Cryoport, Inc.
Form S-1/A
June 21, 2012
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As filed with the Securities and Exchange Commission on June 20, 2012

Registration Number 333-180326

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 4 to

Form S-1/A

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

For the fiscal year ended March 31, 2012

CRYOPORT, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	3086	88-0313393
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

20382 Barents Sea Circle,

Lake Forest, CA 92630

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Principal Executive Offices)

Robert Stefanovich

Chief Financial Officer

20382 Barents Sea Circle,

Lake Forest, CA 92630

(619) 481-6800

(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.

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Costa Mesa, California 92626

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

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box. x

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please 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(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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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 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

Pursuant to Rule 429 under the Securities Act, the prospectus contained in this Registration Statement will be used as a combined prospectus in connection with this Registration Statement, the Registration Statement on Form S-1 (File No. 333-170027), which was initially filed on October 19, 2010 and became effective on December 29, 2010 (the First Prior Registration Statement) and the Registration Statement on Form S-1 (File No. 333-173263), which was initially filed on April 1, 2011 and became effective on April 28, 2011 (the Second Prior Registration Statement). This Registration Statement is a new registration statement and also constitutes Post-Effective Amendment No. 2 to the First Prior Registration Statement and Post-Effective Amendment No. 1 to the Second Prior Registration Statement. Such post-effective amendments shall hereafter become effective concurrently with the effectiveness of this Registration Statement in accordance with Section 8(c) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)(10)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $0.001 par value per share	(2)	See note(2)	See note(2)	See note(4)
Common Stock, $0.001 par value per share	(3)	See note(3)	See note(3)	See note(5)
Common Stock, $0.001 par value per share	9,477,554(6)	$0.695(8)	$6,586,900	$754.86
Common Stock, $0.001 par value per share	10,005,929(7)	$0.695(9)	$6,954,121	$796.94
Common Stock, $0.001 par value per share	200,000(7)	$0.77(9)	$154,000	$17.65
Total securities registered for resale by selling security holders	19,683,483		$13,695,021	$1,569.45(11)

(1) Pursuant to Rule 429 under the Securities Act of 1933, as amended, and as further described herein, shares of common stock previously registered on the registrant s Registration Statement on Form S-1 filed with the Securities and Exchange Commission on October 19, 2010 (File No. 333-170027) (the First Prior Registration Statement) and the registrant s Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 1, 2011 (File No. 333-173263) (the Second Prior Registration Statement) are being included in this registration statement.

(2) Consists of 3,564,135 issued and outstanding shares of common stock and 5,972,604 shares of common stock issuable upon the exercise of certain warrants to purchase common stock offered by certain selling security holders. The shares of common stock were previously registered on the First Prior Registration Statement.

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(3) Consists of 11,244,588 issued and outstanding shares of common stock and 15,240,290 shares of common stock issuable upon the exercise of certain warrants to purchase common stock offered by certain selling security holders. The shares of common stock were previously registered on the Second Prior Registration Statement.
(4) The registration fee of $666.72 was previously paid in connection with the filing of the First Prior Registration Statement on October 19, 2010.
(5) The registration fee of $4,767 was previously paid in connection with the filing of the Second Prior Registration Statement on April 1, 2011.
(6) Represents outstanding shares of common stock offered by certain of the selling security holders.
(7) Represents shares of common stock, issuable upon exercise of outstanding warrants, offered by certain of the selling security holders.
(8) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) of the Securities Act, based on the average high and low prices of the common stock of the registrant as reported on the OTC Bulletin Board on March 21, 2012.
(9) Estimated solely for the purpose of computing the registration fee pursuant to Rule 457(g) of the Securities Act. Represents the higher of (a) the exercise price of the warrants and (b) the offering price of the securities of the same class as the common stock underlying the warrants calculated in accordance with Rule 457(c).
(10) Pursuant to Rule 416 under the Securities Act, this registration statement also covers such additional shares of common stock as may hereafter be issued with respect to the shares being registered hereby as a result of stock splits, stock dividends, recapitalizations or similar adjustments.
(11) Previously paid in connection with the initial filing of this Registration Statement on March 23, 2012.

The registrant hereby amends this registration statement on such date or date(s) 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, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS, DATED JUNE 20, 2012

CRYOPORT, INC.

55,705,100 shares of Common Stock

This prospectus relates to the offering by certain existing holders of our common stock named in this prospectus of 55,705,100 shares of our common stock, par value $0.001 per share, including 31,418,823 shares of our common stock issuable upon exercise of the warrants held by such selling security holders. These existing holders of our common stock are referred to as selling security holders throughout this prospectus.

It is anticipated that the selling security holders will sell these shares of common stock from time to time in one or more transactions, in negotiated transactions or otherwise, at prevailing market prices or at prices otherwise negotiated. We will not receive any proceeds from the sales of shares of common stock by the selling security holders. We have agreed to pay all fees and expenses incurred by us incident to the registration of our common stock, including SEC filing fees. Each selling security holder will be responsible for all costs and expenses in connection with the sale of their shares of common stock, including brokerage commissions or dealer discounts.

Our common stock is currently traded on the OTCQB, operated by the OTC Markets Group, Inc. (OTCQB), under the symbol CYRX . As of May 31, 2012, the closing sale price of our common stock was $0.54 per share.

Investing in our common stock involves a high degree of risk. Please read Risk Factors beginning on page 6.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is [ ], 2012.

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You may only rely on the information contained in this prospectus or that we have referred you to. We have not authorized anyone to provide you with different information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the common stock and warrants offered by this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any common stock or warrants in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information incorporated by reference to this prospectus is correct as of any time after its date.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in our common stock and warrants. You should read this entire prospectus carefully, especially the risks of investing in our common stock and warrants discussed under Risk Factors beginning on page 6, and the consolidated financial statements and notes to those consolidated financial statements, before making an investment decision. CryoPort, Inc. is referred to throughout this prospectus as CryoPort, we or us.

Overview

We are a provider of an innovative cold chain frozen shipping system dedicated to providing superior, affordable cryogenic shipping solutions that ensure the stable transportation temperature, of high value, temperature sensitive materials. We have developed cost effective reusable cryogenic transport containers (referred to as shippers) capable of transporting biological, environmental and other temperature sensitive materials at temperatures below minus 150° Celsius. These dry vapor shippers and shipping system are one of the first significant alternatives to dry ice shipping and achieve 10-plus day holding times compared to one to two day holding times typically achieved with dry ice.

Our value proposition comes from both providing stable temperatures during transportation with an environmentally friendly, long lasting shipper, and through our value added monitoring of transportation services that offer a simple hassle-free solution for our customers. These value-added services include an internet-based web portal that enables the customer to initiate scheduling, shipping and tracking of the progress and status of a shipment, and provides in-transit temperature and custody transfer monitoring services of the shipper. The CryoPort service also provides a fully ready charged shipper containing all freight bills, customs documents and regulatory paperwork for the entire journey of the shipper to our customers at their pickup and delivery locations.

Our principal focus has been the commercialization of our solution as well as the further development of the CryoPort Express® Portal, an innovative IT solution for shipping and tracking high-value specimens through overnight shipping companies and specialty couriers, and our CryoPort Express® Shipper, a dry vapor cryogenic shipper for the transport of biological and pharmaceutical materials. A dry vapor cryogenic shipper is a container that uses liquid nitrogen in dry vapor form, which is suspended inside a vacuum insulated bottle as a refrigerant, to provide stable storage temperatures below minus 150° Celsius. The dry vapor shipper is designed using innovative, proprietary, and patented technology which prevents spillage of liquid nitrogen and pressure build up as the liquid nitrogen evaporates. A proprietary retention system is employed to ensure that liquid nitrogen is retained inside the vacuum container, even when placed upside-down or on its side, as is often the case when in the custody of a shipping company. Biological specimens are stored in a specimen chamber, referred to as a well inside the container and refrigeration is provided by non-hazardous cold nitrogen gas evolving from the liquid nitrogen entrapped within the retention system surrounding the well. Biological specimens transported using our cryogenic shipper can include clinical samples, diagnostics, live cell pharmaceutical products (such as cancer vaccines, semen and embryos, infectious substances) and other items that require and/or are protected through continuous exposure to frozen or cryogenic temperatures.

During our early years, our limited revenue was derived from the sale of our reusable product line. Our current business plan focuses on per-use leasing of the shipping container and added-value services that will be used by us to provide an end-to-end and cost-optimized shipping solution to life science companies moving pharmaceutical and biological samples in clinical trials and pharmaceutical distribution.

We entered into our first strategic relationship with a global courier on January 13, 2010 when we signed an agreement with Federal Express Corporation (FedEx) pursuant to which we lease to FedEx such number of its

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cryogenic shippers that FedEx, from time to time, orders for FedEx s customers. Under this agreement, FedEx has the right to and shall, on a non-exclusive basis, promote market and sell transportation of our shippers and related value-added goods and services, such as our CryoPort Express® portal and CryoPort Express® Smart Pak System. On January 24, 2011 we announced that FedEx had launched its deep frozen shipping solution using our CryoPort Express® Dry Shipper. We have also integrated our web portal IT with FedEx s IT to provide access to tracking and tracing scans during FedEx shipping. On September 2, 2010, we entered into an agreement with DHL Express (USA), Inc. (DHL) that gives DHL life science customers direct access to our web-based order entry and tracking portal to order the CryoPort Express® Shipper and receive preferred DHL shipping rates. The agreement covers DHL shipping discounts that may be used to support our customers using the CryoPort Express® shipping solution. In connection with the agreement, we have integrated our proprietary web portal to DHL s tracking and billing systems. DHL life science customers now have a seamless way of shipping their critical biological material worldwide. The IT integration with DHL was completed during our fourth quarter of fiscal year 2011.

We offer our solution primarily to companies in the life sciences industry. These companies operate within a heavily regulated environment and as such, changing vendors and distribution practices typically require a number of steps which may include the audit of our facilities, review of our procedures, qualifying us as a vendor, and performing test shipments. This process can take several months or longer to complete prior to a company fully adopting the Cryoport Express solution.

Recent Equity Offerings

In February and March 2012, we conducted a private placement (the 2012 Private Placement) of units at a purchase price of $0.55 per unit. Each unit consisted of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $0.69 per share. Each warrant is exercisable beginning on the six month anniversary of date of issuance and exercisable for a period of five years. Craig-Hallum Capital Group LC acted as our lead placement agent and Emergent Financial Group, Inc. and Maxim Group LLC served as co-placement agents for the 2012 Private Placement. In connection with the 2012 Private Placement we issued an aggregate of 9,477,554 shares of common stock and warrants to purchase an aggregate of 10,005,929 (inclusive of the warrants issued to our placement agents as compensation and warrants issued to certain holders of outstanding convertible debentures in consideration for the waiver of certain potential defaults). All units were purchased by accredited or institutional investors. No investor in the 2012 Private Placement received additional warrants by virtue of the fact that they had invested in the Public Offering or otherwise.

In February 2011, we conducted a private placement (the 2011 Private Placement) of units at a purchase price of $0.70 per unit. Each unit consisted of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $0.77 per share. Each warrant is immediately exercisable and exercisable for a period of five years. Emergent Financial Group, Inc. and Maxim Group LLC served as our placement agents in connection with the 2011 Private Placement. In connection with the 2011 Private Placement we issued an aggregate of 13,362,089 shares of common stock and warrants to purchase an aggregate of 15,755,915 (inclusive of the warrants issued to our placement agents as compensation). All units were purchased by accredited or institutional investors. No investor in the 2011 Private Placement received additional warrants by virtue of the fact that they had invested in the Public Offering or otherwise.

From August 2010 to October 2010, we conducted a private placement (the 2010 Private Placement) of units at a purchase price of $0.70 per unit. Each unit consisted of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $0.77 per share. Each warrant is immediately exercisable and exercisable for a period of five years. In connection with the 2010 Private Placement we also issued to certain investors who were also investors in our underwritten public offering registered on Form S-1 (File No. 333-162350), which was declared effective by the Securities and Exchange Commission on

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February 25, 2010 (the Public Offering), warrants to purchase in the aggregate 445,001 shares of common stock with terms identical to those contained in the warrants issued as part of the units. Maxim Group LLC and Emergent Financial Group, Inc. served as our placement agents in connection with the 2010 Private Placement. In connection with the 2010 Private Placement we issued an aggregate of 5,532,418 shares of common stock and warrants to purchase an aggregate of 6,755,293 (inclusive of the warrants issued to our placement agents as compensation and the additional warrants to purchase 445,001 shares of common stock issued to investors who also invested in our Public Offering). All units were purchased by accredited or institutional investors.

The sale and issuance of the units, the common stock, and the warrants in connection with each of the 2012 Private Placement, 2011 Private Placement and the 2010 Private Placement were completed in accordance with the exemptions provided by Rule 506 of Regulation D of the Securities Act of 1933, as amended (the Securities Act), and/or Section 4(2) of the Securities Act.

Corporate History and Structure

We are a Nevada corporation originally incorporated under the name G.T.5-Limited (GT5) 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 2,410,811 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 Corporate Information

Our principal executive offices are located on 20382 Barents Sea Circle, Lake Forest, California 92630. The telephone number of our principal executive offices is (619) 481-6800, and our main corporate website is www.cryoport.com. The information on, or that can be accessed through, our website is not part of this prospectus.

We own, have rights to, or have applied for the service marks and trade names that we use in conjunction with our business, including CryoPort (both alone and with a design logo) and CryoPort Express® (both alone and with a design logo). All other trademarks and trade names appearing in this prospectus are the property of their respective holders.

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THE OFFERING

Common stock being offered by the selling security holders	Up to 55,705,100 of our common stock, including 31,418,823 shares of our common stock issuable upon exercise of the warrants held by the selling security holders(1).
Common stock outstanding prior to the offering	37,760,628 shares of common stock(2)
Common stock to be outstanding after the offering	69,179,451 shares of common stock(3)
Use of proceeds	We will not receive any proceeds from the sales of shares of common stock by the selling security holders. However, we will receive up to $23,392,019 in the aggregate from selling security holders if they exercise in full, on a cash basis, all of their unexercised warrants to purchase 31,418,823 shares of common stock issued to the selling security holders in connection with the 2012 Private Placement, 2011 Private Placement and 2010 Private Placement. We will use such proceeds from the warrant exercises for working capital and other corporate purposes.
OTCQB symbol	Our common stock is currently traded on the OTCQB under the symbol CYRX.
Risk factors	Investing in our securities involves a high degree of risk. You should carefully read and consider the information set forth under the heading Risk Factors beginning on page 5 of this prospectus and all other information in this prospectus before investing in our securities.

(1) In connection with the 2012 Private Placement, 2011 Private Placement and the 2010 Private Placement, we agreed to file a registration statement with the Securities and Exchange Commission no later than 30, 90 and 60 days, respectively, after closing of such private placements and use our best efforts to cause them to become effective (within 60 days after filing or 90 days after the filing in case of a full review of the Registration Statement for the 2012 Private Placement) and remain effective until all securities covered by the registration statement either have been sold, under the registration statement or pursuant to Rule 144 under the Securities Act of 1933, as amended, or may be sold without volume or manner-of-sale restrictions pursuant to Rule 144, and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144. In addition, in March 2011 we issued to a consultant a warrant to purchase 200,000 shares of common stock. The warrant granted the consultant piggyback registration rights.

(2) Based upon the total number of issued and outstanding shares as of May 31, 2012.

(3) Based upon the total number of issued and outstanding shares as of May 31, 2012, including shares of our common stock issuable upon exercise of the warrants held by the selling security holders but excluding:

1,753,677 shares issuable upon the exercise of stock options outstanding at a weighted average exercise price of $0.89 as of May 31, 2012;

11,825,730 shares issuable upon exercise of outstanding warrants to purchase common stock (excluding the warrants held by the selling security holders) at a weighted average exercise price of $2.14 as of May 31, 2012; and

1,666,667 issuable upon exercise of outstanding publicly traded warrants that were issued as part of a public offering at an exercise price of $3.30 per share.

51,656 shares issuable upon conversion of convertible debentures at a conversion price of $3.00 as of May 31, 2012.

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SUMMARY FINANCIAL INFORMATION

In the table below we provide you with historical consolidated financial data for the fiscal years ended March 31, 2012 and 2011, derived from our audited consolidated financial statements included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected for any future period. When you read this historical selected financial data, it is important that you read along with it the appropriate historical consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	For the Years Ended March 31,	
	2012 (000)	2011 (000)
Revenues	$ 556	$ 476
Cost of revenues	1,392	1,303
Gross loss	(836)	(827)
Costs and expenses:		
Selling, general and administrative	6,106	4,321
Research and development	492	449
Total costs and expenses	6,598	4,770
Loss from operations	(7,434)	(5,597)
Other income (expense):		
Interest income	12	16
Interest expense	(528)	(619)
Change in fair value of derivative liabilities	119	50
Total other expense, net	(397)	(553)
Loss before income taxes	(7,831)	(6,150)
Income taxes	2	2
Net loss	$ (7,833)	$ (6,152)
Loss per common share, basic and diluted	$ (0.27)	$ (0.46)

	As of March 31,	
	2012 (000)	2011 (000)
Assets	$ 6,214	$ 11,031
Liabilities	2,484	5,083
Total Stockholders Equity	3,730	5,948
Liabilities and Stockholders Equity	$ 6,214	$ 11,031

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RISK FACTORS

An investment in our shares of common stock involves a high degree of risk. Before making an investment decision, you should carefully consider all of the risks described in this prospectus. If any of the risks discussed in this prospectus actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the price of our shares of common stock and warrants could decline significantly and you may lose all or a part of your investment. Our forward-looking statements in this prospectus are subject to the following risks and uncertainties. Our actual results could differ materially from those anticipated by our forward-looking statements as a result of the risk factors below. See Forward-Looking Statements.

