

AIR T INC

Form S-1/A

January 22, 2019

As filed with the Securities and Exchange Commission on January 22, 2019

Registration Nos. 333-228485 and 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Air T, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

4513
(Primary Standard Industrial
Classification Code Number)

52-1206400
(I.R.S.
Employer
Identification
No.)

5930 Balsom Ridge Road

Denver, North Carolina 28037

(828) 464 8741

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of registrant's principal executive offices)

Air T Funding

(Exact Name of Co-Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation)	4513 (Primary Standard Industrial Classification Code Number)	83-6651478 (I.R.S. Employer Identification No.)
5930 Balsom Ridge Road		
Denver, North Carolina 28037		
(828) 464 8741		

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of registrant's principal executive offices)

Nick Swenson

Chief Executive Officer

Air T, Inc.

5930 Balsom Ridge Road

Denver, North Carolina 28037

(828) 464 8741

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Martin R. Rosenbaum

Maslon LLP

3300 Wells Fargo Center, 90 South Seventh St.

Minneapolis, MN 55402

(612) 672-8326

Approximate date of commencement of proposed sale to the public:

From time to time after the effective date of this Registration Statement.

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, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) 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.

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.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
 Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed	Proposed	Amount of registration fee(4)
		maximum offering price per share	maximum aggregate offering price	
Alpha Income Trust Preferred Securities, par value \$25.00 per share, underlying Warrants Guaranty of Air T, Inc. with respect to the Alpha Income Trust Preferred Securities (3)	680,000(1)	\$24.00(2)	\$16,320,000	\$1,978
TOTAL	680,000		\$16,320,000	\$1,978

Represents the issuance by the Registrant of shares of Alpha Income Trust Preferred Securities, par value \$25.00 per share, of the Registrant (the "Capital Securities") underlying warrants (the "Warrants"). Pursuant to Rule 416(a)

(1) under the Securities Act of 1933, as amended (the "Securities Act"), there are also being registered such indeterminable additional Capital Securities as may be issued to prevent dilution as a result of stock splits, stock dividends or similar transactions.

Based on the exercise price of a Warrant in accordance with Rule 457(g) under the Securities Act. The exercise price of the Warrants is \$24.00, which represents a \$1.00 discount on the \$25.00 face value amount of the shares of the Alpha Income Trust Preferred Securities that may be purchased upon exercise of the Warrants.

This Registration Statement is deemed to cover the Capital Securities, the rights of holders of the Capital Securities under the Indenture and Trust Agreement, the Guarantee, the Expense Agreement entered into by the Registrant and certain backup undertakings as described herein. No separate consideration will be received for the Guarantee or such backup undertakings.

(4) Registration Fee 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, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a), may determine.

The information contained in this prospectus is not complete and may be changed. No securities may be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated January 22, 2019

Preliminary Prospectus

AIR T, INC.

Air T Funding

680,000 Shares of Alpha Income Trust Preferred Securities Issuable upon Exercise of

Outstanding Warrants

Aggregate Face Value of \$17,000,000

This prospectus relates to the issuance by Air T, Inc., a Delaware corporation (the “Company,” “we,” “our” or “us”) of 680,000 shares of our Alpha Income Trust Preferred Securities, par value \$25.00 per share (the “Capital Securities” or, individually each a “Capital Security”), upon the exercise of warrants (the “Warrants”) to purchase an aggregate of 680,000 Capital Securities. Contemporaneously with the effectiveness of this prospectus, we are distributing the Warrants to holders of our Common Stock as a dividend. Each Warrant entitles the holder to purchase one Capital Security at an exercise price of \$24.00 per Capital Security, which represents a discount of \$1.00 on the \$25.00 face value per Capital Security. We will receive the proceeds from the exercise of the Warrants.

The Capital Securities offered hereby represent undivided beneficial interests in the assets of Air T Funding, a statutory business trust formed under the laws of the State of Delaware (“Air T Funding”). The Company will be the owner of all of the beneficial interests represented by common securities of Air T Funding (the “Common Securities” and, collectively with the Capital Securities, the “Trust Securities”). Air T Funding exists for the sole purpose of issuing the Trust Securities and investing the proceeds thereof in 8% Junior Subordinated Debentures (the “Debentures”) to be issued by the Company. The Debentures will mature on [•], 2049, which date may be shortened (such date, as it may be shortened, the “Stated Maturity”) to a date not earlier than [•], 2024. The Capital Securities will have a preference under certain circumstances with respect to cash distributions and amounts payable on liquidation, redemption or otherwise over the Common Securities, which will be held by the Company. See “Description of the Capital Securities -- Subordination of Common Securities of Air T Funding Held by the Company.”

