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DIACRIN INC /DE/  
Form 10-K/A  
April 18, 2001

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

Form 10-K/A  
Amendment No. 1 to Form 10-K  
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

Commission File No. 0-20139

Diacrin, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

22-3016912  
(I.R.S. Employer  
Identification No.)

Building 96 13th Street, Charlestown Navy Yard, Charlestown, MA 02129  
(Address of principal executive offices, including zip code)

(617) 242-9100  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act:  
Title of each class                      Name of each exchange on which registered  
None    None

Securities registered pursuant to Section 12 (g) of the Act:  
Title of each class  
Common Stock, \$.01 par value

Indicate by check mark whether the registrant: (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days. YES X    NO    .  
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Indicate by check mark if disclosure of delinquent filers pursuant to  
Item 405 of Regulation S-K is not contained herein, and will not be contained,  
to the best of registrant's knowledge, in definitive proxy or information  
statements incorporated by reference in Part III of this Form 10-K or any  
amendment to this Form 10-K. []

The approximate aggregate market value of the voting stock held by  
non-affiliates of the registrant (based on the closing price of the Common Stock  
on February 28, 2001) was \$48,008,297.

As of February 28, 2001, 17,914,704 shares of the registrant's Common  
Stock were outstanding.

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This Amendment No. 1 on Form 10-K/A to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 (the "Report") is being filed to add the information required to be set forth in Part III of the Report.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information regarding executive officers and directors of the company is furnished in Part I of this Annual Report on Form 10-K under the heading "Executive Officers of the Registrant."

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Diacrin, Inc.'s (the "Company's") directors, executive officers and persons who own more than ten percent of a registered class of the Company's equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent beneficial owners are required to furnish the Company with copies of all Section 16(a) forms that they file.

Based solely on its review of the copies of such reports received or written representations that no other reports were required, the Company believes that, during the fiscal year ended December 31, 2000, its officers, directors and ten-percent stockholders complied with all Section 16(a) filing requirements applicable to such individuals.

Item 11. Executive Compensation

Summary Compensation Table. The following table sets forth certain information with respect to the annual and long-term compensation for each of the last three fiscal years of the Company's Chief Executive Officer and Chief Operating Officer (the "Named Officers"):

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation
		Salary (\$) (1)	Bonus (\$) (2)	Awards Securities Underlying Options (#)
Thomas H. Fraser President and Chief Executive Officer	2000	\$270,000	\$25,000	25,000
	1999	260,000	40,000	25,000
	1998	250,000	35,000	25,000
E. Michael Egan Chief Operating Officer	2000	\$200,000	\$20,000	20,000
	1999	190,000	30,000	20,000
	1998	180,000	25,000	20,000

(1) Amounts shown include cash compensation earned and received by the Named

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Officers as well as amounts earned but deferred at the election of these officers to the Company's 401(k) Plan.

- (2) Amounts in this column represent bonuses paid or accrued under the annual management bonus plan.

Option Grants Table. The following table sets forth certain information regarding options granted during the fiscal year ended December 31, 2000 to the Named Officers:

Individual Grants						Potential Realized Gain at Assumed 5% Annual Increase in Stock Price for Options Exercised
Name	Number of Securities Underlying Options Granted (#) (1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date		5% (\$)
Thomas H. Fraser	25,000	16%	\$4.69	12/27/10		\$73,705
E. Michael Egan	20,000	13%	\$4.69	12/27/10		\$58,964

(1) Options granted in 2000 become exercisable in four equal annual installments, commencing 12 months after the date of grant.

(2) Amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These gains are based on assumed rates of stock price appreciation of 5% and 10% compounded annually from the date the respective options were granted to their expiration date. Actual gains, if any, on stock option exercises will depend on the future performance of the Common Stock and the date on which the options are exercised.

