Cryoport, Inc.
Form S-1
April 01, 2011

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As filed with the Securities and Exchange Commission on April 1, 2011

Registration Number 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
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, California 92630
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Principal Executive Offices)

Larry G. Stambaugh
Chief Executive Officer
20382 Barents Sea Circle
Lake Forest, California 92630
(949) 470-2300
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service

Copies to:
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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. þ

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. o

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. o

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. o

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 o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

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. 333-162350), which was initial filed on October 6, 2009 and became effective on February 25, 2010 (the First Prior Registration Statement), and 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 Second Prior Registration Statement). This Registration Statement is a new registration statement and also constitutes Post-Effective Amendment No. 1 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	13,362,089 (6)	$1.41 (8)	$18,840,545	$2,187
Common Stock, $0.001 par value per share	15,755,915 (7)	$1.41 (9)	$22,215,840	$2,580
Total securities registered for resale by selling security holders	29,118,004	$41,056,385		$4,767

(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 6, 2009 (File No. 333-162350) (the First Prior Registration Statement) and 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 Second Prior Registration Statement) are being included in this registration statement.

(2) Consists of 1,666,667 shares of commons stock issuable upon the exercise of certain warrants to purchase common stock. These shares of common stock were previously registered on the First Prior Registration Statement.

(3) Consists of 3,664,642 issued and outstanding shares of common stock and 6,493,865 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 was previously paid in connection with the filing of the First Prior Registration Statement on October 6, 2009.

(5) The registration fee was previously paid in connection with the filing of the Second Prior Registration Statement on October 19, 2010.

(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 30, 2011.

(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.

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 APRIL 1, 2011

CRYOPORT, INC.

40,943,178 shares of Common Stock

This prospectus relates to the offering by the existing holders of our common stock named in this prospectus of 39,276,511 shares of our common stock, par value $0.001 per share, including 22,249,780 shares of our common stock issuable upon exercise of the warrants held by the selling security holders. These existing holders of our common stock are referred to as selling security holders throughout this prospectus.

This prospectus also relates to the issuance of 1,666,667 shares of common stock upon exercise of certain publicly traded warrants (the Traded Warrants), that were issued as part of a public offering of units (each unit consisting of one share of common stock and one warrant to purchase on share of common stock at an exercise price of $3.30 per share) and the resale of such shares of common stock.

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 and Traded Warrants are currently traded on the Over-The-Counter Bulletin Board, commonly known as the OTC Bulletin Board (OTCBB), under the symbols CYRX and CYRXW. As of March 30, 2011, the closing sale price of our common stock and Traded Warrants were $1.46 per share and $0.20 per Traded Warrant, respectively.

Investing in our common stock involves a high degree of risk. Please read Risk Factors beginning on page 5.

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 [ ], 2011.

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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.

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 5, 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 safety, status and 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 with dry ice.

Our value proposition comes from both providing safe transportation with an environmentally friendly, long lasting shipper, and through our value added 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 further development and commercial launch of CryoPort Express® Portal, an innovative IT solution for shipping and tracking high-value specimens through overnight shipping companies, 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 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 foam retention system is employed to ensure that liquid nitrogen stays 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 harmless cold nitrogen gas evolving from the liquid nitrogen entrapped within the foam 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.

On January 13, 2010 we signed an agreement with Federal Express Corporation (FedEx) pursuant to which we will lease to FedEx such number of our cryogenic shippers that FedEx shall, from time to time, order for its 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 our related value-added goods and services, such as our data logger, web portal and planned CryoPort Express® Smart Pak System. On September 2, 2010 we entered into an agreement with DHL Express (USA), Inc. (DHL) that will give DHL life science customers direct access to our web-based order entry and tracking portal to order our CryoPort Express® Shipper and receive preferred DHL shipping rates. The agreement covers CryoPort shipping discounts that may be used to support our customers using the CryoPort Express® shipping solution. In connection with the agreement, we will integrate our proprietary web portal to DHL s tracking and billing systems. Once this integration is completed, DHL life science customers will have a seamless way of shipping their critical biological material worldwide. The IT integration with DHL was completed during the Company s fourth quarter of fiscal year 2011. During our third quarter we commenced joint calls with FedEx healthcare representatives to potential customers in key U.S. life science communities to both train FedEx representatives on the CryoPort Express® features and to initiate customer orders under the FedEx agreement. On January 24, 2011, we announced that FedEx had launched its FedEx Deep Frozen Shipping Solution using our CryoPort Express® Dry Shipper.

