

NEOPHOTONICS CORP

Form 424B7

December 19, 2016

Table of Contents

As Filed Pursuant to Rule 424(b)(7)

Registration No. 333-213967

PROSPECTUS SUPPLEMENT

(To Prospectus dated October 13, 2016)

4,972,905 Shares

Common Stock

This prospectus relates to the sale or other disposition from time to time of up to 4,972,905 shares of our common stock to be sold by the selling stockholder named in this prospectus. The 4,972,905 shares of common stock covered by this prospectus were sold by us in a private placement of these securities, as described in the section entitled “Selling Stockholder” beginning on page S-4. We are not selling any common stock under this prospectus and will not receive any of the proceeds from the sale or other disposition of shares by the selling stockholder.

The selling stockholder may sell or otherwise dispose of the shares of common stock covered by this prospectus in a number of different ways and at varying prices. We provide more information about how the selling stockholder may sell or otherwise dispose of its shares of common stock in the section entitled “Plan of Distribution” beginning on page S-6. Discounts, concessions, commissions and similar selling expenses attributable to the sale of shares of common stock covered by this prospectus will be borne by the selling stockholder. We will pay all expenses (other than discounts, concessions, commissions and similar selling expenses) relating to the registration of the shares with the Securities and Exchange Commission.

Our common stock is listed on the New York Stock Exchange under the symbol “NPTN.” On December 16, 2016, the last reported sale price for our common stock on the New York Stock Exchange was \$12.60 per share.

Our business and an investment in our common stock involve significant risks. These risks are described under the caption "Risk Factors" beginning on page S-6 of this prospectus supplement and in the documents incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

December 19, 2016

Table of Contents

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

<u>About This Prospectus Supplement</u>	S-ii
<u>Conventions That Apply in This Prospectus Supplement</u>	S-iii
<u>Prospectus Supplement Summary</u>	S-4
<u>Risk Factors</u>	S-6
<u>Special Note Regarding Forward-Looking Statements</u>	S-6
<u>Use of Proceeds</u>	S-6
<u>Selling Stockholder</u>	S-7
<u>Plan of Distribution</u>	S-9
<u>Legal Matters</u>	S-12
<u>Experts</u>	S-12
<u>Where You Can Find More Information</u>	S-12
<u>Incorporation of Certain Information By Reference</u>	S-12

PROSPECTUS

<u>About This Prospectus</u>	ii
<u>Conventions that Apply in This Prospectus</u>	iv
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	6
<u>Special Note Regarding Forward-Looking Statements</u>	9
<u>Use of Proceeds</u>	6
<u>Description of Capital Stock</u>	7
<u>Selling Stockholders</u>	9
<u>Plan of Distribution</u>	9
<u>Legal Matters</u>	11
<u>Experts</u>	11
<u>Where You Can Find More Information</u>	11
<u>Incorporation of Certain Information By Reference</u>	11

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the common stock the selling stockholder is offering. The second part, the accompanying prospectus dated October 13, 2016, gives more general information about our securities, some of which may not apply to this offering. You should read this prospectus supplement and the accompanying prospectus, including the information incorporated by reference and any free writing prospectuses we have authorized for use in connection with this offering, in their entirety before making an investment decision. You should also read and consider the information in the documents to which we have referred you in the sections of this prospectus supplement entitled “Where You Can Find More Information” and “Incorporation of Certain Information by Reference.”

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, along with the information contained in any free writing prospectuses we have authorized for use in connection with this offering. We have not, and the selling stockholder has not, authorized anyone to provide you with different or additional information. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date—for example, a document incorporated by reference in this prospectus supplement—the statement in the document having the later date modifies or supersedes the earlier statement. Under no circumstances should the delivery to you of this prospectus supplement and the accompanying prospectus or any sale made pursuant to this prospectus supplement create any implication that the information contained in this prospectus supplement or the accompanying prospectus is correct as of any time after the respective dates of such information. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus supplement and the accompanying prospectus, including the information incorporated by reference into this prospectus supplement and the accompanying prospectus, include trademarks, service marks and trade names owned by us or others. All trademarks, service marks and trade names included or incorporated by reference in this prospectus supplement and the accompanying prospectus or any related free writing prospectus are the property of their respective owners.

