

SCOTTS MIRACLE-GRO CO
Form 8-K
November 03, 2015

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): November 3, 2015 (October 29, 2015)

The Scotts Miracle-Gro Company
(Exact name of registrant as specified in its charter)

Ohio	001-11593	31-1414921
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)
14111 Scottslawn Road, Marysville, Ohio		43041
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (937) 644-0011
Not applicable
(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))
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Item 1.01. Entry into a Material Definitive Agreement.

On October 29, 2015, The Scotts Miracle-Gro Company (the “Company”) entered into a Fourth Amended and Restated Credit Agreement, by and among the Company, as a Borrower; the Subsidiary Borrowers; JPMorgan Chase Bank, N.A., as Administrative Agent; Bank of America, N.A. and Wells Fargo Bank, National Association, as Co-Syndication Agents; CoBank, ACB, Mizuho Bank, LTD., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. “Rabobank Nederland”, New York Branch, TD Bank N.A. and U.S. Bank National Association, as Co-Documentation Agents; and the several other banks and other financial institutions from time to time parties thereto (the “Fourth A&R Credit Agreement”).

Subject to the terms and conditions of the Fourth A&R Credit Agreement, the lenders have committed to provide the Company and certain of its subsidiaries with five-year senior secured loan facilities in the aggregate principal amount of \$1.9 billion, comprised of a revolving credit facility of \$1.6 billion and a term loan in the original principal amount of \$300 million (the “New Credit Facilities”). The Fourth A&R Credit Agreement also provides the Company with the right to seek additional committed credit under the agreement in an aggregate amount of up to \$500 million plus an unlimited additional amount, subject to certain specified financial and other conditions. The Fourth A&R Credit Agreement replaces the Company’s Third Amended and Restated Credit Agreement (described in Item 1.02 below), which was entered into on December 20, 2013 (the “Former Credit Agreement”).

The following descriptions of the Fourth A&R Credit Agreement and the New Credit Facilities are qualified in their entirety by reference to the Fourth A&R Credit Agreement and the Fourth Amended and Restated Guarantee and Collateral Agreement (the “Fourth A&R Guarantee Agreement”) referred to below, which are attached hereto as Exhibits 10.1 and 10.2, respectively, and are incorporated herein by reference.

Use of Proceeds. The proceeds of borrowings on the New Credit Facilities may be used: (i) to finance working capital requirements and other general corporate purposes of the Company and its subsidiaries; and (ii) to refinance the amounts outstanding under the Former Credit Agreement. The revolving credit facility will be available for issuance of letters of credit and for borrowings as set forth therein and the New Credit Facilities will terminate on October 29, 2020. The Former Credit Agreement would have terminated on December 20, 2018, if it had not been amended and restated pursuant to the Fourth A&R Credit Agreement.

Interest. Under the terms of the Fourth A&R Credit Agreement, loans made under the New Credit Facilities bear interest, at the Company’s election, at a rate per annum equal to either (i) the Alternate Base Rate plus the Applicable Spread (each, as defined in the Fourth A&R Credit Agreement) or (ii) the Adjusted LIBO Rate for the Interest Period in effect for such borrowing plus the Applicable Spread (all as defined in the Fourth A&R Credit Agreement). Swingline Loans shall bear interest at the applicable Swingline Rate set forth in the Fourth A&R Credit Agreement.

As of October 29, 2015, and until such time as the Company delivers to the Administrative Agent consolidated financial statements for the fiscal year ended September, 30 2015, the Applicable Spreads shall be the following rates per annum (i) 1.35% with respect to Eurocurrency Revolving Loans, (ii) 1.75% with respect to Eurocurrency Tranche A Term Loans, (iii) 0.35% with respect to ABR Revolving Loans and (iv) 0.75% with respect to ABR Tranche A Term Loans. The corresponding annual facility fee rate on the revolving credit facility shall be 0.40%. After the delivery of such financial statements, the Applicable Facility Fee Rate and Applicable Spreads shall be as set forth under the relevant column in the table appearing under the definition of Applicable Facility Fee Rate and Applicable Spread set forth in the Fourth A&R Credit Agreement.

Guarantors. The New Credit Facilities are guaranteed pursuant to the terms of the Fourth A&R Guarantee Agreement, dated as of October 29, 2015, by and among the Company and certain of its domestic subsidiaries, to and in favor of

the Administrative Agent, for the Lenders. Under the Fourth A&R Credit Agreement, each future material direct or indirect domestic subsidiary of the Company will be required to guarantee the New Credit Facilities.

