



NPC International cuts TL pricing

A Barclays Capital-led arranger group this morning cut pricing on the \$375 million term loan backing the buyout of **NPC International** ahead of today's 5:00 p.m. EST commitment deadline, sources said.

Pricing on the seven-year loan, which was met with strong demand from accounts, was tightened to L+525, with a 1.5% LIBOR floor and a 98 offer price, sources said. By comparison, the seven-year loan was originally talked at L+550, with a 1.5% LIBOR floor and an offer price in the 97 area. As before, the loan is covered by a 101 soft call premium in the first year.

As reported, the arrangers earlier this week accelerated the deadline on the loan to today, from Dec. 13. Barclays, Goldman Sachs, Rabobank and RegionsBank launched the term loan last week alongside an \$85 million, five-year revolving credit.

Meanwhile, a roadshow supporting NPC's \$190 million bond deal launched yesterday, and final terms are expected by the end of the week. Goldman Sachs and Barclays are joint bookrunners for the eight-year (non-call four) offering of senior notes, sources say.

The loan and bonds back Olympus Partners' purchase of NPC, the largest Pizza Hut franchisee and the eighth-largest restaurant operator in the U.S. Leverage is roughly 3.3x through the loan on a net basis and about 5x on a net total basis, sources said. Rent-adjusted leverage is roughly 5.9x, sources add. The loan is subject to total-leverage, interest-coverage and maximum-capex tests.

Corporate ratings are B/B2, while the loan drew B/Ba3 ratings and the bonds are rated CCC+/Caa1.

NPC last tapped the financing markets in mid-2006 to back a buyout by Merrill Lynch Global Private Equity via J.P. Morgan and Merrill Lynch. Financing for that deal included a \$300 million term loan and \$175 million of 9.5% senior subordinated notes due 2014. There is roughly \$200 million of outstanding term debt.

NPC's debt will be repaid as part of the transaction. A tender offer is underway for the \$175 million outstanding of 9.5% subordinated notes at \$1,027.50 pr note. That includes a premium of \$27.50 for notes delivered by the early deadline of 5:00 p.m. EST, on Dec. 12.

NPC International operates 1,153 Pizza Hut units in 28 states with a significant presence in the Midwest, South and Southeast. – [Staff reports](#)

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