

Live Nation Entertainment, Inc.
Form 8-K
August 16, 2013

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):

August 13, 2013

Live Nation Entertainment, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction)

001-32601
(Commission)

20-3247759
(I.R.S. Employer)

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of incorporation)

File No.)

Identification No.)

9348 Civic Center Drive

Beverly Hills, California
(Address of principal executive offices)

(310) 867-7000

90210
(Zip Code)

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 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.

The information set forth under Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant and Item 5.03 Departure of Directors or Certain Officers; Election of Officers; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers are incorporated into this Item 1.01 by reference.

Supplemental Indenture

On August 13, 2013, in connection with the previously announced private offering and sale of \$200.0 million aggregate principal amount of 7.00% senior notes due 2020 (the Additional 2020 Notes) of Live Nation Entertainment, Inc. (the Company), the Company, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee, executed a supplemental indenture (the Second Supplemental Indenture) relating to the Additional 2020 Notes. A copy of the Second Supplemental Indenture is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Amendment No. 2 to Credit Agreement

On August 16, 2013, the Company entered into Amendment No. 2 (Amendment No. 2) to its Credit Agreement (the Credit Agreement), among the Company, the guarantors party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Agent, and J.P. Morgan Europe Limited, as London Agent, amending certain of the terms of the Credit Agreement.

Separation Agreement

On August 13, 2013, Live Nation Worldwide, Inc., a wholly owned subsidiary of the Company, and Nathan Hubbard entered into a separation agreement (the Separation Agreement) terminating Mr. Hubbard's employment with the Company as President of the Company's Ticketmaster division.

Item 1.02 Termination of a Material Definitive Agreement.

Satisfaction and Discharge of 8.125% Senior Notes due 2018

In connection with the issuance of the Additional 2020 Notes, the Company used the net proceeds from the Additional 2020 Notes offering, together with cash on hand, to satisfy and discharge all of its outstanding 8.125% senior notes due 2018 (the 2018 Notes), resulting in the termination of substantially all of its covenants and obligations under the indenture and supplemental indentures relating to the 2018 Notes (the 2018 Notes Indenture). The Company concurrently notified the trustee under the 2018 Notes of the exercise of the Company's optional redemption right under the 2018 Notes Indenture to redeem the 2018 Notes in full on September 12, 2013, at which time the 2018 Notes Indenture will be fully terminated.

Employment Agreement

Pursuant to the Separation Agreement, that certain Employment Agreement, originally dated effective February 1, 2007, by and between Live Nation Worldwide and Nathan Hubbard (as amended, Employment Agreement) was terminated as of August 13, 2013. The information set forth under Item 5.03 Departure of Directors or Certain Officers; Election of Officers; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers is incorporated into this Item 1.02 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 set forth under Item 1.01 Entry into a Material Definitive Agreement is incorporated into this Item 2.03 by reference.

Additional 2020 Notes

The Company completed the offering of the Additional 2020 Notes on August 13, 2013. The Additional 2020 Notes were sold in a private offering in reliance on Rule 144A and Regulation S under the Securities Act of 1933, as amended (the Securities Act). The Additional 2020 Notes have not been registered under the Securities Act, or any state securities laws, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The Additional 2020 Notes were offered as additional notes under an existing indenture, dated as of August 20, 2012 (as amended and supplemented, the 2020 Notes Indenture), pursuant to which the Company previously issued \$225.0 million aggregate principal amount of 7.00% senior notes due 2020 (the Existing Notes and together with the Additional 2020 Notes, the 2020 Notes). The Additional 2020 Notes and the Existing Notes will be treated as a single class for all purposes under the 2020 Notes Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, and will be guaranteed by certain domestic subsidiaries of the Company. The 2020 Notes may be subject to acceleration upon the occurrence of customary events of default.

More information on the terms of the 2020 Notes may be found in the Company's Current Report on Form 8-K filed on August 20, 2012. A copy of the 2020 Notes Indenture (including the form of the 2020 Notes) is attached as an exhibit to the Company's Form 10-Q filed on November 5, 2012 and is incorporated herein by reference (and the foregoing description is qualified in its entirety by the full text of such document).

Amendment No. 2 to Credit Agreement

Amendment No. 2 amends the Credit Agreement to provide for (i) a new \$335.0 million revolving credit facility, (ii) a new five-year \$115.0 million term A loan facility and (iii) a new seven-year \$950.0 million term B loan facility, with the right, subject to certain conditions, to increase such facilities by an amount not to exceed the greater of (x) \$450.0 million and (y) additional amounts so long as the senior secured leverage ratio, on a pro forma basis after giving effect to such increase, is no greater than 3.25:1.00.

The new revolving credit facility provides for borrowings of up to \$335.0 million with a \$150.0 million sublimit for the issuance of letters of credit, a \$50.0 million sublimit for swingline borrowings, a \$150.0 million sublimit for borrowings in Euros or Sterling and a \$50.0 million sublimit for borrowings in one or more other approved currencies. The revolving credit facility will be available to the Company and certain foreign subsidiaries of the Company designated as borrowers.

Borrowings under the amended senior secured credit facility bear interest through maturity at a variable rate based upon, at the Company's option, either the Eurodollar rate or the base rate (which is the highest of the administrative agent's prime rate, one-half of 1.00% in excess of the overnight federal funds rate and 1.00% in excess of the one-month Eurodollar rate), plus in each case, an applicable margin. The applicable margin for Eurodollar rate loans for the revolving loans and the new term A loans ranges, based on the applicable net leverage ratio, from 1.75% to 2.25% per annum, and the applicable margin for base rate loans ranges, based on the applicable net leverage ratio from 0.75% to 1.25% per annum. The applicable margin for Eurodollar rate loans for the term B loans is 2.75% per annum and the applicable margin for base rate loans is 1.75% per annum with, in the case of Eurodollar loans, a floor of 0.75% and in the case of base rate loans, a floor of 1.75% (with such floors applicable to the term B loan facility only).

In addition to paying interest on outstanding principal under the credit facility, the Company will be required to pay a commitment fee at a rate of 0.50% to the lenders under the revolving credit facility in respect of the unutilized commitments. This commitment fee is subject to a step down to 0.375% when the Company's net leverage ratio is below 3.25:1.00. The Company will also be required to pay customary letter of credit fees, as necessary.

During the first five years after the closing date, the Company will be required to make quarterly amortization payments on the term A loan facility, at a rate ranging from 5% of the original principal amount in the first year of the facility to 60% in the last year of the facility. During the seven years after the closing date, the Company will be required to make quarterly amortization payments on the term B loan facility at a rate of 0.25% of the original principal amount thereof. The Company is also required to make mandatory prepayments of the loans under the Credit Agreement, subject to specified exceptions, from excess cash flow, and with the proceeds of asset sales, debt issuances and specified other events.

The Company's obligations under the Credit Agreement will be guaranteed by the majority of the Company's direct and indirect domestic subsidiaries, subject to certain exceptions, and the obligations of the foreign subsidiary borrowers, if any, will be guaranteed by the Company, the majority of the Company's direct and indirect domestic subsidiaries and by certain of the Company's wholly-owned foreign subsidiaries. The obligations under the Credit Agreement and the guarantees are secured by a lien on substantially all of the tangible and intangible personal property of the Company and the domestic subsidiaries that are guarantors, and by a pledge of substantially all of the shares of stock, partnership interests and limited liability company interests of the Company's direct and indirect domestic subsidiaries and 65% of each class of capital stock of any first-tier foreign subsidiaries, subject to limited exceptions.

The Credit Agreement contains a number of covenants and restrictions that, a