

FATE THERAPEUTICS INC  
Form S-3  
January 06, 2017

As filed with the Securities and Exchange Commission on January 6, 2017.

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FATE THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware 65-1311552  
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification Number)

3535 General Atomics Court, Suite 200

San Diego, CA 92121

(858) 875-1800

(Address, including zip code, and telephone number, including area code, of principal executive offices)

J. Scott Wolchko

President and Chief Executive Officer

Fate Therapeutics, Inc.

3535 General Atomics Court, Suite 200

San Diego, CA 92121

(858) 875-1800

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Cindy R. Tahl, Esq.

General Counsel and Corporate Secretary

Fate Therapeutics, Inc.

3535 General Atomics Court, Suite 200

San Diego, CA 92121

(858) 875-1800

Kingsley L. Taft, Esq.

Maggie L. Wong, Esq.

Mitzi Chang, Esq.

Goodwin Procter LLP

3 Embarcadero Center, 24th Floor

San Francisco, CA 94111

(415) 733-6000

Edgar Filing: FATE THERAPEUTICS INC - Form S-3

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount Registered	Proposed	Proposed	Amount of Registration Fee
		Maximum	Maximum	
	to be	Offering Price	Aggregate	
		Per Share (3)	Offering Price (3)	
Common Stock, \$0.001 par value per share	6,766,915(1)	\$2.65	\$17,932,324.75	\$2,079.26

Edgar Filing: FATE THERAPEUTICS INC - Form S-3

Common Stock, \$0.001 par value per share 14,097,745(2) \$2.65 \$37,359,024.25 \$4,329.92

(1) This amount represents shares to be offered by the selling stockholders from time to time after the effective date of this Registration Statement at prevailing market prices at the time of sale. In accordance with Rule 416(a), the registrant is also registering for resale hereunder an indeterminate number of shares that may be issued with respect to the shares being registered hereunder as a result of stock splits, stock dividends or similar transactions. Consists of shares of common stock sold pursuant to a Securities Purchase Agreement dated November 21, 2016 by and among the registrant and the purchasers named therein.

(2) This amount represents shares to be offered by the selling stockholders from time to time after the effective date of this Registration Statement at prevailing market prices at the time of sale. In accordance with Rule 416(a), the registrant is also registering for resale hereunder an indeterminate number of shares that may be issued with respect to the shares being registered hereunder as a result of stock splits, stock dividends or similar transactions. Consists of shares of common stock issuable upon the conversion of an aggregate of 2,819,549 shares of Class A Convertible Preferred Stock.

(3) Estimated pursuant to Rule 457 under the Securities Act of 1933, as amended, solely for the purposes of calculating the registration fee, upon the basis of the average high and low prices of the registrant's common stock reported on The Nasdaq Global Market on January 3, 2017.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

---

SUBJECT TO COMPLETION,

DATED January 6, 2017.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS

20,864,660 Shares of Common Stock

This prospectus relates to the offer and sale from time to time of up to 20,864,660 shares of our common stock under this prospectus by the selling stockholders named in this prospectus. We will not receive any of the proceeds from the sale of our common stock by the selling stockholders.

The shares of common stock registered hereunder were issued to the selling stockholders pursuant to a Securities Purchase Agreement, dated as of November 21, 2016, by and between us and the selling stockholders. The selling stockholders may resell or dispose of the shares of our common stock, or interests therein, at fixed prices, at prevailing market prices at the time of sale or at prices negotiated with purchasers, to or through underwriters, broker-dealers, agents, or through any other means described in this prospectus under "Plan of Distribution." The selling stockholders will bear all commissions and discounts, if any, attributable to the sale or disposition of the shares, or interests therein. We will bear all costs, expenses and fees in connection with the registration of the shares.

You should read this document and any prospectus supplement or amendment carefully before you invest in our securities.

Our common stock is listed on The NASDAQ Global Market under the symbol "FATE." On January 3, 2017 the closing price for our common stock, as reported on The NASDAQ Global Market, was \$2.69 per share. Our principal executive offices are located at 3535 General Atomics Court, Suite 200, San Diego, CA 92121.

Investing in our securities involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" contained in this prospectus beginning on page 2 and any applicable prospectus supplement, and under similar headings in the other documents that are incorporated by reference into this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is January 6, 2017.



TABLE OF CONTENTS

	Page
<u>About this Prospectus</u>	1
<u>Risk Factors</u>	2
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	3
<u>The Company</u>	4
<u>Use of Proceeds</u>	5
<u>Description of Capital Stock</u>	6
<u>Selling Stockholders</u>	10
<u>Plan of Distribution</u>	14
<u>Legal Matters</u>	16
<u>Experts</u>	16
<u>Where You Can Find More Information</u>	16
<u>Incorporation by Reference</u>	16

---

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC. The selling stockholders may from time to time sell up to 20,864,660 shares of common stock, as described in this prospectus, in one or more offerings. We have agreed to pay the expenses incurred in registering these shares, including legal and accounting fees.

This prospectus provides you with a general description of the securities the selling stockholders may offer. You should read this prospectus and the additional information described under the heading “Where You Can Find More Information” beginning on page 16 of this prospectus.

You should rely only on the information contained in or incorporated by reference in this prospectus. Neither we nor any selling stockholder have authorized anyone to provide you with different information. The selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where it is lawful to do so. The selling stockholders should not make an offer of these shares in any jurisdiction where the offer is not permitted. Brokers or dealers should confirm the existence of an exemption from registration or effect a registration in connection with any offer or sale of these shares.

You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock.

Unless the context otherwise indicates, references in this prospectus to “Fate Therapeutics”, “we”, “our”, “us” and “the Company” refer, collectively, to Fate Therapeutics, Inc., a Delaware corporation.



