

ADVANCED ENVIRONMENTAL RECYCLING TECHNOLOGIES INC

Form 8-K

February 29, 2008

ITEM 8.01 OTHER EVENTS.

On February 27, 2008, as announced in the press release attached as an exhibit to this Form 8-K filing, the Company and its principal distributor and principal customer were sued by a plaintiff in a putative class action lawsuit alleging product deficiencies with respect to its Choicedek decking product. The Company has not yet been served in this lawsuit or had an opportunity to fully review the matter with its counsel, but intends to vigorously defend such matter.

Also attached as exhibits hereto are the principal material agreements related to a Series 2008 refunding bond issuance by the Company on February 21, 2008.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

- 10.1 Indenture of Trust between City of Springdale, Arkansas, and Bank of Oklahoma, N.A., Trustee, relating to the issuance of \$10,610,000 City of Springdale, Arkansas Industrial Development Refunding Revenue Bonds (Advanced Environmental Recycling Technologies, Inc. Project) Series 2008; dated as of February 1, 2008.
- 10.2 Loan Agreement between City of Springdale, Arkansas, and Advanced Environmental Recycling Technologies, Inc., related to \$10,610,000 City of Springdale, Arkansas Industrial Development Refunding Revenue Bonds (Advanced Environmental Recycling Technologies, Inc. Project) Series 2008; dated as of February 1, 2008.
- 99.1 Press release issued February 28, 2008, announcing the above-referenced litigation.

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: February 29, 2008