Risks Related to Our Business

We have incurred significant losses to date and may continue to incur losses.

We have incurred net losses in each fiscal year since we commenced operations. The following table represents net losses incurred for each of our last two fiscal years:

	Net Loss
Fiscal Year Ended March 31, 2012	$ 7,832,928
Fiscal Year Ended March 31, 2011	$ 6,152,278

As of March 31, 2012, we had an accumulated deficit of $59,929,015. While we expect to continue to derive revenues from our current products and services, in order to achieve and sustain profitable operations, we must successfully commercialize and launch our CryoPort Express® System, significantly expand our market presence and increase revenues. We may continue to incur losses in the future and may never generate revenues sufficient to become profitable or to sustain profitability. Continuing losses may impair our ability to raise the additional capital required to continue and expand our operations.

Our auditors have expressed doubt about our ability to continue as a going concern.

The Report of Independent Registered Public Accounting Firm to our March 31, 2012 consolidated financial statements includes an explanatory paragraph stating that the recurring losses and negative cash flows from operations since inception and our cash and cash equivalent balance at March 31, 2012 raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

If we are unable to obtain additional funding, we may have to reduce or discontinue our business operations.

As of May 31, 2012, we had cash and cash equivalents of $3,429,954. We have expended substantial funds on the research and development of our products and IT systems. As a result, we have historically experienced negative cash flows from operations and we expect to continue to experience negative cash flows from operations in the future. Therefore, our ability to continue and expand our operations is highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to fund our future operations.

We anticipate, based on currently proposed plans and assumptions relating to our ability to market and sell our products (but not including any additional strategic relationships with global couriers), that our cash on hand, together with projected cash flows, will satisfy our operational and capital requirements at least through the fourth quarter of our fiscal year 2013. There are a number of uncertainties associated with our financial projections that could reduce or delay our future projected revenues and cash-inflows, including, but not limited

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to, our ability to increase our customer base and revenues, manage and leverage our relationship with FedEx and enter into strategic relationships with additional global couriers. If our projected revenues and cash-inflows are reduced or delayed, we may not have sufficient capital to operate through the fourth quarter of our fiscal year 2013 unless we raise more capital. Additionally, if we are unable to realize satisfactory revenue in the near future, we will be required to seek additional financing to continue our operations beyond that period. We will also require additional financing to expand into other markets and further develop and market our products. We have no current arrangements with respect to any additional financing. Consequently, there can be no assurance that any additional financing on commercially reasonable terms, or at all, will be available when needed. The inability to obtain additional capital may reduce our ability to continue to conduct business operations. Any additional equity financing may involve substantial dilution to our then existing stockholders. In addition, raising additional funding may be complicated by certain provisions in the securities purchase agreements and related transaction documents, as amended, entered into in connection with our prior convertible debenture financings. The uncertainties surrounding our future cash inflows have raised substantial doubt regarding our ability to continue as a going concern.

If we are not successful in establishing strategic relationships with global couriers, we may not be able to successfully increase revenues and cashflow which could adversely affect our operations.

We believe that our near term success is best achieved by establishing strategic relationships with global couriers, such as our recent agreements with FedEx and DHL. Such relationships will enable us to provide a seamless, end-to-end shipping solution to customers and allow us to leverage the couriers established express, ground and freight infrastructures and penetrate new markets with minimal investment. Further, we expect that the global couriers will utilize their sales forces to promote and sell our frozen shipping services. If we are not successful in launching our relationship with FedEx or DHL or establishing additional relationships with global couriers, our sales and marketing efforts will be significantly impacted and anticipated revenue growth will be substantially delayed which could have an adverse affect on our operations.

Our agreements with FedEx and DHL may not result in a significant increase in our revenues or cashflow.

On January 13, 2010, we entered into an agreement with FedEx pursuant to which we lease to FedEx such number of our cryogenic shippers that FedEx shall, from time to time, order for its customers. FedEx has the right to on a non-exclusive basis, promote, market and sell transportation of our shippers and our related value-added goods and services, such as our web portal and CryoPort Express® Smart Pak System. Because our agreement with FedEx does not contain any requirement that FedEx lease a minimum number of shippers from us during the term of the agreement, we may not experience a significant increase in our revenues or cashflows as a result of this agreement. On September 2, 2010, we entered into an agreement with DHL that will give DHL life sciences customers direct access to our web-based order entry and tracking portal to order our CryoPort Express® Shipper and preferred DHL shipping rates. Although the agreement provides shipping discounts that may be used to support our customers using our CryoPort Express® shipping solution, DHL will not be promoting, marketing or selling transportation of our shippers or services, which may not lead to any increase in our revenues.

Current economic conditions and capital markets are in a period of disruption and instability which could adversely affect our ability to access the capital markets, and thus adversely affect our business and liquidity.

The current economic conditions and financial crisis have had, and will continue to have, a negative impact on our ability to access the capital markets, and thus have a negative impact on our business and liquidity. The shortage of liquidity and credit combined with substantial losses in worldwide equity markets could lead to an extended worldwide recession. We may face significant challenges if conditions in the capital markets do not improve and we do not achieve positive cash flow from operations. Our ability to access the capital markets may be severely restricted at a time when we need to access such markets, which could have a negative impact on our

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business plans, including the commercialization and launch of our CryoPort Express® System and other research and development activities. Even if we are able to raise capital, it may not be at a price or on terms that are favorable to us. We cannot predict the occurrence of future financial disruptions or how long the current market conditions may continue.

The sale of substantial shares of our common stock may depress our stock price.

As of May 31, 2012, there were 37,760,628 shares of our common stock outstanding (including 24,286,277 shares being offered by the selling security holders). Substantially all of these shares of common stock are eligible for trading in the public market. The market price of our common stock may decline if our stockholders sell a large number of shares of our common stock in the public market, or the market perceives that such sales may occur.

We could also issue up to 41,137,060 shares of our common stock including shares to be issued upon conversion of the outstanding balance of our convertible debentures and upon the exercise of outstanding warrants and options or reserved for future issuance under our stock incentive plans, as further described in the following table:

	Number of Shares of Common Stock Issuable or Reserved for Issuance
Common stock issuable upon conversion of the outstanding balance of our convertible debentures	51,656
Common stock issuable upon exercise of outstanding warrants, including the warrants held by selling security holders	37,144,503
Common stock issuable upon exercise of outstanding options or reserved for future incentive awards under our stock incentive plans	3,940,901
Total	41,137,060

Of the total options and warrants outstanding as of May 31, 2012, options and warrants exercisable for an aggregate of 14,701 shares of common stock would be considered dilutive to the value of our stockholders interest in CryoPort because we would receive upon exercise of such options and warrants an amount per share that is less than the market price of our common stock on May 31, 2012.

If our selling stockholders exercise all of their warrants, other current stockholders would experience substantial dilution of their ownership.

Of the 37,760,628 shares currently outstanding, 10,893,152 are held by existing stockholders who are not selling security holders identified in this prospectus. These existing stockholders who are also not selling security holders currently own approximately 28.8% of our issued and outstanding common stock. If however, the selling security holders exercise on a cash basis all of the warrants that they currently hold (the resale of the shares underlying such warrants being registered hereby), we would have a total of approximately 69,179,451 shares outstanding which would dilute the ownership of our other stockholders to approximately 15.7% of issued and outstanding common stock.

We will have difficulty increasing our revenues if we experience delays, difficulties or unanticipated costs in establishing the sales, distribution and marketing capabilities necessary to successfully commercialize our products.

We are continuing to develop sales, distribution and marketing capabilities in the Americas, Europe and Asia. It will be expensive and time-consuming for us to develop a global marketing and sales network. Moreover,

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we may choose, or find it necessary, to enter into additional strategic collaborations to sell, market and distribute our products. We may not be able to provide adequate incentive to our sales force or to establish and maintain favorable distribution and marketing collaborations with other companies to promote our products. In addition, any third party with whom we have established a marketing and distribution relationship may not devote sufficient time to the marketing and sales of our products thereby exposing us to potential expenses in exiting such distribution agreements. We, and any of our third party collaborators, must also market our products in compliance with federal, state, local and international laws relating to the provision of incentives and inducements. Violation of these laws can result in substantial penalties. Therefore, if we are unable to successfully motivate and expand our marketing and sales force and further develop our sales and marketing capabilities, or if our distributors fail to promote our products, we will have difficulty increasing our revenues.

Our ability to grow and compete in our industry will be hampered if we are unable to retain the continued service of our key professionals or to identify, hire and retain additional qualified professionals.

A critical factor to our business is our ability to attract and retain qualified professionals including key employees and consultants. We are continually at risk of losing current professionals or being unable to hire additional professionals as needed. If we are unable to attract new qualified employees, our ability to grow will be adversely affected. If we are unable to retain current employees or strategic consultants, our financial condition and ability to maintain operations may be adversely affected.

If we are unable to retain a new chief executive officer in a timely manner, our business and operations could be adversely affected.

Our former chief executive officer, Larry Stambaugh, resigned on April 5, 2012. Presently the duties of the chief executive officer are being fulfilled by the members of our board of directors while our board of directors searches for a qualified replacement chief executive officer. In the event that our board of directors does not find a suitable replacement chief executive officer in a timely manner, the lack of a permanent full-time chief executive officer could have an adverse effect on business and operations and impair our ability to increase revenues.

We are dependent on new products and services, the lack of which would harm our competitive position.

Our future revenue stream depends to a large degree on our ability to bring new products and services to market on a timely basis. We must continue to make significant investments in research and development in order to continue to develop new products and services, enhance existing products and services, and achieve market acceptance of such products and services. We may incur problems in the future in innovating and introducing new products and services. Our development stage products and services may not be successfully completed or, if developed, may not achieve significant customer acceptance. If we are unable to successfully define, develop and introduce new, competitive products and services and enhance existing products and services, our future results of operations would be adversely affected. Development and manufacturing schedules for technology products and services are difficult to predict, and we might not achieve timely initial customer shipments of new products or launch of services. The timely availability of these products and services and their acceptance by customers are important to our future success. A delay in new or enhanced product or service introductions could have a significant impact on our results of operations.

Because of these risks, our research and development efforts may not result in any commercially viable products or services. If significant portions of these development efforts are not successfully completed, or any new or enhanced products or services are not commercially successful, our business, financial condition and results of operations may be materially harmed.

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If we successfully develop products and/or services, but those products and/or services do not achieve and maintain market acceptance, our business will not be profitable.

The degree of acceptance of our CryoPort Express® Shipper and/or CryoPort Express® System, or any future product or services, by our current target markets, and any other markets to which we attempt to sell our products and services, and our profitability and growth will depend on a number of factors including, among others:

- our shippers ability to perform and preserve the integrity of the materials shipped;
- relative convenience and ease of use of our shipper and/or web portal;
- availability of alternative products;
- pricing and cost effectiveness;
- effectiveness of our or our collaborators sales and marketing strategy; and
- the adoption cycles of our targeted customers.

If any products or services we may develop do not achieve market acceptance, then we may not generate sufficient revenue to achieve or maintain profitability.

In addition, even if our products and services achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or services are introduced that are more favorably received than our products and services, are more cost effective, or render our products obsolete.

The product adoption cycle of our target customers tends to be very lengthy, which continues to adversely affect our ability to increase revenues.

We offer our solution primarily to companies in the life sciences industry. These companies operate within a heavily regulated environment and as such, changing vendors and distribution practices typically require a number of steps which may include the audit of our facilities, review of our procedures, qualifying us as a vendor, and performing test shipments. This process can take several months or longer to complete prior to a company fully adopting the Cryoport Express solution. In addition, any such adoption may be on a gradual basis such that the customer progressively ramps up use of our Cryoport Express solution following adoption. The slow adoption process continues to adversely affect our ability to increase revenues.

We are dependent on an outside party for the continued development of our CryoPort Express® Portal

Our proprietary CryoPort Express® Portal is a software system used by our customers and business partners to automate the entry of orders, prepare customs documentation and facilitate status and location monitoring of shipped orders while in transit. The continued development of this system is contracted with an outside software development company. If this developer becomes unable or unwilling to continue work on scheduled projects, and an alternative developer cannot be secured, we may not be able to implement needed enhancements to the system. Furthermore, if we terminate our agreement with this developer and cannot reach an agreement or fail to fulfill an agreement for the termination, we could lose our license to use this software. Failure to proceed with enhancements or the loss of our license for the system would adversely affect our ability to generate new business and serve existing customers, resulting in a reduction in revenue.

Our success depends, in part, on our ability to obtain patent protection for our products and business model, preserve our trade secrets, and operate without infringing the proprietary rights of others.

Our policy is to seek to protect our proprietary position by, among other methods, filing United States patent applications related to our technology, inventions and improvements that are important to the development of our

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business. We have three issued U.S. patents and one recently filed provisional patent application, all relating to various aspects of our products and services. Our patents or provisional patent application may be challenged, invalidated or circumvented in the future or the rights granted may not provide a competitive advantage. We intend to vigorously protect and defend our intellectual property. Costly and time-consuming litigation brought by us may be necessary to enforce our patents and to protect our trade secrets and know-how, or to determine the enforceability, scope and validity of the proprietary rights of others.

We also rely upon trade secrets, technical know-how and continuing technological innovation to develop and maintain our competitive position. In the past our employees, consultants, advisors and suppliers have not always executed confidentiality agreements and invention assignment and work for hire agreements in connection with their employment, consulting, or advisory relationships. Consequently, we may not have adequate remedies available to us to protect our intellectual property should one of these parties attempt to use our trade secrets or refuse to assign any rights he or she may have in any intellectual property he or she developed for us. Additionally, our competitors may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our proprietary technology, or we may not be able to meaningfully protect our rights in unpatented proprietary technology.

We cannot assure you that our current and potential competitors and other third parties have not filed (or in the future will not file) patent applications for (or have not received or in the future will not receive) patents or obtain additional proprietary rights that will prevent, limit or interfere with our ability to make, use or sell our products either in the United States or internationally. In the event we are required to license patents issued to third parties, such licenses may not be available or, if available, may not be available on terms acceptable to us. In addition, we cannot assure you that we would be successful in any attempt to redesign our products or processes to avoid infringement or that any such redesign could be accomplished in a cost-effective manner. Accordingly, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent us from manufacturing and selling our products or offering our services, which would harm our business.

We are not aware of any third party that is infringing any of our patents or trademarks nor do we believe that we are infringing on the patents or trademarks of any other person or organization.

Our products may contain errors or defects, which could result in damage to our reputation, lost revenues, diverted development resources and increased service costs and litigation.

Our products must meet stringent requirements and we must develop our products quickly to keep pace with the rapidly changing market. Products and services as sophisticated as ours could contain undetected errors or defects, especially when first introduced or when new models or versions are released. In general, our products may not be free from errors or defects after commercial shipments have begun, which could result in damage to our reputation, lost revenues, diverted development resources, increased customer service and support costs, and litigation. The costs incurred in correcting any product errors or defects may be substantial and could adversely affect our business, results of operations and financial condition.

If we experience manufacturing delays or interruptions in production, then we may experience customer dissatisfaction and our reputation could suffer.

If we fail to produce enough shippers at our own manufacturing facility or at a third party manufacturing facility, or if we fail to complete our shipper recycling processes as planned, we may be unable to deliver shippers to our customers on a timely basis, which could lead to customer dissatisfaction and could harm our reputation and ability to compete. We currently acquire various component parts for our shippers from various independent manufacturers in the United States. We would likely experience significant delays or cessation in producing our shippers if a labor strike, natural disaster or other supply disruption were to occur at any of our main suppliers. If we are unable to procure a component from one of our manufacturers, we may be required to

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enter into arrangements with one or more alternative manufacturing companies which may cause delays in producing our shippers. In addition, because we depend on third party manufacturers, our profit margins may be lower, which will make it more difficult for us to achieve profitability. To date, we have not experienced any material delay that has adversely impacted our operations. As our business develops and the quantity of production increases, it becomes more likely that such problems could arise.

Because we rely on a limited number of suppliers, we may experience difficulty in meeting our customers demands for our products in a timely manner or within budget.

We currently purchase key components of our products from a variety of outside sources. Some of these components may only be available to us through a few sources, however, management has identified alternative materials and suppliers should the need arise. We generally do not have long-term agreements with any of our suppliers. Consequently, in the event that our suppliers delay or interrupt the supply of components for any reason, we could potentially experience higher product costs and longer lead times in order fulfillment.

Our CryoPort Express® Portal may be subject to intentional disruption that could adversely impact our reputation and future revenues.

We have implemented our CryoPort Express® Portal which is used by our customers and business partners to automate the entry of orders, prepare customs documentation and facilitate status and location monitoring of shipped orders while in transit. Although we believe we have sufficient controls in place to prevent intentional disruptions, we could be a target of attacks specifically designed to impede the performance of the CryoPort Express® Portal. Similarly, experienced computer programmers may attempt to penetrate our CryoPort Express® Portal in an effort to search for and misappropriate proprietary or confidential information or cause interruptions of our services. Because the techniques used by such computer programmers to access or sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Our activities could be adversely affected and our reputation, brand and future sales harmed if these intentionally disruptive efforts are successful.

Our products and services may expose us to liability in excess of our current insurance coverage.

