

COMPUTER ASSOCIATES INTERNATIONAL INC

Form 8-K

December 08, 2004

Table of Contents

**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: December 2, 2004
(Date of earliest event reported)**

**Computer Associates International, Inc.
(Exact name of registrant as specified in its charter)**

**Delaware
(State or other jurisdiction of incorporation)**

**1-9247
(Commission File Number)**

**13-2857434
(IRS Employer Identification No.)**

**One Computer Associates Plaza
Islandia, New York
(Address of Principal Executive
Offices)**

**11749
(Zip Code)**

**(631) 342-6000
(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 (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))

TABLE OF CONTENTS

Item 1.01 Entry into a Material Definitive Agreement; Item 1.02. Termination of a Material Definitive Agreement; Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

Item 9.01 Financial Statements and Exhibits

SIGNATURES

EXHIBIT INDEX

EX-10.1: CREDIT AGREEMENT

Table of Contents

Item 1.01 Entry into a Material Definitive Agreement; Item 1.02 Termination of a Material Definitive Agreement; Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On December 2, 2004, Computer Associates International, Inc. (the Company), as a borrower, entered into an unsecured revolving credit facility with a committed capacity of \$1.0 billion (including a letter of credit sub-facility) (the Credit Agreement), among the Company, the banks party thereto, Citicorp North America, Inc., as paying agent (the Agent), Bank of America, N.A., Citicorp North America, Inc. and JP Morgan Chase Bank, N.A., as co-administrative agents, and Banc of America Securities LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as joint lead arrangers and joint bookrunners. The Credit Agreement comprises commitments from 18 financial institutions. The Credit Agreement expires December 2, 2008, at which time all outstanding amounts under the Credit Agreement will be due and payable. There are no loans currently outstanding under the Credit Agreement. Upon the approval of the Company's Board of Directors or a duly authorized committee, the Company may, at its option and subject to customary conditions (including maintenance of certain credit ratings), request an increase in the aggregate commitment by up to \$250 million without the consent of the lenders or the Agent. The Credit Agreement replaces a credit agreement for \$470 million that was due to expire on January 31, 2005; that credit agreement was terminated effective December 2, 2004, at which time there were no borrowings outstanding thereunder.

At the Company's option, borrowings under the Credit Agreement will bear interest at a rate dependent on the Company's credit ratings at the time of such borrowing and will be calculated according to a base rate or a Eurocurrency rate, as the case may be, plus an applicable margin and utilization fee. The Company must pay interest on borrowings quarterly. Depending on the Company's credit rating at the time of borrowing, the applicable margin can range from 0% to 0.325% for a base rate borrowing and from 0.50% to 1.325% for a Eurocurrency borrowing, and the utilization fee can range from 0.125% to 0.250%. At the Company's current credit ratings, the applicable margin would be 0% for a base rate borrowing and 0.70% for a Eurocurrency borrowing, and the utilization fee would be 0.125%. In addition, the Company must pay facility commitment fees quarterly at rates dependent on the Company's credit ratings. Depending on the Company's credit rating, the facility commitment fees can range from 0.125% to 0.30% of the aggregate amount of each Lender's full revolving credit commitment (without taking into account any outstanding borrowings under such commitments). At the Company's current credit ratings, the facility commitment fee is 0.175% of the aggregate amount of each Lender's revolving credit commitment.

The Credit Agreement contains customary covenants for transactions of this type, including two financial covenants: (i) for the 12-months ending each quarter-end, the ratio of consolidated debt for borrowed money to consolidated cash flow, as defined in the Credit Agreement, must not exceed 3.25 for the quarter ending December 31, 2004 and 2.75 for quarters ending March 31, 2005 and thereafter; and (ii) for the 12-months ending each quarter-end, the ratio of consolidated cash flow to the sum of interest payable on, and amortization of debt discount in respect of, all consolidated debt for borrowed money, as defined in the Credit Agreement, must not be less than 5.00. In addition, as a condition precedent to each borrowing made under the Credit Agreement, as of the date of such borrowing, (i) no event of default shall have occurred and be continuing and (ii) the Company is to reaffirm that the representations and warranties made in the Credit Agreement (other than the representation with respect to material adverse changes, but including the representation regarding the absence of certain material litigation) are correct.

The Credit Agreement provides for customary events of default, including failure to pay any principal or interest when due, failure to comply with covenants, any representation made by the Company proving to be incorrect, defaults relating to other indebtedness of at least \$50,000,000 in the aggregate, certain insolvency and receivership events affecting the Company or its subsidiaries, judgments in excess of \$50,000,000 in the aggregate being rendered against the Company or its subsidiaries, the acquisition of 20% or more by any person of any outstanding class of capital stock having ordinary voting power in the election of directors of the Company, and the incurrence of certain

ERISA liabilities in excess of \$50,000,000 in the aggregate.

In the event of a default by the Company, the Agent may, and at the direction of the requisite number of Lenders will, terminate the Lenders' commitments to make loans under the Credit Agreement, declare the obligations under the Credit Agreement immediately due and payable and enforce any and all rights of the Lenders or Agent under the Credit Agreement and related documents. For certain events of default related to insolvency and receivership, the commitments of the Lenders are automatically terminated and all outstanding obligations become immediately due and payable.

Certain of the lenders, agents and other parties to the Credit Agreement, and their affiliates, have in the past provided, and may in the future provide, investment banking, underwriting, lending, commercial banking and other advisory services to the company and its subsidiaries. Such lenders, agents and other parties have received, and may in the future receive, customary compensation from the Company and its subsidiaries for such services. Among other things, certain of the lenders, agents and other parties to the Credit Agreement, and their affiliates, acted as initial purchasers in the Company's recent offering of debt securities pursuant to Rule 144A under the Securities Act of 1933, as described in the Company's Form 8-K, dated November 15, 2004.

The foregoing description of the Credit Agreement and related matters is qualified in its entirety by reference to the Credit Agreement, which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

| Exhibit No. | Description |
|--------------------|--|
| 10.1 | Credit Agreement dated December 2, 2004. |

Table of Contents

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.

COMPUTER ASSOCIATES INTERNATIONAL, INC.

Date: December 8, 2004

By: /s/ Jeff Clarke

Jeff Clarke
Chief Operating Officer and Chief Financial Officer

Table of Contents

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|--|
| 10.1 | Credit Agreement dated December 2, 2004. |