
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): July 16, 2009



MEXICAN RESTAURANTS, INC.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

000-28234
(Commission
File Number)

76-0493269
(IRS Employer
Identification No.)

1135 EDGEBROOK, HOUSTON, TEXAS 77034-1899
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code): **(713) 943-7574**

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))
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Item 1.01 Entry into a Material Definitive Agreement.

On July 16, 2009 Mexican Restaurants, Inc. (the "Company") entered into Agreement and Amendment No. 3 to Credit Agreement made as of June 28, 2009 (the "Wells Fargo Amendment") with Wells Fargo Bank, N.A. ("Wells Fargo"), amending the Credit Agreement between the Company and Wells Fargo dated June 29, 2007 (the "Wells Fargo Agreement"), in order to amend the maturity date and certain margin and leverage tests set forth in the Wells Fargo Agreement.

As a result of the Wells Fargo Amendment, the maturity date of the Wells Fargo Agreement has been extended from June 29, 2010 to June 29, 2012. The Wells Fargo Amendment also increases the stipulated percentages payable in connection with LIBOR loans and letters of credit under the Wells Fargo Agreement, adds as a condition precedent to loans made to the Company for growth capital expenditures that the Company's total leverage ratio not exceed certain stated amounts, and amends certain financial covenants.

At the Company's option, the revolving loan under the Wells Fargo Agreement bears an interest rate equal to either the Wells Fargo's Base Rate plus a stipulated percentage or LIBOR plus a stipulated percentage. The Company is subject to a non-use fee of 0.50% on the unused portion of the revolver from the date of the Wells Fargo Agreement. The Company has pledged the stock of its subsidiaries, its leasehold interests, its patents and trademarks and its furniture, fixtures and equipment as collateral for this credit facility with Wells Fargo. The Wells Fargo Agreement requires the Company to maintain certain leverage ratios and fixed charge coverage ratios.

The foregoing description of the Wells Fargo Amendment does not purport to be complete and is qualified in its entirety by the provisions of the Wells Fargo Amendment, which is filed as an exhibit to this Form 8-K.

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

The information included in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

The following is filed as Exhibit 10.1 to this Current Report on Form 8-K:

10.1 Agreement and Amendment No. 3 to Credit Agreement made as of June 28, 2009 and executed as of July 16, 2009 among Mexican Restaurants, Inc. and Wells Fargo Bank, N.A.

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.

MEXICAN RESTAURANTS, INC.

By: /s/ Andrew J. Dennard

Name: Andrew J. Dennard

Title: Executive Vice President, Chief Financial
Officer, Treasurer and Corporate Secretary

Date: July 21, 2009

INDEX TO EXHIBITS

Exhibit No.	Description
10.1	Agreement and Amendment No. 3 to Credit Agreement made as of June 28, 2009 and executed as of July 16, 2009 among Mexican Restaurants, Inc. and Wells Fargo Bank, N.A.

AGREEMENT AND AMENDMENT NO. 3 TO CREDIT AGREEMENT

THIS AGREEMENT AND AMENDMENT NO. 3 TO CREDIT AGREEMENT (this "Amendment") is made as of June 28, 2009, by and between MEXICAN RESTAURANTS, INC., a Texas corporation (the "Borrower"), and WELLS FARGO BANK, N.A., a national banking association (the "Lender").

WHEREAS, the Borrower and the Lender are parties to a certain Credit Agreement, dated as of June 29, 2007, as amended (the "Credit Agreement"); terms used herein and not otherwise defined are used herein as defined in the Credit Agreement; and

WHEREAS, the Borrower has requested that the Lender amend Sections 1.1, 4.2 and 7.1(c) of the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Credit Agreement.

1.1 The defined term "Maturity Date" set forth in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Maturity Date. June 29, 2012."

1.2 The Applicable Margin table set forth in the definition of "Applicable Margin" in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

Pricing Level	Total Leverage Ratio	Applicable Margin			
		Commitment Fee	LIBOR Loans	Base Rate Loans	Letter of Credit Fee
I	≥ 1.5:1.0	0.50%	3.00%	1.00%	3.00%
II	< 1.5:1.0	0.50%	2.75%	0.75%	2.75%

1.3 Section 4.2 of the Credit Agreement is hereby amended to (i) delete "and" at the end of Section 4.2(e); (ii) replace "." at the end of Section 4.2(f) with "; and"; and (iii) add the following subsection (g) at the end thereof:

"(g) solely as a condition to any requested Revolving Credit Loan or Letter of Credit to be used to fund Growth Capital Expenditures, after giving effect to all requested Revolving Credit Loans and Letters of Credit on a pro forma basis as of the end of the most recently completed Measurement Period, the Total Leverage Ratio shall not exceed (i) 1.75:1.00 during the period from the Closing Date through the end of the second Fiscal Quarter of Fiscal Year 2009, and (ii) 1.25:1.00 during the third Fiscal Quarter of the Fiscal Year 2009 and all fiscal periods thereafter."

1.4 Section 7.1(c) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(c) Reserved."

2. Conditions to Effectiveness. The amendments to the Credit Agreement contemplated hereby shall become effective as of the date first written above, provided that (i) the Lender shall have received from the Borrower a counterpart of this Amendment duly executed by the Borrower and (ii) the Borrower shall have paid the attorneys' fees of the Lender incurred in connection with this Amendment.

3. Representations.

The Borrower represents and warrants to the Lender, as follows:

(a) upon giving effect to this Amendment, no Default has occurred and is continuing as of the date hereof;

(b) the representations and warranties contained in Section V of the Credit Agreement are true and correct in all material respects on and as of the date hereof (except to the extent that such representations and warranties expressly relate to an earlier date); and

(c) the resolutions referred to in Section 4.1 of the Credit Agreement remain in full force and effect on and as of the date hereof.

6. General. The foregoing amendments to the Credit Agreement are limited as provided herein and do not extend to any other provisions of the Credit Agreement not specified herein or to any other matter. The Credit Agreement is ratified and confirmed and shall continue in full force and effect as amended hereby. This Amendment may be executed in any number of counterparts with the same effect as if the signatures hereto and thereto were upon the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, THIS AGREEMENT AND AMENDMENT NO. 3 TO CREDIT AGREEMENT has been executed as a sealed instrument as of the date first written above.

MEXICAN RESTAURANTS, INC.

By: /s/ Andrew J. Dennard
Name: Andrew J. Dennard
Title: Chief Financial Officer

WELLS FARGO BANK, N.A

By: /s/ Todd Alcantara
Name: Todd Alcantara
Title: Vice President