
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): April 19, 2007

IRIDEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

000-27598

(Commission File No.)

94-2665054

(IRS Employer Identification No.)

**1212 Terra Bella Avenue
Mountain View, California 94043**

(Address of principal executive offices and zip code)

(650) 940-4700

(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 (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))
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Item 1.01. Entry Into a Material Definitive Agreement.

On April 19, 2007, Iridex Corporation (the “Company”) and Mid-Peninsula Bank, part of Greater Bay Bank N.A. (“Lender”) entered into amendments (the “Amendments”) to each of (i) that certain Business Loan and Security Agreement (the “Business Loan Agreement”) by and between the Company and Lender, dated January 16, 2007, and (ii) that certain Export-Import Bank Loan and Security Agreement (the “Exim Agreement”), by and between the Company and Lender, dated January 16, 2007. As previously disclosed, the Company and Lender entered into the Business Loan Agreement, the Exim Agreement, and a Borrower Agreement (collectively, the “Credit Agreements”) on January 16, 2007. The Credit Agreements, collectively, provide the Company with a \$6 million term loan (the “Term Loan”) and a revolving credit line of up to \$6 million (the “Line of Credit”).

Pursuant to the Amendments, (i) the Company agreed to deposit and maintain \$3.8 million in cash in a segregated deposit account with Lender as collateral in support of the Term Loan and to restrict up to \$2.2 million of the combined borrowing base from the Line of Credit in support of the Term Loan, and (ii) the parties agreed to eliminate the requirement that the Company maintain a minimum of \$3.0 million in aggregate domestic unrestricted cash or marketable securities. In addition, Lender will increase the credit extended by Lender to the Company under the Exim Agreement from \$3.0 to \$5.0 million. In connection with the Amendments, Lender also agreed to a one-time waiver of certain financial covenants contained in the Business Loan Agreement and the Exim Agreements. A copy of this waiver letter is attached hereto as Exhibit 10.6. This one-time waiver does not apply to any other potential future breaches of any of the financial covenants by the Company contained in the Credit Agreements, and compliance with the financial covenants for which such waiver was obtained is evaluated on a quarterly basis.

The foregoing descriptions of the Amendments and the Credit Agreements do not purport to be complete and are qualified in their entirety by the terms and conditions of the First Amendment to the Business Loan Agreement and First Amendment to the Exim Agreement attached as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K, as well as the Business Loan Agreement, the Exim Agreement, and the Borrower Agreement attached as Exhibits 10.3, 10.4 and 10.5, respectively, to the Current Report on Form 8-K filed on January 22, 2007, which exhibits are incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

Exhibit 10.1	First Amendment to the Business Loan and Security Agreement by and between Iridex Corporation and Mid-Peninsula Bank, part of Greater Bay Bank N.A., dated April 19, 2007.
Exhibit 10.2	First Amendment to the Export-Import Bank Loan and Security Agreement by and between Iridex Corporation and Mid-Peninsula Bank, part of Greater Bay Bank N.A., dated April 19, 2007.
Exhibit 10.3	Business Loan and Security Agreement by and between Iridex Corporation and Mid-Peninsula Bank, part of Greater Bay Bank N.A., dated January 16, 2007 <i>(which is incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K filed with the Commission on January 22, 2007)</i> .
Exhibit 10.4	Export-Import Bank Loan and Security Agreement by and between Iridex Corporation and Mid-Peninsula Bank, part of Greater Bay Bank N.A., dated January 16, 2007 <i>(which is incorporated herein by reference to Exhibit 99.2 to the Current Report on Form 8-K filed with the Commission on January 22, 2007)</i> .
Exhibit 10.5	Borrower Agreement by Iridex Corporation in favor of Export-Import Bank of the United States and Mid-Peninsula Bank, part of Greater Bay Bank N.A., dated January 16, 2007 <i>(which is incorporated herein by reference to Exhibit 99.3 to the Current Report on Form 8-K filed with the Commission on January 22, 2007)</i> .
Exhibit 10.6	Letter from Mid-Peninsula Bank, part of Greater Bay Bank N.A., to Iridex Corporation, dated April 23, 2007.

