

Rocket Fuel Inc.
Form 8-K
December 26, 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)
December 20, 2013

Rocket Fuel Inc.
(Exact name of registrant as specified in its charter)
Delaware 001-36071
(State or other jurisdiction of (Commission File Number)
incorporation)
350 Marine Parkway
Marina Park Center
Redwood City, CA 94065
(Address of principal executive offices, including zip code)
(650) 595-1300
(Registrant's telephone number, including area code)
(Former name or former address, if changed since last report)

30-0472319
(IRS Employer
Identification No.)

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))
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Item 1.01 Entry into a Material Definitive Agreement

On December 20, 2013, Rocket Fuel Inc., a Delaware corporation (the “Company”), entered into an Amended and Restated Revolving Credit and Term Loan Agreement (the “Loan Facility”) by and among the Company, the lenders from time to time party thereto and Comerica Bank, as administrative agent for the lenders. The Loan Facility amends and restates the Company’s existing Loan and Security Agreement, dated as of April 7, 2010 (the “Existing Loan Facility”), by and between the Company and Comerica Bank. The purpose of the Loan Facility is to enhance the Company’s financial flexibility.

The Loan Facility provides for an \$80.0 million secured accounts receivable formula based revolving credit facility, with a \$5.0 million letter of credit subfacility, and a \$20.0 million term loan facility. The Loan Facility contains an increase option permitting the Company, subject to certain requirements, to arrange with existing lenders and/or new lenders to provide up to an aggregate of \$25.0 million in additional revolving commitments. Revolving loans may be advanced under the Loan Facility based on a borrowing base equal to 85% of the value of eligible accounts of the Company. The borrowing base is subject to certain reserves and eligibility criteria. Availability under the accounts receivable formula based revolving credit facility can also be utilized to issue letters of credit. If at any time the aggregate principal amount of the revolving loans outstanding plus the face amount of undrawn letters of credit under the Loan Facility exceed the borrowing base then in effect, then the Company must make a prepayment in an amount sufficient to eliminate such excess. Loan proceeds may be used for general corporate purposes. The Company may prepay revolving loans and term loans under the Loan Facility in whole or in part at any time without premium or penalty.

As of December 20, 2013, the Company had \$20.0 million aggregate principal amount of outstanding term loans, \$7.5 million aggregate principal amount of outstanding revolving loans and issued but undrawn letters of credit in an aggregate principal amount of \$3 million under the Loan Facility. The Company used proceeds of the initial extension of credit under the Loan Facility to refinance \$26.9 million of revolving loans and term loans under the Company’s Existing Loan Facility.

Revolving loans bear interest, at the Company’s option, at (i) a base rate determined in accordance with the Loan Facility, plus a spread of 1.75% to 2.50%, or (ii) a LIBOR rate determined in accordance with the credit agreement, plus a spread of 2.75% to 3.50%. Term loans bear interest, at the Company’s option, at (i) a base rate determined in accordance with the Loan Facility, plus a spread of 2.75% to 3.50%, or (ii) a LIBOR rate determined in accordance with the credit agreement, plus a spread of 3.75% to 4.50%. In each case, the spread is based on the cash reflected on the Company’s balance sheet for the preceding fiscal quarter. The base rate means the highest of (i) the prime rate announced by Comerica Bank, (ii) the federal funds rate plus a margin equal to 1.0% and (iii) the daily adjusted LIBOR rate plus a margin equal to 1.0%. Interest is due and payable quarterly in arrears for prime rate loans and at the end of an interest period (or at each three month interval in the case of loans with interest periods greater than three months) for LIBOR rate loans. Term loans will be repaid in quarterly principal installments of \$1,250,001, with any remaining principal, together with all accrued and unpaid interest, due and payable on December 20, 2018. Principal, together with all accrued and unpaid interest, on the revolving loans are due and payable on December 20, 2016. The Company is also obligated to pay other customary closing fees, commitment fees and letter of credit fees for a facility of this size and type.

Certain of the Company’s future material domestic subsidiaries are required to guaranty the obligations under the Loan Facility. The obligations of the Company and the guarantors are secured by substantially all of their respective assets, subject to certain exceptions and limitations.

The Loan Facility contains customary affirmative and negative covenants, including, among others, covenants limiting the ability of the Company and its subsidiaries to incur indebtedness, grant liens, make acquisitions, merge or consolidate, dispose of assets, make certain restricted payments, make investments and enter into transactions with affiliates, in each case subject to customary exceptions. In addition, the Loan Facility provides that the Company must maintain compliance with a minimum EBITDA covenant and minimum liquidity ratio, each as determined in accordance with the Loan Facility.

Upon an event of default, the Lender may declare the outstanding obligations payable by the Company to be immediately due and payable and exercise other rights and remedies provided for under the Loan Facility. The events of default under the Loan Facility include, among others, payment defaults, covenant defaults, bankruptcy and insolvency defaults, cross-defaults to other material indebtedness, judgment defaults, inaccuracy of representations and warranties, ERISA defaults and a change of control default. Under certain circumstances, a default interest rate will apply on all obligations during the existence of an event of default under the Loan Facility at a per annum rate of interest equal to 2.00% above the applicable interest rate.

The Lender and its affiliates have engaged in, and may in the future engage in, banking and other commercial dealings in the ordinary course of business with the Company or the Company's affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

The foregoing description of the Loan Facility is qualified in its entirety by reference to the full text of the Loan Facility, a copy of which is filed as Exhibit 10.1 hereto and incorporated herein 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 herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No. Description

Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 20, 2013, by and 10.1 among Rocket Fuel Inc., the lenders from time to time party thereto and Comerica Bank, as administrative agent for the lenders.

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.

ROCKET FUEL INC.

By: /s/ JoANN C. COVINGTON

JoAnn C. Covington

Vice President and General Counsel

Date: December 26, 2013

EXHIBIT INDEX

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