

THERMOGENESIS CORP
Form 424B5
March 07, 2011

**Prospectus Supplement
(To Prospectus Dated January 6, 2011)**

**Filed pursuant to Rule 424(b)(5)
File No. 333-171563**

**2,250,000 Shares of Common Stock
Warrants to purchase up to 1,125,000 Shares of Common Stock**

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering to investors 2,250,000 shares of our common stock (the **Shares**) together with warrants to purchase up to 1,125,000 additional shares of common stock (the **Warrants**). The Shares and Warrants will be sold together as a unit with a per unit purchase price of \$2.00 consisting of one share of common stock and the equivalent of a warrant to purchase one-half share of common stock. The initial exercise price of the Warrants issued in the offering as part of such unit will be \$2.64 per share. The Warrants will be exercisable by the holders at any time on or after the date that is six months following the date of the closing of the offering and will expire on the fifth anniversary of the closing of the offering. The Shares and Warrants will be issued separately but can only be purchased together in this offering. The shares of common stock issuable from time to time pursuant to the exercise of the Warrants are also being offered pursuant to this prospectus supplement and the accompanying prospectus.

Our common stock trades on the NASDAQ Capital Market under the symbol **KOOL**. The last reported sale price of our common stock on the NASDAQ Capital Market on March 3, 2011 was \$2.62 per share. There is no established public trading market for the Warrants and we do not expect a market to develop. In addition, we do not intend to apply for listing of the Warrants on any national securities exchange. As of January 3, 2011, the aggregate market value of our outstanding common stock held by non-affiliates was approximately \$53,276,493 based on 14,096,366 shares of outstanding common stock, of which 149,640 shares were held by affiliates as of such date, and a price of \$3.82 per share, which was the last reported sale price of our common stock as quoted on the NASDAQ Capital Market on January 3, 2011. We have not offered any securities pursuant to General Instruction I.B.6 of Form S-3 during the prior 12 calendar month period that ends on, and includes, the date of this prospectus.

Investing in our securities involves a high degree of risk. See the section entitled **Risk Factors beginning on page S-3 of this prospectus supplement and in the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus. You should carefully consider these risk factors, as well as the information contained in this prospectus supplement and the accompanying prospectus, before you invest.**

Neither the Securities and Exchange Commission (the **SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	Per unit	Per share underlying warrants	Total⁽¹⁾
Public offering price	\$2.00		\$4,500,000
Placement agent's fees	\$0.16		\$ 360,000
Proceeds, before expenses, to us	\$1.84		\$4,140,000
Public offering price for shares of common stock underlying Warrants		\$2.64 ⁽²⁾	\$2,970,000 ⁽²⁾
Total proceeds, before expenses, to us from units and shares underlying Warrants			\$7,110,000 ⁽²⁾

(1) Assumes all units offered pursuant to this prospectus supplement are sold.

(2) The exercise price of the Warrants is subject to potential adjustments. See **Description of Securities** on page S-17 of this prospectus supplement.

We have retained Houlihan Lokey Capital, Inc. to act as our exclusive placement agent in connection with this offering. The placement agent has no obligation to buy any of the securities from us or to arrange for the purchase or sale of any specific number or dollar amount of securities but have agreed to use their commercially reasonable efforts to arrange for the sale of all of the units. We have agreed to pay the placement agent a cash fee of 8% of gross offering proceeds. See Plan of Distribution for more information regarding these arrangements. We expect that delivery of the units being offered pursuant to this prospectus supplement will be made to investors on or about March 9, 2011.

Houlihan Lokey

The date of the prospectus supplement is March 7, 2011

TABLE OF CONTENTS

Prospectus Supplement

About This Prospectus Supplement	S-1
Prospectus Supplement Summary	S-2
Risk Factors	S-4
Forward-Looking Statements	S-12
Use of Proceeds	S-13
Capitalization	S-14
Determination of Offering Price	S-15
Dividend Policy	S-15
Dilution	S-16
Description of Securities	S-17
Plan of Distribution	S-19
Legal Matters	S-21
Experts	S-21
Incorporation of Certain Information By Reference	S-22
Where You Can Find More Information	S-23

Prospectus

Cautionary Note Regarding Forward-Looking Statements	1
About this Prospectus	1
About ThermoGenesis Corp	3
Where You Can Find Additional Information	3
Incorporation of Information by Reference	4
Risk Factors	4
Description of Securities We May Offer	4
Use of Proceeds	12
Plan of Distribution	13
Legal Matters	15
Experts	15