Aggregated Option Exercises and Year-End Option Table. The following table sets forth certain information regarding aggregate option exercises during the fiscal year ended December 31, 2000 and the number and value of unexercised stock options held as of December 31, 2000 by the Named Officers:

Name	Shares Acquired on Exercise (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#) Exercisable/Unexercisable	Value
Thomas H. Fraser	-	-	158,750 / 63,750	

- 
- (1) Represents the difference between the exercise price and the value of the Company's Common Stock on the date of exercise.
  - (2) Based on the value of the Company's Common Stock on December 29, 2000 (\$5.00 per share), the last trading day of 2000, less the applicable option exercise price.

Director Compensation

Dr. Horovitz receives \$2,000 plus expenses per board meeting attended plus an additional \$4,000 annually for consulting work performed on behalf of the Company. No other directors receive any cash compensation for services on the Board of Directors.

On June 19, 2000, all non-employee directors were granted an option to purchase 6,000 shares of Common Stock under the Company's 1997 Stock Option Plan at an exercise price of \$7.88 per share. The options may be exercised on a cumulative basis as to 25% of the shares on the first anniversary of the date of grant and an additional 25% at the end of each one-year period thereafter.

Employment Agreements

The Company has entered into a letter agreement with Dr. Fraser dated February 6, 1990, providing for an annual salary plus bonus as determined by the Board of Directors. The Company has agreed with Dr. Fraser to continue to pay his then current salary for a period of six months if it terminates his employment without cause. Dr. Fraser has also agreed not to compete with the Company for one year following termination of his employment. At the Company's election, this non-competition provision can be extended for an additional two-year period upon the payment of additional consideration.

Compensation Committee Interlocks and Insider Participation

Mr. Termeer serves on the Company's Compensation Committee. In September 1996, the Company formed a joint venture with Genzyme Corporation to develop and commercialize the Company's NeuroCell(TM)-PD and NeuroCell(TM)-HD products for transplantation into patients with advanced Parkinson's disease and Huntington's disease, respectively. Under the terms of the joint venture agreement which was effective October 1, 1996, Genzyme agreed to provide 100% of the first \$10 million in funding and 75% of the following \$40 million in funding for the development and commercialization of the two products. All costs incurred in excess of \$50 million are to be shared equally between the Company and Genzyme in accordance with the terms of the agreement. Any profits of the joint venture will be shared equally by the two parties. Mr. Termeer, a member of the Company's Board of Directors, is President, Chief Executive Officer and Chairman of the Board of Genzyme. The Company has recorded approximately \$14.5 million in revenue from the joint venture since it commenced, \$2,081,795 of which the Company recognized during 2000. Revenues recognized from the joint venture and funded by Genzyme in accordance with the terms of the joint venture agreement are currently expected to represent a substantial majority of the Company's revenues in 2001.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the beneficial ownership of the Company's Common Stock as of March 31, 2001 by:

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- each person who is known to beneficially own more than 5% of the Company's Common Stock;
- each director or nominee for director of the Company;
- each executive officer of the Company named in the Summary Compensation Table under the heading "Executive Compensation"; and
- all executive officers and directors of the Company as a group.

Unless otherwise noted, each person or group has sole voting and investment power of the shares listed. The inclusion of any shares listed below as beneficially owned does not constitute an admission of beneficial ownership of those shares.

The "Options" column reflects shares of the Company's Common Stock subject to options which are exercisable within 60 days after March 31, 2001. The shares of the Company's Common Stock which are subject to options are deemed to be outstanding for the purpose of computing the percentage of ownership of the person holding such options, but are not deemed to be outstanding for computing the percentage of ownership of any other person. As of March 31, 2001, there were 17,914,704 shares of Common Stock outstanding.

Name and Address	Number of Shares Beneficially Owned		Percentage Common St Outstandi
	Shares	Options	
HealthCare Ventures II, L.P. (1).....	3,196,385	--	17.8%
HealthCare Ventures III, L.P. (1).....	994,078	--	5.5
HealthCare Ventures IV, L.P. (1).....	291,922	--	1.6
Rho Management Trust II (2).....	1,592,887	--	8.9
Hudson Trust (3).....	1,342,680	--	7.5
State of Wisconsin Investment Board (4)....	2,658,200	--	14.8
Thomas H. Fraser, Ph.D.....	483,488	158,750	3.6
Zola P. Horovitz, Ph.D. ....	4,000	19,500	*
John W. Littlechild (1).....	4,482,385	11,500	25.1
Stelios Papadopoulos, Ph.D.....	200,000	11,500	1.2
Joshua Ruch (5).....	1,759,587	11,500	9.9
Henri A. Termeer.....	7,750	44,500	*
E. Michael Egan.....	4,169	162,495	1.0
All directors and executive officers as a group (8 persons).....	6,941,379	429,245	40.2

