

MILLENNIUM CELL INC
 Form 3
 April 25, 2006

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

| | | | | | | |
|---|---------|----------|--------------------------------------|--|--|--|
| 1. Name and Address of Reporting Person * | | | 2. Date of Event Requiring Statement | | 3. Issuer Name and Ticker or Trading Symbol | |
| Â DOW CHEMICAL CO /DE/ | | | (Month/Day/Year) | | MILLENNIUM CELL INC [MCEL] | |
| (Last) | (First) | (Middle) | 04/15/2006 | | 4. Relationship of Reporting Person(s) to Issuer | |
| 2030 DOW CENTER | | | | | 5. If Amendment, Date Original Filed(Month/Day/Year) | |
| (Street) | | | | | (Check all applicable) | |
| MIDLAND,Â MIÂ 48674 | | | | | 6. Individual or Joint/Group Filing(Check Applicable Line) | |
| (City) | (State) | (Zip) | | | <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | |

Table I - Non-Derivative Securities Beneficially Owned

| | | | |
|------------------------------------|--|---|--|
| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|------------------------------------|--|---|--|

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| | | | | | |
|---|---|--|--|--|--|
| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
| | Date Exercisable Expiration Date | Title Amount or Number of Shares | | | |

| | | | | | | | |
|---------------------------------------|--------|--------|--------------|---|---------------|---|---|
| Series A2 Convertible Preferred Stock | Â (23) | Â (23) | Common Stock | 1,557,240 <u>(1) (2) (16)</u> <u>(18) (19) (20)</u> <u>(21) (22)</u> | \$ <u>(3)</u> | D | Â |
| Series B Convertible Preferred Stock | Â (23) | Â (23) | Common Stock | <u>(2) (4) (16)</u> <u>(17)</u> | \$ <u>(5)</u> | D | Â |
| Warrant to purchase Common Stock | Â (6) | Â (7) | Common Stock | <u>(2) (8)</u> | \$ <u>(9)</u> | D | Â |
| Warrant to purchase Common Stock | Â (10) | Â (11) | Common Stock | <u>(2) (12)</u> | \$ <u>(9)</u> | D | Â |
| Warrant to purchase Common Stock | Â (13) | Â (14) | Common Stock | <u>(2) (15)</u> | \$ <u>(9)</u> | D | Â |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| DOW CHEMICAL CO /DE/ 2030 DOW CENTER MIDLAND, MI 48674 | Â | Â X | Â | Â |

Signatures

Frank H. Brod, Corp VP and Controller 04/25/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) As of April 15, 2006, the Reporting Person beneficially owns 1,557,240 shares of Common Stock based on the Reporting Person's ownership of 155,724 shares of Series A2-0 Convertible Preferred Stock. Upon the later of the successful achievement of the fourth milestone under the Joint Development Agreement or, if such milestone is achieved prior to May 15, 2006, on June 15, 2006, the Reporting Person will have the right to acquire additional shares of Series A2 Convertible Preferred Stock which, when aggregated with (i) the shares of Series A2-0 Convertible Preferred Stock currently owned by the Reporting Person and (ii) the shares of Series A2 Convertible Preferred Stock, Series B Convertible Preferred Stock (if any) and Warrant to purchase shares of Common Stock (if any) issueable upon achievement of the second, third and fourth milestones under the Joint Development Agreement, may be converted into greater than 10% of the Common Stock of the Issuer.

(2) The number of shares of Series A2 Convertible Preferred Stock issueable upon the achievement of the second, third and fourth milestones under the Joint Development Agreement is based on a percentage ownership of the capital stock of the Issuer at that time determined on a fully diluted basis and is not determinable at this time. The number of shares of Series B Convertible Preferred Stock and Warrants to purchase shares of Common Stock issueable upon the achievement of the second, third and fourth milestones under the Joint Development Agreement is based on the purchase price of the applicable Series B Convertible Preferred Stock which is calculated based on the volume weighted average price of the Common Stock for the 30-trading day period prior to the date of issuance of the applicable Series B Convertible Preferred Stock and is not determinable at this time.

(3) Each share of Series A Convertible Preferred Stock is convertible into 10 shares of Common Stock, subject to anti-dilution adjustments.

