

CUBIC CORP /DE/
Form 8-K
May 02, 2016

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

May 2, 2016

Date of Report (date of earliest event reported)

Cubic Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation or organization)

1-8931

(Commission File No.)

95-1678055

(I.R.S. Employer Identification No.)

9333 Balboa Avenue
San Diego, California

(Address of principal executive offices)

92123

(Zip Code)

Registrant's telephone number, including area code: **(858) 277-6780**

N/A

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

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:

- o Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14-d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).

 - o Pre-commencement communications pursuant to Rule 13-e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).
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Item 2.02 Results of Operations and Financial Condition.

On May 2, 2016, Cubic Corporation (NYSE CUB) issued a press release announcing its financial results for the quarter ended March 31, 2016. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In accordance with General Instruction B.2. of Form 8-K, the information in this Item 2.02, including Exhibit 99.1, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Act, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

Exhibit Number	Description of Exhibit
99.1	Press release issued by the registrant on May 2, 2016

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.

Date: May 2, 2016

CUBIC CORPORATION

By: /s/ James R. Edwards
Name: James R. Edwards
Title: Senior Vice President,
General Counsel & Secretary

IDTH="8%"> 6)To reflect the shares issued in the Private Placement (5,000,500) and Bridge Conversion (1,525,387) as issued and outstanding as of January 1, 2011.

3. Pro Forma Net Loss Per Share

The pro forma basic and diluted net loss per share are based on the number shares of common stock issued and outstanding of the Company after the Transactions, and assumes all common shares issued in the Transactions were issued and outstanding as of January 1, 2011.

Table of Contents**Organovo Holdings Inc.**

(A development stage company)

Balance Sheets

	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,352,507	\$ 339,607
Inventory	337,396	291,881
Deferred financing costs		318,843
Prepaid expenses and other current assets	144,800	79,874
Total current assets	10,834,703	1,030,205
Fixed Assets - Net	268,886	278,208
Restricted cash	38,290	
Other Assets	98,671	100,419
Total assets	\$ 11,240,550	\$ 1,408,832
Liabilities and Stockholders Deficit		
Current Liabilities		
Accounts payable	\$ 440,890	\$ 657,560
Accrued expenses	401,183	437,837
Deferred revenue	268,875	152,500
Accrued interest payable		24,018
Convertible notes payable, current portion		703,833
Total current liabilities	1,110,948	1,975,748
Warrant Liabilities	47,514,710	1,266,869
Total liabilities	\$ 48,625,658	\$ 3,242,617
Commitments and contingencies (Note 5)		
Stockholders Deficit		
Common stock, \$0.001 par value; 75,000,000 shares authorized, 43,693,241 and 22,445,254 issued and outstanding at March 31, 2012 and December 31, 2011, respectively	43,693	22,445
Additional paid-in capital	6,343,337	4,835,326
Deficit accumulated during the development stage	(43,772,138)	(6,691,556)
Total stockholders deficit	(37,385,108)	(1,833,785)
Total Liabilities and Stockholders Deficit	\$ 11,240,550	\$ 1,408,832

The accompanying notes are an integral part of these condensed financial statements.

Table of Contents**Organovo Holdings, Inc.****(A development stage company)****Unaudited Statements of Operations**

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	<i>Period from April 19, 2007 (Inception) through March 31, 2012</i>
Revenues			
Product	\$	\$ 100,000	\$ 223,500
Collaborations	120,000	73,865	883,088
Grants		26,924	664,112
Total Revenues	120,000	200,789	1,770,700
Cost of product revenue		50,584	133,607
Selling, general, and administrative expenses	901,843	243,494	3,567,881
Research and development expenses	547,287	398,664	3,745,675
Loss from Operations	(1,329,130)	(491,953)	(5,676,463)
Other Income (Expense)			
Fair value of warrant liabilities in excess of proceeds received	(19,019,422)		(19,019,422)
Change in fair value of warrant liabilities	(13,505,819)		(13,512,388)
Financing transaction costs in excess of proceeds received	(2,129,500)		(2,129,500)
Interest expense	(1,087,453)	(53,082)	(3,405,895)
Interest income	291		2,298
Other expense	(9,549)	(1,550)	(30,768)
Total Other Income (Expense)	(35,751,452)	(54,632)	(38,095,675)
Net Loss	\$ (37,080,582)	\$ (546,585)	\$ (43,772,138)
Net loss per common share - basic and diluted	\$ (1.17)	\$ (0.04)	
Weighted average shares used in computing net loss per common share - basic and diluted	31,591,663	14,881,058	

The accompanying notes are an integral part of these condensed financial statements.

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Organovo Holdings, Inc.

(A development stage company)

Unaudited Statements of Stockholders Deficit

Period from April 19, 2007 (Inception) through March 31, 2012

	Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development	
	Shares	Amount		Stage	Total
Balance at inception (April 19, 2007)		\$	\$	\$	\$
Issuance of Common stock					
Stock-based compensation expense					
Net Loss					
Balance at December 31, 2007		\$	\$	\$	\$
Issuance of Common stock to founders	1,729,532	1,730	(1,730)		
Issuance of restricted Common stock	12,627,697	12,628	(12,628)		
Stock-based compensation expense			1,742		1,742
Net Loss				(97,559)	(97,559)
Balance at December 31, 2008	14,357,229	\$ 14,358	\$ (12,616)	\$ (97,559)	\$ (95,817)
Issuance of restricted Common stock	130,422	130	(130)		
Stock-based compensation expense			2,336		2,336
Net Loss				(872,041)	(872,041)
Balance at December 31, 2009	14,487,651	\$ 14,488	\$ (10,410)	\$ (969,600)	\$ (965,522)
Issuance of restricted Common stock	219,369	219	(219)		
Stock-based compensation expense			3,856		3,856
Net Loss				(1,338,694)	(1,338,694)
Balance at December 31, 2010	14,707,020	\$ 14,707	\$ (6,773)	\$ (2,308,294)	\$ (2,300,360)
Issuance of Common stock through conversion of notes payable	7,676,828	7,677	3,482,081		3,489,758
Issuance of restricted Common stock	61,406	61	(61)		
Warrants issued with convertible notes and conversion of notes			1,111,364		1,111,364
Beneficial conversion feature of convertible notes payable			239,700		239,700
Stock-based compensation expense			9,015		9,015
Net Loss				(4,383,262)	(4,383,262)
Balance at December 31, 2011	22,445,254	\$ 22,445	\$ 4,835,326	\$ (6,691,556)	\$ (1,833,785)
Issuance of Common stock in connection with the merger	6,000,000	6,000	(6,000)		
Issuance of Common stock through private placements in connection with the merger	13,722,600	13,723	13,708,877		13,722,600
Costs associated with the merger			(13,722,600)		(13,722,600)
Issuance of Common stock through conversion of notes payable and accrued interest in connection with the merger	1,525,387	1,525	1,523,862		1,525,387
Stock-based compensation expense			3,872		3,872
Net Loss				(37,080,582)	(37,080,582)

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Balance at March 31, 2012	43,693,241	\$ 43,693	\$ 6,343,337	\$ (43,772,138)	\$ (37,385,108)
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The accompanying notes are an integral part of these condensed financial statements.

Table of Contents**Organovo Holdings, Inc.****(A development stage company)****Unaudited Statements of Cash Flows**

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	Period from April 19, 2007 (Inception) through March 31, 2012
Cash Flows From Operating Activities			
Net loss	\$ (37,080,582)	\$ (546,585)	\$ (43,772,138)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of deferred financing costs	318,843		438,296
Depreciation and amortization	16,607	15,596	172,935
Amortization of debt discount	896,167		2,083,735
Interest accrued on convertible notes payable	11,616	53,082	495,392
Fair value of warrant liabilities in excess of proceeds	19,019,422		19,019,422
Change in fair value of warrant liabilities	13,505,819		13,512,388
Stock-based compensation	3,872	1,187	20,821
Warrants issued in connection with exchange agreement			527,629
Increase (decrease) in cash resulting from changes in:			
Accounts receivable		(199,213)	
Grants receivable		59,744	
Inventory	(45,515)	(10,634)	(337,396)
Prepaid expenses and other assets	(64,926)	(14,125)	(157,932)
Accounts payable	(216,670)	61,630	440,890
Accrued expenses	(36,654)	(872)	401,183
Deferred revenue	116,375	268,423	268,875
Net cash used in operating activities	(3,555,626)	(311,767)	(6,885,900)
Cash Flows From Investing Activities			
Restricted cash deposits	(38,290)		(38,290)
Purchases of fixed assets	(5,537)		(432,360)
Purchases of intangible assets			(95,000)
Net cash used in investing activities	(43,827)		(565,650)
Cash Flows From Financing Activities			
Proceeds from issuance of convertible notes payable		160,000	4,630,000
Proceeds from issuance of common stock and warrants	13,722,600		13,722,600
Proceeds from issuance of related party notes payable			250,000
Repayment of related party notes payable		(25,000)	(250,000)
Repayment of convertible notes and interest payable	(110,247)		(110,247)
Deferred financing costs		(901)	(438,296)
Net cash provided by financing activities	13,612,353	134,099	17,804,057
Net Increase (Decrease) in Cash and Cash Equivalents	10,012,900	(177,668)	10,352,507

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Cash and Cash Equivalents at Beginning of Period		339,607		285,308
Cash and Cash Equivalents at End of Period	\$	10,352,507	\$	107,640
				\$ 10,352,507

Supplemental Disclosure of Cash Flow Information:

Interest	\$	10,247	\$	10,247
Income Taxes	\$	800	\$	2,400
				3,200

Supplemental Disclosure of Noncash Investing and Financing Activities:

During 2008, the Company issued 1,729,532 shares of Common stock to its founders.

During 2011 and 2010 and for the period from April 19, 2007 (Inception) through December 31, 2011, the Company issued 61,406, 219,369 and 13,038,894, respectively, shares of restricted Common stock to certain employees, advisors and consultants of the Company.

During 2011 and for the period from April 19, 2007 (Inception) through December 31, 2011, the Company issued certain convertible notes payable that included warrants. The warrants and the related beneficial conversion feature, valued at \$823,435 were classified as equity instruments and recorded as a discount to the carrying value of the related debt.

During 2011 and for the period from April 19, 2007 (Inception) through December 31, 2011, the Company issued warrants, valued at approximately \$1,260,300, in connection with certain convertible notes payable. The warrants were recorded as a warrant liability and recorded as a discount to the carrying value related to debt.

During 2011, the Company issued 7,676,828 shares of Common stock to note holders for the conversion of Convertible Notes with a principal balance totaling \$3,030,000 and accrued interest totaling \$459,758.

During 2012, the Company issued 1,525,387 shares of Common stock to note holders for the conversion of Convertible Notes with a principal balance totaling \$1,500,000 and accrued interest totaling \$25,387.

The accompanying notes are an integral part of these condensed financial statements.

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Organovo Holdings, Inc.

(A development stage company)

Notes to Condensed Financial Statements

1. Summary of Significant Accounting Policies

Nature of operations and basis of presentation

References in these notes to the unaudited condensed financial statements to Organovo Holdings, Inc., Organovo Holdings, we, us, our, the Company and our Company refer to Organovo Holdings, Inc. and its consolidated subsidiaries, Organovo, Inc.

The Company has developed and is commercializing a platform technology for the generation of three-dimensional (3D) human tissues that can be employed in drug discovery and development, biological research, and as therapeutic implants for the treatment of damaged or degenerating tissues and organs.

As of March 31, 2012, the Company has devoted substantially all of its efforts to product development, raising capital, and building infrastructure. The Company has not realized significant revenues from its planned principal operations. Accordingly, the Company is considered to be in the development stage.

The accompanying interim condensed financial statements have been prepared by the Company, without audit, in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information and footnotes necessary for a fair statement of its financial position, results of operations and cash flows in accordance with generally accepted accounting principles (GAAP). The balance sheet at December 31, 2011 is derived from the audited balance sheet at that date.

In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments, which are only normal and recurring, necessary for a fair statement of financial position, results of operations and cash flows. These financial statements should be read in conjunction with the financial statements included in the Company's Form 8-K/A for the fiscal year ended December 31, 2011 filed with the Securities and Exchange Commission (the SEC) on May 11, 2012. Operating results for interim periods are not necessarily indicative of operating results for the Company's 2012 fiscal year.

Merger transaction

On February 8, 2012, Organovo, Inc., a privately held Delaware corporation, merged with and into Organovo Acquisition Corp., a wholly-owned subsidiary of the Company, a publicly traded Delaware corporation, with the Organovo, Inc. surviving the merger as a wholly-owned subsidiary of the Company (the Merger). As a result of the Merger, the Company acquired the business of the Organovo, Inc., and will continue the existing business operations of Organovo, Inc.

