

DDR CORP
Form 8-K
December 07, 2012

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): December 4, 2012

DDR Corp.

(Exact Name of Registrant as Specified in Charter)

Ohio
(State or Other Jurisdiction
of Incorporation)

1-11690
(Commission
File Number)

34-1723097
(IRS Employer
Identification No.)

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3300 Enterprise Parkway, Beachwood, Ohio
(Address of Principal Executive Offices)
Registrant's telephone number, including area code: (216) 755-5500

44122
(Zip 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))

Item 8.01. Other Events.
Amended and Restated Sales Agency Financing Agreements

On December 4, 2012, DDR Corp. (the Company) amended and restated its separate Sales Agency Financing Agreements, each dated October 4, 2012 (such amended and restated agreements, the Sales Agreements), with BNY Mellon Capital Markets, LLC (BNYMCM) and KeyBanc Capital Markets Inc. (KBCM) and, together with BNYMCM, the Sales Agents), respectively. The amendments provide that, in addition to the issuance and sale of its common shares, par value \$0.10 per share (Common Shares), through the Sales Agents, the Company may also enter into forward sale agreements under separate Master Forward Sale Agreements (as defined below) and related supplemental confirmations, between the Company and (1) an affiliate of BNYMCM or (2) KBCM (in such capacity, a Forward Purchaser). In connection with each such forward sale agreement, the relevant Forward Purchaser will, at the Company's request, borrow from third parties and, through the relevant Sales Agent, sell a number of Common Shares equal to the number of Common Shares underlying such forward sale agreement to hedge such forward sale agreement.

In connection with each forward sale agreement, the relevant Sales Agent will receive, in the form of a reduced initial forward sale price, selling commissions at a mutually agreed rate that will not exceed, but may be lower than, 2.0% of the volume weighted average of the sales prices of all borrowed Common Shares sold during the applicable period by it as an agent for the relevant Forward Purchaser.

Master Forward Sale Agreements

On December 4, 2012, the Company entered into separate Master Confirmations for Forward Stock Sale Transactions (the Master Forward Sale Agreements) with The Bank of New York Mellon and KBCM, respectively, as Forward Purchasers. Under the terms of the Master Forward Sale Agreements, the Company may from time to time enter into one or more supplemental confirmations. In connection with each supplemental confirmation, the relevant Forward Purchaser will, at the Company's request, borrow from third parties and, through the relevant Sales Agent, sell a number of Common Shares equal to the number of Common Shares underlying such forward sale agreement to hedge such forward sale agreement.

The initial forward sale price per share under each forward sale agreement will equal the product of (1) an amount equal to one minus the applicable selling commission and (2) the volume weighted average price per share at which the borrowed Common Shares were sold pursuant to the relevant Sales Agreement by the relevant Sales Agent to hedge the relevant Forward Purchaser's exposure under such forward sale agreement. Thereafter, the initial forward sale price will be subject to the price adjustment provisions of the relevant forward sale agreement. If the Company elects to physically settle any forward sale agreement by delivering Common Shares, the Company will receive an amount of cash from the relevant Forward Purchaser equal to the product of the initial forward sale price per share under such forward sale agreement and the number of Common Shares underlying such forward sale agreement, subject to the price adjustment and other provisions of such forward sale agreement. The forward sale agreements, the maximum terms of which may not exceed six months, will provide that the initial forward sale price, as well as the sales prices used to calculate the initial forward sale price, will be subject to adjustment based on a floating interest rate factor equal to the federal funds rate less a spread. In addition, the initial forward sale price will be subject to decrease on certain dates specified in the relevant forward sale agreement by the amount per share of quarterly dividends the Company currently expects to declare during the term of such forward sale agreement. If the federal funds rate is less than the spread on any day, the interest rate factor will result in a daily reduction of the forward sale price.

Except under the circumstances described below, the Company has the right, in lieu of physical settlement of any forward sale agreement, to elect cash or net share settlement of such forward sale agreement. If the Company elects cash or net share settlement of any forward sale agreement, the relevant Forward Purchaser or one of its affiliates will purchase Common Shares in secondary market transactions over an unwind period to:

deliver Common Shares to stock lenders in order to unwind such Forward Purchaser's hedge (after taking into consideration any Common Shares to be delivered by the Company to such Forward Purchaser, in the case of net share settlement); and

in the case of net share settlement, deliver Common Shares to the Company in settlement of such forward sale agreement.

If the price of the Common Shares at which these purchases are made is below the relevant forward sale price, such Forward Purchaser will pay the Company such difference in cash (if the Company elects to cash settle) or deliver Common Shares to the Company having a market value equal to such difference (if the Company elects to net share settle). If the price of the Common Shares at which these purchases are made exceeds the relevant forward sale price, the Company will pay such Forward Purchaser an amount in cash equal to such difference (if the Company elects to cash settle) or the Company will deliver to such Forward Purchaser a number of Common Shares having a market value equal to such difference (if the Company elects to net share settle). Any such difference could be significant. In addition, these purchases of Common Shares by such Forward Purchaser or one of its affiliates could cause the price of the Common Shares to increase over time, thereby increasing the number of Common Shares or amount of cash the Company owes to such Forward Purchaser upon net share or cash settlement or decreasing the number of Common Shares or amount of cash the Forward Purchaser would owe to the Company upon cash or net share settlement.

A Forward Purchaser will have the right to accelerate each forward sale agreement that it enters into with the Company and to require the Company to physically settle on a date specified by such Forward Purchaser if (1) it or its affiliate is unable to hedge (or maintain a hedge of) its exposure under such forward sale agreement after using commercially reasonable efforts because (x) insufficient amounts of Common Shares have been made available for borrowing by share lenders or (y) such Forward Purchaser or its affiliate would incur a stock loan cost in excess of a specified threshold, (2) the Company declares any dividend or distribution on the Common Shares payable in (a) cash in excess of a specified amount, (b) securities of another company, or (c) any other type of securities (other than the Common Shares), rights, warrants or other assets, (3) an event is announced that if consummated would result in a specified extraordinary event (including certain mergers, as well as certain events involving the Company's nationalization or delisting of the Common Shares) or (4) certain other events of default or termination events occur, including, among other things, any material misrepresentation made in connection with such forward sale agreement, the Company's bankruptcy or a change in law (each as more fully described in each forward sale agreement). A Forward Purchaser's decision to exercise its right to require the Company to settle any forward sale agreement will be made irrespective of the Company's interests, including its need for capital. In such cases, the Company could be required to issue and deliver Common Shares under the terms of the physical settlement provisions of any such forward sale agreement irrespective of its capital needs, which would result in dilution to the Company's earnings per share and return on equity.

Item 9.01. Financial Statements and Exhibits.
(d) Exhibits

Exhibit Number	Description
1.1	Amended and Restated Sales Agency Financing Agreement, dated December 4, 2012, among the Company, BNY Mellon Capital Markets, LLC and The Bank of New York Mellon
1.2	Amended and Restated Sales Agency Financing Agreement, dated December 4, 2012, between the Company and KeyBanc Capital Markets Inc., as sales agent and forward purchaser
1.3	Master Confirmation for Forward Stock Sale Transactions, dated December 4, 2012, between the Company and The Bank of New York Mellon
1.4	Master Confirmation for Forward Stock Sale Transactions, dated December 4, 2012, between the Company and KeyBanc Capital Markets Inc.

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.

DDR CORP.

By: /s/ David J. Oakes
Name: David J. Oakes, CFA
Title: Senior Executive Vice President
& Chief Financial Officer

Date: December 6, 2012

EXHIBIT INDEX

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