(4) Upon the later of the successful achievement of fourth milestone under the Joint Development Agreement or, if such milestone is achieved prior to May 15, 2006, on June 15, 2006, the Reporting Person will have the right to acquire additional shares of Series B Convertible Preferred Stock which, when aggregated with (i) the shares of Series A2-0 Convertible Preferred Stock currently owned by

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the Reporting Person and (ii) the shares of Series A2 Convertible Preferred Stock, Series B Convertible Preferred Stock (if any) and Warrant to purchase shares of Common Stock (if any) issueable upon achievement of the second, third and fourth milestones under the Joint Development Agreement, may be converted into greater than 10% of the Common Stock of the Issuer.

- (5) Each share of Series B Convertible Preferred Stock is convertible into 10 shares of Common Stock, subject to anti-dilution adjustments.
- (6) The Warrant is convertible into shares of Common Stock (6) months after it is issued upon the successful achievement of the second milestone under the Joint Development Agreement.
- (7) The Warrant expires five (5) years after it is issued upon the successful achievement of the second milestone under the Joint Development Agreement.

The Reporting Person may receive a warrant to purchase 25% of the number of shares of Common Stock that would be issueable upon conversion of the Series B-1 Preferred Stock issued in connection with the achievement of the second milestone under the Joint Development Agreement and is not determinable at this time. The Common Stock issueable upon the exercise of the warrant, when aggregated with the shares of Common Stock issueable upon the conversion of (i) the shares of Series A2-0 Convertible Preferred Stock currently owned by the Reporting Person and (ii) the shares of Series A2 Convertible Preferred Stock, Series B Convertible Preferred Stock (if any) and Warrant to purchase shares of Common Stock (if any) issueable upon achievement of the second, third and fourth milestones under the Joint Development, may be greater than 10% of the Common Stock of the Issuer.

- (8) An amount per share of Common Stock equal to the product of (i) 1.2 and (ii) the volume weighted average price of the Common Stock for the 30-trading day period prior to the date the warrant is issued.
- (9) The Warrant is convertible into shares of Common Stock (6) months after it is issued upon the successful achievement of the third milestone under the Joint Development Agreement.
- (10) The Warrant expires five (5) years after it is issued upon the successful achievement of the third milestone under the Joint Development Agreement.

The Reporting Person may receive a warrant to purchase 25% of the number of shares of Common Stock that would be issueable upon conversion of the Series B-2 Preferred Stock issued in connection with the achievement of the third milestone under the Joint Development Agreement and is not determinable at this time. The Common Stock issueable upon the exercise of the warrant, when aggregated with the shares of Common Stock issueable upon the conversion of (i) the shares of Series A2-0 Convertible Preferred Stock currently owned by the Reporting Person and (ii) the shares of Series A2 Convertible Preferred Stock, Series B Convertible Preferred Stock (if any) and Warrant to purchase shares of Common Stock (if any) issueable upon achievement of the second, third and fourth milestones under the Joint Development, may be greater than 10% of the Common Stock of the Issuer.

- (11) The Warrant is convertible into shares of Common Stock (6) months after it is issued upon the later of the successful achievement of the fourth milestone under the Joint Development Agreement or, if such milestone is achieved prior to May 15, 2006, on June 15, 2006.
- (12) The Warrant expires 5 years after it is issued upon the later of the successful achievement of the fourth milestone under the Joint Development Agreement or, if such milestone is achieved prior to May 15, 2006, on June 15, 2006.

The Reporting Person may receive a warrant to purchase 25% of the number of shares of Common Stock that would be issueable upon conversion of the Series B-3 Preferred Stock issued in connection with the achievement of the fourth milestone under the Joint Development Agreement and is not determinable at this time. The Common Stock issueable upon the exercise of the warrant, when aggregated with the shares of Common Stock issueable upon the conversion of (i) the shares of Series A2-0 Convertible Preferred Stock currently owned by the Reporting Person and (ii) the shares of Series A2 Convertible Preferred Stock, Series B Convertible Preferred Stock (if any) and Warrant to purchase shares of Common Stock (if any) issueable upon achievement of the second, third and fourth milestones under the Joint Development, may be greater than 10% of the Common Stock of the Issuer.

