

NONDISCLOSURE AGREEMENT

THIS AGREEMENT, effective as of the ____ day of _____, 2008, is made and entered into by and between _____, having an address of _____ (the "Receiving Party"), and **APPLIED OPTOELECTRONICS, INC.**, a Texas corporation having an address of 13115 Jess Pirtle Blvd., Sugar Land, Texas 77478 ("AOI"). The Parties hereto agree as follows:

1. AOI has disclosed or may disclose to the Receiving Party, for the purpose of [performing services for AOI, buying products from AOI, evaluating AOI's technology, business], and related matters, or for other purposes, certain confidential information relating thereto which, to the extent previously, currently, or subsequently disclosed to the Receiving Party, is hereinafter referred to as "Proprietary Information" of AOI. Said Proprietary Information includes information provided by AOI to the Receiving Party for such purposes, as well as any other information disclosed by AOI to Receiving Party (1) in tangible form that is conspicuously marked "Confidential," "Proprietary" or the like or (2) in intangible form and orally identified as confidential at the time of disclosure. In the event of a dispute, Receiving Party shall have the burden of proving the non-confidential nature of any information disclosed by AOI to Receiving Party and characterized by AOI as Proprietary Information.

2. The Receiving Party agrees: (a) to hold Proprietary Information in confidence and to take reasonable precautions to protect such Proprietary Information; (b) to not divulge any such Proprietary Information or any information derived therefrom to any third person (except consultants, subject to the conditions stated below); and (c) not to make any use whatsoever at any time of such Proprietary Information except to evaluate internally whether to invest with or enter into related arrangements or agreements with AOI. Any employee or consultant given access to any such Proprietary Information must have a legitimate "need to know" and shall be similarly bound in writing. Provisions (a), (b) and (c) shall not apply to any information that the Receiving Party can document (1) is (or through no improper action or inaction by the Receiving Party or any affiliate, agent, consultant or employee, becomes) generally available to the public, or (2) was in its possession or known by it prior to receipt from AOI, or (3) was rightfully disclosed to it by a third party without restriction, provided the Receiving Party complies with any restrictions imposed by the third party, or (4) was independently developed without use of any Proprietary Information of AOI by employees of the Receiving Party who have had no access to such information. The Receiving Party may make disclosures required by court order, provided the Receiving Party uses reasonable efforts to limit disclosure and to obtain confidential treatment or a protective order and has allowed AOI to participate in the proceeding. Upon request by AOI, the Receiving Party will immediately turn over to AOI all Proprietary Information of AOI and related documents or media in the possession of the Receiving Party.

3. The Receiving Party acknowledges and agrees that due to the unique nature of AOI's Proprietary Information, there can be no adequate remedy at law for any breach of its obligations hereunder, that any such breach may allow the Receiving Party or third parties to unfairly compete with AOI resulting in irreparable harm to AOI, and therefore, that upon any such breach or any threat thereof, AOI shall be entitled to appropriate equitable relief in addition to whatever remedies it might have at law and to be indemnified by the Receiving Party from any loss or harm, including, without limitation, attorneys' fees, in connection with any breach or enforcement of the Receiving Party's obligations hereunder or the unauthorized use or release of any such Proprietary Information. The Receiving Party will notify AOI in writing immediately upon the occurrence of any such unauthorized release or other breach of which it is aware. In the event that any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be illegal, invalid or unenforceable, such provisions shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect. This Agreement shall be governed by the law of the State of Texas without regard to the conflicts of law provisions thereof. This Agreement supersedes all prior discussions and writing and constitutes the entire agreement between the parties with respect to the subject matter hereof. AOI need not sign this Agreement in order for it to take effect. Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. No waiver or modification of this Agreement will be binding upon either Party unless made in writing and signed by a duly authorized representative of such Party and no failure or delay in enforcing any right will be deemed a waiver. This Agreement shall be construed as to its fair meaning and not strictly for or against either Party.

APPLIED OPTOELECTRONICS, INC.
By: _____
Chih-Hsiang (Thompson) Lin
Title: President and CEO

RECEIVING PARTY
By: _____

Title: _____