Our products and services involve significant risks of liability, which may substantially exceed the revenues we derive from them. We cannot predict the magnitude of these potential liabilities.

We currently maintain general liability insurance, with coverage in the amount of $1 million per occurrence, subject to a $2 million annual limitation, and product liability insurance with a $1 million annual coverage limitation. Claims may be made against us that exceed these limits.

Our liability policy is an occurrence based policy. Thus, our policy is complete when we purchased it and following cancellation of the policy it continues to provide coverage for future claims based on conduct that took place during the policy term. However, our insurance may not protect us against liability because our policies typically have various exceptions to the claims covered and also require us to assume some costs of the claim even though a portion of the claim may be covered. In addition, if we expand into new markets, we may not be aware of the need for, or be able to obtain insurance coverage for such activities or, if insurance is obtained, the dollar amount of any liabilities incurred could exceed our insurance coverage. A partially or completely uninsured claim, if successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations.

Complying with certain regulations that apply to shipments using our products can limit our activities and increase our cost of operations.

Shipments using our products and services are subject to various regulations in the countries in which we operate. For example, shipments using our products may be required to comply with the shipping requirements

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promulgated by the Centers for Disease Control (CDC), the Occupational Safety and Health Organization (OSHA), the Department of Transportation (DOT) as well as rules established by the International Air Transportation Association (IATA) and the International Civil Aviation Organization (ICAO). Additionally, our data logger may be subject to regulation and certification by the Food and Drug Administration (FDA), Federal Communications Commission (FCC), and Federal Aviation Administration (FAA). We will need to ensure that our products and services comply with relevant rules and regulations to make our products and services marketable, and in some cases compliance is difficult to determine. Significant changes in such regulations could require costly changes to our products and services or prevent use of our shippers for an extended period of time while we seek to comply with changed regulations. If we are unable to comply with any of these rule or regulations or fail to obtain any required approvals, our ability to market our products and services may be adversely affected. In addition, even if we are able to comply with these rules and regulations, compliance can result in increased costs. In either event, our financial results and condition may be adversely affected. We depend on our business partners and unrelated and frequently unknown third party agents in foreign countries to act on our behalf to complete the importation process and to make delivery of our shippers to the final user. The failure of these third parties to perform their duties could result in damage to the contents of the shipper resulting in customer dissatisfaction or liability to us, even if we are not at fault.

If we cannot compete effectively, we will lose business.

Our products, services and solutions are positioned to be competitive in the cold-chain shipping market. While there are technological and marketing barriers to entry, we cannot guarantee that the barriers we are capable of producing will be sufficient to defend the market share we wish to gain against current and future competitors. The principal competitive factors in this market include:

- acceptance of our business model and a *per use* consolidated fee structure;
- ongoing development of enhanced technical features and benefits;
- reductions in the manufacturing cost of competitors products;
- the ability to maintain and expand distribution channels;
- brand name;
- the ability to deliver our products to our customers when requested;
- the timing of introductions of new products and services; and
- financial resources.

Current and prospective competitors have substantially greater resources, more customers, longer operating histories, greater name recognition and more established relationships in the industry. As a result, these competitors may be able to develop and expand their networks and product offerings more quickly, devote greater resources to the marketing and sale of their products and adopt more aggressive pricing policies. In addition, these competitors have entered and will likely continue to enter into business relationships to provide additional products competitive to those we provide or plan to provide.

We may not be able to compete with our competitors in the industry because many of them have greater resources than we do.

We expect to continue to experience significant and increasing levels of competition in the future. In addition, there may be other companies which are currently developing competitive products and services or which may in the future develop technologies and products that are

comparable, superior or less costly than our own. For example, some cryogenic equipment manufacturers with greater resources currently have solutions for storing and transporting cryogenic liquid and gasses and may develop storage solutions that compete with our products. Additionally, some specialty couriers with greater resources currently provide dry ice transportation

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and may develop other products in the future, both of which compete with our products. A competitor that has greater resources than us may be able to bring its product to market faster than we can and offer its product at a lower price than us to establish market share. We may not be able to successfully compete with a competitor that has greater resources and such competition may adversely affect our business.

Risks Relating to Our Current Financing Arrangements

Certain provisions in our existing financing agreements have and may continue to make it more difficult for us to raise capital.

In connection with our issuance of convertible debentures in October 2007 and May 2008, we executed securities purchase agreements pursuant to which such debentures were issued. Pursuant to such securities purchase agreements, for so long as the holders of the debentures own any securities of the Company acquired in connection with the securities purchase agreements (such as warrants issued in connection therewith), we may not enter into Variable Rate Transactions (as defined in the debentures) without the consent of the holders of the debentures. A Variable Rate Transaction includes transactions in which we issue or sell any equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of our common stock at a conversion, exercise or exchangeable rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of our common stock at any time after the initial issuance of such equity securities. This negative covenant, unless waived, has and may continue to make it more difficult to accomplish capital raising transactions.

Certain of our existing stockholders own and have the right to acquire a substantial number of shares of common stock.

As of May 31, 2012, our directors, executive officers and beneficial owners of 5% or more of our outstanding common stock beneficially owned 9,799,261 shares of common stock (without regard to beneficial ownership limitations contained in certain warrants) assuming their exercise of all outstanding warrants, options and conversion of all convertible debt; or approximately 21.7% of our outstanding common stock. Of these shares of common stock, 3,377,768 shares, or approximately 8.3% of our common stock, will be beneficially owned by CNH Partners, LLC, 2,455,549 shares, or approximately 6.1% of our outstanding common stock, will be beneficially owned by Emergent Financial Group and 3,636,364, or approximately 9.2% of our outstanding common stock will be beneficially owned by James E. Flynn (each calculated without regard to the shares of common stock that may be acquired by the other upon the exercise of its warrants and conversion of debt). As such, the concentration of beneficial ownership of our common stock may have the effect of delaying or preventing a change in control of CryoPort and may adversely affect the voting or other rights of other holders of our common stock.

Our stock and warrant price is and will continue to be volatile.

The market price of our common stock has been and, along with the warrants is likely to be, highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including, but not limited to:

- technological innovations or new products and services by us or our competitors;
- additions or departures of key personnel;
- sales of our common stock;
- our ability to integrate operations, technology, products and services;
- our ability to execute our business plan;
- operating results below expectations;

loss of any strategic relationship;

industry developments;

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economic and other external factors; and

period-to-period fluctuations in our financial results.

You may consider any one of these factors to be material. The price of our common stock and warrants may fluctuate widely as a result of any of the above listed factors. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock and warrants.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock and warrants, the price of our common stock and warrants could decline.

The trading market for our common stock and warrants relies in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our common stock and warrants could decline if one or more equity analyst downgrades our stock or if analysts issue other unfavorable commentary or cease publishing reports about us or our business.

We have not paid dividends on our common stock in the past and do not expect to pay dividends in the foreseeable future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors affecting us at such time as the Board of Directors may consider the payment of any such dividends. In addition, we may not pay any dividends without obtaining the prior consent of the holders of our Debentures. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if the price of our common stock appreciates.

We may need additional capital, and the sale of additional shares of common stock or other equity securities could result in additional dilution to our stockholders.

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs through the fourth quarter of our fiscal year 2013. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities, or debt securities convertible into equity securities, could result in additional dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations.

Our Articles of Incorporation allows our Board of Directors to issue up to 2,500,000 shares of blank check preferred stock.

Our Articles of Incorporation allows our Board of Directors to issue up to 2,500,000 shares of blank check preferred stock, without action by our stockholders. Such shares of preferred stock may be issued on terms determined by our Board of Directors, and may have rights, privileges and preferences superior to those of our common stock. Without limiting the foregoing, (i) such shares of preferred stock could have liquidation rights that are senior to the liquidation preference applicable to our common stock, (ii) such shares of preferred stock could have voting or conversion rights, which could adversely affect the voting power of the holders of our common stock and (iii) the ownership interest of holders of our common stock will be diluted following the issuance of any such shares of preferred stock. In addition the issuance of such shares of blank check preferred stock could have the effect of discouraging, delaying or preventing a change of control of our company.

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Provisions in our bylaws and Nevada law might discourage, delay or prevent a change of control of our company or changes in our management and, as a result, may depress the trading price of our common stock.

Provisions of our bylaws and Nevada law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. The relevant bylaw provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include advance notice requirements for stockholder proposals and nominations, and the ability of our Board of Directors to make, alter or repeal our bylaws.

Absent approval of our Board of Directors, our bylaws may only be amended or repealed by the affirmative vote of the holders of at least a majority of our outstanding shares of capital stock entitled to vote.

In addition, Section 78.438 of the Nevada Revised Statutes prohibits a publicly-held Nevada corporation from engaging in a business combination with an interested stockholder (generally defined as a person which together with its affiliates owns, or within the last three years has owned, 10% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder) unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and other potential anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

Even though we are not incorporated in California, we may become subject to a number of provisions of the California General Corporation Law.

Section 2115(b) of the California Corporations Code imposes certain requirements of California corporate law on corporations organized outside California that, in general, are doing more than 50% of their business in California and have more than 50% of their outstanding voting securities held of record by persons residing in California. While we are not currently subject to Section 2115(b), we may become subject to it in the future.

The following summarizes some of the principal differences which would apply if we become subject to Section 2115(b).

Under both Nevada and California law, cumulative voting for the election of directors is permitted. However, under Nevada law cumulative voting must be expressly authorized in the Articles of Incorporation and our Amended and Restated Articles of Incorporation do not authorize cumulative voting. If we become subject to Section 2115(b), we may be required to permit cumulative voting if any stockholder properly requests to cumulate his or her votes.

Under Nevada law, directors may be removed by the stockholders only by the vote of two-thirds of the voting power of the issued and outstanding stock entitled to vote. However, California law permits the removal of directors by the vote of only a majority of the outstanding shares entitled to vote. If we become subject to Section 2115(b), the removal of a director may be accomplished by a majority vote, rather than a vote of two-thirds, of the stockholders entitled to vote.

Under California law, the corporation must take certain steps to be allowed to provide for greater indemnification of its officers and directors than is provided in the California Corporation Code. If we become subject to Section 2115(b), our ability to indemnify our officers and directors may be limited by California law.

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Nevada law permits distributions to stockholders as long as, after the distribution, (i) the corporation would be able to pay its debts as they become due and (ii) the corporation s total assets are at least equal to its liabilities and preferential dissolution obligations. Under California law, distributions may be made to stockholders as long as the corporation would be able to pay its debts as they mature and either (i) the corporation s retained earnings equals or exceeds the amount of the proposed distributions, or (ii) after the distributions, the corporation s tangible assets are at least 125% of its liabilities and the corporation s current assets are at least equal to its current liabilities (or, 125% of its current liabilities if the corporation s average operating income for the two most recently completed fiscal years was less than the average of the interest expense of the corporation for those fiscal years). If we become subject to Section 2115(b), we will have to satisfy more stringent financial requirements to be able to pay dividends to our stockholders. Additionally, stockholders may be liable to the corporation if we pay dividends in violation of California law.

California law permits a corporation to provide supermajority vote provisions in its Articles of Incorporation, which would require specific actions to obtain greater than a majority of the votes, but not more than 66 $^{2}/_{3}$ percent. Nevada law does not permit supermajority vote provisions. If we become subject to Section 2115(b), it is possible that our stockholders would vote to amend our Articles of Incorporation and require a supermajority vote for us to take specific actions.

Under California law, in a disposition of substantially of all the corporation s assets, if the acquiring party is in control of or under common control with the disposing corporation, the principal terms of the sale must be approved by 90 percent of the stockholders. Although Nevada law does contain certain rules governing interested stockholder business combinations, it does not require similar stockholder approval. If we become subject to Section 2115(b), we may have to obtain the vote of a greater percentage of the stockholders to approve a sale of our assets to a party that is in control of, or under common control with, us.

California law places certain additional approval rights in connection with a merger if all of the shares of each class or series of a corporation are not treated equally or if the surviving or parent party to a merger represents more than 50 percent of the voting power of the other corporation prior to the merger. Nevada law does not require such approval. If we become subject to Section 2115(b), we may have to obtain a the vote of a greater percentage of the stockholders to approve a merger that treats shares of a class or series differently or where a surviving or parent party to the merger represents more than 50% of the voting power of the other corporation prior to the merger.

California law requires the vote of each class to approve a reorganization or a conversion of a corporation into another entity. Nevada law does not require a separate vote for each class. If we become subject to Section 2115(b), we may have to obtain the approval of each class if we desire to reorganize or convert into another type of entity.

California law provides greater dissenters rights to stockholders than Nevada law. If we become subject to Section 2115(b), more stockholders may be entitled to dissenters rights, which may limit our ability to merge with another entity or reorganize.

Our stock is deemed to be penny stock.

Our stock is currently traded on the OTCQB, operated by the OTC Markets Group, Inc., and is subject to the penny stock rules adopted pursuant to Section 15(g) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The penny stock rules apply to companies not listed on a national exchange whose common stock trades at less than $5.00 per share or which have tangible net worth of less than $5,000,000 ($2,000,000 if the company has been operating for three or more years). Such rules require, among other things, that brokers who trade penny stock to persons other than established customers complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Penny stocks sold in

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violation of the applicable rules may entitle the buyer of the stock to rescind the sale and receive a full refund from the broker.

Many brokers have decided not to trade penny stock because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. In the event that we remain subject to the penny stock rules for any significant period, there may develop an adverse impact on the market, if any, for our securities. Because our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities. Further, for companies whose securities are traded in the OTC Bulletin Board, it is more difficult: (i) to obtain accurate quotations, (ii) to obtain coverage for significant news events because major wire services, such as the Dow Jones News Service, generally do not publish press releases about such companies, and (iii) to obtain needed capital.

If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.

Our internal controls over financial reporting may have weaknesses and conditions that could require correction or remediation, the disclosure of which may have an adverse impact on the price of our common stock. We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls (or any failure of those controls once established) could adversely impact our public disclosures regarding our business, financial condition or results of operations. In addition, management s assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting and disclosure of management s assessment of our internal controls over financial reporting may have an adverse impact on the price of our common stock.

Standards for compliance with Section 404 of the Sarbanes-Oxley Act of 2002 are uncertain, and if we fail to comply in a timely manner, our business could be harmed and our stock price could decline.

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require an annual assessment of our internal controls over financial reporting. The standards that must be met for management to assess the internal controls over financial reporting as effective are evolving and complex, and require significant documentation, testing, and possible remediation to meet the detailed standards. We expect to continue to incur significant expenses and to devote resources to continued Section 404 compliance on an ongoing basis. It is difficult for us to predict how long it will take or how costly it will be to complete the assessment of the effectiveness of our internal controls over financial reporting and to remediate any deficiencies in our internal controls. As a result, we may not be able to complete the assessment and remediation process on a timely basis. In the event that our Chief Executive Officer or Chief Financial Officer determine that our internal controls over financial reporting are not effective as defined under Section 404, we cannot predict how regulators will react or how the market price of our common stock will be affected; however, we believe that there is a risk that investor confidence and share value may be negatively impacted.

If we fail to remain current in our reporting requirements, our securities could be removed from the OTC Bulletin Board, which would limit the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Companies trading on the OTCQB must be reporting issuers under Section 12 of the Exchange Act, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical fact contained in this 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 forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as may, will, should, expects, plans, anticipates, could, int projects, contemplates, believes, estimates, predicts, potential, continue, or the negative of these terms or other similar words. These st are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. We discuss many of the risks in greater detail under the heading Risk Factors. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. Forward-looking statements in this prospectus include, but are not necessarily limited to, those relating to:

- our intention to introduce new products or services,
- our expectations about the markets for our products or services,
- our expectations about securing strategic relationships with global couriers or large clinical research organization,
- our future capital needs,
- results of our research and development efforts, and
- success of our patent applications.

Forward-looking statements are subject to risks and uncertainties, certain of which are beyond our control. Actual results could differ materially from those anticipated as a result of the factors described in Risk Factors in this prospectus and detailed in our other SEC filings, including among others:

- the effect of regulation by United States and foreign governmental agencies,
- research and development efforts, including delays in developing, or the failure to develop, our products,
- the development of competing or more effective products by other parties,
- uncertainty of market acceptance of our products,
- errors in business planning attributable to insufficient market size or segmentation data,

problems that we may face in manufacturing, marketing, and distributing our products,

problems that we may encounter in further development of CryoPort Express® Portal or its ability to scale to meet customer demand and needs,

problems relating to the development of wireless sensor monitoring devices, or regulatory approval relating to their use,

our inability to raise additional capital when needed,

delays in the issuance of, or the failure to obtain, patents for certain of our products and technologies,

problems with important suppliers and strategic business partners, and

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difficulties or delays in establishing marketing relationships with international couriers.

Because of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus might not transpire. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. All of the above factors are difficult to predict, contain uncertainties that may materially affect our actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all of such factors or to assess the effect of each factor on our business.

This prospectus also contains estimates and other industry and statistical data developed by independent parties and by us relating to market size, growth and segmentation of markets. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified these estimates generated by independent parties and contained in this prospectus and, accordingly, we cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

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USE OF PROCEEDS

Each of the selling security holders will receive all of the net proceeds from the sale of shares by that holder. We will not receive any of the net proceeds from the sale of the shares. The selling security holders will pay any underwriting discounts and commissions and expenses incurred by the selling security holders for brokerage, accounting, tax or legal services or any other expenses incurred by the selling security holders in offering or selling their shares. We will bear all other costs, fees and expenses incurred in effecting the registration of the shares covered by this prospectus, including, without limitation, blue sky registration and filing fees, and fees and expenses of our counsel and accountants.

