HOLOGIC INC
Form 8-K
December 18, 2018

UNITED STATES

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) December 17, 2018

HOLOGIC, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

1-36214	**04-2902449**
(Commission	**(I.R.S. Employer**

File Number)	**Identification No.)**
250 Campus Drive, Marlborough, MA	**01752**
(Address of Principal Executive Offices)	**(Zip Code)**

(508) 263-2900

(Registrant s Telephone Number, Including Area Code)

(Former 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:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On December 17, 2018, Hologic, Inc., a Delaware corporation (Hologic or the Company), together with certain of its subsidiaries, refinanced its term loan and revolving credit facility by entering into Refinancing Amendment No. 1 (the Refinancing Amendment) to its Amended and Restated Credit and Guaranty Agreement, dated as of October 3, 2017 (the Original Credit Agreement), with Bank of America, N.A., in its capacity as Administrative Agent, and certain other lenders from time to time party thereto. The Original Credit Agreement, as amended by the Refinancing Amendment, is referred to herein as the Amended Credit Agreement. The Amended Credit Agreement includes a $1.5 billion senior term loan and $1.5 billion revolving credit facility, extends the maturity of these facilities to December 15, 2023, reduces the interest rates under both facilities and the commitment fee under the revolver, and provides additional flexibility under certain restrictive covenants.

Hologic, Hologic GGO 4 Ltd, a company incorporated in England and Wales (Hologic U.K.), and Hologic UK Finance LTD, a company incorporated in England and Wales (U.K. Finance), remain as the borrowers (the Borrowers) under the Amended Credit Agreement, and the Borrowers obligations under the Amended Credit Agreement remain guaranteed by certain domestic subsidiaries of the Company (the Subsidiary Guarantors). The Hologic subsidiaries that are or become Borrowers under the Amended Credit Agreement are referred to as Designated Borrowers.

The obligations of the Borrowers are secured by first-priority liens on, and a first-priority security interest in (in each case subject to certain liens permitted under the Amended Credit Agreement), substantially all of the U.S. assets of Hologic and the Subsidiary Guarantors, including, with certain exceptions, all of the capital stock of substantially all of the domestic subsidiaries owned by the Company and the Subsidiary Guarantors and 65% of the capital stock of certain of the Company s first-tier foreign subsidiaries. The security interests are evidenced by a pledge and security agreement with Bank of America, N.A., in its capacity as Collateral Agent, and other related agreements.

Under the Refinancing Amendment, each lender converted their commitments under the Original Credit Agreement into new credit facilities (the Refinanced Credit Facilities) as follows:

A $1.5 billion secured term loan (the Term Loan) to Hologic maturing on December 15, 2023 (the Stated Maturity Date); and

A secured revolving credit facility (the Revolver) under which the Borrowers may borrow up to $1.5 billion, subject to certain sublimits, with a final maturity date of the Stated Maturity Date.

The Revolver has the following sublimits:

A sublimit equal to the lesser of (x) $200 million and (y) the aggregate revolving commitments which may be drawn by Hologic U.K. (U.K. Borrower Sublimit);

A sublimit equal to the lesser of (x) $200 million and (y) the aggregate revolving commitments which may be drawn by certain subsidiaries of Hologic to the extent designated as a borrower under the Amended Credit Agreement (Designated Borrower Sublimit);

- A letter of credit sublimit equal to the lesser of (x) $100 million and (y) the aggregate revolving commitments (LC Sublimit); and

- A swing line sublimit equal to the lesser of (x) $50 million and (y) the aggregate revolving commitments (Swing Line Sublimit).

The Company has initially borrowed $350 million under the Revolver. This initial borrowing, together with the net proceeds of the Term Loan, was used to repay the amounts outstanding under the term loan and revolving credit facility under the Original Credit Agreement (the Refinancing). Funds borrowed under the Revolver may be used to provide working capital financing and funds for other general corporate and permitted purposes.

Borrowings made under the Revolver may be made in certain alternative currencies pursuant to the terms of the Amended Credit Agreement. The Company has the ability, subject to the terms of the Amended Credit Agreement, to designate any additional wholly-owned foreign subsidiary of Hologic as a Designated Borrower to receive loans under the Designated Borrower Sublimit. The obligations of any Designated Borrower under the Designated Borrower Sublimit are guaranteed by Hologic and the Subsidiary Guarantors.

Borrowings made under the Refinanced Credit Facilities, other than Swingline Loans, bear interest, at the Company s option, at the Base Rate (as defined in the Amended Credit Agreement), at the Eurocurrency Rate (as defined in the Amended Credit Agreement), or at the LIBOR Daily Floating Rate (as defined in the Amended Credit Agreement), in each case plus the Applicable Rate (as defined in the Amended Credit Agreement).

