

Malibu Boats, Inc.
Form 8-K
May 07, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 7, 2014

MALIBU BOATS, INC.

(Exact Name of Registrant as specified in its charter)

Commission file number: 001-36290

Delaware	5075 Kimberly Way Loudon, Tennessee 37774	46-4024640
(State or other jurisdiction of incorporation or organization)	(Address of principal executive offices, including zip code) (865) 458-5478 (Registrant's telephone number, including area code)	(I.R.S. Employer Identification No.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On May 7, 2014, Malibu Boats, Inc. (the “Company”) issued a press release announcing its financial results for its fiscal 2014 third quarter ended March 31, 2014. A copy of the Company’s press release is being furnished hereto as Exhibit 99 and incorporated into this Item by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is being furnished as part of this report:

Exhibit No.	Description
Exhibit 99	Press Release dated May 7, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Malibu Boats, Inc.

Date: May 7, 2014

/s/ Jack Springer
Jack Springer
Chief Executive Officer

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We compete in an intensely competitive market for storage systems and our results of operations, pricing and business could be harmed as a result.

The storage system market is intensely competitive. We compete with traditional suppliers of computer systems, including, but not limited to, Hewlett Packard Company, Sun, IBM Corporation and Dell Computer Corporation, which market storage systems as well as other computer products and which have become more focused on storage during the past few years. We also compete against independent storage system suppliers in both the high-end and mid-range open systems market including, but not limited to, EMC Corporation, Hitachi Data Systems, Network Appliance, nStor, Ciprico, Procom, MTI Technology, Eurologic Systems, LSI Logic Storage Systems, Xyratex and Storage Technologies, Inc.

Many of these competitors are significantly larger than us and have significantly greater name recognition and engineering, manufacturing and marketing capabilities, as well as greater financial and personnel resources. As a result, competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements, devote greater resources to the development, promotion and sale of products or to deliver competitive products at a lower price than us.

We also expect that competition will increase as a result of industry consolidations and the formation of new companies with new, innovative product offerings. Current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address the needs of our prospective customers. Accordingly, it is possible that new competitors or alliances among competitors may emerge and rapidly acquire significant market share. Increased competition is likely to result in price reductions, reduced operating margins and loss of market share, any of which could harm our business. In fact, competitive pricing pressures have had, and may continue to have, an adverse impact on our net revenues and earnings.

We believe that the principal competitive factors affecting our markets include fault-tolerance, reliability, performance, ease of use, scalability, manageability, price and customer service and support. There can be no assurance that we will be able to successfully incorporate these factors into our products and to compete against current or future competitors or that competitive pressures we face will not harm our business. If we are unable to develop and market products to compete with the products of competitors, our business will be materially and adversely affected. In addition, if major

channel partners who are also competitors cease purchasing our products in order to concentrate on sales of their own products, our business will be harmed.

We sell our products to channel partners who may carry competing product lines, and may reduce or discontinue sales of our products, which could harm our business. In addition, we cannot ensure that existing end-user customers will not purchase storage equipment from the manufacturer that provides their network computing systems and, as a result, reduce or eliminate purchases from us.

Pricing pressures exist in the data storage market, and have harmed and may in the future continue to harm our revenue and earnings. These pricing pressures are due, in part, to continuing decreases in component prices, such as disks and RAID controllers. These decreases in

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component price are customarily passed-on to customers by storage companies through the continuing decrease in price of storage hardware systems. Pricing pressures are also due, in part, to the current difficult economic conditions, which have led many companies in our industry to pursue a strategy of decreasing prices in order to win sales, the narrowing of functional differences among competitors, which forces companies to compete on price, as opposed to features of products, and the introduction of new technologies, which leaves older technology vulnerable to pricing pressures. From December 2002 to March 2003, we reduced the SANnet II SCSI and SANnet II FC selling prices to customers who are not purchasing products pursuant to contracts with fixed prices, by approximate figures of up to 14% and 15%, respectively. We expect decreases in the selling price of our products to continue going forward, however, we cannot predict the level of such decreases at this time.