A portion of the shares covered by this prospectus are, prior to their sale under this prospectus, issuable upon exercise of warrants. If all of the warrants are exercised for cash at their then current exercise prices per share, we will receive an aggregate of $23,392,019 from such exercises. We will use such proceeds from the warrant exercises for working capital and other corporate purposes.

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MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Presently, our common stock is quoted on the OTCQB, operated by the OTC Markets Group, Inc. under the symbol CYRX. On May 31, 2012, the last reported sale of our common stock was $0.54. The following table shows the high and low sales price of our common stock for the three fiscal years ended March 31, 2012, 2011 and 2010.

	Common Stock Sales Price	
	High	Low
Fiscal Year 2012		
Quarter Ended March 31, 2012	$ 0.90	$ 0.60
Quarter Ended December 31, 2011	$ 1.24	$ 0.65
Quarter Ended September 30, 2011	$ 1.73	$ 0.96
Quarter Ended June 30, 2011	$ 1.60	$ 0.85
Fiscal Year 2011		
Quarter Ended March 31, 2011	$ 1.69	$ 0.51
Quarter Ended December 31, 2010	$ 0.95	$ 0.43
Quarter Ended September 30, 2010	$ 1.50	$ 0.66
Quarter Ended June 30, 2010	$ 2.20	$ 1.31
Fiscal Year 2010		
Quarter Ended March 31, 2010	$ 10.50	$ 1.65
Quarter Ended December 31, 2009	$ 5.40	$ 3.80
Quarter Ended September 30, 2009	$ 7.00	$ 3.70
Quarter Ended June 30, 2009	$ 9.00	$ 4.10

Number of Stockholders

As of May 31, 2012, there were 202 record holders of our common stock.

Dividend Policy

Historically, we have not paid any dividends to the holders of our common stock and we do not expect to pay any such dividends in the foreseeable future as we expect to retain our future earnings for use in the operation and expansion of our business.

Securities Authorized For Issuance Under Equity Compensation Plans

We currently maintain three equity compensation plans, referred to as the 2002 Stock Incentive Plan (the 2002 Plan), the 2009 Stock Incentive Plan (the 2009 Plan) and the 2011 Stock Incentive Plan (the 2011 Plan). Our Compensation Committee is responsible for making, reviewing and recommending grants of options and other awards under these plans which are approved by the Board.

The 2002 Plan, which was approved by our stockholders in October 2002, allows for the grant of options to purchase up to 500,000 shares of the Company s common stock. The 2002 Plan provides for the granting of options to purchase shares of our common stock at prices not less than the fair market value of the stock at the date of grant and generally expire 10 years after the date of grant. The stock options are subject to vesting requirements, generally three or four years. The 2002 Plan also provides for the granting of restricted shares of common stock subject to vesting requirements. As of May 31, 2012, a total of 275,000 shares of our common stock remained available for future grants under the 2002 Plan.

The 2009 Plan, which was approved by our stockholders at our 2009 Annual Meeting of Stockholders held on October 9, 2009, provides for the grant of stock-based incentives. The 2009 Plan allows for the grant of up to

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1,200,000 shares of our common stock for awards to our officers, directors, employees and consultants. The 2009 Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock rights, restricted stock, performance share units, performance shares, performance cash awards, stock appreciation rights, and stock grant awards. The 2009 Plan also permits the grant of awards that qualify for the performance-based compensation exception to the $1,000,000 limitation on the deduction of compensation imposed by Section 162(m) of the Code. As of May 31, 2012, a total of 233,491 shares of our common stock remained available for future grants under the 2009 Plan.

The 2011 Plan, which was approved by our stockholders at our 2011 Annual Meeting of Stockholders held on September 22, 2011, provides for the grant of stock-based incentives. The 2011 Plan allows for the grant of up to 2,300,000 shares of our common stock for awards to our officers, directors, employees and consultants. The 2011 Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock rights, restricted stock, performance share units, performance shares, performance cash awards, stock appreciation rights, and stock grant awards. The 2011 Plan also permits the grant of awards that qualify for the performance-based compensation exception to the $1,000,000 limitation on the deduction of compensation imposed by Section 162(m) of the Code. As of May 31, 2012, a total of 1,678,733 shares of our common stock remained available for future grants under the 2011 Plan.

In addition to the stock options issued pursuant to the Company s three stock incentive plans, the Company has granted warrants to employees, officers, non-employee directors and consultants. The warrants are generally not subject to vesting requirements and have ten-year terms.

The following table sets forth certain information as of May 31, 2012 concerning the Company s common stock that may be issued upon the exercise of options or warrants or pursuant to purchases of stock under the 2002 Plan, the 2009 Plan, the 2011 Plan and other stock based compensation:

Plan Category	(a) Number of Securities to be Issued Upon the Exercise of Outstanding Options and Warrants	(b) Weighted-Average Exercise Price of Outstanding Options and Warrants	(c) Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	1,753,677	$ 0.89	2,187,224
Equity compensation plans not approved by stockholders(1)	312,855	$ 8.31	N/A
	2,066,532		2,187,224

(1) In the past the Company has issued warrants to purchase 327,415 shares of common stock in exchange for services provided to the Company, of which warrants to purchase 312,855 shares of common stock are outstanding. The exercise prices ranged from $2.80 to $10.80 and generally vested upon issuance. Other than the officers and directors described below, 15 consultants and former officers and directors received warrants to purchase 301,660 shares of common stock in this manner. The following director also received warrants to purchase the following number of shares of common stock:

Adam Michelin, Director	25,755

Reverse Stock Split

On February 5, 2010, we effected a 10-for-1 reverse stock split of all of our issued and outstanding shares of common stock (the Reverse Stock Split) by filing a Certificate of Amendment to Amended and Restated Articles of Incorporation with the Secretary of State of Nevada. The par value and number of authorized shares of our common stock remained unchanged. The number of shares and per share amounts included in the included consolidated financial statements and the accompanying notes have been adjusted to reflect the Reverse Stock Split retroactively. Unless otherwise indicated, all references to number of shares, per share amounts and earnings per share information contained in this prospectus give effect to the Reverse Stock Split.

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DETERMINATION OF OFFERING PRICE

The securities may be sold in one or more transactions at prevailing market prices at the time of the sale on the over-the counter bulletin board or at privately negotiated prices determined at the time of sale.

DILUTION

We are not selling any of the shares of common stock in this offering. All of the shares sold in this offering will be held by the Selling Security Holders at the time of the sale, so that no dilution will result from the sale of the shares.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in Risk Factors.

General Overview

We are a provider of an innovative cold chain frozen shipping system dedicated to providing superior, affordable cryogenic shipping solutions that ensure the stable transportation temperature, of high value, temperature sensitive materials. We have developed cost effective reusable cryogenic transport containers (referred to as shippers) capable of transporting biological, environmental and other temperature sensitive materials at temperatures below minus 150° Celsius. These dry vapor shippers are one of the first significant alternatives to dry ice shipping and achieve 10-plus day holding times compared to one to two day holding times with dry ice.

Our value proposition comes from providing both stable temperatures during transportation and an environmentally friendly, long lasting shipper, and through our value added monitoring of transportation services that offer a simple, hassle-free solution for our customers. These value-added services include an internet-based web portal that enables the customer to initiate scheduling, shipping and tracking of the progress and status of a shipment, and provides in-transit temperature and custody transfer monitoring services of the shipper. The CryoPort service also provides a fully ready charged shipper containing all freight bills, customs documents and regulatory paperwork for the entire journey of the shipper to our customers at their pick up location.

Our principal focus has been the commercialization of our solution as well as the further development of our CryoPort Express® Portal, an innovative IT solution for shipping and tracking high-value specimens through overnight shipping companies and specialty couriers, and our CryoPort Express® Shipper, a dry vapor cryogenic shipper for the transport of biological and pharmaceutical materials. A dry vapor cryogenic shipper is a container that uses liquid nitrogen in dry vapor form, which is suspended inside a vacuum insulated bottle as a refrigerant, to provide stable storage temperatures below minus 150° Celsius. The dry vapor shipper is designed using innovative, proprietary, and patented technology which prevents spillage of liquid nitrogen and pressure build up as the liquid nitrogen evaporates. A proprietary retention system is employed to ensure that liquid nitrogen is retained inside the vacuum container, even when placed upside-down or on its side, as is often the case when in the custody of a shipping company. Biological specimens are stored in a specimen chamber, referred to as a well, inside the container and refrigeration is provided by non-hazardous cold nitrogen gas evolving from the liquid nitrogen entrapped within the retention system surrounding the well. Biological specimens transported using our cryogenic shipper can include clinical samples, diagnostics, live cell pharmaceutical products (such as cancer vaccines, semen and embryos, infectious substances) and other items that require and/or are protected through continuous exposure to frozen or cryogenic temperatures.

We offer our solution to companies in the life sciences industry. These companies operate within a heavily regulated environment and as such, changing vendors and distribution practices typically require a number of steps which may include the audit of our facilities, review of our procedures, qualifying us as a vendor, and performing test shipments. This process can take several months or longer to complete prior to a company fully adopting the Cryoport Express solution.

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During our early years, our limited revenue was derived from the sale of our reusable product line. Our current business plan focuses on per- use leasing of the shipping container and added-value services that will be used by us to provide an end-to-end and cost-optimized shipping solution to life science companies moving pharmaceutical and biological samples in clinical trials and pharmaceutical distribution.

We have incurred losses since inception and had an accumulated deficit of $59,929,015 through March 31, 2012.

Going Concern

As reported in the Report of Independent Registered Public Accounting Firm to our March 31, 2012 and 2011 consolidated financial statements, we have incurred recurring losses and negative cash flows from operations since inception. These factors, among others, raise substantial doubt about our ability to continue as a going concern.

There are significant uncertainties which may negatively affect our operations. These are principally related to (i) the expected ramp up of revenues of the new CryoPort Express® System, (ii) the absence of any commitment or firm orders from key customers in our target markets, (iii) the success in bringing additional products currently under development to market with our key customers, and (iv) risks associated with scaling company operations to meet demand. Moreover, there is no assurance as to when, if ever, we will be able to conduct our operations on a profitable basis. Our limited historical revenues for our reusable product, limited introductory revenues to date of the CryoPort Express® System and the lack of any purchase requirements in our existing distribution agreements, make it impossible to identify any trends in our business prospects.

We have not generated significant revenues from operations and have no assurance of any future revenues. We generated revenues from operations of $555,637, incurred a net loss of $7,832,928 and used cash of $6,780,134 in our operating activities during the year ended March 31, 2012. We had working capital of $4,024,120, and had cash and cash equivalents of $4,617,535 at March 31, 2012.

Currently management has projected that cash on hand, including the gross proceeds from our private placement in February and March 2012, will be sufficient to allow us to continue our operations into the fourth quarter of our fiscal year 2013 until more significant revenues can be generated or more funding can be secured. These matters raise substantial doubt about our ability to continue as a going concern.

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Results of Operations

The following table sets forth, for the periods indicated, certain information derived from our consolidated statements of operations.

	Years Ended March 31,		
	2012 (000)	2011 (000)	2010 (000)
Revenues	$ 556	$ 476	$ 118
Cost of revenues	1,392	1,303	718
Gross loss	(836)	(827)	(600)
Cost and expenses:			
Selling, general and administrative	6,106	4,321	3,312
Research and development	492	449	285
Total cost and expenses	6,598	4,770	3,597
Loss from operations	(7,434)	(5,597)	(4,197)
Other income (expense):			
Interest income	12	16	8
Interest expense	(528)	(619)	(7,029)
Loss on sale of property and equipment			(9)
Change in fair value of derivative liabilities	119	50	5,577
Total other expense, net	397	(553)	(1,453)
Loss before income taxes	(7,831)	(6,150)	(5,650)
Income taxes	2	2	2
Net loss	$ (7,833)	$ (6,152)	$ (5,652)
Net loss available to common stockholders per common share:			
Basic and diluted loss per common share	$ (0.27)	$ (0.46)	$ (1.13)
Weighted average common shares outstanding:			
Basic and diluted	28,974,843	13,301,769	5,011,057

Years ended March 31, 2012 and 2011:

Revenues. Revenues were $555,637 for the year ended March 31, 2012, as compared to $475,504 for the year ended March 31, 2011, representing an increase of 16.9%. The number of customers ordering during the year compared to the previous year increased by 145% due to the increase in sales force and resulting sales activities as well as an increase in one-time shipments related to in-vitro fertilization procedures in the international market. The increase in revenue attributable to the increase in new customers was significantly offset by a decrease in revenue derived from one customer (1% in fiscal year 2012 as compared to 36% in the prior year), as one of this customer s products no longer required the cryogenic shipping method during the current period.

Gross loss and cost of revenues. Gross loss for the year ended March 31, 2012 was 151% of revenues, or $836,823, as compared to 174% of revenues, or $827,484, for the prior year. Cost of revenues for the year ended March 31, 2012 was 251% of revenues, or $1,392,460 as compared to 274% of revenues, or $1,302,988, for the prior year. The cost of revenues exceeded revenues due to fixed manufacturing costs and plant underutilization.

Selling, general and administrative expenses. Selling, general and administrative expenses were $6,106,006 for the year ended March 31, 2012, as compared to $4,320,461 for the prior year. The $1,785,545 increase reflects the addition of twelve new employees (ten in the sales and marketing department), recruiting fees for these new hires, and consulting costs for promotional activities. The increase in headcount, in particular in the sales, marketing and client services department, reflects the Company s focus on promoting the use of its CryoPort Express® System and expanding its customer base through a direct inside and field sales team.

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Research and development expenses. Research and development expenses were $491,849 for the year ended March 31, 2012, as compared to $449,129 for the prior year. Our research and development efforts are focused on continually improving the features of the CryoPort Express® System including the web based customer service portal and the CryoPort Express® Shippers.

Interest expense. Interest expense was $527,753 for the year ended March 31, 2012, as compared to $618,765 for the prior year. Interest expense for the year ended March 31, 2012 included the value on warrants issued to convertible debt holders of $156,999, stated interest expense on the convertible debt of $122,824, amortization of the debt discount of $197,225, and accrued interest on our related party notes payable of $48,036. Interest expense for the prior year included amortization of the debt discount of $522,041, accrued interest on our related party notes payable of $57,156 and interest expense on our convertible debentures of $19,233.

Interest income. Interest income was $11,940 for the year ended March 31, 2012 as compared to $15,571 for the prior year.

Change in fair value of derivative liabilities. The gain on the change in fair value of derivative liabilities was $119,163 for the year ended March 31, 2012, compared to a gain of $49,590 for the prior year. The gain for the year ended March 31, 2012 was the result of a decrease in the value of our warrant derivatives, due primarily to a decrease in our stock price.

Net loss. As a result of the factors described above, net loss for the year ended March 31, 2012 increased by $1,680,650 to $7,832,928 or ($0.27) per share compared to a net loss of $6,152,278 or ($0.46) per share for the prior year. The decrease of net loss per share compared to the prior year is a result of the increase in the weighted average common shares outstanding from 13.3 million to 29.0 million. This increase is primarily due to common stock issued in connection with the Company s private placements in fiscal 2012.

Liquidity and Capital Resources

As of March 31, 2012, the Company had cash and cash equivalents of $4,617,535 and working capital of $4,024,120. As of March 31, 2011, the Company had cash and cash equivalents of $9,278,443 and working capital of $6,759,755. Historically, we have financed our operations primarily through sales of our debt and equity securities. From March 2005 through March 2012, we have received net proceeds of approximately $32.8 million from sales of our common stock and the issuance of promissory notes, warrants and debt.

In February and March 2012, the Company conducted a private placement of units totaling 9,477,554 at a purchase price of $0.55 per unit (the February 2012 Private Placement) for total proceeds of $4,640,400, net of offering costs of $572,255. Each unit consisted of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $0.69 per share. Each warrant is fully exercisable six months from the date of issuance for a period of five years from the date of issuance.

For the year ended March 31, 2012, we used $6,780,134 of cash for operations primarily as a result of the net loss of $7,832,928 including non-cash expenses of $717,090 for the fair value of stock options and warrants. Net operating losses increased as a result of an increase in headcount and overall commercial activity.

Net cash used in investing activities totaled $388,061 during the year ended March 31, 2012, and was attributable to the purchase of property and equipment of $262,641 and the purchase of intangible assets of $125,420.

Net cash provided by financing activities totaled $2,507,287 during the year ended March 31, 2012, and resulted primarily from net proceeds received from the private placement completed during the fourth quarter of fiscal 2012 in the amount of 4,640,400 and cash exercises of warrants in the amount of $571,630. This was partially offset by the repayment of the convertible debentures in the amount of $2,273,028, the transfer of

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$251,368 into escrow in conjunction with the private placement representing the total future principal payments due to one of the convertible debenture holders and the payment of deferred financing costs of $158,270.

As discussed in Note 1 of the accompanying consolidated financial statements, there exists substantial doubt regarding the Company s ability to continue as a going concern. As discussed above, the Company completed a private placement in March of 2012. The funds raised will be used for working capital purposes and to continue our sales efforts to advance the Company s commercialization of the CryoPort Express® Solution. Management has estimated that cash on hand as of March 31, 2012 and forecasted sales will be sufficient to allow the Company to continue its operations through the end of fiscal 2013. However, the Company s management recognizes that the Company may need to obtain additional capital, if forecasted sales targets are not met. Management s plans to extend the cash runway include a reduction in non-sales generating expenses and the use of third parties for services such as its recycling and refurbishment centers. This will provide for greater flexibility in aligning operational expenses with the sales ramp. Such plans also may include obtaining additional capital through equity and/or debt funding sources; however, no assurance can be given that additional capital, if needed, will be available when required or upon terms acceptable to the Company.

Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2012, and the effects such obligations are expected to have on liquidity and cash flow in future periods (in thousands):

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating Lease Obligations	$ 620	$ 187	$ 433	$	$
Convertible Debentures	347	347			
Other Long-term Debt Obligations	1,471	96	1,375		
Total	$ 2,438	$ 630	$ 1,808	$	$

Impact of Inflation. From time to time, CryoPort experiences price increases from third party manufacturers and these increases cannot always be passed on to CryoPort s customers. While these price increases have not had a material impact on CryoPort s historical operations or profitability in the past, they could affect revenues in the future.

Critical Accounting Policies and Estimates

Management s discussion and analysis of financial condition and results of operations, as well as disclosures included elsewhere in this prospectus, are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. Our significant accounting policies are described in the notes to the audited consolidated financial statements contained elsewhere in this prospectus. Included within these policies are our critical accounting policies. Critical accounting policies are those policies that are most important to the preparation of our consolidated financial statements and require management s most subjective and complex judgment due to the need to make estimates about matters that are inherently uncertain. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operations and/or financial condition.

We believe that the critical accounting policies that most impact the consolidated financial statements are as described below.

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Revenue Recognition

Per Use Revenues

We recognize revenues from product sales when there is persuasive evidence that an arrangement exists, when title has passed, the price is fixed or determinable, and we are reasonably assured of collecting the resulting receivable. The Company records a provision for claims based upon historical experience. Actual claims in any future period may differ from the Company s estimates. During its early years, the Company s limited revenue was derived from the sale of our reusable product line. The Company s current business plan focuses on per-use leasing of the shipping container and value-added services that will be used by us to provide an end-to-end and cost-optimized shipping solution.

The Company provides shipping containers to their customers and charges a fee in exchange for the use of the container. The Company arrangements are similar to the accounting standard for leases since they convey the right to use the containers over a period of time. The Company retains title to the containers and provides its customers the use of the container for a specified shipping cycle. At the culmination of the customer s shipping cycle, the container is returned to the Company. As a result of our new business plan, during the quarter ended September 30, 2009, the Company reclassified the containers from inventory to fixed assets upon commencement of the loaned-container program.

Inventory

The Company writes down its inventories for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand, future pricing and market conditions. Inventory reserve costs are subject to estimates made by the Company based on historical experience, inventory quantities, age of inventory and any known expectations for product changes. If actual future demands, future pricing or market conditions are less favorable than those projected by management, additional inventory write-downs may be required and the differences could be material. Such differences might significantly impact cash flows from operating activities. Once established, write-downs are considered permanent adjustments to the cost basis of the obsolete or unmarketable inventories.

During its early years, the Company s limited revenue was derived from the sale of our reusable product line. The Company s current business plan focuses on per-use leasing of the shipping container and value-added services that will be used by us to provide an end-to-end and cost-optimized shipping solution. The Company provides shipping containers to its customers and charges a fee in exchange for the use of the container. The Company arrangements are similar to the accounting standard for leases since they convey the right to use the containers over a period of time. The Company retains title to the containers and provides its customers the use of the container for a specified shipping cycle. At the culmination of the customer s shipping cycle, the container is returned to the Company. As a result of our current business plan, during fiscal year 2010, the Company reclassified the containers from inventory to fixed assets upon commencement of the loaned-container program. The Company s current inventory consists of accessories that are sold and shipped to customers along with loaned containers and not returned to the Company with the containers at the culmination of the customer s shipping cycle.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization of fixed assets are provided using the straight-line method over the following useful lives:

Cryogenic Shippers	3 years
Furniture and fixtures	7 years
Machinery and equipment	5-7 years
Leasehold improvements	Lesser of lease term or estimated useful life

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Betterments, renewals and extraordinary repairs that extend the lives of the assets are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation and amortization applicable to assets retired are removed from the accounts, and the gain or loss on disposition is recognized in current operations.

Intangible Assets

Intangible assets comprise patents and trademarks and software development costs. The Company capitalizes costs of obtaining patents and trademarks which are amortized, using the straight-line method over their estimated useful life of five years. The Company capitalizes certain costs related to software developed for internal use. Software development costs incurred during the preliminary or maintenance project stages are expensed as incurred, while costs incurred during the application development stage are capitalized and amortized using the straight-line method over the estimated useful life of the software, which is five years. Capitalized costs include purchased materials and costs of services including the valuation of warrants issued to consultants.

Long-Lived Assets

The Company assesses the recoverability of its long-lived assets by determining whether the depreciation and amortization of long-lived assets over their remaining lives can be recovered through projected undiscounted cash flows. The amount of long-lived asset impairment is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. Manufacturing fixed assets are subject to obsolescence potential as result of changes in customer demands, manufacturing process changes and changes in materials used. The Company is not currently aware of any such changes that would cause impairment to the value of its manufacturing fixed assets.

Stock-based Compensation

We recognize compensation costs for all stock-based awards made to employees and directors. The fair value of stock-based awards is estimated at grant date using an option pricing model and the portion that is ultimately expected to vest is recognized as compensation cost over the requisite service period.

We use the Black-Scholes option-pricing model to estimate the fair value of stock-based awards. The determination of fair value using the Black-Scholes option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables, including expected stock price volatility, risk-free interest rate, expected dividends and projected employee stock option exercise behaviors. We estimate the expected term based on the contractual term of the awards and employees exercise and expected post-vesting termination behavior.

At March 31, 2012, there was $306,600 of total unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a remaining weighted average vesting period of 2.35 years.

Derivative Liabilities

Our issued and outstanding common stock purchase warrants and embedded conversion features previously treated as equity pursuant to the derivative treatment exemption were no longer afforded equity treatment, and the fair value of these common stock purchase warrants and embedded conversion features, some of which have exercise price reset features and some that were issued with convertible debt, from equity to liability status as if these warrants were treated as a derivative liability since their date of issue. The common stock purchase warrants were not issued with the intent of effectively hedging any future cash flow, fair value of any asset,

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liability or any net investment in a foreign operation. The warrants do not qualify for hedge accounting, and as such, all future changes in the fair value of these warrants will be recognized currently in earnings until such time as the warrants are exercised or expire. These common stock purchase warrants do not trade in an active securities market, and as such, we estimate the fair value of these warrants using the Black-Scholes option pricing model.

Convertible Debentures

If a conversion feature of conventional convertible debt is not accounted for as a derivative instrument and provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature (BCF). A BCF is recorded by the Company as a debt discount. In those circumstances, the convertible debt will be recorded net of the discount related to the BCF. The Company amortizes the discount to interest expense over the life of the debt using the effective interest method.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of the convertible notes payable and private equity financing. Deferred financing costs are being amortized over the term of the financing instrument on a straight-line basis, which approximates the effective interest method or netted against the gross proceeds received from equity financing.

Income Taxes

We account for income taxes under the provision of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, or ASC 740. As of March 31, 2012 and 2011, there were no unrecognized tax benefits included in the accompanying balance sheets that would, if recognized, affect the effective tax rates. Based on the weight of available evidence, the Company s management has determined that it is more likely than not that the net deferred tax assets will not be realized. Therefore, the Company has recorded a full valuation allowance against the net deferred tax assets. The Company s income tax provision consists of state minimum taxes.

Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. We had no accrual for interest or penalties on our consolidated balance sheets at March 31, 2012 and 2011, respectively and have not recognized interest and/or penalties in the consolidated statement of operations for the year ended March 31, 2012. We are subject to taxation in the United States and various state jurisdictions. As of March 31, 2012, the Company is no longer subject to U.S. federal examinations for years before 2008 and for California franchise and income tax examinations before 2007. However, to the extent allowed by law, the taxing authorities may have the right to examine prior periods where net operating losses were generated and carried forward, and make adjustments up to the amount of the net operating loss carry forward amount. The Company is not currently under examination by U.S. federal or state jurisdictions.

New Accounting Pronouncements

In June 2011, the FASB updated the accounting guidance on alignment of disclosures for GAAP and the International Financial Reporting Standards, or IFRS, by updating Topic 820 entitled Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS , relating to presentation of fair value measurements reported in financial statements. The updated guidance requires companies to align fair value measurement and disclosure requirements between GAAP and IFRS. The updated guidance became effective for our fiscal 2012 year. The adoption of this guidance did not have a material impact on our financial position or results of operations.

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BUSINESS

Overview

We are a provider of an innovative cold chain frozen shipping system dedicated to providing superior, affordable cryogenic shipping solutions that ensure the stable transportation temperature, of high value, temperature sensitive materials. We have developed cost effective reusable cryogenic transport containers (referred to as shippers) capable of transporting biological, environmental and other temperature sensitive materials at temperatures below minus 150° Celsius. These dry vapor shippers and shipping system are one of the first significant alternatives to dry ice shipping and achieve 10-plus day holding times compared to one to two day holding times typically achieved with dry ice.

Our value proposition comes from both providing stable temperatures during transportation with an environmentally friendly, long lasting shipper, and through our value added monitoring of transportation services that offer a simple hassle-free solution for our customers. These value-added services include an internet-based web portal that enables the customer to initiate scheduling, shipping and tracking of the progress and status of a shipment, and provides in-transit temperature and custody transfer monitoring services of the shipper. The CryoPort service also provides a fully ready charged shipper containing all freight bills, customs documents and regulatory paperwork for the entire journey of the shipper to our customers at their pickup and delivery locations.

Our principal focus has been the commercialization of our solution as well as further development of our CryoPort Express® Portal, an innovative IT solution for shipping and tracking high-value specimens through overnight shipping companies and specialty couriers, and our CryoPort Express® Shippers, dry vapor cryogenic shippers for the transport of biological and pharmaceutical materials. A dry vapor cryogenic shipper is a container that uses liquid nitrogen in dry vapor form, which is suspended inside a vacuum insulated bottle as a refrigerant, to provide stable storage temperatures below minus 150° Celsius. The dry vapor shipper is designed using innovative, proprietary, and patented technology which prevents spillage of liquid nitrogen and pressure build up as the liquid nitrogen evaporates. A proprietary retention system is employed to ensure that liquid nitrogen is retained inside the vacuum container, even when placed upside-down or on its side, as is often the case when in the custody of a shipping company. Biological specimens are stored in a specimen chamber, referred to as a well, inside the container and refrigeration is provided by non-hazardous cold nitrogen gas evolving from the liquid nitrogen entrapped within the retention system surrounding the well. Biological specimens transported using our cryogenic shipper can include clinical samples, diagnostics, live cell pharmaceutical products (such as cancer vaccines, semen and embryos, infectious substances) and other items that require and/or are protected through continuous exposure to frozen or cryogenic temperatures.

During our early years, our limited revenue was derived from the sale of our reusable product line. Our current business plan focuses on per-use leasing of the shipping container and added-value services that will be used by us to provide an end-to-end and cost-optimized shipping solution to life science companies moving pharmaceutical and biological samples in clinical trials and pharmaceutical distribution.

We entered into our first strategic relationship with a global courier on January 13, 2010 when we signed an agreement with Federal Express Corporation (FedEx) pursuant to which we lease to FedEx such number of our cryogenic shippers that FedEx, from time to time, orders for its customers. Under this agreement, FedEx has the right to, on a non-exclusive basis, promote market and sell transportation of our shippers and related value-added goods and services, such as our CryoPort® Portal and CryoPort Express® Smart Pak System. On January 24, 2011 we announced that FedEx had launched its deep frozen shipping solution using our CryoPort Express® Dry Shipper. We have also integrated our web portal IT with FedEx s IT to provide access to tracking and tracing scans during FedEx shipping. On September 2, 2010, we entered into an agreement with DHL Express (USA), Inc. (DHL) that gives DHL life science customers direct access to our web-based order entry and tracking portal to order the CryoPort Express® Shipper and receive preferred DHL shipping rates. The agreement covers DHL shipping discounts that may be used to support our customers using the CryoPort Express® shipping

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solution. In connection with the agreement, we have integrated our proprietary web portal to DHL s tracking and billing systems. DHL life science customers now have a seamless way of shipping their critical biological material worldwide. The IT integration with DHL was completed during our fourth quarter of fiscal year 2011.

Corporate History and Structure

We are a Nevada corporation originally incorporated under the name G.T.5-Limited (GT5) 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 2,410,811 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 20382 Barents Sea Circle, Lake Forest, CA 92630. The telephone number of our principal executive offices is (619) 481-6800, and our main corporate website is www.cryoport.com. The information on, or that can be accessed through, our website is not part of this prospectus.

Our Products and Pipeline

The CryoPort Express® System

The CryoPort Express® System consists of the CryoPort Express® Portal, which programmatically manages order entry and all aspects of shipping operations, CryoPort Express® Shippers, the CryoPort Express® Smart Pak data logger, and CryoPort Express® Analytics, which monitors shipment performance metrics and evaluates temperature-monitoring data collected by the data logger during shipment. The CryoPort Express® System is focused on improving the reliability of frozen shipping while reducing the customers overall operating costs. This is accomplished by providing a complete end-to-end solution for the transport and monitoring of frozen or cryogenically preserved biological or pharmaceutical materials shipped though overnight shipping companies and specialty couriers. Certain of the intellectual property underlying the CryoPort Express® System (other than that related to the CryoPort Express® Shipper, has been, and continues to be, developed under a contract with an outside software development company, with the underlying technology licensed to us for exclusive use in our field of use.

In addition, we provide a containment bag which is used in connection with the shipment of infectious or dangerous goods using the CryoPort Express® Shipper and other accessories used in the shipment of biological and pharmaceutical specimens.

CryoPort Express® Portal

The CryoPort Express® Portal is used by CryoPort, our customers and our business partners to automate the entry of orders, prepare customs documentation and to facilitate status and location monitoring of shipped orders while in transit It is used by CryoPort to manage shipping operations and to reduce administrative costs typically provisioned through manual labor relating to order-entry, order processing, preparation of shipping documents and back-office accounting. It is also used to support the high level of customer service expected by the industry. Certain features of the CryoPort Express® Portal reduce operating costs and facilitate the scaling of CryoPort s business, but more importantly they offer significant value to the customer in terms of cost avoidance and risk mitigation. Examples of these features include automation of order entry, development of Key Performance Indicators (KPI) to support our efforts for continuous process improvements in our business, and programmatic exception monitoring to detect and sometimes anticipate delays in the shipping process, often before the customer or the shipping company becomes aware of them. In the future we will add rate and mode optimization

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and in-transit monitoring of temperature, location and state of health (discussed below), via wireless communications.

The CryoPort Express® Portal also serves as the communications nerve center for the management, collection and analysis of Smart Pak data collected from Smart Pak data loggers in the field. Data is converted into pre-designed reports containing valuable and often actionable information that becomes the quality control standard or pedigree of the shipment. This information can be utilized by CryoPort to provide valuable feedback to the customer relating to their shipments.

The CryPort Express® Portal was developed for shipments that are required to maintain specific temperatures, such as ambient (between 20 and 25°C), chilled (between 2 and 8°C) or frozen (minus 10°C or less) to ensure that the shipped specimen is not subject to degradation. Our current focus is on frozen shipments within the life sciences industry using the shippers described below.

The CryoPort Express® Shippers

Our CryoPort Express® Shippers are cryogenic dry vapor shippers capable of maintaining cryogenic temperatures of minus 150° Celsius or below for a period of 10 or more days. A dry cryogenic shipper is a device that uses liquid nitrogen contained inside a vacuum insulated bottle which serves as a refrigerant to provide stable storage temperatures below minus 150° Celsius. Our CryoPort Express® shippers are designed to ensure that there is no pressure build up as the liquid nitrogen evaporates or spillage of liquid nitrogen. We have developed a proprietary retention system to ensure that liquid nitrogen stays inside the vacuum container, which allows the shipper to be designated as a dry shipper meeting International Air Transport Association (IATA) requirements. Biological or pharmaceutical specimens are stored in a specimen chamber, referred to as a well , inside the container and refrigeration is provided by cold nitrogen gas evolving from the liquid nitrogen entrapped within the retention system. Specimens that may be transported using our cryogenic shipper include live cell pharmaceutical products such as cancer vaccines, diagnostic materials, semen and embryos, infectious substances and other items that require continuous exposure to frozen or cryogenic temperatures (e.g., temperatures below minus 150° Celsius).

We are currently offering two sizes of dry vapor shippers, the CryoPort Express® Standard Shipper with a storage capacity of up to 75 0.2ml vials and the CryoPort Express® High Volume Shipper which was introduced in January of 2012 with a capacity of up to 500 0.2ml vials.

The CryoPort Express® Standard Shipper

The technology underlying the CryoPort Express® Shipper was developed by modifying and advancing technology from our first generation of reusable cryogenic dry shippers. While our CryoPort Express® Shippers share many of the characteristics and basic design details of our earlier shippers, we are manufacturing our CryoPort Express® Shippers from alternative, lower cost and lower weight materials, which reduces overall operating costs. We maintain ongoing development efforts related to our shippers which are principally focused on material properties, particularly those properties related to the low temperature requirement, the vacuum retention characteristics, such as the permeability of the materials, and lower cost and lower weight materials in an effort to meet the market needs for achieving a lower cost frozen and cryogenic shipping solution. Other advances additional to the development work on the cryogenic container include both an improved liquid nitrogen retention system and a secondary protective, spill proof packaging system. This secondary system, outer packaging has a low cost that lends itself to disposability, and it is made of recyclable materials. Further, it adds an additional liquid nitrogen retention capability to further assure compliance with IATA and ICAO regulations that prohibit egress of liquid nitrogen from the shipping package. IACO stands for the International Civil Aviation Organization, which is a United Nations organization that develops regulations for the safe transport of dangerous goods by air.

