

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 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): **December 19, 2008**

WILLDAN GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of other jurisdiction
of incorporation)

001-33076
(Commission File Number)

14-1951112
(IRS Employer
Identification No.)

2401 East Katella Avenue, Suite 300, Anaheim, California 92806
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(800) 424-9144**

Not Applicable
(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 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 December 19, 2008, Willdan Group, Inc. (the "Company"), entered into the Third Amendment (the "Amendment") to its Credit Agreement and a related Revolving Line of Credit Note with Wells Fargo Bank, National Association. The Amendment, effective as of December 1, 2008, reduces the aggregate revolving loan commitment from \$10.0 million to \$5.0 million. Additionally, the Amendment revised the Company's financial covenants as follows: (i) the minimum tangible net worth requirement was increased from \$15,000,000 to \$20,000,000; (ii) the Company can not have net losses before taxes of more than \$1,000,000 on an annual basis for the fiscal year ending January 2, 2009; (iii) commencing with the fiscal year ending January 1, 2010, the Company can not have net income after taxes of less than \$1.00 on an annual basis; and (iv) commencing with the fiscal quarter ending June 30, 2009, the Company can not have net income after taxes of less than \$1.00 for any fiscal quarter that immediately follows a fiscal quarter in which the Company failed to maintain net income after taxes of \$1.00 or more. The Amendment also adds Willdan Energy Solutions as a guarantor, requires the Company to deliver monthly balance sheets and income statements to Wells Fargo and makes certain other modifications as set forth therein.

In addition, as previously disclosed in the Company's Quarterly Report on Form 10-Q for the three months ended September 26, 2008, the Company had violated a covenant under the original Credit Agreement requiring it to maintain, on a consolidated basis, net income after taxes of not less than \$1.00 for any fiscal quarter that immediately follows a fiscal quarter in which the Company failed to maintain net income after taxes of not less than \$1.00. Wells Fargo formally waived this default in the Amendment.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Amendment and Revolving Line of Credit Note attached hereto as Exhibits 10.1 and 10.2.

Item 9.01 Financial Statements and Exhibits

- (d) Exhibits.
- 10.1 Third Amendment to Credit Agreement, entered into on December 19, 2008, between Willdan Group, Inc. and Wells Fargo Bank, National Association, relating to the Revolving Line of Credit Note in 10.2.
- 10.2 Revolving Line of Credit Note for \$5,000,000, dated December 1, 2008, by Willdan Group, Inc. in favor of Wells Fargo Bank, National Association.

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.

WILLDAN GROUP, INC.

Date: December 19, 2008

By: /s/ Kimberly D. Gant
Kimberly D. Gant
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Document</u>
10.1	Third Amendment to Credit Agreement, entered into on December 19, 2008, between Willdan Group, Inc. and Wells Fargo Bank, National Association, relating to the Revolving Line of Credit Note in 10.2.
10.2	Revolving Line of Credit Note for \$5,000,000, dated December 1, 2008, by Willdan Group, Inc. in favor of Wells Fargo Bank, National Association.

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is entered into on December 19, 2008, by and between WILLDAN GROUP, INC., a Delaware corporation ("Borrower"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") and shall be deemed effective as of December 1, 2008.

RECITALS

A. Borrower is currently indebted to Bank pursuant to the terms and conditions of that certain Credit Agreement between Borrower and Bank dated as of December 28, 2007, as amended from time to time ("Credit Agreement").

B. Pursuant to Section 4.9 (c) of the Credit Agreement, Borrower and its Subsidiaries are required to maintain, on a consolidated basis, net income after taxes of not less than \$1.00 for any fiscal quarter that immediately follows a fiscal quarter in which Borrower failed to maintain net income after taxes of not less than \$1.00. Borrower and its Subsidiaries sustained net losses as of the fiscal quarters ending June 27, 2008 and September 26, 2008, resulting in a violation of this covenant and an Event of Default under the Credit Agreement (the "Existing Default").