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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 at 20382 Barents Sea Circle, Lake Forest, California 92630. The telephone number of our principal executive offices is (949) 470-2300, 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.

THE OFFERING

Common stock being offered by the selling security holders	Up to 39,276,511 shares of our common stock, including 22,249,780 shares of our common stock issuable upon exercise of the warrants held by the selling security holders (1).
Common stock issuable upon exercise of the Traded Warrants	1,666,667 shares of common stock
Common stock outstanding prior to the offering	27,195,928 shares of common stock(2)
Common stock to be outstanding after the offering	51,112,375 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 $22,632,332 in the aggregate from the cash exercise of the Traded Warrants and from the selling security holders if they exercise in full, on a cash basis, all of their unexercised warrants to purchase 22,249,780 shares of common stock issued to the selling security holders in connection with the February 2011 and August to October 2010 private placements. We will use such proceeds from the warrant exercises for working capital and other corporate purposes.
OTCBB symbol	Our common stock is currently traded on the OTCBB 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 our private placement in February 2011 and our private placement conducted from August 2010 to October 2010, we agreed to file a registration statement with the Securities and Exchange Commission no later than 90 and 60 days, respectively, after closing of such private placements and use our best efforts to cause them to become effective 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.

(2) Based upon the total number of issued and outstanding shares as of March 15, 2011.

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(3) Based upon the total number of issued and outstanding shares as of March 15, 2011, including shares of our common stock issuable upon exercise of the warrants held by the selling security holders but excluding:

1,117,635 shares issuable upon the exercise of stock options outstanding at a weighted average exercise price of $1.18 as of March 15, 2011;

4,270,793 shares issuable upon exercise of outstanding warrants to purchase common stock (excluding the warrants held by the selling security holders and the Traded Warrants) at a weighted average exercise price of $3.59 as of March 15, 2011; and

1,010,189 shares issuable upon conversion of convertible debentures at a conversion price of $3.00 as of March 15, 2011.

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SUMMARY FINANCIAL INFORMATION

In the table below we provide you with historical consolidated financial data for the nine month periods ending December 31, 2010 and 2009 and the fiscal years ended March 31, 2010 and 2009, derived from our audited and unaudited 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 Nine Months Ended December 31,		For the Years Ended March 31,	
	2010 (000) (Unaudited)	2009 (000)	2010 (000)	2009 (000)
Revenues	$ 375	$ 43	$ 118	$ 35
Cost of revenues	1,029	459	718	546
Gross loss	(654)	(416)	(600)	(511)
Costs and expenses:				
Selling, general and administrative	3,138	2,198	3,312	2,387
Research and development	342	270	285	297
Total costs and expenses	3,480	2,468	3,597	2,684
Loss from operations	(4,134)	(2,884)	(4,197)	(3,195)
Other income (expense):				
Interest income	11	7	8	32
Interest expense	(448)	(5,313)	(7,029)	(2,693)
Loss on sale of property and equipment		(1)	(9)	
Change in fair value of derivative liabilities	277	3,107	5,577	
Loss on extinguishment of debt				(10,847)
Total other (expense) income, net	(160)	(2,200)	(1,453)	(13,508)
Loss before income taxes	(4,294)	(5,084)	(5,650)	(16,703)
Income taxes	2	2	2	2
Net loss	$ (4,296)	$ (5,086)	$ (5,652)	$ (16,705)
Loss per common share, basic and diluted	$ (0.40)	$ (1.10)	$ (1.13)	$ (4.05)

	As of December 31,		As of March 31,	
	2010 (000) (Unaudited)	2009 (000)	2010 (000)	2009 (000)
Assets	$ 4,137	$ 1,964	$ 4,777	$ 1,573

Liabilities	5,279	21,585	5,691	6,349
Total Stockholders Deficit	(1,142)	(19,621)	(914)	(4,776)
Liabilities and Stockholders Deficit	$ 4,137	$ 1,964	$ 4,777	$ 1,573

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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 the nine months ended December 31, 2010 and for each of our last two fiscal years:

	Net Loss
Nine months ended December 31, 2010 (unaudited)	$ 4,295,261
Fiscal Year Ended March 31, 2010	$ 5,651,561
Fiscal Year Ended March 31, 2009	$16,705,151