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

Dated: April 24, 2007

By: /s/ Meryl Rains

Meryl Rains

Vice President and Chief Financial Officer

Exhibit Index

Exhibit Number	Description
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Exhibit 10.6	Letter from Mid-Peninsula Bank, part of Greater Bay Bank N.A., to Iridex Corporation, dated April 23, 2007.

FIRST AMENDMENT TO BUSINESS LOAN AND SECURITY AGREEMENT

This First Amendment ("First Amendment") dated as of April 19, 2007, for reference purposes, is made to the BUSINESS LOAN AND SECURITY AGREEMENT (the "Domestic Agreement") entered into as of January 16, 2007, by and between Mid-Peninsula Bank, part of Greater Bay Bank N.A. ("Bank") and Iridex Corporation ("Borrower"), combining two credit facilities provided by Bank to Borrower, with one facility being a \$6,000,000 principal amount asset-based revolving line of credit ("Line of Credit") and the other facility being a \$6,000,000 principal amount term loan ("Term Loan").

Recitals

A. The Line of Credit under the Domestic Agreement includes a \$3,000,000 principal amount export-import revolving line of credit ("Exim Sub-Limit Line") guaranteed by the Export-Import Bank of the United States ("Exim Bank").

B. Based upon the financial performance of Borrower during the quarter ended March 31, 2007, Borrower has requested a waiver of certain covenants contained in the Domestic Agreement.

C. Borrower also has requested an adjustment to the Exim Sub-Limit Line to increase the limit of the principal amount under the Exim Sub-Limit Line to \$5,000,000.

D. Bank is willing to provided a one-time waiver of certain covenants of the Domestic Agreement as expressly provided in the waiver letter ("Waiver Letter") dated the same date as this First Amendment on the conditions and subject to the terms of this First Amendment and an amendment to that certain Export-Import Bank Loan and Security Agreement entered into as of January 16, 2007, by and between Bank and Borrower, similar to this First Amendment and dated the same date as this First Amendment, and also is willing to increase the Exim Sub-Limit Line to the principal amount of \$5,000,000.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration the receipt of which is hereby acknowledged and confirmed, the parties agree as follows:

1. This First Amendment shall amend, modify and supersede as expressly described below, or to the extent of any inconsistencies, the provisions of the Domestic Agreement. Except as expressly amended hereby, all provisions of the Domestic Agreement shall remain in full force and effect and the parties hereby ratify the terms and conditions of the Domestic Agreement as amended herein. All defined terms used in this First Amendment shall have the same meanings ascribed to them in the Domestic Agreement unless otherwise expressly defined herein.

2. The third sentence of Section 1, **RECITALS**, of the Domestic Agreement is deleted and replaced in its entirety with the following sentence: *This Agreement combines two credit facilities, namely (i) a \$6,000,000 principal amount, asset-based revolving line of credit ("Line of Credit"), including, if*

approved by the Export-Import Bank of the United States ("Exim Bank"), the \$5,000,000 principal amount export-import revolving line of credit to be guaranteed by the Exim Bank ("Exim Sub-Limit Line") to be provided by Lender to Borrower under the terms and conditions of the Export-Import Bank Loan and Security Agreement ("Exim Agreement") between Lender and Borrower dated the same date as this Agreement, and the Borrower Agreement (as amended, supplemented or modified, "Borrower Agreement"), entered into by Borrower in favor of the Exim Bank and the Lender dated the same date as this Agreement, and (ii) a \$6,000,000 principal amount term loan ("Term Loan"); collectively the Line of Credit, including the Exim Sub-Limit Line thereunder) and Term Loan are collectively referred to as the "Credit Facilities."

