

Edgar Filing: Alliance HealthCare Services, Inc - Form 8-K

Alliance HealthCare Services, Inc
Form 8-K
December 05, 2013

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): December 2, 2013

ALLIANCE HEALTHCARE SERVICES, INC.
(Exact Name of Registrant as Specified in Charter)

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| DELAWARE (State or Other Jurisdiction of Incorporation) | 1-16609 (Commission File Number) | 33-0239910 (I.R.S. Employer Identification No.) |
| 100 Bayview Circle, Suite 400 Newport Beach, CA 92660 (Address of principal executive offices, including zip code) | | |
| (949) 242-5300 (Registrant's telephone number, including area code) | | |
| Not Applicable (Former address of principal executive offices) | | |

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

On December 2, 2013, Alliance HealthCare Services, Inc. (the “Company”) borrowed \$70.0 million of incremental term loans under its previously disclosed amended credit facility. The Company amended its credit facility in October 2013 in order to raise incremental funds to be used to repurchase the remaining balance of its 8% Senior Notes due 2016 (the “Notes”). As described in Item 8.01 below, the Company completed the redemption of the outstanding principal amount of the Notes on December 4, 2013. With the completion of this transaction including the redemption of the Notes, Alliance expects to save approximately \$5 million in cash interest on an annualized basis.

The incremental term loan was funded at 99.0% of principal amount and will mature on the same date as the existing term loan under the Company’s credit facility in June 2019. Upon funding, the incremental term loans were converted to match all the terms of existing term loans. Interest on the incremental term loan is calculated, at the Company’s option, at a base rate plus a 2.25% margin or LIBOR plus a 3.25% margin, subject to a 1.00% LIBOR floor.

During the first five and one half years after the closing date for the incremental term loan, the quarterly amortization payments of all term loans under the credit facility has increased to \$1.225 million from the previous amount of \$1.05 million.

The Company’s obligations under the incremental term loans are guaranteed by substantially all of the Company’s direct and indirect domestic subsidiaries. The obligations under the incremental term loan and the guarantees are secured by a lien on substantially all of the Company’s tangible and intangible property, and by a pledge of all of the shares of stock and limited liability company interests of the Company’s direct and indirect domestic subsidiaries, of which the Company now owns or later acquires more than a 50% interest, subject to limited exceptions.

Item 8.01: Other Events.

On December 4, 2013, the Company completed the redemption of the outstanding principal amount of the Notes with the proceeds from the incremental term loan described in Item 2.03 above plus borrowings under its revolving line of credit and cash on hand. The redemption was effected pursuant to the terms of the indenture governing the Notes (the “Indenture”). In connection with the redemption of the Notes, the Indenture was satisfied and discharged and ceased to be of further effect as of December 4, 2013, except for any surviving obligations of the Company to the trustee, and the Company was discharged from its obligations under the Notes.

This current report on Form 8-K contains forward-looking statements relating to future events, including statements related to the anticipated savings of the incremental term loan, as described above.

In this context, forward-looking statements often address the Company’s expected future business and financial results and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks” or “will.” Forward-looking statements by their nature address matters that are uncertain and subject to risks. Such uncertainties and risks include: changes in financial results and guidance in the event of a restatement or review of the Company’s financial statements; the nature, timing and amount of any such restatement or other adjustments; the Company’s ability to make timely filings of its required periodic reports under the Securities Exchange Act of 1934; issues relating to the Company’s ability to maintain effective internal control over financial reporting and disclosure controls and procedures; the Company’s high degree of leverage and its ability to service its debt; factors affecting the Company’s leverage, including interest rates; the risk that the counterparties to the Company’s interest rate swap agreements fail to satisfy their obligations under these agreements; the Company’s ability to obtain financing; the effect of operating and financial restrictions in the Company’s debt instruments; the accuracy of the Company’s estimates regarding its capital requirements; the effect of intense levels of competition in the Company’s industry; changes in the methods of third party reimbursements for diagnostic imaging and radiation oncology services; fluctuations or unpredictability of the Company’s revenues, including as a result of seasonality; changes in the healthcare regulatory environment; the

Company's ability to keep pace with technological developments within its industry; the growth or lack thereof in the market for imaging, radiation oncology and other services; the disruptive effect of hurricanes and other natural disasters; adverse changes in general domestic and worldwide economic conditions and instability and disruption of credit markets; difficulties the Company may face in connection with recent, pending or future acquisitions, including unexpected costs or liabilities resulting from the acquisitions, diversion of management's attention from the operation of the Company's business, and risks associated with integration of the acquisitions; and other risks and uncertainties identified in the Risk Factors section of the Company's Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission (the "SEC"), as may be modified or supplemented by our subsequent filings with the SEC. These uncertainties may cause actual future results or outcomes to differ materially from those expressed in the Company's forward-looking

statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company does not undertake to update its forward-looking statements except as required under the federal securities laws.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALLIANCE HEALTHCARE SERVICES, INC.

December 5, 2013 By: /s/ Howard K. Aihara

Name: Howard K. Aihara

Title: Executive Vice President and Chief Financial Officer