

RATEXCHANGE CORP
Form 8-K
July 03, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 3, 2003

RATEXCHANGE CORPORATION

(Exact Name of Registrant as Specified in Charter)

DELAWARE
(State or Other Jurisdiction

of Incorporation)

001-15831
(Commission

File Number)

11-2936371
(IRS Employer

Identification No.)

601 MONTGOMERY STREET, 18th FLOOR,

SAN FRANCISCO, CALIFORNIA
(Address of Principal Executive Offices)

94111-2622
(Zip Code)

Registrant's telephone number, including area code (415) 248-5600

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events

In 2001, Rateexchange completed private offerings of convertible notes, in an aggregate principal amount of \$3.5 million, due December 31, 2011. The notes bear interest at 12% per annum and may be converted into shares of Rateexchange's common stock at the election of the holder anytime before their maturity or their redemption or repurchase by Rateexchange. The conversion rate is 2,703 shares of common stock per each \$1,000 principal amount of notes. Prior to June 30, 2003, certain investors converted their notes with a principal amount of \$350,000 into common stock.

In June 2003, the stockholders of Rateexchange approved the offer to exchange the current convertible notes for Series C convertible preferred stock. On June 30, 2003, investors elected to exchange their notes with a principal amount of \$2.7 million for 10,800,000 shares of Series C preferred stock. The Series C convertible preferred stock is convertible on demand of the holder into Rateexchange's common stock at a ratio of 1:1. The holders of the Series C preferred stock will receive an annual dividend at the rate of 3.0% per annum, paid in cash.

Item 7. Exhibits

99.1 Securities Exchange Agreement in connection with Rateexchange Corporation

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RATEXCHANGE CORPORATION

Date: July 3, 2003

By:

/s/ D. JONATHAN MERRIMAN

D. Jonathan Merriman

Chairman and Chief Executive Officer