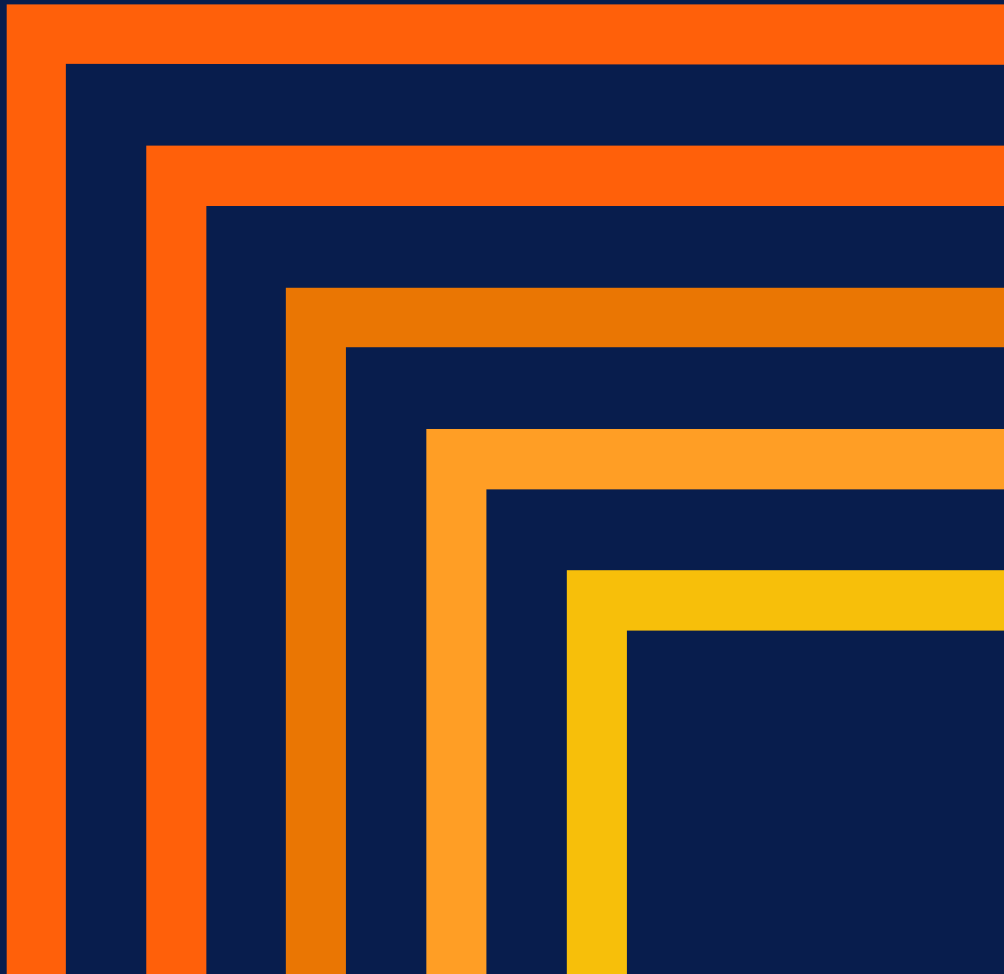


LETTER OF INTENT TIP SHEET

M&A SOLUTIONS

Premium Buyer Program



Letter of Intent Tip Sheet

M&A Solutions

Best Practices for Submitting an LOI

A Letter of Intent (LOI) is a non-binding formal letter completed by the buyer and addressed to the seller, with the purpose of declaring preliminary commitment to purchase their business. A properly submitted LOI should consist of both economic considerations and buyer-fit considerations. Below you will find tips on how to best complete the LOI letter.

This section will be pre-filled. It's important to keep the seller's objectives in mind as you prepare the LOI.

Answer these four questions in full detail and explain why you're the most attractive and qualified buyer for this practice.

Ensure you're aware of the LOI deadline date and who to send it to. LOIs that are received after the deadline date will not be accepted.

