

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 13, 2012



(Exact name of registrant as specified in its charter)

Commission File No. 1-11107

Utah
(State or other jurisdiction of
incorporation)

87-0401551
(IRS Employer Identification
Number)

2200 West Parkway Boulevard
Salt Lake City, Utah 84119-2099
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: **(801) 817-1776**

Former name or former address, if changed since last report: **Not Applicable**

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

On March 13, 2012, Franklin Covey Co. (the Company) entered into the First Modification Agreement (the Modified Agreement) to its existing amended and restated secured credit agreement (the Restated Credit Agreement) with JPMorgan Chase Bank, N.A. (the Lender). The Lender also provides the majority of the Company's day-to-day banking services.

The Modified Agreement continues to provide a revolving line of credit facility with a maximum borrowing amount of \$10.0 million that now expires on March 31, 2013. The interest rate on the revolving line of credit will continue to be LIBOR plus 2.50% per annum. The other key terms, conditions, and financial covenants of the Modified Agreement are substantially the same as those defined in the Restated Credit Agreement. The Restated Credit Agreement was described in the Company's Form 8-K filed on March 17, 2011, which information is incorporated by reference herein.

In connection with the Modification Agreement, certain of the Company's subsidiaries entered into a Consent and Agreement of Guarantor.

The foregoing description of the Modified Agreement does not purport to be complete and is qualified in its entirety by reference to the text of the Modified Agreement and the Consent and Agreement of Guarantor, which are filed as Exhibits 10.1 and 10.2 attached hereto.

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

On March 13, 2012, the Company and certain of its subsidiaries entered into the Modified Agreement and the Consent and Agreement of Guarantor with the Lender as described above in Item 1.01. The information in Item 1.01 is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits:

- 10.1 First Modification Agreement by and between JPMorgan Chase Bank, N.A. and Franklin Covey Co., dated March 13, 2012.
 - 10.2 Consent and Agreement of Guarantor by and among Franklin Covey Co., Franklin Development Corporation, Franklin Covey Travel, Inc., Franklin Covey Client Sales, Inc. and JPMorgan Chase Bank, N.A., dated March 13, 2012.
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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.

FRANKLIN COVEY CO.

Date: March 15, 2012

By: /s/ Stephen D. Young
Stephen D. Young
Chief Financial Officer

FIRST MODIFICATION AGREEMENT

This **FIRST MODIFICATION AGREEMENT** (the "**Agreement**") is made effective as of March 13, 2012, by and among **FRANKLIN COVEY CO.**, a Utah corporation ("**Borrower**"), whose address is 2200 West Parkway Blvd., Salt Lake City, Utah 84119, each undersigned Guarantor, and **JPMORGAN CHASE BANK, N.A.**, a national banking association ("**Lender**"), whose address is 201 South Main Street, Suite 300, Salt Lake City, Utah 84111.

RECITALS:

A. Lender has previously extended to Borrower (i) a revolving line of credit loan (the "**Revolving Loan**") in the maximum principal amount of TEN MILLION AND NO/100 DOLLARS (\$10,000,000.00) and (ii) a term loan (the "**Term Loan**" and, together with the Revolving Loan, individually and collectively, as the context requires, the "**Loan**") in the original principal amount of FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00), each pursuant to an Amended and Restated Credit Agreement dated as of March 14, 2011 between Borrower and Lender (as amended and modified from time to time, the "**Credit Agreement**"). The Revolving Loan is evidenced by an Amended and Restated Secured Promissory Note (Revolving Loan) dated March 14, 2011 (as amended and modified from time to time, the "**Revolving Loan Note**"), executed by Borrower in favor of Lender and the Term Loan is evidenced by a Secured Promissory Note (Term Loan) dated March 14, 2011 (as amended and modified from time to time, the "**Term Loan Note**" and, together with the Revolving Loan Note, individually and collectively, as the context requires, the "**Note**"), executed by Borrower in favor of Lender. Capitalized terms used herein without definition shall have the meanings given to such terms in the Credit Agreement.

B. Repayment of the Loan is guaranteed pursuant to the terms of an Amended and Restated Repayment Guaranty dated as of March 14, 2011 (as amended and modified from time to time, the "**Guaranty**"), executed by **FRANKLIN DEVELOPMENT CORPORATION**, a Utah corporation, **FRANKLIN COVEY TRAVEL, INC.**, a Utah corporation, and **FRANKLIN COVEY CLIENT SALES, INC.**, a Utah corporation (individually and collectively, as the context requires, and jointly and severally, "**Guarantor**"), in favor of Lender.

C. The Loan is secured by, among other things, the Security Documents identified in the Credit Agreement.

D. The Credit Agreement, Note, Guaranty, Security Documents and all other agreements, documents, and instruments governing, evidencing, securing, guaranteeing or otherwise relating to the Loan, as modified from time to time, including, without limitation, in this Agreement, are sometimes referred to individually and collectively as the "**Loan Documents**."

