

CELL THERAPEUTICS INC
Form 8-K
February 12, 2007

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): February 8, 2007

CELL THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction
of incorporation or organization)

001-12465
(Commission File Number)

91-1533912
(I.R.S. Employer
Identification Number)

501 Elliott Avenue West, Suite 400

Seattle, Washington 98119

(Address of principal executive offices)

Registrant's telephone number, including area code: (206) 282-7100

Not applicable

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

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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 (see General Instruction A.2. below):

- 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 1.01. Entry into a Material Definitive Agreement.

On February 8, 2007, Cell Therapeutics, Inc. (the Corporation) entered into a letter agreement with Rodman & Renshaw, LLC, as placement agent (the Engagement Letter), relating to the proposed offering of shares of the Corporation s convertible preferred stock and warrants to purchase shares of the Corporation s common stock to investors. A copy of the Engagement Letter is attached hereto as Exhibit 1.1.

In addition, the Corporation entered into a Securities Purchase Agreement, dated as of February 8, 2007 (the Purchase Agreement) by and among the Corporation and the purchasers introduced to the Corporation by the placement agent signatory thereto (the Investors). Pursuant to the Purchase Agreement, the Corporation agreed to issue to the Investors 17,645 shares of its Series A 3% convertible preferred stock, no par value (the Convertible Preferred Stock) in a registered offering at an issue price of \$1,000 per share and warrants to purchase an additional 5,275,030 shares of the Corporation s common stock, no par value (the Common Stock) at an exercise price of \$1.61 per share (the Warrants) and, together with the Convertible Preferred Stock and the shares of Common Stock issuable upon the conversion or exercise of the Convertible Preferred Stock or the Warrants, the Securities). The issuance of the Securities pursuant to the Purchase Agreement is subject to certain closing conditions.

The Warrants are not immediately exercisable and will only become exercisable on or after the date upon which all necessary corporate and shareholder action to approve an amendment to the articles of incorporation of the Corporation to increase the number of authorized shares of Common Stock to an amount sufficient to permit the issuance of all shares of Common Stock issuable upon the exercise of the Warrants shall have been taken and such amendment shall have been accepted by the Secretary of State of the State of Washington. The Warrants will terminate on the earlier to occur of the second anniversary of the date upon which the Warrants become exercisable and February 12, 2012. The Warrants will be exercisable, at the option of each holder, upon the surrender of the Warrants to us and the payment of the exercise price of the shares of Common Stock being acquired and are governed by the terms of a Common Stock Purchase Warrant, dated as of February 12, 2007, by and between the Corporation and each Investor in the form attached hereto as Exhibit 4.2 (the Warrant Agreement).

The Securities are registered under the Securities Act of 1933, as amended, on the Corporation s previously filed and effective Registration Statement on Form S-3/A (File No. 333-131533) (the Registration Statement). The Corporation filed a base prospectus and a prospectus supplement relating to the issuance and sale of the Securities with the Securities and Exchange Commission on February 12, 2007. Attached as Exhibit 5.1 is the opinion of Heller Ehrman LLP relating to the validity of the issuance and sale of the Convertible Preferred Stock and Warrants and the issuance of the shares of the Common Stock upon conversion or exercise of the Convertible Preferred Stock or Warrants.

The descriptions of terms and conditions of the Engagement Letter, Purchase Agreement and Warrant Agreement set forth herein do not purport to be complete and are qualified in their entirety by the full text of the Engagement Letter, which is attached hereto as Exhibit 1.1 and incorporated herein by reference, the Purchase Agreement, the form of which is attached hereto as Exhibit 10.1 and incorporated herein by reference, and the Warrant Agreement, the form of which is attached hereto as Exhibit 4.2 and incorporated by reference herein.

Item 3.03. Material Modification to Rights of Security Holders.

On February 9, 2007, the Corporation filed Articles of Amendment (the Articles of Amendment) to its Articles of Incorporation with the Secretary of State of the State of Washington, establishing its Convertible Preferred Stock in connection with its public offering of the Securities pursuant to the Registration Statement. The terms of the Convertible Preferred Stock restrict the payment of dividends on the Common Stock unless the Corporation has paid or set aside the cumulative dividends then owed on the Convertible Preferred Stock. In addition, each share of Convertible Preferred Stock is entitled to a liquidation preference equal to the stated value of such holder's shares of Convertible Preferred Stock plus any accrued and unpaid dividends and other payments that may be due on the shares before the holders of the Common Stock or any other junior securities of the Corporation receive any payments upon such liquidation. The terms and conditions of the Convertible Preferred Stock are described under the heading Description of Series A 3% Convertible Preferred Stock in the prospectus supplement to the prospectus included in the Registration Statement. The foregoing description of the rights, preferences and privileges of the Convertible Preferred Stock does not purport to be complete and is qualified in its entirety by the full text of Articles of Amendment, which is attached hereto as Exhibit 3.4 and incorporated by reference herein.

Item 5.03. Amendment to Articles of Incorporation or Bylaws; Change in Fiscal Year

Please see the disclosure set forth under Item 3.03, which is incorporated by reference into this Item 5.03.

Item 7.01. Regulation FD Disclosure.

The information provided pursuant to this Item 7.01 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act) or incorporated by reference into those filings of the Corporation that provide for the incorporation of all reports and documents filed by the Corporation under the Exchange Act. The information furnished pursuant to this Item 7.01 shall instead be deemed furnished.

On February 8, 2007, the Corporation issued a press release announcing the pricing of its public offering of the shares of Convertible Preferred Stock and warrants sold under the Registration Statement. A copy of this press release is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are attached with this report on Form 8-K:

Exhibit

No.	Description
1.1	Letter Agreement, dated February 8, 2007, by and between the Corporation and Rodman & Renshaw, LLC
3.4	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Corporation
4.1	Form of Series A 3% Convertible Preferred Stock Certificate
4.2	Form of Warrant
5.1	Opinion of Heller Ehrman LLP
10.1	Form of Securities Purchase Agreement, dated February 8, 2007, by and between the Corporation and the investors signatory thereto
12.1	Statement Regarding Computation of Earnings to Fixed Charges and Preferred Stock Dividends
99.1	Press Release, dated February 8, 2007

SIGNATURE

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.

CELL THERAPEUTICS, INC.

Date: February 12, 2007

By: /s/ Louis A. Bianco
Louis A. Bianco
Executive Vice President, Finance and Administration

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EXHIBIT INDEX

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