

CAPSTONE TURBINE Corp
Form S-3/A
June 16, 2015
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As filed with the Securities and Exchange Commission on June 16, 2015

Registration No. 333-203431

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

AMENDMENT NO. 2

TO

FORM S-3

REGISTRATION STATEMENT UNDER THE
SECURITIES ACT OF 1933

Capstone Turbine Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-4180883
(I.R.S. Employer
Identification No.)

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21211 Nordhoff Street

Chatsworth, California 91311

(818) 734-5300

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Darren R. Jamison

President and Chief Executive Officer

Capstone Turbine Corporation

21211 Nordhoff Street

Chatsworth, California 91311

(818) 734-5300

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

with copies to:

J. Chase Cole, Esq.

Waller Lansden Dortch & Davis, LLP

511 Union Street, Suite 2700

Nashville, Tennessee 37219

(615) 244-6380

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement as determined by Capstone Turbine Corporation based on market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box: x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o

Accelerated filer x

Non-accelerated filer o (Do not check if a smaller reporting company)

Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per security	Proposed maximum aggregate offering price	Amount of registration fee
Debt Securities, Preferred Stock, \$0.001 par value, Common Stock Warrants and Common Stock, \$0.001 par value and related Preferred Stock purchase rights (2)	\$ 100,000,000 (1)(3)	(3)(4)	\$ 100,000,000 (1)(3)(4)(5)	\$ 6,379.00*(6)(7)

(1) The amount to be registered consists of up to \$100,000,000 (in U.S. dollars or the equivalent thereof at the time of sale for any debt security denominated in one or more foreign currencies or composite currencies) of an indeterminate principal amount of debt securities, an indeterminate number of shares of Preferred Stock, an indeterminate number of Common Stock warrants and an indeterminate number of shares of Common Stock as may from time to time be issuable hereunder and, as may be issuable upon conversion, exchange, exercise or settlement of any securities registered hereunder, including under any applicable anti-dilution provisions.

(2) This registration statement also covers rights to purchase shares of the registrant's Preferred Stock (the Rights) which are issuable pursuant to the registrant's stockholder rights plan. Until the occurrence of certain prescribed events, the Rights are not exercisable and will be transferable along with and only with the Common Stock. The value attributable to the Rights, if any, is reflected in the value of the Common Stock.

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(3) Pursuant to General Instruction II. D. of Form S-3 under the Securities Act, the fee table does not specify by each class of securities to be registered information as to the amount to be registered, proposed maximum offering price per security and the proposed maximum aggregate offering price. Securities sold hereunder may be sold separately, together with other securities registered hereunder.

(4) The proposed maximum offering price per security will be determined from time to time by the registrant in connection with, and at the time of, the issuance by the registrant of the securities registered hereunder.

(5) Estimated solely for purposes of calculating the registration fee. No separate consideration will be received for securities as may from time to time be issued upon conversion or exchange of securities registered hereunder.

(6) Calculated pursuant to Rule 457(o) under the Securities Act.

(7) Pursuant to Rule 415(a)(6) under the Securities Act, the securities registered pursuant to this registration statement include \$45,103,271.04 of unsold securities previously registered by the registrant on the registration statement (File No. 333-179334) filed with the Securities and Exchange Commission on February 3, 2012 and declared effective on April 16, 2012 (the Prior Registration Statement). The Prior Registration Statement has a balance of unsold securities with an aggregate offering price of \$45,103,271.04. In connection with the registration of such unsold securities on the Prior Registration Statement, the registrant paid a registration fee of \$3,616.78 for such unsold securities, which fee will continue to be applied to such unsold securities included on this registration statement. Accordingly, the amount of the registration fee for the registration of securities under this registration statement has been calculated based on the proposed maximum offering price of the additional \$54,896,728.96 of securities registered on this registration statement. To the extent that, after the filing date hereof and prior to the effectiveness of this registration statement, the registrant sells any securities pursuant to the Prior Registration Statement, the registrant will identify in a pre-effective amendment to this registration statement the updated amount of securities from the Prior Registration Statement to be included in this registration statement pursuant to Rule 415(a)(6) and the updated amount of new securities to be registered on this registration statement. Pursuant to Rule 415(a)(6), the offering of the unsold securities registered under the Prior Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement.