Simultaneously with the Merger, on February 8, 2012 (the closing date), all of the issued and outstanding shares of Organovo, Inc.'s common stock converted, on a 1 for 1 basis, into shares of the Company's Common stock, par value

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\$0.001 per share. Also on the closing date, all of the issued and outstanding options to purchase shares of Organovo, Inc. s common stock and other outstanding warrants to purchase Organovo, Inc. s common stock, and all of the issued and outstanding bridge warrants to purchase shares of Organovo, Inc. s common stock, converted, respectively, on a 1 for 1 basis, into options, warrants and new bridge warrants to purchase shares of the Company s common stock.

Immediately following the consummation of the Merger: (i) the former security holders of Organovo, Inc. common stock had an approximate 75% voting interest in the Company and the Company stockholders retained an approximate 25% voting interest, (ii) former executive management team of Organovo, Inc. remained as the only continuing executive management team for the Company, and (iii) the Company s ongoing operations consist solely of the ongoing operations of Organovo, Inc. Based primarily on these factors, the Merger was accounted for as a reverse merger and a recapitalization in accordance with GAAP. As a result, these financial statements reflect the historical results of Organovo, Inc. prior to the Merger, and the combined results of the Company following the Merger. The par value of Organovo, Inc. common stock immediately prior to the Merger was \$0.0001 per share. The par value subsequent to the Merger is \$0.001 per share, and therefore the historical results of Organovo, Inc. prior to the Merger have been retroactively adjusted to affect the change in par value.

In connection with three separate closings of a private placement transaction completed in connection with the Merger (the Private Placement), the Company received gross proceeds of approximately \$5,000,000, \$1,800,000 and \$6,900,000 on February 8, 2012, February 29, 2012 and March 16, 2012, respectively. The Company previously received \$1,500,000 from the purchase of 6% convertible notes which were automatically converted into 1,500,000 shares of common stock, plus 25,387 shares for accrued interest of \$25,387 on the principal, at February 8, 2012. See Note 3.

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Organovo Holdings, Inc.

(A development stage company)

Notes to Condensed Financial Statements

The cash transaction costs related to the Merger were approximately \$2,129,500.

Before the Merger, Organovo Holdings' board of directors and stockholders adopted the 2012 Equity Incentive Plan (the 2012 Plan). The 2012 Plan provides for the issuance of 6,553,986 shares of the Company's Common stock to executive officers, directors, advisory board members and employees. In addition, Organovo Holdings assumed and adopted Organovo, Inc.'s 2008 Equity Incentive Plan.

Liquidity

As of March 31, 2012, the Company had an accumulated deficit of approximately \$43,772,000. The Company also had negative cash flow from operations of approximately \$3,556,000 during the three months ended March 31, 2012.

On February 8, 2012, the Company received gross proceeds of approximately \$5,000,000 in a private placement offering in conjunction with the Merger. On February 29, 2012 and March 16, 2012, the Company completed two additional closings of its Private Placement and received total gross proceeds of approximately \$8,722,000.

The Company expects to cover its anticipated operating expenses over the next twelve months through cash on hand including the funds raised during the first quarter of 2012 through the Private Placement of its securities and funds received through collaborative agreements, and other commercial arrangements.

The Company's ability to continue its operations is dependent upon its ability to raise additional capital through equity or debt financing, and to generate capital through collaborative research agreements and other commercial arrangements. There can be no assurance that any additional financing will be available on acceptable terms or available at all. Any equity financing may result in dilution to existing stockholders and any debt financing may include restrictive covenants.

The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these uncertainties.

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Organovo Holdings, Inc.

(A development stage company)

Notes to Condensed Financial Statements

<i>Use of estimates</i>	The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates used in preparing the financial statements include those assumed in computing the valuation of warrants and conversion features, revenue recognized under the proportional performance model, the valuation of stock-based compensation expense, and the valuation allowance on deferred tax assets.
<i>Cash and cash equivalents</i>	The Company considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents.
<i>Restricted cash</i>	As of March 31, 2012, the Company had \$38,290 of restricted cash deposited with a financial institution, held in certificates of deposit to support a letter of credit agreement related to the facility lease entered into during 2012.
<i>Inventory</i>	Inventories are stated at the lower of the cost or market (first-in, first out). Inventory at March 31, 2012 consisted of approximately \$279,000 in finished goods and approximately \$58,000 in raw materials. Inventory at December 31, 2011 consisted of approximately \$235,000 in finished goods and approximately \$56,900 in raw materials. The Company provides inventory allowances based on excess or obsolete inventories determined based on anticipated use in the final product. There was no obsolete inventory reserve as of March 31, 2012 or December 31, 2011.
<i>Deferred financing costs</i>	As of December 31, 2011, deferred financing costs consisted of approximately \$140,000 associated with the Merger transaction and approximately \$179,000 associated with convertible notes as part of the private placement offering that was initiated in the fourth quarter of 2011. The deferred financing costs related to the private placement offering were amortized over the life of the convertible notes and fully amortized to expense upon conversion of the convertible notes on February 8, 2012. The deferred financing costs associated with the Merger transaction in excess of the proceeds received were expensed at the effective Merger date. As of March 31, 2012, there were no deferred financing costs.
<i>Fixed assets and depreciation</i>	Property and equipment are carried at cost. Expenditures that extend the life of the asset are capitalized and depreciated. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets or, in the case of leasehold improvements, over the lesser of the useful life of the related asset or the lease term. The estimated useful life of the fixed assets range between three and ten years.
<i>Impairment of long-lived assets</i>	In accordance with authoritative guidance the Company reviews its long-lived assets, including property and equipment and other assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. To determine recoverability of its long-lived assets, the Company evaluates whether future undiscounted net cash flows will be less than the carrying amount of the assets and adjusts the carrying amount of its assets to fair value. Management has determined that no impairment of long-lived assets occurred in the period from inception through March 31, 2012.
<i>Fair value measurement</i>	Financial assets and liabilities are measured at fair value, which is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

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Organovo Holdings, Inc.

(A development stage company)

Notes to Condensed Financial Statements

“ Level 1 Quoted prices in active markets for identical assets or liabilities.

“ Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

“ Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of March 31, 2012 and December 31, 2011, cash and cash equivalents were comprised of cash in checking accounts.

The Company used Level 3 inputs for its valuation methodology for the warrant derivative liabilities. The estimated fair values were determined using a Monte Carlo option pricing model based on various assumptions (see Note 2). The Company’s derivative liabilities are adjusted to reflect estimated fair value at each period end, with any decrease or increase in the estimated fair value being recorded in other income or expense accordingly, as adjustments to fair value of derivative liabilities.

At March 31, 2012, the estimated fair values of the liabilities measured on a recurring basis are as follows:

Fair Value Measurements at March 31, 2012

	Balance at March, 31, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Warrant liability	\$ 47,514,710			\$ 47,514,710

The following table presents the activity for liabilities measured at estimated fair value using unobservable inputs for the three months ended March 31, 2012:

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Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Warrant Derivative Liability	
Beginning balance at December 31, 2011	\$	1,266,869
Issuances		32,742,022
Adjustments to estimated fair value		13,505,819
Ending balance at March 31, 2012	\$	47,514,710

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Organovo Holdings, Inc.

(A development stage company)

Notes to Condensed Financial Statements

*Revenue
recognition*

Research and Development Revenue Under Collaborative Agreements.

In December 2010, the Company entered into a 12 month research contract agreement with a third party, whereby the Company was engaged to perform research and development services on a fixed-fee basis for approximately \$600,000. Based on the proportional performance criteria, the Company recognized approximately \$0 and \$74,000 in revenue related to the contract during three months ended March 31, 2012 and 2011, respectively. Total revenue recognized on the contract from inception through March 31, 2012 was approximately \$450,000.

In October 2011, the Company entered into a research contract agreement with a third party, whereby the Company will perform research and development services on a fixed-fee basis for \$1,365,000. The agreement included an initial payment to the Company of approximately \$239,000, with remaining payments expected to occur over a 21-month period. During the period ended March 31, 2012, the Company recorded approximately \$120,000 in revenue related to the research contract in recognition of the proportional performance achieved by the Company during the first quarter of 2012. Total revenue recognized on the contract from inception through March 31, 2012 was approximately \$359,000.

NIH and U.S. Treasury Grant Revenues

During 2010, the U.S. Treasury awarded the Company two one-time grants totaling approximately \$397,300 for investments in qualifying therapeutic discovery projects under section 48D of the Internal Revenue Code. The grants cover reimbursement for qualifying expenses incurred by the Company in 2010 and 2009. The proceeds from these grants are classified in Revenues Grants for the period from inception through March 31, 2012.

During 2010 and 2009, the NHLBI, a division of the NIH, awarded the Company two research grants totaling approximately \$268,000. Revenues from the NIH grants are based upon internal and subcontractor costs incurred that are specifically covered by the grant, and where applicable, an additional facilities and administrative rate that provides funding for overhead expenses. These revenues are recognized when expenses have been incurred by subcontractors and as the Company incurs internal expenses that are related to the grant. Revenue recognized under these grants for the three months ended March 31, 2012 and 2011 was approximately \$0 and \$27,000, respectively. Total revenue recorded under these grants from inception through March 31, 2012 was approximately \$268,000.

Billings to customers or payments received from customers are included in deferred revenue on the balance sheet until all revenue recognition criteria are met. As of March 31, 2012 and December 31, 2011, the Company had approximately \$268,900 and \$152,500 in deferred revenue related to its collaborative research programs.

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Net loss per share

Net loss per share is presented as both basic and diluted net loss per share. Basic net loss per share excludes any dilutive effects of options, shares subject to repurchase and warrants. Diluted net loss per share includes the impact of potentially dilutive securities. No dilutive effect was calculated for the three months ended March 31, 2012 and 2011 as the Company reported a net loss for each respective period and the effect would have been anti-dilutive. The Company had outstanding common share equivalents of 25,817,738 and 2,243,350 at March 31, 2012 and 2011, respectively.

Table of Contents**Organovo Holdings, Inc.****(A development stage company)****Notes to Condensed Financial Statements****2. Derivative Liability**

During 2012, in relation to the reverse Merger and the three offerings under the Private Placement, the Company issued 21,347,182 five-year warrants to purchase the Company's Common stock. The exercise price of the warrants is protected against down-round financing throughout the term of the warrant, as described below. The terms of the warrants issued in the first quarter of 2012 are the same as those issued in connection with the convertible notes in October and November 2011. Pursuant to ASC 815-15 and ASC 815-40, the fair value of the warrants of approximately \$32,742,000 was recorded as a derivative liability on the issuance dates.

As of December 31, 2011, the Company had a warrant liability of \$1,266,869 related to 1,500,000 warrants issued with Convertible Notes in the fourth quarter of 2011.

The Company revalued all of the warrants at the end of the period, and the estimated fair value of the warrant liabilities is \$47,514,710 at March 31, 2012. The change in fair value of the derivative liabilities of approximately \$13,505,800 is included in other expense in the 2012 statement of operations.

The derivative liabilities were valued at the closing dates of the Private Placement at March 31, 2012 using a Monte Carlo valuation model with the following assumptions:

	Closing dates		March 31, 2012	
Closing price per share of common stock	\$	N/A	\$	2.47
Exercise price per share	\$	1.00	\$	1.00
Expected volatility	105.8%-110.5%		103.5%	
Risk-free interest rate	0.82%-1.07%		1.04%	
Dividend yield				
Remaining expected term of underlying securities (years)	5		4.90	

In addition, as of the valuation dates, management assessed the probabilities of future financings assumptions in the Monte Carlo valuation models. Management also applied a discount for lack of marketability to the valuation of the derivative liabilities based on such trading restrictions due to the shares not being registered.

