

Cryoport, Inc.  
Form S-4/A  
October 17, 2016

As filed with Securities and Exchange Commission on October 14, 2016

Registration Statement No. 333-213091

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

AMENDMENT NO. 3  
TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CRYOPORT, INC.

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of (Primary Standard Industrial 88-0313393  
incorporation or organization) Classification Code Number)  
(IRS Employer  
Identification Number)

17305 Daimler Street

Irvine, CA 92614

(949) 470-2300

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

Robert Stefanovich

Chief Financial Officer

17305 Daimler Street

Irvine, CA 92614

(949) 470-2300

(Name, address, including zip code,

and telephone number,

including area code, of agent for service)

*Copies to:*

Anthony Ippolito, Esq.  
Snell & Wilmer L.L.P.

600 Anton Boulevard., Suite 1400

Costa Mesa, California 92626

Tel: (714) 427-7000

Fax: (714) 427-7799

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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, 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(d) 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. "

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 x

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(a) (Cross-Border Third-Party Tender Offer) "

**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 (the "Securities Act") or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

**The information in this Offer Letter/Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Offer Letter/Prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

SUBJECT TO COMPLETION, DATED OCTOBER 14, 2016

**OFFER LETTER/PROSPECTUS**

**CRYOPORT, INC.**

OFFER TO HOLDERS OF OUTSTANDING \$3.57 ORIGINAL WARRANTS TO EXCHANGE UP TO 5,000,000 OF SUCH ORIGINAL WARRANTS FOR (1) AN EQUAL NUMBER OF \$1.50 NEW WARRANTS, CONDITIONED UPON THE IMMEDIATE EXERCISE OF SUCH NEW WARRANTS, AND (2) ONE \$3.00 SUPPLEMENTAL WARRANT FOR EVERY FOUR NEW WARRANTS EXERCISED

AND

PROSPECTUS FOR (i) 5,000,000 NEW WARRANTS; (ii) 5,000,000 SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THE NEW WARRANTS; (iii) 1,250,000 SUPPLEMENTAL WARRANTS AND (iv) 1,250,000 SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THE SUPPLEMENTAL WARRANTS

THE EXCHANGE OFFER EXPIRES AT 5:00 P.M., EASTERN TIME, OCTOBER 28, 2016, UNLESS EXTENDED

For a limited period of time, Cryoport, Inc., a Nevada corporation (“we,” “us,” “Cryoport” or the “Company”), is offering (the “Offer”) to holders of the Company’s outstanding warrants to purchase one share of common stock at an exercise price of \$3.57 per share (the “Original Warrants”) the opportunity to exchange up to 5,000,000 of such Original Warrants for (1) an equal number of warrants to purchase one share of common stock at an exercise price of \$1.50 per share (the “New Warrants”), conditioned upon the immediate exercise of such New Warrants, and (2) one warrant to purchase one share of common stock at an exercise price of \$3.00 per share for every four New Warrants exercised (the “Supplemental Warrants”). The Original Warrants were issued (i) in July 2015 in connection with the Company’s registered public offering of 2,090,750 units (each unit consisting of one share of the Company’s common stock and one Original Warrant) (the “Public Original Warrants”), and (ii) in January 2016 in connection with the mandatory exchange of all of the Company’s outstanding Class A Convertible Preferred Stock and Class B Convertible Preferred Stock into 4,977,038 units (each unit consisting of one share of the Company’s common stock and one Original Warrant) (the “Private Original Warrants”). We refer to the shares of common stock issuable upon exercise of the New Warrants and the Supplemental Warrants as the “New Warrant Shares” and the “New Supplemental Shares,” respectively.

No fractional Supplemental Warrants will be issued in connection with the Offer. The Company, in lieu of issuing any fractional Supplemental Warrants, will round down the aggregate number of Supplemental Warrants issuable to a holder to the nearest whole Supplemental Warrant.

**The Offer will be open through 5:00 p.m., Eastern Time on October 28, 2016, as may be extended by the Company in its sole discretion (the “Expiration Date”).**

We are offering pursuant to this Offer Letter/Prospectus 5,000,000 New Warrants and 5,000,000 New Warrant Shares for issuance upon the immediate exercise of the New Warrants. Pursuant to the Offer, the New Warrants will have (i) an exercise price of \$1.50 per share and (ii) an exercise period that will expire concurrently with the Expiration Date. By tendering your Original Warrants, you will also be agreeing to: (A) restrict your ability as the holder of New Warrant Shares to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any of such shares without the prior written consent of the Company for a period of sixty (60) days after the Expiration Date (the “Lock-Up Period”); and (B) acting alone or with others, not effect any purchases or sales of any securities of the Company in any “short sales” as defined in Rule 200 promulgated under Regulation SHO under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or any type of direct and indirect stock pledges, forward sale contracts, options, puts, calls, short sales, swaps, “put equivalent positions” (as defined in Rule 16a-1(h) under the Exchange Act) or similar arrangements, or sales or other transactions through non-U.S. broker dealers or foreign regulated brokers through the expiration of the Lock-Up Period. Other than as described above, the terms of the New Warrants are substantially identical to the terms of the Original Warrants.

We are also offering pursuant to this Offer Letter/Prospectus 1,250,000 Supplemental Warrants and 1,250,000 Supplemental Warrant Shares for issuance upon exercise of the Supplemental Warrants. The Supplemental Warrants are exercisable at an exercise price of \$3.00 per share and are exercisable upon issuance. The Supplemental Warrants expire on the earlier of (i) three years after the date of issuance and (ii) the thirtieth (30th) day after the date that the closing price of the Company's common stock equals or exceeds \$4.50 for ten consecutive trading days.

**Participation in the Offer requires both the tender of your Original Warrants as set forth in this Offer Letter/Prospectus and your exercise of the New Warrants, which will happen simultaneously effective as of the Expiration Date if your Original Warrants are properly tendered in the Offer.** You may elect to participate in the Offer with respect to some or all of your Original Warrants that you hold. Any Original Warrants that are not tendered in the Offer will remain in full force and effect with no change in the terms of the Original Warrants.

The purpose of the Offer is to raise funds to support the Company's operations by providing the holders of the Original Warrants an incentive to exchange their Original Warrants for New Warrants and Supplemental Warrants, and exercise the New Warrants to purchase shares of the Company's common stock at a significantly reduced exercise price as compared to the Original Warrants. The Company will receive all of the proceeds from the immediate exercise of the New Warrants, which will be used by the Company for business growth, including as working capital and for other general corporate purposes.

The Offer is conditioned upon the existence of an effective Registration Statement on Form S-4 relating to the registration of the New Warrants, the New Warrant Shares, the Supplemental Warrants and the Supplemental Warrant Shares. If the aggregate number of Original Warrants properly tendered in the Offer by all holders participating in the Offer is greater than 5,000,000 (the "**Offer Limit**"), then each of the participating holder's number of Original Warrants tendered will be reduced on as close to a pro rata basis as is possible. In such instance, the Company will return to participating holders such number of Original Warrants that were not accepted as a result of the pro rata reduction. Tendered payment for the New Warrant Shares relating to such Original Warrants that were not accepted will be returned to the holder, without interest thereon or deduction therefrom. See "The Exchange Offer—Offer Limit" for additional information.

Subject to the potential reduction in the acceptance by the Company of your tender of Original Warrants as described in the preceding paragraph, in the event that you properly tender Original Warrants in the Offer, the Company will issue you an equal number of New Warrants, which will be immediately exercised, and you will be issued an equal number of New Warrant Shares, along with one Supplemental Warrant for every four New Warrants exercised.

If you elect to tender Original Warrants in response to the Offer, please follow the instructions in this Offer Letter/Prospectus and the related documents (together, the "**Offering Materials**"), including the letter of transmittal. If you tender Original Warrants, you may withdraw your tendered Original Warrants before the Expiration Date and

retain them on their original terms by following the instructions herein. If the Expiration Date is extended, you may withdraw your tendered Original Warrants at any time until such extended Expiration Date.

Our common stock and the Original Warrants are currently traded on the NASDAQ Capital Market under the symbols “CYRX” and “CYRXW”, respectively. As of October 13, 2016, the closing sale price of our common stock was \$1.96 per share and the closing price of the Original Warrants was \$0.43 per warrant. The New Warrants and the Supplemental Warrants will not be listed on the NASDAQ Capital Market or any other securities exchange.

	Per New Warrant Share	Tenders of Private Original Warrants	Tenders of Public Original Warrants	Total
Exercise Price	\$1.50	\$ 1.50		\$7,500,000(1)
Solicitation agent fee (2)	\$—	\$ 0.105		\$219,530 (3)
Proceeds to us, before our expenses	\$1.50	\$ 1.395		\$7,280,470

1) Assumes that 5,000,000 Original Warrants are accepted pursuant to the Offer, resulting in the issuance and immediate exercise of 5,000,000 New Warrants.

(2) In connection with the rights offering, we have engaged Feltl and Company, Inc. (the “**Public Solicitation Agent**”) to act as our solicitation agent for the Offer. The Public Solicitation Agent is to solicit beneficial owners of the 2,090,750 Public Original Warrants to participate in the Offer. We have agreed to pay the Public Solicitation Agent a cash fee of 7% of the gross proceeds from the exercise of New Warrants in the Offer pursuant to tenders of Public Original Warrants that the Public Solicitation Agent solicits.

(3) Assumes that the Public Solicitation Agent solicits the tender of all 2,090,750 Public Original Warrants.

Please direct questions or requests for assistance regarding the Offer and the Offering Materials to the Company at:

Cryoport, Inc.  
17305 Daimler Street,  
Irvine, CA 92614

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Attn: Robert Stefanovich, Chief Financial Officer

Telephone: (949) 681-2727

(email: [rstefanovich@cryoport.com](mailto:rstefanovich@cryoport.com))

Please direct requests for additional copies of the Offering Materials, in writing, to the Company at the address above.



Our board of directors makes no recommendation as to whether or not you should participate in the Offer. You must make your own decision with respect to the offer. For questions regarding tax implications or other investment-related questions, you should talk to your own attorney, accountant and/or financial planner.

**INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. SEE “RISK FACTORS” BEGINNING ON PAGE 8 OF THIS OFFER LETTER/PROSPECTUS FOR A DISCUSSION OF INFORMATION THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SECURITIES DESCRIBED IN THIS OFFER LETTER/PROSPECTUS.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFER LETTER/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this Offer Letter/Prospectus is           , 2016.

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## ABOUT THIS OFFER LETTER/PROSPECTUS

This Offer Letter/Prospectus is not an offer or solicitation in respect to these securities in any jurisdiction in which such offer or solicitation would be unlawful. You should rely only on the information provided in this Offer Letter/Prospectus, including the documents incorporated by reference herein, the documents filed as exhibits to the registration statement that contains this Offer Letter/Prospectus, or any supplement or amendment to this Offer Letter/Prospectus. We have not authorized anyone else to provide you with different information or additional information. You should not assume that the information in this Offer Letter/Prospectus, including the documents incorporated by reference herein, the documents filed as exhibits to the registration statement that contains this Offer Letter/Prospectus, or any supplement or amendment to this Offer Letter/Prospectus, is accurate at any date other than the date indicated on the cover page of such documents. We will amend the Offering Materials, including this Offer

Letter/Prospectus, to the extent required by applicable securities laws to disclose any material changes to information previously published, sent or given to holders of the Original Warrants.

## PROSPECTUS SUMMARY

*This summary highlights information contained elsewhere in this Offer Letter/Prospectus and does not contain all of the information you should consider in making your investment decision. You should read this entire prospectus carefully (including the documents incorporated herein by reference), especially the section of this Offer Letter/Prospectus entitled “Risk Factors” beginning on page 8, and our consolidated financial statements and notes to those consolidated financial statements, before making an investment decision. Cryoport, Inc. is referred to throughout this Offer Letter/Prospectus as “Cryoport,” “we” or “us.”*

### General Overview

We provide cryogenic logistics solutions to the life sciences industry through a combination of proprietary packaging, information technology and specialized cold chain logistics knowhow. We view our solutions as disruptive to the “older technologies” of dry ice and liquid nitrogen, in that our solutions are comprehensive and combine our competencies in configurations that are customized to our client’s requirements. We provide comprehensive, reliable, economic alternatives to all existing logistics solutions and services utilized for frozen shipping in the life sciences industry (e.g., personalized medicine, cell therapies, stem cells, cell lines, vaccines, diagnostic materials, semen, eggs, embryos, cord blood, bio-pharmaceuticals, infectious substances, and other commodities that require continuous exposure to cryogenic or frozen temperatures). As part of our services we provide the ability to monitor, record and archive crucial information for each shipment that can be used for scientific and regulatory purposes.

Our Cryoport Express® Solutions include a sophisticated cloud-based logistics operating platform, which is branded as the Cryoport™. The Cryoport™ supports the management of the entire shipment and logistics process through a single interface, including initial order input, document preparation, customs clearance, courier management, shipment tracking, issue resolution, and delivery. In addition, it provides unique and incisive information dashboards and validation documentation for every shipment. The Cryoport™ records and retains a fully documented “chain-of-custody” and, at the client’s option, “chain-of- condition” for every shipment, helping ensure that quality, safety, efficacy, and stability of shipped commodities are maintained throughout the process. This recorded and archived information allows our clients to meet exacting requirements necessary for scientific work and for proof of regulatory compliance during the logistics phase.

