

Destination Maternity Corp  
Form 8-K  
April 13, 2017

**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): April 7, 2017**

**DESTINATION MATERNITY CORPORATION**  
**(Exact name of Registrant as specified in Charter)**

**Delaware**  
**(State or Other Jurisdiction**  
**of Incorporation or Organization)**

**0-21196**  
**Commission**  
**File number**  
**232 Strawbridge Drive**

**13-3045573**  
**(I.R.S. Employer**  
**Identification Number)**

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**Moorestown, NJ 08057**

**(Address of Principal Executive Offices)**

**(856) 291-9700**

**(Registrant's telephone number, including area code)**

Check the appropriate box below if the Form 8-K 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

Soliciting material pursuant to Rule 14a-12 under the Exchange Act

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

**Item 1.01. Entry Into a Material Definitive Agreement.**

The information included under Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant below is incorporated herein by reference.

**Item 2.02. Results of Operations and Financial Condition.**

On April 13, 2017, Destination Maternity Corporation (the Company) issued a press release and held a broadly accessible conference call to discuss its financial results for the quarter ended January 28, 2017. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. A copy of the script read by management during the conference call is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The press release contained non-GAAP financial measures within the meaning of the Securities and Exchange Commission's Regulation G, including: (a) Adjusted EBITDA (operating income (loss) before deduction for the following non-cash charges: (i) depreciation and amortization expense; (ii) loss on impairment of tangible and intangible assets; (iii) loss (gain) on disposal of assets; and (iv) stock-based compensation expense), together with the percentage of net sales represented by this measure; (b) Adjusted EBITDA before other charges, together with the percentage of net sales represented by this measure; and (c) Adjusted net income (loss) (net income (loss) before certain charges or credits), together with the per share-diluted amount represented by this measure.

The Company believes that each of these non-GAAP financial measures provides useful information about the Company's results of operations and/or financial position to both investors and management. Each non-GAAP financial measure is provided because management believes it is an important measure of financial performance used in the retail industry to measure operating results, to determine the value of companies within the industry and to define standards for borrowing from institutional lenders. The Company uses each of these non-GAAP financial measures as a measure of the performance of the Company. In addition, certain of the Company's cash and equity incentive compensation plans are based on the Company's level of achievement of Adjusted EBITDA before other charges.

The Company provides these measures to investors to assist them in performing their analysis of its historical operating results. Each of these non-GAAP financial measures reflects a measure of the Company's operating results before consideration of certain charges and consequently, none of these measures should be construed as an alternative to net loss or operating loss as an indicator of the Company's operating performance, as determined in accordance with generally accepted accounting principles. The Company may calculate each of these non-GAAP financial measures differently than other companies.

With respect to the non-GAAP financial measures discussed in the press release, the Company has provided, within the financial tables attached to such press release, a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

The disclosure in this Current Report, including in the Exhibits attached hereto, of any financial information shall not constitute an admission that such information is material.

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

On April 7, 2017, the Company entered into (i) Amendment No. 2 to Amended and Restated Credit Agreement, relating to the Company's \$70,000,000 senior secured revolving credit facility (the Credit Facility), (ii) Amendment No. 2 to Term Loan Credit Agreement, relating to the Company's \$32,000,000 term loan agreement (the Term Loan Agreement), and (iii) a Second Amendment to Intercreditor Agreement relating to the intercreditor agreement (the Intercreditor Agreement) between the agent under the Credit Facility and the agent under the Term Loan Credit Agreement (collectively, the Financing Amendments).

The Financing Amendments allow the Company to enter into certain equipment financing arrangements, on the condition that a portion of the proceeds of such financing be applied as a prepayment of the Term Loan, and make certain adjustments to the reserves imposed in connection with determining the amount that can be borrowed under the Credit Facility. In the Financing Amendment to the Term Loan Agreement, the parties also agreed to delete the covenant requiring maintenance of a minimum level of Consolidated EBITDA.

The foregoing description is not complete and is qualified in its entirety by reference to the full text of the Financing Amendments, copies of which are filed as Exhibits 10.1, 10.2 and 10.3 hereto, respectively, and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

**Exhibit  
No.**

**Description**

10.1	Amendment No. 2 to Amended and Restated Credit Agreement, dated as of April 7, 2017, by and among Wells Fargo Bank, National Association, Destination Maternity Corporation, Cave Springs, Inc., Mothers Work Canada, Inc. and DM Urban Renewal, LLC.
10.2	Amendment No. 2 to Term Loan Credit Agreement, dated as of April 7, 2017, by and among Wells Fargo Bank, National Association, TPG Specialty Lending, Inc., Destination Maternity Corporation, Cave Springs, Inc., Mothers Work Canada, Inc., and DM Urban Renewal, LLC.
10.3	Second Amendment to Intercreditor Agreement, dated as of April 7, 2017, by and among Wells Fargo Bank, National Association, Destination Maternity Corporation, Cave Springs, Inc., Mothers Work Canada, Inc. and DM Urban Renewal, LLC.
99.1	Press Release of the Company issued April 13, 2017.
99.2	Script for April 13, 2017 Earnings Release Conference Call.

**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 duly authorized.

Date: April 13, 2017

DESTINATION MATERNITY CORPORATION

By: /s/ David Stern  
David Stern  
Executive Vice President & Chief Financial Officer

**EXHIBIT INDEX**

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