

EMAGIN CORP
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PROSPECTUS

eMagin Corporation

11,646,723 SHARES OF

COMMON STOCK

This prospectus relates to the resale by the selling stockholders of up to 11,646,723 shares of our common stock. The selling stockholders may sell common stock from time to time in the principal market on which the stock is traded at the prevailing market price or in negotiated transactions. We will pay the expenses of registering these shares.

Our common stock is listed on the NYSE AMEX under the symbol "EMAN". The last reported sales price per share of our common stock as reported by the NYSE AMEX December 15, 2011 was \$3.82.

Investing in these securities involves significant risks. See "Risk Factors" beginning on page 6.

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

The date of this prospectus is December 28, 2011

The information in this Prospectus is not complete and may be changed. This Prospectus is included in the Registration Statement that was filed by eMagin Corporation with the Securities and Exchange Commission. The selling stockholders may not sell these securities until the registration statement becomes effective. This Prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the sale is not permitted.

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PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus. This summary does not contain all the information you should consider before investing in the securities. Before making an investment decision, you should read the entire prospectus carefully, including the “risk factors” section, the financial statements and the notes to the financial statements.

eMagin designs, develops, manufactures, and markets OLED (organic light emitting diode) microdisplays, display and optical subsystems for virtual imaging products (which utilize OLED microdisplays), and 3D virtual imaging headsets for computer gaming, simulation applications and virtual training. We also perform research in the OLED field. Our virtual imaging products integrate OLED technology on silicon chips to produce high-resolution microdisplays smaller than one-inch diagonally which, when viewed through a magnifier, create virtual images that appear comparable in size to that of a computer monitor or a large-screen television. Our products enable our original equipment manufacturer (“OEM”) customers to develop and market improved or new electronic products. We believe that virtual imaging is becoming an important way for increasingly mobile people to have quick access to high-resolution data, work, and experience new more immersive forms of communications and entertainment.

Our first commercial product, the SVGA+ OLED microdisplay was introduced in 2001, and followed by the SVGA-3D OLED microdisplay in early 2002. Over 200,000 of these products have been shipped to military, industrial and commercial customers and are being applied or considered for near-eye and headset applications in products such as entertainment and gaming headsets, electronic viewfinders for high-end still and motion picture cameras, surgical training simulators, multi-spectral military night vision goggles, thermal weapons sights and range finders, and augmented vision, situational head worn displays. eMagin’s products are marketed globally.

In 2006 we introduced our OLED-XL technology, which provided longer luminance half-life, and enhanced the efficiency of eMagin's microdisplay products. Continuing research to further improve OLED materials has allowed eMagin to introduce High-Brightness OLED technology in 2011 that is two to three times more efficient than our OLED-XL products.

In 2008 eMagin introduced the SXGA (1280 x 1024 pixels) OLED-XL microdisplay and in 2011 we released a VGA OLED-XL microdisplay – both with digital interfaces and eMagin’s Deep Black™ technology that provides ultra-high contrast (500 times higher than comparable LCD displays). In 2011 we also demonstrated working samples of a WUXGA (greater than HD resolution at 1920 x 1200 color pixels) OLED microdisplay with less than a one inch diagonal viewing area.

eMagin continues to market the Z800 3D Visor first introduced in January 2005. This product received the Consumer Electronics Association’s coveted Consumer Electronics Show (CES) 2006 Best of Innovation Awards for the entire display category as well as a Design and Innovations Award for the electronic gaming category.

We believe that our OLED microdisplays offer a number of significant advantages over comparable liquid crystal microdisplays (LCDs), including greatly increased power efficiency, less weight and dramatically higher contrast. Using our active matrix OLED technology, many computer and electronic system functions can be built directly into the OLED microdisplay silicon backplane, resulting in compact, high-resolution, power-efficient systems. We have developed our own intellectual property and accumulated over 10 years of manufacturing know-how to create high performance OLED microdisplays.

As the first to exploit OLED technology for microdisplays, and with the support of our partners and the development of our intellectual property, we believe that we enjoy a significant advantage in the commercialization of microdisplays for virtual imaging. We have advanced our technology to HD display quality, 1080p, and beyond while

maintaining the advantages of low power, less weight and higher performance.

eMagin Corporation was created through the merger of Fashion Dynamics Corporation ("FDC"), which was organized on January 23, 1996 under the laws of the State of Nevada and FED Corporation ("FED"), a developer and manufacturer of optical systems and microdisplays for use in the electronics industry. FDC had no active business operations other than to acquire an interest in a business. On March 16, 2000, FDC acquired FED. The merged company changed its name to eMagin Corporation. Following the merger, the business conducted by eMagin is the business conducted by FED prior to the merger.

