

FUELCELL ENERGY INC
Form DEF 14A
February 18, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-12

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Title of each class of securities to which transaction applies:

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**Notice of 2016 Annual
Meeting of Shareholders**

April 7, 2016

10:00 a.m. EDT

“It is important that your shares are represented and voted at the Annual Meeting whether or not you plan on attending.”

Dear Fellow FuelCell Shareholder:

You are cordially invited to attend our 2016 Annual Meeting of Shareholders on Thursday, April 7, 2016 at 10:00 a.m. This booklet includes the Notice of Annual Meeting and Proxy Statement. The Proxy Statement fully describes the business we will conduct at the meeting and provides information about the Company that you should consider when you vote your shares.

FuelCell’s Board of Directors and management are committed to excellence in corporate governance. The Proxy Statement includes a section describing the Company’s corporate governance policies and ongoing best practice enhancements. For further information about our continuing commitment to good governance, we encourage you to review the governance section beginning on page 14 of the Proxy.

It is important that your shares of FuelCell Energy Common Stock be represented at the meeting. Whether or not you plan to attend the meeting in person, we hope that you will vote on the matters to be considered by following the instructions in the Proxy Summary. The Board of Directors recommends the approval of the proposals being presented at the Annual Meeting as being in the best interest of the Company and its shareholders.

On behalf of FuelCell Energy’s Board of Directors, Leadership Team and other associates, thank you for your continued commitment and support.

Sincerely,

John A. Rolls
Chairman of the Board
February 17 , 2016

Notice of

**2016 Annual Meeting
of Shareholders**

Thursday, April 7, 2016

10:00 a.m. EDT

Hartford Marriott Downtown, 200 Columbus Blvd, Hartford, Connecticut

ITEMS OF BUSINESS

1. To elect eight (8) directors to serve for the ensuing year and until their successors are duly elected and qualified;
2. To ratify the selection of the independent registered public accounting firm for fiscal 2016;
3. To amend the FuelCell Energy, Inc. Amended and Restated Articles of Incorporation increasing its authorized common stock from 39,583,333 shares to 75,000,000 shares;
4. To amend the FuelCell Energy, Inc. Amended and Restated 2010 Equity Incentive Plan, increasing the number of shares reserved for issuance from 1,291,667 shares to 2,500,000 shares; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

RECORD DATE

Shareholders of record at the close of business on February 12, 2016 are eligible to vote at the meeting.

MATERIALS TO REVIEW

This booklet contains our Notice of Annual Meeting and Proxy Statement which fully describes the business we will conduct at the Annual Meeting.

PROXY VOTING

It is important that your shares are represented and voted at the meeting. Please vote your shares according to the instructions under “How to Vote” in the Proxy Summary.

ADMISSION TO THE 2016 ANNUAL MEETING

To attend the 2016 Annual Meeting, please follow the “Meeting Attendance” instructions in the Proxy Summary.

By Order of the Board of Directors,

Michael S. Bishop

Corporate Secretary

February 17 , 2016

Table of contents

| | |
|--|------------------|
| <u>PROXY SUMMARY</u> | <u>8</u> |
| <u>PROXY STATEMENT</u> | <u>11</u> |
| <u>Proposal 1 Election of Directors</u> | <u>11</u> |
| <u>CORPORATE GOVERNANCE</u> | <u>14</u> |
| <u>The Role of the Board and Board Leadership</u> | <u>14</u> |
| <u>Continuing Education and Self-Evaluation</u> | <u>14</u> |
| <u>Corporate Governance Principles</u> | <u>14</u> |
| <u>Code of Ethics</u> | <u>14</u> |
| <u>Whistleblower Policy</u> | <u>15</u> |
| <u>Anti-Hedging Policy</u> | <u>15</u> |
| <u>Compensation Recovery Policy</u> | <u>15</u> |
| <u>Stock Ownership Guidelines and Holding Requirements</u> | <u>16</u> |
| <u>Risk Oversight</u> | <u>16</u> |
| <u>Communicating with Directors</u> | <u>16</u> |
| <u>Board of Directors and Committees</u> | <u>17</u> |
| <u>Biographies of Executive Officers Who Are Not Directors</u> | <u>21</u> |
| <u>EXECUTIVE COMPENSATION</u> | <u>22</u> |
| <u>Compensation Committee Report</u> | <u>22</u> |
| <u>Compensation Discussion and Analysis</u> | <u>22</u> |
| <u>Fiscal 2015 Summary Compensation Table</u> | <u>29</u> |
| <u>Fiscal 2015 Grants of Plan-based Awards Table</u> | <u>29</u> |
| <u>Narrative Accompanying Grants of Plan-Based Awards</u> | <u>30</u> |
| <u>Fiscal 2015 Outstanding Equity Awards at Fiscal Year-End Table</u> | <u>30</u> |
| <u>Fiscal 2015 Option Exercises and Stock Vested Table</u> | <u>31</u> |
| <u>DIRECTOR COMPENSATION</u> | <u>32</u> |
| <u>New Board Members</u> | <u>34</u> |
| <u>Annual Director Compensation</u> | <u>34</u> |
| <u>Directors' Deferred Compensation Plan</u> | <u>34</u> |
| <u>Reimbursement of Expenses</u> | <u>35</u> |
| <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u> | <u>36</u> |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u> | <u>37</u> |
| <u>Certain Relationships and Related Transactions</u> | <u>37</u> |

