

Capital Product Partners L.P.
Form 6-K
October 30, 2009

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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR
15d-16 OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of October, 2009
COMMISSION FILE NUMBER 001-33373

CAPITAL PRODUCT PARTNERS L.P.

(Translation of registrant's name into English)

3 IASSONOS STREET
PIRAEUS, 18537 GREECE
(address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "yes" is marked, indicate below this file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Item 1 – Information Contained in this Form 6-K Report

Attached as Exhibit I is a press release of Capital Product Partners L.P., dated October 30, 2009.

This report on Form 6-K is hereby incorporated by reference into the registrant's registration statement, registration number 333-153274, dated October 1, 2008.

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, thereunto duly authorized.

CAPITAL PRODUCT
PARTNERS, L.P.,

By: Capital GP
L.L.C., its
general partner

/s/ Ioannis E.
Lazaridis
Name: Ioannis
E. Lazaridis
Title: Chief
Executive
Officer and
Chief
Financial
Officer of
Capital GP
L.L.C.

Dated: October 29, 2009

Exhibit I

CAPITAL PRODUCT PARTNERS L.P. ANNOUNCES THIRD QUARTER 2009 FINANCIAL RESULTS

Athens, Greece - October 30, 2009 – Capital Product Partners L.P. (the “Partnership”), (Nasdaq: CPLP), an international owner of modern double-hull tankers, today released its financial results for the third quarter ended September 30, 2009.

The Partnership’s net income for the quarter ended September 30, 2009 was \$7.1 million or \$0.28 per limited partnership unit, which is \$0.04 less than the \$0.32 per unit from the previous quarter ended June 30, 2009, and \$0.34 lower than the third quarter last year. This drop compared to last year is primarily due to the absence of profit sharing revenues and higher interest expenses.

Operating surplus for the quarter ended September 30, 2009 was \$10.7 million, less than the \$11.5 million from the second quarter of 2009 and lower than the \$18.7 million from the third quarter of 2008. Operating surplus is a non-GAAP financial measure used by certain investors to measure the financial performance of the Partnership and other master limited partnerships. (Please see Appendix A for a reconciliation of this non-GAAP financial measure to net income.)

Revenues for the third quarter of 2009 were \$30.5 million compared to \$36.0 million of revenues in the third quarter of 2008. There were no profit sharing revenues in the third quarter of 2009 due to the depressed spot market for both product and crude tankers throughout this period. In the third quarter of 2008 the profit sharing revenues amounted to \$6.6 million.

Total operating expenses for the third quarter of 2009 were \$15.3 million, including \$7.2 million paid to a subsidiary of Capital Maritime & Trading Corp. (Capital Maritime), the Partnership’s sponsor, for the commercial and technical management of the fleet, \$7.0 million in depreciation and \$0.8 million in general and administrative expenses, compared to \$13.9 million for the third quarter of 2008. Net interest expense and finance cost for the third quarter of 2009 totaled \$8.1 million compared to \$6.5 million for the third quarter of 2008. The increase in net interest expense and finance cost is due to the higher interest margin applicable to our loan facilities as of June 30th 2009 following the amendments to the terms of our loan agreements outlined in our press release of July 31st 2009 as well as an additional cost of \$0.4 million, which is due to the increased funding costs of the banks, incurred in accordance with the terms of our loan agreements.

Tanker freight rates continued to come under pressure over the course of the third quarter 2009 reaching in certain segments of the tanker market multi year lows. Refinery utilization remains depressed as a result of the lower demand for refined products on either side of the Atlantic, which has negatively affected the demand for product tankers. The increase in the availability of spot tonnage and rising bunker prices had a further adverse affect on MR tanker spot earnings marking the worst third quarter since 1992 according to industry data. The Suezmax spot market showed pockets of strength over the third quarter compared to other tanker segments on the back of exports from former Soviet Union countries, but earnings still dropped to their lowest level for the quarter since 2002 as erratic exports out of Nigeria and decreased refinery utilization weighed heavily on earnings. The period and S&P markets continued to be illiquid with few transactions taking place at increasingly lower levels.