The open systems storage market is rapidly changing and we may be unable to keep pace or properly prepare for the effects of those changes.

The open systems data storage market in which we operate is characterized by rapid technological change, frequent new product introductions, evolving industry standards and consolidation among our competitors, suppliers and customers. Customer preferences in this market are difficult to predict and changes in those preferences and the introduction of new products by our competitors or us could render our existing products obsolete. Our success will depend upon our ability to address the increasingly sophisticated needs of customers, to enhance existing products, and to develop and introduce on a timely basis, new competitive products (including new software and hardware, and enhancements to existing software and hardware) that keep pace with technological developments and emerging industry standards. If we cannot successfully identify, manage, develop, manufacture or market product enhancements or new products, our business will be harmed. In addition, consolidation among our competitors, suppliers and customers may harm our business by increasing the resources of our competitors, reducing the number of suppliers available to us for our product components and increasing competition for customers by reducing customer-purchasing decisions.

A significant percentage of our expenses are fixed, which may harm our operating results if aspects of our business fluctuate from period to period.

During the years ended December 31, 2002 and 2001, we reduced costs through workforce reductions and a consolidation of excess facilities. We believe strict cost containment is essential to achieving positive cash flow from operations and profitability in future periods. We may attempt to take further measures to reduce expenses if we continue to experience operating losses or do not achieve a stable net income. A number of factors could preclude us from successfully bringing costs and expenses in line with our net revenue, such as the fact that our expense levels are based in part on our expectations as to future sales, and that a significant percentage of our expenses are fixed, which limits our ability to reduce expenses quickly in response to any shortfalls in net revenue. As a result, if net

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revenue does not meet our projections, operating results may be disproportionately affected. We may experience shortfalls in net revenue for various reasons, including:

significant pricing pressures that occur because of declines in selling prices over the life of a product or because of increased competition;

sudden shortages of raw materials or fabrication, test or assembly capacity constraints that lead our suppliers to allocate available supplies or capacity to other customers, which, in turn, may harm our ability to meet our sales obligations; and

the reduction, rescheduling or cancellation of customer orders.

In addition, we typically plan our production and inventory levels based on internal forecasts of customer demand, which is highly unpredictable and can fluctuate substantially. From time to time, in response to anticipated long lead times to obtain inventory and materials from our outside suppliers, we may order materials in advance of anticipated customer demand. This advance ordering has and likely will continue to result in excess inventory levels or unanticipated inventory write-downs due to expected orders that fail to materialize.

Our business and operating results will suffer if we encounter significant product defects.

Our products may contain undetected errors or failures when first introduced or as new versions are released. During 2003, we plan to introduce a number of new products, particularly in our next-generation family of systems, SANnet II. We cannot ensure that, despite testing, errors will not be found in products after shipments, resulting in a loss of or delay in market acceptance, which could harm our business. Our

standard warranty provides that if the system does not function to published specifications, we will repair or replace the defective component or system without charge. Significant warranty costs, particularly those that exceed reserves, could adversely impact our business. In addition, defects in our products could result in our customers claiming damages against us for property damage or consequential damage, and could also result in our loss of customers and goodwill. Any such claim, if successful, could distract management's attention from operating our business and result in damage claims against us that may not be covered by our insurance.

Our success depends on our ability to attract and retain key personnel.

Our performance depends in significant part on our ability to attract and retain talented senior management and other key personnel. Our key personnel include James Lambert, our President and Chief Executive Officer, Dana Kammersgard, our Chief Technical Officer, and Preston Romm, our Chief Financial Officer. If any one of these individuals were to terminate his employment with us, we would be required to locate and hire suitable replacements. Competition for attracting talented employees in the technology industry is intense. We may be unable to identify suitable replacements for any employees that we lose. In addition, even if we are successful in locating suitable replacements, the time and cost involved in recruiting, hiring, training and integrating new employees, particularly key employees responsible for significant portions of our operations, could harm our business by delaying our production schedule, our research and development efforts, our ability to execute on our business strategy and our client development and marketing efforts. Since many of our customer relationships are based on personal relationships between the customer and our sales representatives, if these representatives were to terminate their employment with us, we may be forced to expend substantial resources to attempt to maintain the customers that the sales representatives serviced. Ultimately, we may be unsuccessful in retaining these customers, which would harm our sales.

