

TEXTRON INC
Form 8-K
October 03, 2016

**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): **September 30, 2016**

TEXTRON INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State of
Incorporation)

I-5480
(Commission File Number)

05-0315468
(IRS Employer
Identification Number)

40 Westminster Street, Providence, Rhode Island 02903

(Address of principal executive offices)

Registrant's telephone number, including area code: **(401) 421-2800**

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 Instructions A.2. below):

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- 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))
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Item 1.01. Entry into a Material Definitive Agreement

On September 30, 2016, Textron Inc. ("Textron") entered into a senior unsecured revolving credit facility (the "Facility Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, Citibank, N.A. and Bank of America, N.A., as syndication agents and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as documentation agent, and other lenders in an aggregate principal amount of \$1.0 billion. The Facility Agreement expires in September 2021 and replaces the \$1.0 billion 5-year facility that was scheduled to expire in October 2018. The terms and conditions of the Facility Agreement are substantially the same as those in the facility being replaced.

Textron will have two options with respect to interest on syndicated borrowings under the Facility Agreement. The first option is for interest to be payable at a rate per annum equal to the Base Rate which is the greatest of (a) the Prime Rate, (b) the NYFRB Rate plus $\frac{1}{2}$ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period, plus 1%, plus a margin ("Base Rate Margin") which can range from 0 basis points to 50 basis points depending on Textron's senior unsecured long-term debt ratings as determined by Standard & Poor's Ratings Service LLC ("S&P") and Moody's Investor Service, Inc. ("Moody's"). Based on Textron's current S&P and Moody's ratings (BBB- and Baa3, respectively) the Base Rate Margin would be 10 basis points. Alternatively, Textron may opt to pay interest at a rate equal to the sum of the applicable Adjusted LIBO Rate, plus a margin ("Eurodollar Margin") which can range from 91 basis points to 150 basis points depending upon Textron's ratings. This Eurodollar Margin would currently be 110 basis points.

Textron also will pay a quarterly facility fee under the Facility Agreement, regardless of borrowing activity. This fee will range from 9 basis points to 25 basis points, depending on Textron's ratings by S&P and Moody's. At Textron's current rating, the fee is 15 basis points.

The Facility Agreement provides that up to \$100 million is available for the issuance of letters of credit in lieu of borrowings. Letters of credit are subject to fronting fees and accrue charges at the Letter of Credit Fee Rate which is equivalent to the Eurodollar Margin.

The Facility Agreement contains covenants that, among other things:

- provide that Textron may not consolidate with, merge with or into, or sell all or substantially all of its assets to any other entity unless such entity expressly assumes all of Textron's obligations under the Facility Agreement;
- restrict the ability of Textron and its manufacturing subsidiaries to incur liens, other than certain permitted liens, including liens securing indebtedness not in excess of the Pooled Basket Amount (equal to 3% of the consolidated total assets of Textron and its manufacturing subsidiaries);
- restrict the ability of Textron's manufacturing subsidiaries to incur certain indebtedness in excess of the Pooled Basket Amount;

- require Textron to maintain the Finance Company Leverage Ratio (as such term is defined in the Facility Agreement) at no more than 9 to 1;
- require the Consolidated Indebtedness (as such term is defined in the Facility Agreement) of Textron and its manufacturing subsidiaries not to exceed 65% of Consolidated Capitalization (also as defined in the Facility Agreement).

The Facility Agreement contains customary Events of Default (as defined in the Facility Agreement); in addition, a Change of Control (also as defined in the Facility Agreement) triggers an Event of Default under the Facility Agreement. Upon the occurrence of an Event of Default, all loans outstanding under the Facility Agreement (including accrued interest and fees payable with respect thereto) may be declared immediately due and payable and all commitments under the Facility Agreement may be terminated.

The foregoing description of the Facility Agreement does not purport to be complete and is qualified in its entirety by reference to the text of the Facility Agreement, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 1.02. Termination of a Material Definitive Agreement

On September 30, 2016, coincident with the entry into the Facility Agreement reported in Item 1.01 above, the existing 5-Year Credit Agreement dated as of October 4, 2013, among Textron, the Banks listed therein and JPMorgan Chase Bank, N.A., as Administrative Agent, was terminated prior to its stated October 2018 expiration date.

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

The information described above under Item 1.01. Entry into a Material Definitive Agreement is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

The following exhibit is filing herewith:

10.1 Credit Agreement, dated as of September 30, 2016, among Textron, the Lenders listed therein,

JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Documentation Agent

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.

TEXTRON INC.
(Registrant)

Date: October 3, 2016

By:

/s/ Mary F. Lovejoy
Mary F. Lovejoy
Vice President and Treasurer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Credit Agreement, dated as of September 30, 2016, among Textron, the Lenders listed therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. and Bank of America, N.A., as Syndication Agents, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Documentation Agent