[Back to Contents](#)

EQUITY COMPENSATION PLAN AND WARRANT INFORMATION **38**

AUDIT AND FINANCE COMMITTEE REPORT **39**

[Independent Registered Public Accounting Firm Fees](#) **39**

OTHER VOTING ITEMS **40**

Proposal [Ratification of Selection of Independent Registered Public Accounting Firm for fiscal 2016](#) **40**
2

Proposal [Amendment of the FuelCell Energy, Inc. Amended & Restated Articles of Incorporation Increasing Its](#) **40**
3 [Authorized Common Stock From 39,583,333 shares to 75,000,000 shares](#)

Proposal [Amendment of the FuelCell Energy, Inc. Amended & Restated 2010 Equity Incentive Plan, increasing](#) **42**
4 [the number of shares reserved for issuance from 1,291,667 shares to 2,500,000 shares](#)

ADDITIONAL INFORMATION AND OTHER MATTERS **45**

[General](#) **45**

[Shareholder Proposals for the 2017 Annual Meeting](#) **45**

[Quorum and Vote Required](#) **46**

[Voting by Proxy](#) **46**

[Annual Report and Form 10-K](#) **46**

[Other Matters](#) **47**

[Information About Advance Registration for Attending the Annual Meeting](#) **47**

Annex A [FuelCell Energy, Inc. Amended & Restated 2010 Equity Incentive Plan](#) **48**

[Back to Contents](#)

Proxy Summary

This summary highlights information contained throughout this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement carefully before casting your vote. For information regarding FuelCell's 2015 performance, please review the company's 2015 Annual Report to Shareholders.

Eligibility to Vote

Shareholders of record at the close of business on February 12, 2016 are entitled to vote at the 2016 Annual Meeting of Shareholders.

How to Vote

Voting your shares is simple. In addition to voting at the meeting, you can also vote using your smart phone or tablet. Voting will be accepted until 11:59 p.m. (EDT) on April 6, 2016:

By internet at www.proxyvote.com. Have your 16-Digit Control Number from your proxy card or notice when you access the web site and follow the simple instructions;

By internet using your tablet or smartphone by scanning the QR Code 24/7 to vote with your mobile device (may require free software download). Have your 16-Digit Control Number from your proxy card or notice when you access the web site and follow the simple instructions;

By telephone at 1-800-690-6903. Have your 16-Digit Control Number from your proxy card or notice when you call and follow the simple instructions or

By mail by voting, signing and timely mailing your Proxy Card

Meeting Information

Time and Date: Thursday, April 7, 2016 at 10:00 a.m. (EDT)

Place: Hartford Marriott Downtown, 200 Columbus Blvd, Hartford, Connecticut

Meeting Attendance

Meeting attendance requires advance registration. Please contact the office of the corporate secretary at corporatesecretary@fce.com to request an admission ticket. **If you do not have an admission ticket, you must present proof of ownership in order to attend the meeting.**

Company Profile

FuelCell Energy's Direct FuelCell® (DFC®) power plants are generating ultra-clean, efficient and reliable power at more than 50 locations worldwide. With more than 300 megawatts of power generation capacity installed or in backlog, FuelCell Energy is a global leader in providing ultra-clean baseload distributed generation to utilities, industrial operations, universities, municipal water treatment facilities, government installations and other customers around the world. The Company's DFC power plants have generated more than four billion kilowatt hours of ultra-clean power using a variety of fuels including clean natural gas as well as renewable biogas from wastewater treatment and food processing. For additional information, please visit www.fuelcellenergy.com, follow us on Twitter and view our videos on YouTube.

