

PLUG POWER INC
Form S-4/A
February 12, 2003
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As filed with the Securities and Exchange Commission on February 12, 2003

Registration No. 333-101567

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

PRE-EFFECTIVE
AMENDMENT NO. 5 TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PLUG POWER INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

3629
(Primary Standard Industrial
Classification Code Number)

22-3672377
(I.R.S. Employer

Identification Number)

968 Albany-Shaker Road

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Latham, New York 12110

(518) 782-7700

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Roger Saillant

President and Chief Executive Officer

Plug Power Inc.

968 Albany-Shaker Road

Latham, New York 12110

(518) 782-7700

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

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Approximate date of commencement of proposed sale to the public: As soon as possible after the effective date of this registration statement and the consummation of the merger described in this registration statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement number for the same offering. "

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

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, as amended, or until this 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 boards of directors of Plug Power Inc. and H Power Corp. have each approved an agreement and plan of merger that would result in H Power becoming a wholly-owned subsidiary of Plug Power.

The board of directors of each company believes that the merger is advisable and in the best interests of its stockholders. The board of directors of H Power unanimously recommends that its stockholders vote to adopt and approve the merger agreement and approve the transactions contemplated by the merger agreement, and the board of directors of Plug Power unanimously recommends that its stockholders vote to approve the issuance of shares of Plug Power common stock pursuant to the merger agreement.

If the merger agreement is adopted and approved and the merger is subsequently completed, and you are an H Power stockholder, it is estimated that you will receive approximately .84 shares of Plug Power common stock for each share of H Power common stock you own, which provides an estimated aggregate consideration value of \$46,548,204, or \$4.32 per share, based on the closing price per share of Plug Power's common stock on February 11, 2003. The actual amount of shares of Plug Power common stock you will receive in the merger will depend upon certain factors described in the attached joint proxy statement/prospectus. The minimum aggregate consideration that H Power stockholders can receive in the merger is \$29,675,000, or \$2.75 per share, unless H Power determines not to exercise its right to terminate the merger agreement. In such event, H Power stockholders will not be guaranteed to receive any minimum consideration in the merger. You will also receive cash, without interest, rather than a fractional share of Plug Power common stock that you otherwise would be entitled to receive in the merger. Plug Power common stock is listed on the Nasdaq National Market under the symbol PLUG. At your stockholders meeting, you will be asked to vote on the merger agreement, the merger and the other transactions contemplated by the merger agreement.

If you are a Plug Power stockholder, after the merger you will continue to own your existing shares of Plug Power common stock. At your stockholders meeting, you will be asked to vote on the issuance of shares of Plug Power common stock in the merger.

Stockholders of Plug Power are also being asked to vote upon a proposal to permit Plug Power's employees to exchange options to purchase shares of Plug Power common stock held by them for shares of restricted common stock of Plug Power, in accordance with the terms and conditions described in the accompanying joint proxy statement/prospectus. The board of directors of Plug Power believes that the proposed stock option exchange is advisable and in the best interests of its stockholders and unanimously recommends that Plug Power stockholders vote to approve the stock option exchange.

Your Vote is Very Important. Whether or not you plan to attend your company's stockholders' meeting, please take the time to vote on the proposal(s) submitted for your company's meeting by completing and mailing the enclosed proxy card to us. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of the proposal(s) submitted at your meeting. If you are an H Power stockholder, failure to return or sign your proxy card will have the effect of a vote against the merger agreement and the merger, unless you attend your stockholders meeting and vote in person. If you are a Plug Power stockholder, failure to return or sign your proxy card will have no effect on the proposal to issue shares of Plug Power common stock in the merger and no effect on the proposal to exchange Plug Power options for shares of restricted stock of Plug Power.

The dates, times and places of the stockholders meetings are as follows:

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For **Plug Power Inc.** stockholders: March 25, 2003 at 10:00 a.m. local time at the Albany Marriott, 189 Wolf Road, Albany, New York.

For **H Power Corp.** stockholders: March 25, 2003 at 9:00 a.m. local time at the Courtyard Marriott Lyndhurst, 1 Polito Avenue, Lyndhurst, New Jersey.

Following this letter you will find a formal notice of the special meeting of your company's stockholders and a joint proxy statement/prospectus. The joint proxy statement/prospectus provides you with detailed information concerning the merger agreement, the merger, the issuance of shares of Plug Power common stock pursuant to the merger agreement, the proposed stock option exchange and Plug Power and H Power. You may also obtain more information about Plug Power and H Power from documents that each company has filed with the Securities and Exchange Commission.

Dr. Roger B. Saillant
President and Chief Executive Officer of Plug Power Inc.

Dr. H. Frank Gibbard
Chief Executive Officer of H Power Corp.

Please give all of the information contained or incorporated by reference in the joint proxy statement/prospectus your careful attention. In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 27 of the joint proxy statement/prospectus. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares to be issued under, or passed upon the adequacy of, this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The accompanying joint proxy statement/prospectus is dated February 12, 2003 and was first mailed to stockholders of Plug Power and H Power on or about February 13, 2003.

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PLUG POWER INC.

968 Albany-Shaker Road

Latham, NY 12110

(518) 782-7700

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

to be held on March 25, 2003

To the Stockholders of Plug Power Inc.:

A special meeting of stockholders of Plug Power Inc. will be held on March 25, 2003 at 10:00 a.m., local time, at the Albany Marriott, 189 Wolf Road, Albany, New York. The board of directors asks you to attend this meeting (in person or by proxy) for the following purposes:

1. To consider and vote on a proposal to approve the issuance of shares of common stock of Plug Power Inc. pursuant to the Agreement and Plan of Merger, dated as of November 11, 2002, by and among Plug Power Inc., a Delaware corporation, Monmouth Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Plug Power Inc., and H Power Corp., a Delaware corporation, as amended, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus.
2. To consider and vote on a proposal to exchange options to purchase shares of common stock of Plug Power Inc. held by its employees for shares of restricted common stock of Plug Power Inc., in accordance with the terms and conditions described in the accompanying joint proxy statement/prospectus.
3. To transact any other business as may properly come before the special meeting and any adjournments or postponements of the special meeting.

Only stockholders of record of Plug Power Inc. as of the close of business on February 7, 2003 are entitled to notice of, and will be entitled to vote at, the special meeting or any adjournment or postponement thereof. Approval of each of the proposals will require the affirmative vote of the holders of a majority of the shares of Plug Power common stock present in person or by proxy at the special meeting.

We invite you to attend the special meeting because it is important that your shares be represented at the meeting. Whether or not you plan to attend the special meeting, please sign, date and return the enclosed proxy card in the accompanying postage-paid envelope. Please note that, by delivering a proxy to vote at the special meeting, you are also granting a proxy to vote at any adjournments or

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postponements of the special meeting. If you attend the meeting, you may vote in person, which will revoke a signed proxy if you have already sent one in. You may also revoke your proxy at any time before the meeting in the manner described in the accompanying joint proxy statement/prospectus.

BY THE ORDER OF THE BOARD OF DIRECTORS,

Roger Saillant,

President and Chief Executive Officer

Latham, New York

February 12, 2003

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H POWER CORP.

60 Montgomery Street

Belleville, New Jersey 07109

(973) 450-4400

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

to be held on March 25, 2003

To the Stockholders of H Power Corp.:

A special meeting of stockholders of H Power will be held on March 25, 2003, at 9:00 a.m., local time, at the Courtyard Marriott Lyndhurst, 1 Polito Avenue, Lyndhurst, New Jersey 07071, for the following purposes:

1. To consider and vote on a proposal to adopt and approve the Agreement and Plan of Merger, dated as of November 11, 2002, by and among Plug Power Inc., a Delaware corporation, Monmouth Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Plug Power, and H Power Corp., a Delaware corporation, as amended, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus, and to approve the merger as contemplated by the merger agreement.
2. To transact any other business that may properly come before the special meeting and any adjournment or postponement of the special meeting.

Only stockholders of record of H Power common stock at the close of business on February 7, 2003 are entitled to notice of, and will be entitled to vote at, the special meeting or any adjournment or postponement thereof. Approval of the merger agreement will require the affirmative vote of the holders of a majority of the shares of H Power common stock entitled to vote at the special meeting.

Your vote is important. To ensure that your shares are represented at the special meeting, you are urged to complete, date and sign the enclosed proxy card and mail it promptly in the postage-prepaid envelope provided, whether or not you plan to attend the special meeting in person. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it has been voted at the special meeting. If you attend the special meeting, you may vote in person even if you returned a proxy.

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BY ORDER OF THE BOARD OF DIRECTORS

Dr. H. Frank Gibbard

Chief Executive Officer

Belleville, New Jersey

February 12, 2003

Please do not send your stock certificates at this time. If the merger is completed, you will be sent instructions regarding the surrender of your stock certificates.

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Plug Power from other documents that are not included in or delivered with this document. We have listed the documents containing this information on page 167. This information is available to you without charge upon your written or oral request. You can obtain those documents relating to Plug Power, which are incorporated by reference in this joint proxy statement/prospectus, or any documents referred to in this joint proxy statement/prospectus relating to H Power by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Plug Power Inc.
968 Albany-Shaker Road
Latham, New York 12110
Attn: David A. Neumann

Chief Financial Officer
(518) 782-7700

H Power Corp.
60 Montgomery Street
Belleville, NJ 07109
Attn: William Zang

Chief Financial Officer
(973) 450-4400

If you would like to request documents, you must do so by March 18, 2003 in order to receive them before the special meeting of your company's stockholders. You will not be charged for any of these documents that you request.

For additional information regarding where you can find information about Plug Power and H Power, please see the section entitled "Where You Can Find Additional Information" beginning on page 166 of this joint proxy statement/prospectus. The information contained in this joint proxy statement/prospectus with respect to H Power and its subsidiaries was provided by H Power and the information contained in this joint proxy statement/prospectus with respect to Plug Power and its subsidiaries was provided by Plug Power.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are Plug Power and H Power proposing the merger? (See pages 59 and 72)

A: Plug Power and H Power are proposing the merger because they believe the resulting combined company will be a stronger, better capitalized and more competitive company. Plug Power and H Power believe that the merger will provide significant potential benefits and resources, including:

cash resources to fund the combined company's growth and development;

benefits created from the complementary resources of Plug Power and H Power, including complementary financial, technology and intellectual property resources; and

potential synergy benefits from cost savings and integration of the companies' strategic partners and suppliers.

Overall, both Plug Power and H Power believe that the merger will provide added value to their respective stockholders. Achieving these anticipated benefits, however, is subject to certain risks discussed in the section entitled "Risk Factors" beginning on page 27.

Q: What will I receive in the merger? (See page 79)

A: *H Power Stockholders:*

If the merger is completed, Plug Power and H Power estimate that each H Power stockholder will receive approximately .84 shares of Plug Power common stock for each share of H Power common stock. This amount is an estimate based on (1) an estimated transaction value price of \$48,000,000 based on the estimated value of H Power's net cash of \$34,000,000 (as defined in the merger agreement) as of the date of this joint proxy statement/prospectus; (2) an estimated average trading price of \$5.29 per share of Plug Power common stock and (3) 10,776,548 shares of H Power common stock outstanding as of the date of this joint proxy statement/prospectus. The estimated average trading price is based on the closing price of \$5.13 per share of Plug Power common stock on February 11, 2003, adjusted to \$5.29 per share due to the collar between \$5.29 per share and \$6.47 per share. As a result of the collar, the average trading price per share of Plug Power common stock for purposes of calculating the merger consideration can never be below \$5.29 or above \$6.47, and trading below or above these amounts, respectively, will have no effect on the average trading price for this purpose.

As further described below in this question and answer, the minimum aggregate consideration that H Power stockholders can receive in the merger is \$29,675,000, or \$2.75 per share, unless H Power determines not to exercise its right to terminate the merger agreement, which termination is subject to Plug Power's right to issue additional shares such that the minimum aggregate consideration equals \$29,675,000. If H Power does not exercise its right to terminate the merger agreement, H Power stockholders will not be guaranteed to receive any minimum consideration because the amount that H Power stockholders will receive will decrease below \$2.75 per share if (1) the trading price of Plug Power common stock declines, and/or (2) H Power's net cash (as defined in the merger agreement) declines.

The actual number of shares of Plug Power common stock that each H Power stockholder will receive for each share of H Power common stock may be different than the estimated .84 as the exchange ratio for H Power common stock is determined based in part on:

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the transaction value price, which is determined based in part on the value of H Power's net cash (as defined in the merger agreement) at the effective time of the merger as calculated in accordance with the formula described on page 80 of this joint proxy statement/prospectus;

the average trading price for shares of Plug Power common stock for 10 randomly selected days in the 20 trading day period ending on the second trading day prior to the effective time of the merger, subject to the collar adjustment; and

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the number of shares of H Power common stock outstanding immediately prior to the effective time of the merger (which is not expected to change from the 10,776,548 shares outstanding as of the date of this joint proxy statement/prospectus).

To illustrate the impact of changes in H Power's net cash on the exchange ratio, if H Power's net cash (as defined in the merger agreement) is equal to an amount between \$32,000,000 and \$36,000,000 then the number of shares of Plug Power common stock that each H Power stockholder will receive for each share of H Power common stock will, depending on the number of shares of H Power common stock outstanding immediately prior to the effective time of the merger and the average Plug Power common stock price, range between .66 and .88.