C. Borrower has requested that Bank waive the Existing Default and Bank has agreed to do so, subject to the terms and conditions set forth herein. In addition, Bank and Borrower have agreed to certain changes in the terms and conditions set forth in the Credit Agreement and have agreed to amend the Credit Agreement to reflect said changes.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Credit Agreement shall be amended as follows:

1. Section 1.1 (a) is hereby amended by deleting "Ten Million Dollars (\$10,000,000.00)" as the maximum principal amount available under the Line of Credit, and by substituting for said amount "Five Million Dollars (\$5,000,000.00)," with such change to be effective upon the execution and delivery to Bank of a promissory note dated as of December 1, 2008 (which promissory note shall replace and be deemed the Line of Credit Note defined in and made pursuant to the Credit Agreement) and all other contracts, instruments and documents required by Bank to evidence such change.

2. The second paragraph under Section 1.4 is hereby deleted in its entirety, and the following substituted therefor:

"As security for all indebtedness and other obligations of Borrower to Bank subject hereto, Borrower shall cause Willdan Financial Services, Willdan Geotechnical; Willdan Engineering, Willdan Homeland Solutions, Willdan Energy Solutions and any other Subsidiary (as defined below) to grant to Bank security interests of first priority in all accounts receivable and other rights to payment, general intangibles, inventory and equipment."

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3. Section 1.5 is hereby deleted in its entirety, and the following substituted therefor:

"SECTION 1.5. GUARANTIES. The payment and performance of all indebtedness and other obligations of Borrower to Bank shall be guaranteed jointly and severally by Willdan Financial Services, Willdan Geotechnical; Willdan Engineering, Willdan Homeland Solutions, Willdan Energy Solutions and any other Subsidiary in the principal amount of Five Million Dollars (\$5,000,000.00) each, as evidenced by and subject to the terms of guaranties in form and substance satisfactory to Bank."

4. The sixth paragraph of Section 2.1 is hereby deleted in its entirety, and the following substituted therefor:

"Willdan Energy Solutions is a corporation, duly organized and existing and in good standing under the laws of California, and is qualified or licensed to do business (and is in good standing as a foreign corporation, if applicable) in all jurisdictions in which such qualification or licensing is required or in which the failure to so qualify or to be so licensed could have a material adverse effect on it. Borrower owns one hundred percent (100%) of Willdan Energy Solutions.

As used herein the term "Subsidiary" shall mean any corporation or other entity of which at least a majority of the securities or other ownership interests having ordinary voting power for the election of directors or other persons performing similar functions are owned directly or indirectly by Borrower. As of the date hereof, Willdan Financial Services, Willdan Geotechnical, Willdan Engineering, Willdan Homeland Solutions and Willdan Energy Solutions are the only Subsidiaries of Borrower."

5. Section 4.3 (c) is hereby deleted in its entirety, and the following substituted therefor:

"(c) not later than 45 days after and as of the end of each month, a financial statement of Borrower, prepared by Borrower, to include balance sheet and income statement;

(d) from time to time such other information as Bank may reasonably request."

6. Section 4.9 is hereby deleted in its entirety, and the following substituted therefor:

"SECTION 4.9. FINANCIAL CONDITION. Borrower shall, and shall cause each Subsidiary to, maintain the financial condition of Borrower and Subsidiaries on a consolidated basis as follows using generally accepted accounting principles consistently applied and used consistently with prior practices (except to the extent modified by the definitions therein):

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(a) Tangible Net Worth not less than \$20,000,000.00 at any time, with "Tangible Net Worth" defined as the aggregate of total stockholders' equity less any intangible assets and less any loans or advances to, or investments in, any related entities or individuals.

(b) For the fiscal year ending January 2, 2009, net losses before taxes of not more than \$1,000,000.00 on an annual basis.

(c) Commencing with Borrower's fiscal year ending January 1, 2010, net income after taxes not less than \$1.00 on an annual basis, determined as of each fiscal year end.