Direct FuelCell, DFC, DFC/T, DFC-H2 and FuelCell Energy, Inc. are all registered trademarks of FuelCell Energy, Inc. DFC-ERG is a registered trademark jointly owned by Enbridge, Inc. and FuelCell Energy, Inc.

FUELCELL ENERGY, INC. - Notice of Annual Meeting of Shareholders

8

[Back to Contents](#)**Shareholder Voting Matters**

| | Management Recommendation | Page Reference (for more detail) |
|--|----------------------------------|---|
| 1. To elect 8 directors to serve for the ensuing year and until their successors are duly elected and qualified; | FOR each Director Nominee | 11 |
| 2. To ratify the selection of the independent registered public accounting firm for fiscal 2016; | FOR | 40 |
| 3. To amend the FuelCell Energy, Inc. Amended and Restated Articles of Incorporation increasing its authorized common stock from 39,583,333 to 75,000,000 shares; and | FOR | 40 |
| 4. To amend the FuelCell Energy, Inc. Amended and Restated 2010 Equity Incentive Plan increasing the number of shares reserved for issuance from 1,291,667 to 2,500,000. | FOR | 42 |

Director Nominees

| Name | Age | Director Since | Primary Occupation |
|------------------------|------------|-----------------------|--|
| Arthur A. Bottone | 55 | 2011 | President and Chief Executive Officer, FuelCell Energy, Inc. |
| Paul F. Browning* | 48 | 2015 | Former President and Chief Executive Officer Irving Oil Company Limited |
| James Herbert England* | 69 | 2008 | Chief Executive Officer of Stahlman-England Irrigation Inc. |
| Matthew F. Hilzinger* | 52 | 2015 | Executive Vice President and Chief Financial Officer for USG Corporation |
| John A. Rolls*, ** | 74 | 2000 | Managing Partner Core Capital Group, a private investment partnership |
| Christopher S. Sotos | 44 | 2014 | Senior Vice President – Strategy and Mergers and Acquisitions of NRG Energy, Inc. |
| Natica von Althann* | 65 | 2015 | Founding partner of C&A Advisors and a former financial executive at Bank of America and Citigroup |
| Togo Dennis West Jr.* | 73 | 2008 | Chairman of TLI Leadership Group |

* *Independent Director*** *Chairman of the Board of Directors***Director Nominees & Committees of the Board (pages 12 - 20)**

The Company has developed a robust Director Nominee Selection Process to ensure that Board candidates encompass a diverse blend of skills, experience, perspectives, talents, backgrounds and education that will assist the Board in fulfilling its overall responsibilities, oversee management's execution of strategic objectives, and represent the interests of all of the Company's shareholders.

- ♣ All of our Directors stand for election each year.
- ♣ 6 of the 8 Directors standing for re-election this year are independent.
- ♣ The average age of Director Nominees is 60.
- ♣ The average tenure of Director Nominees is 5 years.

The following information is provided in the Director Nominee Section & Committees of the Board Section:

- ♣ Director Qualifications and Biographies
- ♣ Criteria for Board Membership
- ♣ Director Independence
- ♣ Committees and Meeting Attendance

Corporate Governance Highlights (page 14)

We are committed to practicing good corporate governance and demonstrating exemplary business conduct and integrity. The Board of Directors has adopted Corporate Governance Principles and other policies which provide the framework for achieving effective corporate governance and best practices. The Corporate Governance Section describes our governance structure, which includes the following highlights:

- ♣ The Role of the Board and Board Leadership
- ♣ Board Leadership Structure
- ♣ Continuing Education and Self-Evaluation
- ♣ Corporate Governance Principles
- ♣ Code of Ethics
- ♣ Whistleblower Policy
- ♣ Risk Oversight
- ♣ Anti-Hedging Policy
- ♣ Compensation Recovery Policy
- ♣ Stock Ownership Guidelines

FUELCELL ENERGY, INC. - *Notice of Annual Meeting of Shareholders*

9

[Back to Contents](#)**Named Executive Officers (“NEOs”) (pages 12 & 21)**

| Name | Age | Occupation | Since | Previous Position at FCE | Hired |
|-------------------|------------|--|--------------|--|--------------|
| Arthur A. Bottone | 55 | President and Chief Executive Officer | 2011 | Senior Vice President and Chief Commercial Officer | 2010 |
| Michael S. Bishop | 48 | Senior Vice President, Chief Financial Officer, Corporate Secretary, Treasurer | 2011 | Vice President, Corporate Controller | 2003 |
| Anthony F. Rauseo | 56 | Senior Vice President and Chief Operating Officer | 2010 | Vice President of Engineering and Chief Engineer | 2005 |