To illustrate the impact of changes in Plug Power's average trading price, if H Power's net cash (as defined in the merger agreement) is equal to \$34,000,000, the estimated value of H Power's net cash as of the date of this joint proxy statement/prospectus as calculated in accordance with the formula described on page 80 of this joint proxy statement/prospectus, then the number of shares of Plug Power common stock that each H Power stockholder will receive for each share of H Power common stock will, depending on the number of shares of H Power common stock outstanding immediately prior to the effective time of the merger and the average Plug Power common stock price, range between .69 and .84.

Each H Power stockholder will also receive cash, without interest, rather than a fractional share of Plug Power common stock that he, she or it would otherwise be entitled to receive in the merger.

In the event that H Power, during the period commencing 5 business days prior to the stockholder meetings of H Power and Plug Power to approve the transactions contemplated by the merger agreement and ending on the second business day prior to such meetings, notifies Plug Power that the product of (1) the anticipated number of shares of Plug Power common stock to be issued in the merger and (2) the reasonably anticipated average Plug Power common stock price is less than \$29,675,000, then H Power may terminate the merger agreement. As further described under the section of this joint proxy statement/prospectus titled "The Merger and Related Transactions - The Merger Agreement - Payment of Termination Fee and Expenses," such right of H Power to terminate the merger agreement is subject to Plug Power's right to issue additional shares of Plug Power common stock such that the aggregate consideration received by H Power stockholders is equal to \$29,675,000.

For a description of how the exchange ratio will be determined, and examples of the exchange ratio based on assumptions regarding H Power's net cash and the average Plug Power common stock price, each at the effective time of the merger, see the section of this joint proxy statement/prospectus titled "The Merger and Related Transactions - The Merger Agreement - Conversion of H Power Common Stock in the Merger." Prior to each company's respective special meeting of stockholders, the current estimated exchange ratio will be posted on Plug Power's website at www.plugpower.com and on H Power's website at www.hpower.com.

Plug Power Stockholders:

If you own shares of Plug Power common stock immediately prior to the merger, you will continue to own those shares immediately after the merger. Based on the estimated exchange ratio of .84, which is subject to potential adjustment, Plug Power stockholders immediately prior to the merger will hold approximately 84.9% of the outstanding shares of Plug Power common stock when the merger is complete.

Q: What are the tax consequences to me of the merger? (See page 100)

A:

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In the opinion of counsel, it is unclear whether the merger will qualify as a tax-free reorganization. It is possible that the H Power stockholders will be required to recognize gain or loss for U.S. federal income tax purposes in connection with the merger, and H Power

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stockholders should vote to approve the merger only if they are willing to approve a taxable transaction in which they recognize gain or loss. However, Plug Power and H Power intend to treat the merger in such a manner that receipt of Plug Power's common stock in the merger would be tax-free to H Power's stockholders. We urge you to consider carefully the discussion of tax consequences related to the merger in this joint proxy statement/prospectus and to review these tax consequences with your tax advisor.

Q: Will H Power stockholders be able to trade the Plug Power common stock that they receive in the merger? (See page 104)

A: Yes. The Plug Power common stock issued in the merger will be registered with the Securities and Exchange Commission and listed on the Nasdaq National Market under the symbol PLUG. All shares of Plug Power common stock that you receive in the merger will be freely transferable unless you are deemed to be an affiliate of H Power prior to the completion of the merger or an affiliate of Plug Power after the completion of the merger, or your shares are subject to other contractual restrictions. Shares of Plug Power common stock received by persons deemed to be affiliates in the merger may only be sold in compliance with Rule 145 under the Securities Act or as otherwise permitted under the Securities Act.

Q: When do Plug Power and H Power expect to complete the merger?

A: Plug Power and H Power expect to complete the merger when all of the conditions to completion of the merger contained in the merger agreement have been satisfied or waived. The stockholders of H Power must approve the merger agreement and the merger at their special stockholders meeting and the stockholders of Plug Power must approve the issuance of shares of Plug Power common stock pursuant to the merger agreement at their special stockholders meeting.

Plug Power and H Power are working toward satisfying these conditions and completing the merger as soon as practicable. Plug Power and H Power currently plan to complete the merger in the first quarter of 2003 following the respective special meetings of Plug Power's and H Power's stockholders, assuming the H Power stockholders approve the merger and the merger agreement, the Plug Power stockholders approve the issuance of shares of Plug Power common stock pursuant to the merger agreement and the other merger conditions are satisfied. However, because the merger is subject to some conditions which are beyond Plug Power's and H Power's control, the exact timing cannot be predicted.

Q: What happens if the merger is not completed? (See page 96)

A: If the merger is not completed, each of Plug Power and H Power will continue as independent companies. In addition, under the terms of the merger agreement, H Power may be required to pay Plug Power a termination fee of \$2,000,000. Also, each party may be required to reimburse the other for out-of-pocket expenses, including legal, accounting, investment banking, printing and other fees, related to this transaction if the merger is not completed. For a more complete discussion of requirements relating to payments of fees and expenses by each of Plug Power and H Power see the section entitled "The Merger and Related Transactions - The Merger Agreement - Payment of Termination Fee and Expenses" in this joint proxy statement/prospectus.

Q: What vote is required to approve the merger? (See page 49)

A: Approval of the merger agreement and the transactions contemplated by the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of H Power common stock as of the record date. Although the approval of the stockholders of Plug Power is not required to effect the merger pursuant to Delaware general corporation law, Plug Power's organizational documents or any other regulatory or listing requirements applicable to Plug Power, the board of directors of Plug Power has determined that the issuance of shares of Plug Power common stock pursuant to the merger agreement will be subject to, and the merger agreement requires, the affirmative vote of the holders of a majority of the shares of Plug Power common stock present in person or represented by proxy at the special meeting of

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Plug Power stockholders on such matter. In addition, approval of the stock option exchange is subject to the same voting requirement as the merger.

The board of directors of H Power has approved the merger agreement and the merger. The board of directors of Plug Power has approved the merger agreement and merger including, without limitation, the issuance of shares of Plug Power common stock pursuant to the merger agreement, and has approved the stock option exchange.

Q: How do I vote on the merger? (See pages 48 and 51)

A: First, please review the information contained or incorporated by reference in this joint proxy statement/prospectus, including the annexes, as it contains important information about Plug Power, H Power and the merger. It also contains important information about what each of the boards of directors of Plug Power and H Power, respectively, considered in evaluating the merger. Next, complete and sign the enclosed proxy card, and then mail it in the enclosed return envelope as soon as possible so that your shares can be voted at your company's special meeting of stockholders at which, in the case of H Power, the merger agreement and the merger will be presented and voted upon, or, in the case of Plug Power, the issuance of shares of Plug Power common stock pursuant to the merger agreement and the approval of the stock option exchange will be presented and voted upon. You may also attend the special meeting of your company in person and vote at the special meeting instead of submitting a proxy.

Q: What happens if I don't indicate how to vote my proxy? (See pages 47 and 50)

A: If you sign and send in your proxy, but do not include instructions on how to vote your properly signed proxy card, your shares will be voted FOR adoption and approval of the merger agreement and approval of the merger if you are an H Power stockholder or FOR the issuance of shares of Plug Power common stock pursuant to the merger agreement and FOR the stock option exchange if you are a Plug Power stockholder.

Q: What happens if I don't return a proxy card? (See pages 47 and 50)

A: If you are a stockholder of H Power, not returning your proxy card will have the same effect as voting against adoption and approval of the merger agreement and against approval of the merger. If you are a stockholder of Plug Power, not returning your proxy card will have no effect as to the approval of the proposal to issue shares of Plug Power common stock pursuant to the merger agreement or the proposal to approve the stock option exchange.

Q: Can I change my vote after I have mailed my signed proxy card? (See pages 48 and 51)

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting of your company's stockholders at which, in the case of H Power, the merger agreement and the merger will be presented and voted upon, and in the case of Plug Power, the issuance of shares of Plug Power common stock pursuant to the merger agreement and the proposal to approve the stock option exchange will be presented and voted upon. You can do this in one of three ways:

first, you can send a written notice stating that you would like to revoke your proxy to the appropriate address below;

second, you can complete and submit a later-dated proxy card to the appropriate address below; or

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third, you can attend the special meeting of Plug Power or H Power, as appropriate, and vote in person. Your attendance at the special meeting alone will not revoke your proxy. You must vote at the special meeting in order to revoke your previously submitted proxy.

You should send any notice of revocation or your completed new proxy card, as the case may be, to:

For Plug Power Stockholders:

Plug Power Inc.

968 Albany-Shaker Road

Latham, New York 12110

Attn: David A. Neumann

Chief Financial Officer

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For H Power Stockholders:

H Power Corp.

60 Montgomery Street

Belleville, NJ 07109

Attn: William Zang

Chief Financial Officer

Q: Can I submit my proxy by telephone or over the Internet?

A: If you hold shares directly, then you may not vote by telephone or over the Internet. If you hold your shares through a bank or brokerage firm, you may be able to submit your proxy by telephone or over the Internet. You should refer to the proxy card provided by your bank or brokerage firm for instructions about how to vote. If you vote by telephone or over the Internet, you do not need to complete and mail your proxy card.

Q: If my broker holds my shares in [redacted] street name, will my broker vote my shares for me? (See pages 47 and 50)

A: No. Your broker will not be able to vote your shares without instructions from you. If you do not provide your broker with voting instructions, your shares may be considered present at the special meeting for purposes of determining a quorum, but will not be considered to have been voted in favor of adoption and approval of the merger agreement or approval of the merger, in the case of H Power stockholders, or in favor of approval of the issuance of shares of Plug Power common stock pursuant to the merger agreement or approval of the stock option exchange, in the case of Plug Power stockholders. As a result, failure to provide your broker with voting instructions will have the effect of a vote against the merger agreement and against the approval of the merger if you are a stockholder of H Power, or the effect of a vote against approval of the issuance of shares of Plug Power common stock pursuant to the merger agreement and against the stock option exchange if you are stockholder of Plug Power. If you have instructed a broker to vote your shares and wish to change your vote, you must follow the directions received from your broker to change those instructions.

Q: Should I send my H Power stock certificates now? (See page 83)

A: No. If the merger is completed, Plug Power will send you written instructions for exchanging your H Power stock certificates for Plug Power stock certificates. In the meantime, you should retain your certificates as the H Power stock certificates are still valid. Please do not send in your stock certificates with your proxy. If you send your stock certificates to Plug Power, Plug Power assumes no risk of loss.

Q: Am I entitled to appraisal rights in connection with the merger? (See page 105)

A: No. Appraisal rights are not available under applicable law in connection with the merger.

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Q: Are there any risks I should consider in deciding whether to vote for the merger or the issuance of shares of Plug Power common stock in connection with the merger?

A: Yes. In the section entitled Risk Factors beginning on page 27 of this joint proxy statement/prospectus, Plug Power and H Power have described a number of risk factors that you should consider.

Q: Who can help answer my questions about the proposals?

A: If you have any questions about the proposals presented in this joint proxy statement/prospectus, you should contact:

For Plug Power Stockholders:

Plug Power Inc.

968 Albany-Shaker Road

Latham, New York 12110

Attn: David A. Neumann

Chief Financial Officer

(518) 782-7700

For H Power Stockholders:

H Power Corp.

60 Montgomery Street

Belleville, NJ 07109

Attn: William Zang

Chief Financial Officer

(973) 450-4400

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SUMMARY

The following is a summary of the information contained in this joint proxy statement/prospectus. This summary may not contain all of the information that is important to you. You should carefully read this entire joint proxy statement/prospectus and the other documents referred to for a more complete understanding of the merger and related transactions. In particular, you should read the annexes attached to this joint proxy statement/prospectus, including the merger agreement, as amended, which is attached to this joint proxy statement/prospectus as Annex A. We have included page references in parentheses to direct you to a more complete description of the topics presented in this summary. In addition, Plug Power incorporates by reference into this joint proxy statement/prospectus important business and financial information. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find Additional Information" beginning on page 166 of this joint proxy statement/prospectus.

The Companies

PLUG POWER

968 Albany-Shaker Road

Latham, New York 12110

(518) 782-7700

www.plugpower.com

Plug Power was originally formed as a joint venture between Edison Development Corporation and Mechanical Technology Incorporated in the State of Delaware on June 27, 1997 and succeeded by merger to all of the assets, liabilities and equity of Plug Power, L.L.C. in November 1999.

Plug Power is a development stage enterprise formed to research, develop, manufacture and distribute on-site electric power generation systems utilizing proton exchange membrane fuel cells for stationary applications and is in the preliminary stages of field testing and marketing its initial commercial product to a limited number of customers, including utilities, government entities and its distribution partners, GE Fuel Cell Systems, LLC and DTE Energy Technologies, Inc. This initial product is a limited edition fuel cell system that is intended to offer complementary, quality power while demonstrating the market value of fuel cells as a preferred form of alternative distributed power generation. Plug Power anticipates subsequent enhancements to its fuel cell systems, including development of its next generation systems, which it expects will expand the market opportunity for fuel cells by lowering the installed cost, decreasing operating and maintenance costs, increasing efficiency, improving reliability, and adding features such as grid independence and co-generation of heat and electric power.