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The Standard CryoPort Express® Shippers are lightweight, low-cost, re-usable dry vapor liquid nitrogen storage containers that we believe combine the best features of packaging, cryogenics and high vacuum technology. A Standard CryoPort Express® Shipper is composed of an aluminum metallic dewar flask, with a well for holding the biological material in the inner chamber. The dewar flask, or thermos bottle, is an example of a practical device in which the conduction, convection and radiation of heat are reduced as much as possible. The inner chamber of the shipper is surrounded by a high surface, low-density material which retains the liquid nitrogen in-situ by absorption, adsorption and surface tension. Absorption is defined as the taking up of matter in bulk by other matter, as in the dissolving of a gas by a liquid, whereas adsorption is the surface retention of solid, liquid or gas molecules, atoms or ions by a solid or liquid. This material absorbs liquid nitrogen several times faster than currently used materials, while providing the shipper with a hold time and capacity to transport biological materials safely and conveniently. The annular space between the inner and outer dewar chambers is evacuated to a very high vacuum (10-6 Torr). The specimen-holding chamber has a primary cap to enclose the specimens, and a removable and replaceable secondary cap to further enclose the specimen-holding container and to contain the liquid nitrogen. The entire dewar vessel is then wrapped in a plurality of insulating and cushioning materials and placed in a disposable outer packaging made of recyclable material. The Standard dry shipper has a storage capacity of up to 75 0.2ml vials.

The CryoPort Express® High Volume Shipper

The CryoPort Express® High Volume dry shipper also uses a dry vapor liquid nitrogen (LN2) technology to maintain below -150° C temperatures with a dynamic shipping endurance of 10 days. The High Volume dry shipper is based on the same dry vapor technology as CryoPort s original standard dry shipper and utilizes an absorbent material to hold LN2, thus providing the extended endurance time and IATA validation as a non-hazardous shipping container. The High Volume dry shipper is reusable and recyclable, making it a highly sustainable and cost effective method of transporting life science materials. The High Volume dry shipper has a storage capacity of up to 500 0.2ml vials.

We believe the CryoPort solution is the best and most cost effective solution available in the market that satisfies customer needs and regulatory requirements relating to the shipment of temperature-critical, frozen and refrigerated transport of biological materials, such as the pharmaceutical clinical trials, gene biotechnology, infectious materials handling, and animal and human reproduction markets. Due to our proprietary technology and innovative design, our shippers are less prone to losing functional hold time when not kept in an upright position than the competing products because such proprietary technology and innovative design prevent the spilling or leakage of the liquid nitrogen when the container is tipped or on its side which would adversely affect the functional hold time of the container.

An important feature of the CryoPort Express® Shippers is their compliance with the stringent packaging requirements of IATA Packing Instructions 602 and 650, respectively. These instructions include the internal pressure (hydraulic) and drop performance requirements.

The CryoPort Express® Smart Pak

Temperature monitoring is a high value feature from our customers perspective as it is an effective and reliable method to determine that the shipment materials were not damaged or degraded during shipment due to temperature fluctuations. Phase II of our Smart Pak System which is a self-contained automated data logger capable of recording the internal and external temperatures of samples shipped in our CryoPort Express® Shipper was launched in fiscal year 2010 and is currently used in every shipment.

Phase III of our Smart Pak System consists of developing and rolling out a smart chip with wireless connectivity to enable our customers to monitor a shipper s location, specimen temperature and overall state of health via our web portal. A key feature of the Phase III product is automatic downloading of data which requires no customer intervention. We are currently developing the requirements for Phase III.

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CryoPort Express® Analytics

Our continued development of the CryoPort Express® Portal is a strategic element of our business strategy and the CryoPort Express® Portal system has been designed to support planned future features with this thought in mind. Analytics is a term used by IT professionals to refer to performance benchmarks or Key Performance Indicators (KPI s) that management utilizes to measure performance against desired standards. Examples include time-based metrics for order processing time and on-time deliveries by our shipping partners, as well as profiling shipping lanes to determine average transit times and predicting an exception if a shipment is taking longer than it should based on historical metrics. The analytical results are being utilized by CryoPort to render consultative customer services.

Biological Material Holders

We have also developed a patented containment bag which is used in connection with the shipment of infectious or dangerous goods using the CryoPort Express® Shipper. Up to five vials, watertight primary receptacles are placed onto aluminum holders and up to fifteen holders (75 vials) are placed into an absorbent pouch which is designed to absorb the entire contents of all the vials in the event of leakage. This pouch containing up to 75 vials is then placed in a watertight secondary packaging Tyvek bag capable of withstanding cryogenic temperatures, and then sealed. This bag is then placed into the well of the cryogenic shipper.

Other Product Candidates and Development Activities

We are continuing our research and development efforts which are expected to lead to the introduction of additional dry vapor shippers, including a smaller size unit constructed of lower cost materials and utilizing high volume manufacturing methods. We are also exploring the use of alternative phase change materials in place of liquid nitrogen in order to seek entry into the ambient temperature (between 20° and 25° Celsius) and chilled temperature (2° to 8° Celsius) shipping markets.

Government Regulation

The shipping of diagnostic specimens, infectious substances and dangerous goods, whether via air or ground, falls under the jurisdiction of many states, federal and international agencies. The quality of the containers, packaging materials and insulation that protect a specimen determine whether or not it will arrive in a usable condition. Many of the regulations for transporting dangerous goods in the United States are determined by international rules formulated under the auspices of the United Nations. For example, the ICAO is the United Nations organization that develops regulations (Technical Instructions) for the safe transport of dangerous goods by air. If shipment is by air, compliance with the rules established by IATA is required. IATA is a trade association made up of airlines and air cargo couriers that publishes annual editions of the IATA Dangerous Goods Regulations. These regulations interpret and add to the ICAO Technical Instructions to reflect industry practices. Additionally, the CDC has regulations (published in the Code of Federal Regulations) for interstate shipping of specimens, and OSHA also addresses the safe handling of Class 6.2 Substances. Our CryoPort Express® Shipper meets Packing Instructions 602 and 650 and is certified for the shipment of Class 6.2 Dangerous Goods per the requirements of the ICAO Technical Instructions for the Safe Transport of Dangerous Goods by Air and IATA. Our present and planned future versions of the CryoPort Smart Pak data logger will likely be subject to regulation by FAA, FCC, FDA, IATA and possibly other agencies which may be difficult to determine on a global basis.

We are also subject to numerous other federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with such laws and regulations now or in the future.

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Manufacturing and Raw Materials

Manufacturing. The component parts for our products are primarily manufactured at third party manufacturing facilities. We also have a warehouse at our facility in Lake Forest, California, where we are capable of manufacturing certain parts and fully assemble our products. Most of the components that we use in the manufacture of our products are available from more than one qualified supplier. For some components, however, there are relatively few alternate sources of supply and the establishment of additional or replacement suppliers may not be accomplished immediately, however, we have identified alternate qualified suppliers which we believe could replace existing suppliers. Should this occur, we believe that with our current level of dewars and production rate we have enough to cover a four to six week gap in maximum disruption of production. There are no specific agreements with any manufacturer nor are there any long term commitments to any manufacturer. We believe that most of the manufactures currently used by us could be replaced within a short period of time as none have a proprietary component or a substantial capital investment specific to our products.

Our production and manufacturing process incorporates innovative technologies developed for aerospace and other industries which are cost effective, easier to use and more functional than the traditional dry ice devices and other methods currently used for the shipment of temperature-sensitive materials. Our manufacturing process uses non-hazardous cleaning solutions which are provided and disposed of by a supplier approved by the Environmental Protection Agency (the EPA). EPA compliance costs for us are therefore negligible.

The High Volume dry shipper is purchased from a third party and modified using our proprietary technology and know-how.

Raw Materials. Various common raw materials are used in the manufacture of our products and in the development of our technologies. These raw materials are generally available from several alternate distributors and manufactures. We have not experienced any significant difficulty in obtaining these raw materials and we do not consider raw material availability to be a significant factor in our business.

Patents and Proprietary Rights

In order to remain competitive, we must develop and maintain protection on the proprietary aspects of our technologies. We rely on a combination of patents, copyrights, trademarks, trade secret laws and confidentiality agreements to protect our intellectual property rights. We currently own four registered United States trademarks and three issued United States patents primarily covering various aspects of our products. In addition, we have filed a patent application for various aspects of our shipper and web-portal, which includes, in part, various aspects of our business model referred to as the CryoPort Express® System, and we intend to file additional patent applications to strengthen our intellectual property rights. The technology covered by the above indicated issued patents relates to matters specific to the use of liquid nitrogen dewars in connection with the shipment of biological materials. The concepts include those of disposability, package configuration details, liquid nitrogen retention systems, systems related to thermal performance, systems related to packaging integrity, and matters generally relevant to the containment of liquid nitrogen. Similarly, the trademarks mentioned relate to the cryogenic temperature shipping activity. Issued patents and trademarks currently owned by us include:

Type:	No.	Issued	Expiration
Patent	6,467,642	Oct. 22, 2002	Oct. 21, 2022
Patent	6,119,465	Sep. 19, 2000	Sep. 18, 2020
Patent	6,539,726	Apr. 1, 2003	Mar 31, 2023
Trademark	7,583,478,7	Oct. 8, 2002	N/A
Trademark	7,748,667,3	Feb. 3, 2009	N/A
Trademark	7,737,454,1	Mar. 17, 2009	N/A

Our success depends to a significant degree upon our ability to develop proprietary products and technologies and to obtain patent coverage for these products and technologies. We intend to file trademark and

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patent applications covering any newly developed products, methods and technologies. However, there can be no guarantee that any of our pending or future filed applications will be issued as patents. There can be no guarantee that the U.S. Patent and Trademark Office or some third party will not initiate an interference proceeding involving any of our pending applications or issued patents. Finally, there can be no guarantee that our issued patents or future issued patents, if any, will provide adequate protection from competition.

Patents provide some degree of protection for our proprietary technology. However, the pursuit and assertion of patent rights involve complex legal and factual determinations and, therefore, are characterized by significant uncertainty. In addition, the laws governing patent issuance and the scope of patent coverage continue to evolve. Moreover, the patent rights we possess or are pursuing generally cover our technologies to varying degrees. As a result, we cannot ensure that patents will issue from any of our patent applications, or that any of its issued patents will offer meaningful protection. In addition, our issued patents may be successfully challenged, invalidated, circumvented or rendered unenforceable so that our patent rights may not create an effective barrier to competition. Moreover, the laws of some foreign countries may not protect our proprietary rights to the same extent, as do the laws of the United States. There can be no assurance that any patents issued to us will provide a legal basis for establishing an exclusive market for our products or provide us with any competitive advantages, or that patents of others will not have an adverse effect on our ability to do business or to continue to use our technologies freely.

We may be subject to third parties filing claims that our technologies or products infringe on their intellectual property. We cannot predict whether third parties will assert such claims against us or whether those claims will hurt our business. If we are forced to defend against such claims, regardless of their merit, we may face costly litigation and diversion of management s attention and resources. As a result of any such disputes, we may have to develop, at a substantial cost, non-infringing technology or enter into licensing agreements. These agreements may be unavailable on terms acceptable to it, or at all, which could seriously harm our business or financial condition.

We also rely on trade secret protection of our intellectual property. We attempt to protect trade secrets by entering into confidentiality agreements with third parties, employees and consultants, although, in the past, we have not always obtained such agreements. It is possible that these agreements may be breached, invalidated or rendered unenforceable, and if so, our trade secrets could be disclosed to our competitors. Despite the measures we have taken to protect our intellectual property, parties to such agreements may breach confidentiality provisions in our contracts or infringe or misappropriate our patents, copyrights, trademarks, trade secrets and other proprietary rights. In addition, third parties may independently discover or invent competitive technologies, or reverse engineer our trade secrets or other technology. Therefore, the measures we are taking to protect our proprietary technology may not be adequate.

Customers and Distribution

As a result of growing globalization, including with respect to such areas as life science clinical trials and distribution of pharmaceutical products, the requirement for effective solutions for keeping certain clinical samples and pharmaceutical products at frozen temperatures takes on added significance due to extended shipping times, custom delays and logistics challenges. Today, such goods are traditionally shipped in styrofoam cardboard insulated containers packed with dry ice, gel/freezer packs or a combination thereof. The current dry ice solutions have limitations that severely limit their effective and efficient use for both short and long-distances (e.g., international). Conventional dry ice shipments often require labor intensive re-icing operations resulting in higher labor and shipping costs.

We believe our patented cryogenic shippers make us well positioned to take advantage of the growing demand for effective and efficient international transport of temperature sensitive materials resulting from continued globalization. Of particular significance is the trend within the pharmaceutical and biotechnology industries toward globalization. We believe this presents a new and unique opportunity for pharmaceutical

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companies, particularly early or developmental stage companies, to conduct some of their clinical trials in foreign countries where the cost may be cheaper and/or because the foreign countries significantly larger population provides a larger pool of potential patients suffering from the indication that the drug candidate is being designed to treat. We also provide domestic shipping solutions in situations and regions where there is a high priority placed on maintaining the integrity of materials shipped at cryogenic temperatures and where we can be cost effective.

To date, most of our customers have been in the pharmaceutical or medical industries. As we initially focus our efforts to increase revenues, we believe that the primary target customers for our CryoPort Express® System are concentrated in the following markets, for the following reasons:

- Pharmaceutical clinical trials / contract research organizations;
- Gene biotechnology;
- Transport of infectious materials and dangerous goods;
- Pharmaceutical distribution; and
- Fertility clinics/artificial insemination.

Pharmaceutical Clinical Trials. Every pharmaceutical company developing a new drug must be approved by the FDA who conducts clinical trials to, among other things, test the safety and efficacy of the potential new drug. Presently, a significant amount of clinical trial activity is managed by a number of large Clinical Research Organizations (CROs). Due to the growing downsizing trend in the pharmaceutical industry, CROs are going to obtain an increasing share of the clinical trial market.

In connection with the clinical trials, due to globalization the companies may enroll patients from all over the world who regularly submit a blood or other specimen at the local hospital, doctor s office or laboratory. These samples are then sent to specified testing laboratories, which may be local or in another country. The testing laboratories will typically set the requirements for the storage and shipment of blood specimens. In addition, several of the drugs used by the patients require frozen shipping to the sites of the clinical trials. While both domestic and international shipping of these specimens is accomplished using dry ice today, international shipments especially present several problems, as dry ice, under the best of circumstances, can only provide freezing for one to two days, in the absence of re-icing (which is quite costly). Because shipments of packages internationally can take longer than one to two days or be delayed due to flight cancellations, incorrect destinations, labor problems, ground logistics, customs delays and safety reasons, dry ice is not always a reliable and cost effective option. Clinical trial specimens are often irreplaceable because each one represents clinical data at a prescribed point in time, in a series of specimens on a given patient, who may be participating in a trial for years. Sample integrity during the shipping process is vital to retaining the maximum number of patients in each trial. Our shippers are ideally suited for this market, as our longer hold time ensures that specimens can be sent over long distances with minimal concern that they will arrive in a condition that will cause their exclusion from the trial. There are also many instances in domestic shipments where the CryoPort Express® Shipper will provide higher reliability and be cost effective.

Furthermore, the IATA requires that all airborne shipments of laboratory specimens be transmitted in either IATA Instruction 650 or 602 certified packaging. We have developed and obtained IATA certification of the CryoPort Express® System, which is ideally suited for this market, in particular due to the elimination of the cost to return the reusable shipper.

Gene Biotechnology. The gene biotechnology market includes basic and applied research and development in diverse areas such as stem cells, cloning, gene therapy, DNA tumor vaccines, tissue engineering, genomics, and blood products. Companies participating in the foregoing fields rely on the frozen transport of specimens in

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connection with their research and development efforts, for which our CryoPort Express® Shippers are ideally suited.

Transport of Infectious Materials and Dangerous Goods. The transport of infectious materials must be classified as such and must maintain strict adherence to regulations that protect public safety while maintaining the viability of the material being shipped. Some blood products are considered infective and must be treated as such. Pharmaceutical companies, private research laboratories and hospitals ship tissue cultures and microbiology specimens, which are also potentially infectious materials, between a variety of entities, including private and public health reference laboratories. Almost all specimens in this infectious materials category require either a refrigerated or a frozen environment. We believe our CryoPort Express® Shipper is ideally suited to meet the shipping requirements of this market.

Partly in response to the attack on the World Trade Center and the anthrax scare, government officials and health care professionals are focusing renewed attention on the possibility of attacks involving biological and chemical weapons such as anthrax, smallpox and sarin gas. Efforts expended on research and development to counteract biowarfare agents requires the frozen transport of these agents to and from facilities conducting the research and development. Vaccine research, including methods of vaccine delivery, also requires frozen transport. We believe our CryoPort Express® Shipper is ideally suited to this type of research and development.

