

Discovery Communications, Inc.
Form 8-K
June 23, 2014

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): June 20, 2014

Discovery Communications, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction

of Incorporation)

001-34177
(Commission

File Number)

35-2333914
(IRS Employer

Identification No.)

One Discovery Place

Silver Spring, Maryland
(Address of Principal Executive Offices)

20910
(Zip Code)

Registrant's telephone number, including area code: 240-662-2000

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 June 20, 2014, Discovery Communications, LLC (DCL) entered into a \$1.5 billion multicurrency Credit Agreement (the Credit Agreement) among DCL, certain wholly-owned subsidiaries of DCL (each a Designated Borrower and, together with DCL, the Borrowers), Discovery Communications, Inc. (Discovery), as Facility Guarantor, the lenders from time to time party thereto (the Lenders) and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. The Credit Agreement replaced DCL s existing \$1 billion Credit Agreement (the Prior Credit Agreement), dated October 13, 2010, as amended, among DCL, Discovery, certain lenders from time to time party thereto, and Bank of America, N.A., as administrative agent.

The Credit Agreement provides for a revolving senior credit facility of \$1.5 billion, which includes a \$750 million sublimit for multicurrency borrowings, a \$100 million sublimit for the issuance of standby letters of credit and a \$50 million sublimit for swing line loans. The Credit Agreement also contains an expansion option permitting DCL and certain Designated Borrowers to request an increase of the senior credit facility from time to time up to an aggregate additional \$1 billion from certain of the Lenders, or other eligible lenders as may be invited to join the senior credit facility, that elect to make such increase available, upon the satisfaction of certain conditions. The obligations of the Borrowers under the Credit Agreement are unsecured and are fully and unconditionally guaranteed by Discovery. Proceeds from the Credit Agreement may be used to repay all obligations under the Prior Credit Agreement and for other general corporate purposes. The senior credit facility also serves as backstop for DCL s \$1 billion commercial paper program. The senior credit facility permits the Borrowers to borrow under two separate tranches in U.S. dollars, certain specified foreign currencies and each other currency that may be approved in accordance with the Credit Agreement.

Each eurocurrency rate loan will bear interest at the Eurocurrency Rate (as defined in the Credit Agreement) plus the Applicable Rate (as defined in the Credit Agreement). The Applicable Rate for eurocurrency rate loans will range from 77.5 basis points to 145.0 basis points based on DCL s debt ratings from time to time. DCL will also pay a letter of credit fee equal to the Applicable Rate for eurocurrency rate loans times the dollar equivalent of the daily amount available to be drawn under such letter of credit.

Base rate loans and swing line loans will bear interest at the Base Rate (as defined below) plus the Applicable Rate. The Base Rate is the highest of (i) the Federal funds rate (as published by the Federal Reserve Bank of New York from time to time) plus 1/2 of 1%, (ii) Bank of America s prime rate as publicly announced from time to time, and (iii) the Eurocurrency Rate plus 1.00%. The Applicable Rate for base rate loans and swing line loans will range from zero basis points to 45.0 basis points based on DCL s debt ratings from time to time.

If any amount is not paid when due under the senior credit facility or an event of default exists, then at the request of a majority of the lenders the obligations under the senior credit facility will bear interest at a rate per annum equal to 2% higher than the interest rate otherwise applicable.

In addition, DCL has agreed to pay to the Lenders a facility fee equal to the Applicable Rate times the actual daily amount of the Aggregate Commitments quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after June 20, 2014. The Applicable Rate for the facility fee ranges from 10.0 basis points to 30.0 basis points based on DCL's debt ratings from time to time.

The senior credit facility will be available on a revolving basis until June 20, 2019. The Borrowers may optionally prepay the loans or irrevocably reduce or terminate the unutilized portion of the commitments under the senior credit facility, in whole or in part, without premium or penalty at any time by the delivery of a notice to that effect as provided under the Credit Agreement.

The Credit Agreement contains customary representations and warranties as well as affirmative and negative covenants. Affirmative covenants include, among others, with respect to DCL, its subsidiaries and Discovery, delivery of financial statements, compliance certificates and notices, payment of obligations, preservation of existence, maintenance of properties, books and records and insurance and compliance with laws.

Negative covenants include, among others, with respect to DCL and its subsidiaries, limitations on liens, investments, indebtedness, dispositions, transactions with affiliates, dividends and restricted payments and certain burdensome agreements. DCL, its subsidiaries and Discovery are also subject to a limitation on mergers, dissolutions, liquidations, consolidations and disposals of all or substantially all of their assets. The Credit Agreement also requires DCL to maintain a consolidated interest coverage ratio (as defined in the Credit Agreement) of no less than 3:00 to 1:00 and a consolidated leverage ratio (as defined in the Credit Agreement) of no more than 4.50 to 1:00.

The Credit Agreement contains customary events of default, including, among others, nonpayment of principal, interest or other amounts, failure to perform covenants, inaccuracy of representations or warranties in any material respect, cross-defaults with other material indebtedness, certain undischarged judgments, the occurrence of certain ERISA or bankruptcy or insolvency events or the occurrence of a Change in Control (as defined in the Credit Agreement) or a material provision of the Credit Agreement ceases to be in effect. Upon an event of default under the Credit Agreement, the Lenders may declare the loans and all other obligations under the Credit Agreement immediately due and payable and require DCL to cash collateralize the outstanding letter of credit obligations. A bankruptcy or insolvency event causes such obligations automatically to become immediately due and payable and DCL shall automatically become required to cash collateralize the outstanding letter of credit obligations.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, RBS Securities Inc., Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC acted as joint lead arrangers and joint bookrunners for the senior credit facility. Bank of America, N.A., acts as administrative agent for the senior credit facility. JPMorgan Chase Bank, N.A., The Royal Bank of Scotland plc, Citibank, N.A. and Credit Suisse AG acted as joint syndication agents for the senior credit facility. In addition, certain of the agents and lenders party to the senior credit facility, and their respective affiliates, have performed, and may in the future perform, various commercial banking, investment banking and other financial advisory services for Discovery and its subsidiaries for which they have received, and will receive, customary fees and expenses. Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, RBS Securities Inc., Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC received customary arrangement fees in connection with their services under the senior credit facility.

The foregoing description of the Credit Agreement does not purport to be a complete statement of the parties' rights under such agreement and is qualified in its entirety by reference to the full text of the Credit Agreement, which is filed as Exhibit 4.1 hereto.

Item 1.02 Termination of a Material Definitive Agreement.

On June 20, 2014, in connection with the execution of the Credit Agreement described in Item 1.01 above, DCL terminated the Prior Credit Agreement.

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 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 4.1 Credit Agreement, dated as of June 20, 2014, among Discovery Communications, LLC (DCL), certain wholly-owned subsidiaries of DCL, Discovery Communications, Inc., as Facility Guarantor, the lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

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.

Date: June 23, 2014

DISCOVERY COMMUNICATIONS, INC.

By: /s/ Andrew Warren

Name: Andrew Warren

Senior Executive Vice President and Chief Financial

Title: Officer

EXHIBIT INDEX

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