

STEMCELLS INC
Form 8-K
November 12, 2008

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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): November 12, 2008

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 July 18, 2008, the Securities and Exchange Commission (the Commission) declared effective the Registration Statement on Form S-3 (File No. 333-151891) of StemCells, Inc. (the Company) filed on June 24, 2008 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 November 12, 2008, the Company entered into a placement agency agreement with Susquehanna Financial Group, LLLP and Dawson James Securities, Inc. as the exclusive co-placement agents, relating to the sale and issuance by the Company to certain investors (the Purchasers) of 13,793,104 units (the Units), with each Unit consisting of (i) one share of the Company's common stock, par value \$0.01 per share (Common Stock) and (ii) a warrant to purchase 0.75 of a share of Common Stock, at a purchase price of \$1.45 per Unit, pursuant to the Registration Statement (the Offering). In the aggregate, the Company would issue 13,793,104 shares of Common Stock and warrants to purchase up to 10,344,828 shares of Common Stock (the Warrants), pursuant to the terms of the placement agency agreement and the related subscription agreements. The Warrants will generally be exercisable for a period of five years beginning six months after the date of issuance, and will carry a price per share equal to \$2.30, or 110% of the closing price of the Common Stock on November 12, 2008 as reported by NASDAQ.

The Company anticipates raising gross proceeds of \$20 million. The net offering proceeds to the Company from the sale of the Units, after deducting the placement agents' fees and other estimated offering expenses payable by the Company, are expected to be approximately \$18.5 million. The Offering is expected close on or about November 17, 2008, or on such later date as the Company and the Purchasers may agree, subject to customary closing conditions.

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

as Exhibit 1.1, the Placement Agency Agreement;

as Exhibit 4.1, the Form of Warrant;

as Exhibits 5.1 and 23.1, the legal opinion and consent of Ropes & Gray LLP relating to the shares of Common Stock and the warrants to purchase Common Stock to be issued and sold in the Offering; and

as Exhibit 99.1, the Form of Subscription Agreement.

as Exhibit 99.2, the Press Release.

The foregoing summary of the terms of the subscription agreement, the warrant and the placement agency agreement is subject to, and qualified in its entirety by, the form of subscription agreement, the form of warrant and the placement agency agreement, which are attached to this Current Report on Form 8-K as Exhibits 99.1, 4.1 and 1.1 respectively and are incorporated herein by reference.

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

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Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Description

| | |
|------|---|
| 1.1 | Placement Agency Agreement dated as of November 12, 2008, by and between StemCells, Inc. and Susquehanna Financial Group, LLLP and Dawson James Securities as placement agents. |
| 4.1 | Form of Warrant |
| 5.1 | Opinion of Ropes & Gray LLP. |
| 23.1 | Consent of Ropes & Gray LLP (contained in Exhibit 5.1 above). |
| 99.1 | Form of Subscription Agreement |
| 99.2 | Press release of StemCells, Inc. dated November 12, 2008. |

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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.

November 12, 2008

StemCells, Inc.

/s/ Ken Stratton

Name: Ken Stratton

Title: General Counsel

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