(d) Commencing with Borrower's fiscal quarter ending July 3, 2009, net income after taxes not less than \$1.00 for any fiscal quarter that immediately follows a fiscal quarter in which Borrower failed to maintain net income after taxes of not less than \$1.00, determined as of each fiscal quarter end.

(e) Total Funded Debt to EBITDA not greater than 2.5 to 1.0 as of each fiscal quarter end, determined on a rolling 4-quarter basis, with "Funded Debt" defined as the sum of all obligations for borrowed money (including subordinated debt, any contingent liabilities, the undrawn amount of any outstanding Letters of Credit, earn out or seller notes resulting from acquisitions, and all capital lease obligations), and with "EBITDA" defined as net profit before tax plus interest expense (net of capitalized interest expense), depreciation and amortization expense.

(f) Minimum Asset Coverage Ratio not less than 1.50 to 1.00 as of each fiscal quarter end, with "Minimum Asset Coverage Ratio" defined as unencumbered liquid assets (defined as cash, cash equivalents and/or publically traded/quoted marketable securities acceptable to Bank in its sole discretion) plus the amount of net billed accounts receivable divided by the outstanding principal balance under the Line of Credit (including the undrawn amount of any outstanding Letters of Credit issued thereunder)."

7. Subject to the terms and conditions set forth herein, Bank hereby waives the Existing Default. This waiver applies only to the Existing Default. It is not a waiver of any subsequent breach of any of the same provisions of the Credit Agreement, nor is it a waiver of any breach of any other provision of the Credit Agreement. Except as expressly stated in this Amendment, Bank reserves all of the rights, powers and remedies available to Bank under the Credit Agreement and any other contracts or instruments signed by Borrower or any guarantor, including the right to cease making advances to Borrower and the right to accelerate any of Borrower's indebtedness, if any subsequent breach of any of the same provisions of the Credit Agreement or any other provision of the Credit Agreement should occur.

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8. Except as specifically provided herein, all terms and conditions of the Credit Agreement remain in full force and effect, without waiver or modification. All terms defined in the Credit Agreement shall have the same meaning when used in this Amendment. This Amendment and the Credit Agreement shall be read together, as one document.

9. Borrower hereby remakes all representations and warranties contained in the Credit Agreement and reaffirms all covenants set forth therein. Borrower further certifies that other than the Existing Default, as of the date of this Amendment there exists no Event of Default as defined in the Credit Agreement, nor any condition, act or event which with the giving of notice or the passage of time or both would constitute any such Event of Default.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the day and year first written above.

WILLDAN GROUP, INC.

By: /s/ Kimberly D. Gant

Title: CFO

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: /s/ Jared Myres

Jared A. Myres
Vice President

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REVOLVING LINE OF CREDIT NOTE

\$5,000,000.00

West Covina, California
December 1, 2008

FOR VALUE RECEIVED, the undersigned WILLDAN GROUP, INC. ("Borrower") promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") at its San Gabriel Valley Regional Commercial Banking Office at 1000 Lakes Drive, Suite 250, West Covina, California, or at such other place as the holder hereof may designate, in lawful money of the United States of America and in immediately available funds, the principal sum of Five Million Dollars (\$5,000,000.00), or so much thereof as may be advanced and be outstanding, with interest thereon, to be computed on each advance from the date of its disbursement as set forth herein.