2015 Executive Compensation (page 22)

NEO Compensation includes cash & equity represented by:

Base Salary

Annual Incentive Awards

Long-term Incentive Compensation

2015 Executive Total Compensation Mix for NEOs (page 22)

CEO COMPENSATION MIX OTHER NEO COMPENSATION MIX

2015 Executive Compensation Summary for NEOs (page 29)

| Name | Salary (\$) | Stock Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | All Other Compensation (\$) | Total (\$) |
|-------------------|----------------|-------------------------|--|-----------------------------------|---------------|
| Arthur A. Bottone | 413,994 | 661,000 | 187,347 | 4,083 | 1,266,424 |
| Michael S. Bishop | 276,542 | 250,000 | 83,430 | 3,994 | 613,966 |
| Anthony F. Rauseo | 305,119 | 250,000 | 92,051 | 5,530 | 652,700 |

2015 Director Compensation (page 34)

Auditors (page 39)

We are asking our shareholders to ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending October 31, 2016.

[Back to Contents](#)

PROXY STATEMENT

FuelCell Energy, Inc. (referred to in this Proxy Statement as “we,” “FuelCell” or the “Company”) is sending you this Proxy Statement in connection with the solicitation by the Board of Directors (the “Board”) of proxies to be voted at FuelCell’s 2016 Annual Meeting of Shareholders (the “Annual Meeting”) and at any adjournment thereof. The Annual Meeting will be held at the Hartford Marriott Downtown, 200 Columbus Blvd, Hartford, Connecticut on Thursday, April 7, 2016 at 10:00 a.m. Eastern Standard Time. The Company is a Delaware corporation. The address of our principal executive offices is FuelCell Energy, Inc., 3 Great Pasture Road, Danbury, CT 06810.

The Board of Directors has set the close of business on February 12, 2016 as the record date for the determination of shareholders of the Company’s common stock, par value \$0.0001 per share, who are entitled to notice of and to vote at the Annual Meeting. As of February 12, 2016 there were 28,381,625 shares of common stock outstanding and entitled to vote on all matters at the Annual Meeting. Holders of common stock outstanding at the close of business on the record date will be entitled to one vote for each share held by them on the record date.

The approximate date on which this Proxy Statement and the accompanying proxy card are first being sent or given to shareholders is February 26, 2016.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on April 7, 2016: The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the fiscal year ended October 31, 2015 are available at <http://fcel.client.shareholder.com/proxy2016.cfm> .

Proposal 1 Election of Directors

Eight directors are to be elected at the Annual Meeting, each to hold office until the next annual meeting of shareholders and until a successor is elected and qualified. It is the intention of the persons named in the enclosed form of proxy to vote, if authorized, for the election of the eight nominees named below as directors. All of the nominees are present directors of the Company. If any nominee declines or is unable to serve as a director (which is not anticipated), the persons named as proxies reserve full discretion to vote for any other person who may be nominated.

As previously reported, Mr. Richard A. Bromley and Mr. William A. Lawson will not be standing for re-election to the Board. Mr. Bromley and Mr. Lawson will continue to serve as directors of the Company until the Annual Meeting on April 7, 2016. At this time, the Board is not nominating replacement directors for election at the Annual Meeting and, pursuant to its authority under our by-laws, will reduce the size of the Board to eight members immediately following the departure of Mr. Bromley and Mr. Lawson.

Director Qualifications and Biographies

Our Board collectively exemplifies a variety of backgrounds and expertise because we believe that diversity is an integral quality of an effective Board. Since 2014, we have increased the size of the Board from its previous size of seven members, and four new directors have been elected to the Board, adding expanded qualifications and a broad mix of expertise and backgrounds to the Board and its Committees.

The Nominating and Corporate Governance Committee regularly assesses the attributes of the Company's directors to ensure that the composition of the Board encompasses a wide range of perspectives, knowledge and experience in order to properly oversee the business affairs of the Company and represent the long-term interests of its shareholders.