If, prior to the expiration date of the warrants, the Company issues additional shares of Common Stock, as defined below, without consideration or for a consideration per share less than the exercise price of the warrants in effect immediately prior to such issue, then the exercise price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such exercise price by a fraction, (A) the numerator of which shall be (1) the

number of shares of Common stock outstanding immediately prior to such issue plus (2) the number of shares of Common stock which the aggregate consideration received or to be received by the Company for the total number of additional shares of Common stock so issued would purchase at such exercise price; and (B) the denominator of which shall be the number of shares of Common stock outstanding immediately prior to such issue plus the number of such additional shares of Common stock so issued; provided that (i) all shares of Common stock issuable upon conversion or exchange of convertible securities outstanding immediately prior to such issue shall be deemed to be outstanding, and (ii) the number of shares of Common stock deemed issuable upon conversion or exchange of such outstanding convertible securities shall be determined without giving effect to any adjustments to the conversion or exchange price or conversion or exchange rate of such convertible securities resulting from the issuance of additional shares of Common stock that is the subject of this calculation. For purposes of the warrants, additional shares of common stock shall mean all shares of Common stock issued by the Company after the effective date (including without limitation any shares of Common stock issuable upon conversion or exchange of any convertible securities or upon exercise of any option or warrant, on an as-converted basis), other than: (i) shares of Common stock (and/or warrants for any class of equity securities of the Company) issued or issuable upon conversion or exchange of any convertible securities or exercise of any options or warrants outstanding on the effective date; (ii) shares of Common stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common stock; (iii) shares of Common stock (or options with respect thereto) issued or issuable to employees or directors of, or consultants to, the Company or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Company; (iv) any securities issued or issuable by the Company pursuant to (A) the Private Placement; or (B) the Merger; (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of disinterested directors of the Company, provided that any such issuance shall only be to a person which is, itself or through its subsidiaries, an operating company in a business synergistic with the business of the Company and in which the Company receives benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities and (vi) securities issued to financial institutions, institutional investors or lessors in connection with credit arrangements, equipment financings or similar transactions approved by a majority of disinterested directors of the Company, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

Upon each adjustment of the exercise price pursuant to the provisions stated above, the number of warrant shares issuable upon exercise of the warrants shall be adjusted by multiplying a number equal to the exercise price in effect immediately prior to such adjustment by the number of warrant shares issuable upon exercise of the warrant immediately prior to such adjustment and dividing the product so obtained by the adjusted exercise price.

3. Convertible Notes Payable

Convertible notes

At December 31, 2011, an unsecured \$100,000 Convertible Note, with interest at 10% and a maturity date of April 2014, remained outstanding. In February 2012, at the close of the Merger, the convertible note and accrued interest of approximately \$110,740 were repaid.

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Organovo Holdings, Inc.

(A development stage company)

Notes to Condensed Financial Statements

Private placement On September 18, 2011, Organovo, Inc.'s Board of Directors authorized a private placement offering of up to 30 units of its securities at a price of \$50,000 per unit for an aggregate purchase price of \$1,500,000. Each unit consisted of a convertible note in the principal amount of \$50,000 accruing simple interest at the rate of 6% per annum (the Convertible Notes), plus five-year warrants to purchase 50,000 shares of the next Qualified Round of Equity Securities, at an exercise price of \$1.00 per share. The principal plus accrued interest was convertible into the Company's common stock upon consummation of the Merger.

During October and November 2011, \$1,500,000 of Convertible Notes bearing interest at 6% per annum with a maturity date of March 30, 2012, and five-year warrants to purchase 1,500,000 shares of the Company's Common stock were issued to investors under the Private Placement. The warrants are exercisable at \$1.00 per share, expire in five years, and contain down-round price protection. The Convertible Notes were outstanding at December 31, 2011, and were converted into 1,525,387 units during February 2012, in connection with the Merger.

The Company determined that the warrants represent a derivative instrument due to the down-round price protection, and accordingly, the Company recorded a derivative liability related to the warrants. See Note 4. Additionally, during 2011 at issuance of the notes, the Company recorded the discount for the beneficial conversion feature of \$239,700. The debt discount associated with the warrants and beneficial conversion feature were amortized to interest expense over the life of the Convertible Notes, and fully amortized upon conversion of the Convertible Notes. The Company recorded approximately \$896,200 of interest expense for the amortization of the debt discount during the three months ended March 31, 2012 and approximately \$1,500,000 for the period from inception through March 31, 2012.

As consideration for locating investors to participate in the Private Placement, the placement agent earned a cash payment of \$195,000. Additionally, upon closing of the Merger transaction, the placement agent earned five-year warrants to purchase 610,155 shares of the Company's Common stock at \$1.00 per share. These warrants contain down round protection and were classified as derivative liabilities upon issuance. See Note 2.

Interest expense, including amortization of the note discounts, for the three months ended March 31, 2012 and 2011 was approximately \$1,087,453 and \$53,100, respectively. Interest expense, including amortization of the note discounts, for the period from April 19, 2007 (inception) through December 31, 2011 was approximately \$3,405,895.

During 2012, concurrently with the closing of the Merger and in contemplation of the Merger, the Company completed the initial closing of the Private Placement of up to 8,000,000 units of its securities, at a price of \$1.00 per unit, with the ability to increase the offering to an aggregate of up to 16,000,000 units. Each unit consisted of one share of Common Stock and a warrant to purchase one share of Common Stock. The Company completed three closings under the Private Placement during the three months ended March 31, 2012, and raised total gross proceeds of \$13,722,600 and total net proceeds of \$11,593,066. The Company issued 13,722,600 shares of its Common Stock and warrants to purchase

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15,247,987 shares of its Common Stock (including warrants to purchase 1,525,387 shares to former holders of the bridge notes) exercisable at \$1.00 to investors in the Offering. The placement agent and its selected dealers were paid total cash commissions of \$1,372,260 and the Placement Agent was paid an expense allowance of \$411,678 and was issued Placement Agent warrants to purchase 6,099,195 shares of the Company's Common Stock at an exercise price of \$1.00 per share.

The warrants issued to the investors and the placement agent, as described above, contain down round protection, and accordingly, were classified as derivative liabilities upon issuance. On the closing date, the derivative liabilities were recorded at an estimated fair value of approximately \$32,742,000. Given that the fair value of the derivative liabilities exceeded the total proceeds of the private placement of \$13,722,600, no net amounts were allocated to the common stock. The amount by which the recorded liabilities exceeded the proceeds of approximately \$19,019,400 was charged to other expense at the closing dates. The Company has revalued the derivative liability as of March 31, 2012, and will continue to do so on each subsequent balance sheet date until the securities to which derivative liabilities relate are exercised or expire, with any changes in the fair value. See Note 2.

Registration rights agreement

The Company entered into a registration rights agreement (each, a *Registration Rights Agreement*) with the investors in the Offering. Under the terms of the Registration Rights Agreement, the Company agreed to file a registration statement covering the resale of the Common Stock underlying the Units and the Common Stock that is issuable on exercise of the Investor Warrants (but not the Common Stock that is issuable upon exercise of the warrants issued as compensation to the placement agent in connection with the Offering) within 90 days from the final closing date of the Offering (the *Filing Deadline*), and shall use commercially reasonable efforts to cause the registration statement to become effective no later than 180 days after it is filed (the *Effectiveness Deadline*).

The Company agreed to use reasonable efforts to maintain the effectiveness of the registration statement through the one year anniversary of the date the registration statement is declared effective by the Securities and Exchange Commission (the *SEC*), or until Rule 144 of the 1933 Act is available to investors in the Offering with respect to all of their shares, whichever is earlier. If the Company does not meet the *Filing Deadline* or *Effectiveness Deadline*, the Company will be liable for monetary penalties equal to one-half of one percent (0.5%) of each investor's investment in the offering at the end of every 30 day period following such *Filing Deadline* or *Effectiveness Deadline* failure until such failure is cured. The payment amount shall be prorated for partial 30 day periods. The maximum aggregate amount of payments to be made by the Company as the result of such shall be an amount equal to 6% of each investor's investment amount. Notwithstanding the foregoing, no payments shall be owed with respect to any period during which all of the investor's registrable securities may be sold by such investor under Rule 144 or pursuant to another exemption from registration.

Table of Contents**Organovo Holdings, Inc.**

(A development stage company)

Notes to Condensed Financial Statements**4. Stockholders****Equity**

Common stock During February and March 2012, the Company issued 21,247,987 shares of Common stock related to the Merger. See Notes 1 and 3.

Restricted stock awards In February 2008, four founders, including the Chief Executive Officer (CEO) and three directors of Organovo, Inc. received 11,779,960 shares of restricted Common stock, 25% vesting after the first year and the remaining 75% vesting in equal quarterly portions over the following three years.

From 2008 through December 31, 2011, Organovo, Inc. issued a total of 1,258,934 shares of restricted Common stock to various employees, advisors, and consultants of Organovo, Inc. 1,086,662 of those shares were issued under the 2008 Equity Incentive Plan and the remaining 172,272 shares were issued outside the plan. No restricted stock was issued during the three months ended March 31, 2012.

A summary of the Company's restricted stock award activity is as follows:

	Number of Shares
Unvested at December 31, 2007	
Granted	12,627,697
Vested	(65,211)
Canceled / forfeited	
Unvested at December 31, 2008	12,562,486
Granted	130,422
Vested	(5,373,004)
Canceled / forfeited	
Unvested at December 31, 2009	7,319,904
Granted	219,369
Vested	(3,256,191)
Canceled / forfeited	
Unvested at December 31, 2010	4,283,082
Granted	61,406
Vested	(3,233,193)
Canceled / forfeited	
Unvested at December 31, 2011	1,111,295
Granted	
Vested	(446,745)
Canceled / forfeited	
Unvested at March 31, 2012	664,550

Table of Contents**Organovo Holdings, Inc.****(A development stage company)****Notes to Condensed Financial Statements**

The fair value of each restricted Common stock award is recognized as stock-based expense over the vesting term of the award. The Company recorded restricted stock-based compensation expense in operating expenses for employees and non-employees of approximately \$430 and \$1,200 for the three months ended March 31, 2012 and 2011, respectively. The Company recorded stock-based compensation expense of approximately \$14,400 for the period from April 19, 2007 (inception) through March 31, 2012.

As of March 31, 2012, total unrecognized stock-based compensation expense was approximately \$1,370, which will be recognized over a weighted average period of less than one year.

Stock options

Under the 2008 Equity Incentive Plan, on October 12, 2011, Organovo, Inc. granted an officer incentive stock options to purchase 896,256 shares of Common stock at an exercise price of \$0.08 per share, a quarter of which will vest on the one year anniversary of employment, in May 2012, and the remaining options will vest ratably over the remaining 36 month term. No other options have been issued under the Plan and after the October 2011 grant, no additional issuances are authorized under the 2008 plan.

The following table summarizes stock option activity for the three months ended March 31, 2012:

	Options Outstanding	Weighted- Average Exercise Price
Outstanding at December 31, 2011	896,256	\$ 0.08
Options Granted		
Options Canceled		
Options Exercised		
Outstanding at March 31, 2012	896,256	\$ 0.08
Vested and Exercisable at March 31, 2012		\$ 0.08

No stock options were granted during the three months ended March 31, 2012 and 2011.

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Organovo Holdings, Inc.

(A development stage company)

Notes to Condensed Financial Statements

The total employee stock-based compensation recorded as operating expenses was approximately \$3,400 for the three months ended March 31, 2012 and \$6,400 for the period from April 19, 2007 (inception) through March 31, 2012.

The total unrecognized compensation cost related to unvested stock option grants as of March 31, 2012 was approximately \$44,600, and the weighted average period over which these grants are expected to vest is 3.2 years

Warrants

During 2011, Organovo, Inc. issued warrants to purchase 2,909,750 shares of its Common stock. These warrants are immediately exercisable at \$1.00 per share, and have remaining terms of approximately 4.8 years. None of the warrants were exercised as of December 31, 2011. See Notes 2 and 3.

During the three months ended March 31, 2012, the Company issued warrants to purchase 21,347,182 shares of its Common stock. These warrants are immediately exercisable at \$1.00 per share, and have remaining terms of approximately 4.8 years. None of the warrants were exercised as of March 31, 2012. See Note 2.

Common stock reserved for future issuance

Common stock reserved for future issuance consisted of the following at March 31, 2012:

Common stock warrants outstanding	24,256,932
Common stock options outstanding under the 2008 Plan	896,256
Common stock warrants held for convertible debt issuance	
Total	25,153,188

Table of Contents**Organovo Holdings, Inc.****(A development stage company)****Notes to Condensed Financial Statements****5. Commitments and Contingencies**

Operating leases The Company leases office and laboratory space under non-cancelable operating leases. The Company records rent expense on a straight-line basis over the life of the lease and records the excess of expense over the amounts paid as deferred rent.

Rent expense was approximately \$60,200 and \$26,900 for the three months ended March 31, 2012 and 2011, respectively. Rent expense was approximately \$384,800 for the period from April 19, 2007 (inception) through March 31, 2012.

The Company entered into a new facilities lease at 6275 Nancy Ridge Drive, San Diego, CA 92121. The lease was signed on February 27, 2012 with target occupancy of July 15, 2012. The base rent under the lease is approximately \$38,800 per month with 3% annual escalators. The lease term is 48 months with an option for the Company to extend the lease at the end of the lease term.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Year Ending December 31,	
2012	\$ 303,229
2013	466,170
2014	466,170
2015	466,170
2016	252,500
Total	\$ 1,954,239

6. Concentrations

Credit risk Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments. The Company maintains cash balances at various financial institutions primarily located in San Diego. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation. At times, balances may exceed federally insured limits. The Company has not experienced losses in such accounts, and management believes that the Company is not exposed to any significant credit risk with respect to its cash and cash equivalents.

