

LOWES COMPANIES INC
Form 8-K
September 12, 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): September 10, 2018

LOWE S COMPANIES, INC.

(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction

of incorporation)

1-7898
(Commission

File Number)

56-0578072
(IRS Employer

Identification No.)

Edgar Filing: LOWES COMPANIES INC - Form 8-K

1000 Lowe s Blvd., Mooresville, NC
(Address of principal executive offices)

28117
(Zip Code)

Registrant s telephone number, including area code: (704) 758-1000

N/A

(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))

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.
Second Amended and Restated Credit Agreement

On September 10, 2018, Lowe's Companies, Inc. (the "Company") entered into a \$1.75 billion five-year unsecured revolving second amended and restated credit agreement (the "Second Amended and Restated Credit Agreement") with the lenders named therein, Bank of America, N.A., as administrative agent and a letter of credit issuer, U.S. Bank National Association, as syndication agent and a letter of credit issuer, and Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as co-documentation agents. The Second Amended and Restated Credit Agreement amends and restates the Company's amended and restated credit agreement, dated as of November 23, 2016, to, among other things, extend the maturity date of the revolving credit facility. Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Second Amended and Restated Credit Agreement.

Subject to obtaining commitments from the lenders and satisfying other conditions specified in the Second Amended and Restated Credit Agreement, the Company may increase the aggregate availability under the facility by an additional \$500 million.

The Company may request borrowings under the Second Amended and Restated Credit Agreement that are denominated in any of the following currencies: U.S. Dollar, Euro, Sterling, Canadian Dollar and such other currencies as are approved by the administrative agent and the lenders in accordance with the Second Amended and Restated Credit Agreement.

Borrowings under the Second Amended and Restated Credit Agreement will bear interest, at the Company's option, calculated according to a Base Rate or a Eurocurrency Rate, as the case may be, plus an applicable margin. Depending on the Company's credit ratings at the time of the borrowing, the applicable margin on a Base Rate Loan ranges from 0.000% to 0.125% and the applicable margin on a Eurocurrency Rate Loan ranges from 0.690% to 1.125%. At the Company's current credit ratings, the applicable margin would be 0.000% for a Base Rate Loan and 0.910% for a Eurocurrency Rate Loan.

In addition, the Company must pay (i) a facility fee on the lenders' aggregate commitments under the Second Amended and Restated Credit Agreement ranging from 0.060% to 0.125% per annum, depending on the Company's credit ratings, and (ii) a letter of credit fee for the outstanding letters of credit under the Second Amended and Restated Credit Agreement ranging from 0.690% to 1.125% per annum, depending on the Company's credit ratings. At the Company's current credit ratings, the facility fee would be 0.090% of the aggregate commitments of the lenders (regardless of whether any borrowings are outstanding), and the letter of credit fee for an outstanding letter of credit would be computed at 0.910%. As of the date hereof, there are no outstanding borrowings under the Second Amended and Restated Credit Agreement.

The Second Amended and Restated Credit Agreement contains customary representations, warranties and covenants for a transaction of this type, including a financial covenant concerning the ratio of Consolidated Adjusted Funded Debt to Consolidated EBITDAR, as set forth in the Second Amended and Restated Credit Agreement. The Second Amended and Restated Credit Agreement requires the Company to maintain at the end of each fiscal quarter a Consolidated Adjusted Funded Debt to Consolidated EBITDAR ratio that does not exceed 4.00 to 1.00.

The Second Amended and Restated Credit Agreement also contains customary events of default, including a cross-default provision and a change of control provision. In the event of a default, the administrative agent shall, at the request of, or may, with the consent of, the required lenders, declare the obligations under the Second Amended and Restated Credit Agreement immediately due and payable and the commitments of the lenders may be terminated. For certain events of default relating to insolvency and receivership, the commitments of the lenders are automatically terminated and all outstanding obligations become due and payable.

The foregoing description of the Second Amended and Restated Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Second Amended and Restated Credit Agreement, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

364-Day Credit Agreement

On September 10, 2018, the Company entered into a \$250 million unsecured 364-day credit agreement (the 364-Day Credit Agreement) with the lenders named therein, Bank of America, N.A., as administrative agent, U.S. Bank National Association, as syndication agent, and Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as co-documentation agents. Capitalized terms used but not defined herein have the meanings ascribed to such terms in the 364-Day Credit Agreement.

