

STEMCELLS INC
Form 10-K/A
October 11, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 2)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

or

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER 0-19871

STEMCELLS, INC.

(Exact name of Registrant as specified in its charter)

A Delaware Corporation
(State or other jurisdiction of

94-3078125
(I.R.S. Employer

Edgar Filing: STEMCELLS INC - Form 10-K/A

incorporation or organization) Identification No.)
7707 GATEWAY BLVD 94560
NEWARK, CA (zip code)

(Address of principal offices)

Registrant's telephone number, including area code:

(510) 475-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Aggregate market value of common stock held by non-affiliates at June 30, 2012: \$20,259,263. Inclusion of shares held beneficially by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of management policies of the registrant, or that such person is controlled by or under common control with the Registrant.

Common stock outstanding at October 4, 2013: 54,971,174 shares.

Documents incorporated by reference:

None

Table of Contents

TABLE OF CONTENTS

Year 2012 Form 10-K/A Annual Report

EXPLANATORY NOTE

StemCells, Inc. (the Company) is filing this Amendment No. 2 (this Amendment) to its Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (the Form 10-K) in response to comments received from the Securities and Exchange Commission (the SEC) regarding a request for confidential treatment of certain portions of Exhibit 10.34 (Loan and Security Agreement (the Security Agreement)), dated as of April 8, 2013, between the Company and Silicon Valley Bank (SVB), Exhibit 10.35 (Loan Agreement (the Loan Agreement)), dated as of April 9, 2013 between the Company and the California Institute for Regenerative Medicine (CIRM) and Exhibit 10.36 (Notice of Loan Award (the Notice)), dated as of April 10, 2013, between the Company and CIRM, each originally filed with Amendment No. 1 to the Form 10-K.

In response to SEC comments, this Amendment is being filed solely to file revised Exhibits 10.34, 10.35 and 10.36 to disclose such additional information in the Security Agreement, Loan Agreement and Notice as agreed upon with the SEC. Certain portions of Exhibits 10.34, 10.35, and 10.36 remain omitted in accordance with a request for confidential treatment that the Company has submitted to the SEC.

Each of Exhibits 10.34, 10.35 and 10.36 filed with this Amendment supersedes in its entirety the version of Exhibits 10.34, 10.35 and 10.36, respectively, previously filed with the Form 10-K.

This amendment does not affect any other items in our Original Report. Because no financial statements are contained in this amendment, we are not including certifications under section 906 of the Sarbanes-Oxley Act of 2002.

Item description

Part IV

Item 15.	<u>Exhibits and Financial Statement Schedules</u>	Page
<u>Exhibit 10.34</u>		3
<u>Exhibit 10.35</u>		
<u>Exhibit 10.36</u>		
<u>Exhibit 31.5</u>		
<u>Exhibit 31.6</u>		

Notes regarding certain references

Except as otherwise expressly stated herein, this amendment continues to speak as of the date of the Original Report and we have not updated the disclosure contained in the Original Report or this amendment to reflect events that have occurred since the filing of the Original Report. Accordingly, this amendment should be read in conjunction with our Original Report and our other filings made with the SEC subsequent to the filing of the Original Report.

Throughout this Form 10-K/A, the words we, us, our, and StemCells refer to StemCells, Inc., including our directly and indirectly wholly-owned subsidiaries. Common stock refers to the common stock of StemCells, Inc., \$0.01 par value.

Table of Contents**PART IV****Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES****(b) Exhibits**

The documents set forth below are filed herewith or incorporated by reference to the location indicated.

