WAGEWORKS, INC.
Form 8-K
January 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 31, 2012

WageWorks, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-35232**	**94-3351864**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1100 Park Place, 4th Floor
San Mateo, California 94403
(Address of principal executive offices, including zip code)

(650) 577-5200
(Registrant's telephone number, including area code)

(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 (see General Instruction A.2):

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))

1

Item 1.01 Entry into a Material Definitive Agreement.

On December 31, 2012, WageWorks, Inc., a Delaware corporation (the "Company"), entered into a Credit Agreement (the "Credit Agreement") by and among the Company, the guarantors from time to time party thereto, the lenders from time to time party thereto, and Union Bank, N.A., as administrative agent ("Agent"). The Credit Agreement amends and restates the Company's existing Commercial Credit Agreement, dated as of August 31, 2010, among the Company, MHM Resources, LLC and Union Bank, N.A.

The Credit Agreement provides for a $75.0 million revolving credit facility, with a $15 million letter of credit subfacility. The Credit Agreement contains an increase option permitting the Company, subject to certain requirements, to arrange with existing lenders and/or new lenders to provide up to an aggregate of $75.0 million in additional commitments. Loan proceeds may be used for general corporate purposes, including acquisitions permitted under the Credit Agreement. The Company may prepay loans under the Credit Agreement in whole or in part at any time without premium or penalty. At December 31, 2012, the Company had outstanding revolving loans in an aggregate principal amount of $44.6 million under the Credit Agreement and undrawn letters of credit in an aggregate principal amount of $3.3 million.

The loans bear interest, at the Company's option, at (i) a base rate determined in accordance with the Credit Agreement, plus 0.25%, or (ii) a LIBOR rate determined in accordance with the Credit Agreement, plus 2.50%. Interest is due and payable in arrears quarterly for base rate loans and at the end of an interest period for LIBOR rate loans. Principal, together with all accrued and unpaid interest, is due and payable on December 31, 2015. The Company is also obligated to pay other customary closing fees, commitment fees and letter of credit fees for a facility of this size and type.

The Company's obligations under the Credit Agreement are secured by substantially all of the Company's assets. All of the Company's existing and future material subsidiaries are required to guaranty its obligations under the Credit Agreement. The guarantees by existing and future material subsidiaries are and will be secured by substantially all of the assets of such material subsidiaries.

The Credit Agreement provides that the Company must maintain compliance with a liquidity ratio, a ratio of indebtedness to EBITDA, a debt service coverage ratio and a minimum consolidated net worth covenant.

The Credit Agreement contains customary affirmative and negative covenants, including, among others, covenants limiting the ability of the Company and its subsidiaries to grant liens, make investments, make acquisitions, incur indebtedness, make certain restricted payments, merge or consolidate, dispose of assets, and enter into transactions with affiliates, in each case subject to customary exceptions.

Upon an event of default, the lenders may declare the outstanding obligations payable by the Company to be immediately due and payable and exercise other rights and remedies provided for under the credit facility. The events of default under the Credit Agreement include, among others, payment defaults, covenant defaults, inaccuracy of representations and warranties, cross-defaults to other material indebtedness, judgment defaults, a change of control default and bankruptcy and insolvency defaults. Under certain circumstances, a default interest rate will apply on all obligations during the existence of an event of default under the Credit Agreement at a per annum rate of interest equal to 2.00% above the applicable interest rate.

The foregoing description of the Credit Agreement is qualified in its entirety by reference to the full text of the Credit Agreement, which the Company will file with its annual report on Form 10-K for the fiscal year ending December 31, 2012.

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

The information set forth under Item 1.01, “Entry into a Material Definitive Agreement,” is incorporated herein by reference.

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.

WAGEWORKS, INC.

By: /s/ Joseph L. Jackson
Joseph L. Jackson
Chief Executive Officer and Director

Date: January 7, 2013

4