3. The third sentence of under Section 6.1, Grant of Security Interest, of the Domestic Agreement is delete and replaced in its entirety with the following sentence: *Without limiting Bank's security interest in all of Borrower's Deposit Accounts with Bank, Borrower shall deposit and maintain cash in one segregated Deposit Account with Bank as identified in Section 8.5(c)(1) below, and Bank will retain the rights of possession of such segregated Deposit Account, together with any evidence of such segregated Deposit Account such as certificates or passbooks, so long as any Indebtedness (except for inchoate indemnity obligations) are outstanding, and Borrower further acknowledges that during the continuance of any Event of Default Bank will place a "hold" on any and all Deposit Accounts pledged by Borrower under the terms of this Domestic Agreement as Collateral to secure the Indebtedness.*

4. Clause (3) of paragraph (a), Additional Requirements, under Section 8.3, Financial Statements and Reports, of the Domestic Agreement is deleted in its entirety eliminating the requirement of Borrower to provide to Bank a monthly affidavit of liquidity.

5. Clause (1) only of paragraph (c), Other Requirements, of Section 8.5, Financial Covenants and Ratios, of the Domestic Agreement is deleted in its entirety eliminating the requirement of Borrower to maintain a minimum aggregate amount of Domestic Unrestricted Cash/Marketable Securities of \$3,000,000.00, and replaced in its entirety with the following clause (1) under Section 8.5: *(1) to deposit and maintain cash of not less than \$3,800,000 in one segregated Deposit Account with Bank (account number 1101120495), which minimum amount Borrower acknowledges will be preserved in full and Borrower will not draw upon or reduce in any manner below such minimum amount so long as any Indebtedness (except for inchoate indemnity obligations) are outstanding.*

6. At the end of paragraph (6) of Section 14.1, Rights and Remedies, the following provision is hereby added: *, and without limiting the foregoing, Bank may take directly all funds in the Deposit Accounts and apply them to the Indebtedness. If any of the Deposit Accounts are subject to an early withdrawal penalty, that penalty shall be deducted from the Deposit Account before its application to the Indebtedness, whether the Deposit Account is with Bank or some other institution. Any excess funds remaining after application of the Deposit Account proceeds to the Indebtedness will be paid to Borrower as the interests of Borrower may appear. Borrower agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Deposit Accounts to the Indebtedness. Bank also shall have all the rights of a secured party under the California Uniform Commercial Code, even if any of the Deposit Accounts are not otherwise subject to such Code concerning security interests, and the parties to this Agreement agree that the provisions of the Code giving rights to a secured party shall nonetheless be a part of this Agreement.*

7. The definition of "Borrowing Base" under Section 17.6 of the Domestic Agreement, is deleted and replaced in its entirety with the following definition: *The words "Borrowing Base" mean, as*

determined by Lender from time to time, the lesser of (1) \$6,000,000.00 or (2) 80.000% of the aggregate amount of Eligible Accounts minus a Borrowing Base restriction amount determined by the Bank from time to time, up to a maximum of \$2,200,000 of the aggregate dollar amount of the amounts otherwise determined to be Eligible Accounts (and for the avoidance of doubt, the parties acknowledge and agree that, to determine the dollar amount of the Borrowing Base, first 80.000% of the aggregate amount of Eligible Accounts will be determined without subtracting the Borrowing Base restriction amount, and then up to \$2,200,000 will be subtracted from such aggregate amount of Eligible Accounts to complete the calculation of the actual Eligible Accounts for the purpose of this clause (2)).

8. Counterparts; Facsimile Signature Copies. This First Amendment may be executed in one or more counterparts, each of which when so executed and delivered will be deemed to be an original and all of which taken together will constitute but one and the same instrument. Facsimile copies of the signatures set forth below will be deemed to be original signatures for all purposes.

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this First Amendment as of the date first written above.

IRIDEX CORPORATION

By: /s/ BARRY G. CALDWELL
Barry G. Caldwell, President & CEO

MID-PENINSULA BANK — PART OF GREATER
BAY BANK N.A

By: /s/ STEPHEN G. HEITEL
Stephen G. Heitel, President & CEO

**FIRST AMENDMENT TO EXPORT-IMPORT BANK
LOAN AND SECURITY AGREEMENT**

This First Amendment ("First Amendment") dated as of April 19, 2007, for reference purposes, is made to the EXPORT-IMPORT BANK LOAN AND SECURITY AGREEMENT (the "Exim Agreement") entered into as of January 16, 2007, by and between Mid-Peninsula Bank, part of Greater Bay Bank N.A. ("Bank") and Iridex Corporation ("Borrower"), relating to a working capital facility provided to Borrower by Bank and guaranteed by Export-Import Bank of the United States in the principal amount of up to \$3,000,000.