Security for the New Credit Facilities. The Fourth A&R Credit Agreement is secured by (i) a perfected first priority security interest in all of the accounts receivable, inventory and equipment of the Company and those of the Company's domestic subsidiaries that are parties to the Fourth A&R Guarantee Agreement and (ii) the pledge of all of the capital stock of the Company's domestic subsidiaries that are parties to the Fourth A&R Guarantee Agreement and 65% of the capital stock of the Company's first-tier foreign subsidiaries, in each case subject to exceptions and minimum thresholds set forth in the Fourth A&R Credit Agreement and the Fourth A&R Guarantee Agreement. The collateral does not include any of the Company's or the Company's subsidiaries' intellectual property.

Leverage Ratio. Under the Fourth A&R Credit Agreement, the Company must maintain a leverage ratio on the last day of each full quarter ending on and after September 30, 2015 at not greater than 4.50 to 1.00.

Restricted Payments. So long as no default or event of default has occurred and is continuing or would result therefrom, the Company may make Restricted Payments (as defined in the Fourth A&R Credit Agreement); provided that if after giving effect to any such Restricted Payment the Leverage Ratio is greater than 4.0 to 1.0, then the Company may only make Restricted Payments in an aggregate amount for each fiscal year not to exceed the amount set forth for such fiscal year (\$175,000,000 for 2016 and 2017 and \$200,000,000 for 2018 and in each fiscal year thereafter).

Representations and Warranties; Other Covenants; Events of Default. The terms of the Fourth A&R Credit Agreement include customary representations and warranties, customary affirmative and negative covenants, customary financial covenants and customary events of default.

Item 1.02. Termination of a Material Definitive Agreement.

On October 29, 2015, the Company amended and restated the Third Amended and Restated Credit Agreement, dated as of December 20, 2013, by and among The Scotts Miracle-Gro Company as the “Borrower”; the Subsidiary Borrowers (as defined in the Third Amended and Restated Credit Agreement); JPMorgan Chase Bank, N.A., as Administrative Agent; Bank of America, N.A., as Syndication Agent; CoBank, ACB, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Citizens Bank of Pennsylvania, and Wells Fargo Bank, N.A., as Documentation Agents; and the several other banks and other financial institutions from time to time parties to the Third Amended and Restated Credit Agreement. The Third Amended and Restated Credit Agreement consisted of a five-year senior secured revolving loan facility in the amount of \$1.7 billion.

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

The information under Item 1.01 is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

- (a) Financial statements of businesses acquired:
Not applicable.
- (b) Pro forma financial information:
Not applicable.
- (c) Shell company transactions:
Not applicable.
- (d) Exhibits:

Exhibit No.	Description
10.1	Fourth Amended and Restated Credit Agreement, dated as of October 29, 2015, by and among The Scotts Miracle-Gro Company, as a Borrower; the Subsidiary Borrowers (as defined therein); JPMorgan Chase Bank, N.A., as Administrative Agent; Bank of America, N.A. and Wells Fargo Bank, National Association, as Co-Syndication Agents; CoBank, ACB, Mizuho Bank, LTD., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. “Rabobank Nederland”, New York Branch, TD Bank N.A. and U.S. Bank National Association, as Co-Documentation Agents; and the several other banks and other financial institutions from time to time parties thereto
10.2	

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Fourth Amended and Restated Guarantee and Collateral Agreement, dated as of October 29, 2015, made by The Scotts Miracle-Gro Company, each domestic Subsidiary Borrower under the Fourth Amended and Restated Credit Agreement, and certain of its and their domestic subsidiaries, in favor of JPMorgan Chase Bank, N.A., as Administrative Agent

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 hereunto duly authorized.

THE SCOTTS MIRACLE-GRO COMPANY

Dated: November 3, 2015

By: /s/ THOMAS RANDAL COLEMAN

Printed Name: Thomas Randal Coleman

Title: Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Current Report on Form 8-K
Dated November 3, 2015
The Scotts Miracle-Gro Company

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10.2	Fourth Amended and Restated Guarantee and Collateral Agreement, dated as of October 29, 2015, made by The Scotts Miracle-Gro Company, each domestic Subsidiary Borrower under the Fourth Amended and Restated Credit Agreement, and certain of its and their domestic subsidiaries, in favor of JPMorgan Chase Bank, N.A., as Administrative Agent