

EMAGIN CORP  
Form 4  
July 25, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
STILLWATER LLC

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

NEW YORK, NY 10021

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)  
07/21/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
\_\_\_ Officer (give title below) \_\_\_ Other (specify below)

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

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock				(A) or (D)	V Amount (D) Price		
					7,606,819	D	
Common Stock					2,628,417	I	By Rainbow Gate Corporation (1)

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

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SEC 1474 (9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title of Underlying Instrument (Instr. 3)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Stock Purchase Warrants (right to buy)	\$ 0.26	07/21/2006		P	1,923,076	07/21/2006	12/14/2006	Common Stock
6% Secured Convertible Note	\$ 0.26	07/21/2006		P	2,692,307	07/21/2006	01/21/2008 <sup>(3)</sup>	Common Stock
Stock Purchase Warrants (right to buy)	\$ 0.36	07/21/2006		P	1,884,615	07/21/2006	07/21/2011	Common Stock
Stock Purchase Warrants (right to buy)	\$ 0.81	04/25/2006		H	3,358,300	04/25/2003	04/25/2006	Common Stock
Stock Purchase Warrants (right to buy)	\$ 2.76	12/31/2005		H	776,642	03/03/2004	12/31/2005	Common Stock
Stock Purchase Warrants (right to buy)	<u>(5)</u>					<u>(5)</u>	<u>(5)</u>	Common Stock
Stock Purchase Warrants (right to buy)	<u>(6)</u>					<u>(6)</u>	<u>(6)</u>	Common Stock
Stock Purchase Warrants	<u>(7)</u>					<u>(7)</u>	<u>(7)</u>	Common Stock

(right to buy)

Stock Purchase Warrants (right to buy)

(8)

(8)

(8)

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## Reporting Owners

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

## Signatures

/s/ Mortimer D.A. Sackler 07/25/2006

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
  - (1) These securities are owned solely by Rainbow Gate Corporation. The sole member of Stillwater LLC is the investment manager of Rainbow Gate Corporation, and this report shall not be deemed an admission that Stillwater LLC is the beneficial owner of these securities except to the extent of its pecuniary interest therein.
  - (2) The Stock Purchase Warrants were acquired on July 21, 2006 as part of a private placement by the Issuer. Subject to certain conditions contained in the Note Purchase Agreement between the Issuer and the Reporting Person dated July 21, 2006, the Reporting Person is obligated to exercise this warrant prior to December 14, 2006 or purchase up to \$500,000 of secured notes and warrants to the extent this warrant is not exercised or other conditions in the Note Purchase Agreement have not been satisfied.
  - (3) 50% of the Principal amount of the 6% Secured Convertible Note matures on July 21, 2007.
  - (4) The Stock Purchase Warrants were acquired on July 21, 2006 as part of a private placement by the Issuer.
  - (5) The warrants to purchase Issuer's Common Stock have an exercise price of \$0.4257 per share, are exercisable immediately, and will expire on June 20, 2007.
  - (6) The warrants to purchase Issuer's Common Stock have an exercise price of \$2.76 per share, are exercisable immediately, and will expire on June 10, 2008.
  - (7) The warrants to purchase Issuer's Common Stock have an exercise price of \$0.86 per share, are exercisable immediately, and will expire on April 25, 2010. In connection with the sale by the Issuer of Secured Notes and Stock Purchase Warrants described in the Issuer's Form 8-K filed on July 25, 2006, the exercise price of the warrants was adjusted from \$1.09 per share to \$0.86 per share in accordance with the terms of the original warrant.
  - (8) The warrants to purchase Issuer's Common Stock have an exercise price of \$1.00 per share, 363,636 shares of Common Stock are exercisable immediately and 181,818 shares of Common Stock are exercisable on or after March 31, 2007 subject to certain conditions, and they all will have an expiration date of October 20, 2010. The Stock Purchase Warrants were acquired on October 26, 2005 as part of a private placement by the Issuer.
  - (9) These warrants expired and were not exercised by the Reporting Person.

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

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