

GRAFTECH INTERNATIONAL LTD
Form 8-K
October 11, 2011

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): October 11, 2011

GRAFTECH INTERNATIONAL LTD.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-13888
(Commission
File Number)

27-2496053
(I.R.S. Employer
Identification Number)

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12900 Snow Road

Parma, Ohio 44130

(Address of Principal Executive Offices, including Zip Code)

Registrant's Telephone Number, including Area Code: 216-676-2000

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):

- 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))

Item 1.01. Entry into a Material Definitive Agreement.

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

On October 7, 2011, GrafTech International Ltd. ("GrafTech"), GrafTech Finance Inc. ("GrafTech Finance") and GrafTech Switzerland S.A. ("Swissco") entered into an Amended and Restated Credit Agreement dated as of October 7, 2011, among GrafTech, GrafTech Finance, Swissco and the LC Subsidiaries from time to time party thereto, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender (the "Credit Agreement").

As amended and restated, the Credit Agreement provides for, among other things, an extension until October 7, 2016 of the maturity of its senior secured revolving credit facility (the "Revolving Facility"), an increase in the borrowing capacity under the Revolving Facility from \$260 million to \$570 million, and additional flexibility for investments, capital expenditures, acquisitions and restricted payments.

The Revolving Facility provides for revolving loans (and for swingline loans in aggregate principal amount at any time not to exceed \$35 million) to GrafTech Finance and Swissco in an aggregate principal and stated amount not to exceed \$570 million at any time. The Revolving Facility also provides capacity for issuance of letters of credit for the accounts of GrafTech Finance, Swissco and other designated subsidiaries for an amount not exceeding \$50 million. Revolving and swingline loans may be denominated in dollars and euros and letters of credit may be denominated in dollars, euros and certain other currencies and are available for working capital and other general corporate purposes.

The interest rate applicable to the Revolving Facility is, at GrafTech's option, either LIBOR plus a margin ranging from 1.50% to 2.25% (depending on our total leverage ratio) or, in the case of dollar denominated loans, the alternate base rate plus a margin ranging from 0.50% to 1.25% (depending upon such ratio). The alternate base rate is the highest of (i) the prime rate announced by JP Morgan Chase Bank, N.A., (ii) the federal fund effective rate plus 1/2 of 1% and (iii) the London interbank offering rate (as adjusted) for a one-month interest period plus 1%. GrafTech Finance and Swissco pay a per annum fee ranging from 0.25% to 0.40% (depending on such ratio) on the undrawn portion of the commitments under the Revolving Facility.

The Revolving Facility permits voluntary prepayments (without reducing availability for future revolving borrowings) and voluntary commitment reductions at any time, in each case without premium or penalty.

Proceeds of revolving loans to be used by any foreign subsidiary will be borrowed by Swissco and the proceeds of borrowings by GrafTech Finance will only be used in the business of GrafTech and its domestic subsidiaries conducted in the United States.

The obligations of GrafTech Finance under the Revolving Facility are secured (with certain exceptions) by first priority security interests in all of the assets of GrafTech Finance. The obligations of Swissco under the Revolving Facility are secured (with certain exceptions) by first priority security interests in certain assets of Swissco and a pledge of stock in most of GrafTech's foreign subsidiaries.

The obligations of GrafTech Finance and Swissco under the Revolving Facility are guaranteed by GrafTech and each of GrafTech's other domestic subsidiaries. These guarantees are secured by first priority security interests in all of GrafTech's assets and that of its domestic subsidiaries including all of the outstanding capital stock of GrafTech Global and GrafTech Finance, 65% of the capital stock of Swissco and 100% of the capital stock of Swissco's foreign subsidiaries. We have reaffirmed the existing Security Agreement; Guarantee Agreement; Indemnity, Subrogation and Contribution Agreement; Domestic Pledge Agreement; and Intellectual Property Security Agreement, in each case, whereby GrafTech and each of its existing and future domestic subsidiaries (with certain exceptions) has guaranteed and secured the obligations under the Revolving Facility with all of their assets (with certain exceptions).

Each guarantee of the Revolving Facility is full, unconditional and, joint and several. Payment under the guarantees could be required immediately upon the occurrence of an event of default in respect of the guaranteed obligations.

The Revolving Facility contains a number of significant covenants that, among other things, restrict GrafTech's ability to sell assets, incur additional debt, repay or refinance other debt or amend other debt instruments, create liens on assets, enter into sale and lease back transactions, make investments or acquisitions, engage in mergers or consolidations, engage in transactions with affiliates, pay dividends to stockholders of GrafTech or make other restricted payments, and other corporate activities. The covenants include financial covenants relating to specified minimum interest coverage and maximum senior secured debt leverage ratios (which is the ratio of GrafTech's senior secured debt to EBITDA (as defined in the Credit Agreement)).

Under the Revolving Facility, GrafTech is permitted to pay dividends and repurchase common stock in an aggregate amount (cumulative from October 2011) up to \$75 million (or \$500 million, if certain leverage ratio requirements are satisfied), plus, each year, an aggregate amount equal to 50% of the consolidated net income in the prior year.

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In addition to the failure to pay principal, interest and fees when due, events of default under the Revolving Facility include: failure to comply with applicable covenants; failure to pay when due, or other defaults permitting acceleration of, other indebtedness exceeding \$17.5 million or, to the extent effected with lenders under the Revolving Facility, cash management arrangements or interest rate, exchange rate or

commodity price derivatives; failure to comply with guarantee and collateral requirements; judgment defaults in excess of \$17.5 million to the extent not covered by insurance; certain events of bankruptcy; and certain changes in control.

GrafTech paid the lenders a customary fee for entering into the Credit Agreement.

Some of the lenders under the Credit Agreement and their affiliates have performed, and/or may in the future perform, various commercial banking, investment banking and other financial advisory services in the ordinary course of business for GrafTech and its subsidiaries, for which they have received, and/or will receive, customary fees and commissions.

On October 11, 2011, GrafTech issued a press release regarding the Credit Agreement, which is included as Exhibit 99.1 to this Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release of GrafTech International Ltd., dated October 11, 2011.

SIGNATURE

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, thereunto duly authorized.

GRAFTECH INTERNATIONAL LTD.

Date: October 11, 2011

By: /s/ LINDON G. ROBERTSON
Lindon G. Robertson
Chief Financial Officer and Vice President

EXHIBIT INDEX

99.1 Press release of GrafTech International Ltd., dated October 11, 2011.