The branded packaging for our Cryoport Express® Solutions includes our liquid nitrogen dry vapor shippers, the Cryoport Express® Shippers. The Cryoport Express® Shippers are cost-effective and reusable cryogenic transport containers (our standard shipper is a patented vacuum flask) utilizing an innovative application of “dry vapor” liquid nitrogen (“LN2”) technology. Cryoport Express® Shippers are International Air Transport Association (“IATA”) certified

and validated to maintain stable temperatures of minus 150° C and below for a 10-day dynamic shipment period. The Company currently features three Cryoport Express® Shippers: the Standard Dry Shipper (holding up to 75 2.0 ml vials), the High Volume Dry Shipper (holding up to 500 2.0 ml vials) and the recently introduced Cryoport Express® CXVC1 Shipper (holding up to 1,500 2.0 ml vials). In addition, we assist clients with internal secondary packaging (e.g., vials, canes, straws and plates).

Our most used solution is the “turnkey” solution, which can be accessed directly through our cloud-based Cryoport™ or by contacting Cryoport Client Care for order entry. Once an order is placed and cleared, we ship a fully charged Cryoport Express® Shipper to the client who conveniently loads its frozen commodity into the inner chamber of the Cryoport Express® Shipper. The customer then closes the shipper package and reseals the shipping box displaying the next recipient’s address for pre-arranged carrier pick up. Cryoport arranges for the pick-up of the parcel by a shipping service provider, which is designated by the client or chosen by Cryoport, for delivery to the client’s intended recipient. The recipient simply opens the shipper package and removes the frozen commodity that has been shipped. The recipient then reseals the package, displaying the nearest Cryoport Staging Center address, making it ready for pre-arranged carrier pick-up. When the Cryoport Staging Center receives the Cryoport Express® Shipper, it is cleaned, put through quality assurance testing, and returned to inventory for reuse.

In late 2012, we shifted our focus to become a comprehensive cryogenic logistics solutions provider. Recognizing that clients in the life sciences industry have varying requirements, we unbundled our technologies, established customer facing solutions and took a consultative approach to the market. Today, in addition to our standard “Turn-key Solution,” described above, we also provide the following customer facing, value-added solutions to address our various clients’ needs:

**“Customer Staged Solution,”** designed for clients making 50 or more shipments per month. Under this solution, we supply an inventory of our Cryoport Express® Shippers to our customer, in an uncharged state, enabling our customer (after training/certification) to charge them with liquid nitrogen and use our Cryoport™ to enter orders with shipping and delivery service providers for the transportation of the package.

**“Customer Managed Solution,”** a limited customer implemented solution, whereby we supply our Cryoport Express® Shippers to clients in a fully charged state, but leaving it to the client to manage the shipping, including the selection of the shipping and delivery service provider and the return of the shipper to us.

**“powered by Cryoport<sup>SM</sup>,”** available to providers of shipping and delivery services who seek to offer a “branded” cryogenic logistics solution as part of their service offerings, with “powered by Cryoport<sup>SM</sup>” appearing prominently on the offering software interface and packaging. This solution can also be private labeled upon meeting certain requirements, such as minimum required shipping volumes.

**“Integrated Solution,”** which is our total outsource solution. It is our most comprehensive solution and involves our management of the entire cryogenic logistics process for our client, including Cryoport employees at the client’s site to manage the client’s cryogenic logistics function in total.

**“Regenerative Medicine Point-of-Care Repository Solution,”** designed for allogeneic therapies. In this solution we supply our Cryoport Express® Shipper to ship and store cryogenically preserved life science products for up to six days (or longer periods with supplementary shippers) at a point-of-care site, with the Cryoport Express® Shipper serving as a temporary freezer/repository enabling the efficient and effective distribution of temperature sensitive allogeneic cell-based therapies without the expense, inconvenience, and potential costly failure of an on-site, cryopreservation device.

**“Personalized Medicine and Cell-based Immunotherapy Solution,”** designed for autologous therapies. In this solution our Cryoport Express® Shipper serves as an enabling technology for the safe transportation of manufactured autologous cellular-based immunotherapy market by providing a comprehensive logistics solution for the verified chain of custody and condition transport from, (a) the collection of the patient’s cells in a hospital setting, to (b) a central processing facility where they are manufactured into a personalized medicine, to (c) the safe, cryogenically preserved return of these irreplaceable cells to a point-of-care treatment facility. If required, the Cryoport Express® Shipper can then serve as a temporary freezer/repository to allow the efficient distribution of this personalized medicine to the patient when and where the medical provider needs it most without the expense, inconvenience, and potential costly failure of an on-site, cryopreservation device.

Cryoport is continuously expanding its solutions offerings in response to its customers needs. In June 2016, Cryoport announced a new Laboratory Relocation Service, for transport of complete laboratories. The Laboratory Relocation Service manages the safe, secure and proper transportation of materials that are stored in labs as well as lab equipment and instruments. Relocation projects can range in size from the relocation of a fully equipped lab to the move of a single freezer.

Also in June 2016, Cryoport further broadened its capabilities and solutions offerings beyond cryogenic logistics and transportation services to include temperature-controlled storage solutions that include cGMP compliant biorepositories at controlled temperatures and climatized systems. Cryoport Biostorage services feature extensive management and monitoring, including controlled access to commodities, periodic temperature and activity reports, as well as 21 CFR, Part 11 compliant monitoring with 24/7/365 alarm response.

Our Corporate Information

We are a Nevada corporation originally incorporated under the name G.T.5-Limited (“**GTS**”) on May 25, 1990. In connection with a Share Exchange Agreement, on March 15, 2005 we changed our name to Cryoport, Inc. and acquired all of the issued and outstanding shares of common stock of Cryoport Systems, Inc., a California corporation, in exchange for 200,901 shares of our common stock (which represented approximately 81% of the total issued and outstanding shares of common stock following the close of the transaction). Cryoport Systems, Inc., which was originally formed in 1999 as a California limited liability company, and subsequently reorganized into a California corporation on December 11, 2000, remains the operating company under Cryoport, Inc. Our principal executive offices are located at 17305 Daimler Street, Irvine, CA 92614. The telephone number of our principal executive offices is (949) 470-2300, and our main corporate website is [www.cryoport.com](http://www.cryoport.com).

The Company became public by a reverse merger with a shell company in May 2005. Over time the Company has transitioned from being a development company to a fully operational public company, providing cold chain logistics solutions to the life sciences industry globally.

The Exchange Offer

***The Company***

Cryoport, Inc., a Nevada corporation, with principal executive offices at 17305 Daimler Street, Irvine, CA 92614. The Company's telephone number is (949) 470-2300.

***Eligible Warrants***

The Company's warrants to purchase shares of common stock at an exercise price of \$3.57 per share, or the Original Warrants, are subject to the Offer. The Original Warrants were issued (i) in July 2015 in connection with the Company's registered public offering of 2,090,750 units (each unit consisting of one share of the Company's common stock and one Original Warrant) and (ii) in January 2016 in connection with the mandatory exchange of all of the Company's outstanding Class A Convertible Preferred Stock and Class B Convertible Preferred Stock into 4,977,038 units (each unit consisting of one share of the Company's common stock and one Original Warrant). The Original Warrants were exercisable upon issuance and expire on July 29, 2020. As of the date of this Offer Letter/Prospectus, 7,067,788 Original Warrants are outstanding.

***The Exchange Offer***

For a limited period of time, the Company is offering to holders of the Original Warrants the opportunity to exchange up to 5,000,000 of such Original Warrants for (1) an equal number of warrants to purchase one share of common stock at an exercise price of \$1.50 per share, or the New Warrants, conditioned upon the immediate exercise of such New Warrants, and (2) one warrant to purchase one share of common stock at an exercise price of \$3.00 per share for every four New Warrants exercised, or the Supplemental Warrants.

No fractional Supplemental Warrants will be issued in connection with the Offer. The Company, in lieu of issuing any fractional Supplemental Warrants, will round down the aggregate number of Supplemental Warrants issuable to a holder to the nearest whole Supplemental Warrants.

***Common stock outstanding prior to the Offer(1)***

15,120,479 shares of our common stock.

***Common Stock issuable under the New Warrants(2)***

5,000,000 shares of our common stock.

20,120,479 shares of our common stock.



***Common Stock  
outstanding  
after the  
Offer(3)***

The New Warrants will have the following terms:

***Exercise Price:*** The exercise price will be \$1.50 per share.

***Term:*** The New Warrants will expire concurrently with the Expiration Date.

***Terms of the  
New Warrants***

***No Cashless Exercise:*** The New Warrants must be exercised for cash, and any cashless exercise provisions in the Original Warrants will be inapplicable to the New Warrants.

***Lock-Up Period:*** The New Warrants will contain a lock-up provision that provides that the holder will not sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any of the New Warrant Shares without the prior written consent of the Company for a period of sixty (60) days after the Expiration Date. In addition, the Company may impose stop-transfer restrictions to enforce these restrictions.

**Market Restrictions:** A holder by electing to participate in the Offer is agreeing to not, either alone or with others, effect any purchases or sales of any securities of the Company in any “short sales” as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act, or any type of direct and indirect stock pledges, forward sale contracts, options, puts, calls, short sales, swaps, “put equivalent positions” (as defined in Rule 16a-1(h) under the Exchange Act) or similar arrangements, or sales or other transactions through non-U.S. broker dealers or foreign regulated brokers through the expiration of the Lock-Up Period.

**Other Terms:** Other than as described above, the terms of the New Warrants are substantially identical to the terms of the Original Warrants.

The Supplemental Warrants will have the following terms:

**Exercise Price:** The exercise price will be \$3.00 per share.

**Term:** The Supplemental Warrants are exercisable upon issuance and expire on the earlier of (i) three years after the date of issuance and (ii) the thirtieth (30th) day after the date that the closing price of the Company’s common stock equals or exceeds \$4.50 for ten consecutive trading days.

**Terms of the  
Supplemental  
Warrants**

**Cashless Exercise:** The Supplemental Warrants will have a cashless exercise right in the event that the Supplemental Warrant Shares are not covered by an effective registration statement at the time of such exercise.

**Other Terms:** The Supplemental Warrants will not be listed on the NASDAQ Capital Market or any other securities exchange.

**Expiration of the  
Exchange Offer**

5:00 p.m., Eastern Time on October 28, 2016, as may be extended by the Company in its sole discretion.

**Offer Limit**

If the aggregate number of Original Warrants properly tendered in the Offer by all holders participating in the Offer is greater than the Offer Limit, then each of the participating holder’s number of Original Warrants tendered will be reduced on as close to a pro rata basis as is possible.

In such instance, the Company will return to participating holders such number of Original Warrants that were not accepted as a result of the pro rata reduction. Tendered payment for the New Warrant Shares relating to such Original Warrants that were not accepted will be returned to the holder, without interest thereon or deduction therefrom. See “The Exchange Offer—Offer Limit” for additional information.

Subject to the potential reduction in the acceptance by the Company of your tender of Original Warrants as described in the preceding paragraph, in the event that you properly tender Original Warrants in the Offer, the Company will issue you an equal number of New Warrants, which will be immediately exercised, and you will be issued an equal number of New Warrant Shares, along with one Supplemental Warrant for every four New Warrants exercised.

***Partial  
Participation  
Permitted***

You may elect to participate in the Offer with respect to some or all of your Original Warrants that you hold. Any Original Warrants that are not tendered in the Offer will remain in full force and effect with no change in the terms of the Original Warrants. In addition, if you elect to participate with only some of your Original Warrants that you hold, then the Company will return to you such number of Original Warrants that were not tendered.

***Purposes of the  
Offer and Use of  
Proceeds:***

The purpose of the Offer is to raise funds to support the Company's operations by providing the holders of the Original Warrants an incentive to exchange their Original Warrants for New Warrants and Supplemental Warrants, and exercise the New Warrants to purchase shares of the Company's common stock at a significantly reduced exercise price as compared to the Original Warrants. The Company will receive all of the proceeds from the immediate exercise of the New Warrants, which will be used by the Company for business growth, including as working capital and for other general corporate purposes.

***Conditions to the  
Offer***

The Offer is subject to certain conditions as described herein:

- (i) the existence of an effective Registration Statement on Form S-4 relating to the registration of the New Warrants, the New Warrant Shares, the Supplemental Warrants and the Supplemental Warrant Shares; and
- (ii) participation in the Offer requires both the tender of your Original Warrants as set forth in this Offer Letter/Prospectus and your exercise of the New Warrants, which will happen simultaneously effective as of the Expiration Date if your Original Warrants are properly tendered in the Offer.

We are not making this Offer to, nor will we accept any tenders from or on behalf of, Original Warrant holders in any state where the Company is prohibited from making the Offer by administrative or judicial action pursuant to a state statute after a good faith effort by the Company to comply with such statute.

The Offer is not conditioned upon obtaining financing or any minimum number of Original Warrants being tendered.

Except for the requirements of applicable federal and state securities laws, we know of no federal or state regulatory requirements to be complied with or approvals to be obtained by us in connection with the Offer.

***Future  
Amendments to  
the Offer***

If we materially change the terms of the Offer, we will extend the Expiration Date to the extent required under the rules of the Exchange Act.