The applicable Rate in regards to the Base Rate, the Eurocurrency Rate and the LIBOR Daily Floating Rate is subject to specified changes depending on the Total Net Leverage Ratio (as defined in the Amended Credit Agreement). The borrowings of the Term Loan under the Refinanced Credit Facilities initially bear interest at an annual rate equal to the Eurocurrency Rate for a one month interest period plus an Applicable Rate equal to 1.375%. The borrowings of the Revolver under the Refinanced Credit Facilities initially bear interest at a rate equal to the LIBOR Daily Floating Rate plus an Applicable Rate equal to 1.375%. Immediately prior to the Refinancing, the applicable rate under the Original Credit Agreement was 1.50%. The Company is also required to pay a quarterly commitment fee calculated on a daily basis equal to the Applicable Rate as of such day multiplied by the undrawn committed amount available under the Revolver (taking into account any outstanding amounts under the LC Sublimit). This commitment fee is initially .20% per annum for the Revolver, reduced from .25% for the revolver under the Original Credit Agreement.

The Borrowers are also permitted to elect to establish additional incremental loans up to a sum of $750 million and the maximum amount that would not cause the Net Senior Secured Leverage Ratio (as defined in the Amended Credit Agreement) to exceed 3.50 to 1.00, with certain exceptions for the incurrence of such incremental facilities by the Company s foreign subsidiaries.

The Company is required to make scheduled principal payments under the Term Loan in increasing amounts ranging from $9.375 million per three-month period commencing with the three-month period ending on December 27, 2019 to $28.125 million per three-month period commencing with the three-month period ending on December 29, 2022. The remaining balance of the Term Loan is due at maturity. Any amounts outstanding under the Revolver are due at maturity. In addition, subject to the terms and conditions set forth in the Amended Credit Agreement, the Company is required to make certain mandatory prepayments from the net proceeds of specified types of asset sales (subject to certain reinvestment rights), debt issuances and insurance recoveries (subject to certain reinvestment rights) (Mandatory Prepayments). Mandatory Prepayments are required to be applied by the Company, first, to the Term Loan, second, to any outstanding amount under any Swing Line Loans (as defined in the Amended Credit Agreement), third, to the Revolver, fourth to prepay any outstanding reimbursement obligations with respect to Letters of Credit (as defined in the Amended Credit Agreement) and fifth, to cash collateralize any Letters of Credit. Subject to certain limitations, the Company may voluntarily prepay any of the Refinanced Credit Facilities without premium or penalty.

The Amended Credit Agreement contains affirmative and negative covenants customarily applicable to senior secured credit facilities, including covenants restricting the ability of the Borrowers and the Subsidiary Guarantors, subject to negotiated exceptions, to incur additional indebtedness and grant additional liens on their assets, engage in mergers or acquisitions or dispose of assets, enter into sale-leaseback transactions, pay dividends or make other distributions, voluntarily prepay other indebtedness, enter into transactions with affiliated persons, make investments, and change the nature of their businesses. In addition, the Amended Credit Agreement requires the Borrowers to maintain certain financial ratios. Certain of these covenants were modified in the Amended Credit Agreement to provide the Company with additional financial flexibility. The Amended Credit Agreement also contains customary representations and warranties and events of default, including payment defaults, breach of representations and warranties, covenant defaults, cross defaults and an event of default upon a change of control of the Company.

If an event of default occurs and is not cured within any applicable grace period or is not waived, the agent would be entitled to take various actions, including the acceleration of amounts due under the outstanding Refinanced Credit Facilities. If the indebtedness under the Amended Credit Agreement were accelerated, the Borrowers and the Subsidiary Guarantors may not have sufficient funds to pay such indebtedness. In that event the lenders would be entitled to enforce their security interests in the collateral securing such indebtedness, which will include substantially all of the assets of the Company and the Subsidiary Guarantors.

The above description of the Refinancing Amendment, including the Amended Credit Agreement, does not purport to be complete and it is qualified in its entirety by reference to the Refinancing Amendment itself, a copy of which is attached to this report as Exhibit 10.1 and is incorporated herein in its entirety by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.
(d) Exhibits.

Exhibit Number	Description
10.1	Refinancing Amendment No. 1, dated as of December 17, 2018, to the Amended and Restated Credit and Guaranty Agreement dated as of October 3, 2017.

SIGNATURES

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

Date: December 17, 2018	HOLOGIC, INC.
	By: /s/ Karleen M. Oberton Karleen M. Oberton Chief Financial Officer