ABOUT THIS PROSPECTUS SUPPLEMENT

We are providing this information to you about this offering of securities in two parts. The first part is this prospectus supplement, which provides the specific details regarding the Shares and the Warrants that we are offering and also adds to and updates information contained in or incorporated by reference into the accompanying prospectus. The second part is the base prospectus dated January 6, 2011, included in our registration statement on Form S-3 (SEC File No. 333-171563), which provides a general description of the securities we may offer from time to time under that registration statement, some of which may not apply to the units being offered hereby. This prospectus supplement and the accompanying prospectus are part of a shelf registration statement that we filed with the SEC. Under the shelf registration process, we may, from time to time, offer shares of our common stock, various series of warrants to purchase common stock, either individually or in units, in one or more offerings, in amounts we will determine from time to time, up to a total dollar amount of \$20,000,000, of which this offering is a part.

To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference therein, on the other hand, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having a later date modifies or supersedes, as applicable, the earlier statement.

This prospectus supplement contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which this prospectus supplement is a part, and you may obtain copies of those documents as described below under the section entitled *Where You Can Find More Information*.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information that is different. We are offering our securities only in jurisdictions where such offers are permitted. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy units in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in that jurisdiction. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates, and any information that we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus, or of any sale of our securities. It is important for you to read and consider all information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred to you in *Where You Can Find More Information* below.

Thermogenesis®, Thermogenesis Logo, BioArchive®, CryoSeal®, Xpresspack®, AutoXpress™ AXP®, Res-Q™ and TPD™ are the registered and common law trademarks of ThermoGenesis Corp.

Unless stated otherwise, references in this prospectus supplement and the accompanying prospectus to *we*, *us*, or *our* refer to ThermoGenesis Corp., a Delaware corporation.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained in greater detail elsewhere in this prospectus supplement. This summary does not contain all of the information that you should consider before investing in the Shares or the Warrants. You should carefully read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including Risk Factors and the financial statements, before making an investment decision.

Our Business

Overview

We design, develop and commercialize medical products that enable the collection, processing and cryopreservation of stem cells and other cellular tissues used in the practice of regenerative medicine. Regenerative medicine is an emerging field which, among other things, aims to repair or restore lost or damaged tissue and cell function using cell-based therapies. Our current products automate the volume reduction and cryopreservation process of adult stem cell concentrates from cord blood and bone marrow for use in laboratory and point of care settings. Our growth strategy is to expand our offerings in regenerative medicine and partner with other pioneers in the stem cell arena to accelerate our worldwide penetration in this potentially explosive market. We plan to have a product line that encompasses all sources of stem cells, including cord blood, bone marrow, adipose, among others and to leverage our technological investments into profitable adjacent markets, such as platelet rich plasma.

Our Solution

We provide the tools necessary for the collection, separation, storage and delivery of stem cells from adult tissue sources including cord blood and bone marrow, and potentially in the future, adipose and placenta. These tools are being used by healthcare providers in both the laboratory and point of care settings. Our competitive advantage is achieved through applying our advanced research and engineering capabilities to develop a complete tool box for healthcare providers advancing regenerative medicine. Our solutions enable our customers to automate their processes, comply with quality regulations and achieve high stem cell yields. We believe our products significantly enhance the safety and viability of stem cell and regenerative medical products and will ultimately expand the use and success of those products in clinical treatment through their ease of use and high cell recovery rates.

Our Core Products

The AXP is a medical device with an accompanying disposable bag set that isolates and retrieves stem cells from umbilical cord blood. The AXP provides cord blood banks with an automated system to enrich adult stem cells combined with lower labor costs and a reduced risk of contamination under GMP conditions. Self-powered and microprocessor-controlled, the AXP contains flow control optical sensors that achieve precise separation.

The MarrowXpress or MXP, an extension of the AXP, isolates and retrieves stem cells from bone marrow aspirate and its initial application is for the preparation of cells for regeneration of bone in spinal fusion procedures and tissues in cosmetic surgeries.

The Res-Q product is used for bone marrow stem cell processing that can be used in a clinical laboratory or inter-operatively at the point of care. The key advantages of the Res-Q include (a) delivering a high number of target cells from a small sample of bone marrow, and (b) providing a disposable that is highly portable and packaged for the sterile field. These features allow the physician to process bone marrow and return the cells to the patient in as little as 15 minutes.