Exhibit No.	Title or Description
3.1	Restated Certificate of Incorporation of the Registrant(1)
3.2	Amended and Restated By-Laws of the Registrant(2)
4.1	Specimen Common Stock Certificate(3)
4.2	Form of Warrant Certificate issued to certain purchasers of the Registrant's common stock in November 2008(4)
4.3	Form of Warrant Certificate issued to certain purchasers of the Registrant's common stock in November 2009(5)
4.4	Form of Series A Warrant issued to certain purchasers of the Registrant's common stock in December 2011(6)
10.1	Form of at-will Employment Agreement between the Registrant and most of its employees(7)
10.2	Form of Agreement for Consulting Services between the Registrant and the members of its Scientific Advisory Board(8)
10.3 #	Cytotherapeutics, Inc. 1992 Equity Incentive Plan(8)
10.4 #	1992 Stock Option Plan for Non-Employee Directors(8)
10.5	Lease Agreement, dated as of August 1, 1992, between the Registrant and the Rhode Island Industrial Facilities Corporation(9)
10.6	First Amendment to Lease Agreement, dated as of September 15, 1994, between Registrant and the Rhode Island Industrial Facilities Corporation(9)
10.7	Lease Agreement, dated as of November 21, 1997, by and between Hub RI Properties Trust, as Landlord, and CytoTherapeutics, Inc., as Tenant(10)
10.8	Consulting Agreement, dated as of September 25, 1997, between Dr. Irving Weissman and the Registrant(11)
10.9	StemCells, Inc. 1996 Stock Option Plan(12)
10.10 #	1997 StemCells Research Stock Option Plan (the 1997 Plan)(12)
10.11 #	Form of Performance-Based Incentive Option Agreement issued under the 1997 Plan(12)
10.12	License Agreement, dated April 1, 1997, by and among Registrant, NeuroSpheres Ltd. and NeuroSpheres Holdings Ltd. (the 1997 NeuroSpheres license agreement)(13)
10.13 &	License Agreement, dated as of October 30, 2000, between the Registrant and NeuroSpheres Holdings Ltd. (the 2000 NeuroSpheres license agreement)(14)
10.14 #	Letter Agreement, dated January 2, 2001, between the Registrant and Martin McGlynn(15)
10.15 #	2001 Equity Incentive Plan(16)
10.16 #	StemCells, Inc. Amended and Restated 2004 Equity Incentive Plan(17)

Table of Contents

Exhibit No.	Title or Description
10.17 &	License Agreement, dated as of July 1, 2005, between the Registrant and ReNeuron Limited(18)
10.18 #	Letter Agreement, effective as of September 6, 2005, between the Registrant and Rodney K.B. Young(19)
10.19	Side Letter, dated October 30, 2000, between the Registrant and NeuroSpheres Ltd. regarding the 1997 and 2000 NeuroSpheres license agreements(14)
10.20	Side Letter, dated March 21, 2002, between the Registrant and NeuroSpheres Ltd. and NeuroSpheres Holdings Ltd. regarding the 2000 NeuroSpheres license agreement(21)
10.21	Side Letter, dated July 2, 2003, between the Registrant and NeuroSpheres Ltd. and NeuroSpheres Holdings Ltd. regarding the 2000 NeuroSpheres license agreement(21)
10.22 &	Side Letter, dated March 9, 2005, between the Registrant and NeuroSpheres Ltd. and NeuroSpheres Holdings Ltd. regarding the 2000 NeuroSpheres license agreement(21)
10.23	Indemnification Agreement, dated July 9, 2008, between the Registrant and NeuroSpheres Holdings, Ltd.(20)
10.24 #	Letter Agreement, effective as of February 2, 1998, between the Registrant and Ann Tsukamoto(21)
10.25 #	Memorandum of Agreement, effective as of July 17, 2000, between the Registrant and Ann Tsukamoto(21)
10.26 #	Letter Agreement, effective as of July 24, 2008, between the Registrant and Stewart Craig(21)
10.27 #	Letter Agreement, effective as of February 2, 2007, between the Registrant and Kenneth B. Stratton(21)
10.28 #	Letter Agreement, effective as of August 6, 2009, between the Registrant and Kenneth B. Stratton(21)
10.29 &	License Agreement, dated as of January 31, 2006, between Stem Cell Sciences (Australia) Pty Limited and The University of Edinburgh(21)
10.30	Lease agreement, dated December 2, 2010, between the Registrant and BMR-Gateway Boulevard LLC(22)
10.31 #	StemCells, Inc. Director s Fee Plan(23)
10.32 #	Form of equity award under Registrant s 2012 Commencement Incentive Plan(24)
10.33 #	Amended and Restated 2006 Equity Incentive Plan of StemCells, Inc.(25)
10.34 & *	Loan and Security Agreement, dated April 8, 2013, between the Registrant and Silicon Valley Bank
10.35 & *	Loan Agreement, dated April 9, 2013, between the Registrant and the California Institute for Regenerative Medicine
10.36 & *	Notice of Loan Award, effective as of April 10, 2013, between the Registrant and the California Institute for Regenerative Medicine
21	Subsidiaries of the Registrant(21)
23.1**	Consent of Grant Thornton, LLP, Independent Registered Public Accounting Firm
31.1**	Certification Pursuant to Securities Exchange Act Rule 13(a)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Martin McGlynn, Chief Executive Officer)

