

**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): **May 30, 2007**

CYTORI THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

000-32501

(Commission File
Number)

33-0827593

(I.R.S. Employer Identification Number)

3020 Callan Road, San Diego, California 92121
(Address of principal executive offices, with zip code)

(858) 458-0900

(Registrant's telephone number, including area code)

n/a

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01**Entry into a Material Definitive Agreement.**

On May 30, 2007, we entered into an Asset Purchase Agreement (the "APA") with Kensey Nash Corporation ("KNC"), whereby we agreed to sell substantially all of the assets of our HYDROSORB™ spine and orthopedics surgical implant product line, a part of our MacroPore Biosurgery division, for \$3.2 million cash to KNC.

In connection with the APA, we also entered into a Transition Services Agreement with KNC on May 30, 2007, wherein we agreed to assist KNC with the preparation for and transfer of full scale manufacturing to KNC's Exton, Pennsylvania facility through August 31, 2007. During this period, we will manufacture and supply to KNC the devices and components under the HYDROSORB™ product line and KNC will cover our costs related to product redesigns, materials, sterilization, reporting and distribution in connection therewith.

On May 30, 2007, we also entered into an Assignment of Development and Supply Agreement with KNC and Medtronic, Inc. ("MSD"), thereby assigning to KNC all of our rights and obligations under our Development and Supply Agreement with MSD dated as of January 5, 2000, as amended by Amendment No. 1 thereto dated December 22, 2000 and Amendment No. 2 thereto dated September 30, 2002.

Item 2.01**Completion of Acquisition or Disposition of Assets.**

On May 30, 2007, we sold substantially all of the assets of our HYDROSORB™ surgical implant product line, a part of our MacroPore Biosurgery division, for \$3.2 million to Kensey Nash Corporation ("KNC"). The products will continue to be distributed by Medtronic, Inc.

As part of the transaction, KNC received related manufacturing equipment and proprietary know-how as well as ownership of regulatory filings. After a short transition period, manufacturing of the HYDROSORB™ product line will be commenced by KNC in its Exton, Pennsylvania facility.

Item 9.01**Financial Statements and Exhibits.**

- (a) Not applicable.
- (b) 2.1 Pro forma financial information.
- (c) Not applicable.
- (d) 99.1 Cytori Therapeutics, Inc. press release dated June 1, 2007.

SIGNATURES

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

CYTORI THERAPEUTICS, INC.

Date: June 5, 2007

By: /s/ Christopher J. Calhoun
Christopher J. Calhoun
Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit</u>	
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2.1	Pro forma financial information.
99.1	Cytori Therapeutics, Inc. press release dated June 1, 2007.

Pro-Forma Financial Information

Unaudited Pro Forma Condensed Financial Statements

The unaudited pro forma condensed balance sheet has been prepared to reflect the disposition of our HYDROSORB™ surgical implant product line, a part of our MacroPore Biosurgery division, as if it occurred on March 31, 2007. The unaudited pro forma condensed statements of operations reflect the results of operations of Cytori Therapeutics for the year ended December 31, 2006 and the three months ended March 31, 2007 as if the disposition occurred on January 1, 2006.

The unaudited pro forma condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the condensed financial position or results of operations in future periods or the results that actually would have been realized had the disposition actually occurred on January 1, 2006. The unaudited pro forma condensed financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the historical financial statements of Cytori Therapeutics, Inc. included in its: (a) Annual Report on Form 10-K for the year ended December 31, 2006; and (b) Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.

CYTORI THERAPEUTICS, INC.
PRO FORMA CONDENSED BALANCE SHEET
MARCH 31, 2007
(UNAUDITED)

	<u>Cytori Therapeutics, Inc.</u>	<u>MacroPore Biosurgery</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Cytori Therapeutics, Inc.</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 21,701,000	\$ 301,000	\$ (3,175,000)	(a) \$ 24,575,000
Short-term investments, available-for-sale	2,761,000	-	-	2,761,000
Accounts receivable, net of allowance for doubtful accounts of \$3,000	233,000	204,000	-	29,000
Inventories, net	212,000	205,000	-	7,000
Other current assets	742,000	70,000	-	672,000
Total current assets	25,649,000	780,000	(3,175,000)	28,044,000
Property and equipment held for sale, net	460,000	460,000	-	-
Property and equipment, net	4,028,000	4,000	-	4,024,000
Investment in joint venture	74,000	-	-	74,000
Other assets	417,000	59,000	-	358,000
Intangibles, net	1,244,000	-	-	1,244,000
Goodwill	4,387,000	465,000	-	3,922,000
Total assets	\$ 36,259,000	\$ 1,768,000	\$ (3,175,000)	\$ 37,666,000
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable and accrued expenses	\$ 5,059,000	\$ 83,000	\$ -	\$ 4,976,000
Current portion of long-term obligations	949,000	142,000	-	807,000
Total current liabilities	6,008,000	225,000	-	5,783,000
Deferred revenues, related party	23,906,000	-	-	23,906,000
Deferred revenues	2,389,000	-	-	2,389,000
Option liability	1,100,000	-	-	1,100,000
Long-term deferred rent	692,000	45,000	-	647,000
Long-term obligations, less current portion	956,000	143,000	-	813,000
Total liabilities	35,051,000	413,000	-	34,638,000
Commitments and contingencies				
Stockholders' equity:				