Recitals

- A. Based upon the financial performance of Borrower during the quarter ended March 31, 2007, Borrower has requested a waiver of certain covenants contained in the Exim Agreement.
- B. Borrower also has requested an adjustment to the Exim Committed Line to increase the limit of the principal amount under the Exim Committed Line to \$5,000,000.
- C. Bank is willing to provided a one-time waiver of certain covenants of the Exim Agreement as expressly provided in the waiver letter ("Waiver Letter") dated the same date as this First Amendment on the conditions and subject to the terms of this First Amendment and an amendment to that certain Business Loan and Security Agreement entered into as of January 16, 2007, by and between Bank and Borrower, similar to this First Amendment and dated the same date as this First Amendment, and also is willing to increase the limit of the principal amount under the Exim Committed Line to \$5,000,000.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration the receipt of which is hereby acknowledged and confirmed, the parties agree as follows:

1. This First Amendment shall amend, modify and supersede as expressly described below, or to the extent of any inconsistencies, the provisions of the Exim Agreement. Except as expressly amended hereby, all provisions of the Exim Agreement shall remain in full force and effect and the parties hereby ratify the terms and conditions of the Exim Agreement as amended herein. All defined terms used in this First Amendment shall have the same meanings ascribed to them in the Exim Agreement unless otherwise expressly defined herein.
2. The definition of "Exim Committed Line" under Section 1.1 of the Exim Agreement, is deleted and replaced in its entirety with the following definition: "*Exim Committed Line*" means a credit extension of up to five million and no/100 Dollars (\$5,000,000).
3. The first sentence of under Section 2.1.1(a), Revolving Advances, of the Exim Agreement is deleted and replaced in its entirety with the following sentence: *Subject to the terms and conditions of this Exim Agreement and the Domestic Agreement, Bank agrees to make Advances to Borrower in an aggregate amount outstanding at any time not to exceed (i) the Exim Committed Line or*

the Borrowing Base, whichever is less, minus (ii) the face amount of all outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit), and (iii) minus the amount by which the then outstanding aggregate advances to Borrower under the Line of Credit facility under the Domestic Agreement exceed \$1,000,000.

4. The third sentence of under Section 4.1, Grant of Security Interest, of the Exim Agreement is deleted and replaced in its entirety with the following sentence: *Without limiting Bank's security interest in all of Borrower's Deposit Accounts with Bank, Borrower shall deposit and maintain cash in one segregated Deposit Account with Bank as identified in Section 6.8(c)(i) below, and Bank will retain the rights of possession of such segregated Deposit Account, together with any evidence of such segregated Deposit Account such as certificates or passbooks, so long as any Obligations (except for inchoate indemnity obligations) are outstanding, and Borrower further acknowledges that during the continuance of any Event of Default Bank will place a "hold" on any and all Deposit Accounts pledged by Borrower under the terms of this Exim Agreement as Collateral to secure the Obligations.*

5. Clause (c) under Section 6.3, Financial Statements, Reports, Certificates, of the Exim Agreement is deleted in its entirety eliminating the requirement of Borrower to provide to Bank a monthly affidavit of liquidity.

6. Clause (i) only of paragraph (c), Other Requirements, of Section 6.8, Financial Covenants and Ratios, of the Exim Agreement is deleted in its entirety eliminating the requirement of Borrower to maintain a minimum aggregate amount of Domestic Unrestricted Cash/Marketable Securities of \$3,000,000.00 and replaced in its entirety with the following clause (i) under Section 6.8: *(i) to deposit and maintain cash of not less than \$3,800,000 in one segregated Deposit Account with Bank (account number 1101120495), which minimum amount Borrower acknowledges will be preserved in full and Borrower will not draw upon or reduce in any manner below such minimum amount so long as any Obligations (except for inchoate indemnity obligations) are outstanding;*