***to Amend and  
Exercise***

To tender your Original Warrants, you must complete one of the actions described in this Offer Letter/Prospectus in the section entitled “The Exchange Offer—Procedure for Participating in the Offer and Exercising New Warrants” beginning on page 17 before the Expiration Date. Please contact the Company or your broker for assistance.

***How to Participate  
in the Offer***

You must also deliver payment to the Depositary (as defined below) on or prior to the Expiration Date in the amount equal to \$1.50 per share multiplied by the number of New Warrants to be exercised. We urge you to consider using a certified or cashier’s check, money order or wire transfer of funds to ensure that the Depositary receives your funds on or prior to the Expiration Date. If you send an uncertified check, payment will not be deemed to have been received by the Depositary until the check has cleared.

***Withdrawal Rights***

If you tender your Original Warrants and change your mind, you may withdraw your tendered Original Warrants at any time until the Expiration Date, as described in greater detail in the section entitled “The Exchange Offer—Withdrawal Rights” beginning on page 19. If the Expiration Date is extended, you may withdraw your tendered Original Warrants at any time until such extended Expiration Date. In addition, after October 7, 2016 (which is the fortieth business day from the commencement of the Offer), any Original Warrants that you have tendered that have not been accepted by the Company may be withdrawn.

***Interests of  
Directors and***

***Executive Officers***

Jerrell W. Shelton, Chairman, President and Chief Executive of the Company, holds 80,558 Original Warrants (representing approximately 1.1% of the Original Warrants) and Dr. Robert Hariri, a director of the Company, holds 15,300 Original Warrants (representing less than 1% of the Original Warrants). Mr. Shelton and Dr. Hariri are eligible to participate in the Offer on the same terms and conditions as the other holders of the Original Warrants. On August 11, 2016, the Company entered into a letter agreement with each of Mr. Shelton and Dr. Hariri pursuant to which each agreed not to participate in the Offer.

***Absence of  
Dissenters’ Rights***

Holders of the Original Warrants do not have any appraisal or dissenters’ rights under applicable law in connection with the Offer.

***Tax Consequences  
of the Offer***

We recommend that you consult with your own tax advisor with regard to the possibility of any federal, state, local or other tax consequences of the Offer. See the section entitled “Material U.S. Federal Income Tax Considerations” for a discussion of the material U.S. federal income tax consequences of participating in the Offer.

***Risk Factors***

There are risks associated with participating in the Offer. For a discussion of some of the risks you should consider before deciding whether to participate in the Offer, you are urged to carefully review and consider the information in the section entitled “Risk Factors” beginning on page 8.

***Market Price of the Common Stock and Original Warrants***

Our common stock and the Original Warrants are currently traded on the NASDAQ Capital Market under the symbols “CYRX” and “CYRXW”, respectively. As of October 13, 2016, the closing sale price of our common stock was \$1.96 per share and the closing price of the Original Warrants was \$0.43 per warrant. The New Warrants and the Supplemental Warrants will not be listed on the NASDAQ Capital Market or any other securities exchange.

***Depositary***

The depositary for the Offer is Continental Stock Transfer & Trust Company (the “**Depositary**”).

Please direct questions or requests for assistance regarding the Offer and the Offering Materials to the Company at:

***Information  
Requests***

Cryoport, Inc.  
17305 Daimler Street,  
Irvine, CA 92614  
Attn: Robert Stefanovich, Chief Financial Officer  
Telephone: (949) 681-2727  
(email: [rstefanovich@cryoport.com](mailto:rstefanovich@cryoport.com))

Please direct requests for additional copies of the Offering Materials, in writing, to the Company at the address above.

(1) Based upon the total number of issued and outstanding shares as of September 30, 2016, excluding:

9,303,402 shares of common stock reserved for issuance upon the exercise of outstanding warrants (including the Original Warrants but excluding the New Warrants and the Supplemental Warrants) with a weighted average exercise price of \$4.19 per share;

4,615,453 shares of common stock reserved for issuance upon the exercise of outstanding stock options with a weighted average exercise price of \$3.97 per share; and

2,258,091 shares of common stock available for future grant under the Cryoport, Inc. 2015 Omnibus Equity Incentive Plan.

(2) Assumes that 5,000,000 Original Warrants are accepted pursuant to the Offer, resulting in the issuance and immediate exercise of 5,000,000 New Warrants.

(3) Based upon the total number of issued and outstanding shares as of September 30, 2016, excluding:



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5,553,402 shares of common stock reserved for issuance upon the exercise of outstanding warrants (including the Supplemental Warrants but excluding the Original Warrants and the New Warrants) with a weighted average exercise price of \$4.48 per share;

4,615,453 shares of common stock reserved for issuance upon the exercise of outstanding stock options with a weighted average exercise price of \$3.97 per share; and

2,258,091 shares of common stock available for future grant under the Cryoport, Inc. 2015 Omnibus Equity Incentive Plan.

## RISK FACTORS

*An investment in the New Warrants and the Shares involves a high degree of risk. You should carefully consider the risks described below and the risk factors incorporated by reference herein, as well as the other information included or incorporated by reference in this Offer Letter/Prospectus, including the financial statements and related notes incorporated by reference into this Offer Letter/Prospectus, before deciding to participate in the Offer. Certain risks related to us and our business are included in Item 1A of our Annual Report on Form 10-K for our fiscal year ended March 31, 2016 and in our subsequent filings with the SEC. See the section titled "Available Information" for information about how to obtain a copy of these documents. If any of these risks actually occur, our business, results of operations and financial condition could be materially adversely affected. In that case, the market price of our common stock could decline, and you may lose all or part of your investment.*

### Risks Related to the Offer

***The market price of our common stock is volatile and may decline before or after the Expiration Date.***

The market price of our common stock could be subject to wide fluctuations in response to numerous factors, some of which are beyond our control. These factors include, among other things, actual or anticipated variations in our costs of doing business, operating results and cash flow, the nature and content of our earnings releases and our competitors' earnings releases, customers, competitors or markets, changes in financial estimates by securities analysts, business conditions in our markets and the general state of the securities markets and the market for similar stocks, changes in capital markets that affect the perceived availability of capital to companies in our industries, governmental legislation or regulation, as well as general economic and market conditions, such as continued downturns in our economy and recessions.

We cannot assure you that the market price of our common stock will not decline after you exercise the New Warrants. If that occurs, you may have committed to buy shares of our common stock in the rights offering at a price greater than the prevailing market price, and you could have an immediate unrealized loss. Moreover, we cannot assure you that following the exercise of the New Warrants that you will be able to sell your common stock at a price equal to or greater than the exercise price of the New Warrants. Until the Shares are delivered following the Expiration Date, you will not be able to sell such Shares. Certificates (physical, electronic or book-entry form) representing the Shares will be delivered as soon as practicable after the Expiration Date. We will not pay you interest on funds delivered to the Depositary pursuant to the exercise of New Warrants.

***The Offer may cause the price of our common stock to decrease.***

Depending upon the trading price of our common stock at the time of our announcement of the Offer and its terms, including the exercise price of the New Warrants, together with the number of shares of common stock we propose to issue and ultimately will issue if the Offer is completed, may result in an immediate decrease in the market value of our common stock. This decrease may continue after the completion of the Offer. If that occurs, you may have committed to buy shares of common stock in the Offer at a price greater than the prevailing market price. Further, if a substantial number of New Warrants are exercised in connection with the Offer and the holders of the New Warrant Shares choose to sell some or all of those shares after the Lock-Up Period, then the resulting sales could depress the market price of our common stock. There is no assurance that following the exercise of the New Warrants or the Supplemental Warrants, holders will be able to sell the underlying shares at a price equal to or greater than the respective exercise prices of the New Warrants or the Supplemental Warrants.

***Our Board of Directors makes no recommendation with regard to whether you should accept the Offer to Amend and Exercise.***

Although our Board of Directors (the “**Board**”) has approved the Offer, it makes no recommendation as to whether holders of Original Warrants should accept the Offer. We have not retained and do not intend to retain any unaffiliated representative to act solely on behalf of the holders of Original Warrants for purposes of negotiating the terms of the Offer. We cannot assure you that the value of the shares issued upon exercise of the New Warrants or the Supplemental Warrants will in the future equal or exceed the respective exercise prices of the New Warrants or the Supplemental Warrants. We do not take a position as to whether you ought to participate in the Offer.

***If you choose to participate in the Offer, you will be required to exercise your New Warrants for common stock, and will be subject to all the risks associated with being a stockholder of the Company and give up the time value attributable to your Original Warrant with respect to the Shares.***

Participation in the Offer requires both the tender of your Original Warrants as set forth in this Offer Letter/Prospectus and your exercise of the New Warrants, which will happen simultaneously effective as of the Expiration Date if your Original Warrants are properly tendered in the Offer. As a result, you will be subject to all the risks and uncertainties set forth in these risk factors as a holder of the Company’s common stock. In addition, you will be giving up the time value attributable to your Original Warrants by exercising the New Warrants prior to the original expiration date of your Original Warrant.

***The exercise prices of the New Warrants and the Supplemental Warrants have been arbitrarily determined.***

The exercise prices of the New Warrants and the Supplemental Warrants have been arbitrarily determined. Our Board established the exercise prices for the New Warrants and the Supplemental Warrants based on its estimation of those terms that would encourage holders of Original Warrants to participate in the Offer. The exercise prices of the New Warrants and the Supplemental Warrants are not necessarily related to our book value, net worth or any other established criteria of value and may or may not be considered the fair value of our common stock. We cannot give any assurance that our common stock will trade at or above the exercise prices in any given time period.

***The New Warrant Shares are subject to resale and market restrictions during the Lock-Up Period.***

The New Warrant Shares are subject to lock up provisions that provide that the holder will not sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any of the New Warrant Shares without the prior written consent of the Company for a period for sixty (60) days after the Expiration Date. In addition, the Company may impose stop-transfer restrictions to enforce these restrictions. In addition, a holder, acting alone or with others, participating in the Offer has agreed not to effect any purchases or sales of any securities of the Company in any “short sales” as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act, or any type of direct and indirect stock pledges, forward sale contracts, options, puts, calls, short sales, swaps, “put equivalent positions” (as defined in Rule 16a-1(h) under the Exchange Act) or similar arrangements, or sales or other transactions through non-U.S. broker dealers or foreign regulated brokers through the expiration of the Lock-Up Period. As a result, the holder will be subject to market and the other risks discussed herein during the period of these resale and market restrictions.

***There will be no public trading market for the Supplemental Warrants, and your ability to sell such Supplemental Warrants will be limited.***

There is no existing public market for the Supplemental Warrants. No market for the Supplemental Warrants may develop, and any market that develops may not persist. We cannot assure you as to the liquidity of any market that may develop for the Supplemental Warrants, your ability to sell the Supplemental Warrants or the price at which you would be able to sell the Supplemental Warrants. We do not intend to apply for listing of the Supplemental Warrants on the NASDAQ Capital Market or any other securities exchange.

***Participation in the Offer could result in tax consequences.***

We have not obtained, and do not intend to obtain, either a ruling from the Internal Revenue Service (“IRS”) or an opinion of legal counsel regarding the U.S. federal income tax consequences of exchange of New Warrants for Original Warrants and the immediate exercising the New Warrants. You should consult with your own tax advisor with regard to the possibility of any federal, state, local or other tax consequences of the Offer. See the section entitled “Material U.S. Federal Income Tax Considerations” for a discussion of the material U.S. federal income tax consequences of participating in the Offer.

***We will have substantial discretion over the use of proceeds we receive from the exercise of New Warrants.***

The Company will receive all of the proceeds from the immediate exercise of the New Warrants. Our management will retain broad discretion over the use of proceeds from the Offer. See the section entitled “Use of Proceeds” for a description of our present intentions with respect to the allocation of the proceeds resulting from exercise of the New Warrants. The amounts and timing of the expenditures may vary significantly depending on numerous factors. The occurrence of certain unforeseen events or changed business conditions, however, could result in the application of the proceeds resulting from the exercise of the New Warrants in a manner other than as described in this Offer.

***If completed, the Offer will have an immediate dilutive effect.***

If the Offer is completed, the resulting issuance of New Warrant Shares will have an immediate dilutive effect. If 5,000,000 Original Warrants are accepted pursuant to the Offer, resulting in the issuance and immediate exercise of 5,000,000 New Warrants, then such participating Original Warrant holders will receive an aggregate of 5,000,000 shares of our common stock, which represents approximately 33.1% of our outstanding common stock (based on 15,120,479 shares of common stock outstanding as of September 30, 2016).

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offer Letter/Prospectus contains forward-looking statements. All statements other than statements of historical fact contained in this Offer Letter/Prospectus, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the fon" SIZE="2"> Intuitive Surgical Inc.

Invacare Corp

Kinetic Concepts Inc.

Kyphon Inc.

ResMed Inc.

St Jude Medical Inc.

STERIS Corp.

Varian Medical Systems Inc.

VIASYS Healthcare Inc.

West Pharmaceutical Services Inc.

Zimmer Holdings Inc.