* Previously paid

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS

Subject to Completion, dated

June 16, 2015

Capstone Turbine Corporation

\$100,000,000

Common Stock

Common Stock Warrants

Preferred Stock

Debt Securities

We may from time to time offer, issue and sell, in one or more series, together or separately, the following:

- shares of our Common Stock;

- warrants to purchase shares of our Common Stock;
- shares of our Preferred Stock;
- debt securities, which may be either senior debt securities or subordinated debt securities, in each case consisting of notes or other evidence of indebtedness;
- rights to purchase the foregoing securities (see Plan of Distribution); or
- any combination of these securities.

We will offer such securities at an aggregate public offering price of up to \$100,000,000, or an equivalent amount in U.S. dollars if any securities are denominated in a currency other than U.S. dollars, on terms determined at the time we offer such securities. We may offer such securities separately or together, in separate classes or series, in amounts, at prices and on terms set forth in an applicable supplement to this prospectus. The applicable prospectus supplement will also contain information about any listing on a securities exchange of the securities covered by such prospectus supplement.

We may sell the securities to one or more underwriters for public offering and sale by them, through agents or dealers, directly to purchasers or through a combination of any of these methods of sale. We reserve the sole right to accept, and together with our agents, dealers and underwriters reserve the right to reject, in whole or in part, any proposed purchase of securities to be made directly or through agents, dealers or underwriters. If any agents, dealers or underwriters are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement. See Plan of Distribution. Our estimated net proceeds from the sale of securities also will be set forth in the relevant prospectus supplement. No securities may be sold without delivery of the applicable prospectus supplement describing the method and terms of the offering of such securities.

Our Common Stock is listed on the Nasdaq Global Market under the symbol CPST.

Investing in these securities involves risks. You should carefully review the discussion under the heading Risk Factors on page 5 regarding information included and incorporated by reference in the prospectus and the applicable prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____ .

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission (SEC) using a shelf registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus in one or more offerings up to an aggregate offering price of \$100,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both the prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information** and **Incorporation of Certain Documents by Reference**.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any person to provide you with information different from or in addition to that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where their offer or sale is not permitted. You should assume that the information appearing in this prospectus or any other documents incorporated by reference is accurate only as of the date on the front cover of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

References in this prospectus to **Capstone**, **the Company**, **we**, **us** and **our** refer to Capstone Turbine Corporation, a Delaware corporation, unless the context otherwise requires.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus (including the information incorporated by reference) contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements concerning, among other things, our future results of operations, research and development activities, sales expectations, our ability to develop markets for our products and to produce products at a pace commensurate with demand, sources for parts, federal, state and local regulations and general business, industry and economic conditions applicable to us. When used in this prospectus, the words **estimates**, **expects**, **anticipates**, **projects**, **plans**, **intends**, **believes**, **should**, **could**, **may** and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, our examination of historical operation trends, are based upon our current expectations and various assumptions.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this prospectus. Factors that could cause our actual results to differ materially from the forward-looking statements include:

- Our operating history is characterized by net losses. We anticipate further losses and we may never become profitable;

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- We may be unable to fund our future operating requirements, which could force us to curtail our operations;
- If we are unable to either substantially improve our operating results or obtain additional financing, we may be unable to continue as a going concern;
- Impairment charges on our long-lived assets, including intangible assets with finite lives, would adversely affect our financial position and results of operations;
- A sustainable market for microturbines may never develop or may take longer to develop than we anticipate which would adversely affect our results of operations;

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- Our operating results are dependent, in large part, upon the successful commercialization of our products. Failure to produce our products as scheduled and budgeted would materially and adversely affect our business and financial condition;

- We may not be able to produce our products on a timely basis if we fail to correctly anticipate product supply requirements or if we suffer delays in production resulting from issues with our suppliers. Our suppliers may not supply us with a sufficient amount of components or components of adequate quality, or they may provide components at significantly increased prices;

- We may not be able to effectively manage our growth, expand our production capabilities or improve our operational, financial and management information systems, which would impair our results of operations;

- Adverse economic conditions may have an impact on our business and financial condition, including some effects we may not be able to predict;

- Product quality expectations may not be met, causing slower market acceptance or warranty cost exposure;