For more information on the business of Plug Power, please refer to Plug Power's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2001 and Form 10-Q for the quarterly period ended September 30, 2002. Please refer to the section of this joint proxy statement/prospectus entitled "Where You Can Find Additional Information" on page 166 in order to find out where you can obtain copies of Plug Power's Annual Report as well as the other documents Plug Power files with the Securities and Exchange Commission.

H POWER CORP.

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60 Montgomery Street

Belleville, NJ 07109

(973) 450-4400

www.hpower.com

H Power was organized on June 6, 1989 under the laws of the State of Delaware.

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H Power designs, develops, markets and manufactures proton-exchange membrane fuel cells and fuel cell systems. Fuel cells are devices that produce electrical energy without combustion and its associated environmental contaminants. The fuel cell systems H Power makes and markets are designed to complement or replace conventional power sources, such as batteries and electric power generators. The use of alternative electric power systems is desirable in situations where conventional power sources cannot adequately, economically or technologically supply the power required.

For more information on the business of H Power, please refer to the section of this joint proxy statement/prospectus entitled "Information About H Power" beginning on page 128.

MONMOUTH ACQUISITION CORP.

968 Albany-Shaker Road

Latham, New York 12110

(518) 782-7700

Monmouth Acquisition Corp. was formed on November 1, 2002 as a Delaware corporation and a wholly-owned subsidiary of Plug Power. Monmouth was formed solely to effect the merger and has not conducted any business during the period of its existence.

Voting Requirements for the Merger (See pages 46 and 49)

In order to complete the merger, the holders of a majority of the outstanding shares of H Power common stock as of the record date must vote to adopt and approve the merger agreement and approve the merger. Holders of H Power common stock will be entitled to cast one vote per share of H Power common stock owned as of February 7, 2003, the record date for the H Power special meeting of stockholders at which the merger agreement and the merger will be presented and voted upon.

Although the approval of the stockholders of Plug Power is not required to effect the merger pursuant to Delaware general corporation law, Plug Power's organizational documents or any other regulatory or listing requirements applicable to Plug Power, the board of directors of Plug Power has determined that the issuance of shares of Plug Power common stock pursuant to the merger agreement shall be subject to, and the merger agreement requires, the affirmative vote of the holders of a majority of the outstanding shares of Plug Power common stock present in person or represented by proxy at the special meeting of Plug Power stockholders on such matter. Approval of the stock option exchange is subject to the same voting requirement. Holders of Plug Power common stock will be entitled to cast one vote per share of Plug Power common stock owned as of February 7, 2003, the record date for the Plug Power special meeting of stockholders at which the issuance of shares of Plug Power common stock pursuant to the merger agreement and the stock option exchange will be presented and voted upon.

Share Ownership of H Power Directors and Officers (See page 151)

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As of the close of business on the record date for the special meeting of H Power stockholders at which the merger agreement and the merger will be presented and voted upon, directors and officers of H Power (and their respective affiliates) collectively owned approximately 2.0% of the outstanding shares of H Power common stock entitled to vote at the special meeting on the merger agreement and the merger. This does not include 305,126 shares of H Power common stock issuable upon the exercise of presently exercisable options which these directors and officers beneficially own. If all of these stock options had been exercised prior to the record date for the special meeting, the directors and executive officers of H Power (and their respective affiliates) would collectively own approximately 4.8% of the outstanding shares of H Power common stock entitled to vote at the special meeting. Two members of H Power management and an affiliate of H Power, who collectively own an aggregate of approximately 10.7% of the outstanding shares of H Power common stock entitled to vote at the special meeting, have entered into voting agreements with Plug Power under which they have agreed, among other things, to vote their shares of H Power common stock in favor of adoption and approval of the merger agreement and approval of the merger.

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Share Ownership of Plug Power Directors and Officers (See page 155)

As of the close of business on the record date for the special meeting of Plug Power stockholders at which the issuance of shares of Plug Power common stock pursuant to the merger and the stock option exchange will be presented and voted upon, directors and officers of Plug Power (and their respective affiliates) collectively owned approximately 44.3% of the outstanding shares of Plug Power common stock entitled to vote at the special meeting. Directors and officers of Plug Power own a minority of this amount.

This does not include 2,090,946 shares of Plug Power common stock issuable upon the exercise of presently exercisable options which these directors and officers beneficially own. If all of these stock options had been exercised prior to the record date for the special meeting, the directors and executive officers of Plug Power (and their respective affiliates) would collectively beneficially own approximately 46.5% of the outstanding shares of Plug Power common stock entitled to vote at the special meeting.

None of Plug Power's directors, officers or affiliates have entered into a voting agreement or have otherwise agreed or given notice of their intention to vote their shares of Plug Power common stock in favor of the issuance of shares of Plug Power common stock in the merger. Accordingly, approval of the issuance of shares of Plug Power common stock in the merger by Plug Power's stockholders is not assured.

Board Recommendations to Stockholders and Reasons for the Merger

Recommendation of H Power's Board of Directors (See page 63)

After careful consideration, H Power's board of directors unanimously determined that the merger is advisable, in the best interests of H Power's stockholders, and is on terms that are fair to the stockholders of H Power. **Accordingly, H Power's board of directors unanimously approved the merger agreement and the merger and recommends that its stockholders vote FOR adoption and approval of the merger agreement and approval of the merger.**

H Power's Reasons for the Merger (See page 59)

In reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement, H Power's board of directors identified several potential benefits and material factors pertaining to the merger, including the following:

increased visibility and market capitalization of the combined entity;

increased financial strength of the combined entity;

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greater intellectual property and technical resources of the combined entity;

the fact that on November 10, 2002, the date the merger agreement was approved, the proposed exchange ratio offered a significant premium of 106% to H Power stockholders relative to H Power's closing stock price on the previous trading day;

the risks of remaining an independent entity, and the lack of definitiveness of any financing proposal; and

the opinion of Lehman Brothers that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the exchange ratio offered to the holders of H Power common stock in the merger was fair from a financial point of view to such holders.

The H Power board of directors also identified a number of potentially negative factors, including the following:

risks associated with fluctuations in Plug Power's stock price prior to the merger;

the risk of disruption of sales momentum and H Power's operations as a result of uncertainties created by the announcement of the merger;

the risk that certain conditions in the merger agreement may have the effect of discouraging alternative proposals for a business combination with another third party;

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the interests of the directors and officers that are different from, or in addition to, those of H Power's stockholders generally, including the receipt of change of control payments under the employment agreements with certain executive officers of H Power; and

other applicable risks described in the section of this joint proxy statement/prospectus entitled "Risk Factors" on page 27.

The H Power board of directors did not believe that the negative factors were sufficient, individually or in the aggregate, to outweigh the potential benefits of the merger.

Recommendation of Plug Power's Board of Directors (See page 74)

After careful consideration, Plug Power's board of directors unanimously determined that the merger, including, without limitation, the issuance of shares of Plug Power common stock pursuant to the merger agreement, is advisable and in the best interests of Plug Power's stockholders. **Accordingly, Plug Power's board of directors unanimously approved the merger agreement and the merger, including, without limitation, the issuance of shares of Plug Power common stock pursuant to the merger agreement, and recommends that its stockholders vote FOR the issuance of shares of Plug Power common stock in the merger pursuant to the merger agreement.**

Plug Power's Reasons for the Merger (See page 72)

In reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement, including, without limitation, the issuance of shares of Plug Power common stock pursuant to the merger agreement, Plug Power's board of directors considered several potential benefits and material factors pertaining to the merger, including the following:

the opinion of Stephens Inc., Plug Power's financial advisor, to the effect that as of November 11, 2002, the exchange ratio set forth in the merger agreement was fair, from a financial point of view, to Plug Power;

H Power's cash reserves and Plug Power's belief that the addition of such cash reserves to its own balance sheet would provide Plug Power with sufficient cash to help fund operations;

H Power's intellectual property, technical resources and other assets;

the opportunity to enhance stockholder value by combining two complementary businesses;

the belief that the merger represents the most favorable alternative currently available to Plug Power to increase its capital resources and further its financing and business objectives;

the belief that the combined company will be in a better position to continue to compete effectively in the fuel cell industry;

the terms of the merger agreement, including Plug Power's right to receive a \$2,000,000 termination fee or to be reimbursed for its expenses in the event that it terminates the merger agreement under certain circumstances; and

potential synergy benefits, including cost savings and access to H Power's partners and suppliers.

The Plug Power board of directors also considered a number of potentially negative factors, including the following:

the risk that the potential benefits of the merger may not be realized, in part or at all;

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the risk that the merger may not be consummated;

the risk of management and employee disruption associated with the merger;

the potential costs the combined company may incur to (1) terminate, renegotiate or amend H Power's existing obligations, including real estate and facility leases, (2) streamline the combined company's business, (3) reduce excess capacity, including terminating employees and (4) eliminate redundant operations, including the consolidation of H Power's operations into Plug Power's headquarters in Latham, New York.

the dilutive effects of the merger upon existing Plug Power stockholders;

the risk that the merger could adversely affect Plug Power's stock price or Plug Power's relationship with some of its existing or potential customers, suppliers or strategic partners;

the significant costs involved in consummating the merger; and

other applicable risks described in the section of this joint proxy statement/prospectus entitled "Risk Factors" on page 27.

The Plug Power board of directors did not believe that the negative factors were sufficient, individually or in the aggregate, to outweigh the potential benefits of the merger.

Opinions of Financial Advisors

Opinion of Financial Advisor to H Power (See page 63)

In deciding to approve the merger, the H Power board of directors considered an opinion from its financial advisor, Lehman Brothers Inc. On November 11, 2002, Lehman Brothers delivered its written opinion to the board of directors of H Power that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the exchange ratio offered to the holders of H Power common stock in the merger was fair, from a financial point of view, to such holders.

The full text of the Lehman Brothers' written opinion is attached to this joint proxy statement/prospectus as Annex C. We encourage you to read the opinion carefully as well as the section of this joint proxy statement/prospectus entitled "The Merger and Related Transactions Consideration of the Merger by H Power's Board of Directors Opinion of H Power's Financial Advisor." The opinion of Lehman Brothers does not constitute a recommendation as to how any holder of H Power common stock should vote with respect to the merger agreement and the merger.

Opinion of Financial Advisor to Plug Power (See page 74)

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In deciding to approve the merger, the Plug Power board of directors considered an opinion from its financial advisor, Stephens Inc. that, as of November 11, 2002, the exchange ratio set forth in the merger agreement was fair, from a financial point of view, to Plug Power.

The full text of Stephens' written opinion is attached to this joint proxy statement/prospectus as Annex D. We encourage you to read the opinion carefully as well as the section of this joint proxy statement/prospectus entitled "The Merger and Related Transactions - Consideration of the Merger by Plug Power's Board of Directors - Opinion of Plug Power's Financial Advisor." The opinion of Stephens does not constitute a recommendation as to how any holder of Plug Power common stock should vote on the merger.

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Interests of H Power's Directors and Executive Officers in the Merger (See page 70)

Some of H Power's directors and officers have interests in the merger that are different from, or in addition to, those of H Power stockholders generally. For instance:

Dr. H. Frank Gibbard, chief executive officer of H Power, is a party to a Second Amended and Restated Employment Agreement, dated as of August 1, 2002, which provides that, among other things, (1) Dr. Gibbard must devote substantially all of his business time, ability and attention to H Power's business and affairs and he receives an annual base salary of \$240,000, (2) if Dr. Gibbard is terminated for reasons other than for cause, he may be entitled to receive benefits and payments of his salary through the end of his employment term and (3) if, within a year after a change in control, H Power terminates Dr. Gibbard or assigns him duties materially inconsistent with his position, he may be entitled to receive a lump sum payment equal to two times his then annual base salary and incentive compensation, currently aggregating approximately \$480,000. H Power has delivered notice to Dr. Gibbard that H Power will not be renewing his employment agreement in July.

Mr. William Zang, chief financial officer of H Power, is a party to an amended Officer's Employment Agreement, effective as of August 1, 2002, which provides that, among other things, (1) Mr. Zang must devote substantially all of his business time, ability and attention to H Power's business and affairs and he receives an annual base salary of \$190,000, (2) if Mr. Zang is terminated for reasons other than for cause, he may be entitled to receive benefits and payments of his salary through the end of his employment term and (3) if, within a year after a change in control, H Power terminates Mr. Zang or assigns him duties materially inconsistent with his position, he may be entitled to receive a lump sum payment equal to one and one-half times his then annual base salary and incentive compensation, currently aggregating approximately \$292,000.

Mr. Dudley Wass, chief operating officer of H Power, is a party to an amended Officer's Employment Agreement, effective as of August 1, 2002, which provides that, among other things, (1) Mr. Wass must devote substantially all of his business time, ability and attention to H Power's business and affairs and receives an annual base salary of \$215,000, (2) if Mr. Wass is terminated for reasons other than for cause, he may be entitled to receive benefits and payments of his salary through the end of his employment term and (3) if, within a year after a change in control, H Power terminates Mr. Wass or assigns him duties materially inconsistent with his position, he may be entitled to receive a lump sum payment equal to one and one-half times his then annual base salary and incentive compensation, currently aggregating \$315,000.

