Organovo Holdings, Inc. announces redemption of 2.9 million outstanding warrants

PR Newswire

SAN DIEGO, Feb. 5, 2013 /PRNewswire/ -- **Organovo Holdings, Inc.** (OTCQX: ONVO) ("Organovo"), a creator and manufacturer of functional, three-dimensional human tissues for medical research and therapeutic applications, today announced its intention to redeem two classes of outstanding warrants initially issued to investors participating in private placement financings in 2011 and 2012. The warrant redemption will raise non-dilutive capital, enable Organovo to significantly improve its balance sheet, help position the Company to qualify to list its common stock on the NYSE MKT or NASDAQ exchange, and decrease a significant portion of the derivative liability from its balance sheet.

A Notice of Redemption was mailed to affected warrant holders on February 5, 2013. These warrant holders will have until 5:00 p.m. ET on March 14, 2013, to exercise their outstanding warrants at $1.00 per share. Thereafter, any warrants that remain unexercised will automatically be redeemed by the company at a redemption price of $0.0001 per share of common stock then issuable upon exercise of the redeemed warrant. Approximately 2.9 million warrant shares are affected by this Notice of Redemption.

Previously, on December 21, 2012, the Company completed a tender offer including the same warrants. At that time, approximately two-thirds of warrant holders elected to participate in the tender offer and exercised their warrants at $0.80 per share. The current Notice of Redemption was given to the remaining warrant holders at the Company's option following the qualifying event of its common stock trading at $2.50 per share or higher for twenty (20) consecutive trading days. If all warrant holders elect to exercise their warrants prior to the redemption date, approximately $2.9 million of additional equity capital will be raised by the Company without any increase to its fully diluted shares. If none of the warrant holders exercise their warrants prior to the redemption date the Company will redeem and cancel all affected warrants at an aggregate cost of approximately $293.

Approximately 16.7 million warrants were originally issued as part of a first quarter 2012 private placement in which the Company raised $15.2 million. Prior to this Notice of Redemption approximately 13.8 million shares had been exercised. This included 9.5 million shares as a part of Organovo's tender offer which closed Dec. 21, 2012, the shares resulting from which were able to be sold starting Jan. 4, 2013. In addition, approximately 1.6 million placement agent warrant shares had been exercised or cancelled. Following the warrant redemption, warrants to purchase 4.5 million shares will remain outstanding and are not affected by the redemption notice. These warrants were issued to the placement agent during the 2011 and 2012 private placement financings.

Keith Murphy , Chairman and Chief Executive Officer, commented "Organovo has made great progress in executing on its plan to remove warrant overhang on our stock and decrease derivative liability from our balance sheet, as part of a larger goal to pursue a senior listing. We appreciated the positive response of investors to our closing of the Warrant tender offer on Dec. 21, and hope to find continued support for this Notice of Redemption, which we believe paves the way for the continued creation of shareholder value."

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