- We operate in a highly competitive market among competitors who have significantly greater resources than we have and we may not be able to compete effectively;

- If we do not effectively implement our sales, marketing and service plans, our sales will not grow and our results of operations will suffer;

- Our sales and results of operations could be materially and adversely impacted by risks inherent in international markets;

- The current geopolitical instability in Russia and Ukraine and related sanctions by the U.S. government against certain companies and individuals may hinder our ability to conduct business with potential or existing customers and vendors in these countries;

- We cannot be certain of the future effectiveness of our internal controls over financial reporting. If we are unable to maintain effective internal controls over our financial reporting, investors may lose confidence in our ability to provide reliable and timely reports and the value of our common stock may decline;

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- We may not be able to retain or develop relationships with original equipment manufacturers or distributors in our targeted markets, in which case our sales would not increase as expected;
- Activities necessary to integrate any future acquisitions may result in costs in excess of current expectations or be less successful than anticipated;
- We have substantial accounts receivable, and increased bad debt expense or delays in collecting accounts receivable could have a material adverse effect on our cash flows and results of operations;
- Loss of a significant customer could have a material adverse effect on our results of operations;
- We may not be able to develop sufficiently trained applications engineering, installation and service support to serve our targeted markets;
- Changes in our product components may require us to replace parts held at distributors;

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- We operate in a highly regulated business environment, and changes in regulation could impose significant costs on us or make our products less economical, thereby affecting demand for our microturbines;

- Utility companies or governmental entities could place barriers to our entry into the marketplace, and we may not be able to effectively sell our products;

- We depend upon the development of new products and enhancements of existing products;

- Operational restructuring may result in asset impairment or other unanticipated charges;

- We may not achieve production cost reductions necessary to competitively price our products, which would adversely affect our sales;

- Commodity market factors impact our costs and availability of materials;

- Our products involve a lengthy sales cycle and we may not anticipate sales levels appropriately, which could impair our results of operations;

- Potential litigation may adversely impact our business;

- Our business could be negatively impacted if we fail to adequately protect our intellectual property rights or if third parties claim that we are in violation of their intellectual property rights;

- Our results of operations could be materially and adversely affected by risks related to cyber security threats;

- We may incur costs and liabilities as a result of product liability claims;

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- We have significant tax assets, usage of which may be subject to limitations in the future;
- Our success depends in significant part upon the continuing service of management and key employees;
- Our operations are vulnerable to interruption by fire, earthquake and other events beyond our control;
- If we continue to fail to meet all applicable Nasdaq Global Market requirements and Nasdaq determines to delist our Common Stock, the delisting could adversely affect the market liquidity of our Common Stock, impair the value of your investment and adversely affect our ability to raise needed funds;
- The market price of our Common Stock has been and may continue to be highly volatile and you could lose all or part of your investment in our securities; and
- Provisions in our certificate of incorporation, bylaws and our stockholder rights plan, as well as Delaware law, may discourage, delay or prevent a merger or acquisition at a premium price.

We caution you that these factors, as well as the risk factors included or incorporated by reference in this prospectus or any prospectus supplement, may not be exhaustive. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict such new risk factors, nor can we assess the impact, if any, of such new risk factors on our businesses or the extent to which any factor or combination of factors may cause actual results to differ materially from those expressed or implied by any forward-looking statements. You should review any further disclosures we make on related subjects

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in reports we file with the SEC. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this prospectus and are expressly qualified in their entirety by the cautionary statements included in this prospectus. We undertake no obligation to update publicly or revise forward-looking statements, which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws.

RISK FACTORS

An investment in our securities involves a high degree of risk. In addition to the other information included and incorporated by reference in this prospectus, you should carefully review the risk factors and other information included and incorporated by reference in the applicable prospectus supplement when determining whether or not to purchase the securities offered under this prospectus and the applicable prospectus supplement.