We have recently made several reductions in our workforce. Although the reductions were designed to reduce our operating costs, the reductions have increased the responsibility of our remaining employees. As a result, we face risks associated with transferring the duties of our former employees to our remaining employees. In addition to the expense involved in retraining employees,

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there is a risk that our current work force will be unable to effectively manage all of the duties of our former employees, which could adversely impact our research and development efforts, our general accounting and operating activities, our sales efforts and our production capabilities.

Our international business activities subject us to risks, which could harm our business and operating results.

Our international sales represented approximately 25% of net revenue for the year ended December 31, 2002 and we currently have sales offices in Japan, Singapore, the United Kingdom, Germany and the Netherlands. Our international operations are subject to a variety of risks associated with conducting business internationally, including the following, any of which could harm our business:

longer payment cycles;

unexpected changes in regulatory requirements;

import and export restrictions and tariffs, and increases in tariffs, duties, price controls or other restrictions on foreign currencies;

the burden of complying with a variety of foreign laws;

potentially adverse tax consequences;

currency exchange rate fluctuations;

the imposition of trade barriers or price controls;

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political and economic instability abroad;

difficulties in staffing and managing international operations;

seasonal reductions in business activity during the summer months in Europe and other times in other parts of the world; and

problems in collecting accounts receivable.

A portion of our international business is presently conducted in currencies other than the U.S. dollar. Foreign currency transaction gains and losses arising from normal business operations are credited to or charged against earnings in the period incurred. As a result, fluctuations in the value of the exchange rates may adversely impact our operating results. We do not engage in any hedging transactions to cover our currency exposure.

Proprietary rights and intellectual property may be more difficult to protect outside of the United States. Also, we are continuing to gain experience in marketing and distributing our products internationally. We cannot be certain that we will be able to successfully grow our international presence in a timely manner, which could harm our business.

Our executive officers and directors and their affiliates own a significant percentage of our outstanding shares, which could prevent a change in control of us and adversely affect our stock price.

As of March 26, 2003, our executive officers, directors and their affiliates beneficially owned approximately 17.3% of our outstanding shares of Common Stock. These individual stockholders may be able to influence matters requiring approval by our stockholders, including the election of a majority of our directors. The voting power of these stockholders under certain circumstances could have the effect of delaying or preventing a change in control of us. This concentration of ownership may also make it more difficult or expensive for us to obtain financing. Further, any substantial sale of shares by these individuals could depress the market price of our Common Stock and impair our ability to raise capital in the future through the sale of our equity securities.

Our Certificate of Incorporation and Bylaws contain a number of provisions that could impede a takeover or change in control of us, including, but not limited to, a classified board of directors, the

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elimination of our stockholders' ability to take action by written consent and limitations on the ability of our stockholders to remove a director from office without cause. Our Board may issue additional shares of Common Stock or establish one or more classes or series of preferred stock with such designations, relative voting rights, dividend rates, liquidation and other rights, preferences and limitations as determined by our Board without stockholder approval. Each of these provisions gives our Board, acting without stockholder approval, the ability to prevent, or render more difficult or costly, the completion of a takeover transaction that our stockholders might view as being in their best interests.

Our stock price is volatile, which may increase the likelihood that we will become involved in expensive, time-consuming litigation.

The market price of our Common Stock has been, and is expected to continue to be, volatile. Following periods of market volatility in the past, many companies have been sued by stockholders alleging violations of U.S. securities laws, including us. Any future securities litigation against us would be costly and time-consuming and could result in significant liability if resolved against us. Further, any such allegation would distract our management from operating our business and may increase our insurance rates.

USE OF PROCEEDS

Sun will receive all of the proceeds from the sale of any shares of our Common Stock covered by this prospectus.