Preferred stock; \$0.001 par value; 5,000,000 authorized; -0- shares issued					
and outstanding	-	-	-	-	-
Common stock; \$0.001 par value; 95,000,000 shares authorized; 25,428,778					
shares issued and 22,555,944 shares outstanding	25,000	-	-		25,000
Additional paid-in capital	123,726,000	20,915,000	(20,915,000)	(b)	123,726,000
Accumulated deficit	(112,129,000)	(19,560,000)	17,740,000	(b)	(110,309,000)
Treasury stock, at cost	<u>(10,414,000)</u>	<u>-</u>	<u>-</u>		<u>(10,414,000)</u>
Total stockholders' equity	<u>1,208,000</u>	<u>1,355,000</u>	<u>(3,175,000)</u>		<u>3,028,000</u>
Total liabilities and stockholders' equity	<u>\$ 36,259,000</u>	<u>\$ 1,768,000</u>	<u>\$ (3,175,000)</u>		<u>\$ 37,666,000</u>

CYTORI THERAPEUTICS, INC.
PRO FORMA CONDENSED STATEMENT OF OPERATIONS
QUARTER ENDED MARCH 31, 2007
(UNAUDITED)

	<u>Cytori Therapeutics, Inc.</u>	<u>MacroPore Biosurgery</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Cytori Therapeutics, Inc.</u>
Product revenues:				
Sales to related party	\$ 280,000	\$ 280,000	\$ -	\$ -
Cost of product revenues	<u>225,000</u>	<u>225,000</u>	<u>-</u>	<u>-</u>
Gross profit (loss)	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>
Development revenues:				
Development, related party	-	-	-	-
Development	-	-	-	-
Research grants and other	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Operating expenses:				
Research and development	4,996,000	104,000	(23,000) (c)	4,915,000
Sales and marketing	546,000	42,000	(42,000) (d)	546,000
General and administrative	3,166,000	-	-	3,166,000
Change in fair value of option liabilities	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total operating expenses	<u>8,908,000</u>	<u>146,000</u>	<u>(65,000)</u>	<u>8,827,000</u>
Operating loss	<u>(8,808,000)</u>	<u>(91,000)</u>	<u>65,000</u>	<u>(8,782,000)</u>
Other income (expense):				
Interest income	197,000	-	-	197,000
Interest expense	(52,000)	-	-	(52,000)
Other income (expense), net	(4,000)	-	-	(4,000)
Equity loss from investment in joint venture	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Total other income (expense)	<u>139,000</u>	<u>-</u>	<u>-</u>	<u>139,000</u>
Net loss	<u>\$ (8,669,000)</u>	<u>\$ (91,000)</u>	<u>\$ 65,000</u>	<u>\$ (8,643,000)</u>
Basic and diluted net loss per common share	<u>\$ (0.43)</u>			<u>\$ (0.43)</u>
Basic and diluted weighted average common shares	<u>20,063,750</u>			<u>20,063,750</u>

CYTORI THERAPEUTICS, INC.
PRO FORMA CONDENSED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)

	<u>Cytori Therapeutics, Inc.</u>	<u>MacroPore Biosurgery</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Cytori Therapeutics, Inc.</u>
Product revenues:				
Sales to related party	\$ 1,451,000	\$ 1,451,000	\$ -	\$ -
Cost of product revenues	<u>1,634,000</u>	<u>1,634,000</u>	<u>-</u>	<u>-</u>
Gross profit (loss)	<u>(183,000)</u>	<u>(183,000)</u>	<u>-</u>	<u>-</u>
Development revenues:				
Development, related party	5,905,000	-	-	5,905,000
Development	152,000	151,000	(151,000) (e)	152,000
Research grants and other	<u>419,000</u>	<u>-</u>	<u>-</u>	<u>419,000</u>
	<u>6,476,000</u>	<u>151,000</u>	<u>(151,000)</u>	<u>6,476,000</u>
Operating expenses:				
Research and development	21,977,000	1,229,000	(227,000) (c)	20,975,000
Sales and marketing	2,055,000	267,000	(231,000) (d)	2,019,000
General and administrative	12,547,000	-	-	12,547,000
Change in fair value of option liabilities	<u>(4,431,000)</u>	<u>-</u>	<u>-</u>	<u>(4,431,000)</u>
Total operating expenses	<u>32,148,000</u>	<u>1,496,000</u>	<u>(458,000)</u>	<u>31,110,000</u>
Operating loss	<u>(25,855,000)</u>	<u>(1,528,000)</u>	<u>307,000</u>	<u>(24,634,000)</u>
Other income (expense):				
Gain on sale of business			(1,820,000) (f)	1,820,000
Interest income	708,000	-	-	708,000
Interest expense	(199,000)	-	-	(199,000)
Other income (expense), net	(27,000)	-	-	(27,000)
Equity loss from investment in joint venture	<u>(74,000)</u>	<u>-</u>	<u>-</u>	<u>(74,000)</u>
Total other income (expense)	<u>408,000</u>	<u>-</u>	<u>(1,820,000)</u>	<u>2,228,000</u>
Net loss	<u>\$ (25,447,000)</u>	<u>\$ (1,528,000)</u>	<u>\$ (1,513,000)</u>	<u>\$ (22,406,000)</u>
Basic and diluted net loss per common share	<u>\$ (1.53)</u>			<u>\$ (1.35)</u>
Basic and diluted weighted average common shares	<u>16,603,550</u>			<u>16,603,550</u>