The Company may request borrowings under the 364-Day Credit Agreement that are denominated in any of the following currencies: U.S. Dollar, Euro, Sterling, Canadian Dollar and such other currencies as are approved by the administrative agent and the lenders in accordance with the 364-Day Credit Agreement.

Subject to the next succeeding sentence, the Company must repay the aggregate principal amount of loans outstanding under the 364-Day Credit Agreement on the Termination Date in effect at such time (currently September 9, 2019).

The Company may elect to

convert all of the loans outstanding under the 364-Day Credit Agreement on the Termination Date in effect at such time into a term loan which the Company shall repay in full on the first anniversary date of the Termination Date; provided that the Term Loan Election may not be made unless (a) the representations and warranties made in the 364-Day Credit Agreement are true and correct on the date of notice of the Term Loan Election and on the date on which the Term Loan Election is to be effected, (b) no Event of Default shall have occurred or be continuing on the date of notice of the Term Loan Election and on the date on which the Term Loan Election is to be effected and (c) the Company shall have paid the lenders a fee equal to 0.50% of the outstanding principal amount of the loans to be so converted.

Borrowings under the 364-Day Credit Agreement will bear interest, at the Company's option, calculated according to a Base Rate or a Eurocurrency Rate, as the case may be, plus an applicable margin. Depending on the Company's credit ratings at the time of the borrowing, the applicable margin on a Base Rate Loan ranges from 0.000% to 0.15% and the applicable margin on a Eurocurrency Rate Loan ranges from 0.720% to 1.15%. At the Company's current credit ratings, the applicable margin would be 0.000% for a Base Rate Loan and 0.940% for a Eurocurrency Rate Loan.

In addition, the Company must pay a facility fee on the lenders' aggregate commitments under the 364-Day Credit Agreement ranging from 0.030% to 0.100% per annum, depending on the Company's credit ratings. At the Company's current credit ratings, the facility fee would be 0.060% of the aggregate commitments of the lenders (regardless of whether any borrowings are outstanding). As of the date hereof, there are no outstanding borrowings under the 364-Day Credit Agreement.

The 364-Day Credit Agreement contains customary representations, warranties and covenants for a transaction of this type, including a financial covenant concerning the ratio of Consolidated Adjusted Funded Debt to Consolidated EBITDAR, as set forth in the 364-Day Credit Agreement. The 364-Day Credit Agreement requires the Company to maintain at the end of each fiscal quarter a Consolidated Adjusted Funded Debt to Consolidated EBITDAR ratio that does not exceed 4.00 to 1.00.

The 364-Day Credit Agreement also contains customary events of default, including a cross-default provision and a change of control provision. In the event of a default, the administrative agent shall, at the request of, or may, with the consent of, the required lenders, declare the obligations under the 364-Day Credit Agreement immediately due and payable and the commitments of the lenders may be terminated. For certain events of default relating to insolvency and receivership, the commitments of the lenders are automatically terminated and all outstanding obligations become due and payable.

The foregoing description of the 364-Day Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the 364-Day Credit Agreement, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Certain lender parties to the Second Amended and Restated Credit Agreement and the 364-Day Credit Agreement and certain of their respective affiliates have performed in the past, and may from time to time perform in the future, banking, investment banking and other advisory services for the Company and its affiliates for which they have received, and/or will receive, customary fees and expenses.

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

The disclosure required by this Item and included in Item 1.01 is incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	<u>Second Amended and Restated Credit Agreement, dated as of September 10, 2018, by and among Lowe's Companies, Inc., Bank of America, N.A., as administrative agent and a letter of credit issuer, U.S. Bank National Association, as syndication agent and a letter of credit issuer, Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Wells Fargo. Bank, National Association, as co-documentation agents, and the other lenders party thereto.</u>
10.2	<u>364-Day Credit Agreement, dated as of September 10, 2018, by and among Lowe's Companies, Inc., Bank of America, N.A., as administrative agent, U.S. Bank National Association, as syndication agent Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Wells Fargo. Bank, National Association, as co-documentation agents, and the other lenders party thereto.</u>

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.

LOWE S COMPANIES, INC.

Date: September 12, 2018

By: /s/ Ross W. McCanless
Ross W. McCanless

Executive Vice President, General Counsel and

Corporate Secretary