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SELLING SECURITYHOLDERS

Our Relationship with Sun

In May 2002, we entered into a three-year OEM agreement with Sun, under which we will design and deliver certain storage products to Sun for their private label sales.

On October 24, 2002, we entered into a loan and security agreement with Sun pursuant to which Sun loaned us approximately \$4.5 million. The loan was secured by all of our assets and carried an interest rate of 2.0% per annum, compounded daily. We repaid all principal and interest due under the loan and terminated our loan and security agreement with Sun in the first quarter of 2003.

The Warrants

On May 24, 2002, we issued a warrant to Sun to purchase up to 1,239,527 shares of our Common Stock. The warrant is exercisable as to 413,175 shares immediately, as to an additional 413,176 shares on May 24, 2003, and the remaining 413,176 shares on May 24, 2004. The number of shares issuable pursuant to the warrant may be adjusted to prevent dilution resulting from stock splits, stock dividends or similar transactions. The warrant is exercisable at an exercise price of \$2.97 per share. The warrant also has a cashless exercise feature.

On February 14, 2003, as consideration for Sun's consent to the sale of the Series A Preferred on December 18, 2002, we issued a warrant to Sun to purchase a number of shares of Common Stock equal to 5% of the shares of Common Stock issued, at any time during the term of the warrant, to the purchasers of the Series A Preferred (i) upon conversion of the Series A Preferred, (ii) upon exercise of the warrants issued to such purchasers in connection with the financing and (iii) pursuant to the exercise of any rights granted to such purchasers in connection with the financing. This warrant has an exercise price of \$3.25 per share. The warrant also has a cashless exercise feature. All terms of the warrant were negotiated as of December 18, 2002 and, accordingly, we used December 18, 2002 as the measurement date for valuing the warrant. We determined the value of this warrant was insignificant and, accordingly, we do not expect this warrant to impact our future operations.

Under the Warrants issued to Sun, we agreed to file a registration statement under Rule 415 of the Securities Act to register for resale the shares of our Common Stock issuable upon exercise of the Warrants, and to use all reasonable efforts to cause such registration statement to be declared effective as promptly as practicable. Accordingly, we filed with the SEC a registration statement on Form S-3, of which this prospectus forms a part, with respect to the resale of these shares from time to time. We agreed to keep the registration statement effective until November 24, 2004 in the May 24, 2002 warrant and until August 14, 2005 in the February 14, 2003 warrant.

Selling Securityholder Table

We have filed a registration statement with the SEC, of which this prospectus forms a part, with respect to the resale of our Common Stock covered by this prospectus from time to time under Rule 415 of the Securities Act. Our Common Stock being offered by this prospectus is being registered to permit secondary public trading of our Common Stock. Subject to the restrictions described in this prospectus, Sun may offer our Common Stock covered under this prospectus for resale from time to time. The shares of our Common Stock covered, as to their resale, under this prospectus include shares issuable upon exercise of the Warrants, including any additional shares issuable upon adjustments to the exercise price of the Warrants or to prevent dilution as a result of stock splits, stock dividends or similar events. In addition, subject to the restrictions described in this prospectus, Sun may sell, transfer or otherwise dispose of a portion of our Common Stock being offered under this prospectus in transactions exempt from the registration requirements of the Securities Act. See "PLAN OF DISTRIBUTION."

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The table below presents information as of March 26, 2003 regarding Sun and the shares that Sun (and its pledgees, assignees and successors in interest) may offer and sell from time to time under this prospectus. More specifically, the following table sets forth as to Sun:

the number and percent of shares of our Common Stock that Sun beneficially owned prior to the offering for resale of any of the shares of our Common Stock being registered by the registration statement of which this prospectus is a part;

the number of shares of our Common Stock that may be offered for resale for Sun's account under this prospectus; and

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the number and percent of shares of our Common Stock to be held by Sun after the offering of the resale shares, assuming all of the resale shares are sold by Sun and that Sun does not acquire any other shares of our Common Stock prior to its assumed sale of all of the resale shares.