\* Less than 1.0%

(1) John W. Littlechild is a general partner of HealthCare Partners II, L.P. ("HCP II"), HealthCare Partners III, L.P. ("HCP III") and HealthCare Partners IV, L.P. ("HCP IV"), the general partner of HealthCare Ventures II, L.P. ("HCV II"), HealthCare Ventures III, L.P. ("HCV III") and HealthCare Ventures IV, L.P. ("HCV IV"), respectively. Mr. Littlechild, together with James H. Cavanaugh, Harold R. Werner and William Crouse, the other general partners

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of HCPII, HCPIII and HCPIV, share voting and investment control with respect to shares owned by HCVII, HCVIII, and HCVIV, respectively. Mr. Littlechild does not own any shares of the Company's capital stock in his individual capacity. The address of HealthCare Ventures II, III and IV, L.P. is 44 Nassau Street, Princeton, New Jersey 08542.

- (2) Rho Management Partners, L.P. may be deemed the beneficial owner of these shares pursuant to an investment advisory agreement that confers sole voting and investment control over such shares to Rho Management Partners, L.P. The address of Rho Management Trust II is c/o Rho Management Company, Inc., 152 West 57th Street, New York, New York 10019.
- (3) The address of Hudson Trust is c/o Summit Asset Management Co., Inc., 47 Hulfish Street, Suite 420, Princeton, New Jersey 08542.
- (4) The address of the State of Wisconsin Investment Board is P.O. Box 7842, Madison, Wisconsin 53707.
- (5) Mr. Ruch is a controlling person of Rho Management Partners, L.P. and may be deemed the beneficial owner of the shares held by Rho Management Trust II. In addition, Mr. Ruch exercises investment and voting authority over 166,700 shares directly for his own account, for the account of family members or for the account of other clients of Rho Management Partners, L.P.

### Item 13. Certain Relationships and Related Transactions

HCVII, HCVIII and HCVIV owned 17.8%, 5.5% and 1.6% of our outstanding capital stock as of March 31, 2001, respectively. HCVII, HCVIII and HCVIV are limited partnerships which were formed to provide capital to companies in the health care fields. HCPII, HCPIII and HCPIV are limited partnerships which serve as general partner of HCVII, HCVIII and HCVIV, respectively. John Littlechild, a member of our board of directors, is a general partner of HCPII, HCPIII and HCPIV and Vice Chairman of HealthCare Ventures LLC, the management company for HCVII, HCVIII and HCVIV. Mr. Littlechild is an officer of HealthCare Ventures LLC. See "Security Ownership of Certain Beneficial Owners and Management."

Rho Management Trust II, which owned 8.9% of our outstanding capital stock as of March 31, 2001, also holds approximately 18.9% and 54.3% of the outstanding limited partnerships interests in HCVII and HCVIV, respectively. An affiliate of Rho is also a limited partner of HCPII, HCPIII and HCPIV. Joshua Ruch, a member of the board of directors, is a controlling person of Rho. See "Security Ownership of Certain Beneficial Owners and Management."

Hudson, which owned 7.5% of our outstanding capital stock as of March 31, 2001, also holds approximately 6.0% and 11.9% of the outstanding limited partnership interests of HCVII and HCVIV, respectively. Hudson is also a limited partner of HCPII. See "Security Ownership of Certain Beneficial Owners and Management."

See "Executive Compensation - Compensation Committee Interlocks and Insider Participation."

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

DIACRIN, INC.

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By: /s/ Thomas H. Fraser

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Thomas H. Fraser  
President and Chief Executive Officer

Date: April 18, 2001