## RISK FACTORS

Investing in our securities involves a high degree of risk. In addition to the other information included in, or incorporated by reference into, this prospectus, you should carefully consider the risk factors incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2015, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016, which are on file with the SEC and are incorporated by reference into this prospectus, as the same may be updated from time to time by our future filings under the Exchange Act, when determining whether or not to purchase the securities offered under this prospectus, in addition to the following:

Our principal stockholders exercise significant control over our company.

As of December 15, 2016, our executive officers, directors and entities affiliated with our five percent stockholders beneficially own, in the aggregate, shares representing approximately 67.84% of our outstanding voting stock (9.99% of which is held by Redmile (as such term is defined below) and which includes 3,016,790 shares of common stock issuable upon conversion of 603,358 shares of Class A Convertible Preferred Stock pursuant to the beneficial ownership limitations set forth in the Certificate of Designation (as such term is defined below) relating to the Class A Convertible Preferred Stock). Such percentage would increase to 74.17% if Redmile were able to remove the Redmile Percentage Limitation (as such term is defined below) and convert all of its shares of Class A Convertible Preferred Stock (assuming compliance with NASDAQ rules). Although we are not aware of any voting arrangements in place among these stockholders, if these stockholders were to choose to act together, as a result of their stock ownership, they would be able to influence our management and affairs and control all matters submitted to our stockholders for approval, including the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of ownership may have the effect of delaying or preventing a change in control of our company or affecting the liquidity and volatility of our common stock, and might affect the market price of our common stock.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents that we incorporate by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but are not always, made through the use of words or phrases such as “may,” “will,” “could,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “and similar expressions, or the negative of these terms, or similar expressions. Accordingly, these statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this prospectus, and in particular those factors referenced in the section “Risk Factors.”

This prospectus contains forward-looking statements that are based on our management’s belief and assumptions and on information currently available to our management. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the initiation, timing, progress and results of our ongoing and planned clinical trials, our preclinical studies and our research and development programs;
- our ability to advance our product candidates into, and successfully complete, clinical studies;
- the timing and likelihood of, and our ability to obtain and maintain regulatory approval of our product candidates;
- the potential benefits of strategic collaboration agreements and our ability to enter into and maintain strategic arrangements;
- our ability to enroll patients in our ongoing and planned clinical trials at the pace we project;
- the performance of third parties in connection with the development and manufacture of our product candidates, including third parties conducting our clinical trials as well as third party suppliers and manufacturers;
- our ability to develop sales and marketing capabilities, whether alone or with actual or potential collaborators, to commercialize our product candidates, if approved;
- our ability to successfully manufacture and commercialize our product candidates;
- the pricing and reimbursement, and the degree of market acceptance, of our product candidates, if approved;
- the size and growth of the potential markets for our product candidates and our ability to serve those markets;
- regulatory developments and approval pathways in the United States and foreign countries for our product candidates;
- our ability, and the ability of our licensors, to obtain, maintain, defend and enforce intellectual property rights protecting our product candidates, and our ability to develop and commercialize our product candidates without infringing the proprietary rights of third parties;
- our ability to retain and recruit key personnel;
- our ability to obtain funding for our operations;
- the implementation of our business model, strategic plans for our business, product candidates and technology;
- the accuracy of our estimates regarding our expenses, ongoing losses, capital requirements and revenues;
- developments relating to our competitors and our industry; and
- other risks and uncertainties, including those described under the caption “Risk Factors” in this prospectus and any prospectus supplement that we may file.

## THE COMPANY

We are a clinical-stage biopharmaceutical company dedicated to the development of programmed cellular immunotherapies for cancer and immune disorders. We are developing our product candidates based on a simple notion: we believe that better cell therapies start with better cells. Our therapeutic approach, which we refer to as cell programming, utilizes pharmacologic modulators, such as small molecules, to enhance the biological properties and therapeutic function of cells ex vivo, or outside the body. These programmed cells are then adoptively transferred to patients as therapies. We believe that this highly-differentiated therapeutic paradigm – systematically and precisely programming the biological properties and therapeutic function of cells ex vivo prior to adoptive transfer – is an elegant, cost-effective and scalable approach for maximizing the safety and efficacy of cell therapies. Utilizing our cell programming approach, we program immune cells, such as CD34+ cells, Natural Killer (NK) cells and T cells.

We are advancing a pipeline of programmed cellular immunotherapies, including both donor-sourced and off-the-shelf, pluripotent cell-derived immune cell therapies, in the fields of immuno-oncology and immuno-regulation. Our clinical program is ProTmune™, a programmed immuno-regulatory cell therapy consisting of donor-sourced mobilized peripheral blood cells which have been modulated using two small molecules, for the prevention of acute graft-versus-host disease (GvHD) and cytomegalovirus (CMV) infection in immunocompromised patients undergoing allogeneic hematopoietic cell transplantation (HCT). Our preclinical programs include NK- and T-cell cancer immunotherapies, including off-the-shelf therapies derived from engineered induced pluripotent cells (denoted as an iNK Cell Therapy and an iT Cell Therapy, respectively), and a CD34+ cell immuno-regulatory therapy to suppress aberrant auto-reactive effector cells for autoimmune diseases.

We also have entered into a research collaboration and license agreement with Juno Therapeutics, Inc. to identify and apply small molecule modulators to enhance the therapeutic function of genetically-engineered CAR (chimeric antigen receptor) T-cell and TCR (T-cell receptor) immunotherapies.

We own various U.S. federal trademark registrations and applications, and unregistered trademarks, including Fate Therapeutics®, our corporate logo, and ProTmune™.

We were incorporated in Delaware in 2007 and our principal executive offices are located at 3535 General Atomics Court, Suite 200, San Diego, CA 92121 and our telephone number is (858) 875-1800.

## USE OF PROCEEDS

The selling stockholders are offering all of the shares of our common stock being offered pursuant to this prospectus. Accordingly, we will not receive any proceeds from the sale of shares of our common stock by any selling stockholder. We have agreed to pay all costs, expenses and fees relating to registering the shares of our common stock referenced in this prospectus. The selling stockholders will pay any brokerage commissions and/or similar charges incurred in connection with the sale or other disposition by them of the shares covered hereby.