Holders of the Capital Securities will be entitled to receive preferential cumulative cash distributions accruing from the date of original issuance and payable quarterly in arrears on the 15th day of February, May, August and November of each year (subject to possible deferral as described below), commencing [•], 2019, at the annual rate of 8% of the Liquidation Amount of \$25 per Capital Security (“Distributions”). The amount of each Distribution due with respect to the Capital Securities will include amounts accrued through the date the Distribution payment is due. At any time on or after [•], 2024, the Company will have the right to defer payments of interest on the Junior Subordinated Debentures at any time or from time to time for a period not exceeding 20 consecutive quarters with respect to each deferral period (each, an “Extension Period”), provided that no Extension Period may extend beyond the Stated Maturity of the Junior Subordinated Debentures. Upon the termination of any such Extension Period and the payment of all amounts then due, the Company may elect to begin a new Extension Period subject to the requirements set forth herein. If interest payments on the Junior Subordinated Debentures are so deferred, Distributions on the Capital Securities will also be deferred and the Company will not be permitted, subject to certain exceptions described herein, to declare or pay any cash distributions with respect to its capital stock or to make any payment with respect to its debt securities that rank *pari passu* with or junior to the Junior Subordinated Debentures. During an Extension Period, interest on the Junior Subordinated Debentures will continue to accrue (and the amount of Distributions to which holders of the Capital Securities are entitled will accumulate) at the rate of 8% per annum, compounded quarterly.

The Company has, through the Guarantee, Trust Agreement, Junior Subordinated Debentures, Indenture and the Expense Agreement (each as defined herein), taken together, fully, irrevocably and unconditionally guaranteed all of Air T Funding's obligations under the Capital Securities. See "Relationship Among the Capital Securities, the Junior Subordinated Debentures and the Guarantee -- Full and Unconditional Guarantee." Under the Guarantee, the Company guarantees the payment of Distributions by Air T Funding and payments on liquidation of or redemption of the Capital Securities (subordinate to the right to payment of Senior and Subordinated Debt of the Company, as defined herein) to the extent of funds held by Air T Funding. The Guarantee does not cover payment of Distributions when Air T Funding does not have sufficient funds to pay such Distributions. See "Description of Guarantee." If the Company does not make required payments on the Junior Subordinated Debentures held by Air T Funding, Air T Funding will have insufficient funds to pay Distributions on the Capital Securities. In such event, a holder of the Capital Securities may institute a legal proceeding directly against the Company to enforce payment of such Distributions to such holder. See "Description of Junior Subordinated Debentures -- Enforcement of Certain Rights by Holders of the Capital Securities." The obligations of the Company under the Guarantee and the Junior Subordinated Debentures are subordinate and junior in right of payment to all Senior and Subordinated Debt (as defined in "Description of Junior Subordinated Debentures -- Subordination") of the Company.

At any time on or after [•], 2024, the Capital Securities are subject to mandatory redemption, in whole or in part, upon repayment of the underlying Junior Subordinated Debentures at maturity or to the extent of their earlier redemption in an amount equal to the amount of Junior Subordinated Debentures maturing or being redeemed. The redemption price will equal the aggregate liquidation preference of the Capital Securities plus any accumulated and unpaid Distributions thereon to the date of redemption. The Junior Subordinated Debentures are redeemable prior to maturity at the option of the Company, (i) on or after [•], 2024, in whole at any time or in part from time to time, or (ii) at any time, in whole (but not in part), upon the occurrence and continuation of a Tax Event or an Investment Company Event (each as defined herein), in each case at a redemption price equal to the accrued and unpaid interest on the Junior Subordinated Debentures to the date fixed for redemption, plus 100% of the principal amount thereof. See "Description of the Capital Securities -- Redemption."

The Company will have the right at any time to terminate Air T Funding and cause the Junior Subordinated Debentures to be distributed to the holders of the Trust Securities in liquidation of Air T Funding. See "Description of the Capital Securities -- Redemption." The Junior Subordinated Debentures are unsecured and subordinated to all Senior and Subordinated Debt. The terms of the Junior Subordinated Debentures place no limitation on the amount of Senior and Subordinated Debt that the Company can issue. See "Description of Junior Subordinated Debentures -- Subordination."

In the event of the termination of Air T Funding, after satisfaction of liabilities to creditors of Air T Funding as required by applicable law, the holders of Capital Securities will be entitled to receive a liquidation amount of \$25 per Capital Security (“Liquidation Amount”), plus accumulated and unpaid Distributions thereon to the date of payment, which may be in the form of a distribution of such Like Amount (as defined herein) of Junior Subordinated Debentures, subject to certain exceptions. See “Description of the Capital Securities -- Liquidation Distribution Upon Termination.”

The Capital Securities will be represented by one or more global certificates registered in the name of The Depository Trust Company (the “Depository”) or its nominee. Beneficial interests in the Capital Securities will be shown on, and transfers thereof will be effected only through, records maintained by participants in the Depository. Except as described herein, the Capital Securities in certificate form will not be issued in exchange for global certificates. See “Book-Entry Issuance.”