Ioannis Lazaridis, Chief Executive Officer and Chief Financial Officer of Capital Product Partners' general partner, said: "As a result of our long term chartering strategy, which has insulated us from one of the most depressed tanker spot markets of the last two decades, our results for the third quarter were sustained at levels substantially above those indicated by the currently prevailing spot market tanker charter rates."

As of September 30, 2009, the Partnership's long-term debt remained unchanged compared to the end of 2008 at \$474.0 million and partners' equity was \$158.3 million. The remaining undrawn amounts under the terms of our debt facilities currently stand at \$246.0 million.

On October 26, 2009, the Board of Directors of the Partnership declared a cash distribution for the third quarter of 2009 of \$0.41 per unit, which is equal to the distribution for the second quarter of 2009. The third quarter cash distribution will be paid on November 13, 2009 to unit holders of record on November 5, 2009.

Mr. Lazaridis concluded: "The tanker industry continues to face an adverse trade environment alongside a continuously tightening credit market neither of which shows any signs of near term improvement. The depressed spot tanker market, the potential vessel deliveries for the remainder of this year and for 2010 and the outlook for global oil demand in 2009, which remains weak (expected to drop by 1.9% or -1.7 mb/d versus 2008 according to IEA), are all factors likely to have a further adverse effect on tanker vessel prices and period rates in the short- to medium- term. We would like to reiterate that we have zero capital commitments to purchase or build vessels; we have amended a number of the terms in our loan facilities and our fleet's charter coverage for the remainder of 2009 and for 2010 stands at approximately 97% and 67%, respectively. However, the uncertain prospects for the rest of the year and the lack of tangible recovery signs for 2010 in the tanker market are all likely to have an adverse impact on our results and financial condition over time, particularly as vessels come up for rechartering."

Capital Product Partners will host a conference call to discuss its results today at 10:00 a.m. Eastern Time (U.S.). The public is invited to listen to the conference call by dialing +1 888 935 4575 (U.S. toll free), or +1 718 354 1387 (international); reference number 3440108#. Participants should dial in 10 minutes prior to the start of the call. The slide presentation accompanying the conference call will be available on the Partnership's website at www.capitalpplp.com. An audio webcast of the conference call will also be accessible through the website. The relevant links will be found in the Investor Relations section of the website.

About Capital Product Partners L.P.

Capital Product Partners L.P. (Nasdaq:CPLP), a Marshall Islands master limited partnership, is an international owner of modern double-hull tankers. Capital Product Partners L.P. owns 18 modern vessels, comprising 15 MR tankers, two small product tankers and one Suezmax crude oil tanker. Our vessels are under medium to long-term charters to BP Shipping Limited, Morgan Stanley Capital Group Inc., Overseas Shipholding Group and Shell International Trading & Shipping Company Ltd.

For more information about the Partnership and to access or request a copy of its Annual Report, please visit our website: www.capitalpplp.com

Forward Looking Statement:

The statements in this press release that are not historical facts, including our expectations regarding developments in the markets and their effects, the effects on our financial condition and results, the effect of our vessels coming up for rechartering and our ability to recharter such vessels, our expectations regarding oil demand, our expected charter coverage rates for 2009 and 2010, our future commitments and the effect of the amendments to our credit facilities, may be forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). These forward-looking statements involve risks and uncertainties that could cause the stated or forecasted results to be materially different from those anticipated. Unless required by law, we expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, to conform them to actual results or otherwise. We assume no responsibility for the accuracy and completeness of the forward-looking statements. We make no prediction or statement about the performance of our common units.

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Capital Product Partners L.P.