E. Subject to the terms and conditions contained herein, Borrower and Lender now desire to modify the Loan Documents to: (i) extend the maturity date of the Revolving Loan from March 14, 2012 to March 31, 2013; and (ii) make such other modifications as are set forth herein.

AGREEMENT:

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **ACCURACY OF RECITALS.** Each of Borrower and each Guarantor acknowledges the accuracy of the Recitals which are incorporated herein by reference.

2. **MODIFICATION OF LOAN DOCUMENTS.** The Loan Documents are modified and amended as of the date hereof as follows:

(a) **Revolving Loan Maturity Date Extension.** The definition of "Revolving Loan Maturity Date" set forth in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"**Revolving Loan Maturity Date**" means March 31, 2013.

(b) **Adjusted One Month LIBOR Rate.** The definition of "Adjusted One Month LIBOR Rate" set forth in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"**Adjusted One Month LIBOR Rate**" means, with respect to a CB Floating Rate Advance for any day, the sum of (i) 2.50% per annum plus (ii) the quotient of (a) the interest rate determined by Lender or its Affiliates by reference to the Page to be the rate at approximately 11:00 a.m. London time, on such date or, if such date is not a Business Day, on the immediately preceding Business Day for dollar deposits with a maturity equal to one (1) month, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to dollar deposits in the London interbank market with a maturity equal to one (1) month.

(c) **Conforming Modifications.** Each of the Loan Documents is modified to be consistent herewith and to provide that it shall be a default or an event of default thereunder if any Loan Party shall fail to comply with any of the covenants of any Loan Party contained herein or if any representation or warranty by any Loan Party contained herein or in the documents delivered in connection herewith by any Loan Party is materially incomplete, incorrect, or misleading as of the date hereof. In order to further effect certain of the foregoing modifications, Borrower and Guarantor agree to execute and deliver such other documents or instruments as Lender reasonably determines are necessary or desirable.

(d) **References.** Each reference in the Loan Documents to any of the Loan Documents shall be a reference to such document as modified herein or as modified on or about the date hereof.

3. **RATIFICATION OF LOAN DOCUMENTS AND COLLATERAL.** The Loan Documents are ratified and affirmed by Borrower and shall remain in full force and effect as modified herein. Any property or rights to or interests in property granted as security in the Loan Documents shall remain as security for the Loan and the obligations of Borrower in the Loan Documents.

4. **FEES AND EXPENSES.**

(a) **Fees and Expenses.** In consideration of Lender's agreement to amend the Loan Documents as set forth herein, and in addition to any other fees or amounts payable by Borrower hereunder, Borrower has agreed to pay to Lender (i) all legal fees and expenses incurred by Lender in connection herewith; and (ii) all other costs and expenses incurred by Lender in connection with executing this Agreement and otherwise modifying the Loan Documents. Borrower acknowledges and agrees that such fees are fully earned and nonrefundable as of the date this Agreement is executed and delivered by the parties hereto.

(b) **Method of Payment.** Such fees shall be paid by Borrower to Lender on the date hereof or at such later date as such fees, costs and expenses are incurred by Lender. Borrower and

Lender agree and acknowledge that the foregoing shall not relieve Borrower of its obligation to make future monthly payments of interest and other amounts as required under the terms of the Loan.

5. **BORROWER REPRESENTATIONS AND WARRANTIES.** Each of Borrower and Guarantor represents and warrants to Lender: (a) No default or event of default under any of the Loan Documents as modified herein, nor any event, that, with the giving of notice or the passage of time or both, would be a default or an event of default under the Loan Documents as modified herein has occurred and is continuing; (b) There has been no material adverse change in the financial condition of Borrower or Guarantor or any other person whose financial statement has been delivered to Lender in connection with the Loan from the most recent financial statement received by Lender; (c) Each and all representations and warranties of Borrower and Guarantor in the Loan Documents are accurate on the date hereof; (d) Neither Borrower nor Guarantor has any claims, counterclaims, defenses, or set-offs with respect to the Loan or the Loan Documents as modified herein; (e) The Loan Documents as modified herein are the legal, valid, and binding obligation of Borrower and Guarantor, enforceable against Borrower and Guarantor in accordance with their terms; (f) Each of Borrower and each Guarantor is validly existing under the laws of the State of its formation or organization, has not changed its legal name as set forth above, and has the requisite power and authority to execute and deliver this Agreement and to perform the Loan Documents as modified herein; (g) The execution and delivery of this Agreement and the performance of the Loan Documents as modified herein have been duly authorized by all requisite action by or on behalf of Borrower and Guarantor; and (h) This Agreement has been duly executed and delivered on behalf of Borrower and Guarantor.