As used herein, (i) the “Indenture” means the Subordinated Indenture dated as of [•], 2019, as amended and supplemented from time to time, among the Company and Delaware Trust Company, a Delaware chartered trust company, as trustee (the “Indenture Trustee” and also referred to as the “Delaware Trustee” and “Property Trustee”) and American Stock Transfer & Trust Company, LLC, a New York limited liability trust company solely in its capacity as paying agent (the “Paying Agent”); and (ii) the “Trust Agreement” means the Interim Trust Agreement dated as of September 28, 2018, among the Company, as Depositor, Delaware Trust Company, as Delaware Trustee and the individual Operating Trustees, as superseded and replaced by the Trust Agreement dated as of [•], 2019, as amended and supplemented from time to time, among the Company, as Depositor, Delaware Trust Company, as Property Trustee, Delaware Trust Company, as Delaware Trustee and the individual Administrative Trustees.

We will bear all costs, expenses and fees in connection with the registration of these Capital Securities, including with regard to compliance with state securities or “blue sky” laws, if any.

We intend to list the Capital Securities and Warrants on The NASDAQ Global Market (“NASDAQ”) under the symbols “AIRTP” and “AIRTW,” respectively. As of the date of this prospectus, no public market exists for the Capital Securities and Warrants. See “Risk Factors -- Absence of Existing Public Market.”

Information included or incorporated by reference in this prospectus includes “forward looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “estimate,” or “continue” the negative thereof or other variations thereon or comparable terminology. The statements in “Risk Factors” beginning on page 12 of the prospectus and other statements and disclaimers in the prospectus constitute cautionary statements identifying important factors, including certain risks and uncertainties, with respect to such forward-looking statements that could cause actual results to differ materially from those reflected in such forward-looking statements.

INVESTING IN THESE SECURITIES INVOLVES CERTAIN RISKS. SEE “RISK FACTORS“ BEGINNING ON PAGE 12.

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 , 2019

TABLE OF CONTENTS

PROSPECTUS SUMMARY	7
RISK FACTORS	12
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	32
USE OF PROCEEDS	33
DETERMINATION OF OFFERING PRICE	33
DESCRIPTION OF CAPITAL SECURITIES	33
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS	61
LEGAL MATTERS	65
EXPERTS	65
WHERE YOU CAN FIND MORE INFORMATION	65
INCORPORATION OF CERTAIN INFORMATION BY REFERENCE	65

You should rely only on the information contained in this prospectus, any prospectus supplement or in any free writing prospectus we may authorize to be delivered or made available to you. We have not authorized anyone to provide you with different information. We are not offering to sell, or seeking offers to buy, our Capital Securities in jurisdictions where offers and sales are not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our Capital Securities.

PROSPECTUS SUMMARY

This summary highlights certain information appearing elsewhere in this prospectus. For a more complete understanding of this offering, you should read the entire prospectus carefully, including the risk factors and the financial statements.

Our Company

Air T, Inc. (the “Company,” “Air T,” “we” or “us”) owns a portfolio of powerful businesses, each of which is independent yet interrelated. Our operating and earnings assets are designed to expand, strengthen and diversify our cash earnings power. Our goal is to build on Air T’s core businesses and grow after-tax cash flow per share.

We currently operate wholly owned subsidiaries in six industry segments:

- Overnight air cargo, which operates in the air express delivery services industry;
- Ground equipment sales, which manufactures and provides mobile deicers and other specialized equipment products to passenger and cargo airlines, airports, the military and industrial customers;
- Ground support services, which provides local ground support equipment maintenance and facilities maintenance services to domestic airlines and aviation service providers;
- Commercial jet engine and airframe asset management and logistics, which manages and leases aviation assets; supplies surplus and aftermarket commercial jet engine components; provides commercial aircraft disassembly/part-out services; commercial aircraft parts sales; procurement services and overhaul and repair services to airlines and commercial aircraft companies;
- Printing equipment and maintenance segment, which designs, manufactures and sells advanced digital print production equipment and provides maintenance services to commercial customers; and
- Corporate, which acts as the capital allocator and resource for other segments.

Each business segment has separate management teams and infrastructures that offer different products and services. We evaluate the performance of our business segments based on operating income as shown in the table below.

(Dollars in thousands)

	Three Months Ended				Six Months Ended September			
	September 30,		September 30,		September 30,		September 30,	
	2018 ⁽¹⁾		2017 ⁽¹⁾		2018 ⁽¹⁾		2017 ⁽¹⁾	
Overnight Air Cargo:								
FedEx	\$17,065	35 %	\$18,081	37 %	\$34,705	31 %	\$34,823	36 %
Ground Equipment Sales:								
Military	454	1 %	715	1 %	2,918	3 %	1,060	1 %
Commercial - Domestic	10,608	22 %	14,331	29 %	13,434	12 %	19,263	20 %
Commercial - International	1,776	4 %	469	1 %	2,871	3 %	1,142	1 %
	12,839	26 %	15,515	32 %	19,224	17 %	21,465	22 %
Ground Support Services	8,474	17 %	8,801	18 %	17,522	16 %	17,914	19 %
Commercial Jet Engines and Parts								
Domestic	5,341	11 %	2,274	5 %	27,659	25 %	10,465	11 %
International	5,302							