Unaudited Condensed Consolidated and Combined Statements of Income

(Notes 1-4)

(In thousands of United States dollars, except number of units and earnings per unit)

| | For the three month period ended September 30, | | For the nine month period ended September 30, | |
|--|---|------------|--|------------|
| | 2009 | 2008 | 2009 | 2008 |
| Revenues | \$ 30,498 | \$ 36,037 | \$ 94,073 | \$ 95,292 |
| Expenses: | | | | |
| Voyage expenses | 284 | 264 | 816 | 826 |
| Vessel operating expenses - related party | 7,180 | 6,474 | 21,878 | 18,064 |
| Vessel operating expenses | - | - | 499 | 3,560 |
| General and administrative expenses | 831 | 672 | 2,244 | 2,073 |
| Depreciation | 6,990 | 6,524 | 21,274 | 18,208 |
| Operating income | 15,213 | 22,103 | 47,362 | 52,561 |
| Other income (expense), net: | | | | |
| Interest expense and finance cost | (8,410) | (6,779) | (23,800) | (18,294) |
| Interest income | 336 | 319 | 1,201 | 785 |
| Foreign currency (loss), net | (7) | 7 | (4) | (49) |
| Total other (expense), net | (8,081) | (6,453) | (22,603) | (17,558) |
| Net income | 7,132 | 15,650 | 24,759 | 35,003 |
| Less: | | | | |
| Net (loss)/income attributable to CMTC operations | - | - | 810 | (1,504) |
| Partnership's net income | 7,132 | 15,650 | \$ 23,949 | \$ 36,507 |
| General Partner's interest in Partnership's net income | \$ 143 | \$ 313 | \$ 479 | \$ 730 |
| Limited Partners' interest in Partnership's net income | \$ 6,989 | \$ 15,337 | \$ 23,470 | \$ 35,777 |
| Net income per: | | | | |
| · Common units (basic and diluted) | 0.28 | 0.62 | 0.95 | 1.52 |
| · Subordinated units (basic and diluted) | - | 0.62 | 0.96 | 1.44 |
| · Total units (basic and diluted) | 0.28 | 0.62 | 0.95 | 1.49 |
| Weighted-average units outstanding: | | | | |
| · Common units (basic and diluted) | 24,817,151 | 16,011,629 | 23,397,946 | 15,166,867 |
| · Subordinated units (basic and diluted) | - | 8,805,522 | 1,419,205 | 8,805,522 |
| · Total units (basic and diluted) | 24,817,151 | 24,817,151 | 24,817,151 | 23,972,389 |

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Capital Product Partners L.P.
 Unaudited Condensed Consolidated and Combined Balance Sheets
 (Notes 1-4)
 (In thousands of United States dollars, except number of shares)

| | September 30, 2009 | December 31, 2008 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,219 | \$ 43,149 |
| Short term investment | 30,185 | 1,080 |
| Trade accounts receivable | 587 | 6,421 |
| Prepayments and other assets | 736 | 602 |
| Inventory | - | 94 |
| Total current assets | 32,727 | 51,346 |
| Fixed assets | | |
| Vessels, net | 644,534 | 718,153 |
| Total fixed assets | 644,534 | 718,153 |
| Other non-current assets | | |
| Deferred charges, net | 3,221 | 2,884 |
| Restricted cash | 4,500 | 4,500 |
| Total non-current assets | 652,255 | 725,537 |
| Total assets | \$ 684,982 | \$ 776,883 |
| Liabilities and Partners' / Stockholders' Equity | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ - | \$ - |
| Current portion of related party long-term debt | - | 24,538 |
| Trade accounts payable | 744 | 477 |
| Due to related parties | 3,501 | 2,254 |
| Accrued liabilities | 2,165 | 1,150 |
| Deferred revenue | 417 | 3,795 |
| Distribution payable to General Partner | 3,117 | - |
| Total current liabilities | 9,944 | 32,214 |
| Long-term liabilities | | |
| Long-term debt | 474,000 | 474,000 |
| Long-term related party debt | - | 27,762 |
| Deferred revenue | 1,872 | 1,568 |
| Derivative instruments | 40,858 | 47,414 |
| Total long-term liabilities | 516,730 | 550,744 |
| Total liabilities | 526,674 | 582,958 |
| Commitments and contingencies | | |
| | - | - |
| Total Partners' / Stockholders' Equity | 158,308 | 193,925 |
| Total liabilities and partners' / stockholders' equity | \$ 684,982 | \$ 776,883 |

Capital Product Partners L.P.