6. **BORROWER AND GUARANTOR COVENANTS.** Each of Borrower and Guarantor covenants with Lender:

(a) Each of Borrower and Guarantor shall execute, deliver, and provide to Lender such additional agreements, documents, and instruments as reasonably required by Lender to effectuate the intent of this Agreement.

(b) Each of Borrower and Guarantor fully, finally, and forever releases and discharges Lender and its successors, assigns, directors, officers, employees, agents, and representatives from any and all actions, causes of action, claims, debts, demands, liabilities, obligations, and suits, of whatever kind or nature, in law or equity, that either Borrower or Guarantor has or in the future may have, whether known or unknown, (i) in respect of the Loan, the Loan Documents, or the actions or omissions of Lender in respect of the Loan or the Loan Documents and (ii) arising from events occurring prior to the date of this Agreement.

(c) Contemporaneously with the execution and delivery of this Agreement, Borrower has paid to Lender all of the internal and external costs and expenses incurred by Lender in connection with this Agreement (including, without limitation, inside and outside attorneys, appraisal, appraisal review, processing, title, filing, and recording costs, expenses, and fees).

(d) On or prior to the execution and delivery of this Agreement, each of Borrower and Guarantor shall have executed and delivered, or caused to be executed and delivered, to Lender, each in form and substance satisfactory to Lender, such other documents, instruments, resolutions, subordinations, and other agreements as Lender may require in its sole discretion.

7. **EXECUTION AND DELIVERY OF AGREEMENT BY LENDER.** Lender shall not be bound by this Agreement until (a) Lender has executed and delivered this Agreement to Borrower and Guarantor, (b) each of Borrower and Guarantor has performed all of the obligations of Borrower and Guarantor under this Agreement to be performed contemporaneously with the execution and delivery of this Agreement, if any, (c) Borrower has paid all fees and costs required under **Section 4** hereof, and (d) each Guarantor has executed and delivered to Lender a Consent and Agreement of Guarantor in form and content acceptable to Lender.

8. **INTEGRATION, ENTIRE AGREEMENT, CHANGE, DISCHARGE, TERMINATION, OR WAIVER.** The Loan Documents as modified herein contain the complete understanding and agreement of Borrower, Guarantor and Lender in respect of the Loan and supersede all prior representations, warranties, agreements, arrangements, understandings, and negotiations. No provision of the Loan Documents as modified herein may be changed, discharged, supplemented, terminated, or waived except in a writing signed by the parties thereto.

9. **BINDING EFFECT.** The Loan Documents, as modified herein, shall be binding upon and shall inure to the benefit of Borrower, Guarantor and Lender and their successors and assigns; *provided, however,* neither Borrower nor Guarantor may assign any of its rights or delegate any of its obligations under the Loan Documents and any purported assignment or delegation shall be void.

10. **GOVERNING LAW.** THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF UTAH WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF SALT LAKE, STATE OF UTAH OR, AT THE SOLE OPTION OF LENDER, IN ANY OTHER COURT IN WHICH LENDER SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. EACH OF THE PARTIES WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION.

11. **COUNTERPART EXECUTION.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. Receipt by the Lender of an executed copy of this Agreement by facsimile or email shall constitute conclusive evidence of execution and delivery of this Agreement by the signatory thereto.

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DATED as of the date first above stated.

FRANKLIN COVEY CO.
a Utah corporation

By: /s/ Stephen D. Young
Name: Stephen D. Young
Title: Executive Vice President and Chief Financial Officer

“Borrower”

FRANKLIN DEVELOPMENT CORPORATION
a Utah corporation

By: /s/ Stephen D. Young
Name: Stephen D. Young
Title: President

FRANKLIN COVEY TRAVEL, INC.
a Utah corporation

By: /s/ Stephen D. Young
Name: Stephen D. Young
Title: President

FRANKLIN COVEY CLIENT SALES, INC.
a Utah corporation

By: /s/ Stephen D. Young
Name: Stephen D. Young
Title: President

“Guarantor”

JPMORGAN CHASE BANK, N.A.
a national banking association

By: /s/ Tony C. Nielsen
Name: Tony C. Nielsen
Title: Senior Vice President

“Lender”

CONSENT AND AGREEMENT OF GUARANTOR

With respect to that certain First Modification Agreement of even date herewith, (the "**Modification**"), by and between **FRANKLIN COVEY CO.**, a Utah corporation ("**Borrower**"), and **JPMORGAN CHASE BANK, N.A.**, a national banking association ("**Lender**"), the undersigned, **FRANKLIN DEVELOPMENT CORPORATION**, a Utah corporation, **FRANKLIN COVEY TRAVEL, INC.**, a Utah corporation, and **FRANKLIN COVEY CLIENT SALES, INC.**, a Utah corporation (individually and collectively, as the context requires, and jointly and severally, "**Guarantor**"), agree for the benefit of Lender as of March 13, 2012 as follows:

1. Guarantor acknowledges (i) receiving a copy of and reading the Modification, (ii) the accuracy of the Recitals in the Modification, and (iii) the effectiveness of (A) Guarantor's Amended and Restated Repayment Guaranty dated as of March 14, 2011 (as amended and modified from time to time, the "**Guaranty**"), executed by Guarantor in favor of Lender, as modified herein, and (B) any other agreements, documents, or instruments securing or otherwise relating to the Guaranty or the Loan (including, without limitation, any security agreement, arbitration resolution and any environmental indemnity agreement previously executed and delivered by the undersigned), as modified herein. The Guaranty and such other agreements, documents, and instruments, as modified herein, are referred to individually and collectively as the "**Guarantor Documents**."

2. Guarantor consents to the provisions of the Modification and the modification of the Loan Documents as contained therein.

3. Guarantor fully, finally, and forever releases and discharges Lender and its successors, assigns, directors, officers, employees, agents, and representatives from any and all actions, causes of action, claims, debts, demands, liabilities, obligations, and suits of whatever kind or nature, in law or equity, that Guarantor has or in the future may have, whether known or unknown, (i) in respect of the Loan, the Loan Documents, the Guarantor Documents, or the actions or omissions of Lender in respect of the Loan, the Loan Documents, or the Guarantor Documents, and (ii) arising from events occurring prior to the date hereof.

4. Guarantor agrees that all references in the Guarantor Documents, if any, to the Loan, the Credit Agreement, the Note and the Loan Documents shall be deemed to refer to such agreements, documents, and instruments as modified by the Modification.

5. Guarantor reaffirms the Guarantor Documents and agrees that the Guarantor Documents continue in full force and effect and remain unchanged, except as specifically modified by this Consent and Agreement of Guarantor. Any property or rights to or interests in property granted as security in the Guarantor Documents shall remain as security for the Guaranty and the obligations of Guarantor in the Guaranty.

6. Guarantor agrees that the Loan Documents, as modified by the Modification, and the Guarantor Documents, as modified by this Consent and Agreement of Guarantor, are the legal, valid, and binding obligations of Borrower and the undersigned, respectively, enforceable in accordance with their terms against Borrower and the undersigned, respectively.

7. Each of the undersigned agrees that this Consent and Agreement of Guarantor and the Guarantor Documents shall be effective against each of the undersigned, jointly and severally, notwithstanding the failure of one or more of the other Guarantors to sign this Consent and Agreement of Guarantor, and each of the undersigned acknowledges and agrees that the Loan Documents, as modified by the Modification, and the Guarantor Documents, as modified by this Consent and Agreement of Guarantor, shall be legal, valid, binding and enforceable obligations of Borrower and the undersigned, respectively, notwithstanding the failure of one or more of the Guarantors to sign this Consent and Agreement of Guarantor.

8. Guarantor agrees that Guarantor has no claims, counterclaims, defenses, or offsets with respect to the enforcement against Guarantor of the Guarantor Documents.

9. Each Guarantor represents and warrants to Lender that (a) there has been no material adverse change in Guarantor's financial condition from the most recent financial statement received by Lender; (b) it is validly existing under the laws of the State of its formation or organization, has not changed its legal name as set forth below, and has the requisite power and authority to execute and deliver this Consent and Agreement of Guarantor and to perform the Guarantor Documents, as modified herein; (c) the execution and delivery of this Consent and Agreement of Guarantor and the performance of the Guarantor Documents as modified herein have been duly authorized by all requisite action by or on behalf of Guarantor; and (d) this Consent and Agreement of Guarantor has been duly executed and delivered on behalf of Guarantor.

10. All capitalized terms used herein without definition shall have and be interpreted consistent with the meaning ascribed to them in the Modification.

11. This Consent and Agreement of Guarantor may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Each Guarantor may sign on a separate counterpart and such signature page may be delivered to Lender via facsimile or email which shall constitute conclusive evidence of execution. Signature pages may be detached from the counterparts and attached to a single copy of this Consent and Agreement of Guarantor to physically form one document.

12. This Consent and Agreement of Guarantor shall be governed by and construed in accordance with the laws of the State of Utah, without giving effect to conflicts of law principles.

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DATED as of the date first above stated.

FRANKLIN DEVELOPMENT CORPORATION
a Utah corporation

By: /s/ Stephen D. Young
Name: Stephen D. Young
Title: President

FRANKLIN COVEY TRAVEL, INC.
a Utah corporation

By: /s/ Stephen D. Young
Name: Stephen D. Young
Title: President

FRANKLIN COVEY CLIENT SALES, INC.
a Utah corporation

By: /s/ Stephen D. Young
Name: Stephen D. Young
Title: President

“Guarantor”