DEFINITIONS:

As used herein, the following terms shall have the meanings set forth after each, and any other term defined in this Note shall have the meaning set forth at the place defined:

- (a) "Business Day" means any day except a Saturday, Sunday or any other day on which commercial banks in California are authorized or required by law to close.
- (b) "Fixed Rate Term" means a period commencing on a Business Day and continuing for one (1), three (3) or six (6) month(s), as designated by Borrower, during which all or a portion of the outstanding principal balance of this Note bears interest determined in relation to LIBOR; provided however, that no Fixed Rate Term may be selected for a principal amount less than One Hundred Thousand Dollars (\$100,000.00); and provided further, that no Fixed Rate Term shall extend beyond the scheduled maturity date hereof. If any Fixed Rate Term would end on a day which is not a Business Day, then such Fixed Rate Term shall be extended to the next succeeding Business Day.
- (c) "LIBOR" means the rate per annum (rounded upward, if necessary, to the nearest whole 1/8 of 1%) and determined pursuant to the following formula:

$$\text{LIBOR} = \frac{\text{Base LIBOR}}{100\% - \text{LIBOR Reserve Percentage}}$$

(i) "Base LIBOR" means the rate per annum for United States dollar deposits quoted by Bank as the Inter-Bank Market Offered Rate, with the understanding that such rate is quoted by Bank for the purpose of calculating effective rates of interest for loans making reference thereto, on the first day of a Fixed Rate Term for delivery of funds on said date for a period of time approximately equal to the number of days in such Fixed Rate Term and in an amount approximately equal to the principal amount to which such Fixed Rate Term applies. Borrower understands and agrees that Bank may base its quotation of the Inter-Bank Market Offered Rate upon such offers or other market indicators of the Inter-Bank Market as Bank in its discretion deems appropriate including, but not limited to, the rate offered for U.S. dollar deposits on the London Inter-Bank Market.

(ii) "LIBOR Reserve Percentage" means the reserve percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor) for "Eurocurrency

Liabilities" (as defined in Regulation D of the Federal Reserve Board, as amended), adjusted by Bank for expected changes in such reserve percentage during the applicable Fixed Rate Term.

(d) "Prime Rate" means at any time the rate of interest most recently announced within Bank at its principal office as its Prime Rate, with the understanding that the Prime Rate is one of Bank's base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Bank may designate.

INTEREST:

(a) Interest. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) either (i) at a fluctuating rate per annum one-half percent (0.50%) below the Prime Rate in effect from time to time, or (ii) at a fixed rate per annum determined by Bank to be one and one-quarter percent (1.25%) above LIBOR in effect on the first day of the applicable Fixed Rate Term. When interest is determined in relation to the Prime Rate, each change in the rate of interest hereunder shall become effective on the date each Prime Rate change is announced within Bank. With respect to each LIBOR selection hereunder, Bank is hereby authorized to note the date, principal amount, interest rate and Fixed Rate Term applicable thereto and any payments made thereon on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to this Note, which notations shall be prima facie evidence of the accuracy of the information noted.

(b) Selection of Interest Rate Options. At any time any portion of this Note bears interest determined in relation to LIBOR, it may be continued by Borrower at the end of the Fixed Rate Term applicable thereto so that all or a portion thereof bears interest determined in relation to the Prime Rate or to LIBOR for a new Fixed Rate Term designated by Borrower. At any time any portion of this Note bears interest determined in relation to the Prime Rate, Borrower may convert all or a portion thereof so that it bears interest determined in relation to LIBOR for a Fixed Rate Term designated by Borrower. At such time as Borrower requests an advance hereunder or wishes to select a LIBOR option for all or a portion of the outstanding principal balance hereof, and at the end of each Fixed Rate Term, Borrower shall give Bank notice specifying: (1) the interest rate option selected by Borrower; (ii) the principal amount subject thereto; and (iii) for each LIBOR selection, the length of the applicable Fixed Rate Term. Any such notice may be given by telephone (or such other electronic method as Bank may permit) so long as, with respect to each LIBOR selection, (A) if requested by Bank, Borrower provides to Bank written confirmation thereof not later than three (3) Business Days after such notice is given, and (B) such notice is given to Bank prior to 10:00 a.m. on the first day of the Fixed Rate Term, or at a later time during any Business Day if Bank, at its sole option but without obligation to do so, accepts Borrower's notice and quotes a fixed rate to Borrower. If Borrower does not immediately accept a fixed rate when quoted by Bank, the quoted rate shall expire and any subsequent

LIBOR request from Borrower shall be subject to a redetermination by Bank of the applicable fixed rate. If no specific designation of interest is made at the time any advance is requested hereunder or at the end of any Fixed Rate Term, Borrower shall be deemed to have made a Prime Rate interest selection for such advance or the principal amount to which such Fixed Rate Term applied.