5

---

## DESCRIPTION OF CAPITAL STOCK

The following description of our common stock and preferred stock, together with the additional information we include in any applicable prospectus supplements, summarizes the material terms and provisions of our capital stock. The following description of our capital stock does not purport to be complete and is subject to, and qualified in its entirety by, our certificate of incorporation and bylaws, which are exhibits to the registration statement of which this prospectus forms a part, and by applicable law. The terms of our common stock and preferred stock may also be affected by Delaware law.

### Authorized Capital Stock

Our authorized capital stock consists of 150,000,000 shares of common stock, par value \$0.001 per share, and 5,000,000 shares of preferred stock, par value \$0.001 per share, 2,819,549 of which shares have been designated as Class A Convertible Preferred Stock. As of January 3, 2017, we had 41,386,506 shares of common stock outstanding and 2,819,549 shares of preferred stock outstanding.

### Common Stock

The holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of the stockholders. The holders of our common stock do not have any cumulative voting rights. Holders of our common stock are entitled to receive ratably any dividends declared by the board of directors out of funds legally available for that purpose, subject to any preferential dividend rights of any outstanding preferred stock. Our common stock has no preemptive rights, conversion rights or other subscription rights or redemption or sinking fund provisions.

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in all assets remaining after payment of all debts and other liabilities and any liquidation preference of any outstanding preferred stock. All outstanding shares, including the shares of common stock offered under this prospectus, are fully paid and nonassessable.

### Exchange Listing

Our common stock is listed on The NASDAQ Global Market under the symbol "FATE." On January 3, 2017, the closing price for our common stock, as reported on The NASDAQ Global Market, was \$2.69 per share. As of January 3, 2017, we had approximately 61 stockholders of record.

### Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC. The transfer agent and registrar's address is 6201 15th Avenue, Brooklyn, NY 11219.

### Preferred Stock

Our board of directors has been authorized to issue up to 5,000,000 shares of preferred stock in one or more series without stockholder approval. As a result of the designation and issuance of 2,819,549 shares of Class A Convertible Preferred Stock described below, our board of directors is authorized to designate and issue up to 2,180,451 remaining shares of preferred stock. Our board of directors may determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock, any or all of which may be more favorable than the rights of our common stock. The issuance of our preferred stock could adversely affect the voting power of holders of common stock and the likelihood

that such holders will receive dividend payments and payments upon our liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change in control of our company or other corporate action.

We filed a Certificate of Designation of Preferences, Rights and Limitations of Class A Convertible Preferred Stock with the Secretary of State of Delaware on November 22, 2016 (the "Certificate of Designation"), pursuant to which we designated 2,819,549 shares of authorized and unissued preferred stock as Class A Convertible Preferred Stock (the "Preferred Shares"). Each Preferred Share is convertible into five shares of common stock (subject to adjustment for stock dividends, stock splits, combinations and the like). Entities affiliated with Redmile Group, LLC ("Redmile") will be prohibited from converting the Preferred Shares into shares of common stock if, as a result of such conversion, Redmile, together with its affiliates, would own more than 9.99% of the shares of our common stock then issued and outstanding (the "Redmile Percentage Limitation"), which percentage may change at Redmile's election upon 61 days' notice to us to (i) any other number less than or equal to 19.99% or (ii) subject to approval of our stockholders

to the extent required in accordance with the NASDAQ Global Market rules (the “Requisite Approval”), any number in excess of 19.99%. Additionally, in the event of certain fundamental transactions, including (i) any merger or consolidation of our company with or into another entity; (ii) our sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of our assets; (iii) the acceptance by holders of 35% or more of our outstanding common stock of any purchase offer, tender offer or exchange offer pursuant to which such holders are permitted to sell, tender or exchange their shares for other securities, cash or property; (iv) any reclassification, reorganization or recapitalization of the common stock or any compulsory share exchange pursuant to which the common stock is effectively converted into or exchanged for other securities, cash or property; or (v) any other business combination pursuant to which a third party acquires more than 50% of our outstanding shares of Common Stock, (X) if the Requisite Approval has previously been obtained, each share of Class A Convertible Preferred Stock outstanding immediately prior to such fundamental transaction automatically convert into shares of common stock at the applicable conversion ratio, and (Y) if the Requisite Approval has not previously been obtained, then each outstanding share of Class A Convertible Preferred Stock will be canceled and automatically exchanged for the same kind and amount of securities, cash and other property receivable upon the effectiveness of such fundamental transaction by a holder of the corresponding number of shares of common stock otherwise issuable upon conversion of the Class A Convertible Preferred Stock at the then-effective conversion ratio.

In the event of our liquidation, dissolution or winding up, holders of Preferred Shares will participate pari passu with the holders of our common stock in any distribution of proceeds, pro rata based on the number of shares held by each such holder. The Preferred Shares will generally have no voting rights. Holders of the Preferred Shares are entitled to receive, on an as-converted-to-common-stock basis, dividends that are equal to dividends actually paid on shares of common stock, when, as and if such dividends are paid on shares of the common stock.

#### Provisions of our Certificate of Incorporation and Bylaws and Delaware Anti-Takeover Law

Certain provisions of the Delaware General Corporation Law and of our certificate of incorporation and bylaws could have the effect of delaying, deferring or discouraging another party from acquiring control of us.

These provisions, which are summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and, as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions are also designed in part to encourage anyone seeking to acquire control of us to first negotiate with our board of directors. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests. However, we believe that the advantages gained by protecting our ability to negotiate with any unsolicited and potentially unfriendly acquirer outweigh the disadvantages of discouraging such proposals, including those priced above the then-current market value of our common stock, because, among other reasons, the negotiation of such proposals could improve their terms.

#### Provisions of our Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws include a number of provisions that may have the effect of delaying, deferring or discouraging another party from acquiring control of us and encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. These provisions include the items described below.