Mr. Paul McNeill, vice president of business development, marketing and sales of H Power, is a party to an amended Officer's Employment Agreement, effective as of August 1, 2002, which provides that, among other things, (1) Mr. McNeill must devote substantially all of his business time, ability and attention to H Power's business and affairs and he receives an annual base salary of \$135,000, (2) if Mr. McNeill is terminated for reasons other than for cause, he may be entitled to receive benefits and payments of his salary through the end of his employment term and (3) if, within a year after change in control, H Power terminates Mr. McNeill or assigns him duties materially inconsistent with his position, he may be entitled to receive a lump sum payment equal to one and one-half times his then annual base salary and incentive compensation, currently aggregating \$195,000. H Power has delivered notice to Mr. McNeill that H Power will not be renewing his employment agreement in July.

In addition, Messrs. Zang and Wass are entitled to receive incentive bonuses of \$150,000 and \$50,000, respectively, relating to incentives to reduce H Power's cash burn rate in order to maintain stockholder value.

The vesting on 1,500 outstanding options held by each of 5 non-employee directors of H Power to purchase H Power common stock will accelerate immediately prior to the merger.

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Lehman Brothers, which H Power has retained as an investment banker with respect to the merger, will receive a fee of \$1.5 million in addition to reimbursement of reasonable expenses upon the closing of the merger transaction, net of monthly retainer fees received prior to the closing of the merger. Mr. Clark, a member of H Power's board of directors, is currently a vice-chairman of Lehman Brothers.

The proposed merger will be considered a change in control under each of the foregoing employment agreements, as amended. As a result of the change in control and their expected termination of employment upon the closing of the merger, each of Messrs. Gibbard, Zang, Wass and McNeill will receive the payments described above under his respective employment agreement, as amended, upon the closing of the merger. The aggregate amount of such payments is approximately \$1,282,000. Such payments have been included in the calculation of the estimated net cash amount as of the date of this joint proxy statement/prospectus and will be included in the calculation of the net cash (as defined in the merger agreement) of H Power at the effective time of the merger. H Power's board of directors was aware of these interests and considered them, among other matters, when it approved the merger agreement and the merger.

Voting Agreements (See page 99)

Two executive officers and an affiliate of H Power who collectively held an aggregate of approximately 10.7% of H Power's total outstanding shares of common stock as of February 10, 2003 have agreed to vote their shares of H Power common stock in favor of the merger agreement and the merger.

Structure and Effects of the Merger (See page 79)

At the completion of the merger, Monmouth will merge with and into H Power and H Power will survive the merger as a wholly-owned subsidiary of Plug Power.

As a result of the merger, each outstanding share of H Power common stock will be converted into the right to receive a specific number of shares of Plug Power common stock. The per share exchange ratio for H Power common stock will be determined based on, among other things, (1) the number of shares of H Power common stock outstanding immediately prior to the effective time of the merger; (2) the average Plug Power common stock price, which is calculated based on the daily volume weighted average price of shares of Plug Power common stock for 10 randomly selected trading days in the 20 trading day period ending on the second trading day prior to the effective time of the merger and (3) the transaction value price, which is determined based on, among other factors, H Power's net cash (as defined in the merger agreement) at the effective time of the merger. The manner in which this exchange ratio will be calculated is described in this joint proxy statement/prospectus. The closing sale price of Plug Power common stock on February 11, 2003, the trading day prior to the date of printing of this joint proxy statement/prospectus, was \$ 5.13 per share. Also, as of that date, there were 10,776,548 shares of H Power common stock outstanding. Accordingly, substituting the closing sale price of the Plug Power common stock on February 11, 2003, adjusted to \$5.29 per share as a result of the collar, for the average Plug Power common stock price, and assuming the transaction value price is \$48,000,000 (based on the estimated value of H Power's net cash of \$34,000,000 as of February 11 2003), there would result a hypothetical exchange ratio of approximately .84. This exchange ratio is an estimate, however, and may change at the completion of the merger as a result of the factors described above. H Power stockholders will also receive cash, without interest, rather than a fractional share of Plug Power common stock that each otherwise would be entitled to receive in the merger.

At the completion of the merger, holders of shares of H Power common stock will hold shares of Plug Power common stock. As a result, the rights of these holders following the merger will be governed by Plug Power's certificate of incorporation and bylaws, rather than H Power's

certificate of incorporation and bylaws, as further described in this joint proxy statement/prospectus.

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Completion and Effectiveness of the Merger (See page 79)

Plug Power and H Power expect to complete the merger when all of the conditions to completion of the merger contained in the merger agreement have been satisfied or waived.

Plug Power and H Power are working toward satisfying these conditions and completing the merger as soon as practicable. Plug Power and H Power currently plan to complete the merger in the first quarter of 2003 following the respective special meetings of Plug Power stockholders and H Power stockholders, assuming the H Power stockholders approve the merger and the merger agreement, the Plug Power stockholders approve the issuance of shares of Plug Power common stock pursuant to the merger agreement and the other merger conditions are satisfied. However, because the merger is subject to specified conditions, some of which are beyond Plug Power's and H Power's control, the exact timing cannot be predicted.

Assuming that the H Power stockholders approve the merger and the merger agreement, the Plug Power stockholders approve the issuance of shares of Plug Power common stock pursuant to the merger agreement and the other conditions to completion of the merger have been satisfied or waived, the merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware. Plug Power and H Power expect to file the certificate of merger shortly following the special meeting of H Power stockholders at which the merger agreement and the merger will be presented and voted upon and the special meeting of Plug Power stockholders at which the issuance of shares of Plug Power common stock in the merger will be presented and voted upon.

H Power Prohibited from Soliciting Other Offers (See page 88)

H Power has agreed that, while the merger is pending, it will not solicit, initiate or encourage, or, except with respect to an unsolicited superior proposal (as defined in the merger agreement), engage in discussions with any third parties regarding, certain types of extraordinary transactions, such as a tender offer, merger, consolidation or similar transaction involving H Power.

Conditions to Completion of the Merger (See page 93)

Plug Power's and H Power's obligations to complete the merger are subject to specified conditions described under The Merger and Related Transactions The Merger Agreement Conditions to Completion of the Merger.

Termination of the Merger Agreement and Payment of Termination Fee (See page 94)

Plug Power and H Power may terminate the merger agreement by mutual agreement and under other circumstances specified in the merger agreement. Plug Power and H Power have agreed that if the merger agreement is terminated under certain circumstances described under The Merger and Related Transactions The Merger Agreement Payment of Termination Fees and Expenses, H Power will pay Plug Power a

termination fee of \$2,000,000.

Plug Power and H Power have also agreed that if the merger agreement is terminated under certain circumstances, H Power or Plug Power, as applicable, will reimburse the other party for its out-of-pocket expenses.

Material United States Federal Income Tax Consequences of the Merger (See page 100)

For federal income tax purposes, the transaction is intended to be tax-free to H Power stockholders who receive shares of common stock of Plug Power in the merger (except with respect to cash received in lieu of

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fractional shares), although it is unclear as to whether the merger will qualify as a tax-free reorganization. No gain or loss will be recognized by Plug Power or its stockholders as a result of the merger.

This tax treatment may not apply to all H Power stockholders. Determining the actual tax consequences of the merger to you can be complicated. You should consult your own tax advisor for a full understanding of the tax consequences that are particular to you.

Accounting Treatment of the Merger (See page 103)

Plug Power will account for the merger using the purchase method of accounting and Plug Power will be considered the acquiror of H Power for accounting purposes. This method assumes that for financial reporting purposes, Plug Power will treat both companies as one company beginning as of the date of the merger. In addition, under this method, Plug Power will record the fair value of H Power's net assets on its consolidated financial statements, with the remaining purchase price in excess of fair value of H Power's net assets, if any, recorded as other intangibles.

Regulatory Approvals Required to Complete the Merger (See page 103)

Plug Power and H Power are subject to the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 with respect to the merger, which prevents specified transactions from being completed until required information and materials are furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and specified waiting periods are terminated or expire. The Federal Trade Commission has granted early termination of the waiting period under the Hart-Scott-Rodino Act with respect to the merger, effective as of November 16, 2002. Neither Plug Power nor H Power is aware of any other material governmental or regulatory approval required for completion of the merger, other than compliance with applicable corporate law of the State of Delaware and federal and state securities laws.

Appraisal Rights (See page 105)

No appraisal rights are available to stockholders of Plug Power or H Power under applicable law in connection with the merger.

Restrictions on the Ability to Sell Plug Power Common Stock Received in the Merger (See page 104)

All shares of Plug Power common stock that you receive in the merger will be freely transferable unless you are deemed to be an affiliate of H Power prior to the completion of the merger or an affiliate of Plug Power after the completion of the merger or your shares are subject to other contractual restrictions. Shares of Plug Power common stock received by persons deemed to be affiliates in the merger may only be sold in compliance with Rule 145 under the Securities Act or as otherwise permitted under the Securities Act.

Listing of Plug Power Common Stock (See page 165)

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The shares of Plug Power common stock issued in connection with the merger will be listed on the Nasdaq National Market under the symbol PLUG.

Table of Contents**PLUG POWER SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA**

The following summary selected consolidated statement of operations data for each of the three fiscal years ended December 31, 1999, 2000 and 2001 and the summary selected consolidated balance sheet data as of December 31, 2000 and 2001 set forth below, are derived from the historical audited consolidated financial statements included in Plug Power's Annual Report on Form 10-K/A for the year ended December 31, 2001. The summary selected consolidated statement of operations data for the period June 27, 1997 to December 31, 1997 and the year ended December 31, 1998 and the summary selected consolidated balance sheet data as of December 31, 1997, 1998 and 1999 are derived from Plug Power's historical audited consolidated financial statements.

Plug Power derived the summary selected consolidated balance sheet and statement of operations data as of and for the nine month periods ended September 30, 2001 and 2002 from its unaudited condensed consolidated financial statements. These statements include, in the opinion of management, all normal and recurring adjustments that are necessary for a fair statement of results in accordance with generally accepted accounting principles. The operating results for the nine months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. When you read the following summary historical data, it is important that you read it along with the historical consolidated financial statements and related notes in Plug Power's Annual Report on Form 10-K/A for the year ended December 31, 2001, Plug Power's quarterly reports on Form 10-Q filed with the Securities and Exchange Commission and incorporated by reference into this joint proxy statement/prospectus and other Plug Power documents to which we refer. See "Where You Can Find Additional Information" on page 166.

	Years Ended December 31,					Nine Months Ended September 30,	
	1997*	1998	1999	2000	2001	2001	2002
	(in thousands, except per share data)					(unaudited)	
Consolidated Statement of Operations:							
Product and service revenue	\$	\$	\$	\$	2,574	\$ 437	\$ 7,381
Contract revenue	1,194	6,541	11,000	8,378	3,168	2,800	1,060
Total revenue	1,194	6,541	11,000	8,378	5,742	3,237	8,441
Cost of contract revenue	1,226	8,864	15,498	13,055	11,291	6,579	7,726
In-process research and development	4,043			4,984			
Research and development expense:							
Noncash stock-based compensation				248	1,301	375	520
Other research and development	1,301	4,633	20,506	65,657	59,299	46,690	29,406
General and administrative expense:							
Noncash stock-based compensation		212	3,228	7,595	502	311	415
Other general and administrative	630	2,541	6,699	8,572	6,990	5,276	4,688
Interest expense			190	363	260	209	76
Operating loss	(6,006)	(9,709)	(35,121)	(92,096)	(73,901)	(56,203)	(34,390)
Interest income	103	93	3,124	8,181	4,070	3,092	1,434
Loss before equity in losses of affiliate	(5,903)	(9,616)	(31,997)	(83,915)	(69,831)	(53,111)	(32,956)
Equity in losses of affiliate			(1,472)	(2,327)	(3,281)	(2,931)	(1,544)
Net loss	\$ (5,903)	\$ (9,616)	\$ (33,469)	\$ (86,242)	\$ (73,112)	\$ (56,042)	\$ (34,500)
Loss per share:							
Basic and diluted	\$ (0.62)	\$ (0.71)	\$ (1.27)	\$ (1.99)	\$ (1.56)	\$ (1.23)	\$ (0.68)
	9,500	13,617	26,283	43,308	46,840	45,712	50,558

Weighted average number of common
shares outstanding

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	Years Ended December 31,					Nine Months Ended September 30,	
	1997*	1998	1999	2000	2001	2001	2002
	(in thousands, except per share data)					(unaudited)	
Consolidated Balance Sheet Data:							
<i>(at end of the period)</i>							
Cash, cash equivalents and marketable securities	\$ 3,080	\$ 3,993	\$ 171,496	\$ 86,733	\$ 92,682	\$ 104,106	\$ 66,011
Working capital	2,667	2,692	169,212	83,352	90,366	103,475	66,420
Total assets	4,846	8,093	216,126	150,829	151,374	164,819	119,647
Current portion of long-term obligations			553	577	530	330	317
Long-term obligations			6,517	6,707	6,172	6,534	6,018
Stockholders' equity	3,597	5,493	201,407	134,131	135,003	150,548	104,655

* For the period June 27, 1997 (date of inception) to December 31, 1997

Table of Contents**H POWER SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA**

The following summary selected consolidated statement of operations data for each of the three fiscal years ended May 31, 2000, 2001 and 2002 and the summary selected consolidated balance sheet data as of May 31, 2001 and 2002 set forth below, are derived from the historical audited consolidated financial statements of H Power included in this joint proxy statement/prospectus. The summary selected consolidated statement of operations data for each of the two years ended December 31, 1998 and 1999 and the summary selected balance sheet data as of May 31, 1998, 1999 and 2000 are derived from H Power's historical audited consolidated financial statements.

