

MILLENNIUM CHEMICALS INC
Form 8-K
August 26, 2005

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): August 22, 2005

MILLENNIUM CHEMICALS INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-12091
(Commission File Number)

22-3436215
(I.R.S. Employer Identification No.)

Two Greenville Crossing,

19807

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4001 Kennett Pike, Suite 238 Greenville, Delaware
(Address of principal executive offices)

(Zip Code)

(713) 652-7200

(Registrant's telephone number, including area code)

1221 McKinney Street, Suite 700, Houston, Texas 77010

(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))
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The description set forth below is qualified in its entirety by the full text of the respective document to which it refers, which document is filed herewith.

Item 1.01 Entry into a Material Definitive Agreement

On August 22, 2005, Millennium Chemicals Inc. (the Company), Millennium America Inc., a U.S. subsidiary of the Company (Millennium America), and Millennium Inorganic Chemicals Ltd, an Australian subsidiary of the Company (MIC Ltd), entered into amended and restated 5-year Senior Secured Credit Facilities (the Credit Facilities) with the lenders party thereto including Bank of America, N.A. as Syndication Agent, JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent, and J.P. Morgan Securities Inc. and Banc of America Securities LLC as Co-Lead Arrangers and Joint Bookrunners. The Credit Facilities consist of (1) a \$125,000,000 Senior Secured Revolving Credit Facility (the U.S. Revolving Facility), with Millennium America as borrower, (2) a \$25,000,000 Senior Secured Revolving Credit Facility (the Australian Revolving Facility), with MIC Ltd as borrower and (3) a \$100,000,000 Senior Secured Term Loan (the Term Loan), with MIC Ltd as borrower. The Credit Facilities are an amendment and restatement of the Company's \$150,000,000 Senior Secured Revolving Credit Facility, dated June 18, 2001, among Millennium America, as borrower, Millennium Inorganic Chemicals Limited, a United Kingdom subsidiary of the Company, as borrower, certain borrowing subsidiaries of the Company from time to time party thereto, the Company, as Guarantor, the lenders from time to time party thereto, Bank of America, N.A. as Syndication Agent, and JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent.

The U.S. Revolving Facility and the Australian Revolving Facility, which mature on August 22, 2010, will be used for liquidity and general corporate purposes. The Term Loan, which also matures on August 22, 2010, will be used to facilitate the repatriation during 2005 of certain non-U.S. earnings. The repatriated funds will primarily be used to reduce the Company's indebtedness.

The U.S. Revolving Facility and the Term Loan generally bear interest between LIBOR plus 1.00% to LIBOR plus 2.00%, as the case may be, based upon the Leverage Ratio, as defined, as of the most recent determination date. At closing, the interest rate on the U.S. Revolving Facility and the Term Loan was LIBOR plus 1.5%. The Australian Revolving Facility generally bears interest between the Australian Bank Bill Rate, as defined, plus 1.00% to the Australian Bank Bill Rate plus 2.00%, as the case may be, based upon the Leverage Ratio as of the most recent determination date. At closing, the interest rate on the Australian Revolving Facility was the Australian Bank Bill Rate plus 1.5%. Availability under the U.S. Revolving Facility and the Australian Revolving Facility, which were undrawn at closing, is reduced to the extent of outstanding letters of credit provided under the respective facilities. At closing, there were approximately \$25 million of outstanding letters of credit under the U.S. Revolving Facility and no outstanding letters of credit under the Australian Revolving Facility.

The obligations under the U.S. Revolving Facility, subject to permitted liens, are generally secured by (1) a pledge of 100% of the stock of certain of the Company's existing and future domestic subsidiaries and 65% of the stock of certain of the Company's existing and future

foreign subsidiaries; (2) the equity interests held by the Company's subsidiaries in Equistar Chemicals, LP (Equistar, in which the Company holds a 29.5% interest) and their right to receive distributions made by Equistar; (3) certain present and future accounts receivable, account rights, documents, chattel paper, intercompany indebtedness, inventory, investment property and proceeds held by the Company and certain of its domestic subsidiaries; and (4) a guarantee by the Company, Millennium America and Millennium US Op Co, LLC, a U.S. subsidiary of the Company (Millennium US Op Co). The obligations under the Term Loan and Australian Revolving Facility, subject to permitted liens, are secured by (1) all the equity interests of certain subsidiaries of MIC Ltd; (2) substantially all of the assets of certain subsidiaries of MIC Ltd, including but not limited to (i) all the equity interests owned by each such subsidiary and (ii) substantially all tangible and intangible assets of each such subsidiary (including but not limited to accounts receivable, inventory, plant, property and equipment, intellectual property, real property, intercompany indebtedness, cash and proceeds of the foregoing; and (3) a guarantee by the Company, Millennium America, Millennium US Op Co and certain subsidiaries of MIC Ltd.

The Credit Facilities contain covenants that, subject to exceptions, limit distributions, debt incurrence, lien incurrence, investments, sale and leaseback transactions, certain payments, sales of assets, affiliate transactions and mergers. In addition, the Credit Facilities contain covenants that require the Company to maintain specified financial ratios, as defined in the Credit Facilities. Specifically, (1) the Company is not permitted to allow the Leverage Ratio, as defined, to be equal to or greater than 4.50 to 1.00 and (2) the Company is not permitted to allow the Interest Coverage Ratio, as defined, for any period of four consecutive fiscal quarters of the Company ending after June 30, 2005 to be less than (i) 1.75 to 1.00 for any such period ending prior to September 30, 2006, or (ii) 2.25 to 1.00 for any such period ending on or after September 30, 2006.

The breach of these covenants could permit the lenders to declare any outstanding debt under the Credit Facilities payable and could permit the lenders to terminate future lending commitments.

The Credit Facilities are being filed with this Current Report on Form 8-K as Exhibit 4.4.

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

See Item 1.01 above.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

- 4.4 Credit Agreement, dated August 22, 2005, among Millennium America Inc., as Borrower, Millennium Inorganic Chemicals Ltd, as Borrower, Millennium Chemicals Inc., as Guarantor, the lenders from time to time party thereto, Bank of America, N.A., as Syndication Agent, JP Morgan Chase Bank, N.A. as Administrative Agent and Collateral Agent and J.P Morgan Securities Inc. and Banc of America Securities LLC as Co-Lead Arrangers and Joint Bookrunners.

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.

MILLENNIUM CHEMICALS INC.

By: /s/ Kerry A. Galvin

Name: Kerry A. Galvin

Title: Senior Vice President, General Counsel &
Secretary

Date: August 26, 2005

INDEX TO EXHIBITS

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|---------------------------|--|
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