

CAPSTEAD MORTGAGE CORP

Form 8-K

September 30, 2005

**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: September 26, 2005
(Date of Earliest Event Reported)
CAPSTEAD MORTGAGE CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State of Incorporation)

1-8896
(Commission File No.)

75-2027937
(I.R.S. Employer
Identification No.)

**8401 North Central Expressway
Suite 800
Dallas, Texas**

75225

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code: **(214) 874-2323**

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:

- 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 230.14a-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 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On September 26, 2005, Capstead Mortgage Corporation (Capstead) announced that it had completed the sale of \$35,000,000 of trust preferred securities (the Securities) through a newly-formed statutory trust, Capstead Mortgage Trust I, organized under Delaware law (the Trust). The sales of the Securities were made pursuant to purchase agreements dated as of September 23, 2005 by and among Capstead, the Trust, Merrill Lynch International and Bear, Stearns & Co. Inc. (the Purchase Agreements). The Securities will require quarterly distributions and will bear an interest rate of 8.19% through October 30, 2015. Subsequent to October 30, 2015, the securities will bear interest at the prevailing three-month LIBOR rate plus 3.50% and will mature on October 30, 2035. The securities are redeemable, in whole or in part, without penalty, at the option of Capstead any time on or after October 30, 2010. Capstead intends to use the proceeds of this private placement to augment its existing portfolio of primarily adjustable rate mortgage (ARM) securities with acquisitions of additional ARM securities as well as other real estate-related investments that can provide attractive risk-adjusted returns over the long term.

Copies of the (1) form of stock certificate evidencing the Trust Preferred Securities, (2) form of stock certificate evidencing the Trust Common Securities, (3) form of note evidencing the Capstead Junior Subordinated Note Due 2035, (4) Junior Subordinated Indenture, (5) Amended and Restated Trust Agreement and (6) Purchase Agreements, are attached as Exhibits 4.1, 4.2, 4.3, 4.4, 4.5, 10.1 and 10.2, respectively, to this Current Report on Form 8-K, and are incorporated by reference herein.

Forward Looking Statements

This document contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that inherently involve risks and uncertainties. Capstead's actual results and liquidity can differ materially from those anticipated in these forward-looking statements because of changes in the level and composition of the Company's investments and unforeseen factors. As discussed in the Company's filings with the Securities and Exchange Commission, these factors may include, but are not limited to, changes in general economic conditions, the availability of suitable qualifying investments from both an investment return and regulatory perspective, the availability of new equity capital, fluctuations in, and market expectations for fluctuations in, interest rates and levels of mortgage prepayments, deterioration in credit quality and ratings, the effectiveness of risk management strategies, the impact of leverage, liquidity of secondary markets and credit markets, increases in costs and other general competitive factors. In addition to the above considerations, actual results and liquidity related to direct investments in commercial real estate and investments in loans secured by commercial real estate are affected by lessee performance under lease agreements, changes in general as well as local economic conditions and real estate markets, increases in competition and inflationary pressures, changes in the tax and regulatory environment including zoning and environmental laws, uninsured losses or losses in excess of insurance limits and the availability of adequate insurance coverage at reasonable costs, among other factors.

ITEM 7.01. REGULATION FD DISCLOSURE

On September 26, 2005, the Company issued a press release announcing completion of the offering of Trust Preferred Securities. A copy of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) *Exhibits.* Exhibits 4.1, 4.2, 4.3, 4.4, 4.5, 10.1 and 10.2 are being filed and Exhibit 99.1 is being furnished herewith this Current Report on Form 8-K.

Exhibit No. Description

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|------|---|
| 4.1 | Form of stock certificate evidencing the Trust Preferred Securities |
| 4.2 | Form of stock certificate evidencing the Trust Common Securities |
| 4.3 | Form of note evidencing the Registrant's Junior Subordinated Note Due 2035 |
| 4.4 | Junior Subordinated Indenture dated as of September 26, 2005, between the Registrant and Wells Fargo Bank |
| 4.5 | Amended and Restated Trust Agreement dated as of September 26, 2005, by and among the Registrant, Wells Fargo Bank, National Association, Wells Fargo Delaware Trust Company, Andrew F. Jacobs, Phillip A. Reinsch and the several Holders, as defined therein. |
| 10.1 | Purchase Agreement dated as of September 23, 2005, by and among the Registrant, the Trust, and Merrill Lynch International |
| 10.2 | Purchase Agreement dated as of September 23, 2005, by and among the Registrant, the Trust, and Bear, Stearns & Co. Inc. |
| 99.1 | Press Release dated September 26, 2005 of the Registrant. |

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.

CAPSTEAD MORTGAGE CORPORATION

September 29, 2005

By: /s/ Phillip A. Reinsch

Phillip A. Reinsch
Chief Financial Officer and
Senior Vice President

EXHIBIT INDEX

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