(c) Taxes and Regulatory Costs. Borrower shall pay to Bank immediately upon demand, in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and

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franchise taxes) imposed by any domestic or foreign governmental authority and related in any manner to LIBOR, and (ii) future, supplemental, emergency or other changes in the LIBOR Reserve Percentage, assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to LIBOR to the extent they are not included in the calculation of LIBOR. In determining which of the foregoing are attributable to any LIBOR option available to Borrower hereunder, any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower.

(d) Payment of Interest. Interest accrued on this Note shall be payable on the 1st day of each month, commencing January 1, 2009.

(e) Default Interest. From and after the maturity date of this Note, or such earlier date as all principal owing hereunder becomes due and payable by acceleration or otherwise, the outstanding principal balance of this Note shall bear interest until paid in full at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to four percent (4%) above the rate of interest from time to time applicable to this Note.

BORROWING AND REPAYMENT:

(a) Borrowing and Repayment. Borrower may from time to time during the term of this Note borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions of this Note and of any document executed in connection with or governing this Note; provided however, that the total outstanding borrowings under this Note shall not at any time exceed the principal amount stated above. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by the holder hereof less the amount of principal payments made hereon by or for Borrower, which balance may be endorsed hereon from time to time by the holder. The outstanding principal balance of this Note shall be due and payable in full on January 1, 2010.

(b) Advances. Advances hereunder, to the total amount of the principal sum stated above, may be made by the holder at the oral or written request of (i) Thomas D. Brisbin or Mallory McCamant or Kimberly D. Gant or Roy Gill or Kate Nguyen, any one acting alone, who are authorized to request advances and direct the disposition of any advances until written notice of the revocation of such authority is received by the holder at the office designated above, or (ii) any person, with respect to advances deposited to the credit of any deposit account of Borrower, which advances, when so deposited, shall be conclusively presumed to have been made to or for the benefit of Borrower regardless of the fact that persons other than those authorized to request advances may have authority to draw against such account. The holder shall have no obligation to determine whether any person requesting an advance is or has been authorized by Borrower.

(c) Application of Payments. Each payment made on this Note shall be credited first, to any interest then due and second, to the outstanding principal balance hereof. All payments credited to principal shall be applied first, to the outstanding principal balance of this Note which bears interest determined in relation to the Prime Rate, if any, and second, to the outstanding principal balance of this Note which bears interest determined in relation to LIBOR, with such payments applied to the oldest Fixed Rate Term first.

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PREPAYMENT:

(a) Prime Rate. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to the Prime Rate at any time, in any amount and without penalty.

(b) LIBOR. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to LIBOR at any time and in the minimum amount of One Hundred Thousand Dollars (\$100,000.00); provided however, that if the outstanding principal balance of such portion of this Note is less than said amount, the minimum prepayment amount shall be the entire outstanding principal balance thereof. In consideration of Bank providing this prepayment option to Borrower, or if any such portion of this Note shall become due and payable at any time prior to the last day of the Fixed Rate Term applicable thereto by acceleration or otherwise, Borrower shall pay to Bank immediately upon demand a fee which is the sum of the discounted monthly differences for each month from the month of prepayment through the month in which such Fixed Rate Term matures, calculated as follows for each such month:

(i) Determine the amount of interest which would have accrued each month on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the last day of the Fixed Rate Term applicable thereto.

(ii) Subtract from the amount determined in (i) above the amount of interest which would have accrued for the same month on the amount prepaid for the remaining term of such Fixed Rate Term at LIBOR in effect on the date of prepayment for new loans made for such term and in a principal amount equal to the amount prepaid.

