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Blue Buffalo Pet Products, Inc.
Notes to Consolidated Financial Statements (Continued)

to such borrowing adjusted for certain additional costs provided that LIBOR shall not be lower than 1.00%. The applicable margin for borrowings under the term loan is 2.75% with respect to LIBOR borrowings and 1.75% with respect to base-rate borrowings. At December 31, 2013 and December 31, 2014, the interest rate on the term loan was 4.00% and 3.75%, respectively.

Borrowings under the revolving credit facility bear interest at a rate per annum equal to an applicable margin based upon a leverage-based pricing grid, plus, at our option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs. The applicable margin for borrowings under the revolving credit facility is 3.25% with respect to LIBOR borrowings and 2.25% with respect to base-rate borrowings. At December 31, 2013 and December 31, 2014, the interest rate on the credit facility was 4.25%.

Interest on term loan borrowings as well as any outstanding borrowings under the revolving credit facility is payable quarterly. In addition, we are required to pay a commitment fee on any unutilized commitments under the revolving credit facility. The initial commitment fee rate is 0.50% per annum and varies based upon a leverage-based pricing grid. During 2013, the Company incurred total interest expense of \$22.9 million, of which \$2.3 million was capitalized during the period related to the Heartland facility build out. During 2014, the Company incurred total interest expense of \$15.9 million, of which \$2.0 million was capitalized during the period related to the Heartland facility build out.

The Amended Facility contains both restrictive operating and financial covenants, including a secured leverage ratio (defined as, with certain adjustments, the ratio of (i) the Company's indebtedness less unrestricted cash and cash equivalents up to \$40 million to (ii) consolidated net income before interest, taxes, depreciation, and amortization) not to exceed (a) December 31, 2014 and March 31, 2015, 4.25:1.00, (b) June 30, 2015 and September 30, 2015, 4.00:1.00, and (c) if such periods ends on or after December 31, 2015, 3.75:1.00. The Amended Facility also sets forth mandatory and optional prepayment conditions, including an annual excess cash flow requirement, as defined, that may result in our use of cash to reduce our debt obligations (effective for the year ended December 31, 2013). For the years ended December 31, 2013 and 2014, the Company was not required to make an excess cash flow payment. As of December 31, 2014, the Company believes it was in compliance with its financial debt covenants.

Provisions in the Amended Facility currently restrict the ability of our operating subsidiary, Blue, from paying dividends to its ultimate parent company BBPP, unless Blue meets certain leverage ratio and minimum availability requirements under the Amended Facility.

Note 6 – Other Current Liabilities

Other current liabilities consisted of the following at December 31:

(dollars in thousands)	2013	2014
Accrued bonuses	\$ 9,555	\$ 5,126
Trade promotions	9,083	10,919
Deferred compensation – current portion	1,410	1,338
Other current liabilities	2,715	9,630
Total	<u>\$22,763</u>	<u>\$27,013</u>