

PILGRIMS PRIDE CORP
Form 8-K
February 12, 2015
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): February 11, 2015

PILGRIM'S PRIDE CORPORATION

(Exact Name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

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|------------------------------------|---|
| 1-9273 (Commission File Number) | 75-1285071 (IRS Employer Identification No.) |
|------------------------------------|---|

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|---|--------------------------|
| 1770 Promontory Circle Greeley, CO (Address of principal executive offices) | 80634-9038 (Zip Code) |
|---|--------------------------|

Registrant's telephone number, including area code: (970) 506-8000

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 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.

U.S. Credit Facility

On February 11, 2015, Pilgrim's Pride Corporation (the "Company") and its subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution, Ltd. (together, the "To-Ricos Borrowers"), entered into a Second Amended and Restated Credit Agreement (the "U.S. Credit Facility") with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch ("Rabobank"), as administrative agent, and the other lenders party thereto. The U.S. Credit Facility amends and restates the Company's existing credit agreement dated August 7, 2013 (the "Prior Credit Facility") with CoBank, ACB, as administrative agent and collateral agent, and other lenders party thereto.

The U.S. Credit Facility provides for a revolving loan commitment of at least \$700 million and a term loan commitment of up to \$1.0 billion (the "Term Loans"). The U.S. Credit Facility also includes an accordion feature that allows us, at any time, to increase the aggregate revolving loan and term loan commitments by up to an additional \$1.0 billion, subject to the satisfaction of certain conditions, including obtaining the lenders' agreement to participate in the increase.

The revolving loan commitment under the U.S. Credit Facility matures on February 11, 2020. Beginning on April 2, 2015, the Term Loans will be payable in quarterly installments equal to 1.25% of the principal outstanding as of closing, with all remaining principal and interest due at maturity on February 11, 2020. Covenants in the U.S. Credit Facility also require the Company to use the proceeds it receives from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the U.S. Credit Facility.

The U.S. Credit Facility includes a \$75 million sub-limit for swingline loans and a \$125 million sub-limit for letters of credit. Outstanding borrowings under the revolving loan commitment and the Term Loans bear interest at a per annum rate equal to (i) in the case of LIBOR loans, LIBOR plus 1.50% through March 29, 2015 and, based on our net senior secured leverage ratio, between LIBOR plus 1.25% and LIBOR plus 2.75% and (ii) in the case of alternate base rate loans, the base rate plus 0.50% through March 29, 2015 and, based on our net senior secured leverage ratio, between the base rate plus 0.25% and base rate plus 1.75% thereafter.

Actual borrowings by the Company under the U.S. Credit Facility are subject to a borrowing base, which is a formula based on certain eligible inventory, eligible receivables and restricted cash under the control of Rabobank, in its capacity as administrative agent. The borrowing base formula will be reduced by the sum of (i) inventory reserves, (ii) rent and collateral access reserves, and (iii) any amount more than 15 days past due that is owed by the Company or its subsidiaries to any person on account of the purchase price of agricultural products or services (including poultry and livestock) if that person is entitled to any grower's or producer's lien or other security arrangement. Revolving loan availability under the borrowing base also will be limited to an aggregate of \$25 million with respect to the To-Ricos Borrowers.

All obligations under the U.S. Credit Facility will continue to be unconditionally guaranteed by certain of the Company's subsidiaries and will continue to be secured by a first priority lien on (i) the domestic (including Puerto Rico) accounts and inventory of the Company and its subsidiaries, (ii) 100% of the equity interests in the To-Ricos Borrowers and the Company's domestic subsidiaries and 65% of the equity interests in the Company's direct foreign subsidiaries, (iii) substantially all of the personal property and intangibles of the Company, the To-Ricos Borrowers and the guarantor subsidiaries and (iv) substantially all of the real estate and fixed assets of the Company and the subsidiary guarantors.

The Company is also subject to customary covenants under the U.S. Credit Facility, including certain reporting requirements. Proceeds of the borrowings under the U.S. Credit Facility may be

used to finance the general corporate purposes of the borrowers (including capital expenditures, permitted acquisitions, refinancing indebtedness and principal and interest payments under the U.S. Credit Facility) and the payment of a special cash dividend of approximately \$1.5 billion. In addition, the U.S. Credit Facility contains a number of covenants that, among other things, limit the Company's and its subsidiaries' ability to:

- Incur capital expenditures in excess of \$500 million in any fiscal year;
- Incur additional indebtedness;
- Create liens on any assets;
- Pay dividends, redeem shares of capital stock or make certain restricted payments;
- Consummate certain asset sales;
- Enter into certain transactions with JBS USA Holdings, Inc. and the Company's other affiliates; and
- Merge, consolidate and/or sell or dispose of all or substantially all of the Company's assets.

The foregoing description of the U.S. Credit Facility and the transactions contemplated by the U.S. Credit Facility does not purport to be complete and is qualified in its entirety by reference to the text of the U.S. Credit Facility, which is filed as Exhibit 10.1 hereto and incorporated into this report 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 incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit Number | Description |
|----------------|--|
| 10.1 | Second Amended and Restated Credit Agreement dated February 11, 2015 among Pilgrim's Pride Corporation, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch, as administrative agent, and the lenders party thereto. |

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.

PILGRIM'S PRIDE CORPORATION

Date: February 11, 2015 By: /s/ Fabio Sandri

Fabio Sandri

Chief Financial Officer

EXHIBIT INDEX

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