REQUEST FOR LETTER OF INTENT (LOI)

CONFIDENTIAL—delivered via email

Dear Interested Buyer;

We appreciate your interest in a prospective transaction with _____ ("The Seller"). The Seller believes that a partnership would be mutually rewarding and beneficial. As such, we are pleased to invite you to submit a non-binding Letter of Intent ("LOI") for an acquisition of The Seller's LPL business. We recognize that your LOI will be based on the materials that you have been provided to date, and that you may require additional due diligence to arrive at a final proposal, including additional conversations with The Seller.

As you prepare your LOI, please consider The Seller's primary objectives for a transaction:

- 1.
- 2.
- 3.

Keeping these objectives and your previous conversation with The Seller in mind, please address the following matters:

1. **Transaction Rationale:** Why is this transaction of interest and how does it fit with your initiatives in wealth management? Please highlight any perceived business synergies with The Seller. Specifically, are there additional resources within your organization that The Seller could leverage with respect to business development, operational/administrative efficiency, or other areas? How does The Seller's geography tie in to your overall growth strategy?
2. **Pricing and Transaction Structure:** Please provide a description of the proposed structure and economics of your proposal, including overall purchase price and any underlying assumptions, cash consideration payable at closing and, if applicable, any contingent payments, escrow or earnout payments, or other forms of consideration.
3. **Proposed Integration Plans:** Please describe to what extent The Seller would remain involved in the transition of the clients or be integrated with your organization. If your intention is to integrate The Seller, please provide details on the timeline for integration, including compensation and incentive programs, as well as The Seller's brand.
4. **Financing:** Please indicate your anticipated sources of financing, including financing contingencies, if applicable.

Please refer to information provided to you by LPL's M&A Solutions team that can help you to assist in constructing your LOI along with the previous discussion you've had with The Seller.

We ask that you submit your LOI via email to LPL's M&A Solutions team on or before **DEADLINE DATE**. Recipients: MA.Solutions@lplfinancial.com

Upon receipt, LPL's M&A Solutions team intends to promptly forward the LOI to The Seller, reach out to clarify points if necessary, and/or provide an update on next steps. This process is limited to a handful of select parties, and the intention is to identify a buyer that best aligns with The Seller's strategic objectives.

The Seller expressly reserves the right, at its sole discretion, to accept or reject your LOI without specifying reasons therefor, to alter or terminate this process and/or any discussions with you at any time, or to negotiate with any other party with respect to any transaction involving The Seller.

You are reminded that this letter, the information provided to you as well as past and future discussions regarding a transaction or The Seller are and will be subject to the Mutual Confidentiality Agreement executed by you and The Seller.

Sincerely;

M&A Solutions

Think about your game plan as it relates to structuring the deal. Click here to learn more about [Common Deal Structures](#).

It's acceptable to list multiple sources of funding. Examples include personal capital, external lenders, or the LPL Acquisition Loan Program.



Letter of Intent Tip Sheet

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Additional Tips

Below you will find additional tips on how to best complete the LOI letter. As mentioned earlier, a properly submitted LOI should consist of both economic considerations and buyer-fit considerations.

1. Seller's Objectives

Be sure to keep the seller's objectives top of mind as you complete the LOI letter. Doing so will likely resonate better with the seller.

2. Value Proposition

Explain in detail why you're the most attractive and qualified buyer for this practice. Set aside some time to complete your value proposition statement.

3. Length of an LOI

Successful LOIs typically comprise of several paragraphs (or pages) in a detailed, but concise, manner. It's a common misconception that an extensive LOI will resonate better with the seller.

4. Strategic Vision

How does your strategic vision align with acquiring this practice? Provide specific examples and elaborate on your personal goals.

5. Review

Review the LOI before submitting to assure you have addressed the seller's objectives as best possible. Failing to do so could cause your LOI to be disregarded by the seller.

Next Steps

Once you have successfully submitted your Letter of Intent and the deadline date has passed, the seller will then take some time to review the LOIs received. Afterward, the seller will respond to select buyers with any clarifying questions on proposed terms and price mentioned in the LOI; or negotiate the proposed terms and price before choosing their ideal successor. Please note there are scenarios when the seller receives a particular LOI that is ideal and best-fit and no extra negotiating or questions are needed. If you are selected as the preferred buyer, you and the seller will then enter the execution stage and work together on transitioning the business.