DANAHER CORP /DE/
Form 8-K
June 21, 2016

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

June 16, 2016

Date of Report (Date of Earliest Event Reported)

Danaher Corporation

(Exact Name of Registrant as Specified in Charter)

Delaware	**001-08089**	**59-1995548**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

2200 Pennsylvania Ave., N.W., Suite 800W,

Washington, D.C. 20037-1701

(Address of Principal Executive Offices)

Registrant s telephone number, including area code: (202) 828-0850

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.

Indenture and Guarantees

On June 20, 2016, Fortive Corporation (Fortive), a wholly owned subsidiary of Danaher Corporation (the Company), issued $300,000,000 aggregate principal amount of 1.800% senior unsecured notes due 2019 (the 2019 Notes), $750,000,000 aggregate principal amount of 2.350% senior unsecured notes due 2021 (the 2021 Notes), $900,000,000 aggregate principal amount of 3.150% senior unsecured notes due 2026 (the 2026 Notes) and $550,000,000 aggregate principal amount of 4.300% senior unsecured notes due 2046 (the 2046 Notes and collectively with the 2019 Notes, the 2021 Notes and the 2026 Notes, the Notes), to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act) and to non-U.S. persons outside the United States pursuant to Regulation S under the Securities Act. The 2019 Notes will mature on June 15, 2019. The 2021 Notes will mature on June 15, 2021. The 2026 Notes will mature on June 15, 2026. The 2046 Notes will mature on June 15, 2046. Interest on the Notes will be paid semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2016.

The Notes were issued under an indenture dated as of June 20, 2016 (the Indenture) between Fortive and The Bank of New York Mellon Trust Company, N.A. as trustee (the Trustee).

If the Separation (as defined below) has not been completed by September 30, 2016, Fortive will redeem the Notes at a price equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest, if any, to, but not including, the Special Mandatory Redemption Date (as defined in the Indenture).

The Company has fully and unconditionally guaranteed the Notes (the Guarantees) pursuant to a guarantee, dated as of June 20, 2016 (the Guarantee Agreement), in favor of the holders of the Notes and the Trustee. The Guarantees will automatically and unconditionally terminate upon the completion of the planned separation of Fortive from the Company and the distribution of all of the shares of common stock of Fortive to the holders of common stock of the Company (other than fractional shares, which will be aggregated and sold into the public market and the proceeds distributed to Company stockholders, and provided that certain benefit plans held or sponsored by the Company may hold shares of the Company and as a result may receive and hold certain shares of Fortive immediately following the distribution) (the Separation).

The Guarantees are the general unsecured, unsubordinated obligations of the Company, equal in right of payment with all existing and any future unsecured and unsubordinated indebtedness of the Company, senior in right of payment to any existing and future indebtedness of the Company that is subordinated to the Guarantees, effectively subordinated in right of payment to any existing and future secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness, and structurally subordinated to all existing and any future indebtedness and any other liabilities of the Company s subsidiaries (other than Fortive).

The above descriptions of the Indenture and the Guarantee Agreement are qualified in their entirety by reference to the Indenture and the Guarantee Agreement. The Indenture and the Guarantee Agreement are filed as Exhibits 4.1 and 4.2 hereto, respectively, and are incorporated herein by reference.

Credit Agreement

On June 16, 2016, Fortive, as borrower, entered into a credit agreement with the Company, as a guarantor, Bank of America, N.A., as Administrative Agent and Swing Line Lender, and a syndicate of lenders from time to time party thereto, that provides for a 3-year term loan facility in an aggregate principal amount of $500 million (the Term Loan Facility) and a 5-year revolving credit facility in an aggregate principal amount not to exceed $1.5 billion, which includes a multicurrency borrowing feature (the Revolving Loan Facility, and together with the Term Loan Facility, the Credit Agreement). At the closing of the Credit Agreement, Fortive did not borrow any funds under the Credit Agreement, but borrowed $500 million of loans under the Term Loan Facility on June 21, 2016.

Payments of the principal amounts borrowed under the Term Loan Facility are due on June 16, 2019 and the Revolving Loan Facility expires on June 16, 2021 (the Revolving Loan Maturity Date); provided that the Revolving Loan Facility is subject to a one-year extension option at the request of Fortive and with the consent of the lenders. If, however, the Separation has not occurred on or before September 30, 2016, the Revolving Loan Facility will expire on September 30, 2016 and all amounts borrowed under the Term Loan Facility will be due on October 31, 2016. The Credit Agreement also contains an expansion option permitting Fortive to request increases of the Term Loan Facility and/or Revolving Loan Facility of up to an aggregate additional $500 million from lenders that elect to make such increase available, upon the satisfaction of certain conditions.