**Board Composition and Filling Vacancies.** Our certificate of incorporation provides for the division of our board of directors into three classes serving staggered three-year terms, with one class being elected each year. Our certificate of incorporation also provides that directors may be removed only for cause and then only by the affirmative vote of

the holders of 75% or more of the shares then entitled to vote at an election of directors. Furthermore, any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of our board, may only be filled by the affirmative vote of a majority of our directors then in office even if less than a quorum.

**No Written Consent of Stockholders.** Our certificate of incorporation provides that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting, and that stockholders may not take any action by written consent in lieu of a meeting.

**Meetings of Stockholders.** Our certificate of incorporation and bylaws provide that only a majority of the members of our board of directors then in office may call special meetings of stockholders and only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders. Our bylaws limit the business that may be conducted at an annual meeting of stockholders to those matters properly brought before the meeting.



**Advance Notice Requirements.** Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Our bylaws specify the requirements as to form and content of all stockholders' notices.

**Amendment to Certificate of Incorporation and Bylaws.** As required by the Delaware General Corporation Law, any amendment of our certificate of incorporation must first be approved by a majority of our board of directors, and if required by law or our certificate of incorporation, must thereafter be approved by a majority of the outstanding shares entitled to vote on the amendment and a majority of the outstanding shares of each class entitled to vote thereon as a class, except that the amendment of the provisions relating to stockholder action, board composition, limitation of liability and the amendment of our certificate of incorporation must be approved by not less than 75% of the outstanding shares entitled to vote on the amendment, and not less than 75% of the outstanding shares of each class entitled to vote thereon as a class. Our bylaws may be amended by the affirmative vote of a majority of the directors then in office, subject to any limitations set forth in the bylaws; and may also be amended by the affirmative vote of at least 75% of the outstanding shares entitled to vote on the amendment, or, if our board of directors recommends that the stockholders approve the amendment, by the affirmative vote of the majority of the outstanding shares entitled to vote on the amendment, in each case voting together as a single class.

**Undesignated preferred stock.** Our certificate of incorporation provides for 5,000,000 authorized shares of preferred stock, of which 2,819,549 shares have been designated as Class A Convertible Preferred Stock. The existence of authorized but unissued shares of preferred stock may enable our board of directors to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal is not in the best interests of our stockholders, our board of directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group. In this regard, our certificate of incorporation grants our board of directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance may also adversely affect the rights and powers, including voting rights, of these holders and may have the effect of delaying, deterring or preventing a change in control of us.

#### Delaware Anti-Takeover Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. In general, Section 203 defines an "interested stockholder" as any person or entity who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's voting stock. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

• before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

• upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or

• at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Exclusive Jurisdiction of Certain Actions. Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us governed by the internal affairs doctrine. Although we believe this provision benefits us by providing increased consistency in the

application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could rule that this provision in our certificate of incorporation is inapplicable or unenforceable.

#### Registration Rights

In connection with the private placement described below in the section entitled "Selling Stockholders," we entered into the Registration Rights Agreement with the selling stockholders, pursuant to which we agreed to file a registration statement with the SEC within 60 days from November 23, 2016 in order to register for resale the shares of common stock purchased by such selling stockholders in the private placement, and to use commercially reasonable efforts to have the registration statement declared effective within 90 days if there is no review by the SEC, and within 135 days in the event of such review.

We are required to use commercially reasonable efforts to cause such registration statement to become effective and to remain continuously effective for a period that will terminate upon the earlier of (i) the date on which all shares of common stock registered pursuant to the registration statement have been disposed of pursuant to such registration statement, or (ii) the date on which all such shares of common stock may be sold by a selling stockholder (as such term is defined below) and its affiliates in any 90-day period without volume or manner of sale restrictions pursuant to Rule 144 and the restrictive legends and stop orders have been removed from such shares of common stock held by such selling stockholder. We are filing the registration statement to which this prospectus forms a part in satisfaction of our obligations under the above-described registration rights agreement.

The registration rights agreement also granted the selling stockholders customary piggyback registration rights; provided however such piggyback registration rights will not be available (i) during any period in which there is an effective registration statement for the shares of common stock purchased by the selling stockholders in the private placement described below and in all cases ending on November 23, 2017, and (ii) commencing on November 23, 2020.

## SELLING STOCKHOLDERS

We have prepared this prospectus to allow the selling stockholders to sell or otherwise dispose of, from time to time, up to 20,864,660 shares of our common stock.

On November 21, 2016, we and Redmile, entities affiliated with BVF Partners L.P., EcoR1 Capital, LLC and Franklin Advisers, Inc., and other accredited investors, certain of whom are affiliated with our directors and officers, entered into a Securities Purchase Agreement, or the Purchase Agreement, and a Registration Rights Agreement, or the Registration Rights Agreement. Pursuant to the Purchase Agreement, we sold an aggregate of 7,236,837 shares of our common stock at a price per share of \$2.66, and an aggregate of 2,819,549 Preferred Shares at a price of \$13.30 per share, in a private placement.

When we refer to “selling stockholders” in this prospectus, we mean the stockholders listed in the table below and their pledgees, donees, transferees or other successors in interest.

Pursuant to the Registration Rights Agreement, we agreed to prepare and file a Registration Statement on Form S-3 within 60 days of the closing of the transaction to provide for the resale of the issued shares. This prospectus is a part of the Registration Statement filed in satisfaction of that obligation.

The table below lists the names of the selling stockholders and other information regarding the beneficial ownership of the shares of common stock held by each of the selling stockholders, including the nature of any position, office or other material relationship, if any, that the selling stockholder (or the individuals or entities who have control over such selling stockholders) has had within the past three years with us or with any of our predecessors or affiliates. The first column lists the number of shares of common stock beneficially owned by each selling stockholder, based on its ownership as of December 15, 2016, as such beneficial ownership is determined in accordance with the rules of the SEC. The second column lists the shares of common stock being offered by this prospectus by each selling stockholder. The third and fourth columns assume the sale of all of the shares offered by the selling stockholders pursuant to this prospectus.