The BioArchive System is an automated cryogenic system used to cryopreserve and archive stem cells for future transplant and treatment. The BioArchive Systems are used to archive, cryopreserve and store stem cell preparations extracted from human placentas and umbilical cords for future use.

Intended Use of Proceeds

We currently intend to use the net proceeds from this offering for working capital and general corporate purposes. These purposes include new product development initiatives, support of our Asian channel development efforts and acceleration of our product cost reduction initiatives. We have not reserved or allocated specific amounts

for these purposes. Accordingly, our management will have broad discretion as to the application of the offering proceeds.

Corporate Information

We were incorporated in Delaware on July 3, 1986. Our principal executive offices are located at 2711 Citrus Road, Rancho Cordova, California 95742. Our telephone number is (916) 858-5100. Our website is www.thermogenesis.com. The information on, or that can be accessed through, our website does not constitute part of this document.

The Offering

Securities we are offering	2,250,000 shares of common stock Warrants to purchase up to 1,125,000 shares of common stock at an initial exercise price of \$2.64 per share. The Warrants will be exercisable by the holders at any time on or after the date that is six months following the date of the closing of the offering and will expire on the fifth anniversary of the closing of the offering.
Common stock to be outstanding after this offering	16,346,366 shares (1)
Placement Agent's Fees	At the closing, we will pay the placement agent 8% of the gross proceeds of the offering as compensation for their services in connection with this offering.
Use of proceeds	Working capital and/or general corporate purposes. See Use of Proceeds on page S-13.
NASDAQ Capital Market Symbol	KOOL There is no established public trading market for the Warrants and we do not expect a market to develop. In addition, we do not intend to apply for listing of the Warrants on any national securities exchange.
Risk Factors	This investment involves a high degree of risk. See Risk Factors and other information included or incorporated into this prospectus supplement and the accompanying prospectus for a discussion of the factors you should carefully consider before deciding to invest in our units.

(1) The number of shares of common stock shown above to be outstanding after this offering is based on 14,096,366 shares outstanding as of March 3, 2011 and assumes the sale of all units being offered pursuant to this prospectus supplement. Unless otherwise indicated, the number of shares of common stock presented in this prospectus supplement excludes (i) 1,579,331 shares of our common stock that, as of the date of this prospectus supplement, are issuable upon the exercise of outstanding options under our stock plans, at a weighted average exercise price of \$3.81 per share, (ii) 561,907 shares of our common stock available for future equity awards under our 2006 Equity Incentive Plan, (iii) 806,000 shares of our common stock that may be issued to Nanshan Memorial Medical Institute upon the completion of certain milestones pursuant to that certain International Distributor Agreement between us and Nanshan Memorial Medical Institute effective November 3, 2010, and (iv) all shares of our common stock that may be issuable upon exercise of the Warrants covered by this prospectus supplement.

Unless otherwise indicated, this prospectus supplement assumes the sale of the maximum number of units offered hereunder.

S-3

RISK FACTORS

Investment in the securities involves a high degree of risk. You should carefully consider the risks described below, as well as those risks described in the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations, each contained in our most recent Annual Report on Form 10-K for the year ended June 30, 2010, which has been filed with the SEC and is incorporated herein by reference in its entirety, as well as other information in this prospectus supplement and the accompanying prospectus or in any other documents incorporated by reference herein and therein. Each of the risks described in these sections and documents could adversely affect our business, financial condition, results of operations and prospects, and could result in a complete loss of your investment. This prospectus supplement, the accompanying prospectus and the incorporated documents also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks mentioned above.

Risks Related to Our Business

Our New Products Are at Initial Market Introduction, and We Are Not Sure the Market Will Accept Them.

The market acceptance of our new products will depend upon the medical community and third-party payers accepting the products as clinically useful, reliable, accurate, and cost effective compared to existing and future products or procedures. Market acceptance will also depend on our ability to adequately train technicians on how to use the MXP and Res-Q Systems and future products. Even if our new products are released for sale, their use may not be recommended by the medical profession or hospitals unless acceptable reimbursement from healthcare and third party payers is available. Failure of these new products to achieve significant market share could have material adverse effects on our future long term business, financial condition, and results of operations.

A Significant Portion of our Revenue is Derived from Customers in Foreign Countries. We may Lose Revenues, Market Share