Although the Company's executive officer compensation philosophy is evolving and the Industry Peer Group data will continue to be evaluated in the future, based on the Industry Peer Group data consulted for FY08, the Committee preliminarily determined that base salary should be targeted at the median of this peer group, total cash compensation (i.e., base salary plus target annual cash incentive) should be targeted at or above the median based on performance, and long-term equity incentives should be targeted at the 75<sup>th</sup> percentile of this peer group. Inherent in this refinement of the executive officer compensation philosophy is a commitment to make use of a transition period in which compensation decisions can be made to achieve this positioning over time. As described in more detail in the section below on Compensation Levels, compensation decisions for FY08 reflect this transition.

As indicated previously, in defining these percentile compensation targets, the Committee's intention is that for executive officers to *actually receive* total cash compensation at or above the peer group median, performance objectives must be met. For executive officers to receive target long-term equity incentive compensation awards at the 75<sup>th</sup> percentile, total shareholder return levels must approximate the 75<sup>th</sup> percentile of the Industry Peer Group. In the absence of continued share price growth, executive officers could receive *no value* from long-term equity incentive awards. While the Company will target these peer group percentiles, it will also consider other factors when determining reward opportunities, such as performance, contribution, role and responsibility, retention, tenure, and experience.

In making compensation decisions regarding Mr. McGinnis, the Committee relies primarily on internal considerations and the compensation levels of other executive officers at Respiroics to set Mr. McGinnis' compensation based on his role, tenure, and experience. The Committee does not use market data to set Mr. McGinnis' compensation. The Committee has consulted market data regarding market pay practices for the position of an executive officer who is also a Chairman of the Board; however, this data has been inconclusive due to the infrequency of this position and the disparate pay practices among companies that do have this position. Although the sample sizes have been small, market data indicates that Mr. McGinnis' compensation is reasonable in comparison to the practices of other companies with this position.

### **Annual Pay Review Process**

At the end of each fiscal year, the Committee conducts an annual review of executive officer performance and compensation to determine base salary increases, target annual cash incentives, and long-term equity incentives for the following year for all of the Company's executive officers, except Mr. McGinnis.

The performance evaluation for Mr. Miclot consists of a self-evaluation that he prepares for the Committee of his performance against the goals established by the Committee and the Chairman for the fiscal year, assessments of his performance that are completed by the independent members of the Board of Directors and are submitted to the Committee, and a performance evaluation conducted by the Committee. The performance evaluations for the other executive officers (except Mr. McGinnis) consist of annual individual performance evaluations that are provided for each executive officer by Mr. Miclot or Mr. Reynolds and are submitted to the Committee for their review and consideration. The compensation evaluation consists of an analysis of market compensation data supplied by an independent compensation consultant, as described above to assess the competitiveness of compensation in light of the performance achieved in the preceding fiscal year.

All compensation decisions regarding the executive officers (except long-term equity incentive awards) are made by the independent members of the Board of Directors, based on recommendations made by the Committee. During the annual performance review, Mr. Miclot makes compensation recommendations to the Committee with respect to the other executive officers (except Mr. McGinnis and himself). His recommendations are based on each executive's contribution and performance during the preceding fiscal year, strengths, weaknesses, development plans and succession potential.

In making recommendations regarding Mr. Miclot's compensation, the Committee takes into account his individual performance during the previous fiscal year, scope of responsibilities, and experience and balances these against competitive compensation levels, including retention requirements and succession planning. The Committee conducts a similar review regarding each of the other executive officers (except Mr. McGinnis).

Based upon these reviews and the market compensation information provided to the Committee, the Committee (a) makes recommendations to the independent members of the Board of Directors regarding compensation elements for the next fiscal year (i.e., base salary adjustments, target annual cash incentive opportunities, and annual cash incentive payments), and (b) makes decisions regarding long-term equity incentive awards for the next fiscal year.

### **Compensation Levels**

The Company achieved solid performance in FY07. All businesses achieved their business plans, except Sleep and Home Respiratory Group, which continued to improve year-over-year performance despite not achieving its business plan. Mr. Miclot demonstrated steady leadership in achieving these results and performed well against his goals for the fiscal year. These results shaped the compensation decisions that are described below, are reflected in the compensation tables and also in the accompanying footnotes at the end of this discussion. As permitted under the rules of the Securities and Exchange Commission, it has been the Company's practice not to disclose specific individual, business unit, or Company financial performance target levels because publication of sensitive and proprietary quantifiable targets and other specific goals could place the Company at a competitive disadvantage. The Company's long-term corporate performance goals consist of sustaining mid-teens revenue growth and achieving 15-20% EPS growth. While the specific annual financial performance target levels aligned with achieving these long-term performance goals are confidential, historical achievement of similar annual financial performance targets in previous years has been challenging for the Company and its business units.

#### *Base Salary*

As described in the section above on *Pay Philosophy*, published national survey data was the primary reference in setting compensation levels in FY07. Based on this survey data, the Committee recommended in



August 2006 and the independent members of the Board of Directors approved increasing Mr. Miclot's base salary to an annual rate of \$730,000 (a 17% increase over the prior year) and increasing the base salaries for Messrs. Reynolds, Bevevino, and Spence to an annual rate of \$514,443, \$358,620, and \$336,000, respectively (each a 5% increase over the prior year). Mr. McGinnis' base pay was maintained at \$300,000. These FY07 base salaries are included in the salary amounts set forth in Summary Compensation Table below.

In transitioning to using the Industry Peer Group to set compensation levels for FY08, however, base salary increases for the executive officers, in general, are moderated so the overall compensation package is more closely aligned with the market practices reflected by the Industry Peer Group.

#### *Annual Cash Incentives*

The Company's cash incentive programs are designed to align the incentive payout with Company performance. Specifically, the programs are uncapped for performance exceeding plan, and actual incentive payments can be larger or smaller than the target incentive level for performance above or below plan. As with other elements of compensation, the Committee may use discretion and depart from formulaic incentive payments to take into account individual circumstances, either to authorize larger incentive payments for performance below-plan or to limit incentive payments for performance above-plan.

As described in the section above on Pay Philosophy, in transitioning to using the Industry Peer Group as a reference point for establishing compensation targets in 2007, total cash compensation (i.e., base salary plus target annual cash incentive) is targeted at or above the median for the Industry Peer Group, based on achieving performance objectives.

The determination of a target annual cash incentive opportunity for each NEO (other than Mr. McGinnis, who does not participate in the annual cash incentive plans) is stated as a percentage of base salary and is established by the independent members of the Board of Directors based on the recommendations of the Committee at the end of each fiscal year for the following fiscal year. Each NEO (other than Mr. McGinnis) participates in annual cash incentive programs and is eligible to receive an annual cash bonus based on performance. In applying the philosophy that total annual cash compensation (i.e., base salary plus target annual cash incentive) should be targeted at or above the median for the Industry Peer Group, the Committee determined that no changes were needed in FY08 target annual cash incentive opportunity for the NEOs (other than Mr. McGinnis), with the exception of Mr. Spence whose target annual cash incentive opportunity was increased by ten percentage points.

The target annual cash incentive opportunity is allocated between the Performance Bonus Plan (the Performance Bonus Plan) and the Profit Sharing Bonus Plan, (the Profit Sharing Bonus Plan) each of which provides an opportunity to earn annual cash incentives based on the achievement of pre-established performance goals. The Performance Bonus Plan applies to all employees of the Company at management-level and above (other than employees participating in sales incentive plans). Incentives are based on a weighting of business group or unit performance and Company performance and are intended as a reward primarily for business group or unit performance. Business group or unit performance is measured as achievement of the fiscal year business group or unit target operating income goal; Company performance is measured as achievement of the Company's fiscal year EPS target. The Profit Sharing Bonus Plan is a broad-based plan that applies to all employees (other than employees participating in sales incentive plans). Incentives are based solely on and are intended as a reward for Company performance. Company performance is measured as achievement of the Company's fiscal year EPS target.

For Messrs. Miclot, Reynolds, and Bevevino, the incentive opportunity under the Performance Bonus Plan is weighted 100% on Company performance there is no business unit performance criterion in the belief that their sole responsibility is for Company performance. They also participate in the Profit Sharing Bonus Plan on the same terms applicable to all employees and have an opportunity to receive an annual cash incentive tied to Company performance. For FY08, 100% of their target annual cash incentive opportunity is based on achievement of the Company's EPS goal, which has a strong correlation with shareholder value.

For Mr. Spence, his annual cash incentive opportunity under the Performance Bonus Plan is weighted 75% on Company performance and 25% of the performance of the Sleep and Home Respiratory Group in the belief that his position has a significant influence on Company performance and is also responsible for the performance of the Company's largest business group. In addition, Mr. Spence participates in the Profit Sharing Bonus Plan on the same terms applicable to all employees and has an opportunity to receive an annual cash incentive tied to Company performance. For FY08, more than 80% of Mr. Spence's target annual cash incentive opportunity is based on achievement of the Company's EPS goal and the balance is based on achievement of the targeted operating income of the Sleep and Home Respiratory Group.

As noted, the Company achieved its EPS goal in FY07 and all business groups, except Sleep and Home Respiratory Group, met or exceeded their targeted results. In light of this performance, incentive payments equal to 96% of the target incentive opportunity have been approved for Messrs. Miclot, Reynolds and Bevevino. Sleep and Home Respiratory Group achieved operating income results below the target level set for it. The incentive formulas under the Performance Bonus Plan and Profit Sharing Bonus Plan allow the exercise of discretion with regard to incentive payments and this discretion was exercised in FY07 in setting the level of incentive payment to Mr. Spence, and in recognition of the significant effort and progress made toward achieving target operating income results an incentive payment equal to 75% of the target incentive opportunity has been approved for Mr. Spence.

For additional information about target annual cash incentives, please refer to the table below entitled "Grants of Plan Based Awards" and the related footnotes. Please see the table below entitled "Summary Compensation Table" and the related footnotes for the actual amount of annual cash incentives paid to the NEOs for FY07.

#### *Long-Term Equity Incentives*

Long-term equity incentives currently consist of stock option awards. Financial gain from stock options is possible only if the price of the Company's common stock increases. Stock option awards encourage executives and other employees to focus on behaviors and initiatives that should lead to an increase in the stock price, which benefits all shareholders. The Committee periodically evaluates other long-term equity incentive instruments to use either instead of or in addition to stock options. For FY08, the Committee has decided to continue to use only stock options for long-term equity incentive awards.

The exercise price of stock option awards is set at the average of the high and low market price for the Company's stock on the grant date. Under the terms of the Company's stock incentive plans, the Company may not award stock options at an exercise price that is less than the average of the high and low market prices on the grant date. Similarly, the Company may not reduce the exercise price of outstanding stock options except in the case of a stock split or other similar event. The Company does not award stock options with a so-called "reload" feature, nor does it loan funds to employees to enable them to exercise stock options. Stock options typically are exercisable in equal installments on the first four anniversaries of the grant date and expire ten years from the grant date.

Executives are eligible for annual awards, based on each executive's demonstrated level of performance, the competitive market data, the executive's level of responsibility, and the Company's views on executive retention and succession.

As described in the section above on "Pay Philosophy", published national survey data is the primary reference in setting long-term equity incentive award levels for FY07. In awarding long-term equity incentive awards, the Committee considers the economic value of the Company's stock options (as calculated using the Black-Scholes methodology) and not the number of stock options in determining the size of the award. In August 2006, stock option awards were approved by the Committee using the 75<sup>th</sup> percentile of the survey data as reference value (measured on the date of grant). For information about the resulting number of stock option awards, please consult the table below entitled "Grants of Plan Based Awards" and the accompanying footnotes.

In transitioning to using the Industry Peer Group as a primary benchmark for establishing compensation targets for FY08, long-term equity incentive opportunities will be targeted near the 75<sup>th</sup> percentile of the Industry Peer Group. Target long-term equity incentive awards are set to reflect the Company's long-term share price performance approximating the 75<sup>th</sup> percentile of the Industry Peer Group. As a result, FY08 long-term equity incentive awards for the NEOs, in general, have a higher economic value (measured on the date of grant) than the economic value of long-term equity incentive awards made in previous years to transition toward the 75<sup>th</sup> percentile of the Industry Peer Group.

### **Perquisites and Other Benefits**

The Company annually reviews the perquisites that senior executives receive. In general, such perquisites are limited. As indicated in the table entitled "Summary Compensation Table" and the related footnotes, the NEOs are entitled to few benefits that are not otherwise available to all employees.

### **Deferred Compensation**

In addition to being eligible to participate in the Respironics, Inc. Retirement Savings Plan, which is qualified under Section 401(k) of the Tax Code and is available to all employees, NEOs (except Mr. McGinnis) participate in the Company's Supplemental Executive Retirement Plan ("SERP"). The SERP is intended to supplement retirement savings and promote retention of executive talent.

The SERP is a non-qualified defined contribution plan. The SERP provides an annual discretionary Company contribution and allows participants to contribute a portion of their salary and all or a portion of their incentive and commission payments. Contributions made by a participant are fully vested; the Company contribution becomes vested after five years of participation in the SERP. In recent years, the Company's annual discretionary contribution for senior executives has been 13.5% of base salary. Please refer to the table entitled "Deferred Compensation Table" and the related footnote for additional information about the SERP.

Amounts credited to the SERP may be allocated by a participant among hypothetical investment alternatives. The amounts deferred are not actually invested in the alternatives; the alternatives exist to enable the Company to calculate what a participant is owed at the time the deferred amounts are distributed. The Company purchases insurance to secure its obligations to the participants.

