WADDELL & REED FINANCIAL INC Form 8-K October 14, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

October 8, 2004

WADDELL & REED FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation)

001-13913 (Commission File Number)

51-0261715 (IRS Employer Identification No.)

6300 Lamar Avenue

Overland Park, Kansas 66202

(Address of Principal Executive Offices) (Zip Code)

(913) 236-2000

(Registrant s telephone number, including area code)

(Registrant s Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01	Entry into a Material Definitive Agreement.
The information provide	ed in Item 2.03 below is incorporated herein by reference.
Item 1.02	Termination of a Material Definitive Agreement.
below, the Company ter facility were evidenced	addell & Reed Financial, Inc. (the Company) entering into the \$200 million credit agreement referenced in Item 2.03 minated its existing \$200 million credit facility on October 8, 2004. The lending commitments under the prior credit by the Credit Agreement, dated October 10, 2003, by and among the Company, the lenders party thereto and JPMorgan strative Agent for the lenders, and were scheduled to expire on October 9, 2004.
Item 2.03 Sheet Arrangemen	Creation of a Direct Financial Obligation or an Obligation under an Off-Balance at of a Registrant.
General	
Agent for the lenders (the advance facility, which Agreement are schedule	e Company entered into a credit agreement with the lenders party thereto and JPMorgan Chase Bank, as Administrative the Credit Agreement). The Credit Agreement provides for an unsecured \$200 million revolving credit and competitive the lenders may, upon the Company s request, expand up to \$300 million. The lending commitments under the Credit do to terminate on October 7, 2005. Upon the credit facility s termination, the Company must repay all outstanding loans or convert such loans into term loans that become due six months thereafter.
	ailable for general corporate purposes, including repurchases of the Company s Class A common stock and consummating As of the date of this Report, there were no loans outstanding under the credit facility.
Interest and Fees	
	tion, loans under the credit facility will bear interest at one of the following options: (1) the alternative base rate which is ective prime rate announced by JPMorgan Chase Bank, or (b) the effective federal funds rate, plus 0.5%, (2) an adjusted

LIBO rate, plus a margin of 0.295% to 1.325% (depending upon the Company's credit rating), (3) pursuant to the competitive bid features of the credit facility, the effective LIBO rate, plus a margin specified by the lender advancing the loan, or (4) pursuant to the competitive bid features of the credit facility, a fixed rate specified by the lender advancing the loan. The Company is required to pay accrued interest at established

intervals, which is based upon the Company s elected interest period.

The Company pays a quarterly facility fee of .080% to 0.175% (depending upon the Company s credit rating) on the aggregate commitment of the credit facility, whether used or unused, plus an additional 0.75% fee when facility is first drawn upon.

Covenants and Events of Acceleration

The Credit Agreement contains customary covenants, including but not limited to, restrictions on the Company s ability, and in certain instances its subsidiaries ability, to incur liens, make acquisitions, investments and capital expenditures, pay dividends, sell or transfer assets and stock, and enter into hedging agreements. The Credit Agreement also limits the Company s subsidiaries ability to incur additional indebtedness. Additionally, the Company may not permit its consolidated leverage ratio to equal or exceed 3.0 to 1.0 or its consolidated interest coverage ratio to equal or be less than 4.0 to 1.0 during specified periods.

Upon the occurrence of certain events of default, the Company s obligations under the credit facility may be accelerated and the lending commitments under the credit facility terminated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, covenant defaults, material

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payment defaults (other than under the credit facility), voluntary and involuntary bankruptcy proceedings, material

money judgments, material ERISA events, change of control of the Company and other customary defaults.
Existing Relationships with Lenders
We have ongoing relationships with all of the lenders that are parties to the amended and restated credit facility for which they have received customary fees and expenses. Certain of the lenders provide commercial banking services, including custody and cash management services. Very have also entered into an interest rate swap agreement with one of our lenders. Affiliates of certain of the lenders have also acted as underwrite for issuances of our senior notes and equity securities, and also provide various services to our affiliated mutual funds. JPMorgan Chase Bank also acts as trustee for our senior notes.

The description set forth in this Item 2.03 is qualified in its entirety by reference to the full text of the Credit Agreement filed as Exhibit 10.1 to this Form 8-K.

Item 9.01	Financial Statements and Exhibits.
(c)	Exhibits.
10.1 Financial, Inc., th	Credit Agreement, dated October 8, 2004, by and among Waddell & Reed to Lenders and JPMorgan Chase Bank.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WADDELL & REED FINANCIAL, INC.

(Registrant)

Date: October 14, 2004 By: /s/ Daniel P. Connealy

Senior Vice President and Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	Description
10.1	Credit Agreement, dated October 8, 2004, by and among Waddell & Reed Financial, Inc., the Lenders and JPMorgan Chase Bank.
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