(iii) If the result obtained in (ii) for any month is greater than zero, discount that difference by LIBOR used in (ii) above.

Borrower acknowledges that prepayment of such amount may result in Bank incurring additional costs, expenses and/or liabilities, and that it is difficult to ascertain the full extent of such costs, expenses and/or liabilities. Borrower, therefore, agrees to pay the above-described prepayment fee and agrees that said amount represents a reasonable estimate of the prepayment costs, expenses and/or liabilities of Bank. If Borrower fails to pay any prepayment fee when due,

the amount of such prepayment fee shall thereafter bear interest until paid at a rate per annum two percent (2.0%) above the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed).

EVENTS OF DEFAULT:

This Note is made pursuant to and is subject to the terms and conditions of that certain Credit Agreement between Borrower and Bank dated as of December 28, 2007, as amended from time to time (the "Credit Agreement"). Any default in the payment or performance of any obligation under this Note, or any defined event of default under the Credit Agreement, shall constitute an "Event of Default" under this Note.

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MISCELLANEOUS:

(a) **Remedies.** Upon the occurrence of any Event of Default, the holder of this Note, at the holder's option, may declare all sums of principal and interest outstanding hereunder to be immediately due and payable without presentment, demand, notice of nonperformance, notice of protest, protest or notice of dishonor, all of which are expressly waived by Borrower, and the obligation, if any, of the holder to extend any further credit hereunder shall immediately cease and terminate. Borrower shall pay to the holder immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the holder's in-house counsel), expended or incurred by the holder in connection with the enforcement of the holder's rights and/or the collection of any amounts which become due to the holder under this Note, and the prosecution or defense of any action in any way related to this Note, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity.

(b) **Obligations Joint and Several.** Should more than one person or entity sign this Note as a Borrower, the obligations of each such Borrower shall be joint and several.

(c) **Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

WILLDAN GROUP, INC.

By: /s/ Kimberly D. Gant

Title: CFO

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ADDENDUM TO PROMISSORY NOTE
(PRIME/LIBOR PRICING ADJUSTMENTS)

THIS ADDENDUM is attached to and made a part of that certain promissory note executed by WILLDAN GROUP, INC. ("Borrower") and payable to WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank"), or order, dated as of December 1, 2008, in the principal amount of Five Million Dollars (\$5,000,000.00) (the "Note").

The following provisions are hereby incorporated into the Note to reflect the interest rate adjustments agreed to by Bank and Borrower:

INTEREST RATE ADJUSTMENTS:

(a) **Initial Interest Rates.** The initial interest rates applicable to this Note shall be the rates set forth in the "Interest" paragraph herein.

(b) **Interest Rate Adjustments.** In addition to any interest rate adjustments resulting from changes in the Prime Rate, Bank shall adjust the Prime Rate and LIBOR margins used to determine the rates of interest applicable to this Note on a quarterly basis, commencing with Borrower's fiscal quarter ending October 26, 2008, if required to reflect a change in Borrower's ratio of Total Funded Debt to EBITDA (as defined in the Credit Agreement referenced herein), in accordance with the following grid:

<u>Total Funded Debt to EBITDA</u>	<u>Applicable Prime Rate Margin</u>	<u>Applicable LIBOR Margin</u>
at least 1.75 to 1.0 but less than 2.50 to 1.0	0%	1.75%
at least 1.25 to 1.0 but less than 1.75 to 1.0	-0.25%	1.50%
less than 1.25 to 1.0	-0.50%	1.25%

Each such adjustment shall be effective on the first Business Day of Borrower's fiscal quarter following the quarter during which Bank receives and reviews Borrower's most current fiscal quarter-end financial statements in accordance with any requirements established by Bank for the preparation and delivery thereof.

IN WITNESS WHEREOF, this Addendum has been executed as of the same date as the Note.

WILLDAN GROUP, INC.

By: /s/ Kimberly D. Gant

Title: CFO
