

ADVANCED ENVIRONMENTAL RECYCLING TECHNOLOGIES INC

Form 8-K

June 13, 2007

**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): June 8, 2007**

**Advanced Environmental Recycling Technologies, Inc.**

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

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**1-10367**

*(Commission File Number)*

**71-0675758**

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

**914 N Jefferson Street**

**Springdale, Arkansas**

*(Address of Principal Executive  
Offices)*

**72764**

*(Zip Code)*

**Registrant's telephone number, including area code (479) 756-7400**

**Not Applicable**

**(Former name and 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 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 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION ON AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT ON A REGISTRANT.**

On June 8, 2007, the Company satisfied certain closing conditions and obtained funding under a \$5.0 million note payable to Allstate Insurance Company dated May 31, 2007. The note bears interest at a rate of 10% per annum, payable at maturity on October 1, 2008.

The note is subordinated to approximately \$12.1 million of senior indebtedness under 2003 bond obligations and under 2003 debt obligations to Allstate. The note is secured on a subordinated basis by mortgages and deeds of trust on certain real estate owned by the Company in Springdale and Lowell, Arkansas and in Junction, Texas.

**ITEM 5.02 ELECTION OF DIRECTORS.**

*Election of Director*

At a meeting of the Company's Board of Directors held on June 8, 2007, the Board appointed Peter Lau as a director to serve for a term through the next annual meeting of stockholders and until his successor is elected and qualified. Mr. Lau's appointment fills a vacancy created by the recent resignation of Samuel L. Milbank. Mr. Lau previously served on the Company's Board of Directors during 1997-2000. Mr. Lau is an independent director under applicable NASD and SEC rules and regulations and is not a party to any arrangements with the Company requiring disclosure under Item 404 of Regulation S-K. Mr. Lau will participate in the Company's restricted stock plans in the manner prescribed for new directors.

**SIGNATURE**

**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, thereunto duly authorized.**

**ADVANCED ENVIRONMENTAL  
RECYCLING TECHNOLOGIES, INC.**

By: **/s/ JOE G. BROOKS**  
**Joe G. Brooks,**  
*Chairman, Chief Executive Officer and  
President*

**Date: June 12, 2007**