The table is prepared based on information supplied to us by Sun. Although we have assumed for purposes of the table below that Sun will sell all of the shares offered by this prospectus, because Sun may offer from time to time all or some of its shares covered under this prospectus, or in another permitted manner, no assurances can be given as to the actual number of shares that will be resold by Sun or that will be held by Sun after completion of the resales. In addition, Sun may have sold, transferred or otherwise disposed of the Warrants in transactions exempt from the registration requirements of the Securities Act since the date Sun provided the information regarding its security holdings. Information concerning Sun may change from time to time and changed information will be presented in a supplement to this prospectus if and when necessary and required. Except as described above, there are currently no agreements, arrangements or understandings with respect to the resale of any of the shares covered by this prospectus.

The applicable percentages of ownership are based on an aggregate of 29,981,638 shares of our Common Stock issued and outstanding on March 26, 2003. The number of shares beneficially owned by Sun is determined under rules promulgated by the SEC; however, for the purpose of computing beneficial ownership below, Sun is deemed to beneficially own all of the shares of our Common Stock issuable upon exercise of the Warrants.

Name	Shares Beneficially Owned Prior to Offering		Number of Shares Being Offered	Shares Beneficially Owned After Offering	
	Number	Percent		Number	Percent
Sun Microsystems, Inc. Any pledgees, assignees and successors-in-interest of Sun(1)(2)	1,394,275	4.7%	1,394,275		

- (1) Information concerning other selling securityholders will be set forth in one or more prospectus supplements from time to time, if required.
- (2) Assumes that any pledgees, assignees and successors-in-interest do not beneficially own any Common Stock other than Common Stock issuable or issued upon exercise of the Warrants.

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PLAN OF DISTRIBUTION

Sun and any of its pledgees, assignees and successors-in-interest may, from time to time, sell any or all of its shares of Common Stock covered by this prospectus on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. Sun may use any one or more of the following methods when selling its shares of Common Stock:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction

purchases by a broker-dealer as principal and resale by the broker-dealer for its account

an exchange distribution in accordance with the rules of the applicable exchange

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privately negotiated transactions

short sales

broker-dealers may agree with Sun to sell a specified number of such shares at a stipulated price per share

a combination of any such methods of sale

any other method permitted pursuant to applicable law

Sun may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus. Broker-dealers engaged by Sun may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from Sun (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. Sun does not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

Sun may from time to time pledge or grant a security interest in some or all of any of the Warrants or shares of Common Stock covered by this prospectus that it owns and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of Common Stock covered by this prospectus from time to time under this prospectus or an amendment to this prospectus under Rule 424(b)(3) of the Securities Act, or another applicable provision of the Securities Act of 1933, amending the list of Selling Stockholders to include the pledgees, transferees or other successors-in-interest as Selling Stockholders under this prospectus.

Sun also may transfer the shares of Common Stock in other circumstances, in which case the transferees, pledgees or other successors-in-interest will be the reselling beneficial owners for purposes of this prospectus. Furthermore, Sun may enter into hedging transactions with respect to the shares.

Sun and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Sun has informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute the Common Stock.

We are required to pay all fees and expenses incurred by us incident to the registration of the shares of Common Stock. We have agreed to indemnify Sun against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

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LEGAL MATTERS

Cooley Godward LLP, 4401 Eastgate Mall, San Diego, California 92121, will pass upon the validity of the issuance of the Common Stock offered by this prospectus.

EXPERTS

The financial statements and the related financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K/A for the year ended December 31, 2002 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

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We are a public company and file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the SEC's public reference room in Washington, D.C. by calling the SEC at 1-800-SEC-0330.

