

WESTELL TECHNOLOGIES INC  
Form 8-K  
July 10, 2006

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) June 30, 2006

Westell Technologies, Inc.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-27266**  
(Commission  
File Number)

**36-3154957**  
(I.R.S. Employer  
Identification No.)

**750 North Commons Drive, Aurora, Illinois 60540**

(Address of principal executive offices) (Zip Code)

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Registrant's telephone number, including area code (630) 898-2500

N/A

(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 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement**

Westell Technologies, Inc., a Delaware corporation (the "Company"), has entered into a Second Amended and Restated Credit Agreement dated as of June 30, 2006 (the "Credit Agreement"), among the Company, certain of its direct and indirect subsidiaries (such subsidiaries, together with the Company, the "Credit Parties"), as borrowers, the financial institutions that are or may from time to time become parties thereto and LaSalle Bank National Association, as administrative agent and a lender.

The Credit Agreement is a three-year revolving credit facility in an amount up to \$40 million, with a sub-facility for letters of credit in an amount not to exceed \$3 million. The obligations of the Company under the Credit Agreement are secured by (i) a guaranty from certain direct and indirect domestic subsidiaries of the Credit Parties, and (ii) substantially all of the assets of the Credit Parties. Any proceeds from the revolving loans would be used for working capital purposes and for other general corporate purposes.

The revolving loans and letters of credit under the Credit Agreement bear interest, at the Company's option, at either the London Interbank Offered Rate ("LIBOR") plus a spread ranging from 1.5% to 2.0%, or an alternative base rate. The alternative base rate is the greater of the LaSalle Bank National Association prime rate or the Federal Funds rate plus 0.50% (the "Base Rate"). The Company is also required to pay a non-use fee of 0.200% to 0.375% per annum on the unused portion of the revolving loans, and letter of credit fees of 0.75% to 2.0% per annum. The interest rate spread in the case of LIBOR and Base Rate loans and the payment of the non-use fees and the letter of credit fees is dependent on the Company's leverage ratio. Upon the occurrence and during the continuance of a default, unless the required lenders otherwise consent, the interest on obligations under the Credit Agreement will increase by 2.0% per annum.

The Credit Agreement and related loan documents contain terms and provisions (including representations, covenants and conditions) customary for transactions of this type. The financial covenants include a minimum Fixed Charge Coverage Ratio (as defined in the Credit Agreement), a minimum tangible net worth test, a total leverage ratio test (consolidated total debt to EBITDA), and a limitation on capital expenditures for any fiscal year. Other covenants include limitations on lines of business, additional indebtedness, liens and negative pledge agreements, incorporation of other debt covenants, guarantees, investments and advances, cancellation of indebtedness, restricted payments, modification of certain agreements and instruments, inconsistent agreements, leases, consolidations, mergers and acquisitions, sale of assets, subsidiary dividends, and transactions with affiliates.

The Credit Agreement also contains customary events of default, including nonpayment of principal, interest, fees or other amounts; inaccuracy of representations and warranties; violation of covenants; certain bankruptcy events; cross-defaults to other material obligations and other indebtedness (if any); change of control of events; material judgments; certain ERISA-related events; and the invalidity of the loan documents (including the collateral documents). If an event of default occurs and is continuing under the Credit Agreement, the lenders may terminate their obligations thereunder and may accelerate the payment by the Company and the subsidiary guarantors of all of the obligations due under the Credit Agreement and the other loan documents.

**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.

WESTELL TECHNOLOGIES, INC.

Date: July 10, 2006

By: /s/ Nicholas C. Hindman  
Nicholas C. Hindman  
Chief Financial Officer

