

APPLIED OPTOELECTRONICS, INC.

Form 8-K

April 05, 2018

**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 30, 2018

**Applied Optoelectronics, Inc.**

**(Exact name of Registrant as specified in its charter)**

**Delaware**

**(State of Incorporation)**

**001-36083**

**(Commission File Number)**

**76-0533927**

**(I.R.S. Employer  
Identification No.)**

**13139 Jess Pirtle Blvd.**

**Sugar Land, TX 77478**

**(address of principal executive offices and zip code)**

**(281) 295-1800**

**(Registrant's telephone number, including area code)**

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



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

On March 30, 2018, Applied Optoelectronics, Inc. (the “Company”) executed a First Amendment to Loan Agreement, a Note Modification Agreement and Addendum to Promissory Note for \$60 million, a Promissory Note and Addendum to Promissory Note for \$26 million, a Promissory Note and Addendum to Promissory Note for \$21.5 million, a Texas Deed of Trust and Security Agreement, an Assignment of Lease and Rent, and an Environmental Certification and Indemnity Agreement, (collectively, the “Amended Credit Facility”), with Branch Banking and Trust Company (the “Lender”).

The Amended Credit Facility amends the Company’s three-year \$50 million line of credit with the Lender, originally executed on September 28, 2017 (the “Existing Loan”). The Amended Credit Facility (1) increases the principal amount of the three-year line of credit from \$50 million to \$60 million (the “Line of Credit”); (2) allows the Company to borrow an additional \$26 million from Lender in the form of a five-year capital expenditure loan (the “CapEx Loan”) and (3) allows the Company to borrow an additional \$21.5 million in the form of a seventy-month real estate term loan (the “Term Loan”) to refinance the Company’s plant and facilities in Sugar Land, Texas.

Borrowings under the Line of Credit will bear interest at a rate equal to the one-month London Interbank Offered Rate (LIBOR) plus a Line of Credit margin ranging between 1.40% and 2.0%. Borrowings under the CapEx Loan will bear interest at a rate equal to the one-month LIBOR plus a CapEx Loan margin ranging between 1.30% and 2.0%. Borrowings under the Term Loan will bear interest at a rate equal to the one-month LIBOR plus a Term Loan margin ranging between 1.15% and 2.0%. The Company will make monthly payments of principal and accrued interest with the final monthly payments being for all principal and accrued interest not yet paid.

The Company’s obligations under the Amended Credit Facility will be secured by the Company’s accounts receivable, inventory, equipment, intellectual property, real property, and virtually all business assets.

The Amended Credit Facility requires the Company to maintain certain financial covenants and also contains representations and warranties and covenants applicable to the Company that are customary for agreements of this type.

The foregoing description of the Amended Credit Facility does not purport to be a complete statement of the parties’ rights and obligations under the Amended Credit Facility and is qualified in its entirety by reference to the full text of the First Amendment to Loan Agreement, the Note Modification Agreement, the Addendum to Promissory Note for \$60 million, the Promissory Note and Addendum to Promissory Note for \$26 million, the Promissory Note and Addendum to Promissory Note for \$21.5 million, the Texas Deed of Trust and Security Agreement, the Assignment of Lease and Rent, and the Environmental Certification and Indemnity Agreement, all dated March 30, 2018, copies of which are attached as Exhibit 10.1 through 10.10 to this Current Report on Form 8-K and incorporated by reference

herein.

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

The information contained in Item 1.01 of this Current Report on Form 8-K with respect to the Credit Facility is incorporated by reference herein and made a part hereof.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

- 10.1 First Amendment to Loan Agreement, dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.2 Addendum to the Promissory Note (\$60 million), dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.3 Promissory Note (\$26 million), dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.4 Addendum to the Promissory Note (\$26 million), dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.5 Promissory Note (\$21.5 million), dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.6 Addendum to the Promissory Note (\$21.5 million), dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.7 Note Modification Agreement, dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.8 Assignment of Lease and Rent, dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.9 Texas Deed of Trust and Security Agreement, dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.
- 10.10 Environmental Certification and Indemnity Agreement, dated March 30, 2018, between Applied Optoelectronics, Inc. and Branch Banking and Trust Company.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 5, 2018 **APPLIED OPTOELECTRONICS,  
INC.**

By: /s/ David C. Kuo  
Name David C. Kuo,  
Title: General Counsel and Secretary