The SEC allows us to "incorporate by reference" into this prospectus the information we file with the SEC in other documents, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act, until the offering of securities by this prospectus is completed:

our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2002 filed with the SEC on April 25, 2003;

our definitive proxy statement for the 2003 Annual Meeting of Stockholders filed with the SEC on March 31, 2003;

our Current Report on Form 8-K filed with the SEC on May 2, 2003;

our Current Report on Form 8-K filed with the SEC on April 23, 2003;

our Current Report on Form 8-K filed with the SEC on March 19, 2003;

our Current Report on Form 8-K filed with the SEC on January 30, 2003;

our Current Report on Form 8-K filed with the SEC on January 14, 2003;

our Current Report on Form 8-K filed with the SEC on July 23, 2002;

the description of our capital stock contained in our Current Report on Form 8-K filed with the SEC on July 23, 2002, including any amendments or reports filed for the purpose of updating such description; and

our Current Report on Form 8-K filed with the SEC on July 10, 2002;

the description of our capital stock contained in our registration statement on Form 8-A (File No. 001-13317) filed with the SEC on August 29, 1997, as amended by Amendment No. 1 to our registration statement on Form 8-A, filed with the SEC on September 4, 1997, as further amended by Amendment No. 2 to our registration statement on Form 8-A, filed with the SEC

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on December 11, 2002, including any amendments or reports filed for the purpose of updating such description.

All documents filed by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering are incorporated by reference into this prospectus.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act covering the securities described in this prospectus. This prospectus does not contain all of the information included in the registration statement, some of which is contained in exhibits included with or incorporated by reference into the registration statement. The registration statement, including the exhibits contained or incorporated by reference therein, can be read at the SEC's website or at the SEC offices referred to above. Any statement made in this

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prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual contract, agreement or other document. If we have filed or incorporated by reference any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

You may request a copy of these filings at no cost, by writing or telephoning us at the following address or telephone number:

Dot Hill Systems Corp.
6305 El Camino Real
Carlsbad, California 92009
(760) 931-5500
Attention: Investor Relations

Information contained on our website is not part of this prospectus. You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement. We have not authorized anyone to provide you with information different from that contained in this prospectus or any prospectus supplement. The information contained in this prospectus and any prospectus supplement is accurate only as of the date of this prospectus and any prospectus supplement and, with respect to material incorporated by reference herein or in any prospectus supplement, the dates of such referenced material.

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PART II INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table sets forth all expenses payable by the registrant in connection with the resale of the Common Stock being registered. Sun will not bear any portion of such expenses. All the amounts shown are estimates except for the registration fee.

SEC Registration Fee	\$	393.95
Legal fees and expenses	\$	20,000
Accounting fees and expenses	\$	5,000
Printing and related expenses	\$	1,000
Miscellaneous	\$	1,606.05
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Total	\$	28,000
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Item 15. Indemnification of Officers and Directors

Section 145 of the Delaware General Corporation Law provides generally that a corporation shall have the power, and in some cases is required, to indemnify an agent, including an officer or director, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, against certain expenses, judgments, fines, settlements, and other amounts under certain circumstances.

The registrant's Certificate of Incorporation limits, to the maximum extent permitted by Delaware law, the personal liability of the registrant's directors and officers for monetary damages. The registrant's Bylaws require the registrant to indemnify its directors and executive officers to the fullest extent not prohibited by Delaware law or any other applicable law, and permit the registrant to indemnify its other officers. A summary of the circumstances in which such indemnification is provided for is contained herein, but that description is qualified in its entirety by reference to Article XI of the registrant's Bylaws, incorporated by reference in this registration statement.

Under the registrant's Bylaws, the registrant must generally advance all expenses incurred by its directors and executive officers who are party or threatened to be made party to any action by reason of the fact that each such director or executive officer is or was a director or executive officer of the registrant. Each advancement shall only be made if such director or executive officer undertakes to repay any such

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advancement if it is ultimately determined that such person is not entitled to be indemnified under the Registrant's Bylaws or otherwise. The registrant's Bylaws further provide that the registrant may purchase indemnification insurance on a person required or permitted to be indemnified under the Bylaws.