The selling stockholder is offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

We obtained the industry and market data in this prospectus supplement and the accompanying prospectus, including the information incorporated by reference into this prospectus supplement and the accompanying prospectus, from our own research as well as from industry and general publications, surveys and studies conducted by third parties. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors” and elsewhere in this prospectus supplement, the accompanying prospectus and documents incorporated by reference in this prospectus supplement and the accompanying prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

S-ii

Table of Contents

CONVENTIONS THAT APPLY IN THIS PROSPECTUS SUPPLEMENT

Unless otherwise indicated, references in this prospectus supplement to:

- “100G products” collectively refers to all products sold by us designed for use at 100Gbps (“100G”), and in coherent transmission systems designed for use at 100Gbps or higher data rates. Some customers may use components designed for use at 100G at lower speeds. Our 100G products include both coherent transmission products and 100G network products that are not coherent;
- “Coherent” refers to optical transmission systems that encode information in the phase of an optical signal and decode such information through comparison with an independent laser at the receiver and digital signal processing;
- “High Speed Products” refers to transmitter and receiver products as well as switching and other component products for 100G optical transmission applications over distances of 2 to 2,000 kilometers. Our high speed 100G and beyond products are based on our Advanced Hybrid Photonic Integration technology. These technologies support encoding 100 gigabits or more per second of information for transmitting over a single channel and decoding the information at the receiver. Through 2014, our use of this term included our products designed for use at 40Gbps (“40G”) and that comprised less than 1% of our total revenue and approximately 1% of our revenue from high speed products in the year ended December 31, 2014. From 2015 onward, High Speed Products refers exclusively to products sold by us and designed for use at 100Gbps or higher data rates;
- “Network Products and Solutions” collectively refers to all products sold by us for use in optical communications networks and a variety of other applications that are designed for use at data rates that are less than 100Gbps, including 40G, 10G and lower data rates. These products include certain passive products that do not explicitly have a data rate specification, but that are most commonly used in networks at these data rates. From 2015 onward, Network Products and Solutions includes products sold by us and designed for use at 40G that, prior to 2015, were included with High Speed Products; and
- “PIC” refers to Photonic Integrated Circuit.

Unless the context indicates otherwise, we use the terms “NeoPhotonics,” “we,” “us,” “our” and “the Company” in this prospectus supplement and accompanying prospectus to refer to NeoPhotonics Corporation and, where appropriate, its subsidiaries.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information appearing elsewhere or incorporated by reference in this prospectus supplement and accompanying prospectus and any free writing prospectus that we have authorized for use in connection with this offering; it may not contain all of the information that is important to you. This prospectus supplement and the accompanying prospectus include information about the shares we are offering as well as information regarding our business and financial data. You should read this prospectus supplement and the accompanying prospectus, including the information incorporated by reference and any free writing prospectuses we have authorized for use in connection with this offering, in their entirety. Investors should carefully consider the information set forth under “Risk Factors” in this prospectus supplement.

NeoPhotonics Corporation

Overview

We develop, manufacture and sell optoelectronic products that transmit, receive and switch high speed digital optical signals for communications networks. We sell our products to the world’s leading network equipment manufacturers, including Ciena Corporation, Cisco Systems, Inc., HiSilicon Technologies, Ltd., an affiliate of Huawei Technologies, Co., Ltd. and Huawei Technologies Co., Ltd. and Nokia Corporation (formerly Alcatel-Lucent SA which was acquired by Nokia Corporation in January 2016). These companies are among our largest customers and a focus of our strategy due to their leading market positions.

We have research and development and wafer fabrication facilities in San Jose and Fremont, California and in Tokyo, Japan that coordinate with our research and development and manufacturing facilities in Dongguan, Shenzhen and Wuhan, China, Ottawa, Canada, and Moscow, Russia. We use proprietary design tools and design-for-manufacturing techniques to align our design process with our precision nanoscale, vertically integrated manufacturing and testing. We believe we are one of the highest volume Photonic Integrated Circuit, or PIC, manufacturers in the world and that we can further expand our manufacturing capacity to meet market needs.

Recognizing our focus on growth in our 100Gbps (“100G”) and beyond products, we aligned our product group reporting to “High Speed Products” which includes products designed for 100G and beyond applications and “Network Products and Solutions” which comprises our passive and instrumentation products that generally do not have a specific data rate, though such products may also be used in High Speed applications. Our High Speed Products primarily implement coherent technology and include those designed for 100G and beyond data rates for telecom and datacenter or content provider networks and applications.

Corporate Information

We were incorporated in October 1996 in the State of Delaware. Our principal executive offices are located at 2911 Zanker Road, San Jose, California 95134, USA, and our telephone number is +1(408) 232-9200. Our website address is www.neophotonics.com. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider information contained on our website to be part of this prospectus or the accompanying prospectus or in deciding whether to purchase shares of our common stock. We changed our name to NeoPhotonics Corporation in 2002 after having been incorporated as NanoGram Corporation.

Our name is a registered trademark of NeoPhotonics Corporation. This prospectus and the documents incorporated by reference in this prospectus contain additional trade names and trademarks of NeoPhotonics and of other companies.

