

STERICYCLE INC
Form 8-K
December 20, 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 19, 2018

Stericycle, Inc.

(Exact name of registrant as specified in its charter)

~~File~~ 36-3640402
(State Commission (IRS
or Employer
File Number)
jurisdiction Identification
No.)
of
incorporation)

28161 North
Keith Drive

Lake Forest,
Illinois 60045
(Address of
principal
executive

offices
including zip
code)

(847) 367-5910
(Registrant's telephone number, including area code)

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 CR 230.425)

Soliciting material pursuant to Rule 425 under the Securities 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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Amendments to Debt Agreements

On December 19, 2018, Stericycle, Inc. (the “Company”) entered into amendments to certain of its debt agreements as described below. The Company entered into such amendments in order to provide additional financial flexibility as it continues to execute on its Business Transformation.

Third Amendment to Credit Agreement

The Company is a party to that certain Credit Agreement dated as of November 17, 2017 by and among the Company and certain of its subsidiaries named therein, Bank of America, N.A., as administrative agent, and the other financial institutions party thereto, as amended prior to the date hereof (the “Bank Credit Agreement”).

On December 19, 2018, the Company entered into a Third Amendment to the Bank Credit Agreement (the “Bank Credit Agreement Amendment”). The Bank Credit Agreement Amendment amends the Bank Credit Agreement to, among other things, (i) modify the definition of Consolidated EBITDA to provide certain add backs for any fiscal quarter ending during the period from March 31, 2018 through March 31, 2020 related to expenses incurred prior to December 31, 2019 for purposes of determining compliance with the leverage ratio, and (ii) modify the Consolidated Leverage Ratio (as defined in the Bank Credit Agreement) covenant to restrict the Company from permitting its Consolidated Leverage Ratio to exceed 4.00 to 1.00 for any fiscal quarter ending on or before December 30, 2019 or 3.75 to 1.00 for any fiscal quarter ending thereafter, in each case as more fully described in the Bank Credit Agreement Amendment.

Note Purchase Agreement Amendments

The Company is a party to that certain Note Purchase Agreement dated as of August 18, 2010 among the Company and the holders of notes party thereto, pursuant to which, among other things, the Company issued \$225,000,000 aggregate principal amount of its 4.47% Senior Notes, Series B, due October 15, 2020, as amended prior to the date hereof (the “2010 Note Purchase Agreement”).

The Company is a party to that certain Note Purchase Agreement dated as of October 22, 2012 among the Company and the holders of notes party thereto, pursuant to which, among other things, the Company issued (a) \$125,000,000 aggregate principal amount of its 2.68% Senior Notes, Series A, due December 12, 2019 and (b) \$125,000,000 aggregate principal amount of its 3.26% Senior Notes, Series B, due December 12, 2022, as amended prior to the date hereof (the “2012 Note Purchase Agreement”).

The Company is a party to that certain Note Purchase Agreement dated as of April 30, 2015 among the Company and the holders of notes party thereto pursuant to which, among other things, the Company issued (a) \$250,000,000 aggregate principal amount of its 2.72% Senior Notes, Series A, due July 1, 2022 and (b) \$100,000,000 aggregate principal amount of its 2.79% Senior Notes, Series B, due July 1, 2023, as amended prior to the date hereof (the “2015A Note Purchase Agreement”).

The Company is a party to that certain Note Purchase Agreement dated as of October 1, 2015 among the Company and the holders of notes party thereto, pursuant to which, among other things, the Company issued (a) \$150,000,000 aggregate principal amount of its 2.89% Senior Notes, Series A, due October 1, 2021 and (b) \$150,000,000 aggregate principal amount of its 3.18% Senior Notes, Series B, due October 1, 2023, as amended prior to the date hereof (as so amended, the “2015B Note Purchase Agreement” and, together with the 2010 Note Purchase Agreement, the 2012 Note Purchase Agreement and the 2015A Note Purchase Agreement, the “Note Purchase Agreements”).

On December 19, 2018, the Company entered into the (1) Fourth Amendment to the 2010 Note Purchase Agreement, (2) Fourth Amendment to the 2012 Note Purchase Agreement, (3) Fifth Amendment to the 2015A Note Purchase Agreement, and (4) Third Amendment to the 2015B Note Purchase Agreement (collectively, the “NPA Amendments” and, together with the Bank Credit Agreement Amendment, the “Debt Agreement Amendments”).