H Power derived the summary selected consolidated balance sheet and statement of operations data as of and for the six month periods ended November 30, 2001 and 2002 from its unaudited consolidated financial statements included in this joint proxy statement/prospectus. These statements include, in the opinion of management, all normal and recurring adjustments that are necessary for a fair statement of results in accordance with generally accepted accounting principles. The operating results for the six months ended November 30, 2002 are not necessarily indicative of the results that may be expected for the year ending May 31, 2003. When you read the following summary historical data, it is important that you read it along with the consolidated financial statements and the notes to those statements beginning on page F-1 of this joint proxy statement/prospectus and the section titled "Information About H Power - H Power Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this joint proxy statement/prospectus. All share and per share data presented below have been retroactively adjusted to reflect H Power's 1-for-5 reverse stock split effective October 16, 2002.

	Years Ended May 31,					Six Months Ended November 30,	
	1998	1999	2000	2001	2002	2001	2002
<i>(in thousands, except per share data)</i>							
Consolidated statement of operations data:							
Revenues:							
Products	\$ 99	\$ 501	\$ 677	\$ 1,474	\$ 1,820	\$ 718	\$ 625
Contracts	619	517	3,003	2,169	756	77	27
Total revenues	718	1,018	3,680	3,643	2,576	795	652
Operating expenses:							
Cost of revenue - products	355	614	848	2,499	3,613	900	1,382
Cost of revenue - contracts	436	466	2,609	2,994	568	19	579
Research and development	2,813	3,051	5,339	13,466	18,905	4,694	4,678
Selling, general and administrative(1)	3,514	3,813	12,565	11,846	9,158	2,050	2,442
Other costs					677	370	1,164
Total operating expenses	7,118	7,944	21,361	30,805	32,921	8,033	10,245
Loss from operations	(6,400)	(6,926)	(17,681)	(27,162)	(30,345)	(7,238)	(9,593)
Interest and other income, net	723	182	746	5,011	2,435	682	219
Interest expense	(41)	(22)	(77)		(5)		
Net Loss	(5,718)	(6,766)	(17,012)	(22,151)	(27,915)	(6,556)	(9,374)
Net loss attributable to common stockholders	\$ (5,928)	\$ (6,976)	\$ (17,222)	\$ (22,192)	\$ (27,915)	\$ (6,515)	\$ (9,339)
Net loss per share, basic and diluted	\$ (1.02)	\$ (1.20)	\$ (2.47)	\$ (2.20)	\$ (2.59)	\$ (.61)	\$ (.87)

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Weighted average shares outstanding, basic and diluted	5,802	5,803	6,976	10,083	10,771	10,771	10,777
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(1) Includes non-cash stock compensation expense of \$4,400, \$5,175 and \$711 in the years ended May 31, 2001, 2000 and 1999, respectively.

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	As of May 31,					As of November 30,	
	1998	1999	2000	2001	2002	2001	2002
	<i>(in thousands)</i>						
Consolidated Balance Sheet Data:							
(at end of the period)							
Cash, cash equivalents and short-term investments	\$ 4,961	\$ 242	\$ 11,257	\$ 93,372	\$ 59,758	\$ 75,357	\$ 44,806
Total assets	7,436	3,472	18,650	105,350	73,752	90,189	57,558
Long-term debt	4	69	67	65	125	129	119
Total stockholders' equity (deficit)	\$ (14,356)	\$ (20,464)	\$ (6,938)	\$ 97,424	\$ 69,737	\$ 83,626	\$ 53,248

Table of Contents**SELECTED COMBINED COMPANY UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following selected unaudited pro forma combined financial information has been derived from and should be read in conjunction with the Unaudited Pro Forma Condensed Combined Financial Information and related notes included in this joint proxy statement/prospectus on page 106. This information is based on the historical consolidated balance sheets and related historical consolidated statements of operations of Plug Power and the historical consolidated balance sheets and related historical consolidated statements of operations of H Power, using the purchase method of accounting for business combinations. This information is for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on the selected unaudited pro forma combined financial information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger.

Unaudited Pro Forma Condensed Combined Statements of Operations

	Pro forma Combined twelve month period ended December 31, 2001	Pro forma Combined nine month period ended September 30, 2002
Revenue		
Product and service revenue	\$ 2,573,434	\$ 7,381,398
Research and development contract revenue	3,830,121	1,571,744
Total revenue	6,403,555	8,953,142
Cost of revenue and expenses		
Cost of revenues	13,276,893	8,500,212
In-process research and development		
Research and development expense:		
Noncash stock-based compensation	1,300,807	520,006
Other research and development	77,497,018	41,373,410
General and administrative expense:		
Noncash stock-based compensation	4,902,370	415,308
Other general and administrative	15,530,807	11,983,645
Interest expense	259,958	81,109
Operating loss	(106,364,298)	(53,920,548)
Interest income	8,876,017	2,522,453
Loss before equity in losses of affiliates	(97,488,281)	(51,398,095)
Equity in losses of affiliates	(3,280,794)	(1,544,051)
Net loss	\$ (100,769,075)	\$ (52,942,146)
Loss per share:		
Basic and diluted (1)	\$ (1.80)	\$ (0.89)
Weighted average number of common shares outstanding(1)	55,913,815	59,631,862

Table of Contents**Unaudited Pro Forma Balance Sheet Data***(at end of the period, in thousands)*

Cash, cash equivalents and marketable securities	\$ 118,697
Working capital	107,516
Total assets	178,297
Current portion of long-term obligations	454
Long-term obligations	5,120
Stockholders' equity(1)	149,549

- (1) The estimated exchange ratio is .84 shares of Plug Power common stock for each share of H Power common stock based on (i) 10,776,548 shares of H Power common stock outstanding on the date of this joint proxy statement/prospectus, (ii) an average share price of \$5.29 per share of Plug Power common stock (based on the closing price of \$5.13 per share of Plug Power common stock on the last business day prior to the date of this joint proxy statement/prospectus and adjusted to \$5.29 per share as a result of the collar) and (iii) an estimated net cash value of \$34,000,000. This estimated exchange ratio has been used to present the pro forma information based on the latest information available; however, the actual exchange ratio for H Power common stock in the merger may be different than the estimated exchange ratio. The exchange ratio could range from .69 to .84, exclusive of any further adjustment required based upon H Power's actual net cash at the effective time of the merger, as defined in the merger agreement. If the exchange ratio is .69 shares of Plug Power common stock for each share of H Power common stock, the number of shares of Plug Power common stock issued in connection with the merger would decrease to approximately 7.4 million shares from approximately 9.1 million shares and the pro forma loss per share, basic and diluted, for the twelve month period ended December 31, 2001 would be \$(1.86) based on the weighted average number of shares outstanding, basic and diluted, of 54,258,947. If the exchange ratio is .69 shares of Plug Power common stock for each share of H Power common stock, the pro forma loss per share, basic and diluted, for the nine month period ended September 30, 2002 would be \$(0.91) based on the weighted average number of shares outstanding, basic and diluted, of 57,976,994. Any change to the actual net cash at the effective time of the merger will affect the final transaction value and the exchange ratio as determined pursuant to the formula within the merger agreement. Further, the minimum aggregate consideration that H Power stockholders can receive in the merger is \$29,675,000, or \$2.75 per share, unless H Power determines not to exercise its right to terminate the merger agreement, which termination is subject to Plug Power's right to issue additional shares such that the minimum aggregate consideration equals \$29,675,000. If H Power does not exercise its right to terminate the merger agreement, H Power stockholders will not be guaranteed to receive any minimum consideration because the amount that H Power stockholders will receive will decrease below \$2.75 per share if (1) the trading price of Plug Power common stock declines, and/or (2) H Power's net cash (as defined in the merger agreement) declines. For a complete description of H Power's termination right, see the section of this joint proxy statement/prospectus entitled "The Merger and Related Transactions - The Merger Agreement - Payment of Termination Fee and Expenses." An additional summary of the effect of changes in net cash and the average Plug Power common stock price, both as determined pursuant to the merger agreement, is presented within note 3 on page 115 to further illustrate the impact to the relevant pro forma financial information. For further information concerning the estimated exchange ratio and the factors that may cause it to be adjusted, see the section of this document titled "The Merger and Related Transactions - The Merger Agreement - Collar Adjustment and Net Cash Adjustment."

Table of Contents**COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA**

The following tables set forth certain historical per share data of Plug Power and H Power and combined per share data on an unaudited pro forma basis after giving effect to the merger using the purchase method of accounting, and assuming that 0.84 shares of Plug Power common stock are issued in exchange for each share of H Power common stock in connection with the merger. It is expected that a total of approximately 9.1 million shares of Plug Power common stock will be issued in exchange for all of the outstanding shares of common stock of H Power. The actual exchange ratio for H Power common stock in the merger may be different than this assumed exchange ratio. The following data should be read in conjunction with the separate historical consolidated financial statements of H Power included in this joint proxy statement/prospectus and the separate historical consolidated financial statements of Plug Power incorporated by reference in this joint proxy statement/prospectus, as well as the unaudited pro forma condensed combined financial statements included in this joint proxy statement/prospectus. The unaudited pro forma combined per share data do not necessarily indicate the operating results that would have been achieved had the merger been completed as of the beginning of the earliest period presented and should not be taken as representative of future operations. The results may have been different if the companies had always been consolidated. All per share information has been restated, as applicable for stock splits, as discussed in each entity's respective consolidated financial statements and notes thereto. No cash dividends have ever been declared or paid on Plug Power or H Power common stock.

	Year ended December 31, 2001	Twelve month period ended November 30, 2001	Nine months ended September 30, 2002	Nine month period ended August 31, 2002
Plug Power Historical:				
Basic and diluted loss per share	\$ (1.56)		\$ (0.68)	
Book value per common share	\$ 2.68		\$ 2.06	
H Power Historical:				
Basic and diluted loss per share		\$ (2.66)		\$ (1.95)
Book value per common share		\$ 7.80		\$ 5.81
Pro Forma Combined:				
Basic and diluted loss per share	\$ (1.80)(1)		\$ (0.89)(2)	
Book value per common share			\$ 2.43	
Equivalent Pro Forma Combined:(3)				
Basic and diluted loss per share	\$ (1.51)		\$ (0.75)	
Book value per common share			\$ 2.04	

No options or warrants outstanding are included in the calculation of diluted loss per share because their impact would have been anti-dilutive to loss per share for each period presented.

- (1) The estimated exchange ratio is .84 shares of Plug Power common stock for each share of H Power common stock based on (i) 10,776,548 shares of H Power common stock outstanding on the date of this joint proxy statement/prospectus, (ii) an average share price of \$5.29 per share of Plug Power common stock (based on the closing price of \$5.13 per share of Plug Power common stock on the last business day prior to the date of this joint proxy statement/prospectus and adjusted to \$5.29 per share as a result of the collar) and (iii) an estimated net cash value of \$34,000,000. This exchange ratio has been used to present the pro forma information based on the latest information available; however, the actual exchange ratio for H Power common stock in the merger may be different than the assumed exchange ratio and may be subject to change on completion of the transaction. The exchange ratio could range from .69 to .84, exclusive of any adjustment required based upon H Power's actual net cash at the effective time of the merger, as defined in the merger agreement. If the exchange ratio is .69 shares of Plug Power common stock for each share of H Power common stock, the loss per share, basic and diluted, for pro forma combined would be \$(1.86) based on the weighted average number of shares outstanding, basic and diluted, of 54,258,947.

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In addition, any change to the actual net cash at the effective time of the merger will affect the final transaction value and exchange ratio as determined pursuant to the formula within the merger agreement. Further, the minimum aggregate consideration that H Power stockholders can receive in the merger is \$29,675,000, or \$2.75 per share, unless H Power determines not to exercise its right to terminate the merger agreement, which termination is subject to Plug Power's right to issue additional shares such that the minimum aggregate consideration equals \$29,675,000. If H Power does not exercise its right to terminate the merger agreement, H Power stockholders will not be guaranteed to receive any minimum consideration because the amount that H Power stockholders will receive will decrease below \$2.75 per share if (1) the trading price of Plug Power common stock declines, and/or (2) H Power's net cash (as defined in the merger agreement) declines. For a complete description of H Power's termination right, see the section of this joint proxy statement/prospectus entitled "The Merger and Related Transactions - The Merger Agreement - Payment of Termination Fee and Expenses." An additional summary of the effect of changes in net cash and the average Plug Power common stock price, both as determined pursuant to the merger agreement, is presented within note 3 on page 115 to further illustrate the impact to the relevant pro forma financial information. For further information concerning the estimated exchange ratio and factors that may cause it to be adjusted, see the section of this joint proxy statement/prospectus entitled "The Merger and Related Transactions - The Merger Agreement - Collar Adjustment and Net Cash Adjustment" on page 82.