Beneficial ownership is determined in accordance with rules promulgated by the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. This table is based upon information supplied to us by the selling stockholders and information filed with the SEC. The percent of beneficial ownership for the selling stockholders is based on 55,483,837 shares, which is the total of 41,386,092 shares of our common stock outstanding as of December 15, 2016 and 14,097,745 shares of common stock issuable upon conversion of all 2,819,549 Preferred Shares outstanding on such date.

Edgar Filing: FATE THERAPEUTICS INC - Form S-3

Information about the selling stockholders may change over time. Any changed information will be set forth in supplements to this prospectus to the extent required.

Name and Address of Selling Stockholder	Number of		Number of	Percent
	Shares		Shares	of Class
	Beneficially	Number of	Beneficially	Beneficially
	Owned	Shares	Owned	Owned
	Prior to	Registered for	After the	After the
	the Offering	Sale	Offering(1)	Offering(1)
Entities affiliated with Redmile Group, LLC				
c/o Redmile Group, LLC				
One Letterman Drive, Building D,				
Suite D3-300				
San Francisco, CA 94129	4,435,848(2)	14,097,745(3)	1,419,058	2.56%

Entities affiliated with BVF Partners, L.P.

c/o BVF Partners, L.P.

One Sansome Street, 30<sup>th</sup> Floor

San Francisco, California 94104	3,759,398(4)	3,759,398(5)	0	*
---------------------------------	--------------	--------------	---	---

Entities affiliated with EcoR1 Capital, LLC

409 Illinois Street

San Francisco, CA 94158	2,537,026(6)	1,879,699(7)	657,327	1.18%
	6,076,879(8)	751,879(9)	5,325,000	9.60%

Entities affiliated with Franklin Advisers, Inc.

c/o Franklin Advisers, Inc.

One Franklin Parkway

San Mateo, CA 94403

Sarah Gordon Wild

Puncknowle Manor, Dorchester

Dorset DT2 9BX, United Kingdom	375,939	375,939	0	*
--------------------------------	---------	---------	---	---

- (1) We do not know when or in what amounts the selling stockholders will offer shares for sale, if at all. The selling stockholders may sell any or all of the shares included in and offered by this prospectus. Because the selling stockholders may offer all or some of the shares pursuant to this offering, we cannot estimate the number of shares that will be held by the selling stockholders after completion of the offering. However, for purposes of this table, we have assumed that after completion of the offering, none of the shares included in and covered by this prospectus will be held by the selling stockholders.
- (2) Includes (i) 479,459 shares of common stock held by Redmile Capital Fund, LP (ii) 550,410 shares of common stock held by Redmile Capital Offshore Fund, Ltd. (iii) 70,345 shares of common stock held by Redmile Special Opportunities Fund, Ltd. (iv) 57,054 shares of common stock held by Redmile Capital Offshore Fund (ERISA), Ltd. (v) 59,197 shares of common stock held by P. Redmile Ltd. and (vi) 202,593 shares of common stock held by Map 20 Segregated Portfolio, a segregated portfolio of LMA SPC and the shares of common stock described in footnote (3) three below, subject to the beneficial ownership limitations set forth in the Certificate of Designations relating to the Class A Convertible Preferred Stock (such limitations resulting in an aggregate of 3,016,790 shares of common stock issuable upon conversion of 603,358 shares of Class A Convertible Preferred Stock from footnote (3) below). Each of the private investment vehicles and separately managed accounts listed in this footnote (2) and in footnote (3) below, is affiliated with Redmile Group, LLC (“Redmile Group”). Accordingly, the shares of common stock referred to in this footnote (2) and in footnote (3) below may be deemed beneficially owned by Redmile Group as investment manager of the private investment vehicles and separately managed accounts. Such shares of common stock may also be deemed beneficially owned by Jeremy Green as the principal of Redmile Group. Each of Redmile Group and Mr. Green disclaims beneficial ownership of such shares of common stock except to the extent of its pecuniary interest therein. Each of the private investment vehicles and separately managed accounts listed in this footnote (2) and in footnote (3) below purchased shares of common stock in the ordinary course of business and at the time of the purchase of the Company’s shares of common stock to be resold under this registration statement, had no agreements or understandings, directly or indirectly, with any person to distribute the shares of common stock.