7. At the end of paragraph (f) of Section 9.1, Rights and Remedies, the following provision is hereby added: *, and without limiting the foregoing, Bank may take directly all funds in the Deposit Accounts and apply them to the Obligations. If any of the Deposit Accounts are subject to an early withdrawal penalty, that penalty shall be deducted from the Deposit Account before its application to the Obligations, whether the Deposit Account is with Bank or some other institution. Any excess funds remaining after application of the Deposit Account proceeds to the Obligations will be paid to Borrower as the interests of Borrower may appear. Borrower agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Deposit Accounts to the Obligations. Bank also shall have all the rights of a secured party under the California Uniform Commercial Code, even if any of the Deposit Accounts are not otherwise subject to such Code concerning security interests, and the parties to this Agreement agree that the provisions of the Code giving rights to a secured party shall nonetheless be a part of this Agreement.*

8. To properly reflect the increase in the Exim Committed Line as set forth above, all references to "Commitment Amount: \$3,000,000.00," or any similar description, including reference to same in Exhibit D, Borrowing Base Certificate, of the Exim Agreement shall be changed to refer to the increase in such amount to \$5,000,000.00.

9. To properly reflect the elimination of the monthly affidavit of liquidity as set forth above, all references to such prior requirement, including the reference in Exhibit E, Compliance

Certificate, of the Exim Agreement shall be deemed deleted.

10. Counterparts; Facsimile Signature Copies. This First Amendment may be executed in one or more counterparts, each of which when so executed and delivered will be deemed to be an original and all of which taken together will constitute but one and the same instrument. Facsimile copies of the signatures set forth below will be deemed to be original signatures for all purposes.

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this First Amendment as of the date first written above.

IRIDEX CORPORATION

By: /s/ BARRY G. CALDWELL
Barry G. Caldwell, President & CEO

MID-PENINSULA BANK — PART OF GREATER
BAY BANK N.A

By: /s/ STEPHEN G. HEITEL
Stephen G. Heitel, President & CEO

April 23, 2007

Mr. Barry G. Caldwell
President and Chief Executive Office
Ms. Meryl Rains
Vice President and Chief Financial Officer
Iridex Corporation
1212 Terra Bella
Mountain View, CA 94043-1824

Re: BUSINESS LOAN AND SECURITY AGREEMENT (the "Domestic Agreement") dated as of January 16, 2007, and EXPORT-IMPORT BANK LOAN AND SECURITY AGREEMENT (the "Exim Agreement") dated as of January 16, 2007

Dear Barry and Meryl:

As required by the terms of each of the Domestic Agreement and the Exim Agreement between Iridex Corporation ("Borrower") and Mid-Peninsula Bank, part of Greater Bay Bank N.A. ("Bank"), the following covenants had not been met as of March 31, 2007:

- Minimum Tangible Net Worth Requirement. Section 8.5(b) of the Domestic Agreement, and Section 6.8(a) of the Exim Agreement both require that Borrower have a minimum Tangible Net Worth of not less than \$15,500,000.00 measured as of March 31, 2007.
- Minimum Debt Service Ratio. Section 8.5(c)(2) of the Domestic Agreement, and Section 6.8(c)(ii) of the Exim Agreement both require that Borrower maintain a Debt Service Ratio of 1.750 to 1.000 to be measured quarterly on a year-to-date basis beginning at March 31, 2007.

Bank hereby waives the default under each of the Domestic Agreement and the Exim Agreement resulting from Borrower's non-compliance at March 31, 2007, with the minimum Tangible Net Worth covenants referenced above, and further waives the default under each of the Domestic Agreement and the Exim Agreement resulting from Borrower's non-compliance for the year-to-date period ended March 31, 2007, with the minimum Debt Service Ratio covenants referenced above.

Please note that the Bank's decision does not constitute a waiver of any other breach of any other provisions of either of the Domestic Agreement or the Exim Agreement, or any subsequent breach of either of the above-described covenants, and the Bank reserves all rights and remedies available to the Bank.

Sincerely,

/s/ Sarah Lewis

Sarah Lewis

Senior Vice President