- (2) The estimated exchange ratio is .84 shares of Plug Power common stock for each share of H Power common stock based on (i) 10,776,548 shares of H Power common stock outstanding on the date of this joint proxy statement/prospectus, (ii) an average share price of \$5.29 per share of Plug Power common stock (based on the closing price of \$5.13 per share of Plug Power common stock on the last business day prior to the date of this joint proxy statement/prospectus and adjusted to \$5.29 per share as a result of the collar) and (iii) a net cash value of \$34,000,000. This exchange ratio has been used to present the pro forma information based on the latest information available; however, the actual exchange ratio for H Power common stock in the merger may be different than the assumed exchange ratio and may be subject to change on completion of the transaction. The exchange ratio could range from .69 to .84, exclusive of any adjustment required based upon H Power's actual net cash at the effective time of the merger, as defined in the merger agreement. If the exchange ratio is .69 shares of Plug Power common stock for each share of H Power common stock, the loss per share, basic and diluted, for the nine month period ended September 30, 2002 would be \$(0.91) based on the weighted average number of shares outstanding, basic and diluted, of 57,976,994. In addition, any change to the actual net cash at the effective time of the merger will affect the final transaction value and exchange ratio as determined pursuant to the formula within the merger agreement. Further, the minimum aggregate consideration that H Power stockholders can receive in the merger is \$29,675,000, or \$2.75 per share, unless H Power determines not to exercise its right to terminate the merger agreement, which termination is subject to Plug Power's right to issue additional shares such that the minimum aggregate consideration equals \$29,675,000. If H Power does not exercise its right to terminate the merger agreement, H Power stockholders will not be guaranteed to receive any minimum consideration because the amount that H Power stockholders will receive will decrease below \$2.75 per share if (1) the trading price of Plug Power common stock declines, and/or (2) H Power's net cash (as defined in the merger agreement) declines. For a complete description of H Power's termination right, see the section of this joint proxy statement/prospectus entitled "The Merger and Related Transactions - The Merger Agreement - Payment of Termination Fee and Expenses." An additional summary of the effect of changes in net cash and the average Plug Power common stock price, both as determined pursuant to the merger agreement, is presented within note 3 on page 115 to further illustrate the impact to the relevant pro forma financial information. For further information concerning the estimated exchange ratio and the factors that may cause it to be adjusted, see the section of this joint proxy statement/prospectus entitled "The Merger and Related Transactions - The Merger Agreement - Collar Adjustment and Net Cash Adjustment" on page 82.
- (3) The unaudited equivalent pro forma per share amounts are calculated by multiplying the unaudited combined pro forma per share amounts by an assumed exchange ratio of .84 of a share of Plug Power common stock for each outstanding share of H Power common stock. The estimated exchange ratio of .84 shares of Plug Power common stock for each share of H Power common stock is based on 10,776,548 shares of H Power common stock outstanding, an average share price of \$5.29 per share of Plug Power common stock (based on the closing price of \$5.13 per share of Plug Power common stock on the last business day prior to the date of this joint proxy statement/prospectus and adjusted to \$5.29 per share as a result of the collar) and an estimated net cash value of \$34,000,000. This exchange ratio has been used to present the pro forma financial information based on the latest information available and may be subject to change on completion of the transaction.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE DATA AND DIVIDEND INFORMATION**

Plug Power common stock is traded on the Nasdaq National Market under the symbol PLUG. H Power common stock is traded on the Nasdaq National Market under the symbol HPOW. The following table shows the high and low sale prices per share of Plug Power common stock and H Power common stock as reported on the Nasdaq National Market for each of the two most recent fiscal years and the fiscal quarters during the current fiscal year. Plug Power common stock has been listed on the Nasdaq National Market since October 28, 1999, the date of Plug Power's initial public offering. H Power's common stock has been listed on the Nasdaq National Market since August 9, 2000, the date of H Power's initial public offering. All share prices of H Power have been adjusted to give effect to the 1-for-5 reverse stock split of the outstanding common stock effected as of the close of business on October 16, 2002.

Fiscal Quarters	Plug Power		H Power	
	High	Low	High	Low
2000:				
First Quarter	\$ 156.50	\$ 25.75		
Second Quarter	97.00	38.00		
Third Quarter*	71.63	36.00	\$ 179.69	\$ 63.16
Fourth Quarter	39.13	9.13	172.50	26.25
2001:				
First Quarter	\$ 33.00	\$ 12.50	\$ 53.13	\$ 26.25
Second Quarter	38.00	12.88	80.00	31.88
Third Quarter	22.27	6.01	50.00	13.75
Fourth Quarter	10.70	7.19	17.70	12.55
2002:				
First Quarter	\$ 13.10	\$ 8.26	\$ 22.15	\$ 11.15
Second Quarter	12.58	6.61	14.75	4.30
Third Quarter	8.00	4.05	6.40	2.95
Fourth Quarter	6.82	3.39	4.59	1.75
2003:				
First Quarter (through February 11, 2003)	\$ 6.34	\$ 4.04	\$ 4.90	\$ 3.20

* Commencing on August 9, 2000 for H Power.

Recent Closing Prices

The following table shows the closing prices per share of Plug Power common stock and H Power common stock as reported on the Nasdaq National Market on (1) November 11, 2002, the business day preceding the public announcement that Plug Power and H Power had entered into the merger agreement and (2) February 11, 2003, the last full trading day for which closing prices were available at the time of the printing of this joint proxy statement/prospectus.

The following table also includes the equivalent price per share of H Power common stock on those dates. This equivalent per share price reflects the value of the Plug Power common stock you would receive for each share of your H Power common stock if the merger was completed on any of these dates, applying the assumed exchange ratio of .855 shares of Plug Power common stock for each share of H Power common stock for November 11, 2002 and the assumed exchange ratio of .842 shares of Plug Power common stock for each share of H Power common stock for February 11, 2003. The assumed exchange ratios used in the presentation of the equivalent price per share amounts in the

following table have been determined pursuant to the exchange ratio

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formula, as defined in the merger agreement, as if the merger was completed on November 11, 2002 and February 11, 2003 based on (1) the closing price per share of Plug Power common stock on November 11, 2002 and February 11, 2003 (adjusted as a result of the collar); (2) the number of outstanding shares of H Power common stock of 10,776,548 on November 11, 2002 and February 11, 2003; and (3) an estimated transaction value of \$50,675,000 (based on estimated net cash of \$36,675,000) on November 11, 2002 and an estimated transaction value of \$48,000,000 (based on estimated net cash of \$34,000,000) on February 11, 2003. These amounts are based on the latest information available and may change at the completion of the merger as a result of those factors described in the section of this joint proxy statement/prospectus entitled "The Merger and Related Transactions - The Merger Agreement - Collar Adjustment and Net Cash Adjustment" on page 82.

	Plug Power Common Stock	H Power Common Stock	Equivalent Price Per Share
November 11, 2002	\$ 5.50	\$ 2.19	\$ 4.70
February 11, 2003	\$ 5.13	\$ 4.24	\$ 4.32

Because the market price of Plug Power common stock and H Power common stock may increase or decrease before the completion of the merger, you are urged to obtain current market quotations.

As of February 10, 2003, there were approximately 1,829 stockholders of record of Plug Power who held an aggregate of 51,077,781 shares of Plug Power common stock.

As of January 27, 2003, there were approximately 392 stockholders of record of H Power who held an aggregate of 10,776,548 shares of H Power common stock.

Dividend Policy

Neither Plug Power nor H Power has ever declared or paid dividends on its common stock in the past and neither company intends to pay dividends in the foreseeable future. Any determination to pay dividends after consummation of the merger will be at the discretion of Plug Power's board of directors and will depend on Plug Power's financial condition, results of operations, capital requirements and other factors Plug Power's board of directors deems relevant.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS JOINT PROXY STATEMENT/PROSPECTUS

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements about the merger, Plug Power and H Power within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements containing the words believes, anticipates, estimates, expects, intends, plans, seeks, will, may, should, would, projects, predicts, continues and similar expressions terms constitute forward-looking statements that involve risks and uncertainties. Such statements are based on current expectations and are subject to risks, uncertainties and changes in condition, significance, value and effect, including those discussed in the section entitled Risk Factors beginning on page 27 of this joint proxy statement/prospectus, and, with respect to Plug Power, reports filed by Plug Power with the Securities and Exchange Commission, specifically forms 8-K, 10-K/A and 10-Q, incorporated into this document. Such risks, uncertainties and changes in condition, significance, value and effect could cause Plug Power's or H Power's actual results to differ materially from those anticipated events. In evaluating the merger agreement and the merger, you should carefully consider the discussion of risks and uncertainties discussed in the section entitled Risk Factors .

Although each company believes that its plans, intentions and expectations as reflected in or suggested by these forward-looking statements are reasonable, it can give no assurance that these plans, intentions or expectations will be achieved. H Power stockholders and Plug Power stockholders are cautioned that all forward-looking statements involve risks and uncertainties and actual results may differ materially from those discussed as a result of various risk factors described in the section entitled Risk Factors . Listed below and discussed elsewhere in this joint proxy statement/prospectus are some important risks, uncertainties and contingencies which could cause each company's actual results, performances or achievements to be materially different from the forward-looking statements made in this joint proxy statement/prospectus, particularly if the merger is not completed. These risks, uncertainties and contingencies include, but are not limited to, the following:

the satisfaction of the conditions to closing, including receipt of stockholder and regulatory approvals;

the expected closing date of the merger;

the risk that the merger will not close;

the risk that the merger will not be treated as a tax-free reorganization for United States federal income tax purposes;

the risk that Plug Power will not integrate and restructure the acquired business successfully;

the risk that Plug Power will incur unanticipated costs to integrate and restructure the acquired business;

the risk that H Power will require more cash than anticipated prior to closing;

fluctuations in the trading price and volume of Plug Power's common stock;

the risk that continuity of H Power's operations will be disrupted in the event the transaction does not close;

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Plug Power's ability to develop a commercially viable fuel cell system;

the cost and time required for Plug Power to develop fuel cell systems;

market acceptance of Plug Power's fuel cell systems;

Plug Power's reliance on its relationship with certain affiliates of General Electric;

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Plug Power's ability to perform on its multi-generation product plan in a manner satisfactory to its distribution partners;

Plug Power's ability to manufacture fuel cell systems on a commercial basis;

competitive factors, such as price competition, competition from other power technologies and competition from other fuel cell companies and the cost and availability of components and parts for Plug Power's fuel cell systems;

the ability to raise and provide the necessary capital to develop, manufacture and market Plug Power's fuel cell systems;

Plug Power's ability to lower the cost of its fuel cell systems and demonstrate their reliability; and

the cost of complying with current and future governmental regulations.

In addition, events may occur in the future that H Power or Plug Power are not able to accurately predict or control and that may cause actual results to differ materially from the expectations described in these forward-looking statements.

Readers should not place undue reliance on the forward-looking statements contained in this joint proxy statement/prospectus. These forward-looking statements speak only as of the date on which the statements were made and the companies assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. In evaluating forward-looking statements, you should consider these risks and uncertainties, together with the other risks described from time to time in the companies' respective reports and documents filed with the Securities and Exchange Commission.

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RISK FACTORS

By voting in favor of the adoption and approval of the merger agreement and the approval of the merger, stockholders of H Power will be choosing to invest in Plug Power common stock and by voting in favor of the issuance of shares of Plug Power common stock in connection with the merger, stockholders of Plug Power will be choosing to acquire H Power. An investment in Plug Power common stock, which after the merger will be the common stock of the combined companies, involves a high degree of risk. In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, you should carefully consider the following risk factors in deciding whether to vote in favor of adoption and approval of the merger agreement and approval of the merger, in the case of H Power stockholders, or in favor of the issuance of shares of Plug Power common stock pursuant to the merger agreement, in the case of Plug Power stockholders. In addition, you should keep the following risk factors in mind when you read forward-looking statements in this joint proxy statement/prospectus. Please refer to the section entitled *Cautionary Statements Regarding Forward-Looking Statements* in this Joint Proxy Statement/Prospectus beginning on page 25 of this joint proxy statement/prospectus.

Risks Related to the Merger

Fluctuations in the market price of Plug Power common stock may affect the value of the consideration that H Power stockholders receive in the merger and the corresponding amount paid by Plug Power to acquire H Power.

The value of the consideration that H Power stockholders will receive in the merger, and the number of shares of Plug Power common stock that H Power stockholders will receive in the merger, may depend on the market price of Plug Power common stock. In the merger, H Power stockholders are to receive a number of shares of Plug Power common stock that is based on a formula that divides a transaction value price (initially set at \$50,675,000, subject to adjustment) by Plug Power's average common stock price for 10 randomly selected trading days in the 20 trading day period ending on the second trading day prior to the merger. In turn, this result is divided by the number of shares of H Power common stock outstanding immediately prior to the merger. However, H Power stockholders are not guaranteed to receive value in Plug Power common stock equivalent to the transaction value price. This is because the exchange ratio is restricted by a 10% collar from an assumed Plug Power common stock price of \$5.88 per share. Accordingly, if the average Plug Power common stock price is less than \$5.29, the exchange ratio will be fixed at the ratio that would have been derived if the average Plug Power common stock price was equal to \$5.29, and H Power stockholders will receive aggregate value in the merger less than the transaction value price. Conversely, if the average Plug Power common stock price is greater than \$6.47, the exchange ratio will be fixed at the ratio that would have been derived if the average Plug Power common stock price was equal to \$6.47, and H Power stockholders will receive aggregate value in the merger greater than the transaction value price.