- (3) Includes (i) 1,712,110 shares of common stock issuable upon conversion of 342,422 shares of Class A Convertible Preferred Stock held by Redmile Biopharma Investments I, L.P., (ii) 8,560,550 shares of common stock issuable upon conversion of 1,712,110 shares of Class A Convertible Preferred Stock held by Redmile Capital Offshore Fund II, Ltd., (iii) 1,118,315 shares of common stock issuable upon conversion of 223,663 shares of Class A Convertible Preferred Stock held by Redmile Capital Fund, LP, (iv) 1,514,310 shares of common stock issuable upon conversion of 302,862 shares of Class A Convertible Preferred Stock held by Redmile Capital Offshore Fund, Ltd., (v) 278,735 shares of common stock issuable upon conversion of 55,747 shares of Class A Convertible Preferred Stock held by Redmile Special Opportunities Fund, Ltd., (vi) 167,205 shares of common stock issuable upon conversion of 33,441 shares of Class A Convertible Preferred Stock held by Redmile Capital Offshore Fund (ERISA), Ltd., (vii) 150,605 shares of common stock issuable upon conversion of 30,121 shares of Class A Convertible Preferred Stock held by P. Redmile Ltd., and (viii) 595,915 shares of common stock issuable upon conversion of 119,183 shares of Class A Convertible Preferred Stock held by Map 20 Segregated Portfolio, a segregated portfolio of LMA SPC.
- (4) Includes (i) 1,715,611 shares of common stock held by Biotechnology Value Fund, L.P. (“BVF”), (ii) 1,105,088 shares of common stock held by Biotechnology Value Fund II, L.P. (“BVF2”), (iii) 331,022 shares of common stock held by Biotechnology Value Trading Fund OS LP (“Trading Fund OS”), (iv) 429,876 shares held by MSI BVF SPV LLC (“MSI BVF”), and (v) 177,801 shares held by Investment 10, LLC (“I10”). BVF Partners L.P. (“Partners”), as the general partner of BVF and BVF2, the investment manager of Trading Fund OS, and the attorney-in-fact of MSI BVF and the investment advisor of I10, may be deemed to beneficially own the 3,759,398 shares of common stock beneficially owned in the aggregate by BVF, BVF2, Trading Fund OS, MSI BVF and I10. BVF Inc., as the general partner of Partners, may be deemed to beneficially own the 3,759,398 shares of common stock beneficially owned by Partners. Mark N. Lampert (“Mr. Lampert”), as a director and officer of BVF Inc., may be deemed to beneficially own the 3,759,398 shares of common stock beneficially owned by BVF Inc. Each of BVF, BVF2, Trading Fund OS, MSI BVF, I10, Partners, BVF Inc. and Mr. Lampert is referred to as a “Reporting Person” and collectively as the “Reporting Persons.” Each Reporting Person disclaims beneficial ownership of the securities it holds except to the extent of its pecuniary interest.
- (5) Includes (i) 331,022 shares of common stock held by Trading Fund OS, (ii) 1,715,611 shares of common stock held by BVF, (iii) 1,105,088 shares of common stock held by BVF2, (iv) 429,876 shares of common stock held by MSI BVF, and (v) 177,801 shares of common stock held by I10.
- (6) Includes (i) 1,899,566 shares of common stock held by EcoR1 Capital Fund Qualified, LP and (ii) 637,460 shares of common stock held by EcoR1 Capital Fund, LP. Oleg Nodelman, founder and managing director of EcoR1 Capital Fund, LP, may be deemed to beneficially own the 3,759,398 shares of common stock held by EcoR1 Capital Fund, LP and EcoR1 Capital Fund Qualified, LP.
- (7) Includes (i) 1,400,376 shares of common stock held by EcoR1 Capital Fund Qualified, LP and (ii) 479,323 shares of common stock held by EcoR1 Capital Fund, LP.
- (8) Includes (i) 3,703,102 shares of common stock held by Franklin Templeton Investment Fund – Franklin Biotechnology Discovery Fund and (ii) 2,373,777 shares of common stock held by Franklin Strategic Series – Franklin Biotechnology Discovery Fund. Franklin Advisers, Inc., or FAV, an indirectly wholly owned subsidiary of a publicly traded company, Franklin Resources, Inc., or FRI, may be deemed to be the beneficial owner of these securities for purposes of Rule 13d-3 under the Exchange Act in its capacity as the investment adviser to Franklin Strategic Series - Franklin Biotechnology Discovery Fund and Franklin Templeton Investment Funds - Franklin Biotechnology Discovery Fund pursuant to investment management contracts that grant investment and/or voting power to FAV. When an investment management contract (including a sub-advisory agreement) delegates to FAV investment discretion or voting power over the securities held in the investment advisory accounts that are subject to that agreement, FRI treats FAV as having sole investment discretion or voting authority, as the case may be, unless the agreement specifies otherwise. Accordingly, FAV reports for purposes of Section 13(d) of the Exchange Act that it has sole investment discretion and voting authority over the securities covered by any such investment management agreement, unless otherwise specifically noted.
- (9)

Edgar Filing: FATE THERAPEUTICS INC - Form S-3

Includes (i) 462,302 shares of common stock held by Franklin Templeton Investment Funds – Franklin Biotechnology Discovery Fund and (ii) 289,577 shares of common stock held by Franklin Strategic Series – Franklin Biotechnology Discovery Fund.

\*Less than 1%

Relationship with the Selling Stockholders

Registration Rights Agreement

The selling stockholders are a party to a registration rights agreement. For more information, see description in section titled “Description of Capital Stock—Registration Rights” above.

12

---



Redmile Board Observer

Redmile has the right to designate an individual to attend all meetings of the Company's board of directors in a non-voting observer capacity, which right is non-assignable and shall terminate upon the earlier of (i) the third anniversary of the date of the Purchase Agreement or (ii) the date upon which Redmile's total ownership no longer exceeds 15% of the Company's total shares of common stock on an as-converted basis.

13

---

## PLAN OF DISTRIBUTION

The selling stockholders, including their pledgees, donees, transferees, distributees, beneficiaries or other successors in interest, may from time to time offer some or all of the shares of common stock covered by this prospectus. We will not receive any of the proceeds from the sale of the shares of common stock covered by this prospectus by the selling stockholders. We will bear all fees and expenses incident to our obligation to register the shares of our common stock covered by this prospectus.

The selling stockholders may sell all or a portion of the shares of common stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, the selling stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of common stock may be sold on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale, in the over-the-counter market or in transactions otherwise than on these exchanges or systems or in the over-the-counter market and in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at privately negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an over-the-counter distribution;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales effected after the effective date of the registration statement of which this prospectus is a part;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with a selling stockholder to sell a specified number of such shares at a stipulated price per share;
- trading plans entered into by the selling shareholder pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are in place at the time of an offering pursuant to this prospectus and any applicable prospectus supplement hereto that provide for periodic sales of their securities on the basis of parameters described in such trading plans;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of the selling stockholder(s) to include the pledgee, transferee, or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of shares of our common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

Broker-dealers engaged by a selling stockholder may arrange for other broker-dealers to participate in sales. If the selling stockholders effect certain transactions by selling shares of common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal. Such commissions will be in amounts to be negotiated, but, except as set forth in a supplement to this prospectus, in the case of an agency transaction will not be in excess of a customary brokerage commission in compliance with applicable Financial Industry Regulatory Authority, Inc., or FINRA, rules; and in the case of a principal transaction a markup or markdown in compliance with applicable FINRA rules.