S-4

Table of Contents

The Offering

This prospectus relates to the sale or other disposition from time to time of up to 4,972,905 shares of our common stock all of which are held by the selling stockholder named in this prospectus.

Issuer:	NeoPhotonics Corporation
Shares offered by the selling stockholder	4,972,905
Shares outstanding after this offering	42,324,018
Use of Proceeds	We will not receive any proceeds from the sale of the shares offered hereby. See “Use of Proceeds” in this prospectus supplement.
Risk Factors	See “Risk Factors” beginning on page S-3 in this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.

The number of our shares of common stock outstanding is based on 42,324,018 shares of common stock outstanding as of October 31, 2016, and excludes the following:

- 4,345,014 shares of common stock issuable upon the exercise of stock options outstanding as of October 31, 2016, with a weighted average exercise price of \$5.17 per share;
- 2,078,584 shares of common stock issuable upon the vesting of restricted stock units outstanding as of October 31, 2016; and
- 1,565,140 shares of common stock available for future grants under our equity incentive plans, including our employee stock purchase plan.

Table of Contents

RISK FACTORS

Investing in shares of our common stock involves a high degree of risk. Before deciding whether to invest in shares of our common stock, you should consider carefully the risks and uncertainties described under the heading “Risk Factors” contained in our most recent Annual Report on Form 10-K and in our most recent Quarterly Report on Form 10-Q, as well as any amendments thereto reflected in subsequent filings with the SEC, which are incorporated by reference into this prospectus supplement and accompanying prospectus in their entirety, together with other information in this prospectus supplement and accompanying prospectus, the documents incorporated by reference and any free writing prospectus that we may authorize for use in connection with this offering. The risks described in these documents are not the only ones we face, but those that we consider to be material. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. Past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. If any of these risks actually occurs, our business, financial condition, results of operations or cash flow could be seriously harmed. This could cause the trading price of our common stock to decline, resulting in a loss of all or part of your investment. Please also read carefully the section below entitled “Special Note Regarding Forward-Looking Statements.”

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and accompanying prospectus, including the information that we incorporate by reference, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus supplement and accompanying prospectus, including statements regarding our future financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements include statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this prospectus supplement. You should read this prospectus supplement and accompanying prospectus and any related free writing prospectus, together with the information that we incorporate by reference, and the documents that we have filed as exhibits to the registration statement, of which this prospectus supplement and accompanying prospectus are a part, completely and with the understanding that our actual future results may be materially different from what we expect.

Important factors that could cause actual results to differ materially from our expectations are disclosed under “Risk Factors” and elsewhere in this prospectus supplement and accompanying prospectus and any related free writing prospectus, and in the information that we incorporate by reference.

Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

We qualify all of the forward-looking statements in the foregoing documents by these cautionary statements.

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of common stock offered by the selling stockholder.

Table of Contents

SELLING STOCKHOLDER

The following table sets forth information regarding the number of shares of our common stock as of October 31, 2016, held for the account of, and the numbers of shares being sold, by the selling stockholder.

Name of Selling Stockholder	Shares Beneficially Owned		Shares Beneficially Owned	
	Prior to the Offering	Shares Being	After the Offering	
	Total	Offered	Number	Percent
Joint Stock Company "RUSNANO" Prospect 60-letiya Oktyabrya 10a, 117036, Moscow, Russian Federation(1)	4,972,905	4,972,905	—	—

(1) Rusnano is an joint stock company organized under the laws of the Russian Federation. The supervisory board of Rusnano has sole voting and investment power with respect to the shares beneficially owned by Rusnano. The Russian Federation owns 100% of Rusnano. Dmitry Akhanov, a member of our board of directors, is the President and Chief Executive Officer of Rusnano USA, Inc., a U.S. subsidiary of Rusnano, but he disclaims beneficial ownership of these shares.

Private Placement and Related Agreements with Rusnano

Board members

Dmitry Akhanov, a member of our board of directors since July 2013, is the President and Chief Executive Officer of Rusnano USA, Inc., a U.S. subsidiary of Rusnano. Prior to Mr. Akhanov's appointment in July 2013, Sergey Polikarpov, a Managing Director of Rusnano, served as a member of our board of directors beginning in April 2012.

Private placement transaction

In April 2012, we entered into a rights agreement with Rusnano. Under the rights agreement, we agreed to make a \$30.0 million investment commitment, or the Investment Commitment, toward our Russian operations. The Investment Commitment can be partially satisfied by cash and/or non-cash investment inside or outside of Russia and/or by way of non-cash asset transfers.

