

MICROSEMI CORP
Form 8-K
January 26, 2017

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): January 25, 2017

MICROSEMI CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 0-8866 95-2110371
(State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer Identification No.)

One Enterprise, Aliso Viejo, California 92656
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code
(949) 380-6100

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))

INFORMATION TO BE INCLUDED IN THE REPORT

Item 1.01 Entry into a Material Definitive Agreement
Increase Term Joinder

On January 25, 2017, Microsemi Corporation, a Delaware corporation ("Microsemi") entered into an Increase Term Joinder No. 2 to Credit Agreement (the "Increase Term Joinder") with respect to an incremental term B loan facility under its existing Credit Agreement dated as of January 15, 2016, as amended by that certain Amendment No. 1 to Credit Agreement, dated June 29, 2016, and as supplemented by that certain Increase Term Joinder to Credit Agreement, dated June 29, 2016 (the "Existing Credit Agreement" and as amended by Amendment No. 2 (as defined below) and supplemented by the Increase Term Joinder, the "Credit Agreement"), with Morgan Stanley Senior Funding, Inc. ("MSSF"), as administrative agent and the lenders party thereto.

The Increase Term Joinder provides for, among other things, \$235,000,000 of incremental term B loans (the "Incremental Term B Facility" and such new loans, the "New Term B Loans"). Interest under the Incremental Term B Facility is, at Microsemi's option, Base Rate or LIBOR, plus a margin. The initial margin for Base Rate borrowings under the Incremental Term B Facility is 1.25% and for LIBOR borrowings under the Incremental Term B Facility is 2.25%. Interest for Base Rate-based loans is calculated on the basis of a 365/366-day year and interest for LIBOR-based loans is calculated on the basis of a 360-day year. The New Term B Loans are subject to a repricing premium of 1.00% of the principal amount refinanced in certain circumstances if the New Term B Loans are refinanced within six months of the effective date of Increase Term Joinder.

The Incremental Term B Facility matures January 15, 2023. The Incremental Term B Facility requires quarterly principal payments in an amount equal to 0.25% of the aggregate principal amount of the loans made under the Incremental Term B Facility commencing March 31, 2017. The proceeds of the Incremental Term B Facility will be used to repay certain existing indebtedness and to pay fees and expenses related thereto.

The Incremental Term B Facility contains certain representations and warranties, certain affirmative covenants, certain negative covenants, certain conditions and events of default that are set forth in the Existing Credit Agreement, as amended by Amendment No. 2 (as defined below).

All obligations of Microsemi under the Incremental Term B Facility are unconditionally guaranteed by each of the guarantors under Microsemi's Existing Credit Agreement. The Incremental Term B Facility is secured by a lien and security interest in the collateral that also secures the other loans and obligations under the Existing Credit Agreement. The foregoing summary of the Increase Term Joinder does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Increase Term Joinder, a copy of which is included as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Amendment No. 2 to Credit Agreement

On January 25, 2017, Microsemi entered into Amendment No. 2 to Credit Agreement ("Amendment No. 2") with respect to its Existing Credit Agreement, with MSSF, as administrative agent, the subsidiary guarantors party thereto and the lenders party thereto.

Pursuant to the Existing Credit Agreement, certain lenders provided senior secured first lien credit facilities, consisting of term loan facilities and a revolving credit facility. Amendment No. 2 provides for, among other things (i) new pricing terms for term B loans outstanding under the Existing Credit Agreement immediately prior to the effectiveness of the amendment (after giving effect to the amendment, the "Repriced Term B Loans") in the aggregate principal amount of \$674,700,000, which Repriced Term B Loans replace the entire principal amount of term B loans (the "Existing Term B Loans") outstanding under the Existing Credit Agreement immediately prior to the effectiveness of Amendment No. 2, (ii) certain modifications to the restricted payments provisions and (iii) certain modifications to Microsemi's ability to incur incremental debt.

The Repriced Term B Loans mature January 15, 2023. The Repriced Term B Loans bear interest at Microsemi's option at Base Rate or LIBOR, plus a margin. The margin for Base Rate Term B Loans is 1.25% and the margin for LIBOR Term B Loans is 2.25%. The Repriced Term B Loans are subject to a 0.00% LIBOR floor. The Repriced Term B Loans are subject to a repricing premium of 1.00% of the principal amount refinanced in certain circumstances if the Repriced Term B Loans are refinanced within six months of the effective date of Amendment No. 2.

Except as modified by Amendment No. 2 as described above, the terms of the Repriced Term B Loans are the same as the terms of the Existing Term B Loans.

The foregoing summary of Amendment No. 2 does not purport to be complete and is subject to, and qualified in its entirety by, the full text of Amendment No. 2, a copy of which is included as Exhibit 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition.

On January 26, 2017, Microsemi Corporation issued a press release reporting its first quarter results, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein 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 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No. Description

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| 10.1 | Increase Term Joinder No. 2 to Credit Agreement, dated as of January 25, 2017, among Microsemi Corporation, the incremental lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent |
| 10.2 | Amendment No. 2 to Credit Agreement, dated as of January 25, 2017, among Microsemi Corporation, the subsidiary guarantors party thereto, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent |
| 99.1 | Press release dated January 26, 2017, reporting first quarter results |
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EXHIBIT INDEX

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