In addition, because the market price of Plug Power common stock between the determination date for the average Plug Power common stock price and the effective time of the merger, as well as the date certificates representing shares of Plug Power common stock are delivered in exchange for shares of H Power common stock following consummation of the merger, will fluctuate and possibly decline, the value of Plug Power common stock actually received by holders of H Power common stock may be more or less than (A) the average Plug Power common stock price or (B) the value of the Plug Power common stock at the effective time of the merger resulting from the exchange ratio or any possible adjustment to the exchange ratio as illustrated in the section of this document titled *The Merger and Related Transactions The Merger Agreement Collar Adjustment and Net Cash Adjustment* on page 82.

Prior to each company's respective special meeting of stockholders, the companies will post the current estimated exchange ratio on their respective websites. Plug Power's website is at www.plugpower.com and H Power's website is at www.hpower.com. We encourage you to consider the market price of Plug Power common stock before you make your voting decision regarding the merger. See the section of this joint

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proxy statement/prospectus titled The Merger and Related Transactions The Merger Agreement Collar Adjustment and Net Cash Adjustment on page 82.

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Fluctuations in the net cash of H Power may affect the value of the consideration that H Power stockholders receive in the merger and the value of the assets acquired by Plug Power.

The value of the consideration that H Power stockholders will receive in the merger will depend on the net cash of H Power (as such term is defined in the merger agreement) at the effective time of the merger. As described below, net cash directly impacts the transaction value price, which is a key determinant in calculating the exchange ratio. In certain instances, the transaction value price will reflect the value of Plug Power common stock to be received by the H Power stockholders in the merger. At the effective time of the merger, the net cash of H Power may be higher or lower than the estimated net cash on the date that the merger agreement was signed, the date this document was mailed to you or the date of the H Power special meeting of stockholders; however, the net cash at the effective time of the merger is the only applicable measurement. Therefore, H Power stockholders cannot be assured prior to the merger of the definitive value of shares of Plug Power common stock they will be entitled to receive on the date of the merger. Correspondingly, Plug Power stockholders cannot be assured prior to the merger of acquiring any definitive value of assets of H Power. See the section of this document titled "The Merger and Related Transactions - The Merger Agreement - Collar Adjustment and Net Cash Adjustment" on page 82.

The right of H Power to terminate the merger based on the price of Plug Power common stock and the right of Plug Power to not complete the merger based on the net cash of H Power are limited.

If the aggregate value of the anticipated number of shares of Plug Power common stock to be issued in the merger based on the reasonably anticipated average Plug Power common stock price is less than \$29,675,000 (which could occur if Plug Power's common stock price declines significantly prior to the effective time of the merger), H Power has the right, in certain circumstances, to terminate the merger agreement, subject to Plug Power's ability to prevent H Power from doing so. In order for Plug Power to prevent termination, it would have to increase the number of shares of Plug Power common stock to be issued in the merger (through an increase in the exchange ratio) such that the aggregate value of such shares, based on the average Plug Power common stock price, is equal to or greater than \$29,675,000. If Plug Power elects not to exercise this "topping-up" right, the merger agreement could then be terminated by H Power. However, H Power may elect not to exercise its right to terminate the merger agreement. In that case, the aggregate value to be received by H Power stockholders will be less than \$29,675,000.

Plug Power has the right to not consummate the merger based on the amount of net cash of H Power. However, this right is limited to the circumstance where such net cash is less than \$27,500,000 at the effective time of the merger. There is no assurance that Plug Power will elect to exercise its right not to consummate the merger in such circumstances.

As a result of the merger, existing H Power obligations will become the obligations of the combined company, which Plug Power may determine not to honor and may be expensive to terminate or may result in litigation.

As a result of the merger, substantially all of H Power's existing obligations, contractual and otherwise, will remain intact and will become obligations of Plug Power following the merger, as the parent entity to H Power. Plug Power expects that in many instances it will seek to terminate, renegotiate or otherwise amend these obligations, although in doing so it may incur substantial costs. For example, certain of these ongoing commitments may relate to H Power products that Plug Power will no longer produce or support. Plug Power may not be able to terminate or amend those agreements or negotiate an alternative solution at a reasonable cost or at all. If Plug Power does not perform under these agreements, it may become subject to litigation. If this occurs, and the plaintiffs prevail, or if the combined company is obligated to perform under such agreements, such outcomes could have a material adverse effect on the combined company's financial condition, results of operations and liquidity.

Plug Power expects to have significant costs associated with combining the companies.

Plug Power presently expects to incur significant costs to streamline the combined company's business, reduce excess capacity and eliminate redundant operations. For instance, in addition to terminating or amending

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certain H Power obligations, as discussed above, as part of the post-closing integration of the combined businesses, it is anticipated that all operations would be consolidated into Plug Power's headquarters, located in Latham, New York. Also, Plug Power expects to incur significant costs associated with the termination of contracts, including leases and employee terminations, including, but not limited to, an estimated \$1.8 million with respect to change of control agreements with H Power management that will result in one time and/or continuing payments upon or prior to the consummation of the merger. For additional discussion as to these expected costs, See Unaudited Pro Forma Condensed Combined Financial Information beginning on page 106. Accordingly, Plug Power believes the combined company may incur charges to operations, which are not currently reasonably estimable, in the quarter in which the merger is completed or the following quarters, to reflect costs associated with integrating and streamlining the businesses and operations of Plug Power and H Power. There can be no assurance that the costs associated with streamlining the business, reducing excess capacity and eliminating redundant operations will not exceed those projected by Plug Power, nor can there be any assurance that the combined company will not incur additional material charges in subsequent quarters to reflect additional costs associated with the merger.

Failure to complete the merger could negatively impact Plug Power's and/or H Power's stock prices, future business and operations.

If the merger is not completed for any reason, Plug Power and H Power may be subject to a number of material risks, including the following:

H Power may be required, under certain circumstances, to pay to Plug Power a termination fee of \$2,000,000;

either Plug Power or H Power may be required, under certain circumstances, to pay to the other party particular out-of-pocket expenses incurred in connection with pursuing the merger;

both companies may experience a negative reaction, from both the financial markets and customers, suppliers or partners of each company, to the termination of the merger;

each company must pay its own costs related to the merger (subject to reimbursement by the other party in particular cases), such as amounts payable to legal and financial advisors and independent accountants, even if the merger is not completed;

the price of Plug Power's and/or H Power's common stock may decline as a result of the costs associated with the merger and/or to the extent that the current market price of Plug Power's and/or H Power's common stock reflects a market assumption that the merger will be completed;

either company may forego other opportunities which would otherwise be available had the merger agreement not been executed, including, without limitation, foregone opportunities as a result of certain affirmative and negative covenants made by H Power in the merger agreement, such as covenants affecting the conduct of its business outside the ordinary course of business; and

either company may be unable to obtain additional sources of financing or conclude another sale or merger transaction on favorable terms, or at all, and the board of directors of either company may determine that the best alternative is to discontinue certain operations, liquidate certain assets, reduce expenditures, and take other actions required to limit operations in a manner inconsistent with current development and commercialization plans.

The anticipated benefits of the merger may not be realized in a timely fashion, or at all, and Plug Power's operations may be adversely affected.

The success of the merger will depend, in part, on Plug Power's ability to realize the anticipated enhancements to capital resources, growth opportunities and synergies of combining with H Power and to effectively utilize the increased cash and other resources Plug Power expects to have following the merger. The

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merger involves risks related to the integration and management of acquired technology and operations and personnel. The integration of the businesses will be a complex, time-consuming and potentially expensive process and may disrupt Plug Power's business if not completed in a timely and efficient manner. Some of the difficulties that may be encountered by the combined company include:

the diversion of management's attention from other ongoing business concerns;

the inability to utilize the acquired resources effectively; and

demonstrating to the combined company's customers, suppliers and partners that the merger will not result in adverse changes in client service standards or business focus.

If Plug Power's management focuses too much time, money and effort to integrate H Power's operations and assets, they may not be able to execute Plug Power's overall business strategy. Additionally, neither Plug Power nor H Power can assure the combined company will progress at the same rates as have been experienced by Plug Power and H Power, respectively, operating as separate companies in the past.

Customer, supplier, partner and employee uncertainty about the merger could harm the combined company, or the respective businesses of H Power and Plug Power if the merger is not completed.

Plug Power's and/or H Power's existing or potential customers may, in response to the announcement or consummation of the merger, delay or defer purchasing decisions. Plug Power's and H Power's suppliers or partners may experience uncertainty about their future relationship with the combined company and may limit their involvement with either company until or after the merger is completed. Similarly, Plug Power's or H Power's current or prospective employees may experience uncertainty about their future roles with the combined company until or after Plug Power announces and executes its strategies with regard to such employees. This may adversely affect the combined company's, or each company's, if the merger is not completed, ability to attract and retain key management, sales, and technical personnel and effectively operate its business.

Plug Power and H Power expect to incur significant costs associated with the merger, whether or not the merger is completed.

Plug Power estimates that it will incur direct transaction costs of approximately \$1.4 million associated with the merger, which will be included as a part of the total purchase cost for accounting purposes, including fees and other expenses payable to Stephens in connection with the merger as described in the section entitled "The Merger and Related Transactions - Consideration of the Merger by Plug Power's Board of Directors' Opinion of Plug Power's Financial Advisor" beginning on page 74 of this joint proxy statement/prospectus. In addition, H Power estimates that it will incur direct transaction costs, which will be expensed as incurred for accounting purposes, of approximately \$2.8 million, if the merger is completed, or approximately \$2.2 million if the merger is not completed, including fees and other expenses payable to its advisors in connection with the merger as described in the section entitled "The Merger and Related Transactions - Consideration of the Merger by H Power's Board of Directors' Opinion of H Power's Financial Advisor" beginning on page 63 of this joint proxy statement/prospectus. Payment of certain of these fees are dependent on consummation of the merger.

The merger may fail to qualify as a reorganization for federal income tax purposes, resulting in recognition of taxable gain or loss in respect of shares of H Power common stock.

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Both Plug Power and H Power intend to treat the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. However, in the opinion of counsel, it is unclear as to whether the merger will qualify as a tax-free reorganization. If the merger fails to qualify as a reorganization, stockholders of H Power will generally recognize a gain or loss on each share of H Power common stock surrendered in an amount equal to the difference between the adjusted tax basis in that share and the fair market

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value of the Plug Power common stock (and cash in lieu of fractional shares) received in exchange for that share upon completion of the merger. H Power stockholders should vote to approve the merger only if they are willing to approve a taxable transaction in which they recognize gain or loss.

For a more detailed description of the consequences of the merger failing to qualify as a reorganization, see "The Merger and Related Transactions - Material United States Federal Income Tax Consequences of the Merger" beginning on page 100 of this joint proxy statement/prospectus.

The price of Plug Power common stock may be affected by factors different from those affecting the price of H Power common stock.

When the merger is completed, holders of H Power common stock will become holders of Plug Power common stock. Plug Power's business differs from that of H Power, and Plug Power's results of operations, as well as the price of Plug Power's common stock, may be affected by factors that are different from those affecting H Power's results of operations and the price of H Power's common stock. The factors that may affect the price of Plug Power's common stock include Plug Power's reliance on its relationship with certain affiliates of General Electric, market acceptance of Plug Power's fuel cell systems, Plug Power's ability to lower the cost of its fuel cell systems and demonstrate their reliability, competitive factors, such as price competition and competition from other power technologies, and the cost and availability of components and parts for Plug Power's fuel cell systems.

The market price of Plug Power common stock may decline as a result of the merger.

The market price of Plug Power common stock may decline as a result of the merger if:

the integration of Plug Power and H Power is unsuccessful;

Plug Power does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts or investors; or

the effect of the merger on Plug Power's financial results or condition is not consistent with the expectations of financial or industry analysts or investors.

The market price of Plug Power common stock could also decline as a result of factors related to the merger which may currently be unforeseen.

If H Power stockholders who receive Plug Power common stock in the merger sell that stock immediately, it could cause a decline in the market price of Plug Power common stock.

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All of the shares of Plug Power common stock to be issued in the merger will be registered with the Securities and Exchange Commission and therefore will be immediately available for resale in the public market, except that shares issued in the merger to H Power stockholders who are affiliates of H Power before the merger or who become affiliates of Plug Power after the merger will be subject to certain restrictions on transferability. The estimated number of shares of Plug Power common stock to be issued to H Power stockholders in connection with the merger and immediately available for resale will equal approximately 17.8% of the number of outstanding shares of Plug Power common stock currently in the public market. H Power stockholders who are not affiliates may elect to sell the stock they receive immediately after the merger. As a result of future sales of such common stock, or the perception that these sales could occur, the market price of Plug Power common stock may decline and could decline significantly before or at the time the merger is completed or immediately thereafter. If this occurs, or if other holders of Plug Power common stock sell significant amounts of Plug Power common stock immediately after the merger is completed, these sales may cause a decline in the market price of Plug Power common stock.

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The termination fee and the restrictions on solicitation contained in the merger agreement and the terms of the voting agreements may discourage other companies from trying to acquire H Power.