The Company's discretionary contribution for the participating NEOs is approved by the Committee each year, usually in November. In addition, at this time the Committee also reviews published survey data regarding various aspects of deferred compensation plans, including market practices, design features, benefit levels, and funding.

### **Termination and Change-in-Control Payments**

The Company's employment agreements with the NEOs, stock incentive plans, and SERP (except Mr. McGinnis) provide payments and benefits to NEOs upon certain terminations of employment and following a change-in-control of the Company.

In August 2006, the Company began a review of employment agreements with its NEOs for compliance with Section 409A of the Internal Revenue Code. Additionally, with the assistance of external advisors, the Company compared the employment agreements with current benchmark data for executive agreements. As a result of this effort, the Company entered into new employment agreements, effective August 29, 2007, with Mr. Miclot, Mr. Bevevino, and Mr. Spence. The agreements are effective for a term of one year and automatically renew each year for a subsequent one-year term unless either party decides not to renew. The agreements provide, among other things, for severance payments equal to three times base salary for Mr. Miclot and two times base salary for Mr. Bevevino and Mr. Spence, and continuation of healthcare and dental benefits.

for eighteen months upon termination of employment by the Company without cause or termination of employment by the executive with good reason. In addition, upon a change-in-control of the Company, if employment is terminated within twenty-four months following a change-in-control for the reasons described in the previous sentence, the agreements also provide for the severance payment to include, in addition to the amounts described in the preceding sentence, three times the target annual cash incentive opportunity plus three times the annual Company SERP contribution for Mr. Miclot and two times the target annual cash incentive opportunity plus two times the annual Company SERP contribution for Mr. Bevevino and Mr. Spence.

The agreements provide for payment of a tax gross-up if any of these payments are subject to an excise tax under Section 4999 of the Internal Revenue Code as an excess parachute payment under Section 280G of the Internal Revenue Code. Termination of employment occurs without cause if it occurs for reasons other than the executive being guilty of any act of material dishonesty with respect to the Company, or being indicted or convicted of a crime involving moral turpitude, or intentionally disregards the terms of the employment agreement or instructions of the Board of Directors of the Company. The executive is permitted to terminate the agreement with good reason if there is a material downgrading in his duties, titles or responsibilities, or any reduction in his base salary or annual target cash incentive compensation, or a change in his principal place of business of more than 50 miles from its present location, or any significant and prolonged increase in traveling requirements, or if the Company decides not to renew the one-year term.

The Company is in the process of updating employment agreements with Mr. Reynolds and Mr. McGinnis. The current agreement between Mr. Reynolds and the Company, dated November 11, 1997, was entered into in connection with the Company's merger with Healthdyne Technologies, Inc. This agreement with Mr. Reynolds was amended on August 16, 2000, pursuant to which Mr. Reynolds agreed to forego the right to terminate the agreement for any reason within thirty months after the effective date of the merger between Respiroics and Healthdyne Technologies, Inc. and receive certain severance benefits, in exchange for the right to receive an amount equal to 150% of his base salary upon the expiration or termination of the employment agreement by the Company or Mr. Reynolds for any reason. This amount is generally payable over a two-year period beginning on the date of expiration or termination of the agreement. The agreement also specifies that Mr. Reynolds is entitled to receive, in addition to the amount described in the preceding sentence, severance in the amount of three times his average annual taxable income during the three years preceding termination if his employment is terminated by the Company without cause or if he terminates his employment voluntarily with good reason. Upon a change-in-control of the Company, if Mr. Reynolds' employment is terminated within twenty-four months following a change-in-control either by the Company without cause or by Mr. Reynolds with good reason, Mr. Reynolds is entitled to receive (a) an amount equal to 150% of his base salary plus severance in the amount of three times his average annual taxable income during the three years preceding termination, and (b) a tax gross-up if Mr. Reynolds is subject to an excise tax under Section 4999 of the Internal Revenue Code as a result of any payments received from the Company being an excess parachute payment under Section 280G of the Internal Revenue Code.

The employment agreement between the Company and Mr. McGinnis, which was amended and restated effective April 1, 1999, and subsequently amended March 31, 2004 and May 24, 2005, provides for payment of severance if his employment is terminated by the Company without cause or by Mr. McGinnis with good reason. Severance consists of payment for the remaining term of the agreement, which will expire by its terms on November 13, 2007. The agreement also specifies that if Mr. McGinnis' employment is terminated by Mr. McGinnis for any reason or terminated by the Company without cause upon or after a business combination not approved by a majority of disinterested members of the Board of Directors, then Mr. McGinnis will receive an amount equal to three times his then current base salary. Termination of employment occurs without cause if it occurs for reasons other than the executive being guilty of any act of material dishonesty with respect to the Company, or being indicted or convicted of a crime involving moral turpitude, or intentionally disregarding the terms of the employment agreement or instructions of the Board of Directors of the Company.

### *Severance*

As described above, employment agreements with the NEOs provide severance payments and continuation of medical and dental benefits in an amount the Company believes is appropriate, taking into account the time it is expected to take an executive to find another position. Severance is provided if employment is terminated by the Company without cause, or by an executive upon a significant modification of the terms and conditions of the executive's employment. The Committee evaluated the level of payments and benefits in FY07 using published market survey data on competitive severance and change-in-control practices and benefit levels. The Company benefits because (a) severance payments and benefits are an important retention tool and (b) separated employees agree not to be employed by a competitor of the Company for a specified period in exchange for severance payments and benefits.

### *Change-in-Control*

These benefits are provided in recognition of the importance to the Company and its shareholders of avoiding the distraction and loss of key executives that may occur in connection with rumored or actual fundamental corporate changes. The employment agreements with the NEOs provide severance payments and continuation of health and dental benefits if employment is terminated within a specified period after a change-in-control. Properly designed change-in-control benefits protect shareholder interests by enhancing employee focus during rumored or actual change-in-control activity.

In addition to severance and benefits provided to NEOs under employment agreements, upon a change-in-control, SERP benefits and stock options become fully vested. These benefits generally require only a change-in-control, without requiring termination of an executive's employment. The Company selected the so-called "single trigger" treatment for equity vehicles, based on a market research study completed for the Company by an outside consulting firm in FY07, to be consistent with market practices, which generally favor immediate vesting of equity awards upon a change-in-control. In addition, the "single trigger" treatment may help promote retention of key employees through the consummation of a change-in-control by allowing stock options to fully vest upon the completion of a change-in-control transaction without the need for a subsequent employment termination.

Please consult the table on "Potential Payments on Termination and Change-in-Control" and the accompanying footnotes for more information about payments due upon a termination of employment or a change-in-control of the Company.

As described below in the section entitled "Tax and Accounting Impact," the Company has committed to provide tax gross-ups for some of the NEOs from any taxes due under Section 4999 of the Internal Revenue Code related to certain payments made in connection with a change-in-control of the Company. This approach ensures that executives are not disadvantaged by unfavorable tax treatment in the event of a transaction that is beneficial to shareholders.

### **Role of Executive Officers**

As discussed previously, Mr. Miclot recommends to the Committee base salary, target annual cash incentive levels, actual cash incentive payouts, and long-term equity incentive awards for the senior officer group (other than himself and Mr. McGinnis), and these recommendations are considered in the context of many other factors, including competitive market data, Company and individual performance, retention needs, and internal equity. These recommendations are based on qualitative judgments regarding individual performance and quantitative analysis provided by Pearl Meyer & Partners, the Company's independent compensation consultant. Mr. Miclot is not involved with any aspect of determining his compensation or the compensation of Mr. McGinnis.

### **Timing of Pay Decisions**

Unless circumstances require otherwise, all compensation decisions regarding the NEOs are made at scheduled meetings of the Committee, which occur in August, November, February, and May, following the release of the Company's quarterly financial results. Stock options may be awarded to the NEOs at any time; however, the procedure used for stock option awards generally results in awards being made annually at the Committee's meeting in August each year, following the release of the Company's annual financial results. As a result, annual stock option awards are made to the NEOs at the same time as awards are made to all Company employees worldwide who are eligible to receive stock option awards. Annual awards to employees for FY08 were approved at the Committee's meeting on August 20, 2007, with an effective date of August 21, 2007. Stock option awards for newly eligible employees are made at the next scheduled meeting of the Committee after the date they become eligible.

Stock options are awarded at fair market value on the date approved by the Committee (or the next business day if the date of approval is not a business day). Fair market value for this purpose is defined as the average of the high and low market prices for the day. The Committee has not and does not intend in the future to coordinate the timing of long-term equity incentive awards with the release of material nonpublic information.

### **Stock Ownership Guidelines**

The Company does not apply stock ownership guidelines or requirements to executive officers, including the NEOs. The Committee believes that executive officers, including the NEOs, have substantial exposure to share price fluctuations and have a meaningful alignment with shareholders. The Committee reviewed this policy in FY07 and decided not to recommend stock ownership requirements for the NEOs. This decision was shared with the Committee, and the Committee concurred.

### **Tax and Accounting Impact**

The Committee and management have considered the impact of accounting and tax rules on the design and operation of compensation programs to balance the potential cost to the Company with the benefit to the executive.

Under Section 162(m) of the Internal Revenue Code, the federal income tax deductibility of compensation paid to the Company's Chief Executive Officer and to each of its four other most highly compensated executive officers may be limited to the extent that such compensation exceeds \$1 million in any one fiscal year. With regard to Section 162(m), it is the Committee's intent to maximize deductibility of executive compensation while retaining discretion needed to compensate executives in a manner commensurate with individual and Company performance and with the competitive landscape for executive talent. In this regard, the Company has complied with Section 162(m) and has foregone tax deductions on compensation in excess of \$1 million where required. It is possible that non-qualifying compensation paid to the Company's executive officers in the future may exceed \$1 million in a fiscal year and therefore may limit the tax-deductibility of a portion of such compensation.

The Company has committed to provide tax gross-ups for all executive officers (except Mr. McGinnis) from excise taxes due under Section 4999 of the Internal Revenue Code related to certain payments made in connection with a change-in-control of the Company. In the absence of a tax gross-up, this excise tax may cause senior executives to be in a worse economic situation than without a change-in-control provision and create a disincentive for completing a transaction that is in the best interest of shareholders. For this reason, the Company determined that Section 4999 gross-up payments are appropriate for the Company's executive officers (except Mr. McGinnis).

## COMPENSATION AND HUMAN RESOURCE COMMITTEE REPORT

The Compensation and Human Resource Committee has reviewed and discussed the above Compensation Discussion and Analysis with the Company's management. Based on the review and discussions, the Committee has recommended to the Company's Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007, and the Board of Directors has agreed with that recommendation.

John C. Miles II, Chairman

Douglas A. Cotter

Donald H. Jones

### ADDITIONAL INFORMATION REGARDING EXECUTIVE COMPENSATION

#### Summary Compensation Table

The following table sets forth information concerning the compensation of the Principal Executive Officer and the Principal Financial Officer of the Company during the fiscal year ended June 30, 2007, and the three highest paid executive officers other than the Principal Executive Officer and the Principal Financial Officer for services rendered to the Company and its subsidiaries during the fiscal year ended June 30, 2007. These individuals are described in the proxy statement as the named executive officers.

Name and Principal Position	Year	Salary (1)	Option Awards (2)	Non-equity Incentive Plan Compensation (3)	Change in Pension Value and nonqualified deferred compensation earnings (4)	All Other Compensation (5)	Total (6)
John L. Miclot President and Chief Executive Officer	2007	\$ 709,808	\$ 1,360,050	\$ 630,720		\$ 135,954	\$ 2,836,532
Craig B. Reynolds Executive Vice President, Chief Operating Officer	2007	\$ 509,732	\$ 830,681	\$ 345,706	\$ 10,187	\$ 111,642	\$ 1,807,948
Daniel J. Bevevino Vice President, Chief Financial Officer	2007	\$ 355,336	\$ 674,150	\$ 206,565		\$ 79,756	\$ 1,315,807
Gerald E. McGinnis Advanced Technology Officer and Chairman of the Board	2007	\$ 300,000	\$ 435,013			\$ 286,958	\$ 1,021,971
Donald J. Spence President, Sleep and Respiratory Group	2007	\$ 332,923	\$ 280,125	\$ 126,000		\$ 224,487	\$ 963,535

(1) The amounts in this column represent cash compensation earned and received by named executive officers as well as amounts deferred and contributed at the election of those officers to a tax deferred Section 401(k) plan.

(2) The amounts in this column are the dollar amounts recognized for financial statement reporting purposes with respect to the fiscal year in accordance with Financial Accounting Standard 123 (R), disregarding any estimate of forfeitures related to service-based vesting conditions. See Note N to the Consolidated Financial Statements, filed with our annual report on Form 10-K, for a discussion of the assumptions made in calculating amounts under Financial Accounting Standard 123 (R).