Table of Contents**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion and analysis in conjunction with our financial statements and related notes contained elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those set forth under "Risk Factors" and elsewhere in this prospectus and those discussed in other documents we file with the SEC. In light of these risks, uncertainties and assumptions, readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements represent beliefs and assumptions only as of the date of this prospectus. Except as required by applicable law, we do not intend to update or revise forward-looking statements contained in this prospectus to reflect future events or circumstances.

Basis of Presentation

On February 8, 2012, Organovo, Inc., a privately held Delaware corporation, merged with and into Organovo Acquisition Corp., a wholly-owned subsidiary of Organovo Holdings, Inc., with Organovo, Inc. surviving the merger as a wholly-owned subsidiary of Organovo Holdings, Inc. (the "Merger"). In the Merger, Organovo Holdings, Inc. acquired the business of Organovo, Inc., and will continue the existing business operations of Organovo, Inc. As the result of the change in Organovo Holdings, Inc.'s business and operations from a shell company to a biotechnology company, a discussion of the past financial results of the shell company is not pertinent, and the financial results of Organovo, Inc., the accounting acquirer, are considered the Company's financial results on a historical and going-forward basis.

The discussion and analysis of our financial condition and results of operations are based on Organovo's financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below, on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

The condensed consolidated financial statements included for the quarterly periods ended March 31, 2012 and 2011 in this prospectus have been prepared in accordance with SEC instructions to Quarterly Reports on Form 10-Q. Accordingly, the condensed consolidated financial statements presented elsewhere in this prospectus for the quarterly periods ended March 31, 2012 and 2011 and discussed below are unaudited and do not contain all the information required by U.S. GAAP to be included in a full set of financial statements. In the opinion of management, all material adjustments necessary to present fairly the results of operations for the quarterly periods ended March 31, 2012 and 2011 have been included in this prospectus. All such adjustments are of a normal recurring nature. The results of operations for interim periods are not necessarily indicative of the results of operations for the entire year.

References in this section to "Organovo Holdings, Inc.," "Organovo Holdings," "we," "us," "our," "the Company" and "our Company" refer to Organovo Holdings, Inc. and its consolidated subsidiary Organovo, Inc.

Overview

Organovo, Inc. was founded in Delaware in April 2007. Activities since Organovo, Inc.'s inception through 2011 were devoted primarily to developing a platform technology for the generation of three-dimensional (3D) human tissues that can be employed in drug discovery and development, biological research, and as therapeutic implants for the treatment of damaged or degenerating tissues and organs.

As of March 31, 2012, Organovo, Inc. had devoted substantially all of its efforts to product development, raising capital and building infrastructure. Organovo, Inc. did not, as of that date, realize significant revenues from its planned principal operations. Accordingly, Organovo, Inc. is considered to be in the development stage.

Critical Accounting Policies

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require that we make certain assumptions and estimates and, in connection therewith, adopt certain accounting policies. Our significant accounting policies are set forth in Note 1 to our financial statements. Of those policies, we believe that the policies discussed below may involve a higher degree of judgment and may be more critical to an accurate reflection of our financial condition and results of operations.

Revenue Recognition

Our revenues are derived from the sale of bioprinter related products and services, NIH and U.S. Treasury Department Grants, collaboration agreements, and license agreements.

We recognize revenue when the following criteria have been met: (i) persuasive evidence of an arrangement exists; (ii) services have been rendered or product has been delivered; (iii) the price to the customer is fixed and determinable; and (iv) collection of the underlying receivable is reasonably assured.

Billings to customers or payments received from customers are included in deferred revenue on the balance sheet until all revenue recognition criteria are met. As of March 31, 2012 and December 31, 2011 and 2010, we had approximately \$268,875, \$152,500 and \$107,000, respectively in deferred revenue related to our collaborative research programs.

Product Revenue

We recognize product revenue at the time of shipment to the customer, provided all other revenue recognition criteria have been met. We recognize product revenues upon shipment to distributors, provided that (i) the price is substantially fixed or determinable at the time of sale; (ii) the distributor's obligation to pay us is not contingent upon resale of the products; (iii) title and risk of loss passes to the distributor at time of shipment; (iv) the distributor has economic substance apart from that provided by us; (v) we have no significant obligation to the distributor to bring about resale of the products; and (vi) future returns can be reasonably estimated. For any sales that do not meet all of the above criteria, revenue is deferred until all such criteria have been met. Our collaboration revenue consists of license and collaboration agreements that contain multiple elements, including non-refundable upfront fees, payments for reimbursement of third-party research costs, payments for ongoing research, payments associated with achieving specific development milestones and royalties based on specified percentages of net product sales, if any. We consider a variety of factors in determining the appropriate method of revenue recognition under these arrangements, such as whether the elements are separable, whether there are determinable fair values and whether there is a unique earnings process associated with each element of a contract.

Collaborative and License Revenue

We recognize revenue from research funding under collaboration agreements when earned on a proportional performance basis as research hours are incurred. We perform services as specified in each respective agreement on a best-efforts basis, and are reimbursed based on labor hours incurred on each contract. We initially defer revenue for any amounts billed, or payments received, in advance of the services being performed and recognize revenue pursuant to the related pattern of performance, based on total labor hours incurred relative to total labor hours estimated under the contract.

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In December 2010, we entered into a 12 month research contract agreement with a third party, whereby we were engaged to perform research and development services on a fixed-fee basis for approximately \$600,000. Based on proportional performance criteria, we recognized approximately \$450,000 in revenue related to the contract during 2011 and \$0 in revenue related to the contract during the first quarter of 2012.

In October 2011, we entered into a research contract agreement with a third party, whereby we will perform research and development services on a fixed-fee basis for \$1,365,000. The agreement included an initial payment of approximately \$239,000, with remaining payments expected to occur over a 21-month period. At March 31, 2012, we recorded approximately \$120,000 in revenue related to the research contract in recognition of the proportional performance achieved by us through the first quarter of 2012.

Revenue Arrangements with Multiple Deliverables

We occasionally enter into revenue arrangements that contain multiple deliverables. Judgment is required to properly identify the accounting units of the multiple deliverable transactions and to determine the manner in which revenue should be allocated among the accounting units. Moreover, judgment is used in interpreting the commercial terms and determining when all criteria of revenue recognition have been met for each deliverable in order for revenue recognition to occur in the appropriate accounting period. For multiple deliverable agreements, consideration is allocated at the inception of the agreement to all deliverables based on their relative selling price. The relative selling price for each deliverable is determined using VSOE of selling price or third-party evidence of selling price if VSOE does not exist. If neither VSOE nor third-party evidence of selling price exists, we use our best estimate of the selling price for the deliverable.

We recognize revenue for delivered elements only when we determine there are no uncertainties regarding customer acceptance. While changes in the allocation of the arrangement consideration between the units of accounting will not affect the amount of total revenue recognized for a particular sales arrangement, any material changes in these allocations could impact the timing of revenue recognition, which could affect our results of operations.

NIH and U.S. Treasury Grant Revenues

During 2010, the U.S. Treasury awarded us two one-time grants totaling approximately \$397,300 for investments in qualifying therapeutic discovery projects under section 48D of the Internal Revenue Code. The grants cover reimbursement for qualifying expenses incurred by us in 2010 and 2009. The proceeds from these grants are classified in Revenues Grants in the 2010 statement of operations.

During 2010 and 2009, the NHLBI, a division of the NIH, awarded us two research grants totaling approximately \$267,600. Revenues from the NIH grants are based upon internal and subcontractor costs incurred that are specifically covered by the grant, and where applicable, an additional facilities and administrative rate that provides funding for overhead expenses. These revenues are recognized when expenses have been incurred by subcontractors and as we incur internal expenses that are related to the grant. Revenue recognized under these grants for the years ended December 31, 2011 and 2010 was approximately \$56,900 and \$131,100, respectively. Revenue recognized under these grants for the three months ended March 31, 2012 was approximately 0.

Allowance for Doubtful Accounts

When needed we maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The allowance for doubtful accounts is reviewed quarterly and is estimated based on the aging of account balances, collection history and known trends with current customers and in the economy in general. As a result of this review, the allowance is adjusted on a specific identification basis. An increase to the allowance for doubtful accounts results in a corresponding charge to sales, marketing and administrative expense. Historically our customer base is relatively concentrated and so we are subject to risk of concentration with any one particular customer. That risk is mitigated by the fact that payments from our collaborative agreements are typically prepaid, and our grant revenues are typically paid by units of the U.S. government. To-date we have fully collected all receivables. As a result our current and historic allowance is zero.

When we begin to sell commercial product we expect to establish a reserve for estimated sales returns that are recorded as a reduction to revenue. That reserve will be maintained to account for future return of products sold in the current period. The reserve will be reviewed quarterly and will be estimated based on an analysis of our historical experience related to product returns.

Derivative Financial Instruments

We do not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks.

We review the terms of convertible debt and equity instruments we issue to determine whether there are embedded derivative instruments, including an embedded conversion option that is required to be bifurcated and accounted for separately as a derivative financial instrument. In circumstances where the convertible instrument contains more than one embedded derivative instrument, including the conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument. Also, in connection with the sale of convertible debt and equity instruments, we may issue freestanding warrants that may, depending on their terms, be accounted for as derivative instrument liabilities, rather than as equity.

Derivative instruments are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as non-operating income or expense. When the convertible debt or equity instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds allocated to the convertible host instruments are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any, are then allocated to the convertible instruments themselves, usually resulting in those instruments being recorded at a discount from their face value.

Fair Value Measurements

Financial assets and liabilities are measured at fair value, which is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We used Level 3 inputs for our valuation methodology for the warrant derivative liabilities. The estimated fair values were determined using a Monte Carlo option pricing model based on various assumptions (see Note 4 to the Financial Statements of Organovo, Inc. for the year ended December 31, 2011). Our derivative liabilities are adjusted to reflect estimated fair value at each period end, with any decrease or increase in the estimated fair value being recorded in other income or expense accordingly, as adjustments to fair value of derivative liabilities.

Table of Contents**Stock-Based Compensation**

For purposes of calculating stock-based compensation, we estimate the fair value of stock options using a Black-Scholes option-pricing model. The determination of the fair value of share-based payment awards utilizing the Black-Scholes model is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The expected volatility is based on the historical volatility of our common stock over the most recent period commensurate with the estimated expected term of the stock options. The expected life of the stock options is based on historical and other economic data trended into the future. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of our stock options. The dividend yield assumption is based on our history and expectation of no dividend payouts. If factors change and we employ different assumptions, stock-based compensation expense may differ significantly from what we have recorded in the past. If there is a difference between the assumptions used in determining stock-based compensation expense and the actual factors which become known over time, specifically with respect to anticipated forfeitures, we may change the input factors used in determining stock-based compensation costs for future grants. These changes, if any, may materially impact our results of operations in the period such changes are made.

Results of Operations**Overview*****Comparison of the three months ended March 31, 2012 and 2011****Revenues*

First quarter 2012 total revenues of \$120,000 were \$80,789, or 40%, below first quarter 2011 revenues of \$200,789. Collaborative research revenues of \$120,000 increased \$46,135, or 62%, over the same period of prior year of \$73,865. That growth was more than offset by no grant or product revenues in the first quarter of 2012, versus prior year, same period grant revenues of \$26,924, and product revenues of \$100,000. Revenue is expected to fluctuate between periods as the Company is in the development stage.

Operating Expenses

Overview. Operating expenses increased approximately \$806,972, or 126%, in the first quarter of 2012 over the same period in 2011, from \$642,158 in 2011 to \$1,449,130 in 2012. Most significantly, relative to the same period in the prior year, the Company invested in infrastructure and outside services to support its transition from private ownership to a publicly owned and traded corporation. As expected in such transition, incremental initiatives were established in investor outreach, corporate governance, and SEC financial reporting including the need for audited financial statements. Non-payroll, non-audit related incremental public company expenses incurred in the first quarter of 2012 over the same period in 2011, were approximately \$275,000, or approximately 34% of total incremental spending. Fees paid to our independent accounting firm to audit our financial statements were \$139,000 in the first three months of 2012, representing approximately 17% of incremental spending over the first quarter 2011. Moreover, the Company invested in building its executive, research, and development staff, increasing first quarter 2012 payroll related expenses by \$145,528, or 58%, over the same period 2011, from \$250,399 to \$395,927. Payroll related expenses accounted for approximately 18% of total year-to-year increase in operating expenses. The remaining incremental spending, period to period, were from numerous sources less significant than the foregoing. Executive search fees totaled \$83,000, legal expenses related to licensing activity increased \$43,000, newly established fees paid to our non-employee board members were approximately \$35,000, and additional space was rented to accommodate our growing administrative and research staff at an incremental cost of \$33,000 over the first quarter 2011.

