

STEMCELLS INC
Form 8-K
January 07, 2011

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**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): January 7, 2011

StemCells, Inc.

(Exact name of registrant as specified in its charter)

Delaware

000-19871

94-3078125

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

3155 Porter Drive, Palo Alto, California

94304

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **650.475.3100**

Not Applicable

Former name or former address, if changed since last report

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 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 8.01. Other Events.

On November 16, 2010, the Securities and Exchange Commission (the Commission) declared effective the Registration Statement on Form S-3 (File No. 333-170300) that StemCells, Inc. (the Company) filed on November 3, 2010 with the Commission (the Registration Statement). The Registration Statement permits the Company to issue, in one or more offerings, shares of common stock, preferred stock, warrants, or debt securities at an aggregate initial offering price not to exceed \$100,000,000.

On January 7, 2011, the Company entered into a common stock purchase agreement (the Purchase Agreement) with certain investors (the Purchasers) to sell up to 16,000,000 shares of the Company's common stock, par value \$0.01 per share (the Shares), to the Purchasers. 10,000,000 Shares will be offered in an initial offering at a price of \$1.00 per Share, which is expected to close on January 7, 2011.

In addition, the Purchasers received a right to purchase, at their election, an additional 6,000,000 Shares in the aggregate at a price of \$1.00 per Share at one or more subsequent closings, which will take place no later than the third trading day after February 18, 2011, subject to certain conditions. Any such election to purchase additional shares may be exercised no more than three times by each Purchaser, in minimum increments of 600,000 Shares per purchaser and per exercise, by written notice from such Purchaser to the Company.

The Company anticipates raising gross proceeds of \$10 million in the initial offering. The net offering proceeds to the Company from the sale of the Shares in the initial offering, after deducting placement fees payable to Chardan Capital Markets, LLC, and other estimated offering expenses payable by the Company, are expected to be approximately \$9.4 million.

In connection with the offerings, the Company is filing as exhibits to this Current Report on Form 8-K the following documents:

as Exhibit 1.1, the agreement between the Company and Chardan Capital Markets, LLC, dated January 6, 2011;

as Exhibits 5.1 and 23.1, the legal opinion and consent of Ropes & Gray LLP relating to the Shares to be issued and sold in the offerings;

as Exhibit 99.1, the form of Common Stock Purchase Agreement between the Company and the Purchasers dated January 7, 2011; and

as Exhibit 99.2, the Press Release.

The foregoing summary of the terms of the Purchase Agreement is subject to, and qualified in its entirety by, the Purchase Agreement attached to this Current Report on Form 8-K as Exhibit 99.1, which is incorporated herein by reference.

The Company's press release announcing the offerings is filed as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit

No. Description

- | | |
|-----|--|
| 1.1 | Agreement between the Company and Chardan Capital Markets, LLC, dated January 6, 2011. |
| 5.1 | Opinion of Ropes & Gray LLP. |

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Exhibit

No. Description

- 23.1 Consent of Ropes & Gray LLP (contained in Exhibit 5.1 above).
- 99.1 Form of Common Stock Purchase Agreement between the Company and the Purchasers dated January 7, 2011.
- 99.2 Press Release of the Company dated January 7, 2011.
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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.

January 7, 2011

StemCells, Inc.

/s/ Ken Stratton

Name: Ken Stratton

Title: General Counsel

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