

Monotype Imaging Holdings Inc.  
Form 8-K  
July 19, 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

July 13, 2011

Date of Report (Date of earliest event reported)

**MONOTYPE IMAGING HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
  
of Incorporation)

**001-33612**  
(Commission  
  
File No.)

**20-3289482**  
(IRS Employer  
  
Identification No.)

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**500 Unicorn Park Drive**

**Woburn, Massachusetts 01801**

**(Address of Principal Executive Offices, including Zip Code)**

**Registrant's telephone number, including area code: (781) 970-6000**

**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 (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.**

On July 13, 2011, Monotype Imaging Holdings Inc., a Delaware corporation (the Company ), entered into a new credit agreement (the New Credit Agreement ) by and among the Company, the Company's subsidiary, Monotype Imaging Inc., any financial institution that becomes a Lender (as defined therein) and Wells Fargo Capital Finance, LLC ( Wells Fargo ), as agent. Pursuant to the New Credit Agreement, the Lenders have agreed to provide the Company with a five-year \$120 million secured revolving credit facility (the Credit Facility ). The Credit Facility permits the Company to request that the Lenders, at their election, increase the secured credit facility to a maximum of \$140 million. The Credit Facility provides more attractive interest rates and greater flexibility with respect to covenants governing permitted acquisitions and distributions than those under the Original Credit Agreement, as defined below. Arrangement and closing fees paid to the Lenders for the New Credit Agreement totaled \$840,000.

The New Credit Agreement replaces the Company's existing \$140 million term loan and revolving credit facilities (the Original Credit Agreement ) by and between the Company and Wells Fargo Foothill, Inc. The Original Credit Agreement was terminated effective July 13, 2011 and was scheduled to expire on July 30, 2012.

Borrowings under the Credit Facility bear interest through July 13, 2016 at a variable rate based upon, at the Company's option, either LIBOR or the base rate (which is the highest of (i) the prime rate, (ii) 0.5% plus the overnight federal funds rate, and (iii) 1.0% in excess of the three-month LIBOR rate ), plus in each case, an applicable margin. The applicable margin for LIBOR loans, based on the applicable leverage ratio, is either 2.25% or 2.50% per annum, and the applicable margin for base rate loans, based on the applicable leverage ratio, is either 1.25% or 1.50% per annum. The Company is required to pay a commitment fee equal to 0.375% per annum on the undrawn portion available under the revolving credit facility and variable per annum fees in respect of outstanding letters of credit.

In addition to other covenants, the New Credit Agreement places limits on the Company and its subsidiaries' ability to incur debt or liens and engage in sale-leaseback transactions, make loans and investments, incur additional indebtedness, engage in mergers, acquisitions and asset sales, transact with affiliates and alter its business. The New Credit Agreement also contains events of default, and affirmative covenants, including financial maintenance covenants which include (i) a maximum ratio of consolidated total debt to consolidated adjusted EBITDA of 3.00 to 1 and (ii) a minimum consolidated fixed charge coverage ratio of 1.25 to 1. Failure to comply with these covenants, or the occurrence of an event of default, could permit the Lenders under the New Credit Agreement to declare all amounts borrowed under the New Credit Agreement, together with accrued interest and fees, to be immediately due and payable.

Pursuant to a general continuing guaranty (the Guaranty ), dated as of July 13, 2011, by and among the Guarantors (as defined therein) and Wells Fargo and a security agreement (the Security Agreement ), dated as of July 13, 2011, by and among the Grantors (as defined therein) and Wells Fargo, the Company's obligations under the Credit Facility are guaranteed by all of the Company's direct and indirect domestic subsidiaries and the obligations under the Credit Facility and the guarantees are secured by a lien on substantially all of the Company's and its domestic subsidiaries' tangible and intangible property by a pledge of all of the equity interests of the Company's direct and indirect domestic subsidiaries and by a pledge by the Company's domestic subsidiaries of 65% of the equity of their direct foreign subsidiaries, subject to limited exceptions.

The above description of the New Credit Agreement, Guaranty and Security Agreement is a summary and is qualified in its entirety by the New Credit Agreement, Guaranty and Security Agreement themselves, which are filed as Exhibits 10.1, 10.2 and 10.3, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

**Item 1.02 Termination of a Material Definitive Agreement**

Effective July 13, 2011, the Original Credit Agreement was terminated. At termination, the Original Credit Agreement carried an outstanding balance of \$57,239,838.00, \$75,228.06 in unpaid interest and \$1,999.12 in unpaid unused line fees, all of which were paid with funds from the New Credit Agreement.

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

The disclosure in Item 1.01 above is incorporated herein by reference in its entirety.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits.**

- 10.1 Credit Agreement by and among Monotype Imaging Holdings Inc., as Parent, Monotype Imaging Inc., as Borrower, the Lenders (as defined therein) and Wells Fargo Capital Finance, LLC, as Agent, dated as of July 13, 2011.
- 10.2 General Continuing Guaranty by and among the Guarantors (as defined therein) and Wells Fargo Capital Finance, LLC, dated as of July 13, 2011.
- 10.3 Security Agreement by and among the Grantors (as defined therein) and Wells Fargo Capital Finance, LLC, dated as of July 13, 2011.

**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.

MONOTYPE IMAGING HOLDINGS INC.

July 19, 2011

By: /s/ Scott E. Landers

**Scott E. Landers**  
**Senior Vice President, Chief Financial Officer,**  
**Treasurer and Assistant Secretary**

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
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