The aggregate proceeds to a selling stockholder from the sale of the common stock offered by it will be the purchase price of the common stock less discounts or commissions, if any. Each selling stockholder reserves the right to accept and, together with its agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

The selling stockholders also may resell all or a portion of their shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided that it meets the criteria and conforms to the requirements of that rule.

The selling stockholders and any underwriters, broker-dealers or agents that participate in the sale of the common stock or interests therein may be deemed to be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. The selling stockholders are subject to the prospectus delivery requirements of the Securities Act.

To the extent required pursuant to Rule 424(b) under the Securities Act, the shares of our common stock to be sold, the name of the selling stockholder, the purchase price and public offering price, the names of any agents, dealer or underwriter, and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

The selling stockholders and any other person participating in a sale of the common stock registered under this prospectus will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Securities Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the selling stockholders and any other participating person. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock. In addition, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed with the selling stockholders to keep the registration statement, of which this prospectus constitutes a part, effective until the earlier of (a) such time as all of the shares registered hereunder shall have been resold or (b) such time as all of the shares registered hereunder may be resold in any 90-day period without volume or manner

of sale restrictions pursuant to Rule 144 under the Securities Act and the restrictive legends and stop orders have been removed from such shares of common stock. We have agreed, among other things, to pay all expenses of the registration of the shares of common stock, including, without limitation, SEC filing fees and expenses of compliance with state securities or “blue sky” laws; provided, however, that the selling stockholders will pay all underwriting discounts and selling commissions applicable to the sale of the shares of common stock.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus. The selling stockholders have, subject to certain limitations, agreed to indemnify us against liabilities under the Securities Act that may arise from any written information furnished to us by the selling stockholders specifically for use in this prospectus.

## LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Goodwin Procter LLP, San Francisco, California.

## EXPERTS

The consolidated financial statements of Fate Therapeutics, Inc. appearing in our Annual Report (Form 10-K) for the year ended December 31, 2015 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Exchange Act and, in accordance therewith, file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. These documents also may be accessed through the SEC's electronic data gathering, analysis and retrieval system, or EDGAR, via electronic means, including the SEC's home page on the Internet ([www.sec.gov](http://www.sec.gov)).

We have the authority to designate and issue more than one class or series of stock having various preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption. See "Description of Capital Stock." We will furnish a full statement of the relative rights and preferences of each class or series of our stock which has been so designated and any restrictions on the ownership or transfer of our stock to any stockholder upon written or oral request and without charge. Written requests for such copies should be directed to Fate Therapeutics, Inc., 3535 General Atomics Court, Suite 200, San Diego, CA 92121, Attention: Secretary, or by telephone request to (858) 875-1800. Our website is located at [www.fatetherapeutics.com](http://www.fatetherapeutics.com). Information contained on our website is not incorporated by reference into this prospectus and, therefore, is not part of this prospectus or any accompanying prospectus supplement.

## INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information and reports we file with it, which means that we can disclose important information to you by referring you to these documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information already incorporated by reference. We are incorporating by reference the documents listed below, which we have already filed with the SEC, and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, including all filings made after the date of the filing of this registration statement and prior to the effectiveness of this registration statement, except as to any portion of any future report or document that is not deemed filed under such provisions, until we sell all of the securities:

- Annual Report on Form 10-K for the year ended December 31, 2015;
- The information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2015 from our definitive proxy statement on Schedule 14A (other than information furnished rather than filed), which was filed with the SEC on March 30, 2016;
- Quarterly Reports on Form 10-Q filed with the SEC for the quarters ended March 31, 2016, June 30, 2016, and September 30, 2016;

Current Reports on Form 8-K filed with the SEC on January 14, 2016, May 12, 2016, August 8, 2016 (only with respect to items 1.01 and 3.02 of the 8-K dated August 6, 2016), September 7, 2016, November 22, 2016 (only with respect to items 1.01, 3.02 and 5.03 and exhibits 10.1 and 10.2 thereto), and November 29, 2016; and

The description of our common stock contained in our registration statement on Form 8-A (Registration No. 001-36076) filed with the SEC on September 17, 2013 under Section 12(b) of the Exchange Act, including any amendments or reports filed for the purpose of updating such description.

Upon request, we will provide, without charge, to each person, including any beneficial owner, to whom a copy of this prospectus is delivered, a copy of the documents incorporated by reference into this prospectus but not delivered with the prospectus. You may request a copy of these filings, and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus, at no cost by writing or telephoning us at the following address: Fate Therapeutics, Inc., 3535 General Atomics Court, Suite 200, San Diego, CA 92121, Attention: Secretary, or by telephone request to (858) 875-1800.

This prospectus is part of a registration statement we filed with the SEC. We have incorporated exhibits into this registration statement. You should read the exhibits carefully for provisions that may be important to you.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or in the documents incorporated by reference is accurate as of any date other than the date on the front of this prospectus or those documents.



20,864,660 Shares of Common Stock

PROSPECTUS

January , 2017

---

## Part II—INFORMATION NOT REQUIRED IN PROSPECTUS

## Item 14. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses to be incurred in connection with the issuance and distribution of the securities being registered, all of which will be borne by Fate Therapeutics, Inc., or the Company or the registrant. Each item listed is estimated, except for the Securities and Exchange Commission, or the SEC, registration fee.