Unaudited Condensed Consolidated and Combined Statements of Cash Flows

(Notes 1-4)

(In thousands of United States dollars)

| | For the nine month period ended September 30, | |
|---|--|------------|
| | 2009 | 2008 |
| Cash flows from operating activities: | | |
| Net income | \$ 24,759 | \$ 35,003 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Vessel depreciation and amortization | 21,274 | 18,208 |
| Amortization of deferred charges | 304 | 310 |
| Changes in operating assets and liabilities: | | |
| Trade accounts receivable | 5,721 | (1,495) |
| Due from related parties | (11) | (235) |
| Prepayments and other assets | (203) | (525) |
| Inventories | (178) | 177 |
| Trade accounts payable | 940 | 999 |
| Due to related parties | 3,024 | 1,695 |
| Accrued liabilities | 1,181 | 324 |
| Deferred revenue | (3,074) | (2,368) |
| Dry docking paid | - | (251) |
| Net cash provided by operating activities | 53,737 | 51,842 |
| Cash flows from investing activities: | | |
| Vessel advances and acquisitions | (26,150) | (247,365) |
| Increase of restricted cash | - | (1,250) |
| Purchase of short term investment | (29,105) | (25,500) |
| Net cash (used in) investing activities | (55,255) | (274,115) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt | - | 199,500 |
| Proceeds from related party debt/financing | - | 86,523 |
| Payments of long-term debt | - | (8,080) |
| Payments of related party debt/financing | (23,309) | (52,463) |
| Loan issuance costs | (710) | (2,004) |
| Excess of purchase price over book value of vessels acquired from entity under common control | - | (3,755) |
| Dividends paid | (56,963) | (29,508) |
| Cash balance that was distributed to the previous owner | - | (2) |
| Capital contributions by Capital Maritime | 40,570 | 19,820 |
| Net cash used in/provided by financing activities | (40,412) | 210,031 |
| Net (decrease) in cash and cash equivalents | (41,930) | (12,242) |
| Cash and cash equivalents at beginning of period | 43,149 | 19,919 |
| Cash and cash equivalents at end of period | \$ 1,219 | \$ 7,677 |

Supplemental Cash Flow information

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| | | |
|--|-----------|-----------|
| Cash paid for interest | \$ 22,303 | \$ 17,423 |
| Non-cash Activities | | |
| Net book value of vessels transferred-in, M/T Agamemnon II and M/T Ayrton II less cash paid. | 68,054 | - |
| Net book value of vessels transferred-out, M/T Assos and M/T Atrotos | (70,496) | - |
| Net liabilities assumed by CMTC upon vessel contribution to the Partnership | 31,073 | 74,239 |
| Units issued to acquire vessel owning company of M/T Amore Mio II. | - | \$ 37,739 |
| Units issued to acquire vessel owning company of M/T Amore Mio II. | - | \$ 10,066 |
| Change in accrued and payable offering expenses | - | \$ 109 |

Notes

(1) The unaudited condensed consolidated and combined statements of income and cash flows for the three and nine month period ended September 30, 2009 include the results of operations of:

- (a) M/T Agamemnon II and M/T Ayrton II (a 51,238dwt sister MR product tankers which were delivered to Capital Maritime on November 24, 2008 and April 10, 2009 respectively) were acquired from Capital Maritime, an entity under common control, on April 7 and April 13, 2009 respectively, as though the transfers had occurred at the beginning of the earliest period presented and
- (b) M/T Assos and M/T Atrotos up to April 6, 2009 and April 12, 2009 which were exchanged on the same date with M/T Agamemnon II and M/T Ayrton II respectively

The unaudited condensed consolidated and combined statements of income and cash flows for the three and nine month period ended September 30, 2008 include the results of operations of M/T Amore Mio II and M/T Aristofanis which were acquired from an entity under common control on March 27, 2008, and April 30, 2008, respectively, as though the transfers had occurred at the beginning of the earliest period presented.