Research and Development Expenses. First quarter 2012 research and development expenses increased by \$148,623, or 37%, over the first quarter 2011 expenses of \$398,664 to \$547,287 as the Company increased its research staff to accommodate obligations under certain collaborative research agreements and to expand product development efforts in preparation for research-derived revenues. Full-time research and development staffing increased from four scientists, engineers and research associates at the three months ended March 31, 2011 to eleven in the same period 2012. Those staff additions yielded decreased consulting expenses by approximately \$35,000 from the first quarter 2011 consulting expenses of \$64,712. Those savings were offset by the Company incurring \$61,457 in incremental executive search expenses during the first quarter 2012. In addition, laboratory supplies expenses increased from approximately \$32,000 in the first quarter of 2011 to approximately \$95,000 in the same period 2012, an increase of \$63,000. That increase was related to purchases in support of our collaborative research conducted under our agreements.

General and Administrative Expenses. First quarter 2012 general and administrative expenses of \$901,843 increased \$658,349, or 270%, over same period 2011 expenses of \$243,494. Expense increases were primarily driven by the Company's transition from operating in a private environment to operating in a publicly traded environment. Expanded staff increased payroll and facilities expenses in 2012 over 2011 levels.

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Payroll related expenses increased from \$76,917 in the first quarter 2011 to \$236,266 for the same period 2012, an increase of \$159,349 or 207%. The increase was primarily due to the addition of accounting staff to meet the expanded needs of operating in a publicly traded environment. In addition, the Board of Directors increased the base salary of our Chief Executive Officer from \$220,000 per annum to \$302,500. At March 31, 2011 the base salary of our CEO was \$110,000. The 2012 adjustment, while large relative to the first quarter 2011 base rate, is in the lowest quartile of base salaries of peer companies as measured by an independent compensation expert retained by the board to access executive compensation. First quarter 2012 audit related expenses were approximately \$139,000, whereas there were no audit related expenses during the same period 2011. Approximately \$275,000 in other public company expenses were incurred in the first quarter of 2012 due to multiple reasons including increases to investor relations spending, financial printing, fees for non-employee Board members, rent and utilities, legal expenses, information technology investments in hardware, software and consulting services, and travel.

Other Income (Expense). The \$35,696,820 increase in other expenses for the three month period ending March 31, 2012 over the same period of the prior year, was essentially due to the non-cash transaction costs associated with the first quarter 2012 Private Placement. During the first quarter of 2012 we incurred costs due to the placement agent for the first quarter Private Placement fees of \$1,617,629 and reimbursed expenses and legal fees of \$166,310. In addition, we issued warrants to purchase 6,099,195 shares of our common stock to the placement agent and warrants to purchase 15,247,987 of our common stock to investors in the Private Placement. The warrants issued to the placement agent and Private Placement investors were determined to be derivative liabilities as a result of the anti-dilution provisions in the warrant agreements that may result in an adjustment to the warrant exercise price. We will revalue the derivative liability on each subsequent balance sheet date until the securities to which the derivatives liabilities relate are exercised or expire. The fair value of warrant liabilities in excess of proceeds received was \$19,019,422, while the change in fair value of warrant liabilities was \$13,505,819. Financing transaction costs in excess of proceeds received was \$2,129,500, and our interest expense was \$1,087,453. The first quarter 2012 interest expense was primarily related to non-cash components including accretion of debt discounts and amortization of deferred financing costs.

Various factors are considered in the pricing models we use to value the warrants, including the company's current stock price, the remaining life of the warrants, the volatility of the company's stock price, and the risk free interest rate. Future changes in these factors will have a significant impact on the computed fair value of the warrant liability. As such, we expect future changes in the fair value of the warrants to continue to vary significantly from quarter to quarter.

Comparison of the twelve months ended December 31, 2011 and 2010

Revenues

2011 total revenues of \$968,513 increased \$365,101, or 61%, over 2010 revenues of \$603,412. That increase was due to a \$613,088 increase in collaborative agreement revenues, and a \$223,500 increase in product revenues, partially offset by a \$471,487 reduction in grant revenues. While grant revenues are expected to continue through 2012 they are expected to represent a declining portion of total revenues as we focus efforts on collaborative agreements and continued development of research tools.

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Cost of goods sold (COGS) consists of purchased goods, and inventory-related costs. The Company did not have product revenues in 2010 and consequently did not have COGS. 2011 COGS of \$133,607 were approximately 60% of product related revenues and 14% of total revenues.

Operating Expenses

Overview. Operating expenses increased approximately \$1,343,259, or 75%, in 2011 over 2010, from \$1,781,630 in 2010 to \$3,124,889 in 2011. Most significantly, the Company invested in building its executive, research, and development staff, increasing payroll related expenses by \$736,239 or 102% over 2010, from \$720,759 to \$1,456,998. Payroll related expenses accounted for approximately 55% of total year-to-year increase in operating expenses. General corporate expenses grew from \$131,362 in 2010 to \$421,063 in 2011, an increase of \$289,700, or 221%, representing 22% of total operating expense growth. 85% of that expense increase was the result of increased legal activity, primarily focused on intellectual property (patent) protection. In addition, the Company utilized the services of outside consultants and research services to meet short-term spikes in scientific and professional service demands. Outsourcing those services to meet short-term demands increased Company expenses by \$261,213, from \$540,458 in 2010 to \$801,671 in 2011, accounting for 19% of the total operating expense increases. The Company did not engage an independent accounting firm in 2010 but did so in 2011 to audit the 2009 and 2010 financials. As a result overall operating expenses increased by \$24,688 in 2011 over the prior year.

Research and Development Expenses. 2011 research and development expenses increased by \$216,002, or 18%, over 2010 expenses of \$1,203,716 as the Company increased its research staff to accommodate its obligations under certain collaborative research agreements and to expand product development efforts in preparation for research-derived revenues. Full-time research and development staffing increased from four scientists and engineers at the 12 months ended December 31, 2010 to seven in 2011. In addition, the Company outsourced certain research related activities in response to short-term demand spikes that increased expenses nearly \$90,000 over prior year.

Selling, General and Administrative Expenses. Selling, general and administrative expenses grew from \$577,914 in 2010 to \$1,705,171 in 2011, an increase of \$1,127,257 or 195%. Most notably the Company invested in its general and administrative staff, building needed infrastructure to meet the needs of operating in a publicly traded environment. Salaries, fringes and payroll related expenses increased by approximately \$686,000, or 61% of the total increase. Legal expenses increased \$244,861 from \$114,099 in 2010 to \$358,960 in 2011. 78% of the legal expense increases were related to our patent related legal activities as we work diligently to secure additional patent protection in select markets. In 2011 we secured a short-term lease on office space near our main facility to accommodate our staff increases and need for additional meeting space. Rent expense grew from \$107,481 in 2010 to \$145,218 for the year ended December 31, 2011, an increase of approximately \$38,000. During 2011 we engaged an independent accounting firm to audit our 2009 and 2010 financial statements, adding approximately \$25,000 in administrative expense that was not incurred in the prior year.

Interest Expense. Interest expense increased by \$1,906,016 from \$160,873 in 2010 to \$2,066,889 in 2011. The 2011 interest expense was primarily related to non-cash components including:

- 1) Accretion of debt discounts to interest expense of approximately \$1.2 million
- 2) Amortization of deferred financing costs of approximately \$119,500
- 3) Fair value of warrants issued in connection with the exchange agreement of approximately \$527.6K

In the fourth quarter of 2011, the Company exchanged all outstanding convertible promissory notes for common stock equity, except for one \$100,000 note, the principal and accrued but unpaid interest thereon to be paid at the close of a qualified equity financing. Following the exchange of earlier notes for equity, the Company completed a Bridge Financing, in which it sold \$1,500,000 in principal amount of 6% promissory notes due March 31, 2012. Those notes will automatically convert to equity, including accrued but unpaid interest, upon the first close of a qualified equity financing.

Financial Condition, Liquidity and Capital Resources

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Since our inception, we have primarily devoted our efforts to research and development, business planning, raising capital, recruiting management and technical staff, and acquiring operating assets. Accordingly, we are considered to be in the development stage.

Since inception, we incurred negative cash flows from operations. As of March 31, 2011, we had cash and cash equivalents of \$339,607 and an accumulated deficit of \$1,833,785. We also had negative cash flow from operations of \$311,767 during the quarter ended March 31, 2011. At March 31, 2012, we had cash of \$10,352,507 and an accumulated deficit of \$37,385,108.

At March 31, 2012, we had total current assets of \$10,834,703 and current liabilities of \$1,110,948, resulting in working capital of \$9,723,755. At March 31, 2011, we had total current assets of \$1,030,205 and current liabilities of \$1,975,748, resulting in a working capital deficit of \$945,543.

Net cash used by operating activities for the quarter ended March 31, 2012 was \$3,555,626. We raised approximately \$13.7 million in gross proceeds from the sale of common stock and warrants, and \$120,000 in revenue during the quarter.

Net cash used by operating activities for the quarter ended March 31, 2011 was \$311,767. In the quarter ended March 31, 2011, we raised \$200,789 in cash receipts from product sales, collaborative research agreements, and government grants.

We believe our cash and cash equivalents on hand as of March 31, 2012, together with amounts to be received from grants and our collaborative research agreements, should be sufficient to fund our ongoing operations as currently planned for at least the next 12 months. We have financed our operations primarily through the sale of common stock and convertible notes, and through revenue derived from grants or collaborative research agreements. We expect to cover our anticipated operating expenses through cash on hand, through additional financing from existing and prospective investors, and from revenue derived from collaborative research agreements.

We may need additional capital to further fund product development and commercialization of its human tissues that can be employed in drug discovery and development, biological research, and as therapeutic implants for the treatment of damaged or degenerating tissues and organs. We cannot be sure that additional financing will be available when needed or that, if available, financing will be obtained on terms favorable to us or to our stockholders. Having insufficient funds may require us to delay, scale back, or eliminate some or all of our development programs or relinquish some or even all of our licensed intellectual property. Failure to obtain adequate financing could eventually adversely affect our ability to operate as a going concern. If we raise additional funds from the issuance of equity securities, substantial dilution to our existing stockholders may result. If we raise additional funds by incurring debt financing, the terms of the debt may involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict our ability to operate our business.

As of March 31, 2012, we had 43,693,241 total issued and outstanding shares of Common Stock, and five year warrants for the opportunity to purchase an additional 24,256,932 shares of Common Stock at \$1.00 per share. If all warrants were exercised on a cash basis, we would realize an additional \$24,256,932 in gross proceeds.

The 2012 Equity Incentive Plan provides for the issuance of up to 6,553,986 shares, or approximately 15% of our outstanding Common Stock, to executive officers, directors, advisory board members and employees. In aggregate issued and outstanding common stock, shares underlying outstanding warrants, and shares reserved for the 2012 incentive plan total 74,504,159 shares of common stock.

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Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, including unrecorded derivative instruments that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We have certain warrants and options outstanding but we do not expect to receive sufficient proceeds from the exercise of these instruments unless and until the underlying securities are registered, and/or all restrictions on trading, if any, are removed, and in either case the trading price of our Common Stock is significantly greater than the applicable exercise prices of the options and warrants.

Effect of Inflation and Changes in Prices

Management does not believe that inflation and changes in price will have a material effect on the Company's operations.

Table of Contents**DIRECTORS AND EXECUTIVE OFFICERS**

The following persons are our executive officers, non-executive officers and directors and hold the positions set forth opposite their name as of June 1, 2012:

Name	Age	Position(s)
Keith Murphy	40	Chairman of the Board, Chief Executive Officer, and President
Sharon Collins Presnell, Ph.D.	43	Executive Vice President of Research and Development
Barry D. Michaels	62	Chief Financial Officer
Michael Renard	53	Executive Vice President of Commercial Operations
Eric Michael David, Ph.D.	40	Chief Strategy Officer
Robert Baltera, Jr.	46	Director
Andras Forgacs	35	Director
Adam K. Stern	48	Director

Keith Murphy, Chairman of the Board, Chief Executive Officer, and President, is one of our founders and joined us in July 2007. Mr. Murphy was formerly an employee of biotechnology company Alkermes, Inc., where he worked from July, 1993 to July, 1997 and played a role on the development team for their first approved product, Nutropin (hGH) Depot. He moved to Amgen, Inc. in August, 1997 and developed several other novel formulation and device products. He has over 18 years of experience in biotechnology, including serving in Product Strategy and Director of Process Development roles at Amgen through July, 2007. He was previously Global Operations Leader for the largest development program in Amgen's history, osteoporosis/bone cancer drug Prolia/Xgeva (denosumab). He holds a BS in Chemical Engineering from MIT, and is an alumnus of the UCLA Anderson School of Management.