- (3) The amounts in this column represent annual cash incentives that were paid in the first quarter of fiscal year 2008 under annual cash incentive plans for performance related to fiscal year 2007. The amounts in this column include amounts deferred and contributed at the election of the named executive officers to a tax deferred Section 401(k) plan.
- (4) The amount in this column represents the year-over-year change in the present value of Mr. Reynolds' accumulated benefit under the Healthydyne Technologies, Inc. Retirement Benefit Award. More information about this benefit is contained in the table entitled "Pension Benefits".
- (5) The amounts in this column are composed of Company contributions to the Company's qualified and non-qualified retirement plans, certain interest income, and the cost of supplemental insurance, as well as perquisites paid to named executive officers. The following table sets forth all such compensation paid in 2007 to the named executive officers.

Nature of all other compensation	Mr. Miclot	Mr. Reynolds	Mr. Bevevino	Mr. McGinnis	Mr. Spence
Retirement (A)	\$ 105,432	\$ 69,450	\$ 55,270	\$ 265,600	\$ 51,639
Insurance	2,635	2,635	2,467	1,421	1,828
Relocation (B)					158,289
Interest Income	372	21,321		339	
Perquisites (C)	27,515	18,236	22,019	19,598	12,731
Total	\$ 135,954	\$ 111,642	\$ 79,756	\$ 286,958	\$ 224,487

- (A.) For Mr. McGinnis, consists of contributions to a deferred individual annuity arrangement and related tax reimbursement.
- (B.) For Mr. Spence, consists of relocation benefits and tax reimbursement related to joining the company in fiscal year 2006.
- (C.) Perquisites consist of transportation allowances, club dues, spousal travel, non-business entertainment, and annual physical examinations.

- (6) The amounts shown in the "Total" column are an estimate prepared in accordance with the rules of the Securities and Exchange Commission. These amounts include the amounts shown in the column "Option Awards". The "Option Awards" amounts do not necessarily represent the value the executive may actually receive; the value could be substantially less (even zero) or more than the amounts represented. As a result, that portion of the amounts shown in the "Total" column may never be earned.

#### Grants of Plan Based Awards

The following table sets forth certain information concerning grants of awards made to each named executive officer during the fiscal year ended June 30, 2007:

Name	Grant Date	Estimated Payouts Under Non-Equity Incentive Plan Awards at Target (1)	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Options	Closing Market Price on Grant Date	Grant Date Fair Value of Stock and Option Awards
John L. Miclot	8/22/06	\$ 657,000	200,000	\$ 35.33	\$ 35.45	\$ 1,720,000
Craig B. Reynolds	8/22/06	\$ 360,110	116,000	\$ 35.33	\$ 35.45	\$ 997,600
Daniel J. Bevevino	8/22/06	\$ 215,172	80,000	\$ 35.33	\$ 35.45	\$ 688,000
Gerald E. McGinnis	8/22/06		40,000	\$ 35.33	\$ 35.45	\$ 344,000
Donald J. Spence	8/22/06	\$ 168,000	60,000	\$ 35.33	\$ 35.45	\$ 516,000

- (1) The amounts in this column represent the target annual cash incentives under the Company's annual cash incentive plans for fiscal year 2007 as described in the "Compensation Discussion and Analysis" under the heading "Compensation Levels - Annual Cash Incentives". There are no threshold or maximum payout

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amounts. The amounts shown are based on the named executive officer's fiscal year 2007 base salary. Actual amounts earned by the named executive officers and paid for fiscal year 2007 are reported in the Summary Compensation Table under the column entitled "Non-Equity Incentive Plan Compensation."

**Outstanding Equity Awards**

The following table sets forth certain information concerning outstanding equity awards for each named executive officer as of June 30, 2007:

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options (1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive plan Awards: Number of Shares, Units or Rights That Have Not Vested	
John L. Miclot	15,000		\$ 16.84	08/22/11				
	40,000		\$ 16.34	08/16/12				
	40,000	20,000	\$ 20.34	08/27/13				
	100,000	50,000	\$ 22.95	12/01/13				
	50,000	50,000	\$ 26.77	08/25/14				
	37,500	112,500	\$ 38.95	08/24/15				
		200,000	\$ 35.33	08/22/16				
	282,500	432,500						
Craig B. Reynolds	22,500		\$ 16.34	08/16/12				
	45,000	22,500	\$ 20.34	08/27/13				
	45,000	45,000	\$ 26.77	08/25/14				
	25,000	75,000	\$ 38.95	08/24/15				
		116,000	\$ 35.33	08/22/16				
	137,500	258,500						
Daniel J. Bevevino	12,500		\$ 16.84	08/22/11				
	40,002		\$ 16.34	08/16/12				
	40,000	20,000	\$ 20.34	08/27/13				
	40,000	40,000	\$ 26.77	08/25/14				
	20,000	60,000	\$ 38.95	08/24/15				
		80,000	\$ 35.33	08/22/16				
	152,502	200,000						
Gerald E. McGinnis	31,200		\$ 12.31	11/19/07				
	7,350		\$ 6.08	08/21/08				
	20,004		\$ 4.22	10/12/09				
	10,206		\$ 9.23	08/18/10				
	40,000		\$ 16.84	08/22/11				
	20,000		\$ 16.34	08/16/12				
	15,000	5,000	\$ 20.34	08/27/13				
	40,000	40,000	\$ 26.77	08/25/14				
	15,000	45,000	\$ 38.95	08/24/15				
		40,000	\$ 35.33	08/22/16				

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	198,760	130,000		
Donald J. Spence	30,000	30,000	\$ 33.04	05/25/15
		60,000	\$ 33.04	08/22/16
	30,000	90,000		

(1) These options vest in equal installments over a four year period from the date of the grant.

**Option Exercises and Stock Vesting**

The following table describes the stock options exercised by the named executive officers during the fiscal year ended June 30, 2007. The Company has no stock awards outstanding to any named executive officer.

Name	Options Exercised and Stock Vested 2007			
	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
John L. Miclot				
Craig B. Reynolds				
Daniel J. Bevevino				
Gerald E. McGinnis	39,040	\$ 1,419,158		
Donald J. Spence				

**Pension Benefits**

The following table sets forth certain information concerning each plan that provides for payments or other benefits at, following, or in connection with retirement for each named executive officer as of June 30, 2007:

Name	Plan Name (1)	Number of Years Credited Service (2)	Present Value of Accumulated Benefits (3)	Payments During Last Fiscal Year
Craig B. Reynolds	Healthdyne Technologies, Inc. Retirement Benefit Award	20	\$ 195,398	

- (1) The Healthdyne Technologies, Inc. Retirement Benefit Award ( Healthdyne Plan ) is a non-contributory non-qualified defined benefit pension plan. The benefit formula is three percent for each year of service (capped at 20 years) multiplied by the average base salary during the highest three years of employment, reduced by Social Security benefits. The amount of Mr. Reynolds' estimated retirement benefit is not increasing as a result of Healthdyne's merger with the company in 1989. The benefit is payable starting after retirement. The benefit is payable as (a) a monthly benefit for Mr. Reynolds' life that ceases upon his death, or (b) a monthly benefit for Mr. Reynolds' life that is payable after his death to his spouse for her life, if he is survived by a spouse, in an amount equal to 50 percent of the monthly amount payable to Mr. Reynolds.
- (2) Mr. Reynolds has accumulated the maximum number of years of service recognized under the Healthdyne Plan (i.e., 20 years). His benefit is payable immediately following termination of employment, or may be deferred until any time between early retirement age and normal retirement age. Normal retirement age is age 65; early retirement age is age 55 with 10 years of service. For early retirement, benefits are reduced for each year in which payment commences before age 65. Mr. Reynolds is eligible for early retirement, with a 27 percent reduction.
- (3) The amount in this column represents the actuarial present value of Mr. Reynolds' accumulated pension benefit at June 30, 2007, assuming retirement at age 65 based upon current level of pensionable income. An interest rate of 5.50 percent and the 1983 GAM mortality table were used to calculate this benefit. The initial annual payment, assuming retirement at age 65, is estimated to be \$33,525.

**Non-qualified Deferred Compensation**

Name	Executive Contributions in Last Fiscal Year (1)	Registrant Contributions in Last Fiscal Year (1)	Aggregate Earnings in Last Fiscal Year (2)	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year End
John L. Miclot		\$ 98,550	\$ 74,913		\$ 539,984
Craig B. Reynolds		\$ 69,450	\$ 67,106		\$ 423,689
Daniel J. Bevevino		\$ 48,414	\$ 52,290		\$ 293,336
Gerald E. McGinnis					
Donald J. Spence		\$ 45,360	\$ 13,645		\$ 93,405

- (1) The Company maintains two non-qualified deferred compensation plans: the 2004 Supplemental Executive Retirement Plan and the 2005 Supplemental Executive Retirement Plan (collectively, the "SERP"). These plans are maintained separately for purposes of complying with the deferred compensation tax rules in Internal Revenue Code section 409A. The 2004 plan is closed to new contributions. All amounts shown in the table reflect combined amounts for the 2004 and 2005 plans. The SERP allows eligible employees, including all NEOs (except Mr. McGinnis), to voluntarily defer a portion of their base salary, annual cash incentive pay, and other incentive pay amounts, into the SERP. The SERP also allows the Company to make an annual discretionary contribution. Amounts deferred by executives in fiscal year 2007 if any for base salary, annual cash incentive pay, and other incentive pay are included in the 2007 Summary Compensation Table. The Company contributions made in fiscal year 2007 are also included in the 2007 Summary Compensation Table under the "All Other Compensation" column. SERP participants may elect a lump sum payment, or an installment distribution payable for up to 10 years after separation.
- (2) Aggregate earnings consist of interest, dividends, capital gains and appreciation/depreciation of investment results reported in the annual participant account balances.

**Potential Payments Upon Termination or Change-in-Control**

The following information describes and quantifies payments and benefits that would become payable to each named executive officer if his employment terminated on June 30, 2007, based on the terms of his employment agreement and compensation level at June 30, 2007, and on the Company's closing stock price on that date.

Respironics has employment agreements with each named executive officer that provide severance and other payments and benefits upon termination of employment in certain circumstances. The section above entitled "Compensation Discussion and Analysis" includes under the heading "Termination and Change-in-Control Payments" a summary of the material terms and conditions of the employment agreements between the Company and the named executive officers. This summary also includes a description of changes made in employment agreements since June 30, 2007, which is the effective date of the information below, that are not reflected in the information below. The terms of the Company's Stock Incentive Plans and Supplemental Executive Retirement Programs also provide benefits in the case of certain employment terminations following a change-in-control of the Company.

Potential payments to named executive officers can occur under the following triggering circumstances:

Voluntary separation at the election of a named executive officer ( "Separation" )

Termination by the Company for cause ( "Discharge" )

Termination by the Company without cause or termination by a named executive officer with good reason ( "Regular Termination" )

Termination by the Company without cause or termination by a named executive officer with good reason following a Change-in-Control of the Company ( "Change-in-Control Termination" )



In addition, upon retirement each named executive officer participating in the Company's Supplemental Executive Retirement Plan (SERP) will receive the amount in his individual SERP account. The account balances payable if a named executive officer's employment terminated on June 30, 2007 are disclosed in the table entitled "Nonqualified Deferred Compensation" and are not included below. Upon retirement, amounts payable to Mr. Reynolds under the Healthydyne Technologies, Inc. Retirement Benefit Award are disclosed in the table entitled "Pension Benefits" and are not included below.

*Severance pay*

Employment agreements between the Company and each named executive officer provide for the payment of severance upon Regular Termination with the amount of severance based on the duration of the employment agreement or a multiple of base salary. Certain agreements also provide for payment of annual cash incentives and for continuation of healthcare and dental benefits. No severance is payable upon Separation or Discharge, except for Mr. Reynolds whose employment agreement provides for payments in exchange for certain rights surrendered by Mr. Reynolds under his employment agreement. Please see the section above entitled "Compensation Discussion and Analysis" under the heading "Termination and Change-in-Control Payments" for more information about employment agreements.

Change-in-Control Termination provisions are designed so that employees are neither harmed nor given a windfall in the event of a Change-in-Control Termination. The provisions are intended to ensure that executives evaluate business opportunities in the best interests of shareholders.

*Equity awards*

Unexercisable stock option awards granted to named executive officers in accordance with the Company's stock incentive plans become immediately exercisable upon a change-in-control and remain exercisable for the remaining term of the stock option award. Unexercisable stock option awards are forfeited upon Separation and Discharge. These terms are applicable to all employees covered by the Company's stock incentive plans.

The Company's stock incentive plans provide for accelerated vesting of unexercisable stock option awards upon a change-in-control without an employment termination. These terms are applicable to all employees covered by the stock incentive plans.

*Deferred compensation*

The SERP permits the deferral of salary and cash incentives by the named executive officers (except Mr. McGinnis) and provides for discretionary Company contributions. Named executive officers (except Mr. McGinnis) may receive the vested amount in their individual SERP account upon any type of employment termination.

The SERP provides for accelerated vesting of benefits upon a change-in-control without the need for termination of employment.