Each of the NPA Amendments amends its respective Note Purchase Agreement to, among other things, (i) modify the definition of Consolidated EBITDA to provide certain add backs for any fiscal quarter ending during the period from March 31, 2018 through March 31, 2020 related to expenses incurred prior to December 31, 2019 for purposes of determining compliance with the leverage ratio, (ii) modify the Consolidated Leverage Ratio (as defined in the Note Purchase Agreement) covenant to restrict the Company from permitting its Consolidated Leverage Ratio to exceed 4.00 to 1.00 for any fiscal quarter ending on or before December 30, 2019 or 3.75 to 1.00 for any fiscal quarter ending thereafter and (iii) modify pricing on each series of notes to provide that if, at the end of any fiscal quarter, (x) the Consolidated Leverage Ratio (as defined in the Note Purchase Agreements, as amended by the NPA Amendments) exceeds 3.75 to 1.00, the per annum interest rate otherwise applicable to each series of notes shall be increased by 0.50% (an “Elevated Interest Rate”) and (y) the Unadjusted Consolidated Leverage Ratio (as defined in each Note Purchase Agreement to exclude certain add-backs to Consolidated EBITDA) exceeds 3.75 to 1.00, the per annum interest rate otherwise applicable to such series of the notes shall be increased, in each case from the date that the Unadjusted Consolidated Leverage Ratio was in excess of 3.75 to 1.00 to but not including the date that the Unadjusted Consolidated Leverage Ratio is less than 3.75 to 1.00 as follows (as more fully described in the NPA Amendments):

(a) by 0.50% if the Company has a rating of BBB+ or better by S&P (or an equivalent rating by another rating agency) (unchanged from the prior amendment),

(b) by an additional 0.25% if the Company has a rating of BBB by S&P (or an equivalent rating by another rating agency), for a total of 0.75% above the rate otherwise applicable to such series of notes,

(c) by an additional 0.50% if the Company has a rating of BBB- by S&P (or an equivalent rating by another rating agency), for a total of 1.25% above the rate otherwise applicable to such series of notes, and

(d) by an additional 0.75% if the Company has no rating or a rating of BB+ or worse by S&P (or an equivalent rating by another rating agency), for a total of 2.00% above the rate otherwise applicable to such series of notes.

Other Related Matters

The representations, warranties and covenants of each of the parties contained in the Debt Agreement Amendments have been made solely for the benefit of the parties to the applicable documents. In addition, such representations, warranties and covenants (i) have been made only for purposes of the Debt Agreement Amendments, (ii) have been qualified by confidential disclosures made by the parties in connection with the Debt Agreement Amendments, (iii) are subject to materiality qualifications contained in the Debt Agreement Amendments that may differ from what may be viewed as material by investors, (iv) were made only as of the date of the Debt Agreement Amendments or such other date as is specified in the Debt Agreement Amendments and (v) have been included in the Debt Agreement Amendments for the purpose of allocating risk between the contracting parties rather than establishing matters as facts. Accordingly, the Debt Agreement Amendments are included with this filing only to provide investors with information regarding the terms of the Debt Agreement Amendments, and not to provide investors with any other factual information regarding the parties or their respective businesses. Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties or any of their respective subsidiaries or affiliates.

Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Debt Agreement Amendments, which subsequent information may or may not be fully reflected in the public disclosures by the parties or their subsidiaries. The Debt Agreement Amendments should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the Forms 10 K, Forms 10 Q and other documents that such party files with the U.S. Securities and Exchange Commission.

The foregoing summary of the Debt Agreement Amendments does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Debt Agreement Amendments attached as Exhibits 10.1 to 10.5 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are filed with this report:

No. Description

- 10.1 Third Amendment, dated as of December 19, 2018, to the Credit Agreement dated as of November 17, 2017, entered into by Stericycle, Inc. and certain of its subsidiaries as borrowers, Bank of America, N.A., as administrative agent and the financial institutions from time to time party thereto*
- 10.2 Fourth Amendment, dated as of December 19, 2018, to the Note Purchase Agreement dated as of August 18, 2010, as amended, entered into by Stericycle, Inc. and the holders of the notes party thereto*
- 10.3 Fourth Amendment, dated as of December 19, 2018, to the Note Purchase Agreement dated as of October 22, 2012, as amended, entered into by Stericycle, Inc. and the holders of the notes party thereto*
- 10.4 Fifth Amendment, dated as of December 19, 2018, to the Note Purchase Agreement dated as of April 30, 2015, as amended, entered into by Stericycle, Inc. and the holders of the notes party thereto*
- 10.5 Third Amendment, dated as of December 19, 2018, to the Note Purchase Agreement dated as of October 1, 2015, entered into by Stericycle, Inc. and the holders of the notes party thereto*

* The Company agrees to furnish supplementally a copy of any omitted exhibit or appendix to the Securities and Exchange Commission upon request.

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.

Dated: December 19, 2018 Stericycle, Inc.

By: /s/ Daniel V. Ginnetti

Daniel V. Ginnetti
Executive Vice President and Chief Financial Officer