Pharmaceutical Distribution. The current focus for the CryoPort Express® System also includes the area of pharmaceutical distribution. There are a significant number of therapeutic drugs and vaccines currently or soon to be, undergoing clinical trials. After the FDA approves them for commercial marketing, it will be necessary for the manufacturers to have a reliable and economical method of distribution to the physician who will administer the product to the patient. Although there are not now a large number of drugs requiring cryogenic transport, there are a number in the development pipeline. It is likely that the most efficient and reliable method of distribution will be to ship a single dosage to the administering physician. These drugs are typically identified to individual patients and therefore will require a complete tracking history from the manufacturer to the patient. The most reliable method of doing this is to ship a unit dosage specifically for each patient. Because the drugs require maintenance at frozen or cryogenic temperatures, each such shipment will require a frozen or cryogenic shipping package. CryoPort anticipates being in a position to service that need.

Fertility Clinics and In Vitro Fertilization (IVF). Maintaining cryogenic temperatures during shipping and transfer of in vitro fertilization specimens like eggs, sperm, or embryos is critical for cell integrity in order to retain viability, stabilize the cells, and ensure reproducible results and successful IVF treatment. We estimate that artificial insemination procedures in the United States account for at least 50,000 doses of semen annually. Since relatively few sperm banks provide donor semen, frozen shipping is almost always involved. CryoPort anticipates that this market will continue to increase as this practice gains acceptance in new areas of the world.

In addition to the above markets, our longer-term plans include expanding into new markets including, the diagnostics, food, environmental, semiconductor and petroleum industries.

Sales and Marketing

We currently have two senior sales directors in the United States, one senior sales director in Europe, one inside sales representative and a senior director of marketing promoting the use of our CryoPort Express® System on a direct basis in addition to the sales and marketing efforts provided by our strategic partner FedEx. Given the global nature of our business, our sales and marketing initiatives cover the Americas, Europe and Asia. For the fiscal year ended March 31, 2012, net revenues from three major customers accounted for 31% of our total net revenues.

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Our geographical revenues for the fiscal year ended March 31, 2012 were as follows:

USA	45.8%
Europe	30.8%
Asia	12.1%
Rest of World	11.3%

We recently entered into an agreement with FedEx and we plan to further expand our revenues and marketing efforts through the establishment of additional strategic relationships with global couriers and, subject to available financial resources, the hiring of additional sales and marketing personnel.

CryoPort Operations Centers

In addition to the services provided through our facility in Lake Forest, California, we have contracted with a third party to establish a European operations center in Leiden, the Netherlands in November 2011 to support the expansion of our CryoPort Express dry shipping solution in Europe. The European operations center provides warehousing, shipping, receiving, refurbishing and recycling services for our shipping containers. This approach is a cost-effective way to initiate operations in Europe and scale up as our business grows throughout that region. We also have a small operations center in New Delhi, India and established an operations centers in Asia during fiscal year 2012.

Industry and Competition

Our products and services are sold into a rapidly growing niche of the packaging industry focused on the temperature sensitive packaging and shipping of biological materials. Expenditures for value added packaging for frozen transport have been increasing for the past several years and, due in part to continued globalization, are expected to continue to increase even more in the future as more domestic and international biotechnology firms introduce pharmaceutical products that require continuous refrigeration at cryogenic temperatures. We believe this will require a greater dependence on passively controlled temperature transport systems (i.e., systems having no external power source).

We believe that growth in the following markets has resulted in the need for increased efficiencies and greater flexibility in the temperature sensitive packaging market:

- Pharmaceutical clinical trials, including transport of tissue culture samples;
- Pharmaceutical commercial product distribution;
- Transportation of diagnostic specimens;
- Transportation of infectious materials;
- Intra laboratory diagnostic testing;
- Transport of temperature-sensitive specimens by courier;
- Analysis of biological samples;

Environmental sampling;

Gene and stem cell biotechnology and vaccine production; and

Food engineering.

Many of the biological products in these above markets require transport in a frozen state as well as the need for shipping containers which have the ability to maintain a frozen, cryogenic environment (e.g., minus 150°

Celsius) for a period ranging from two to ten days (depending on the distance and mode of shipment). These products include semen, embryo, tissue, tissue cultures, cultures of viruses and bacteria, enzymes, DNA materials, vaccines and certain pharmaceutical products. In some instances, transport of these products requires temperatures at, or approaching, minus 196° Celsius.

One problem faced by many companies operating in these specialized markets is the limited number of cryogenic shipping systems serving their needs, particularly in the areas of pharmaceutical companies conducting clinical trials. The currently adopted protocol and the most common method for packaging frozen transport in these industries is the use of solid state carbon dioxide (dry ice). Dry ice is used extensively in shipping to maintain a frozen state for a period of one to four days. Dry ice is used in the transport of many biological products, such as pharmaceuticals, laboratory specimens and certain infectious materials that do not require true cryogenic temperatures. The common approach to shipping these items via ground freight is to pack the product in a container, such as an expanded polystyrene (styrofoam) box or a molded polyurethane box, with a variable quantity of dry ice. The box is taped or strapped shut and shipped to its destination with freight charges based on its initial shipping weight. All dry ice shipping is considered dangerous goods shipping.

With respect to shipments via specialized courier services, there is no standardized method or device currently in use for the purpose of transporting temperature-sensitive frozen biological specimens. One common method for courier transport of biological materials is to place frozen specimens, refrigerated specimens, and ambient specimens into a compartmentalized container, similar in size to a 55 quart Coleman or Igloo cooler. The freezer compartment in the container is loaded with a quantity of dry ice at minus 78° Celsius, while the refrigerated compartment at 8° Celsius utilizes ice substitutes.

Two manufacturers of the polystyrene and polyurethane containers frequently used in the shipping and courier transport of dry ice frozen specimens are Insulated Shipping Containers, Inc. and Tegrant (formerly SCA Thermosafe). When these containers are used with dry ice, the average sublimation rate (e.g., the rate at which dry ice turns from a solid to a gaseous state) in a container with a 1 $^{1}/_{2}$ inch wall thickness is slightly less than three pounds per 24 hours. Other existing refrigerant systems employ the use of gel packs and ice substitutes for temperature maintenance. Gels and eutectic solutions (phase changing materials) with a wide range of phasing temperatures have been developed in recent years to meet the needs of products with varying specific temperature control requirements.

The use of dry ice and ice substitutes, however, regardless of external packaging used, are frequently inadequate because they do not provide low enough storage temperatures and, in the case of dry ice, last for only a few days without re-icing. As a result, companies run the risk of increased costs due to lost specimens and additional shipping charges due to the need to re-ice.

Some of the other disadvantages to using dry ice for shipping or transporting temperature sensitive products are as follows:

Availability of a dry ice source;

Handling and storage of the dry ice;

Cost of the dry ice;

Compliance with local, state and federal regulations relating to the storage and use of dry ice;

Dangerous goods shipping regulations;

Weight of containers when packed with dry ice;

Securing a shipping container with a high enough R-value (which is a measure of thermal resistance) to hold the dry ice and product for the required time period;

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Securing a shipping container that meets the requirements of IATA, the DOT, the CDC, and other regulatory agencies; and

The emission of green house gases into the environment.

Due to the limitations of dry ice, shipment of specimens at true cryogenic temperatures is best accomplished using liquid nitrogen dry vapor shippers, or by shipping over actual liquid nitrogen. While such shippers provide solutions to the issues encountered when shipping with dry ice, they too are experiencing some criticisms by users or potential users. For example, the cost for these products typically can range from $650 to $3,000 per unit, which can substantially limit their use for the transport of many common biologics, particularly with respect to small quantities such as is the case with direct to the physician drug delivery. Because of the initial cost and limited production of these containers, they are designed to be reusable. However, the cost of returning these heavy containers can be significant, particularly in international markets, because most applications require only one-way shipping. We expect to provide a cost effective solution compared to dry ice. We believe we will provide an overall cost savings of 10% to 20% for international and specialty shipments compared to dry ice, while at the same time providing a higher level of support and related services.

Another problem with these existing systems relates to the hold time of the unit in a normal, upright position versus the hold time when the unit is placed on its side or inverted. If a container is laying on its side or is inverted the liquid nitrogen is prone to leaking out of the container due to a combination of factors, including a shift in the equilibrium height of the liquid nitrogen in the absorbent material and the relocation of the point of gravity, which affects the hold time and compromises the dependability of the dry shipper, particularly when used in circumstances requiring lengthy shipping times. Due to the use of our proprietary technology, our CryoPort Express® Shippers are not prone to leakage when on their side or inverted, thereby protecting the integrity of our shipper s hold time.

Within our intended markets for our CryoPort Express® Shippers, there is limited known competition. We intend to become competitive by reason of our improved technology in our products and through the use of our service enabled business model. The CryoPort Express® System provides a simple and cost effective solution for the frozen or cryogenic transport of biological or pharmaceutical materials. This solution uses our innovative dewar and is supported by the CryoPort Express® Portal, our web-based order-entry system, which manages the scheduling and shipping of the CryoPort Express® Shippers. In addition, the traditional dry ice shippers and suppliers, such as MVE/Chart Industries, Taylor Wharton and Air Liquide, offer various models of dry vapor liquid nitrogen shippers that are not cost efficient for multi-use and multi-shipment purposes due to their significantly greater unit costs and unit weight (which may substantially increase the shipping cost). On the other hand, they are more established and have larger organizations and have greater financial, operational, sales and marketing resources and experience in research and development than we do. Factors that we believe give us a competitive advantage are attributable to our shipping container which allows our shipper to retain liquid nitrogen when placed in non-upright positions, the overall leak- proofness of our package which determines compliance with shipping regulations and the overall weight and volume of the package which determines shipping costs, and our business model represented by the merged integration of our shipper with CryoPort Express® Portal and Smart Pak datalogger into a seamless shipping, tracking and monitoring solution. Other companies that offer potentially competitive products include Industrial Insulation Systems, which offers cryogenic transport units and has partnered with Marathon Products Inc., a manufacturer and global supplier of wireless temperature data collecting devices used for documenting environmentally sensitive products through the cold chain and Kodiak Thermal Technologies, Inc. which offers, among other containers, a repeat use active-cool container that uses free piston stirling cycle technology. While not having their own shipping devices, BioStorage Technologies is potentially a competitive company through their management services offered for cold-chain logistics and long term biomaterial storage. Cryogena offers a single use disposable LN2 shipper with better performance than dry-ice, but it does not perform as well and is not as cost-effective as the CryoPort solution when all costs are considered. In addition, BioMatrica, Inc. is developing and offering technology that stabilizes biological samples and research materials at room temperature. They presently offer these technologies

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primarily to research and academic institutions, however, their technology may eventually enter the broader cold-chain market.

Research and Development

Our research and development efforts are focused on continually improving the features of the CryoPort Express® System including the web based customer service portal and the CryoPort Express® Shippers. Further these efforts are expected to lead to the introduction of shippers of varying sizes based on market requirements, constructed of lower cost materials and utilizing high volume manufacturing methods that will make it practical to provide the cryogenic packages offered by the CryoPort Express® System. Other research and development effort has been directed toward improvements to the liquid nitrogen retention system to render it more reliable in the general shipping environment and to the design of the outer packaging. Alternative phase change materials in place of liquid nitrogen may be used to increase the potential markets these shippers can serve such as ambient and 2-8°C markets. Our research and development expenditures for the fiscal years ended March 31, 2012 and 2011 were $491,849 and $449,129, respectively.

Employees

As of May 31, 2012, we had nineteen full-time employees and three consultants.

Insurance

We currently maintain general liability insurance, with coverage in the amount of $1 million per occurrence, subject to a $2 million annual limitation. Claims may be made against us that exceed these limits. In fiscal year 2011, we did not experience any claims against our professional liability insurance.

Our liability policy in an occurrence based policy. Thus, our policy is complete when we purchased it and following cancellation of the policy it continues to provide coverage for future claims based on conduct that took place during the policy term. However, our insurance may not protect us against liability because our policies typically have various exceptions to the claims covered and also require us to assume some costs of the claim even though a portion of the claim may be covered. In addition, if we expand into new markets, we may not be aware of the need for, or be able to obtain insurance coverage for such activities or, if insurance is obtained, the dollar amount of any liabilities incurred could exceed our insurance coverage. A partially or completely uninsured claim, if successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations.

We also maintain product liability insurance with coverage in the amount of $1,000,000 per year.

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DESCRIPTION OF PROPERTY

We do not own real property. We currently lease two facilities, with approximately 12,000 square feet of corporate, research and development, and warehouse facilities, located in Lake Forest, California (Lake Forest Facility) and approximately 4,100 square feet of corporate offices located in San Diego, California (San Diego Facility). In June 2010, the Company entered into a third amendment to the Lake Forest Facility lease and extended the lease for sixty months commencing July 1, 2010 with a right to cancel the lease with a minimum of 120 day written notice at any time after December 31, 2012. On November 28, 2011, the Company entered into a lease agreement for the corporate offices in San Diego for a thirty six month period ending December 31, 2014.

The Company currently makes base lease payments of approximately $16,000 per month, due at the beginning of each month. We believe that these facilities are adequate, suitable and of sufficient capacity to support our immediate needs. Additional space may be required, however, as we expand our research and development, manufacturing and selling and marketing activities.

LEGAL PROCEEDINGS

In the ordinary course of business, we are at times subject to various legal proceedings and disputes, including product liability claims. We currently are not aware of any such legal proceedings or claim that we believe will have, individually or in the aggregate, a material adverse effect on our business, operating results or cash flows. It is our practice to accrue for open claims based on our historical experience and available insurance coverage.

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DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The following table sets for the name and age of each director and executive officer, the year first elected as a director and/or executive officer and the position(s) held with CryoPort:

Name	Age	Position	Date Elected
Robert S. Stefanovich	47	Chief Financial Officer, Treasurer and Corporate Secretary	2011
		Principal Executive Officer	2012
Steven L. Leatherman	58	Chief Commercial Officer	2012
Adam M. Michelin	68	Director(1)	2005
Karen M. Muller	57	Director(1)	2011
Stephen E. Wasserman	66	Director(1)	2012

(1) On April 5, 2012, Mr. Larry G. Stambaugh resigned as Chairman of the Board and Chief Executive Officer and as a member of the Board of Directors. Effective April 5, 2012, the Board of Directors created an Office of the Chief Executive Officer comprised of the Company s three independent directors who, collectively, are fulfilling the duties as our Chief Executive Officer during the period of time that the Board conducts a search for a permanent replacement Chief Executive Officer.

Background of Directors and Officers:

Robert S. Stefanovich, age 47, became Chief Financial Officer, Treasurer and Corporate Secretary for the Company on June 27, 2011 following the Company s filing of its Form 10 K for the fiscal year ended March 31, 2011. On June 15, 2012, Mr. Stefanovich was appointed Principal Executive Officer. From November 2007 through March 2011, Mr. Stefanovich served as Chief Financial Officer of Novalar Pharmaceuticals, Inc., a venture-backed specialty pharmaceutical company. Prior to that, he held several senior positions, including interim Chief Financial Officer of Xcorporeal, Inc., a publicly traded medical device company, Executive Vice President and Chief Financial Officer of Artemis International Solutions Corporation, a publicly traded software company, Chief Financial Officer and Secretary of Aethlon Medical Inc., a publicly traded medical device company and Vice President of Administration at SAIC, a Fortune 500 company. Mr. Stefanovich also served as a member of the Software Advisory Group and an Audit Manager with Price Waterhouse LLP s (now PricewaterhouseCoopers) hi-tech practice in San Jose, CA and Frankfurt, Germany. He currently also serves as a board member of Project InVision International, a provider of business performance improvement solutions. He received his Masters of Business Administration and Engineering from University of Darmstadt, Germany.

Steven L. Leatherman, age 58, became Chief Commercial Officer for the Company on April 2, 2012. Mr. Leatherman has more than 30 years of experience in sales and marketing, and operations management in the healthcare industry. Prior to joining the Company, Mr. Leatherman was Vice President of Global Surgical Supplies for Ansell Sandel Medical Solutions. From 2008 to 2011, Mr. Leatherman served as President of Sandel Medical Industries, a leader in healthcare safety solutions. From 2007 to 2008, he was general manager of Microflex, a division of BarrierSafe Solutions. Prior to that, he held several senior positions, including Director of Marketing for Bausch & Lomb, Surgical Division; Vice President of Marketing for Carl Zeiss Surgical, Inc.; Vice President, International Marketing for Terumo Heart, Inc.; and US Director of Marketing at Biotronik. Mr. Leatherman has a Bachelor s Degree in Biology from the University of Nevada, and a Master s in Business Administration from the University of Phoenix.

Adam M. Michelin, age 68, became a member of the Company s Board in June 2005 and serves as the Chairman of the Audit Committee, and as a member of the Compensation Committee and the Nomination and

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Governance Committee. Mr. Michelin is currently the President and Chief Executive Officer of Redux Holdings, Inc., a position he has held since January 2006. Mr. Michelin has held several executive leadership positions including, Chief Executive Officer of Enterprise Group from March 2005, Principal of Kibel Green, Inc., a position he held for 11 years prior to joining Enterprise Group, and Partner of KPMG LLP for 10 years. Mr. Michelin also served on the board of Naturade Inc. between August 2006 and June 2008. Mr. Michelin has over 30 years of practice in the areas of executive leadership and operations and is very experienced in evaluating, structuring and implementing solutions for companies in operational and/or financial crisis. Mr. Michelin received his Juris Doctorate from the University of West Los Angeles and his Bachelor of Science from Tri State University. The Board concluded that Mr. Michelin should serve as a director on our Board in light of his strategic and operational experience.