Borrowings under the Revolving Loan Facility bear interest at Fortive s option as follows: (1) Eurocurrency Rate Committed Loans (as defined in the Credit Agreement) bear interest at a variable rate equal to the London inter-bank offered rate plus a margin of between 91.0 and 150.0 basis points, depending on Fortive s long-term debt credit rating; (2) Base Rate Committed Loans and Swing Line Loans (each as defined in the Credit Agreement) bear interest at a variable rate equal to the highest of (a) the Federal funds rate (as published by the Federal Reserve Bank of New York from time to time) plus 1/2 of 1%, (b) Bank of America s prime rate as publicly announced from time to time and (c) the Eurocurrency Rate (as defined in the Credit Agreement) plus 1%, plus in each case a margin of up to 50.0 basis points depending on Fortive s long-term debt credit rating; and (3) Bid Loans (as defined in the Credit Agreement) bear interest at the rate bid by the particular lender providing such loan. In addition, Fortive is required to pay a per annum facility fee of between 9.0 and 25.0 basis points (depending on Fortive s long-term debt credit rating) based on the aggregate commitments under the Revolving Loan Facility, regardless of usage.

Borrowings under the Term Loan Facility bear interest at Fortive s option as follows: (1) Eurocurrency Rate Committed Loans (as defined in the Credit Agreement) bear interest at a variable rate equal to the London inter-bank offered rate plus a margin of between 100.0 and 175.0 basis points, depending on Fortive s long-term debt credit rating; and (2) Base Rate Committed Loans (as defined in the Credit Agreement) bear interest at a variable rate equal to the highest of (a) the Federal funds rate (as published by the Federal Reserve Bank of New York from time to time) plus 1/2 of 1%, (b) Bank of America s prime rate as publicly announced from time to time and (c) the Eurocurrency Rate (as defined in the Credit Agreement) plus 1%, plus in each case a margin of up to 75.0 basis points depending on Fortive s long-term debt credit rating.

The Credit Agreement requires Fortive to maintain a Consolidated Net Leverage Ratio (as defined in the Credit Agreement) of 3.50 to 1.00 or less; provided, that the maximum Consolidated Net Leverage Ratio will be increased to 3.75 to 1.00 for the four consecutive full fiscal quarters immediately following the consummation of any acquisition by Fortive or any subsidiary of Fortive in which the purchase price exceeds $250 million. The Credit Agreement also requires Fortive to maintain a Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) of 3.50 to 1.00 or more. The Consolidated Net Leverage Ratio and Consolidated Interest Coverage Ratio will be tested beginning with the fiscal quarter ending September 30, 2016.

Borrowings under the Credit Agreement are prepayable at Fortive s option in whole or in part without premium or penalty. Amounts borrowed under the Revolving Loan Facility may be repaid and reborrowed from time to time prior to the Revolving Loan Maturity Date. Amounts borrowed under the Term Loan Facility may not be reborrowed once repaid.

Fortive s obligations under the Credit Agreement are unsecured. Fortive has unconditionally and irrevocably guaranteed the obligations of each of its subsidiaries in the event a subsidiary is named a borrower under the Credit Agreement. The Credit Agreement contains customary representations, warranties, conditions precedent, events of default, indemnities and affirmative and negative covenants, including covenants that, among other things, restrict the ability of Fortive and certain of its subsidiaries to: incur liens; incur indebtedness; make restricted payments; sell or otherwise dispose of Fortive s or any subsidiary s assets; enter into certain mergers or consolidations; and use proceeds of borrowings under the Credit Agreement for other than permitted uses. These covenants are subject to a number of important exceptions and qualifications. Certain changes of control with respect to Fortive following the Separation, and the Company prior to the Separation, would constitute an event of default under the Credit Agreement. Upon the occurrence and during the continuance of an event of default, the lenders may declare the outstanding advances and all other obligations under the Credit Agreement immediately due and payable.

The obligations under the Credit Agreement are unconditionally and irrevocably guaranteed by the Company; provided that the Company s guarantee under the Credit Agreement will be automatically released upon the consummation of the Separation.

Fortive intends to use the net proceeds from the Term Loan Facility and the issuance of short-term commercial paper notes to make payments to the Company as consideration for the contribution of certain assets to Fortive by the Company in connection with the Separation, to pay related fees and expenses, and for general corporate purposes. Fortive intends to use the Revolving Loan Facility as liquidity support for its commercial paper program and for general corporate purposes.

The above description of the Credit Agreement is qualified in its entirety by reference to the Credit Agreement. The Credit Agreement is filed as Exhibit 10.1 hereto and is 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 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	**Exhibit Description**
4.1	Indenture, dated as of June 20, 2016, between Fortive Corporation, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee.
4.2	Guarantee, dated as of June 20, 2016, made by Danaher Corporation.
10.1	Credit Agreement, dated as of June 16, 2016, among Fortive Corporation and certain of its subsidiaries party thereto, Danaher Corporation, Bank of America, N.A., as Administrative Agent and a Swing Line Lender, and the lenders referred to therein.

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.

DANAHER CORPORATION

By:	/s/ James F. O Reilly
Name:	James F. O Reilly
Title:	Vice President, Associate General Counsel and Secretary

Date: June 21, 2016

EXHIBIT INDEX

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