Our website is located at www.emagin.com and our e-commerce site is www.3dvisor.com. The contents of our website are not part of this Prospectus.

The Offering

Common stock offered by selling stockholders	Up to 11,646,723 shares, consisting of the following:
	· up to 1,000,000 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of \$1.03 per share and 663,294 shares of common stock issued upon the cashless exercise of common stock purchase warrants*;
	· 1,000,000 shares of common stock issued upon the exercise of common stock purchase warrants at an exercise price of \$0.48 per share**;
	· 1,438,096 shares of common stock, consisting of (i) 1,428,572 shares issued upon conversion of the note (“Stillwater Note”) issued to Stillwater Holdings LLC (f/k/a Stillwater LLC) (“Stillwater”) representing \$500,000 of the principal amount of the Stillwater Note and (ii) 9,524 shares issued for accrued and unpaid interest under the Stillwater Note***; and
	· up to 7,545,333 shares of common stock issuable upon the conversion of Series B Convertible Preferred Stock.
Common Stock to be outstanding after the offering	31,876,667 shares assuming the full exercise of the warrants and full conversion of Series B Convertible Preferred Stock underlying shares which are included in this prospectus.****
Use of Proceeds	We will not receive any proceeds from the sale of the common stock; however, we will receive proceeds from the exercise of our warrants.
NYSE AMEX Symbol	EMAN

* On April 14, 2010, Stillwater elected to exercise 875,467 of its common stock purchase warrants on a cashless basis and received 663,294 shares of common stock.

** On July 18, 2011, Stillwater elected to exercise its common stock purchase warrants at an exercise price of \$0.48 per share and received 1,000,000 shares of common stock.

*** On July, 23 2007, Stillwater elected to convert \$252,166.50 of the Stillwater Note, then outstanding, representing \$250,000 of the principal amount of the Note due on July 23, 2007 and \$2,166.50 of accrued and unpaid interest into shares of common stock. Stillwater received 720,476 shares of the common stock at the conversion price of \$0.35. On December 22, 2008, Stillwater elected to convert the \$251,166.67 of the remaining Stillwater Note representing

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\$250,000 of the principal amount of the Note due on December 22, 2008 and \$1,166.67 of accrued and unpaid interest into shares of common stock. Stillwater received 717,620 shares of the common stock at the conversion price of \$0.35.

The information above regarding the common stock to be outstanding after the offering is based on 23,331,334 shares of the Company's common stock outstanding as of November 18, 2011.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

The consolidated statements of operations data for the years ended December 31, 2010 (Restated), 2009 (Restated) and 2008 and the balance sheet data at December 31, 2010 (Restated) and 2009 (Restated) are derived from our audited financial statements which are included elsewhere in this prospectus. The consolidated statements of operations data for the years ended December 31, 2007 and 2006 and the balance sheet data at December 31, 2008, 2007 and 2006 are derived from our audited financial statements which are not included in this prospectus. The historical results are not necessarily indicative of results to be expected for future periods. The following information is presented in thousands, except per share data.

Consolidated Statements of Operations Data:

	2010 (Restated)	For the Year Ended December 31, 2009 (Restated)	2008	2007	2006	For the Nine Months Ended September 30, 2011	2010
			(In thousands, except per share data)				
Revenue	\$30,458	\$23,822	\$18,739	\$17,554	\$8,169	\$21,153	\$22,495
Cost of goods sold	12,018	10,175	10,673	12,628	11,359	10,922	8,970
Gross profit (loss)	18,440	13,647	8,066	4,926	(3,190)	10,231	13,525
Operating expenses:							
Research and development	2,370	1,996	2,081	2,949	4,406	2,071	1,888
Selling, general and administrative	10,055	6,900	6,254	6,591	8,860	6,361	6,873
Total operating expenses	12,425	8,896	8,335	9,540	13,266	8,432	8,761
Income (loss) from operations	6,015	4,751	(269)	(4,614)	(16,456)	1,799	4,764
Other (expense) income , net	(16,086)	(6,932)	(1,590)	(13,874)	1,190	2,495	(9,689)
Net (loss) income prior to income tax provision	(10,071)	(2,181)	(1,859)	(18,488)	(15,266)	4,294	(4,925)
Income tax (benefit) expense	(8,931)	90	—	—	—	542	75
Net (loss) income	\$(1,140)	\$(2,271)	\$(1,859)	\$(18,488)	\$(15,266)	\$3,752	\$(5,000)
(Loss) income per share, basic	\$(0.06)	\$(0.14					