Mr. Murphy's previous experience in the biotechnology field and his educational experience qualify him to be a member of our Board of Directors.

Dr. Sharon Collins Presnell, Executive Vice President of Research and Development, joined us in May, 2011. Dr. Presnell has over 15 years of experience in the leadership of product-focused R&D. As an Assistant Professor at the University of North Carolina from 1998 to 2001 Dr. Presnell's research in liver and prostate biology and carcinogenesis produced cell- and tissue-based technologies that were outlicensed for industrial applications. She joined Becton Dickinson & Co. (BD) in July, 2001 and played a key role in the early discovery and development of BD's Discovery Platform and FACS CAP tools for the optimization of *in vitro* culture environments and flow cytometry-based characterization of cells. In her role at BD, she grew and led a large multi-disciplinary team to establish feasibility for the Discovery Platform and FACS CAP in multiple therapeutic areas, including diabetes, and stewarded both technologies through revenue-generating commercial partnerships. Dr. Presnell joined Tengion, Inc. in February, 2007 as the Senior Vice President of Regenerative Medicine Research, a position that she held until joining us in May 2011. At Tengion, Dr. Presnell was directly involved in the discovery and early development of Tengion's Neo-Kidney Augment technology. Dr. Presnell holds a Ph.D. in Pathology from the Medical College of Virginia.

Barry D. Michaels, Chief Financial Officer, joined us in August, 2011. Mr. Michaels was the Chief Financial Officer of Cardima, Inc., a publicly-traded medical device company (NASDAQ: CRDM), from July, 2003 through June, 2005, and thereafter a consultant to the company through January, 2008. Mr. Michaels has been an independent consultant to medical device and technology companies since 1997, and has more than 30 years of combined industry experience. Since January, 2008 and prior to joining us, Mr. Michaels devoted his time to his consulting practice. In addition to his consulting practice, Mr. Michaels served as Chief Financial Officer of Lipid Sciences (NASDAQ: LIPD), a biotechnology company, from May, 2001 through January, 2003. Prior to joining Lipid Sciences, Mr. Michaels served as the Chief Financial Officer of IntraTherapeutics, Inc., an endovascular company, from March, 2000 until its acquisition by Sulzer Medica in May, 2001. Mr. Michaels received an MBA in finance from San Diego State University and is a graduate of the Executive Program at the University of California, Los Angeles.

Michael Renard, Executive Vice President of Commercial Operations, joined us in May, 2012. Mr. Renard has more than 29 years of experience in commercial operation, business development and sales and marketing for the life science industry. Since 1997, he has worked with Beckman Coulter holding various positions in program management, business operations and business development. He most recently was the vice president of marketing for North America commercial operations where he was responsible for achieving \$2 billion in revenue across 11 major product lines. Before Beckman Coulter, he was vice president and general manager in a start-up development stage incubator division of Sanofi, Inc. and director of corporate accounts at Kallestad Diagnostics. He has a M.B.A from Rockhurst University and a B.A. in biology and chemistry from St. Olaf College.

Dr. Eric Michael David, Chief Strategy Officer, joined us in May, 2012. Dr. David was most recently associate partner at the consultancy McKinsey & Company, where he served private equity, pharmaceutical, biotech, diagnostic, and medical device clients to support pipeline and R&D strategy, as well as market entry strategy. Dr. David played a critical role in the commercial translation of 3D bioprinting as a founder and early director of Organovo, Inc. Prior to his time at McKinsey, Dr. David served as a freelance consultant to the Department of Health and Human Services in the use of genomic technologies for early detection of pathogens for public health preparedness. He completed his residency in Internal Medicine at New York Presbyterian Hospital, where he served as Assistant Chief Resident and received the Dick Bowman Award for scientific endeavor and dedication to patient care. He was also Assistant Professor at The Rogosin Institute and adjunct faculty at The Rockefeller University. He received his M.D. from Columbia University College of Physicians and Surgeons, his J.D. from Columbia University School of Law, and a B.A. in physics and fine arts from Amherst College. He is board certified in Internal Medicine and admitted to the Bar in New York State.

Robert Baltera, Jr., Director, joined us as a director in October, 2009. Most recently, Mr. Baltera was the Chief Executive Officer of Amira Pharmaceuticals, a position he held from July, 2007 through September, 2011. Amira was sold to Bristol-Myers Squibb in September, 2011 for \$325 million in cash upfront, plus additional milestone payments of up to \$150 million. Mr. Baltera is a seasoned pharmaceutical industry executive who has acquired a wealth of business and product management experience during his 17 years with biotech pioneer Amgen, beginning November, 1990. In his role leading Amira Pharmaceuticals, he was instrumental in focusing the company's development efforts, strengthening and developing its pipeline and forging key collaborations with partners such as GlaxoSmithKline. Before becoming Amira's CEO, he held a number of senior management positions at Amgen, the last being vice president of corporate and contract manufacturing. He served as Amgen's team leader responsible for the approval of Kineret[®] in rheumatoid arthritis. Mr. Baltera has an MBA from the Anderson School at UCLA and earned his bachelor's degree in microbiology and a master's degree in genetics from The Pennsylvania State University.

Mr. Baltera's previous experience in the biotechnology field and his educational experience qualify him to be a member of our Board of Directors.

Andras Forgacs, Director, is one of our founders and joined us as a director in April, 2007. Mr. Forgacs has served as a Managing Director at Richmond Global, an international technology-focused venture fund, since July, 2008. In his role at Richmond, Mr. Forgacs focuses on the day-to-day management of the fund and the sourcing of new investment opportunities. Prior to joining Richmond, beginning in November, 2005, he was a consultant in the New York office of McKinsey & Company advising global financial institutions, healthcare/pharmaceutical companies and private equity/venture capital firms. Mr. Forgacs began his career with Citigroup as an investment banker in the Financial Strategy Group in July, 1999, and helped found the client-facing E-commerce Group. Mr. Forgacs is a Kauffman Fellow with the Center for Venture Education and a Term Member with the Council on Foreign Relations. He holds an MBA from the Wharton School of Business and

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a Bachelor of Arts with honors from Harvard University. Mr. Forgacs is the son of Gabor Forgacs, Ph.D., who developed Organovo's breakthrough organ printing technology while leading a team of top regenerative medicine scientists from multiple universities, with the backing of a \$5MM National Science Foundation Grant. Dr. Forgacs was one of the founders of the Company.

Mr. Forgacs' previous experience with start-up companies in the equity/venture capital field and his educational experience qualify him to be a member of our Board of Directors.

Adam K. Stern, Director, joined us in February 2012 and is the Senior Managing Director of Spencer Trask Ventures. Mr. Stern has over 20 years of venture capital and investment banking experience focusing primarily on the technology and life science sectors of the capital markets. He currently manages the structured finance group of Spencer Trask Ventures, Inc. Mr. Stern joined Spencer Trask Ventures in September 1997 from Josephthal & Co., members of the New York Stock Exchange, where he served as Senior Vice President and Managing Director of Private Equity Marketing and held increasingly responsible positions from 1989 to 1997. He has been a licensed securities broker since 1987 and a General Securities Principal since 1991. Mr. Stern currently sits on the boards of various private companies and one other public company, InVivo Therapeutics Holdings Corp. (OTCBB:NVIV). Mr. Stern holds a Bachelor of Arts degree with honors from The University of South Florida in Tampa.

Mr. Stern's experience as a board member of privately held and publicly traded companies qualifies him to be a member of our Board of Directors. Additionally, his 20 years of venture capital and investment banking focusing on technology and life science sectors will be an asset to the Board of the Directors if we attempt to raise capital in the future.

Family Relationships

Andras Forgacs is the son of Gabor Forgacs, who developed Organovo's breakthrough organ printing technology while leading a team of top regenerative medicine scientists from multiple universities, with the backing of a \$5MM National Science Foundation Grant. Dr. Forgacs was one of the founders of the Company.

Board of Directors and Corporate Governance

Our Board of Directors currently consists of four (4) members. On the Closing of the Merger, Deborah Lovig and James Coker, the members of the Board of Directors of Pubco, resigned, and simultaneously therewith, a new Board of Directors was appointed. Our Board consists of three (3) members who were former directors of Organovo and Adam K. Stern, who was appointed at the Closing of the Merger at the request of the Placement Agent.

Board Independence and Committees

We are not currently listed on any national securities exchange or in an inter-dealer quotation system that has a requirement that the Board of Directors be independent. However, in evaluating the independence of our members and the composition of the committees of our Board of Directors, our Board utilizes the definition of "independence" as that term is defined by applicable listing standards of the Nasdaq Stock Market and SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee director definition of Rule 16b-3 promulgated under the Exchange Act.

Our Board of Directors expects to continue to evaluate its independence standards and whether and to what extent the composition of the Board and its committees meets those standards. We ultimately intend to appoint such persons to our Board and committees of our Board as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange. Therefore, we intend that a majority of our directors will be independent directors of which at least one director will qualify as an "audit committee financial expert," within the meaning of Item 407(d)(5) of Regulation S-K, as promulgated by the SEC.

Additionally, our Board of Directors is expected to appoint an audit committee, governance committee and compensation committee and to adopt charters relative to each such committee.

We believe that Robert Baltera is an "independent" director as that term is defined by SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee director definition of Rule 16b-3 promulgated under the Exchange Act.

Code of Ethics

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We have not adopted a written code of ethics. We intend to adopt a written code of ethics in the future.

Indemnification Agreements

Our Board has approved a form of indemnification agreement for our directors and executive officers (*Indemnification Agreement*). Following Board approval, we entered into Indemnification Agreements with each of our current directors and executive officers.

The Indemnification Agreement provides for indemnification against expenses, judgments, fines and penalties actually and reasonably incurred by an indemnitee in connection with threatened, pending or completed actions, suits or other proceedings, subject to certain limitations. The Indemnification Agreement also provides for the advancement of expenses in connection with a proceeding prior to a final, nonappealable judgment or other adjudication, provided that the indemnitee provides an undertaking to repay to us any amounts advanced if the indemnitee is ultimately found not to be entitled to indemnification by us. The Indemnification Agreement sets forth procedures for making and responding to a request for indemnification or advancement of expenses, as well as dispute resolution procedures that will apply to any dispute between us and an indemnitee arising under the Indemnification Agreement.

The foregoing description is qualified in its entirety by reference to the form of Indemnification Agreement attached to this Report as Exhibit 10.17.

Classified Board

Our Board of Directors is divided into three classes (each, a *Class*). The term of office of the initial Class I director (Mr. Murphy) shall expire at the first regularly-scheduled annual meeting of the stockholders following January 30, 2012, which was the date of our reincorporation in Delaware (the *Effective Date*), the term of office of the initial Class II directors (Messrs. Forgacs and Stern) shall expire at the second annual meeting of the stockholders following the Effective Date and the term of office of the initial Class III director (Mr. Baltera) shall expire at the third annual meeting of the stockholders following the Effective Date. At each annual meeting of stockholders, commencing with the first regularly-scheduled annual meeting of stockholders following the Effective Date, each of the successors elected to replace the directors of a Class whose term expires at such annual meeting shall be elected to hold office for a three year term.

Table of Contents**Scientific And Business Advisory Boards****Gabor Forgacs, Scientific Founder PhD University of Missouri and Clarkson University**

Dr. Forgacs, is one of our founders. Dr. Forgacs is the Executive and Scientific Director of the Shipley Center for Innovation at Clarkson University and the George H. Vineyard Professor of Biological Physics at the University of Missouri. Dr. Forgacs has been with the University of Missouri since 1999 and has been with Clarkson University since 2011. He developed Organovo's breakthrough bioprinting technology while leading a team of regenerative medicine scientists from multiple universities, with the backing of a \$5 million National Science Foundation Grant. Dr. Forgacs is the author of more than 150 peer reviewed journal articles and the textbook Biological Physics of the Developing Embryo, (with Stuart Newman), published by Cambridge University Press. He holds a Ph.D. in theoretical physics from the Roland Eotvos University, Budapest, Hungary. He moved to the United States in the 1980's from the Institute of Physics of the French Atomic Energy Agency in Saclay to accept a professorship at Clarkson University. Dr. Forgacs is the father of Andras Forgacs.

