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INTERNET PICTURES CORP

Form 8-K

October 03, 2001

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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): SEPTEMBER 26, 2001

INTERNET PICTURES CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	000-26363	52-2213841
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(State or other	(Commission	(IRS Employer
jurisdiction of incorporation)	File Number)	Identification Number)

3160 CROW CANYON ROAD SAN RAMON, CALIFORNIA	94583
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:	(925) 242-4002
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N/A

(Former name or former address, if changed since last report)

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ITEM 5: Other Events

On May 14, 2001, Internet Pictures Corporation (the "Company") announced that it had entered into a definitive agreement with Image Investor Portfolio, a separate series of Memphis Angels, LLC ("Image") for an investment by Image in the Company. Pursuant to the terms of a securities purchase agreement between the Company and Image dated as of May 14, 2001, Image purchased the Company's \$10 million convertible senior secured note (the "Note") and received warrants to purchase up to \$20 million of the Company's Series B Preferred Stock.

On September 26, 2001, the Company, Image and strategic investors completed the Tranche B stage of the investment. At this time, the Company issued 1,115,080 shares of the Company's Series B Preferred Stock for total consideration of \$22.30 million, represented by the conversion of the \$10 million Note, the conversion of \$276,615 of interest on the Note and \$12.025 million in cash through the exercise of Tranche B warrants. The remainder of the

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Tranche B warrants expired.

The \$22.30 million of Series B Preferred Stock is convertible into the Company's common stock at a price of \$2.50 per share. The conversion price may be adjusted at the sixth month anniversary of the closing of Tranche B based on the preceding twenty-day average trading price of the Company's common stock, but not below a price of \$2.00 per share or above a price of \$2.50 per share.

Additional information regarding the terms of the Series B Preferred Stock, registration rights and the transaction in general is provided in the Company's 8-K filed with the Commission on May 29, 2001.

The foregoing descriptions of the agreements and the conversion are qualified in their entirety by reference to the documents that are filed as exhibits hereto and as exhibits to the Company's Current Report on Form 8-K filed with the Commission on May 29, 2001.

ITEM 7: Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits

Exhibit Number -----	Description -----
3.1	Amended Certificate of Designation, as filed on September 26, 2001
99.1	Press release dated September 26, 2001 regarding financing

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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.

INTERNET PICTURES CORPORATION

Dated: October 3, 2001

/s/ Paul Farmer

Paul Farmer
Chief Financial Officer

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EXHIBIT INDEX

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