Until the completion of the merger, and with some exceptions, H Power is prohibited from initiating or engaging in discussions with a third party regarding some types of extraordinary transactions involving H Power, such as a tender offer, merger, business combination or sale of any material assets or any securities of H Power. H Power has also agreed to pay a termination fee of \$2,000,000 to Plug Power in specified circumstances and in certain other circumstances, to reimburse Plug Power's out-of-pocket expenses, including legal, accounting, investment banking, printing and other fees, related to the merger. In addition, holders of approximately 10.7% of the outstanding H Power common stock as of February 10, 2003 have entered into agreements with Plug Power in which they agreed to vote in favor of the merger and against any competing proposal. These provisions could discourage other companies from trying to acquire H Power even though those other companies might be willing to offer greater value to H Power stockholders than Plug Power has offered in the merger. Payment of the termination fee or Plug Power's out-of-pocket expenses could also have a material adverse effect on H Power's financial condition.

Plug Power and H Power may waive one or more of the conditions to the merger without resoliciting stockholder approval for the merger.

Each of the conditions to Plug Power's and H Power's obligations to complete the merger may be waived, in whole or in part, to the extent permitted by applicable laws, by agreement of Plug Power and H Power. The boards of directors of Plug Power and H Power will evaluate the materiality of any such waiver to determine whether amendment of this document and resolicitation of proxies is warranted. In the event that the board of directors of Plug Power or H Power determines any such waiver is not sufficiently material to warrant resolicitation of stockholders, the applicable company will have the discretion to complete the merger without seeking further stockholder approval.

If the conditions to the merger are not met or waived, the merger will not occur.

Specified conditions must be satisfied or waived to complete the merger. These conditions are described in detail in the merger agreement. Plug Power and H Power cannot assure you that each of the conditions will be satisfied. If the conditions are not satisfied or waived, the merger will not occur or will be delayed, and Plug Power and H Power each may lose some or all of the intended benefits of the merger.

Certain directors and executive officers of H Power have special interests in the merger that may influence them to support and approve the merger.

Certain directors and executive officers of H Power have interests in the merger that are in addition to, or different than, their interests solely as H Power stockholders. These interests include the following:

the accelerated vesting of certain stock options held by certain non-employee directors of H Power as a result of the merger;

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the receipt of severance payments by certain executive officers in the event that such individuals resign or terminate their employment with H Power subsequent to the signing of the merger agreement;

the receipt of payments, pursuant to a termination agreement by Energy Co-Opportunity, Inc. and ECO Fuel Cells, LLC, which has a representative on the H Power board of directors;

the engagement of Lehman Brothers, a vice-chairman of which is a director of H Power's board of directors, as H Power's financial advisor in connection with the merger; and

the receipt of ongoing indemnification and insurance coverage with respect to acts taken and omissions to take action in their capacities as directors and officers of H Power prior to the effective time of the merger.

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The H Power board of directors was aware of these interests when it approved the merger agreement and the merger. For a more detailed description of these interests, see *The Merger and Related Transactions* Consideration of the Merger by H Power's Board of Directors Interests of H Power's Directors and Officers in the Merger beginning on page 70 of this joint proxy statement/prospectus.

After the merger, stockholders of H Power will have different rights that may be less advantageous than their current rights.

Upon completion of the merger, the stockholders of H Power will become Plug Power stockholders. Differences in H Power's certificate of incorporation and bylaws and Plug Power's certificate of incorporation and bylaws will result in changes to the rights of H Power stockholders when they become Plug Power stockholders. See *Comparison of Rights of Holders of Plug Power Common Stock and H Power Common Stock* beginning on page 157. A stockholder of H Power may conclude that his, her or its rights under Plug Power's certificate of incorporation and bylaws are more limited than his, her or its current rights under H Power's certificate of incorporation and bylaws.

Purchase accounting treatment and the impact of amortization of intangibles with definite lives relating to the merger could adversely affect Plug Power's operating results.

The merger will be accounted for under the purchase method of accounting and Plug Power will be considered the acquiror of H Power for accounting purposes. Accordingly, the historical financial statements of Plug Power will continue to be the historical financial statements of the combined company following the merger and H Power will be included in the ongoing results of operations prospectively from the date of the consummation of the merger. Under purchase accounting, Plug Power will record the following as the cost of acquiring the business of H Power:

- (1) the sum of the market value of Plug Power common stock issued in connection with the merger;
- (2) the fair value of H Power stock options assumed by Plug Power; and
- (3) the amount of direct transaction costs incurred by Plug Power.

Plug Power will allocate the cost of the items described in (1), (2) and (3) above to the individual assets acquired and liabilities assumed, including intangible assets such as acquired technology, based on their respective fair values. Intangible assets, including intangibles with indefinite lives from acquisitions are evaluated annually to determine whether any portion of the remaining balance of such indefinite lived intangibles may not be recoverable. The amount of purchase cost allocated to other intangibles for accounting purposes is estimated to be approximately \$4.8 million, computed using the estimated purchase price of \$48.4 million. If it is determined in the future that a portion of these intangibles is impaired, Plug Power will be required to write off that portion which could decrease the net income (or alternatively increase the net loss) of Plug Power in the future, and this could have a material adverse effect on the market value of Plug Power common stock following the completion of the merger. These amounts are only estimates, however, and actual amounts may differ from these estimates.

Risks Related to Plug Power and the Combined Company

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The following risks relate to Plug Power prior to the merger as well as to the combined company of Plug Power and H Power subsequent to the merger. As a result, all references to Plug Power in this section shall be deemed to also be references to the combined company of Plug Power and H Power subsequent to the merger.

Plug Power may never complete the research and development of commercially viable stationary fuel cell systems.

Plug Power is a development stage company. Plug Power does not know when or whether it will successfully complete research and development of commercially viable stationary fuel cell systems. Plug Power

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has produced and is currently demonstrating a number of systems. Plug Power must decrease the costs of its components and subsystems, improve its overall reliability and efficiency, and ensure its safety. Although Plug Power has sold a limited number of its initial products, it must complete substantial additional research and development on its systems before it will have a large-scale commercially viable product. Because development of Plug Power's fuel cell systems proceeded more slowly than it anticipated, Plug Power has amended its distribution agreement with GE Fuel Cell Systems on three occasions to revise the performance specifications and prices and to extend the delivery schedule for the products covered by that agreement. If development of Plug Power's fuel cell systems proceeds more slowly than currently anticipated, additional amendments of Plug Power's distribution agreement with GE Fuel Cell Systems may be necessary. There can be no assurance that GE Fuel Cell Systems will agree to such amendments on terms that are favorable to Plug Power, or at all. In addition, while Plug Power is conducting tests to predict the overall life of its systems, it will not have run its systems over its projected useful life prior to large-scale commercialization. As a result, Plug Power cannot be sure that its systems will last as long as predicted, resulting in possible warranty claims and commercial failures.

Plug Power has only been in business for a short time, and your basis for evaluating Plug Power is limited.

Plug Power was formed in June 1997 to further the research and development of stationary fuel cell systems. While Plug Power delivered its initial product in the third quarter of 2001, it does not expect to be profitable for at least the next several years. Accordingly, there is only a limited basis upon which you can evaluate Plug Power's business and prospects. As an investor in Plug Power's common stock, you should consider the challenges, expenses and difficulties that Plug Power will face as a development stage company seeking to develop and manufacture a new product.

Plug Power has incurred losses and anticipates continued losses for at least the next several years.

As of September 30, 2002, Plug Power had an accumulated deficit of \$242.8 million. Plug Power has not achieved profitability and expects to continue to incur net losses until it can produce sufficient revenue to cover its costs. The total cost to produce Plug Power's initial products is currently higher than its sales price. Furthermore, Plug Power anticipates that it will continue to incur losses until it can produce and sell its fuel cell systems on a large-scale and cost-effective basis. Even if Plug Power does achieve profitability, it may be unable to sustain or increase its profitability in the future.

Available market for fuel cell systems may never develop or may take longer to develop than Plug Power anticipates.

Fuel cell systems for residential, commercial and industrial applications represent an emerging market, and Plug Power does not know the extent to which its targeted distributors and resellers will want to purchase them and whether end-users will want to use them. If a viable market fails to develop or develops more slowly than Plug Power anticipates, it may be unable to recover the losses it will have incurred to develop its product and may be unable to achieve profitability. The development of a viable market for Plug Power's systems may be impacted by many factors which are out of its control, including:

the cost competitiveness of fuel cell systems,

the future costs of natural gas, propane and other fuels expected to be used by Plug Power's systems,

consumer reluctance to try a new product,

consumer perceptions of Plug Power's systems' safety,

regulatory requirements, and

the emergence of newer, more competitive technologies and products.

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Plug Power has no experience manufacturing fuel cell systems on a large-scale commercial basis.

To date, Plug Power has focused primarily on research and development and has no experience manufacturing fuel cell systems on a large-scale commercial basis. In 2000, Plug Power completed construction of its 50,000 square foot manufacturing facility, and it is continuing to develop its manufacturing capabilities and processes. Plug Power does not know whether or when it will be able to develop efficient, low-cost manufacturing capabilities and processes that will enable it to meet the quality, price, engineering, design and production standards or production volumes required to successfully market its fuel cell systems. Even if Plug Power is successful in developing its manufacturing capabilities and processes, it does not know whether it will do so in time to meet its product commercialization schedule or to satisfy the requirements of its distributors or customers.

Plug Power is heavily dependent on its relationship with GE Fuel Cell Systems and its commitment to develop the fuel cell market.

Plug Power believes that a substantial portion of its future revenue will be derived from sales of products to GE Fuel Cell Systems. Under the terms of Plug Power's current distribution agreement, GE Fuel Cell Systems has worldwide rights to market, distribute, install and service Plug Power's proton exchange membrane fuel cell systems designed for stationary applications other than in the states of Illinois, Indiana, Michigan and Ohio. Under Plug Power's distribution agreement, it will serve as GE Fuel Cell Systems' exclusive supplier of the proton exchange membrane fuel cell systems and related components meeting the specifications set forth in the distribution agreement.

Plug Power's ability to successfully sell its fuel cell systems is heavily dependent upon GE Fuel Cell Systems' sales, distribution and service capabilities. Although Plug Power owns a minority interest in GE Fuel Cell Systems, it cannot control the operations or business decisions of GE Fuel Cell Systems. Any change in Plug Power's relationship with GE Fuel Cell Systems, whether as a result of market, economic or competitive pressures, including an inability to satisfy its contractual obligations to GE Fuel Cell Systems or any decision by General Electric to alter its commitment to GE Fuel Cell Systems or its fuel cell technology in favor of other fuel cell technologies, to develop fuel cell systems targeted at different markets than Plug Power's or to focus on different energy product solutions could harm Plug Power's reputation and potential earnings by depriving Plug Power of the benefits of GE Fuel Cell Systems' sales and distribution network and service capabilities.

Plug Power's distribution agreement with GE Fuel Cell Systems prohibits GE Fuel Cell Systems from selling or distributing proton exchange membrane fuel cell systems and related components manufactured by parties other than Plug Power. The distribution agreement, and therefore the prohibition, expires on December 31, 2014, subject to renewal, and terminates upon dissolution of GE Fuel Cell Systems or termination of GE Fuel Cell Systems' limited liability company agreement. In addition, the distribution agreement may be terminated for cause, as defined in the limited liability company agreement. GE Fuel Cell Systems would be dissolved in the event of: (1) mutual consent of all of the members; (2) the bankruptcy of any member; (3) an involuntary bankruptcy or (4) termination of the limited liability company agreement of GE Fuel Cell Systems due to a material breach or upon termination of the distribution agreement or an ancillary agreement (as defined in the limited liability company agreement). Plug Power is not aware of any plans or intentions by GE Fuel Cell Systems to take any of these actions such that it may begin marketing products other than Plug Power products, including products that compete with Plug Power products. In addition, GE Power Systems, the division of General Electric Company which controls the majority owner of GE Fuel Cell Systems (GE MicroGen, Inc.), has agreed not to sell or distribute proton exchange membrane fuel cell systems and related components manufactured by parties other than Plug Power through any entity other than GE Fuel Cell Systems. However, GE Power Systems is not prohibited from developing non-proton exchange membrane fuel cell systems and distributed energy systems that would compete directly or indirectly against the proton exchange membrane fuel cell systems Plug Power manufactures. While at the present time Plug Power is not aware of any such current products, or plans or intentions to manufacture such

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products, by GE Power Systems, GE Power Systems may not provide Plug Power with information concerning such developments. The development of different energy product solutions by GE Power Systems could harm Plug Power's reputation and potential earnings by providing potential customers with an alternative to Plug Power's proton exchange membrane fuel cell systems.

Plug Power has not fully developed and produced the product that it has agreed to sell to GE Fuel Cell Systems.

Plug Power's initial product does not meet the specifications required by its current agreement with GE Fuel Cell Systems. Economic and technical difficulties may prevent Plug Power from completing development of products meeting these specifications and delivering them on schedule to GE Fuel Cell Systems.

Plug Power's distribution agreement with GE Fuel Cell Systems has been amended on three occasions. The most recent amendment in August 2001, further amended the distribution agreement to extend its term through 2014 and to replace the product specifications, prices and delivery schedule in the current agreement with a high-level, multi-generation product plan with subsequent modifications subject to mutual agreement.

Plug Power has not met in the past and may not meet in the future product development and commercialization milestones.