Gordana Vunjak-Novakovic, PhD Columbia

Dr. Vunjak-Novakovic is the Mikati Foundation Professor of Biomedical Engineering and Medicine at Columbia University, where she directs the Laboratory for Stem Cells and Tissue Engineering, the Bioreactor Core of the NIH Tissue Engineering Center, the Stem Cell Imaging Core and the Craniofacial Regeneration Center. Prof. Vunjak-Novakovic has authored books as well as numerous book chapters, journal articles and issued, licensed and pending patents in the biomedical field. She is a Fellow of the American Institute for Medical and Biological Engineering.

Glenn Prestwich, PhD University of Utah

Dr. Glenn D. Prestwich is Presidential Professor of Medicinal Chemistry and Special Presidential Assistant for Faculty Entrepreneurism at the University of Utah, where he leads the Entrepreneurial Faculty Scholars program. His university research includes the study of biomaterials for tissue repair and tissue engineering and biological reagents. He co-founded multiple companies, including Carbylan BioSurgery, Inc. (medical devices), Sentrx Animal Care, Inc. (veterinary wound care), and Glycosan BioSystems, Inc. (cell therapy and research tools). He received the Governor's Medal for Science and Technology for 2006, the 1998 Paul Dawson Biotechnology Award and the 2008 Volwiler Research Award of the AACP, the 2010 University of Utah Distinguished Scholarly and Creative Research Award, and the 2010 Rooster Prize of the International Society for Hyaluronan Science.

David Mooney, PhD Harvard University

Prof. David Mooney is a scientific author and a leader in the research of signaling mechanisms of tissue development. He studies the mechanisms by which chemical (for example, specific cell adhesion molecules) or mechanical signals (for example, cyclic strain) are sensed by cells and alter cells' proliferation and specialization to either promote tissue growth or destruction. This work assists in the understanding of cell behavior post-processing by the organ printing technology. Dr. Mooney is the Pinkas Family Professor of Bioengineering at Harvard University, a member of the National Academy of Engineering, and holds a PhD from the Massachusetts Institute of Technology.

Dr. K. Craig Kent, MD Columbia University/Weill Cornell Medical College

Dr. K. Craig Kent is the Chairman of the Department of Surgery at the University of Wisconsin School of Medicine and Public Health and previously served as Chief of the Division of Vascular Surgery at both Columbia University and Weill Cornell Medical College. Dr. Kent has authored or co-authored more than 300 manuscripts and chapters that have been published in peer-reviewed journals and textbooks on vascular disease. He is regularly invited to speak at local, national and international scientific meetings on a wide variety of vascular surgery topics. His National Institutes of Health (NIH)-funded basic science lab explores the mechanisms of failure for bypass grafts and angioplasty following vascular intervention. Dr. Kent served as the 2006-2007 president of the Society for Vascular Surgery. Dr. Kent was trained in general surgery at the University of California at San Francisco and completed his vascular surgery fellowship at Brigham and Women's Hospital-Harvard Medical School, where he was awarded the prestigious annual E.J. Wylie Traveling Fellowship.

In March, 2008, we entered into consulting agreements with Dr. Glenn Prestwich, Prof. David Mooney, and Dr. K. Craig Kent, all of whom are members of our Scientific Advisory Board. In April, 2008, we entered into a consulting agreement with Prof. Gordana Vunjak-Novakovic, the fourth member of our Scientific Advisory Board. Per these agreements, we made restricted stock grants of 235,483 shares of our Common Stock to Dr. Prestwich and Prof. Vunjak-Novakovic and 117,741 shares of our Common Stock to Prof. Mooney and Dr. Kent. These grants vest in four annual equal installments with the first installment vesting on the one year anniversary of the member's appointment to our Scientific Advisory Board. In addition, we agreed to pay Prof. Mooney \$14,000 per year and Dr. Kent \$7,000 per year. Each of the consulting agreements has a four year term which may be terminated by either us or the Scientific Advisory Board member on thirty days notice.

Table of Contents**EXECUTIVE COMPENSATION**

The following table sets forth information regarding each element of compensation that we paid or awarded to our named executive officers and for fiscal year ended December 31, 2011 and 2010.

Summary Compensation Table

Name and Principal Position	Year	Salary	Option Awards (\$)	Deferred Compensation (\$)	All Other Compensation (\$)	Total Compensation (\$)
Keith Murphy Chairman, Chief Executive Officer, and President	2011	\$ 217,711 ^{1,2}			3	\$ 217,711
	2010	\$ 46,538		\$ 63,462 ⁴	5	\$ 110,000
Barry D. Michaels Chief Financial Officer	2011	\$ 74,315			6	\$ 74,315
Sharon Presnell Executive Vice- President of Research and Development	2011	\$ 157,385	\$ 3,163		7	\$ 160,548

Employment Arrangements with Officers and Directors

Keith Murphy, one of our founders, has served as our President and Chief Executive Office since July, 2007. The terms of Mr. Murphy's employment agreement, dated February 28, 2012, call for him to receive a base salary of \$302,500 per year. The term of the employment agreement expires after one year from the effective date, and automatically renews thereafter, unless we provide Mr. Murphy advanced notice of nonrenewal. Mr. Murphy is also eligible to participate in our Annual Bonus Plan and other short-term incentive compensation plans established for our senior executives by our Board of Directors or the compensation committee. Mr. Murphy is also entitled to participate in our equity incentive awards plans.

Sharon Presnell became our Executive Vice President of Research and Development in May, 2011. The terms of Dr. Presnell's employment arrangement call for her to receive a base salary of \$248,014 per year. Dr. Presnell is also eligible to receive an annual bonus, which is targeted at 30% of her base salary but which may be adjusted based on her individual performance and our performance as a whole. In addition, on October 14, 2011 we issued to Dr. Presnell options to purchase 896,256 shares of Common Stock under the 2008 Plan, which will vest in equal installments over four years from May 2011. If we terminate Dr. Presnell's employment without cause, we are required to pay her a severance of up to six months of her base salary (in effect immediately prior to the date of the termination of her employment) plus benefits.

- 1 Effective August 16, 2011 Mr. Murphy's annual base salary was increased to \$220,000.
- 2 Mr. Murphy was paid an annual salary of \$110,000 beginning March, 2009.
- 3 Excludes payments made for the reimbursement of medical insurance premiums and a personal computer used primarily for business in the aggregate of less than \$10,000.
- 4 Base salary earned, but payment deferred to future periods.
- 5 Excludes payments made for the reimbursement of medical insurance premiums.
- 6 Excludes payments made for the reimbursement of medical insurance premiums in the aggregate of less than \$10,000.
- 7 Excludes payments made for the reimbursement of medical insurance premiums in the aggregate of less than \$10,000. Also excludes \$24,681 in reimbursed relocation expenses that qualify under IRS guidelines as excludable from income.

Barry Michaels became our Chief Financial Officer in August, 2011. The terms of Mr. Michaels' employment arrangement call for him to receive a base salary of \$230,022 per year. Mr. Michaels is also eligible to receive a bonus based on our and his attainment of certain goals and performance milestones. In addition, at the final closing of the Offering following the Closing Date of the Merger we intend to grant Mr. Michaels options to purchase up to 2% of our issued and outstanding Common Stock under the 2011 Plan, which will vest in equal installments over four years from August 2011. If we terminate Mr. Michaels' employment without cause we are required to pay Mr. Michaels a severance of up to six months of his base salary (in effect immediately prior to the date of the termination of his employment) plus benefits.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes the equity awards made to our named executive officers that were outstanding at December 31, 2011.

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Name	No. of Securities Underlying Unexercised Options (#) Exercisable	No. of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of shares or Units of stock that have not vested(#)	Market Value of shares or Units of stock that have not vested(\$)
Keith Murphy (1)					367,947	\$ 57,422
Sharon Presnell (2)		896,256	\$ 0.08	5/2021		
Barry Michaels						

(1) These shares vest in February 2012.

(2) The options were granted on October 14, 2011, and vest in equal installments over four years from May 2011.

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2012 Equity Incentive Plan

Our Board of Directors and stockholders adopted the 2012 Plan in January 2012. 6,553,986 shares of Common Stock are reserved for issuance under the 2012 Plan. If an incentive award granted under the 2012 Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to us in connection with an incentive award, the shares subject to such award and the surrendered shares will become available for further awards under the 2012 Plan. Additionally, shares used to pay the tax or exercise price of an award will become available for future grant or sale under the 2012 Plan. To the extent an award under the 2012 Plan is paid out in cash rather than shares, the cash payment will not result in reducing the number of shares available for issuance under the 2012 Plan. The maximum number of shares subject to awards that may be granted to any individual during any calendar year is 2,000,000 and the maximum aggregate amount of cash that may be paid in cash during any calendar year with respect to awards payable in cash is \$2,000,000.

The number and class of shares of our Common Stock subject to the 2012 Plan, the number and class of shares subject to any numerical limit in the 2012 Plan, and the number, price and class of shares subject to awards will be adjusted in the event of any change in our outstanding Common Stock by reason of any stock dividend, spin-off, split-up, stock split, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares or similar transaction.

Administration

It is expected that the compensation committee of the Board, or the Board in the absence of such a committee, will administer the 2012 Plan. Subject to the terms of the 2012 Plan, the compensation committee would have complete authority and discretion to determine the terms of awards under the 2012 Plan.

Grants

The 2012 Plan authorizes the grant to 2012 Plan participants of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares, and other stock or cash awards intended to comply with Section 162(m) of the Internal Revenue Code (as amended, the Code) and stock appreciation rights, as described below:

Stock Options. Stock options entitle the participant, upon exercise, to purchase a specified number of shares of common stock at a specified price for a specified period of time. The Administrator may grant incentive and/or non-statutory stock options under the 2012 Plan. The exercise price for each stock option shall be determined by the Administrator but shall not be less than 100% of the fair market value of the common stock on the date of grant. The fair market value means, if the stock is listed on any established stock exchange or national market system, the closing sales price of the stock, or, if the common stock is regularly quoted by a recognized securities dealer, but the selling prices are not reported, the mean between the high bid and low asked prices for the common stock on the day of determination, or in the absence of an established market for the stock, or if the stock is not regularly quoted or does not have sufficient trades or bid prices which would reflect the stock's actual fair market value, the fair market value of the common stock will be determined in good faith by the Administrator upon the advice of a qualified valuation expert.

Any stock options granted in the form of an incentive stock option will be intended to comply with the requirements of Section 422 of the Code. Only options granted to employees qualify for incentive stock option treatment.

Each stock option shall expire at such time as the Administrator shall determine at the time of grant. No stock option shall be exercisable later than the tenth anniversary of its grant. A stock option may be exercised in whole or in installments. A stock option may not be exercisable for a fraction of a share. Shares of common stock purchased upon the exercise of a stock option must be paid for in full at the time of exercise in cash or such other consideration determined by the Administrator.

Stock Appreciation Rights. A stock appreciation right (SAR) is the right to receive a payment equal to the excess of the fair market value of a specified number of shares of common stock on the date the SAR is exercised over the exercise price of the SAR. The exercise price for each SAR shall not be less than 100% of the fair market value of the common stock on the date of grant, and the term of an SAR shall be no more than ten years from the date of grant. At the discretion of the Administrator, the payment upon an SAR exercise may be in cash, in shares equivalent thereof, or in some combination thereof.

Upon exercise of an SAR, the participant shall be entitled to receive payment from Pubco in an amount determined by multiplying the excess of the fair market value of a share of common stock on the date of exercise over the exercise price of the SAR by the number of shares with respect to which the SAR is exercised.

Restricted Stock and Restricted Stock Units. Restricted stock and restricted stock units may be awarded or sold to participants under such terms and conditions as shall be established by the Administrator. Restricted stock and restricted stock units shall be subject to such restrictions as the Administrator determines, including a prohibition against sale, assignment, transfer, pledge or hypothecation, and a requirement that the participant forfeit such shares or units in the event of termination of employment. A restricted stock unit provides a participant the right to receive payment at a future date after the lapse of restrictions or achievement of performance criteria or other conditions determined by the Administrator.

Performance Stock. The Administrator shall designate the participants to whom long-term performance stock/units are to be awarded and determine the number of shares, the length of the performance period and the other vesting terms and conditions of each such award. Each award of performance stock/units shall entitle the participant to a payment in the form of shares/units of common stock upon the attainment of performance goals and other vesting terms and conditions specified by the Administrator. The Administrator may, in its discretion, make a cash payment equal to the fair market value of shares of common stock otherwise required to be issued to a participant pursuant to a Performance Stock Award.

All awards made under the 2012 Plan may be subject to vesting and other contingencies as determined by the Administrator and will be evidenced by agreements approved by the Administrator which set forth the terms and conditions of each award.