THE COMPANY

We develop, manufacture, market and service microturbine technology solutions for use in stationary distributed power generation applications, including cogeneration (combined heat and power, integrated combined heat and power, and combined cooling, heat and power), resource recovery and secure power. In addition, our microturbines can be used as battery charging generators for hybrid electric vehicle applications. Microturbines allow customers to produce power on-site in parallel with the electric grid or stand-alone when no utility grid is available. There are several technologies which are used to provide on-site power generation (also called distributed generation), such as reciprocating engines, solar power, wind powered systems and fuel cells. For customers who do not have access to the electric utility grid, microturbines can provide clean, on-site power with lower scheduled maintenance intervals and greater fuel flexibility than competing technologies. For customers with access to the electric grid, microturbines can provide an additional source of continuous duty power, thereby providing additional reliability and potential cost savings. With our stand-alone feature, customers can produce their own energy in the event of a power outage and can use the microturbines as their primary source of power for extended periods. Because our microturbines also produce clean, usable heat energy, they provide economic advantages to customers who can benefit from the use of hot water, chilled water, air conditioning and heating. Our microturbines are sold primarily through our distributors. Our distributors install the microturbines. Service is provided directly by us through our Factory Protection Plan or by our distributors. Successful implementation of microturbines relies on the quality of the microturbine, marketability for appropriate applications, and the quality of the installation and support.

Our principal executive offices are located at 21211 Nordhoff Street, Chatsworth, California 91311 and our telephone number at that address is: (818) 734-5300. Our web site address is www.capstoneturbine.com. Information on our web site is not part of this prospectus.

USE OF PROCEEDS

Unless we indicate otherwise in an accompanying prospectus supplement, we intend to use the net proceeds from the sale of the securities offered by this prospectus for general corporate purposes, which may include, but are not limited to, working capital, capital expenditures, acquisitions and repurchases or redemptions of securities. When particular securities are offered, a prospectus supplement related to that offering will set forth our intended use of the net proceeds received from the sale of those securities. We will have significant discretion in the use of any net proceeds. The net proceeds may be invested temporarily in short-term marketable securities or applied to repay indebtedness.

outstanding at that time until they are used for their stated purpose.

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The following table sets forth our consolidated ratio of earnings to fixed charges for the periods indicated:

	Fiscal Year Ended March 31,				
	2011	2012	2013	2014	2015
Ratio of earnings to fixed charges (1)	N/A	N/A	N/A	N/A	N/A
Ratio of combined fixed charges and preference dividends to earnings (1)	N/A	N/A	N/A	N/A	N/A

(1) For the fiscal years ended March 31, 2011, 2012, 2013, 2014 and 2015, our earnings were inadequate to cover fixed charges. The coverage deficiencies were \$38.3 million, \$18.6 million, \$21.9 million, \$16.1 million and \$31.4 million, respectively.

For purposes of calculating the ratios of earnings to fixed charges, (i) fixed charges consist of interest expensed and capitalized, amortized premiums, discounts and capitalized expenses related to indebtedness, and an estimate of the interest within rental expense; and (ii) earnings consist of pre-tax income from operations and fixed charges (excluding capitalized interest).

GENERAL DESCRIPTION OF SECURITIES WE MAY SELL

We, directly or through agents, dealers or underwriters that we may designate, may offer and sell, from time to time, up to \$100,000,000 (or the equivalent in one or more foreign currency units) aggregate initial offering price of:

- shares of our Common Stock;
- warrants to purchase shares of our Common Stock;
- shares of our Preferred Stock;
- debt securities, which may be either senior debt securities or subordinated debt securities, in each case consisting of notes or other evidence of indebtedness;

- rights to purchase the foregoing securities (see Plan of Distribution); or
- any combination of these securities.

We may offer and sell these securities separately or together, in separate classes or series, each on terms to be determined at the time of the offering. We may issue debt securities and/or shares of Preferred Stock that are exchangeable for and/or convertible into Common Stock or any of the other securities that may be sold under this prospectus. When particular securities are offered, a supplement to this prospectus will be delivered with this prospectus, which will describe the terms of the offering and sale of the offered securities.

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DESCRIPTION OF COMMON STOCK

Our authorized capital stock consists of 515,000,000 shares of Common Stock, \$0.001 par value. As of June 8, 2015 there were 330,689,556 shares of our Common Stock outstanding.

This section summarizes the general terms of the Common Stock that we may offer. A prospectus supplement relating to the Common Stock offered will state the number of shares offered, the initial offering price and the market price, dividend information and any other relevant information. The summaries in this section and the prospectus supplement do not describe every aspect of the Common Stock. When evaluating the Common Stock, you should als