

IRIDEX CORP
Form 8-K
June 16, 2010

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)

June 11, 2010

IRIDEX CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction
of incorporation)

0-27598
(Commission

77-0210467
(IRS Employer

File Number)
1212 Terra Bella Avenue

Identification No.)

Mountain View, California 94043

(Address of principal executive offices, including zip code)

(650) 940-4700

(Registrant's telephone number, including area code)

(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 (see General Instruction A.2. below):

- .. 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 June 11, 2010, Iridex Corporation (the "Company"), entered into a Loan and Security Agreement (the "Loan Agreement") with Silicon Valley Bank (the "Lender"), providing for a \$5.0 million secured revolving loan facility, with availability to be subject to an accounts receivable borrowing base formula in certain circumstances. As of June 16, 2010, no loans have been made or requested under the Loan Agreement.

Borrowings under the revolving loan facility accrue interest at a per annum rate equal to the Lender's prime rate as in effect from time to time plus a margin, subject to a minimum prime rate of 4.00%. Interest on borrowings under the revolving loan facility is payable monthly. The Company may borrow, repay and reborrow funds under the revolving loan facility until June 11, 2012, at which time the revolving loan facility matures and all outstanding amounts under the revolving loan facility must be repaid. In certain circumstances, the Company may be required to immediately repay principal amounts outstanding when it receives payments on its accounts receivable. On June 11th, 2010, the Company paid a commitment fee of \$12,500 and is required to pay a commitment fee of \$12,500 on June 11, 2011. In the event the Company elects to terminate the revolving loan facility before the maturity date, the Company is required to pay a fee in the amount of \$50,000.

All obligations under the Loan Agreement are secured by substantially all of the property of the Company, excluding the Company's intellectual property but including any proceeds derived from the Company's intellectual property.

The Loan Agreement contains customary covenants for a revolving loan facility of this size and type that include, among others, covenants that limit the Company's and its subsidiaries' ability to dispose of assets, enter into mergers or acquisitions, incur indebtedness, incur liens, pay dividends or make distributions on the Company's capital stock, make investments or loans, and enter into certain affiliate transactions, in each case subject to customary exceptions for a credit facility of this size and type. The Loan Agreement also contains a financial covenant requiring the Company to maintain a certain adjusted quick ratio.

The Loan Agreement contains customary events of default for a revolving loan facility of this size and type that include, among others, non-payment defaults, covenant defaults, a default in the event a material adverse change occurs, defaults in the event the Company's assets are attached or the Company is enjoined from doing business, bankruptcy and insolvency defaults, cross-defaults to certain other material indebtedness, material judgment defaults, and inaccuracy of representations and warranties. The occurrence of an event of default could result in an increase to the applicable interest rate of 5.0%, an acceleration of all obligations under the Loan Agreement, an obligation of the Company to repay all obligations in full, and a right by the Lender to exercise all remedies available to it under the Loan Agreement.

A copy of the Loan Agreement is attached as Exhibit 10.1 to this Current Report and is 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 set forth under Item 1.01, "Entry into a Material Definitive Agreement," is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

**Exhibit
No.**

Description

10.1	Loan and Security Agreement, dated as of June 11, 2010, by and between Iridex Corporation and Silicon Valley Bank.
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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.

IRIDEX CORPORATION

By: /s/ THEODORE A. BOUTACOFF
 Theodore A. Boutacoff

President and Chief Executive Officer

Date: June 16, 2010

EXHIBIT INDEX

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