

ACETO CORP  
Form 8-K  
May 02, 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): April 30, 2014

Aceto Corporation  
(Exact Name of Registrant as Specified in its Charter)

New York  
(State or Other  
Jurisdiction  
of Incorporation)

000-04217  
(Commission File  
Number)

11-1720520  
(IRS Employer  
Identification No.)

4 Tri Harbor Court, Port Washington, New York 11050  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (516) 627-6000

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 240.14-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13-e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



The Revolving Loans and Term Loans will accrue interest at (i) a London interbank offered rate (“LIBOR”) plus a margin of between 1.50% and 2.25% based on the senior secured net leverage ratio of Aceto and its subsidiaries on a consolidated basis, (ii) a rate based on JPM Chase’s prime rate plus a margin of between 0.50% and 1.25% based on the senior secured net leverage ratio of Aceto and its subsidiaries on a consolidated basis or (iii) a combination thereof. The Revolving Commitment will accrue a commitment fee on the unused portion thereof at a rate between 0.25% and 0.35% based on the senior secured net leverage ratio of Aceto and its subsidiaries on a consolidated basis. JPM Chase and required lenders will have the option to charge a default rate of 200 basis points at any time an event of default exists under the Credit Agreement. Interest will be payable quarterly in arrears on the last business day of each calendar quarter for base rate loans, on the last day of selected interest periods (and every three months in the case of interest periods in excess of three months) for LIBOR loans and upon prepayment of any base rate or LIBOR loan. Interest on the loans will be computed (i) in the case of prime rate loans, on the basis of a 365-day or 366-day year, as the case may be, and (ii) in the case of LIBOR loans, on the basis of a 360-day year, in each case for the actual number of days elapsed in the period during which it accrues.

Revolving Loans and Term Loans may be prepaid in whole or in part without premium or penalty (LIBOR loans are prepayable only on the last days of related interest periods or upon payment of any breakage costs) and the lenders’ commitments relative thereto reduced or terminated. Subject to certain exceptions and thresholds, outstanding Term Loans shall be prepaid by an amount equal to: (i) 100% of the net cash proceeds of asset dispositions outside the ordinary course of business and casualty events (in each case, subject to reinvestment rights), (ii) 100% of the proceeds of indebtedness, other than permitted indebtedness and (iii) 50% of excess cash flow, if the senior secured net leverage ratio of Aceto and its subsidiaries on a consolidated basis is in excess of 2.25 to 1. Amounts prepaid in connection with the mandatory repayments described above will be applied to the Term Loans (applied pro rata to remaining amortization payment) until paid in full.

The Term Loan is also payable as to principal in nineteen (19) consecutive quarterly installments, commencing September 30, 2014 and on each December 31st, March 31st, June 30th and September 30th thereafter, each in the amount set forth below opposite the applicable installment, provided that the final payment on the April 30, 2019 shall be in an amount equal to the then outstanding unpaid principal amount of the Term Loan:

Installment	Amount
1 through 4	\$ 2,000,000.00
5 through 8	\$ 2,500,000.00
9 through 12	\$ 3,000,000.00
13 through 16	\$ 4,000,000.00
17 through 19	\$ 6,000,000.00

All amounts owing under the Credit Agreement, and, if applicable under hedging and banking services arrangements (and all obligations under the guarantees), will be secured in favor of the Lenders by substantially all personal property of Aceto and its domestic material subsidiaries, and guaranteed by its domestic material subsidiaries.



Pursuant to the escrow agreement (the “Escrow Agreement”) entered into between the parties at Closing, Rising deposited \$400,000 out of the Initial Cash Consideration (the “Working Capital Escrow Amount”), which will be used to fund any working capital shortfall determined post-Closing in accordance with the working capital adjustment procedures set forth in the Purchase Agreement. If there is no working capital shortfall determined post-Closing, the Working Capital Escrow Amount will be released to the Sellers within five business days following the final determination of the working capital amount in accordance with the terms of the Escrow Agreement. Rising also deposited into escrow \$6,500,000 out of the Initial Cash Consideration (the “General Escrow Amount”), which will be available to fund the Sellers’ indemnity obligations under the Purchase Agreement. The General Escrow Amount (less any amounts paid for settled indemnity claims or reserved for pending claims) will be released on the eighteenth month anniversary of the Closing.

The foregoing descriptions do not purport to be complete and are qualified in their entirety by reference to the full text of the documents filed as Exhibits 10.1 to the current Report on Form 8-K filed March 28, 2014 and incorporated by reference herein.

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

Reference is made to Item 1.01 hereof, which is hereby incorporated herein.

Item 8.01 Other Events

Aceto issued a press release on April 30, 2014 announcing the completion of the Acquisition. A copy of the press release is included as Exhibit 99.1 to this report.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The financial statements required by Item 9.01(a) of Form 8-K will be filed by amendment within 71 calendar days after the date this report on Form 8-K must be filed.

(b) Pro Forma Financial Information.

The pro forma financial information required by Item 9.01(b) of Form 8-K will be filed by amendment within 71 calendar days after the date this report on Form 8-K must be filed.

(d) Exhibits

10.1 Credit Agreement, dated as of April 30, 2014, by and among Aceto Corporation, JPMorgan Chase Bank, N.A. as Administrative Agent, Wells Fargo, as Syndication Agent, and the Lenders.

99.1 Press release issued by Aceto Corporation on April 30, 2014.

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.

ACETO CORPORATION

Date: May 2, 2014

By: /s/ Salvatore Guccione  
Salvatore Guccione  
President and CEO