As of December 31, 2010, we had an accumulated deficit of $50,239,070. 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, 2010 consolidated financial statements includes an explanatory paragraph stating that the recurring losses and negative cash flows from operations since inception and our limited working capital and cash and cash equivalent balance at March 31, 2010 raise substantial doubt about our ability to continue as a going concern, though the going concern qualification was removed from our quarterly financial report on Form 10-Q for the period ending December 31, 2010 as a result of receiving $9,353,462 in gross proceeds from our most recent financing transactions in February 2011. The March 31, 2010 consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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 March 15, 2011, we had cash and cash equivalents of $9,670,989. 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 2012. 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 to, our ability to complete the commercialization and launch of our CryoPort Express® System, launch our relationship with FedEx, increase our customer base and revenues 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 2012 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.

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 will 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 and shall, on a non-exclusive basis, promote, market and sell transportation of our shippers and our related value-added goods and services, such as our data logger, web portal and planned 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. Further, while we are working with FedEx to implement and launch our relationship, we may experience delays in such implementation which could adversely affect our revenues. 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 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.

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

As of March 15, 2011, there were 27,195,928 shares of our common stock outstanding (including 17,026,731 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 30,842,924 additional 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	1,010,189
Common stock issuable upon exercise of outstanding warrants, including the warrants held by selling security holders and the Traded Warrants	28,187,240
Common stock issuable upon exercise of outstanding options or reserved for future incentive awards under our stock incentive plans	1,645,495
Total	30,842,924

Of the total options and warrants outstanding as of March 15, 2011, options and warrants exercisable for an aggregate of 23,194,535 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 March 15, 2011.

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, 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.

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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.

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; and
- effectiveness of our or our collaborators sales and marketing strategy.

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.

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 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 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.

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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 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 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

Our outstanding convertible debentures impose certain restrictions on how we conduct our business. In addition, all of our assets, including our intellectual property, are pledged to secure this indebtedness. If we fail to meet our obligations to the debenture holders, our payment obligations may be accelerated and the collateral securing the indebtedness may be sold to satisfy these obligations.

We issued convertible debentures in October 2007 (the October 2007 Debentures) and in May 2008 (the May 2008 Debentures, and together with the October 2007 Debentures, the Debentures). The Debentures were issued to four institutional investors and have an outstanding principal balance of $3,030,568 as of March 15, 2011. In addition, in October 2007 and May 2008, we issued to these institutional investors warrants to purchase, as of March 15, 2011, an aggregate of 3,055,097 shares of our common stock (without regard to beneficial ownership limitations contained in the transaction documents and certain anti-dilution provisions). As collateral to secure our repayment obligations to the holders of the Debentures we have granted such holders a first priority security interest in generally all of our assets, including our intellectual property.

The Debentures, warrant agreements and related transactional documents (including subsequent amendments) contain various covenants that presently restrict our operating flexibility. Pursuant to the foregoing documents, we may not, among other things:

- other than the reverse stock split we effected on February 5, 2010, which the holder of our Debentures consented to, effect future reverse stock splits of our outstanding common stock;

- incur additional indebtedness, except for certain permitted indebtedness. Permitted indebtedness is defined to include lease obligations and purchase money indebtedness of up to an aggregate of $200,000 and indebtedness that is expressly subordinated to the Debentures and matures following the maturity date of the Debentures;

- incur additional liens on any of our assets except for certain permitted liens including but not limited liens for taxes, assessments and government charges not yet due and liens incurred in connection with permitted indebtedness;

- pay cash dividends;

- redeem any outstanding shares of our common stock or any outstanding options or warrants to purchase shares of our common stock except in connection with the repurchase of stock from former directors and officers provided such repurchases do not exceed $100,000 during the term of the Debentures;

- enter into transactions with affiliates other than on arms-length terms; and

- make any revisions to the terms of existing contractual agreements for the Related Party Notes Payable and the Line of Credit (as each is referred to in our Form 10-Q for the period ended June 30, 2009).