Name	Termination Event (1)	Severance (2)	Equity Awards (stock options) (3)	Non-Qualified Deferred Compensation (4)
John L. Miclot	Voluntary Resignation			
	Termination for Cause			
	Termination without Cause	\$ 2,308,842		
	Change in Control	\$ 2,526,875	\$ 4,079,500	
Craig B. Reynolds	Voluntary Resignation	\$ 819,065	\$ 1,163,843	\$ 138,900
	Termination for Cause	\$ 819,065	\$ 1,163,843	\$ 138,900
	Termination without Cause	\$ 7,559,953	\$ 1,163,843	\$ 138,900
	Change in Control	\$ 9,950,484	\$ 2,327,685	\$ 138,900
Daniel J. Bevevino	Voluntary Resignation			
	Termination for Cause			
	Termination without Cause	\$ 1,167,512		
	Change in Control	\$ 1,748,862	\$ 1,877,000	
Gerald E. McGinnis	Voluntary Resignation			
	Termination for Cause			
	Termination without Cause	\$ 112,500		
	Change in Control	\$ 900,000	\$ 1,198,250	
Donald J. Spence	Voluntary Resignation			
	Termination for Cause			
	Termination without Cause	\$ 345,300		
	Change in Control	\$ 465,300	\$ 722,100	\$ 93,405

- (1) Termination without cause consists of involuntary termination by the Company and voluntary termination by a named executive officer under circumstances specified in the employment agreement between the Company and the named executive officer.
- (2) Amounts payable pursuant to the terms of the employment agreements between the Company and each named executive officer, consisting of base salary, annual cash incentive, and healthcare and dental insurance coverage for a specified period. For Mr. Reynolds, the amount listed for a change-in-control termination also includes an excise tax gross-up. For Mr. Miclot, Mr. Bevevino, and Mr. Spence, the amounts listed for a change-in-control termination do not reflect the ability to voluntarily terminate employment after a change-in-control for any reason and accept a reduced severance payment. For Mr. McGinnis, the amount listed for a change-in-control termination is payable only if there is a business combination not approved by a majority of the disinterested members of the Board of Directors of the Company.
- (3) Under the terms of the Company's stock incentive plans, all unexercisable stock options become exercisable immediately in the event of a change-in-control. The valuation shown is based upon the number of unexercisable stock options on June 30, 2007 that would become exercisable as a result of a change in control on such date multiplied by the closing price of Respiroics common stock on June 30, 2007, which was \$42.59 per share. No amount is included for the in-the-money value of stock options that were exercisable on June 30, 2007 without regard to a change-in-control. The value of such exercisable stock options is contained in the table entitled "Outstanding Equity Awards at Fiscal Year-End".
- (4) Amounts assume termination or change-in-control separation occurring on June 30, 2007, with no further deferral of available funds. Under the terms of the Supplemental Executive Retirement Plan, the value of vested individual account balances is payable upon termination of employment in all cases. Amounts shown in this column reflect additional Company contributions related to post-termination severance payments specified in employment agreements (Mr. Reynolds) and the value of individual account balances that become vested as a result of a change-in-control (Mr. Spence).



**Directors Compensation Table**

The following table sets forth information concerning the compensation of non-employee directors of the Company during the fiscal year ended June 30, 2007.

Name	Fees Earned or Paid in Cash (1)	Stock Awards	Option Awards (2)	Non-equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total (3)
James W. Liken	\$ 27,000		\$ 15,505				\$ 42,505
John C. Miles II	\$ 54,500		\$ 130,628				\$ 185,128
Douglas A. Cotter	\$ 80,000		\$ 130,628				\$ 210,628
Sean McDonald	\$ 48,000		\$ 130,628				\$ 178,628
Mylle H. Mangum	\$ 49,500		\$ 194,675				\$ 244,175
Joseph C. Lawyer	\$ 58,000		\$ 130,628				\$ 188,628
J. Terry Dewberry	\$ 48,000		\$ 130,628				\$ 178,628
Candace L. Littell	\$ 51,500		\$ 130,628				\$ 182,128
Donald H. Jones	\$ 49,500		\$ 130,628				\$ 180,128

- (1) The amounts in this column consist of annual retainer, Board meeting fees, Committee Chair retainers, and Committee meeting fees. The amounts in this column represent cash compensation earned and received as well as amounts deferred and contributed at the election a director to a non-qualified deferred compensation plan.
- (2) The amounts in this column are the dollar amounts recognized for financial statement reporting purposes with respect to the fiscal year in accordance with Financial Accounting Standard 123(R), disregarding any estimate of forfeitures related to service-based vesting conditions. Stock option awards to non-employee directors vest over a period of three years from the grant date. See Note N to the Consolidated Financial Statements, filed with our annual report on Form 10-K, for a discussion of the assumptions made in calculating amounts under Financial Accounting Standard 123(R). The value for Mr. Liken consists of his first annual stock option award in November 2006 upon his becoming a non-employee director. The value for Ms. Mangum includes the initial stock option award of 20,000 shares made in May 2005 upon her becoming a non-employee director.
- (3) The amounts shown in the Total column are an estimate prepared in accordance with the rules of the Securities and Exchange Commission. These amounts include the amounts shown in the column Option Awards. The Option Awards amounts do not necessarily represent the value the director may actually receive; the value could be substantially less (even zero) or more than the amounts represented. As a result, that portion of the amounts shown in the Total column may never be earned.

**MATTERS TO BE ACTED UPON**

*1. ELECTION OF DIRECTORS*

The Board of Directors, acting pursuant to the Certificate of Incorporation of the Company, has determined that the number of directors constituting the full Board of Directors will be twelve at the present time.

The Board is divided into three classes. One such class is elected every year at the Annual Meeting of Shareholders for a term of three years. Accordingly, a class is to be elected at the 2007 Annual Meeting of Shareholders, with each director so elected to hold office until the 2010 Annual Meeting of Shareholders or until the director's prior death, disability, resignation or removal.

The Board of Directors has nominated Douglas A. Cotter, Gerald E. McGinnis, Craig B. Reynolds, and Candace L. Littell for reelection to the Board for the class of 2010, and each of them has agreed to serve if elected. **The Board of Directors recommends that the shareholders vote FOR the election of the four persons nominated to the Board of Directors.** Proxies are solicited in favor of these nominees and will be voted for them unless otherwise specified. If any nominee becomes unable or unwilling to serve as director, it is intended that the proxies will be voted for the election of such other person, if any, as will be designated by the Board of Directors.

Information concerning those nominees for director (class of 2010), and the other directors who will continue in office after the meeting (classes of 2008 and 2009), is set forth below.

<b>Name</b>	<b>Position with the Company</b>
<i>Class of 2010</i>	
Douglas A. Cotter	Director (1)
Candace L. Littell	Director (1)
Gerald E. McGinnis	Advanced Technology Officer and Chairman of the Board
Craig B. Reynolds	Executive Vice President, Chief Operating Officer and Director
<i>Class of 2009</i>	
Joseph C. Lawyer	Director (1)
Mylle H. Mangum	Director (1)
Sean C. McDonald	Director (1)
John C. Miles II	Director (1)
<i>Class of 2008</i>	
J. Terry Dewberry	Director (1)
Donald H. Jones	Director (1)
James W. Liken	Vice Chairman of the Board
John L. Miclot	President, Chief Executive Officer and Director

(1) These directors are independent directors under the requirements set forth in the NASD Market Place Rules.

**Douglas A. Cotter**

*Private Investor*

Dr. Cotter, age 64, is a private investor. He has been a director of the Company since February 1989. From 2000 to 2002, Dr. Cotter was a Senior Vice President of Leerink Swann and Company, an investment banking firm focusing on life science and medical corporations. From 1998 to 2000 and from 1985 to 1996, Dr. Cotter was President of Healthcare Decisions, Inc., a health care and biotechnology consulting firm specializing in corporate development and acquisitions. Between April 1996 and March 1998, Dr. Cotter was Vice President of Decision Resources, a consulting firm specializing in the health care industry (primarily pharmaceuticals).

**J. Terry Dewberry**

*Private Investor*

Mr. Dewberry, age 63, is a private investor. He has served as a director of the Company since the completion of the merger between the Company and Healthdyne Technologies, Inc. ( Healthdyne ) on February 11, 1998. Prior to the merger, Mr. Dewberry held various executive management positions with Healthdyne, Inc. Mr. Dewberry also serves on the Board of Matria Inc.

**Donald H. Jones**

*Chairman, Triangle Capital Corporation*

Mr. Jones is 70 years old. He has been a director of the Company since May 1996. Since 1998 Mr. Jones has served as chairman of Triangle Capital Corporation ( Triangle ), a venture capital and management firm. Prior to serving as chairman of Triangle, Mr. Jones held various executive management positions for an online electronic commerce company linking business-to-business buyers and sellers through electronic networks including the Internet. In addition, Mr. Jones has served as corporate executive and director of both private and public companies in the medical, telecommunications and automation industries.

**Joseph C. Lawyer**

*Vice Chairman, Reunion Industries Inc.*

Mr. Lawyer is 62 years old. He has been a director of the Company since 1994. Since May 2000, Mr. Lawyer has served as Vice Chairman of Reunion Industries, Inc. ( Reunion ) which designs, manufactures and markets a broad range of fabricated and machined parts and products. Mr. Lawyer served as President of Reunion from March 2000 until his retirement from that position in May 2000. He has also been a Director of Reunion since March 2000. From 1988 through March 2000, he was President, Chief Executive Officer and a Director of Chatwins Group, Inc. ( CGI ) that merged with Reunion in March 2000. Prior to 1988 Mr. Lawyer held various managerial and executive level positions for several companies in the fabricated products industry.

**James W. Liken**

*Vice Chairman of the Company*

Mr. Liken is 58 years old. He has served as a director of the Company since January 1999. From August 1999 until December 1, 2003, when he became Vice Chairman of the Board of Directors, Mr. Liken served as President and Chief Executive Officer of Respiroics. Prior to joining Respiroics, Mr. Liken was owner of Liken Home Medical, Inc. from 1990 until he sold that business in July 1998. Mr. Liken has been active in the home medical business since 1971, serving in management and ownership capacities for several predecessor companies to Liken Home Medical, Inc. Mr. Liken also continues to serve on the Board of the American Association of Homecare. He also is a director of Dynavox Systems, LLC and Cohera Medical, Inc.

**Candace L. Littell**

*President, Littell Group, Inc.*

Ms. Littell is 50 years old. She has served as a director of the Company since 1999. She previously served as a director of the Company in 1997. From January 1995 through January 1998, and again since September 1999, she has been the President of Littell Group Inc., a consulting firm headquartered in Virginia, specializing in healthcare reimbursement strategy for medical technology companies. Ms. Littell has also held various senior and executive level management positions focusing on health care financing and reform, and the economic impact of the medical technology industry.

**Mylle H. Mangum**

*Chief Executive Officer, IBT*

Ms. Mangum is 58 years old and was appointed to the Respirionics Board of Directors in May 2004. Ms. Mangum, owner of IBT Enterprises, LLC (IBT) since 2005, has served as Chief Executive Officer of IBT since October 2003. Ms. Mangum served as Chief Executive Officer of True Marketing Services, LLC since July 2002. Prior thereto, she served as Chief Executive Officer of MMS incentives, Inc. from 1999 to 2002. She is also a Director of Barnes Group Inc., Emageon, Inc., Payless ShoeSource, Inc., Matria Healthcare, Inc., Decatur 1<sup>st</sup> Bank, and Haverty Furniture Companies, Inc.

**Sean McDonald**

*President and Chief Executive Officer, Precision Therapeutics*

Mr. McDonald is 46 years old. He has been a director of the Company since 2000. Mr. McDonald is the President and Chief Executive Officer of Precision Therapeutics, Inc., a biomedical company providing comprehensive, personalized cancer management information, a position he has held since January 2001. From July 1999 to September 2000, he served as Group President of the Automation Group of McKessonHBOC, a successor company to Automated Healthcare, Inc. which Mr. McDonald founded. Prior to that, Mr. McDonald held various engineering and engineering management positions with Westinghouse Electric Corporation.

**Gerald E. McGinnis**

*Advanced Technology Officer of the Company and Chairman of the Board*

Mr. McGinnis is 73 years old. He has been a director of the Company since 1976 and Chairman of the Board since November 1994. On June 30, 2004, he was appointed to the position Advanced Technology Officer. Mr. McGinnis founded Respirionics in 1976 after selling Lanz Medical Products Corporation, the predecessor to the Company. Prior thereto, Mr. McGinnis held senior research and engineering positions for several entities within the healthcare industry.

**John L. Miclot**

*President and Chief Executive Officer, Respirionics*

Mr. Miclot is 48 years old. He has been a director of the Company since May 2003 and was appointed to the position of President and Chief Executive Officer in December 2003. Prior to his appointment as CEO, Mr. Miclot served as Executive Vice President and Chief Strategic Officer of the Company between October 2002 and December 2003. Prior to that, he served since July 1999 as president of Respirionics Homecare division. Prior to joining Respirionics, Mr. Miclot held various executive level positions with several companies within the medical device industry. Mr. Miclot serves on the Board of Directors of Wright Medical Group, a global orthopedic medical device company, and the American Association for Homecare. He is also a member of the Young Presidents Organization.

**John C. Miles II**

*Private Investor*

Mr. Miles is 65 years old. He has been a director of the Company since February 2002. Mr. Miles is a member of the Board of Dentsply International, Inc. ( Dentsply ), the world's largest manufacturer of dental products. Mr. Miles served as Dentsply's Chief Executive Officer from January 1996 to January 2004 and as the Chairman of its Board of Directors from May 1998 until May 2004.