CYTORI THERAPEUTICS, INC.
NOTES TO PRO FORMA CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

The accompanying unaudited condensed pro forma financial statements are based on adjustments to Cytori's historical financial statements to give effect to the disposition through pro forma adjustments described in Note 2 below. The unaudited condensed pro forma balance sheet assumes the disposition had occurred on March 31, 2007. The unaudited condensed pro forma statements of operations assume the disposition had occurred on January 1, 2006. These results of operations are not necessarily indicative of results that would have occurred had the disposition actually occurred on January 1, 2006 or the results that may be attained in the future.

Certain information normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The unaudited condensed pro forma financial statements should be read in conjunction with the historical audited financial statements of Cytori Therapeutics, Inc.

The information in the unaudited condensed pro forma statements of operations for the year ended December 31, 2006, and for the three months ended March 31, 2007, has been derived from the audited statement of operations of Cytori for the year ended December 31, 2006 and the unaudited statement of operations of Cytori for the three months ended March 31, 2007. The information in the unaudited condensed pro forma balance sheet as of March 31, 2007 has been derived from the unaudited condensed balance sheet as of March 31, 2007.

2. Use of Estimates

The following unaudited pro forma adjustments have been made to the historical financial statements:

BALANCE SHEET

- (a) To reflect the cash received for the business disposed of.
- (b) To reflect an estimate of equity adjustments due to the business disposed of.

STATEMENTS OF OPERATIONS

- (c) To reflect estimated research and development costs related to our Surgiwrap business.
 - (d) To reflect estimated sales and marketing costs related to our Surgiwrap business.
 - (e) To reflect the development revenues related to our Surgiwrap business.
 - (f) To reflect the estimated gain on the sale of business.
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Cytori Divests HYDROSORB™ Surgical Implant Product Line to Kensey Nash for \$3.2 million

June 1, 2007, San Diego, Calif. - Cytori Therapeutics (NASDAQ: CYTX; Frankfurt: XMPA) sold its HYDROSORB™ surgical implant product line, a part of its MacroPore Biosurgery division, for \$3.2 million to Kensey Nash Corporation. The line of spine and orthopedic implants will now be manufactured by Kensey Nash and will continue to be distributed by Medtronic, Inc.

“We are very pleased to achieve this planned divestiture of the HYDROSORB™ product line, which strategically increases Cytori’s focus on the development and commercialization of adipose-derived regenerative cell therapies,” said Christopher J. Calhoun, Chief Executive Officer for Cytori. “The divestiture will have a favorable financial impact through reduction in operating expenses and net operating loss. In addition, it represents our third non-core asset sale and brings non-dilutive cash to enable further investment into the tremendous opportunity of regenerative medicine.”

As part of the transaction, Kensey Nash received related manufacturing equipment and proprietary know-how as well as ownership of regulatory filings. After a short transition period, manufacturing of the HYDROSORB™ product line will be commenced by Kensey Nash in their Exton, PA facility.

Cytori Therapeutics

Cytori Therapeutics is developing and seeks to commercialize stem and regenerative cell therapies for cardiovascular disease, reconstructive surgery and many other serious, chronic, and life threatening conditions. To provide these therapies, physicians remove a small amount of a patient's fat, also known as adipose tissue, and run it through Cytori's Celution™ System. This System quickly separates and concentrates stem and regenerative cells from adipose tissue so they may be quickly administered back to the patient about an hour later. This system will dramatically improve the way in which personalized cell-based therapies can be delivered to patients. www.cytoritx.com

Cautionary Statement Regarding Forward-Looking Statements

This press release includes forward-looking statements regarding events, trends and prospects of our business, which may affect our future operating results and financial position. Such statements are subject to risks and uncertainties that could cause our actual results and financial position to differ materially. Some of these risks and uncertainties include our history of operating losses, the need for further financing, regulatory uncertainties, dependence on performance of third parties, and other risks and uncertainties described (under the heading "Risk Factors") in Cytori Therapeutics' Form 10-K annual report for the year ended December 31, 2006. We assume no responsibility to update or revise any forward-looking statements to reflect events, trends or circumstances after the date they are made.

Contact: Tom Baker; 858-875-5258; tbaker@cytoritx.com