Duration, Amendment, and Termination

Unless sooner terminated by the Board, the 2012 Plan will terminate ten years after its adoption. The Board may amend, alter, suspend or terminate the 2012 Plan at any time or from time to time without stockholder approval or ratification, unless necessary and desirable to comply with applicable law. However, before an amendment may be made that would adversely affect a participant who has already been granted an award, the participant's consent must be obtained.

Table of Contents**2011 Director Compensation**

The following table sets forth compensation earned and paid to each non-employee director for service as a director during 2011.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Robert Baltera, Jr. (1)		\$ 2,898			\$ 2,898
Andras Forgacs (2)					
Gabor Forgacs (3)					

- (1) In October, 2009 we entered into a Memorandum of Understanding with Robert Baltera, Jr. in connection with his ongoing service as one of our directors. Pursuant to this arrangement we granted Mr. Baltera 36,228 shares of restricted Common Stock, which vest in four equal annual installments, commencing one year from the date of grant, provided Mr. Baltera remains a director on the applicable vesting date. In October 2011 we additionally granted Mr. Baltera 32,423 shares of restricted Common Stock, one quarter of which vested that month and the remainder of which will vest in three equal annual installments. Our arrangement with Mr. Baltera is terminable at will by either party.
- (2) In February, 2008 we issued 60,365 shares of restricted Common Stock to Andras Forgacs as compensation for his services as a director. These shares vested to the extent of 25% of the original grant on the first anniversary of the grant date, and thereafter at the rate of 6.25% of the original grant on a quarterly basis, provided that Mr. Forgacs remains a director on the applicable vesting date.
- (3) Gabor Forgacs resigned as a director effective February 8, 2012.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following tables set forth certain information regarding the beneficial ownership of our common stock as of June 1, 2012 by (i) each person who, to our knowledge, owns more than 5% of our common stock; (ii) each of our directors and named executive officers; and (iii) all of our executive officers and directors as a group. Unless otherwise indicated in the table or the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o Organovo Holdings, Inc., 5871 Oberlin Drive, Suite 150, San Diego, CA 92121. Shares of Common Stock subject to options or warrants currently exercisable or exercisable within 60 days of June 1, 2012 are deemed outstanding for computing the share ownership and percentage of the person holding such options and warrants, but are not deemed outstanding for computing the percentage of any other person. Applicable percentages are based on 43,793,241 shares of common stock outstanding as of June 1, 2012.

Name and address of Beneficial Owner	No. Shares of Common Stock		Percent of Common Stock
	Beneficially Owned	Outstanding	
Keith Murphy (1)	6,311,092(2)		14.4%
Gabor Forgacs	6,057,741(3)		13.9%
Andras Forgacs (1)	766,588		1.8%
Robert Baltera, Jr. (1)	126,392(4)		*
Barry D. Michaels (1)	20,000(8)		*
Sharon Collins Presnell (1)	224,064(9)		*
Eric Michael David (1)	814,306(10)		1.9%
Adam K. Stern (1)(5)			
c/o Spencer Trask Ventures			
750 Third Avenue			
New York, NY 10017	1,604,484		4.0%
Kevin Kimberlin (6)			
1700 East Putnam Avenue			
Suite 401			
Greenwich, CT 06870	5,489,433		11.4%
<i>All directors and executive officers as a group (7 persons)</i>	10,025,796(7)		22.9%

* Less than 1.0%

(1) Executive officer and/or director.

(2) 255,255 of these shares are held by Equity Trust Co., Custodian FBO Keith Murphy IRA. Includes warrants to purchase 30,000 shares of Common Stock at an exercise price of \$1.00 per share.

(3) Includes warrants to purchase 3,750 shares of Common Stock at an exercise price of \$1.00 per share.

(4) 18,114 of these shares vested in or before October, 2011. Includes warrants to purchase 28,000 shares of Common Stock at an exercise price of \$1.00 per share.

(5) Represents (i) 741,395 shares owned by Adam Stern, (ii) 360,000 shares underlying warrants owned by Adam Stern; (iii) 158,870 shares owned by ST Neuroscience Partners, LLC; (iv) 211,827 shares owned by Pavilion Capital Partners, LLC; and (v) 132,392 shares owned by Piper Venture Partners, LLC. Does not include shares underlying warrants held by the Placement

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Agent or its affiliates issued in connection with the Bridge Financing or the Offering.

- (6) Represents (i) 1,082,489 shares held by Spencer Trask Investment Partners, LLP and (ii) 4,406,943 shares underlying warrants owned by Spencer Trask Ventures, Inc. issued in connection with the Bridge Financing or the Offering.
- (7) Includes warrants to purchase 448,000 shares of Common Stock at an exercise price of \$1.00 per share. Does not include shares underlying warrants issued to the Placement Agent in connection with the Bridge Financing or the Offering.
- (8) Includes warrants to purchase 10,000 shares of Common Stock at an exercise price of \$1.00 per share. Does not include 62,500 additional shares of common stock subject to future vesting pursuant to a stock option agreement.
- (9) Stock option shares that will vest within 60 days of June 1, 2012. Does not include 847,192 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.
- (10) Includes warrants to purchase 20,000 shares of Common Stock at an exercise price of \$1.00 per share.

Changes in Control

We are not aware of any or a party to arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change of control.

Table of Contents**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS****Transactions with Pubco Shareholders***Forward Split, Split-Off and Share Cancellation*

Real Estate Restoration and Rental, Inc.'s (RERR) common stock was forward-split on a 10.5913504 for 1 basis, with a record date of January 23, 2012 and an effective date of January 31, 2012. As a result of this stock split and the Reincorporation Merger, there were approximately 6,000,000 shares of Pubco's common stock issued and outstanding before taking into account the issuance of shares of common stock to purchasers of Units in the Offering and in the Merger and after giving pro forma effect to the Split-Off, as discussed below.

Upon the closing of the Merger, Pubco transferred all of its operating assets and liabilities to Organovo Split Corp., a Delaware corporation (PSOS), and split-off PSOS (the Split-Off) through the sale of all of the outstanding capital stock of PSOS to its executive officers, directors and their affiliates (the Split-Off Shareholders). In connection with the Split-Off, 5,000,000 shares of common stock held by the Split-Off Shareholders were surrendered and cancelled without further consideration, other than the receipt of PSOS shares. An additional 1,236,000 shares of common stock were cancelled by other shareholders of Pubco for no or nominal consideration.

Transactions with the Placement Agent and its Related Parties

We retained Spencer Trask Ventures, Inc. to serve as our placement agent (the Placement Agent) in connection with the Bridge Financing (as defined below), the Merger and the Offering as described in this prospectus. Adam K. Stern, one of our directors, is a Senior Managing Director of the Placement Agent.

The Placement Agent acted as finder to Organovo in connection with our bridge financing, in which Organovo issued \$1,500,000 in principal amount of its 6% convertible promissory notes due March 31, 2012 (the Bridge Notes) and warrants to purchase an aggregate of 1,500,000 shares of Organovo's common stock at a price of \$1.00 per share (the Bridge Warrants) to accredited investors (the Bridge Financing). The Placement Agent was issued warrants to purchase Organovo warrants that automatically converted into warrants to purchase 20% of the shares of Pubco Common Stock underlying the Units issued upon the conversion of the Bridge Notes in the Offering (as defined below) at a price of \$1.00 per share per share as compensation for acting as a finder in the Bridge Financing. These warrants were exchanged at the initial close of the Offering for warrants (which are identical to the Placement Agent Warrants (as defined below) discussed below) to purchase 610,155 shares of common stock at an exercise price of \$1.00 per share.

Prior to the initial closing of the Offering, several related parties to the Placement Agent purchased an aggregate of 219,705 shares of Pubco's common stock (2,326,974 shares on a post stock split adjusted basis) from various shareholders of Pubco. The aggregate purchase price paid to such shareholders by the related parties for such shares was approximately \$155,000. All of the foregoing shares of common stock are subject to a lock-up agreement. See Lock-ups below.

We engaged the Placement Agent as our exclusive placement agent in connection with a the Offering. For its services, we paid the Placement Agent (i) a cash fee equal to 10% of the gross proceeds raised in the Offering and (ii) a non-accountable expense allowance equal to 3% of the gross proceeds raised in the Offering. In addition, we granted to the Placement Agent or its designees, for nominal consideration, five-year warrants (Placement Agent Warrants) to purchase shares of common stock at an exercise price of \$1.00 per share. The placement agent and its selected dealers were paid total cash commissions of \$1,372,260 and the Placement Agent was paid an expense allowance of \$411,678 and was issued Placement Agent Warrants to purchase 6,099,195 shares of common stock (including 610,155 warrants issued in connection with issuance of the bridge promissory notes and subsequently exchanged for new warrants in the Merger).

We have agreed to engage the Placement Agent as our warrant solicitation agent in the event the warrants issued to investors in the Offering (the Investor Warrants) are called for redemption and shall pay a warrant solicitation fee to the Placement Agent equal to five (5%) percent of the amount of funds solicited by the Placement Agent upon the exercise of the Investor Warrants following such redemption.

The Placement Agent was granted the right to designate one member to our Board of Directors and has designated Adam K. Stern to fill such Board seat.

The price of the Units was been determined following our discussions with the Placement Agent. Among the factors considered in the negotiations were our limited operating history, our history of losses, an assessment of our management and our proposed operations, our current financial condition, the prospects for the industry in which we operate, the prospects for the development of our business with the capital raised in the Offering and the general condition of the securities markets at the time of the Offering. The Offering price of the Units or the exercise

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price of the Investor Warrants did not necessarily bear any relationship to our assets, book value or results of operations or any other generally accepted criterion of value.

As a result of these transactions, as of April 13, 2012, Mr. Stern reported holding 741,395 shares of common stock and warrants to purchase 360,000 shares of common stock. He also reported indirect beneficial ownership of 158,870 shares owned by ST Neuroscience Partners, LLC, 211,827 shares owned by Pavilion Capital Partners, LLC; and 132,392 shares owned by Piper Venture Partners, LLC. As of April 27, 2012, Mr. Kimberlin reported indirect beneficial ownership of 1,082,489 shares held by Spencer Trask Investment Partners, LLP and warrants to purchase 4,406,943 shares owned by Spencer Trask Ventures, Inc. issued in connection with the Bridge Financing or the Offering.

We have agreed to indemnify the Placement Agent and other broker-dealers who are FINRA members selected by the Placement Agent to offer and sell Units, to the fullest extent permitted by law for a period of four (4) years from the closing of the Offering, against certain liabilities that may be incurred in connection with the Offering, including certain civil liabilities under the Securities Act, and, where such indemnification is not available, to contribute to the payments the Placement Agent may be required to make in respect of such liabilities. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the Placement Agent, pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Lock-ups

Officers, directors and holders of 5% or more of our common stock have agreed to lock-up and not sell or otherwise transfer or hypothecate any of their shares for a term equal to the earlier of (i) twelve (12) months from the Closing Date of the Merger; or (ii) six (6) months following the effective date of the registration statement of which this prospectus forms a part registering the shares of common stock that were sold in the Offering.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act. Accordingly, we file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. Information about the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to you free of charge at the SEC's web site at <http://www.sec.gov>.

You can read and print press releases, financial statements, our most recent annual and quarterly reports and additional information about us, free of charge, at our web site at <http://www.organovo.com>.

This prospectus is a part of a registration statement on Form S-1 filed by us with the SEC under the Securities Act. This prospectus does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the shares of our common stock offered hereby, please refer to the registration statement. The registration statement may be inspected at the public reference facilities maintained by the SEC at the addresses set forth above. Statements in this prospectus about any document filed as an exhibit are not necessarily complete and, in each instance, you should refer to the copy of such document filed with the SEC. Each such statement is qualified in its entirety by such reference.

INTEREST OF NAMED EXPERTS AND COUNSEL

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock was employed on a contingency basis, or had, or is to receive, in connection with the offering, a substantial interest, direct or indirect, in the registrant or any of its parents or subsidiaries. Nor was any such person connected with the registrant or any of its parents or subsidiaries as a promoter, managing or principal underwriters, voting trustee, director, officer, or employee.

The consolidated financial statements of Organovo, Inc. as of December 31, 2011 and 2010 have been included in this prospectus in reliance upon the report of Mayer Hoffman McCann P.C., an independent registered public accounting firm, appearing elsewhere herein, given upon the authority of said firm as experts in accounting and auditing.

Certain legal matters in connection this registration statement are being passed upon by the law firm DLA Piper LLP (US), San Diego, California.

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15,347,987 shares of Common Stock

**16,747,987 shares of Common Stock Issuable Upon the exercise of
Warrants**

PROSPECTUS

July 6, 2012