

SAFEGUARD SCIENTIFICS INC  
Form 8-K  
May 14, 2018

**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) **May 11, 2018**

**Safeguard Scientifics, Inc.**

(Exact Name of Registrant as Specified in Charter)

**Pennsylvania**                      **1-5620**                      **23-1609753**  
(State or Other Jurisdiction (Commission (IRS Employer  
of Incorporation)                      File Number) Identification No.)

**170 North Radnor-Chester Road, Suite 200, Radnor, PA 19087**  
(Address of Principal Executive Offices)                      (Zip Code)

Registrant's telephone number, including area code **610-293-0600**

Not applicable

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(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



*Certain Closing Fees*

The Amendment requires the payment by Safeguard to HPS of a closing fee in the amount of \$625,000 and an amendment fee in the amount of \$750,000.

*Amendments to Certain Repayment Terms*

If, as of any quarter end date, the aggregate amount of Safeguard's cash or cash equivalents exceeds \$50,000,000, Safeguard will be required to prepay outstanding principal amounts under the Loan, plus any applicable interest and prepayment fees, in an amount equal to 100% of such excess.

*Amendments to Certain Negative Covenants*

Safeguard is permitted to make deployments to only existing partner companies and such deployments may not exceed, when combined with deployments between January 1, 2018 and the date of the Amendment, \$40,000,000 in the aggregate.

Safeguard is not permitted to incur or pay for any expenses (which shall exclude severance payments in any form, any interest expense in respect of permitted indebtedness, depreciation and stock-based compensation in accordance with the terms of the Loan Agreement) in an amount that would cause the aggregate expenses incurred and/or paid in any twelve-month period after the date of the Amendment (or such shorter period as has elapsed since the date of the Amendment) to exceed \$11,500,000.

The Loan Agreement restricts Safeguard's ability to repurchase shares of its outstanding common stock and/or issue dividends until such time as the Loan is repaid in full.

*Amendments to Certain Affirmative Covenants*

Safeguard is no longer required to maintain a specific tangible net worth. In addition, Safeguard is no longer required to comply with certain diversification requirements and concentration limits with respect to Safeguard's capital deployments to its partner companies.

The information set forth above is qualified in its entirety by reference to the Amendment attached hereto as Exhibit 10.1, which exhibit is incorporated herein by reference. The Loan Agreement and the Security Agreement are filed as exhibits to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 12, 2017.

**ITEM 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of the Registrant.**

The information set forth in Item 1.01 above is incorporated by reference into this Item 2.03.

**ITEM 9.01.**

**Financial Statements and Exhibits**

(d)Exhibits.

Second Amendment to Loan and Guaranty Agreement and Lien Reaffirmation Agreement dated as of May 11, 2018 by and among HPS Investment Partners, LLC, Safeguard Scientifics, Inc. and certain of its wholly owned subsidiaries referenced above.

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.

Safeguard Scientifics, Inc.

Dated: May 11, 2018 By: /s/ BRIAN J. SISKO  
Brian J. Sisko  
Chief Operating Officer, Executive Vice President  
and Managing Director