Table of Contents

Exhibit No.	Title or Description
31.2**	Certification Pursuant to Securities Exchange Act Rule 13(a)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rodney K.B. Young, Chief Financial Officer)
31.3**	Certification Pursuant to Securities Exchange Act Rule 13(a)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Martin McGlynn, Chief Executive Officer)
31.4**	Certification Pursuant to Securities Exchange Act Rule 13(a)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rodney K.B. Young, Chief Financial Officer)
31.5*	Certification Pursuant to Securities Exchange Act Rule 13(a)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Martin McGlynn, Chief Executive Officer)
31.6*	Certification Pursuant to Securities Exchange Act Rule 13(a)-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rodney K.B. Young, Chief Financial Officer)
32.1***	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Martin McGlynn, Chief Executive Officer)
32.2***	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Rodney K.B. Young, Chief Financial Officer)
101.1**	The following materials from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012 are formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.

Indicates management compensatory plan, contract or arrangement.

& Confidential treatment requested as to certain portions. Material has been omitted and separately filed with the Commission.

* Filed herewith.

** Previously filed.

*** Previously furnished.

- (1) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 15, 2007.
- (2) Incorporated by reference to the Registrant's current report on Form 8-K filed on May 7, 2007.
- (3) Incorporated by reference to the Registrant's Registration Statement on Form S-3, File No. 333-151891.
- (4) Incorporated by reference to the Registrant's current report on Form 8-K filed on November 12, 2008.
- (5) Incorporated by reference to the Registrant's current report on Form 8-K filed on October 28, 2009.
- (6) Incorporated by reference to the Registrant's current report on Form 8-K filed on December 16, 2011.
- (7) Incorporated by reference to the Registrant's annual report on Form 10-K for the fiscal year ended December 31, 2008 and filed on March 16, 2009.
- (8) Incorporated by reference to the Registrant's Registration Statement on Form S-1, File No. 33-45739.
- (9) Incorporated by reference to the Registrant's Registration Statement on Form S-1, File No. 33-85494.
- (10) Incorporated by reference to the Registrant's annual report on Form 10-K for the fiscal year ended December 31, 1997 and filed on March 30, 1998.
- (11) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and filed on November 14, 1997.
- (12) Incorporated by reference to the Registrant's Registration Statement on Form S-8, File No. 333-37313.
- (13) Incorporated by reference to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2005 and filed on March 22, 2006.
- (14) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 and filed on April 2, 2001.
- (15) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.

Table of Contents

- (16) Incorporated by reference to the Registrant s definitive proxy statement filed May 1, 2001.
- (17) Incorporated by reference to the Registrants Registration Statement on Form S-8, File No. 333-118263.
- (18) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.
- (19) Incorporated by reference to the Registrant s current report on Form 8-K filed on September 7, 2005.
- (20) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.
- (21) Incorporated by reference to the Registrant s annual report on Form 10-K for the fiscal year ended December 31, 2009 and filed on March 11, 2010.
- (22) Incorporated by reference to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and filed on March 11, 2011.
- (23) Incorporated by reference to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and filed on March 15, 2012.
- (24) Incorporated by reference to the Registrant s Registration Statement on Form S-8, File No. 333-183712.
- (25) Incorporated by reference to the Registrant s Registration Statement on Form S-8, File No. 333-144747.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No.2 to be signed on its behalf by the undersigned, thereunto duly authorized.

STEMCELLS, INC.

By: /s/ Martin McGlynn

Martin McGlynn
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Dated: October 11, 2013