

STILLWATER LLC
Form 4
December 24, 2008

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
STILLWATER LLC

2. Issuer Name and Ticker or Trading Symbol
EMAGIN CORP [EMAN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
15 EAST 62ND STREET
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
12/22/2008

____ Director 10% Owner
____ Officer (give title below) Other (specify below)

NEW YORK, NY 10021

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 12/22/2008 | | C ⁽¹⁾ | | 717,620 | A | \$ 0.35 |
| Common Stock | | | | | 2,693,735 | D | |

Common Stock 276,084 I By Rainbow Gate Corporation ⁽²⁾

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Underlying (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|--------------------|--|
| | | | | | | Date Exercisable | Expiration Date | |
| Amended and Restated 8% Secured Convertible Note | \$ 0.35 ⁽¹⁾ | 12/22/2008 | | C ⁽¹⁾ | 717,620 | 07/21/2006 | 12/22/2008 | Common Stock |
| Series B Convertible Preferred Stock | \$ 0.75 ⁽³⁾ | 12/22/2008 | | P ⁽⁴⁾ | 4,033 | 12/22/2008 | ⁽³⁾ (4) | Common Stock |
| Stock Purchase Warrants (right to buy) | \$ 1.03 ⁽⁵⁾ | 12/22/2008 | | P ⁽⁵⁾ | 1,875,467 | 12/22/2008 | 12/22/2013 | Common Stock |
| Amended and Restated 8% Secured Convertible Note | \$ 0.75 ⁽³⁾ | 12/22/2008 | | H ⁽⁶⁾ | 937,333 | 07/21/2006 | 12/22/2008 | Common Stock |
| Series B Convertible Preferred Stock | \$ 0.75 ⁽³⁾ | 12/22/2008 | | P ⁽⁶⁾ | 703 | 12/22/2008 | ⁽³⁾ (6) | Common Stock |
| Stock Purchase Warrants (right to buy) | \$ 0.48 ⁽⁷⁾ | | | | | ⁽⁷⁾ | ⁽⁷⁾ | Common Stock |
| Stock Purchase Warrants (right to buy) | \$ 1.13 ⁽⁸⁾ | | | | | ⁽⁸⁾ | ⁽⁸⁾ | Common Stock |
| Stock Purchase | \$ 1.03 ⁽⁹⁾ | | | | | ⁽⁹⁾ | ⁽⁹⁾ | Common Stock |

Warrants
(right to
buy)

Stock
Purchase

Warrants \$ 2.5 ⁽¹⁰⁾
(right to
buy)

(10)

(10)

Comm
Stock

Stock
Purchase

Warrants \$ 10 ⁽¹¹⁾
(right to
buy)

(11)

(11)

Comm
Stock

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| STILLWATER LLC 15 EAST 62ND STREET NEW YORK, NY 10021 | | X | | |

Signatures

/s/ Mortimer D.A. Sackler, President of
Stillwater LLC

12/24/2008

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
 - (1) Pursuant to the terms of the Amended and Restated 8% Senior Secured Convertible Note Due 2008 purchased pursuant to the Note Purchase Agreement, dated July 21, 2006, as amended on March 28, 2007, and further amended on July 23, 2007, as part of a private placement with the Issuer, the Reporting Person elected to fully convert the unpaid principal and interest of such Note into shares of Issuer's Common Stock.

These securities are owned solely by Rainbow Gate Corporation. The sole member of Stillwater LLC is the investment manager of Rainbow Gate Corporation, and this report shall not be deemed an admission that Stillwater LLC is the beneficial owner of these securities except to the extent of its pecuniary interest therein.
 - (2) The shares of Series B Convertible Preferred Stock have the rights and preferences set forth on the Certificate of Designations of Series B Convertible Preferred Stock filed with the Secretary of State for the State of Delaware on December 19, 2008. The Series B Convertible Preferred Stock has a stated value of \$1,000 per share and currently has a conversion price of \$0.75 per share.
 - (3) The shares of Series B Convertible Preferred Stock were purchased on December 22, 2008 as part of a private placement with the Issuer in accordance with the Securities Purchase Agreement, dated December 18, 2008, between the Issuer and the Reporting Person.
 - (4) The Stock Purchase Warrants to purchase Issuer's Common Stock were acquired on December 22, 2008 as part of a private placement by the Issuer in accordance with the Securities Purchase Agreement, dated December 18, 2008, between the Issuer and the Reporting Person. The Stock Purchase Warrants have an exercise price of \$1.03, are exercisable immediately, and will expire on December 22, 2013.
 - (5) Pursuant to the terms of the Exchange Agreement, dated December 22, 2008, between the Issuer and Rainbow Gate Corporation, Rainbow Gate Corporation exchanged the unpaid principal and interest on its Amended and Restated 8% Senior Secured Convertible

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Note Due 2008 purchased pursuant to the Note Purchase Agreement, dated July 21, 2006, as amended on July 23, 2007, as part of a private placement with the Issuer, into shares of Series B Convertible Preferred Stock. This exchange is being reported above as the cancellation of such Note and acquisition of the Series B Convertible Preferred Stock.

- (7) The warrants to purchase Issuer's Common Stock have an exercise price of \$0.48 per share, are exercisable immediately, and will expire on July 21, 2011.

The warrants to purchase Issuer's Common Stock are exercisable immediately, will expire on April 2, 2013 and originally had an exercise price of \$1.30 per share, but due to the Issuer's execution of Amendment No. 3 to the Loan and Security Agreement with

- (8) Moriah Capital, LP and the Issuer's execution of the Securities Purchase Agreement with the Reporting Person and the Issuer's execution of the Exchange Agreement with Rainbow Gate Corporation, Ginola Limited and Navacorp III LLC, the warrants were re-priced to \$1.13 per share in accordance with the terms of the original warrant.

- (9) The warrants to purchase Issuer's Common Stock have an exercise price of \$1.03, are exercisable immediately, and will expire on July 21, 2011.

The warrants to purchase Issuer's Common Stock are exercisable immediately, will expire on April 25, 2010, and had an exercise price of \$3.45 per share, but due to the Issuer's execution of Amendment No. 3 to the Loan and Security Agreement with Moriah Capital, LP and the Issuer's execution of the Securities Purchase Agreement with the Reporting Person and the Issuer's execution of the Exchange Agreement with Rainbow Gate Corporation, Ginola Limited and Navacorp III LLC, the warrants were re-priced to \$2.50 per share in accordance with the terms of the original warrant.

- (11) The warrants to purchase Issuer's Common Stock have an exercise price of \$10.00 per share, are exercisable immediately, and will expire on October 20, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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