(2) On April 7, and April 13, 2009 the Partnership acquired from Capital Maritime the shares of the vessel owning companies of the M/T Agamemnon II and M/T Ayrton II. In exchange Capital Maritime received all the shares of the vessel owning companies of the M/T Assos and M/T Atrotos, which were part of the Partnership's fleet, and an additional cash consideration of \$8,000. The amount of \$23,708, which was the difference of the historic cost between these vessels, has been recorded as an increase in the partners' equity. The cash consideration of \$8,000 reduced the partners' equity and is presented as an investing activity under vessel advances and acquisitions in the statements of cash flows for the nine month period ended September 30, 2009. The Partnership accounted for the acquisition of the vessel owning companies of the M/T Agamemnon II and M/T Ayrton II as a transfer of equity interests between entities under common control at Capital Maritime's carrying amounts (historical cost) of the net assets contributed. In addition, transfers of equity interests between entities under common control are accounted for as if the transfer occurred at the beginning of the earliest period presented, and prior years financial statements are retroactively adjusted to furnish comparative information similar to the pooling-of-interest method of accounting.

All assets and liabilities of the vessel owning companies of the M/T Agamemnon II and M/T Ayrton II, except the vessel, the time charter agreements and necessary permits were retained by Capital Maritime.

All assets and liabilities of the vessel owning companies of the M/T Assos and M/T Atrotos, except the vessel and necessary permits were retained by the Partnership.

(3) Short term investment consists of cash time deposits with original maturities of more than three months.

(4) The Partnership adopted on January 1, 2009 the provisions of ASC 260-10-05 "Application of the Two-Class Method. ASC 260-10-05 considers whether the incentive distributions of a master limited partnership represent a participating security when considered in the calculation of earnings per unit under the two-class method. ASC 260-10-05 also considers whether the partnership agreement contains any contractual limitations concerning distributions to the incentive distribution rights that would impact the amount of earnings to allocate to the incentive distribution rights for each reporting period. The Partnership retrospectively applied the provisions of the ASC 260-10-05 to the three and nine months period ended September 30, 2008. Following the application of the above standard the Partnership's earnings per unit for the three and nine month period ended September 30, 2008 increased from \$0.56 and \$1.46 per unit to \$0.62 and \$1.49 per unit respectively.

Capital Product Partners L.P.

Appendix A – Reconciliation of Non-GAAP Financial Measure
(In thousands of U.S. dollars)

Description of Non-GAAP Financial Measure – Operating Surplus

Operating Surplus represents net income adjusted for non cash items such as depreciation and amortization expense, unearned revenue and unrealized gain and losses. Replacement capital expenditures represent those capital expenditures required to maintain over the long term the operating capacity of, or the revenue generated by, the Partnership's capital assets. Operating Surplus is a quantitative standard used in the publicly-traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Operating Surplus is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Partnership's performance required by accounting principles generally accepted in the United States. The tables below reconcile Operating Surplus to net income for the three month period ended September 30, 2009.

Reconciliation of Non-GAAP Financial Measure –
Operating SurplusFor the three month period ended
September 30, 2009

| | | |
|--|-------|---------------|
| Net income | | \$ 7,132 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 7,128 | |
| Deferred revenue | 215 | 7,343 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | 14,475 |
| Replacement Capital Expenditures | | (3,806) |
| OPERATING SURPLUS | | 10,669 |
| Recommended reserves | | (286) |
| AVAILABLE CASH | | 10,383 |