Karen M. Muller, age 57, became a member of our Board in May 2011 and serves as Chairman of the Compensation Committee and Nomination and Governance Committee and is a member of the Audit Committee. Ms. Muller is a corporate attorney who has been in private practice since May 2008. From August 2006 to January 2008, Ms. Muller was a member of the Board of Directors of, and a consultant to, Naturade, Inc., a publicly traded company in the neutraceutical industry. From November 2004 to August 2006, Ms. Muller was the co-owner of Cerius Interim Executive Solutions, which delivers interim executive management solutions to small and medium businesses. While at Cerius, Ms. Muller led its business development efforts. Prior to Cerius, from June 2003 to November 2004, Ms. Muller was managing director of Capital Asset Advisors, LLC, which provides investment banking and financial advisory services to middle market companies. From 1999 to 2003 Ms. Muller served as General Counsel and Chief Administrative Officer to Epoch Internet, one of the largest private internet service providers. Ms. Muller was formerly a managing director and deputy general counsel for Lehman Brothers, Inc. (1988 to 1999) and a corporate attorney with the Wall Street law firm Cahill Gordon & Reindel (1981 to 1988). Ms. Muller earned her Bachelor of Arts degree from Hunter College in 1978 and her Juris Doctor degree from Fordham University School of Law in 1981. Ms. Muller is presently a Director Emeritus for The Forum for Corporate Directors in Orange County, California. The Board concluded that Ms. Muller should serve as a director on our Board in light of her extensive corporate governance and legal experience and her experience in working with many public and private healthcare related companies, including pharmaceutical and medical device companies.

Stephen E. Wasserman, age 66, became a member of the Company s Board on March 29, 2012 and currently serves as Chairman of the Board and member of the Compensation Committee, Audit Committee and Governance and Nominating Committee. Mr. Wasserman is a consultant primarily to healthcare related organizations through his company, Wasserman & Associates, and a private investor. From 1997 until his retirement in 2006, he served as Group Vice President Diagnostic Systems Products of Olympus America, Inc, a subsidiary of Tokyo based Olympus Corporation, where he was also a member of the Global Management Committee for In Vitro Diagnostics. From 1994 to 1997 Mr. Wasserman was Chief Financial Officer of Datascope Corporation, formerly a NASDAQ listed manufacturer and global marketer of medical devices where he was also President, Patient Monitoring Division from 1994 to 1996. Prior to Datascope, from 1989 to 1993, he served as Vice President of NY Blood Center Inc and General Manager of Melville Biologics, a subsidiary that manufactured biopharmaceutical products. He also was a founder and Chairman of the NY Biotechnology Association from 1990 to 1994. From 1981 to 1989, Mr. Wasserman held senior management positions with Technicon Instruments Corp. (now part of Siemens Healthcare Diagnostics) in Tarrytown, NY. Mr. Wasserman is a Certified Public Accountant and earned a BBA from City College of New York, Baruch School of Business. In 2008 he earned the Certificate of Director Education from the National Association of Corporate Directors. Mr. Wasserman is a seasoned executive with 20 years experience leading global in vitro diagnostic and medical device companies in growth situations created by internal programs as well as business combinations. He also serves on the board of Iris International, Inc. since April 2006.

The officers of CryoPort hold office until their successors are elected and qualified, or until their death, resignation or removal.

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None of the directors or officers listed above has:

- Had a bankruptcy petition filed by or against any business of which that person was a general partner of executive officer either at the time of the bankruptcy or within two years prior to that time;
- Had any conviction in a criminal proceeding, or been subject to a pending criminal proceeding;
- Been subject to any order, judgment, or decree by any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting such person s involvement in any type of business, securities or banking activities; and
- Been found by a court of competent jurisdiction, the Commission, or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law.

Director Independence

The Company is quoted on the Over-The-Counter Bulletin Board system, which does not require director independence requirements. However, for purposes of determining director independence, we have applied the definitions set forth in NASDAQ Rule 5605(a)(2) which states, generally, that a director is not considered to be independent if he or she is, or at any time during the past three years was an employee of the Company; or if he or she (or his or her family member) accepted compensation from the Company in excess of $120,000 during any twelve month period within the three years preceding the determination of independence. Our Board has affirmatively determined that Mr. Michelin, Ms. Muller and Mr. Wasserman are independent as such term is defined under NASDAQ Rule 5605(a)(2) and the related rules of the Securities and Exchange Commission (the SEC). We intend to maintain at least two independent directors on the Board.

Committees of the Board of Directors

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Nomination and Governance Committee.

Audit Committee

The functions of the Audit Committee are to (i) review the qualifications of the independent auditors, our annual and interim financial statements, the independent auditor s report, significant reporting or operating issues and corporate policies and procedures as they relate to accounting and financial controls; and (ii) to consider and review other matters relating to our financial and accounting affairs. The Company s Board has a formally established Audit Committee and adopted an Audit Committee charter. The Audit Committee s charter is available on the Company s website at www.cryoport.com under the tab Corporate Governance which is found under the heading Company. Information on the website does not constitute a part of this Proxy Statement.

The members of the Audit Committee are Mr. Adam Michelin, who is the Audit Committee Chairman, Ms. Karen Muller and Mr. Stephen Wasserman. The Company has determined that (i) Mr. Adam Michelin qualifies as an audit committee financial expert as defined in Item 401(h) of Regulation S-K of the SEC rules and is independent within the meaning of NASDAQ Rule 5605(a)(2) and the related rules of the SEC, and (ii) Ms. Karen Muller meets NASDAQ s financial literacy and financial sophistication requirements and is independent within the meaning of NASDAQ Rule 5605(a)(2) and the related rules of the SEC. During fiscal 2012, the Company s Audit Committee held five meetings. In addition, the Audit Committee regularly held discussions regarding the consolidated financial statements of the Company during Board meetings.

Compensation Committee

The purpose of the Compensation Committee is to discharge the Board s responsibilities relating to compensation of the Company s directors and executive officers, to produce an annual report on executive

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compensation for inclusion in the Company s Proxy Statement, as necessary, and to oversee and advise the Board on the adoption of policies that govern the Company s compensation programs including stock incentive and benefit plans. In May 2010, the Company s Board adopted a Compensation Committee Charter. Previously, the Committee was known as the Compensation and Governance Committee. The Compensation Committee s charter is available on the Company s website at www.cryoport.com under the tab Corporate Governance which is found under the heading Company. Information on the website does not constitute a part of this prospectus.

The current members of the Compensation Committee are Ms. Karen M. Muller, who is the Chairperson, Mr. Stephen E. Wasserman, and Mr. Adam Michelin, each of whom is independent under applicable independence requirements. Each of the current members of the Compensation Committee is a non-employee director under Section 16 of the Exchange Act and an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The Compensation Committee met four times during fiscal 2012.

Nomination and Governance Committee

In May 2010, the Company established the Nomination and Governance Committee. The function of the Nomination and Governance Committee is to (i) make recommendations to the Board regarding the size of the Board, (ii) make recommendations to the Board regarding criteria for the selection of director nominees, (iii) identify and recommend to the Board for selection as director nominees individuals qualified to become members of the Board, (iv) recommend committee assignments to the Board, (v) recommend to the Board corporate governance principles and practices appropriate to the Company, and (vi) lead the Board in an annual review of its performance. The Nomination and Governance Committee s charter is available on the Company s website at www.cryoport.com under the tab Corporate Governance which is found under the heading Company. Information on the website does not constitute a part of this Registration Statement.

The current members of the Nomination and Governance Committee are Ms. Karen Muller, who is the Chairperson, Mr. Adam M. Michelin and Mr. Stephen E. Wasserman. The Nomination and Governance Committee met three times during fiscal 2012.

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SUMMARY COMPENSATION TABLE

The following table contains information with respect to the compensation for the fiscal years ended March 31, 2012 and 2011 of our chief executive officer and chief financial officer. We refer to the executive officers identified in this table as our Named Executive Officers.

Name and Principal Position	Fiscal Year	Salary(1) ($)	Bonus ($)	Option Awards(5) ($)	All Other Compensation ($)	Total Compensation ($)
Larry M. Stambaugh	2012	360,000(2)				360,000
President, Chief Executive Officer and Chairman	2011	360,000(2)	162,000(4)	269,337(6)		791,337
Robert S. Stefanovich	2012	176,420(9)	25,000(10)	105,400(7)		306,820
Chief Financial Officer	2011					
Catherine M. Doll	2012	3,510(3)			72,145(8)	75,655
Former Chief Financial Officer	2011	183,074(3)			245,303(8)	428,377

(1) This column represents salary as of the last payroll period prior to or immediately after March 31 of each fiscal year.

(2) On August 21, 2009, the Compensation Committee approved an employment agreement with Mr. Stambaugh which had an effective commencement date of August 1, 2009, the details of which are described below. $360,000 and $360,000 were paid to Mr. Stambaugh in fiscal 2012 and 2011, respectively, per the terms of the employment agreement. Mr. Stambaugh resigned as President, Chief Executive Officer and Chairman on April 5, 2012.

(3) This amount represents compensation earned by Ms. Doll as a consultant for the Company during fiscal 2011 and 2012. The Company retained the services of Ms. Doll on July 29, 2009 pursuant to an agreement, the details of which are described below, and she was appointed by the Board of Director to the offices of Chief Financial Officer, Treasurer and Assistant Corporate Secretary effective as of August 20, 2009. Ms. Doll resigned the offices of Chief Financial Officer, Treasurer and Assistant Corporate Secretary on June 27, 2011, effective immediately following the Company s filing of its Form 10-K for the fiscal year ended March 31, 2011.

(4) This amount represents the annual year-end bonus, based on a percentage of salary.

(5) This column represents the total grant date fair value of all stock options granted in fiscal 2012 and the Company s fiscal year ended March 31, 2011. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For information on the valuation assumptions with respect to the grants made in fiscal 2012 and 2011, refer to Note 1 Organization and Summary of Significant Accounting Policies Stock-Based Compensation which appears in the Financial Statements commencing at page F-14.

(6) This amount represents the fair value of all options and warrants granted to Mr. Stambaugh as compensation for services during fiscal 2011. On September 15, 2010, based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted an option to purchase 420,000 shares of common stock exercisable at $0.66 per share which vested as to 25% of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first, second and third anniversary of the grant date.

(7) This amount represents the fair value of all options granted to Mr. Stefanovich as compensation for services during fiscal 2012. Based on the recommendation of the Compensation Committee and approval by the Board, on June 20, 2011 Mr. Stefanovich was granted an option to purchase 125,000 shares of common stock. The exercise price of the option is equal to the fair value of the Company s stock as of the grant date.

(8) This amount represents the $72,145 and $245,303 earned by The Gilson Group, LLC during fiscal 2012 and 2011 respectively for financial and accounting consulting services including, SEC and financial reporting including the filing of the S-1, budgeting and forecasting and finance and accounting systems implementations and conversions. Ms. Doll is the owner and chief executive officer of The Gilson Group, LLC.

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(9) Reflects a pro-rated salary for Mr. Stefanovich who began employment with the Company on June 20, 2012 and became Chief Financial Officer Treasurer and Corporate Secretary for the Company on June 27, 2012.
(10) Discretionary bonus earned by Mr. Stefanovich in fiscal year 2012.

Narrative Disclosure to Summary Compensation Table

Employment Contracts

Larry G. Stambaugh

On August 21, 2009, the Compensation Committee approved an employment agreement with Mr. Stambaugh, the Company s Chief Executive Officer, President and Chairman, which commenced effective as of August 1, 2009 and will continue in effect until Mr. Stambaugh s employment is terminated under the provisions of the employment agreement (the Stambaugh Employment Agreement). Pursuant to the terms of the Stambaugh Employment Agreement, Mr. Stambaugh will be paid an initial annual base salary of $360,000 which may be increased from time to time at the discretion of Compensation Committee. Mr. Stambaugh also may be eligible to receive a discretionary annual bonus of up to sixty percent (60%) of his then effective annualized base salary pursuant to an incentive plan to be prepared by the Company s Board with Mr. Stambaugh s participation and completed at the earliest practicable time. In addition, pursuant to the Stambaugh Employment Agreement, Mr. Stambaugh received a onetime incentive payment in the amount of $125,000 because the Company raised an aggregate of at least $5,000,000 pursuant to equity and/or convertible debt financings during the specified period. Mr. Stambaugh is eligible to participate in all employee benefits plans or arrangements which may be offered by the Company during the term of his agreement. The Company shall pay the cost of Mr. Stambaugh s health insurance coverage in accordance with the Company s plans and policies during the Term. Mr. Stambaugh shall also be eligible for twenty-five (25) paid time off days a year, and is entitled to receive fringe benefits ordinarily and customarily provided by the Company to its senior officers.

On December 10, 2008, Mr. Stambaugh was awarded a warrant to purchase 50,000 shares of common stock at an exercise price of $8.40 which vested as to 33 $^{1}/_{3}$% of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first and second anniversary of the grant date. On October 9, 2009, Mr. Stambaugh was awarded an incentive stock option to acquire 67,000 shares of common stock of the Company at the exercise price of $4.50 per share. The right to exercise the stock option vested as to 33 $^{1}/_{3}$% of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first and second anniversary of the grant date.

Mr. Stambaugh has agreed not to solicit any Company employees during the Term and the one year period following the termination of his employment. Payments due to Mr. Stambaugh upon a termination of his employment agreement are described below.

Robert S. Stefanovich

Although the Company does not have a written employment agreement with Mr. Stefanovich, pursuant to the terms of his offer letter, the Company has agreed to pay Mr. Stefanovich an annual base salary of $225,000 per year. In addition, he is eligible for an incentive bonus targeted at 25% of his annual base salary. Mr. Stefanovich is eligible to participate in all employee benefits plans or arrangements which may be offered by the Company during the term of his agreement. The Company shall pay the cost of Mr. Stefanvoich s health insurance coverage in accordance with the Company s plans and policies during the Term. Mr. Stefanovich shall also be eligible for fifteen (15) paid time off days a year, and is entitled to receive fringe benefits ordinarily and customarily provided by the Company to its senior officers.

The Company has no other employment agreements with executive officers of the Company as of March 31, 2012.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2012

The following table shows information regarding unexercised stock options held by our Named Executive Officers as of fiscal year ended March 31, 2012:

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Larry Stambaugh	50,000(1)			$ 8.40	12/4/18
	67,000(2)			$ 4.50	10/7/16
	362,232(3)			$ 0.66	9/15/20
	210,000(4)		210,000(4)	$ 0.66	9/15/20
Robert Stefanovich	15,625(5)		109,375(5)	$ 0.86	6/19/21

(1) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted a warrant to purchase 50,000 shares of common stock exercisable at $8.40 per share on December 10, 2008, which vests in equal installments on the date of grant and the first and second anniversary of the date of grant. The exercise price for shares of common stock pursuant to the warrant is equal to the fair value of the Company s stock as of the grant date.

(2) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted an option to purchase 67,000 shares of common stock exercisable at $4.50 per share on October 9, 2009, which vests in equal installments on the date of grant and the first and second anniversary of the date of grant. The exercise price for shares of common stock pursuant to the option is equal to the fair value of the Company s stock as of the grant date.

(3) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted an option to purchase 362,232 shares of common stock exercisable at $0.66 per share on September 15, 2010, in lieu of payment of his fiscal year 2010 cash bonus of $216,000. The option was fully vested at date of grant. The exercise price for shares of common stock pursuant to the option is equal to the fair value of the Company s stock as of the grant date.

(4) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted an option to purchase 420,000 shares of common stock exercisable at $0.66 per share on September 15, 2010. The right to exercise the stock option vested as to 25% of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first, second and third anniversary of the grant date. The exercise price for shares of common stock pursuant to the option is equal to the fair value of the Company s stock as of the grant date.

(5) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stefanovich was granted an option to purchase 125,000 shares of common stock exercisable at $0.86 per share on June 20, 2011. The option vests in six month installments over a four year period. The exercise price for the shares of common stock pursuant to the option is equal to the fair value of the Company s stock on the date of grant.

Equity Compensation Plan Information

We currently maintain three equity compensation plans, referred to as the 2002 Stock Incentive Plan (the 2002 Plan), the 2009 Stock Incentive Plan (the 2009 Plan) and the 2011 Stock Incentive Plan (the 2011 Plan). Our Compensation Committee is responsible for making, reviewing and recommending grants of options and other awards under these plans which are approved by the Board.

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The 2002 Plan, which was approved by our stockholders in October 2002, allows for the grant of options to purchase up to 500,000 shares of the Company s common stock. The 2002 Plan provides for the granting of options to purchase shares of our common stock at prices not less than the fair market value of the stock at the date of grant and generally expire 10 years after the date of grant. The stock options are subject to vesting requirements, generally three or four years. The 2002 Plan also provides for the granting of restricted shares of common stock subject to vesting requirements. As of May 31, 2012, a total of 275,000 shares of our common stock remained available for future grants under the 2002 Plan.

The 2009 Plan, which was approved by our stockholders at our 2009 Annual Meeting of Stockholders held on October 9, 2009, provides for the grant of stock-based incentives. The 2009 Plan allows for the grant of up to 1,200,000 shares of our common stock for awards to our officers, directors, employees and consultants. The 2009 Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock rights, restricted stock, performance share units, performance shares, performance cash awards, stock appreciation rights, and stock grant awards. The 2009 Plan also permits the grant of awards that qualify for the performance-based compensation exception to the $1,000,000 limitation on the deduction of compensation imposed by Section 162(m) of the Code. As of May 31, 2012, a total of 233,491 shares of our common stock remained available for future grants under the 2009 Plan.

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