Securities and Exchange Commission registration fee	\$6,409.18	
Legal fees and expenses	\$200,000.00	
Accounting fees and expenses		*
Printing fees and Miscellaneous Fees		*
Total	\$206,409.18	

\*Estimated expenses not presently known

## Item 15. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law, or the DGCL, authorizes a corporation to indemnify its directors and officers against liabilities arising out of actions, suits and proceedings to which they are made or threatened to be made a party by reason of the fact that they have served or are currently serving as a director or officer to a corporation. The indemnity may cover expenses (including attorneys' fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by the director or officer in connection with any such action, suit or proceeding. Section 145 permits corporations to pay expenses (including attorneys' fees) incurred by directors and officers in advance of the final disposition of such action, suit or proceeding. In addition, Section 145 provides that a corporation has the power to purchase and maintain insurance on behalf of its directors and officers against any liability asserted against them and incurred by them in their capacity as a director or officer, or arising out of their status as such, whether or not the corporation would have the power to indemnify the director or officer against such liability under Section 145.

Our amended and restated certificate of incorporation and bylaws contain provisions that limit or eliminate the personal liability of our directors and officers to the fullest extent permitted by the DGCL, as it now exists or may in the future be amended. Consequently, a director or officer will not be personally liable to us or our stockholders for monetary damages or breach of fiduciary duty as a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any unlawful payments related to dividends or unlawful stock purchases, redemptions or other distributions; or
- any transaction from which the director derived an improper personal benefit.

These limitations of liability do not alter director liability under the federal securities laws and do not affect the availability of equitable remedies such as an injunction or rescission.

In addition, our bylaws provide that:

- we will indemnify our directors, officers and, in the discretion of our board of directors, certain employees to the fullest extent permitted by the DGCL, as it now exists or may in the future be amended; and

•we will advance reasonable expenses, including attorneys' fees, to our directors and, in the discretion of our board of directors, to our officers and certain employees, in connection with legal proceedings relating to their service for or on behalf of us, subject to limited exceptions.

We have entered into indemnification agreements with each of our directors and certain of our executive officers. These agreements provide that we will indemnify each of our directors, certain of our executive officers and, at times, their affiliates, to the fullest extent permitted by the DGCL. We will advance expenses, including attorneys' fees (but excluding judgments, fines and settlement amounts), to each indemnified director, executive officer or affiliate in connection with any proceeding in which indemnification is available and we will indemnify our directors and executive officers for any action or proceeding arising out of that person's services as a director or officer brought on behalf of us and/or in furtherance of our rights. We intend to enter into indemnification agreements with any new directors and executive officers in the future.

II-1

---

Additionally, certain of our directors may have certain rights to indemnification, advancement of expenses or insurance provided by their affiliates, which indemnification relates to and might apply to the same proceedings arising out of such director's services as a director referenced herein. Nonetheless, we have agreed in the indemnification agreements that our obligations to those same directors are primary and any obligation of the affiliates of those directors to advance expenses or to provide indemnification for the expenses or liabilities incurred by those directors are secondary.

We also maintain a general liability insurance policy which covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers, including liabilities under the Securities Act.

#### Item 16. Exhibits

A list of exhibits filed with this registration statement on Form S-3 is set forth on the Exhibit Index and is incorporated herein by reference.

#### Item 17. Undertakings

The undersigned registrant hereby undertakes:

(a)(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) If the registrant is subject to Rule 430B, each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial

II-2

---

bona fide offering thereof; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date;

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in City of San Diego, State of California, on January 6, 2017.

FATE THERAPEUTICS, INC.

By: /s/ J. Scott Wolchko  
 J. Scott Wolchko  
 President and Chief Executive Officer

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below hereby severally constitutes and appoints J. Scott Wolchko as such person's true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in such person's name, place and stead, in any and all capacities, to sign any or all amendments (including, without limitation, post-effective amendments) to this registration statement (or any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that any said attorney-in-fact and agent, or any substitute or substitutes of any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ J. Scott Wolchko J. Scott Wolchko	President, Chief Executive Officer and Director (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)	January 6, 2017
/s/ William H. Rastetter William H. Rastetter, Ph.D.	Chairman of the Board and Director	January 6, 2017
/s/ John D. Mendlein  John D. Mendlein, Ph.D., J.D.	Vice Chairman of the Board and Director	January 6, 2017
/s/ Timothy P. Coughlin	Director	January 6, 2017

Edgar Filing: FATE THERAPEUTICS INC - Form S-3

Timothy P. Coughlin

/s/ Mark J. Enyedy      Director

January  
6, 2017

Mark J. Enyedy

/s/ Robert S. Epstein      Director

January  
6, 2017

Robert S. Epstein,  
M.D., M.S.

/s/ Amir Nashat      Director

January  
6, 2017

Amir Nashat, Sc.D.

---



EXHIBIT INDEX

Exhibit

No.	Description
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.2 to the registrant's Registration Statement on Form S-1/A (File No. 333-190608) filed with the SEC on August 29, 2013 and incorporated herein by reference)
3.2	Certificate of Designation of Preferences, Rights and Limitations of Class A Convertible Preferred Stock (filed as Exhibit 3.1 to the registrant's Current Report on Form 8-K dated November 22, 2016 and filed on November 28, 2016 and incorporated herein by reference)
3.3	Amended and Restated Bylaws (filed as Exhibit 3.4 to the registrant's Registration Statement on Form S-1/A (File No. 333-190608) filed with the SEC on August 29, 2013 and incorporated herein by reference)
4.3	Specimen Common Stock Certificate (filed as Exhibit 4.1 to the registrant's Registration Statement on Form S-1/A (File No. 333-190608) filed with the SEC on August 29, 2013 and incorporated herein by reference)
4.4	Securities Purchase Agreement, dated November 21, 2016, by and among the Company and the Purchasers party thereto (filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K dated November 21, 2016 and filed on November 22, 2016 and incorporated herein by reference)
4.5	Registration Rights Agreement, dated November 21, 2016, by and among the Company and the Purchasers party thereto (filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K dated November 21, 2016 and filed on November 22, 2016 and incorporated herein by reference).
5.1	Opinion of Goodwin Procter LLP
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
23.2	Consent of Goodwin Procter LLP (included in Exhibit 5.1 hereto)
24.1	Power of Attorney (included on the signature pages to this registration statement)