**Summary of Director Key
Characteristics and Experience
include:**

- Commercialization**
- Corporate & International Finance**
- Electric Utility**
- Financial Management**
- Global Power Project Development**
- Government Affairs**
- Industrial Energy**
- Project Finance**
- Legal**
- Leadership**
- Manufacturing**
- Regulatory**
- Risk Management**
- Strategic Planning**

No less than two-thirds of the Company's Board of Directors are considered Independent Directors as such term is defined in Nasdaq Rule 5605(a)(2).

Further information about the Company's corporate governance practices, the responsibilities and functioning of the Board and its committees, director compensation and related party transactions can be found throughout this proxy statement.

The Board of Directors recommends that Shareholders vote "FOR" the proposal to elect each of the eight nominees listed below as directors of the company.

FUELCELL ENERGY, INC. - *Notice of Annual Meeting of Shareholders*

11

[Back to Contents](#)

Director Nominees

FuelCell's directors are elected annually. The Board has nominated the following eight candidates for election as Directors. All of these candidates currently serve as Directors of the Company.

The Nominating and Corporate Governance Committee and the Board have concluded that each of these incumbent Directors should be nominated for re-election based on the broad leadership backgrounds, diverse characteristics and other attributes identified below:

ARTHUR A. BOTTONE

Principal Occupation: President and Chief Executive Officer

Director since 2011

Age 55

Mr. Bottone joined FuelCell Energy in February 2010 as Senior Vice President and Chief Commercial Officer and was promoted to President and Chief Executive Officer in February 2011. Mr. Bottone's focus is to accelerate and diversify global revenue growth to achieve profitability by capitalizing on heightened global demand for clean and renewable energy. Mr. Bottone has broad experience in the power generation field including traditional central generation and alternative energy. Prior to joining FuelCell Energy, Mr. Bottone spent 25 years at Ingersoll Rand, a diversified global industrial company, including as President of the Energy Systems business. Mr. Bottone's qualifications include extensive global business development, technology commercialization, power generation project development as well as acquisition and integration experience.

Mr. Bottone received an undergraduate degree in Mechanical Engineering from Georgia Institute of Technology in 1983, and received a Certificate of Professional Development from The Wharton School, University of Pennsylvania in 2004.

PAUL F. BROWNING

Principal Occupation: Former President and Chief Executive Officer Irving Oil Company Limited

Independent Director since 2015

Age 48

Mr. Browning served as President and Chief Executive Officer of Irving Oil Limited, a privately-held multi-billion dollar oil and gas processing, transporting and marketing company from April 2013 to August 2014. Previously, Mr. Browning led General Electric's Thermal Products division, a \$7 billion division within the GE Power and Water business. As President and CEO of the Thermal Products division, Mr. Browning crafted strategy, launched new power generation products, and was actively involved in selling and executing many of the world's largest power generation projects. Prior to GE, Mr. Browning spent 12 years at Caterpillar including responsibility for the engineering, product development, manufacturing and supply chain of the industrial gas turbine business, Solar Turbine, and culminating in the position of Managing Director of MAK in the Marine & Petroleum Power division with responsibilities for manufacturing in Germany and China. Mr. Browning provides executive leadership experience in power generation and global manufacturing including extensive experience with power generation projects in developed and developing countries.

JAMES HERBERT ENGLAND

Principal Occupation: Chief Executive Officer of Stahlman-England Irrigation Inc.

Independent Director since 2008

Age 69

Mr. England is a Corporate Director and has been the CEO of Stahlman-England Irrigation, Inc. since 2000. Prior to that, Mr. England spent 4 years as Chairman, President and CEO of Sweet Ripe Drinks, Ltd., a fruit beverage company. Prior to that, he spent 18 years at John Labatt Ltd., a \$5 billion public company, and served as the company's CFO from 1990-1993. Mr. England started his career with Arthur Andersen & Co. in Toronto after serving in the Canadian infantry. Mr. England is a director of Enbridge Inc., Enbridge Energy Management, LLC, Enbridge Energy Company, Inc., Midcoast Holdings LLC and is a past member of the board of directors of John Labatt Ltd., Canada Malting Co., Ltd., and the St. Clair Paint and Wallpaper Corporation. Among other qualifications, Mr. England has executive leadership experience including an in-depth understanding of corporate and international finance. He also has a deep insight into the energy industry and the needs, challenges and global opportunities of the Company in particular.

MATTHEW F. HILZINGER

Principal Occupation: Executive Vice President and Chief Financial Officer for USG Corporation

Independent Director since 2015

Age 52