In July 2015, we amended our rights agreement with Rusnano. The amendment to the rights agreement became effective on June 30, 2015 and provides for an updated investment plan for our Russian subsidiaries that includes a non-cash transfer of licensing rights to intellectual property, non-cash transfers of exiting equipment and commitments to complete the remaining milestones of approximately one-half of the overall investment through fiscal year 2019. It also provides that the maximum amount of penalties to be paid by us will not exceed \$5.0 million in the aggregate, with the following penalties for failure to meet specified milestones and exit options at the end of the following years, subject to a 90-day cure period (“Cure Period”) following such years:

- By December 31, 2015, if the actual cumulative investment and spending to our Russian subsidiaries was less than \$13.0 million, or if we had not sold any products manufactured by its Russian subsidiary, or if we had not completed agreed-upon manufacturing milestones, then we would be subject to a \$5.0 million penalty within 30 days after the end of the applicable Cure Period; if the cumulative investments and spending to our Russian subsidiaries were less than \$15.4 million but more than \$13.0 million by December 31, 2015 and was not cured within the applicable Cure Period, we would be subject to a \$1.5 million penalty within 30 days after the end of the applicable Cure Period. We fulfilled our investment commitment required by 2015 and had contributed over \$15.4 million in cash and assets to our subsidiaries in Russia as of December 31, 2015. We also satisfied the requirement related to sale of products manufactured by our Russian subsidiary as of December 31, 2015. However, we were not in full compliance with the completion of agreed-upon manufacturing milestones as of December 31, 2015 (and as of the end of the Cure Period ended March 30, 2016) since certain required equipment was delivered but not fully installed and operational as of that date. We have remediated these issues and, in August 2016, entered into the second amendment to the Rights Agreement with Rusnano (the “Amended Rights Agreement”) to address this matter. The amendment extended the foregoing manufacturing deadlines to June 30, 2016 and confirmed that we

S-7

Table of Contents

had completed these milestones as of June 30, 2016. As a result, we will not be held liable for the \$5.0 million penalty.

- By December 31, 2016, if the actual cumulative investment and spending to our subsidiaries in Russia is less than \$18.8 million, we will be subject to a \$1.5 million penalty within 30 days after the end of the applicable Cure Period.
- At the end of 2016, we will be subject to pay an exit fee of \$3.5 million to Rusnano should we decide to cease the operations of our subsidiaries in Russia, provided that the cumulative investments and spending including the tangible asset transfers, other than intangible asset transfers which is limited to a maximum valuation of \$5.7 million, exceed \$10.0 million.
- At the end of 2019, we will be subject to pay an exit fee of \$2.0 million to Rusnano should we decide to cease the operations of our subsidiaries in Russia, if the cumulative investments and spending are less than \$30.0 million.

In August 2016, we entered into a letter of agreement with Rusnano to agree to transfer a product line and incur expected costs of approximately \$0.1 million by July 30, 2017.

Separately, on December 18, 2014, we entered into a Commitment to file a Registration Statement and Related Waiver of Registration Rights, whereby Rusnano waived certain registration rights in connection with a potential offering by us of shares of our common stock, and we committed to file with the SEC a resale registration statement on Form S-1 covering the resale of all shares of our common stock held by Rusnano, or the 2015 Registration Statement. We filed the 2015 Registration Statement on April 6, 2015 to register 4,972,905 shares of our common stock held by Rusnano. Rusnano also waived its demand registration rights under the original rights agreement and agreed to enter into a lock up agreement with us whereby it would agree not to sell any shares of our common stock, or engage in certain other transactions relating to our securities, for a period of 60 days from the filing date of the 2015 Registration Statement. Rusnano signed such lock up agreement with us on April 2, 2015. In connection with our public stock offering completed in the second quarter of 2015, Rusnano entered into a separate lock up agreement with Needham & Company, LLC, the lead underwriter of the offering, whereby it agreed not to sell any shares of our common stock, or engage in certain other transactions relating to our securities, for a period of 180 days from May 21, 2015. Such lock up agreement expired in November 2015.

Table of Contents

PLAN OF DISTRIBUTION

We are registering the shares of common stock issued to the selling stockholder to permit the resale of these shares by the selling stockholder from time to time after the date of this prospectus supplement. We will not receive any of the proceeds from the sale by the selling stockholder of the shares. We will bear all fees and expenses incident to our obligation to register the shares.

The selling stockholder and any of its pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares covered hereby on The New York Stock Exchange or any other stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or negotiated prices. The selling stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- an underwritten public offering in which one or more underwriters participate;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
 - an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus supplement and accompanying prospectus are a part, to the extent permitted by law;
- in transactions through broker-dealers that agree with the selling stockholder to sell a specified number of such shares at a stipulated price per share;
- put or call options transactions or through the writing or settlement of standardized or over-the-counter options or other hedging or derivative transactions, whether through an options exchange or otherwise;