

FRANKLIN ELECTRONIC PUBLISHERS INC

Form 8-K

April 03, 2009

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) March 31, 2009

Franklin Electronic Publishers, Incorporated

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction

of incorporation)

1-13198
(Commission

File Number)

22-2476703
(I.R.S. Employer

Identification No.)

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One Franklin Plaza, Burlington, New Jersey
(Address of principal executive offices)

08016-4907
(Zip Code)

Registrant's telephone number, including area code (609)386-2500

(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:

- 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 240.13a-4(c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

Franklin Electronic Publishers, Incorporated (the Company) has entered into an amendment, dated as of March 31, 2009 (the Amendment), to the Revolving Credit and Security Agreement (the Credit Agreement) with PNC Bank, National Association (PNC) dated December 7, 2004, as amended by a First Amendment to Revolving Credit and Security Agreement dated December 29, 2005, an Amendment to Loan Documents dated December 22, 2006, an Amendment to Loan Documents dated March 30, 2007, an Amendment to Loan Documents dated as of December 7, 2007, Letter of Extension dated March 4, 2008, Letter of Extension dated May 6, 2008, Amendment to Revolving Loan and Security Agreement dated May 19, 2008, an Amendment to Loan Documents dated October 31, 2008, and Amendment to Revolving Credit and Security Agreement, dated December 31, 2008, as further described in Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant which is incorporated by reference in this Item 1.01.

ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT.

The Amendment modifies the Credit Agreement with PNC by providing for a \$8,500,000 revolving credit facility with sublimits of \$1,500,000 for Letters of Credit, \$500,000 for foreign currency borrowings and, subject to certain conditions, \$5,000,000 for acquisitions by the Company.

The Amendment also modifies the Base Rate (as defined in the Credit Agreement), upon which the Revolving Interest Rate may be determined, to be the greater of the Prime Rate, the sum of the Federal Funds Open Rate plus 50 basis points or the Daily LIBOR Rate plus 100 basis points and requires that any Advance made to the Company under the Agreement be fully secured by cash, money market funds and certificates of deposit held by or deposited with PNC.

The minimum Fixed Charge Coverage Ratio is amended for the quarter ending March 31, 2009 to no less than .60x to 1.0, and permits the add-back of certain non-cash items to the Company's EBITDA calculation. The minimum Fixed Charge Coverage Ratio reverts back to 1.25x to 1.0 for the fiscal quarter ending June 30, 2009 and each fiscal quarter thereafter.

The Amendment further permits the Company to repurchase up to \$1,000,000 of its stock, provided it meets certain liquidity requirements. PNC also waived any Event of Default that may be caused by the insolvency proceedings of the Company's data conversion subsidiary, Kreutzfeldt Electronic Publishing GmbH in Hamburg, Germany.

Reference is made to the Amendment, attached hereto as Exhibit 10.1, for references to the definition of capitalized terms used herein. Exhibit 10.1 is incorporated by reference herein.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

Exhibits:

10.1 Amendment to Revolving Credit and Security Agreement dated as of March 31, 2009.

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.

FRANKLIN ELECTRONIC

PUBLISHERS, INCORPORATED

Date: April 3, 2009

By: /s/ Frank A. Musto

Name: Frank A. Musto

Title: Chief Financial Officer