- (13) On February 27, 2005, The Dow Chemical Company ("Dow") and Millennium Cell Inc. ("Millennium Cell") entered into a Stock Purchase Agreement (as amended by Dow and Millennium Cell on April 25, 2005) (the "Stock Purchase Agreement") in connection with the formation of a joint development arrangement between Dow and Millennium Cell. The Stock Purchase Agreement attached as Exhibit 10.1 to the Current Report on Form 8-K filed by Millennium Cell with the SEC on February 28, 2005, Amendment No. 1 to the Stock Purchase Agreement attached as Exhibit 10.9 to the Current Report on Form 8-K filed by Millennium Cell with the SEC on April 26, 2005 and the Joint Development Agreement attached as Exhibit 10.2 to the Current Report on Form 8-K filed by Millennium Cell with the SEC on February 28, 2005 (the "Joint Development Agreement") and the terms and conditions of the Stock Purchase Agreement, as amended, and the Joint Development Agreement are hereby incorporated herein by reference.

- (14) The Joint Development Agreement describes a series of five milestones. Upon the successful completion of each milestone Dow will become entitled to the compensation pursuant to the Stock Purchase Agreement. Upon the successful completion of the second through fifth milestones, Dow has the right to purchase a certain number of shares of Millennium Cell's Series B Convertible Preferred Stock ("Series B Preferred"); provided, however, that
- (15) (i) if the fourth milestone is achieved prior to May 15, 2006, Dow's right to acquire additional shares with respect to the fourth milestone will not occur until June 15, 2006 and (ii) if the fifth milestone is achieved prior to November 15, 2006, Dow's right to acquire additional shares with respect to the fifth milestone will not occur until December 15, 2006. The number of shares of Series B Preferred

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Dow may purchase after the completion of each of the second through fifth milestones is equal the number of shares of Common Stock that could be purchased for \$1,250,000 (based upon a purchase price equal to the volume weighted average price for the 30-trading day period prior to the date of issuance).

(19) If Dow purchases shares of Series B Preferred in connection with the successful completion of the second milestone, Millennium Cell will issue to Dow the number of shares of Series A2 Preferred that is convertible, as of the date Millennium Cell issues such shares of Series A2 Preferred to Dow, into the number of shares of Common Stock which equals the greater of (i) 4% of the fully diluted capital of Millennium Cell or (ii) the number of shares of Common Stock that could be purchased for \$1,250,000 (based upon a purchase price equal to the volume weighted average price for the 30-trading day period prior to the date of issuance), in each case minus the number of shares of Common Stock that would be issued upon the conversion of the Series B Preferred and the exercise of the Warrants issued (if any) in connection with the second milestone.

(20) If Dow purchases shares of Series B Preferred in connection with the successful completion of the third milestone, Millennium Cell will issue to Dow the number of shares of Series A2 Preferred that is convertible, as of the date Millennium Cell issues such shares of Series A2 Preferred to Dow, into the number of shares of Common Stock which is the greater of (i) 3% of the fully diluted capital of Millennium Cell or (ii) the number of shares of Common Stock that could be purchased for \$1,250,000 (based upon a purchase price equal to the volume weighted average price for the 30-trading day period prior to the date of issuance), in each case minus the number of shares of Common Stock issueable upon the conversion of the Series B Preferred and the exercise of the Warrants issued (if any) in connection with the third milestone.

(21) If Dow purchases shares of Series B Preferred in connection with the successful completion of the fourth milestone, Millennium Cell will issue to Dow the number of shares of Series A2 Preferred Stock that is convertible, as of the date Millennium Cell issues such shares of Series A2 Preferred to Dow, into the number of shares of Common Stock which is the greater of (i) 5% of the fully diluted capital of Millennium Cell or (ii) the number of shares of Common Stock that could be purchased for \$1,250,000 (based upon a purchase price equal to the volume weighted average price for the 30-trading day period prior to the date of issuance), in each case minus the number of shares of Common Stock that would be issued upon the conversion of the Series B Preferred and the exercise of the Warrants issued (if any) in connection with the fourth milestone.

(22) If Dow elects not to purchase any shares of Series B Preferred upon the completion of any milestone, Millennium Cell is required to issue to Dow only one-half of the number of shares of Series A2 Preferred described above for the applicable milestone. However, even if Dow elects not to purchase any shares of Series B Preferred, the number of shares of Series A2 Preferred to be issued to Dow upon the successful completion of each of the second through fifth milestones will be at least the lesser of (i) the number of shares of Common Stock equal to \$625,000 divided by the volume weighted average price for the 30-trading day period prior to the issuance thereof, or (ii) 2% of the fully diluted capital stock of Millennium Cell.

(23) Each share of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock is convertible into Common Stock, at the option of the Reporting Person, at anytime after the date of the issuance.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.