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**Craig B. Reynolds**

*Executive Vice President and Chief Operating Officer, Respironics*

Mr. Reynolds is 59 years old. He has been a director of the Company since the completion of the merger between the Company and Healthdyne Technologies, Inc. on February 11, 1998. He currently serves as Executive Vice President and Chief Operating Officer of the Company. Prior to joining the Company, Mr. Reynolds served as President of Healthdyne Technologies from January 1987 until completion of the merger with the Company and served as Chief Executive Officer starting in 1993 until completion of the merger with the Company. Previously, Mr. Reynolds maintained various executive level positions for the divisions of Healthdyne, Inc.

**2. SELECTION OF AUDITORS**

The Audit Committee has selected the independent registered public accounting firm of Ernst & Young as the auditors to examine the consolidated financial statements of the Company for fiscal year 2008.

**The Board of Directors recommends that the shareholders vote FOR ratification of the appointment of Ernst & Young.** The proxies solicited on behalf of the Board of Directors will be voted to ratify selection of that firm unless otherwise specified.

Ernst & Young has served as the independent auditors for the Company since 1984. Representatives of Ernst & Young are expected to be present at the Annual Meeting of Shareholders. They will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions.

**3. OTHER BUSINESS**

The Board of Directors does not know of any other business to be presented to the Annual Meeting of Shareholders. If any other matters properly come before the meeting, however, the persons named in the enclosed form of proxy will vote the proxy in accordance with their best judgment.

**VOTE REQUIRED**

Under Delaware law, the four nominees for election as directors at the Annual Meeting of Shareholders who receive the greatest number of votes cast for the election of directors by the holders of the Company's Common Stock present in person or represented by proxy and entitled to vote at the meeting, a quorum being present, will be elected as directors. The affirmative vote of the holders of a majority of the shares of the Company's Common Stock present in person or represented by proxy and entitled to vote at the Annual Meeting of Shareholders, a quorum being present, is necessary for ratification of the selection of Ernst & Young. The aggregate number of shares for which a vote For, Against or Abstain is made is counted for the purpose of determining the minimum number of affirmative votes required for approval, and the total number of votes cast For approval is counted for the purpose of determining whether sufficient votes are received. An abstention from voting on a matter other than election of directors by a shareholder present in person or represented by proxy and entitled to vote has the same legal effect as a vote Against the matter. If a broker or similar nominee limits on a proxy card the number of shares voted on a proposal or indicates that the shares represented by a proxy card are not voted on the proposal, such broker non-votes will not be voted on the proposal and will not be counted in determining the number of affirmative votes required for approval.

**Executive Officers**

The executive officers of the Company, other than those who also serve as directors and are described in the preceding pages, are Daniel J. Bevevino, 47, Vice President and Chief Financial Officer; Steven P. Fulton, 48, Vice President and General Counsel; Derek Smith, 49, President, Hospital Group; Donald J. Spence, 54, President, Sleep and Home Respiratory Group; Geoffrey C. Waters, 57, President, International Group, and William Wilson, 57, Chief Human Resource Officer.

**Daniel J. Bevevino**

*Vice President and Chief Financial Officer*

Mr. Bevevino joined the Company in 1988 as Manager of Cost Accounting. From 1990 to 1994 Mr. Bevevino served as Controller. In November of 1994, Mr. Bevevino was elected Chief Financial Officer and in May 1996 was also elected Vice President. Prior to his affiliation with the Company, Mr. Bevevino spent five years with Ernst & Young. A Pennsylvania native, Mr. Bevevino earned a Bachelor of Science in Business Administration at Duquesne University and a MBA from the university of Notre Dame. He is a member of the Board of Directors of CryoLife, Inc and serves as a member of their Audit Committee.

**Steven P. Fulton**

*Vice President and General Counsel*

Mr. Fulton joined the Company on a part time basis in May 1995 serving as General Counsel. In January 1996 his role was expanded to full time status and in May 1996 he was elected Vice President and General Counsel. In February 1998, Mr. Fulton was appointed to the position of Vice President and General Counsel. Prior to joining the Company, Mr. Fulton was a partner in the Pittsburgh office of Reed Smith LLP, a law firm he joined in May 1984. Prior to this employment, he served briefly in an engineering capacity for Westinghouse Electric Corporation. Mr. Fulton earned a Bachelor of Science in Mechanical Engineering/Engineering and Public Policy from Carnegie-Mellon University and a Juris Doctorate from Harvard University. He is a member of the Board of Directors of Medmarc Mutual Insurance Company and serves as the Chairman of its Corporate Governance Committee.

**Derek Smith**

*President, Hospital Group*

Mr. Smith joined the Company in August 2005. Prior to joining the Company, Mr. Smith served as Senior Vice President of Operations and Technology Development for McKesson Health Solutions ( McKesson ). In 1999, Mr. Smith joined McKesson s Access Health business unit where he served as Senior Vice President and General Manager. Prior to McKesson, Mr. Smith spent 15 years with Datex-Ohmeda, Inc. in positions of increasing responsibility including several general management assignments, focusing on patient monitoring and critical care ventilation.

**Donald J. Spence**

*President, Sleep and Home Respiratory*

Mr. Spence joined the Company in April 2005. Prior to joining the Company, Mr. Spence served as Executive Vice President of GKN Automotive and from 2001 until late 2004 was President/CEO of GKN Sinter Metals, both divisions of GKN plc ( GKN ). Mr. Spence joined GKN in 1998 as Senior Vice President Sales and Marketing for GKN Sinter Metals. In 2001 he was promoted to President/CEO of GKN Sinter Metals. Prior to GKN plc, Mr. Spence spent ten years with Datex-Ohmeda, Inc. in positions of increasing responsibility including Business Unit Controller, Director of Field Operations, Vice President of Global Marketing, and President of the Medical Systems Division.

**Geoffrey C. Waters**

*President, International Group*

Mr. Waters, joined the Company in October 1996 as Vice President Customer Satisfaction in connection with the Company s acquisition of LIFECARE International, Inc. In February 1998, Mr. Waters was appointed to the position of Vice President International Sales and Marketing. In July 1999, Mr. Waters was named Vice President International Group and was named President International Group in May 2000. Prior to joining the Company, Mr. Waters was employed in various capacities by LIFECARE International, Inc. from 1984 to 1996. His last position with LIFECARE was President and Chief Operating Officer.

**William Wilson**

*Chief Human Resource Officer*

Mr. Wilson joined Respirationics, Inc. in April 2002 as Vice President, Human Resources and was appointed Chief Human Resource Officer in November 2006. Prior to Respirationics, he held senior Human Resources positions with Marconi, Aerial Communications, and NCR Corporation. Mr. Wilson holds a master's degree in industrial and labor relations from Cornell University and a Bachelor of Science from the University of Pittsburgh.

**Compensation and Human Resource Committee Interlocks and Insider Participation**

The SEC rules relating to the disclosure of executive compensation require that this Proxy Statement include certain information about insider participation on compensation committees and about specific kinds of interlocking relationships between the compensation committees of different companies, under the foregoing caption. All members of the Compensation and Human Resource Committee are independent directors, and no such interlocking relationships exist.

**Stock Compensation Plans Table**

At September 28, 2007, the Company has two active employee stock option plans, the Respirationics, Inc. 2000 Stock Incentive Plan and the Respirationics, Inc. 2006 Stock Incentive Plan, and one employee stock purchase plan. The Respirationics, Inc. 2000 Stock Incentive Plan (2000 plan) provides for the issuance of up to 6,552,000 shares for grant to eligible employees, consultants, and non-employee directors. The Respirationics, Inc. 2006 Stock Incentive Plan (2006 Plan) was approved by shareholders on November 15, 2005, and provides for the issuance of up to 5,019,000 shares to be granted to eligible employees, consultants, and non-employee directors.

Options are also granted under the Plans to members of the Company's Board of Directors who are not employees of the Company. Each non-employee director receives an option to purchase shares on the third business day following the Company's annual meeting of shareholders. The number of options granted annually is stated as 13,000 in the 2000 and 2006 Plans. Pursuant to an amendment made in August 2006, the Committee administering the Plans has discretion, under the 2006 Plan, to reduce the number of options granted under the 2006 Plan in order to align with market competitive levels. Additionally, each non-employee director is granted an option to purchase 13,000 shares, on the first business day following the date they become a member of the Board of Directors.

In August 2001, the Company adopted the Respirationics, Inc. 2002 Employee Stock Purchase Plan (the 2002 Plan) under which employees could purchase common stock of the Company through payroll deductions during each annual plan period beginning on January 1, 2002 through December 31, 2006. The 2002 Plan terminated effective December 31, 2006 and was replaced by the Respirationics, Inc. 2007 Employee Stock Purchase Plan (the 2007 Plan). Under the 2007 Plan, employees can purchase common stock of the Company through payroll deductions during each semi-annual purchase period beginning on January 1 through June 30, with a second purchase period beginning July 1, and continuing through December 31.

Information about the Company's equity compensation plans as of September 28, 2007 is summarized in the following table:

	Number of securities to be issued upon exercise of outstanding options	Weighted- average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	7,735,854	\$ 33.18	2,604,491
Equity compensation plans not approved by security holders (a)	17,916	\$ 10.70	
	7,753,770	\$ 33.13	2,604,491

(a) Represents stock options issued by companies that were acquired by Respironics, prior to the dates of acquisition.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC and the NASD National Market System initial reports of ownership and reports of change in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

All Forms 3, 4 and 5 have been filed within the guidelines of the SEC during fiscal year 2007. In making this disclosure, the Company has relied solely on the written representation of its directors and officers and copies of the reports that they have filed with the SEC.

#### **MISCELLANEOUS**

The cost of soliciting proxies will be borne by the Company. Following the original mailing of the proxy solicitation material, proxies may be solicited personally, or by telephone, facsimile or other electronic means, by employees of the Company and its subsidiaries who will receive no additional compensation for such services. The Company will reimburse brokerage houses and other custodians, nominees and fiduciaries for reasonable expenses incurred in the sending of proxy solicitation material and the 2007 Annual Report to beneficial owners of stock held in their names.

**COPIES OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K, QUARTERLY REPORTS ON FORM 10-Q, CURRENT REPORTS ON FORM 8-K, AND ALL AMENDMENTS TO THESE REPORTS FILED WITH THE SEC ARE AVAILABLE ON OR THROUGH THE COMPANY'S WEBSITE WITHOUT CHARGE AS SOON AS REASONABLY PRACTICABLE AFTER SUCH MATERIAL IS ELECTRONICALLY FILED WITH OR FURNISHED TO THE SEC. COPIES ARE ALSO AVAILABLE, WITHOUT CHARGE, UPON WRITTEN REQUEST TO DORITA A. PISHKO, CORPORATE SECRETARY, RESPIRONICS, INC., 1010 MURRY RIDGE LANE, MURRYSVILLE, PENNSYLVANIA 15668-8525.**

Dorita A. Pishko

*Corporate Secretary*

October 16, 2007



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**RESPIRONICS, INC.**

**1010 Murry Ridge Lane**

**Murrysville, PA 15668**

Respironics, Inc.

Annual Meeting of Shareholders

November 13, 2007

**RESPIRONICS, INC.**

**1010 Murry Ridge Lane**

**Murrysville, PA 15668**

**proxy**

**ANNUAL MEETING OF SHAREHOLDERS, November 13, 2007**

Gerald E. McGinnis, John L. Mielot and Dorita A. Pishko, or any of them, are hereby appointed proxies with full power of substitution, to vote the shares of the shareholder(s) names on the reverse side hereof at the Annual Meeting of Shareholders of Respironics, Inc. to be held at the Pittsburgh Marriott City Center, 112 Washington Place, Pittsburgh, Pennsylvania on Tuesday, November 13, 2007 at 5:00 p.m., and at any adjournment thereof, as directed hereon, and in their discretion to vote and act upon any other matters as may properly come before the meeting.

**Address Change/Comments (Mark the corresponding box on the reverse side)**

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*(Continued and to be signed on reverse side.)*

**YOUR VOTE IS IMPORTANT**  
**PLEASE SIGN, DATE AND RETURN YOUR**  
**PROXY CARD PROMPTLY.**

Ú *Please detach here* Ú

**X** Please mark **THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**  
 votes as in  
 this example.

**Vote on Directors**

1. Election of Directors

NOMINEES:	For All	Withhold All	For All Except	Vote On Proposals	FOR	AGAINST	ABSTAIN
01 Douglas A. Cotter, Ph.D. 02 Gerald E. McGinnis	All	All	Except	2. To ratify the selection of Ernst & Young LLP as independent registered public accounting firm for the fiscal year ending June 30, 2008.	..	..	..
03 Craig B. Reynolds 04 Candace L. Littell	..	..	..				

To withhold authority to vote, mark For All Except and write the nominee's number on the line below.

Mark Here for Address Change or Comments

**PLEASE SEE REVERSE SIDE**

This proxy is solicited on behalf of the Board of Directors and will be voted as specified. If no choice is specified, this proxy will be voted FOR Items 1 and 2. A vote FOR the election of nominees listed includes discretionary authority to vote for a substitute if any is unable to serve or for good cause will not serve.

Date \_\_\_\_\_, 2007

Signature(s) in Box

Please sign above exactly as your name appears on your stock certificate. When shares are held jointly, each person must sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. An authorized person should sign on behalf of corporations, partnerships and associations and give his or her title.