These indemnification provisions may be sufficiently broad to permit indemnification of registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

From time to time, the registrant may enter into individual contracts with any or all of its directors or officers regarding indemnification and advances, to the fullest extent permitted under Delaware law. The registrant believes that these agreements and arrangements are necessary to attract and retain qualified persons as directors and officers. On August 2, 1999, registrant entered into employment letter agreements with each of James Lambert and Dana Kammersgard. Pursuant to these agreements, registrant agreed to indemnify Mr. Lambert and Mr. Kammersgard for all damages and costs incurred

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by them in connection with claims arising out of their acts or omissions within the authorized scope of their employment. The agreements further state that the registrant shall provide such indemnification and advance all expenses incurred in connection with such claims as reasonably requested by these persons to the fullest extent permitted under applicable law, subject to approval by the registrant's Board of Directors from time to time.

Item 16. Exhibits and Financial Statement Schedules

Exhibit Number	Description of Document
3.1	Certificate of Incorporation of the registrant (filed as Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the SEC on September 19, 2001 and incorporated herein by reference).
3.2	Bylaws of the registrant (filed as Exhibit 4.2 to the registrant's Current Report on Form 8-K filed with the SEC on September 19, 2001 and incorporated herein by reference).
4.1	Certificate of Incorporation of the registrant (included in Exhibit 3.1).
4.2	Bylaws of the registrant (included in Exhibit 3.2).
4.3	Form of Common Stock Certificate (filed as Exhibit 4.3 to the registrant's Current Report on Form 8-K filed with the SEC on January 14, 2003 and incorporated herein by reference).
4.4	Warrant to Purchase Shares of Common Stock dated May 24, 2002 (filed as Exhibit 4.5 to the registrant's Annual Report on Form 10-K/A for the year ended December 31, 2002 and incorporated herein by reference).
4.5	Warrant to Purchase Shares of Common Stock dated February 14, 2003 (filed as Exhibit 4.7 to the registrant's Annual Report on Form 10-K/A for the year ended December 31, 2002 and incorporated herein by reference).
5.1	Opinion of Cooley Godward.
23.1	Consent of Deloitte & Touche LLP, independent auditors.
23.2	Consent of Cooley Godward LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page of the Registration Statement filed on November 22, 2002).

Item 17. Undertakings

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The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

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- (4) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 1 to registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on May 2, 2003.

DOT HILL SYSTEMS CORP.

By: /s/ JAMES L. LAMBERT

Name: James L. Lambert

Title: *Chief Executive Officer, President, Chief Operating Officer
and Director*

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature

Title

Date

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Signature	Title	Date
<u>/s/ JAMES L. LAMBERT</u> (James L. Lambert)	Chief Executive Officer, President, Chief Operating Officer and Director (PRINCIPAL EXECUTIVE OFFICER)	May 2, 2003
<u>/s/ PRESTON ROMM</u> (Preston Romm)	Chief Financial Officer and Treasurer (PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER)	May 2, 2003
<u>/s/ CHARLES F. CHRIST*</u> (Charles F. Christ)	Chairman of the Board of Directors	May 2, 2003
<u>/s/ BENJAMIN BRUSSELL*</u> (Benjamin Brussell)	Director	May 2, 2003
<u>/s/ NORMAN R. FARQUHAR*</u> (Norman R. Farquhar)	Director	May 2, 2003
<u>/s/ CHONG SUP PARK*</u> (Chong Sup Park)	Director	May 2, 2003
<u>/s/ W.R. SAUEY*</u> (W.R. Sauey)	Director	May 2, 2003

*By: /s/ JAMES L. LAMBERT
(James L. Lambert, *Attorney in Fact*)

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INDEX TO EXHIBITS

Exhibit Number	Description of Document
3.1	Certificate of Incorporation of the registrant (filed as Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the SEC on September 19, 2001 and incorporated herein by reference).
3.2	Bylaws of the registrant (filed as Exhibit 4.2 to the registrant's Current Report on Form 8-K filed with the SEC on September 19, 2001 and incorporated herein by reference).
4.1	Certificate of Incorporation of the registrant (included in Exhibit 3.1).
4.2	Bylaws of the registrant (included in Exhibit 3.2).
4.3	Form of Common Stock Certificate (filed as Exhibit 4.3 to the registrant's Current Report on Form 8-K filed with the SEC on January 14, 2003 and incorporated herein by reference).

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<u>Exhibit Number</u>	<u>Description of Document</u>
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