These provisions could have important consequences for us, including, but not limited to, (i) making it more difficult for us to obtain additional debt financing, or obtain new debt financing on terms favorable to us, because a new lender will have to be willing to be subordinate to the Debenture holders, (ii) causing us to use a portion of our available cash for debt repayment and service rather than other perceived needs, and/or (iii) impacting our ability to take advantage of significant, perceived business opportunities. Our failure to timely repay our obligations under the

Debentures, which require monthly principal payments of $200,000 and quarterly interest payments that commenced March 1, 2011 and which mature on August 1, 2012, or meet the covenants set forth in the Debentures and related transaction documents could give rise to a default under the Debentures or such transaction documents. In the event of an uncured default, all amounts owed to the holders may be declared immediately due and payable and the Debenture holders will have the right to enforce their security interest in the assets securing the Debentures. In such event, the Debenture holders could take possession of any or all of our assets in which they hold a security interest, and dispose of those assets to the extent necessary to pay off our debts, which would materially harm our business.

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

As of March 15, 2011, our directors, executive officers and Debenture holders beneficially owned 4,817,724 shares (without regard to beneficial ownership limitations contained in certain warrants) of common stock assuming their exercise of all outstanding warrants, options and conversion of all convertible debt; or approximately 15.1% of our outstanding common stock. Of these shares of common stock, 2,059,680, or approximately 7.0% of our outstanding common stock, will be beneficially owned by Enable Growth Partners LP (and affiliated funds), and 2,005,606 shares, or approximately 6.9% of our outstanding common stock, will be owned by BridgePointe Master Fund, Ltd. (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); provided, however, there are provisions in their warrant agreements that prohibit exercise of warrants to the extent that their respective beneficial ownership would exceed 4.99% as a result of such conversion or exercise (which limitation may be waived and increased to 9.99% upon not less than 61 days prior notice). 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;
- 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.

As a result of our recent 10-to-1 reverse stock split, the liquidity of our common stock and market capitalization could be adversely affected.

On February 5, 2010, we effected a 10-to-1 reverse stock split. A reverse stock split is often viewed negatively by the market and, consequently, can lead to a decrease in our overall market capitalization. In addition, because the reverse split will significantly reduce the number of shares of our common stock that are outstanding, the liquidity of our common stock could be adversely affected and you may find it more difficult to purchase or sell shares of our common stock.

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 for a period of at least 12 months. 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.

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.

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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.

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 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.

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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 OTC Bulletin Board 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 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.

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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 during the remainder of fiscal 2011 and 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 OTC Bulletin Board 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, intends, target, projects, contemplates, believes, estimates, predicts, potential, negative of these terms or other similar words. These statements 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,

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- problems with important suppliers and strategic business partners, and

- 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 an exercise price of either $3.30 or $0.77 per share, we will receive a total of $22,632,332 from such exercise. We will use such proceeds from the warrant exercises for working capital and other corporate purposes.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Presently, our common stock is traded through the OTC Bulletin Board under the symbol CYRX. The following table shows the high and low sales price of our common stock for the three fiscal quarters ended December 31, 2010 and each quarter in the fiscal years ended March 31, 2010 and 2009.

	Common Stock Sales Price	
	High	**Low**
Fiscal Year 2011		
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
Fiscal Year 2009		
Quarter Ended March 31, 2009	$ 6.50	$3.00
Quarter Ended December 31, 2008	$ 7.90	$4.20
Quarter Ended September 30, 2008	$10.10	$5.00
Quarter Ended June 30, 2008	$12.00	$6.10

Number of Stockholders

As of March 15, 2011, there were 273 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 two equity compensation plans, referred to as the 2002 Stock Incentive Plan (the 2002 Plan) and the 2009 Stock Incentive Plan (the 2009 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 March 15, 2011, a total of 318,136 shares of our common stock remained available for future grants under the 2002 Plan.

At our 2009 Annual Meeting of Stockholders held on October 9, 2009, our stockholders approved the 2009 Plan, which 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 March 15, 2011, a total of 209,724 shares of our common stock remained available for future grants under the 2009 Plan.

In addition to the stock options issued pursuant to the Company s two stock option 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. During fiscal 2010, the Company issued 4,718 shares of common stock from the cashless exercises of warrants to purchase a total of 11,640 shares of common stock.

The following table sets forth certain information as of March 15, 2011 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, 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	1,117,635	$ 1.18	527,860
Equity compensation plans not approved by stockholders(1)	312,855	$ 8.31	N/A
	1,430,490	$ 2.74	527,860

(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, six consultants received warrants to purchase 85,234 shares of common stock in this manner. The following current and former officers and directors also received warrants to purchase the following number of shares of common stock:

Larry Stambaugh, President, Chief Executive Officer and Chairman	50,000	
Bret Bollinger, Vice President of Operations	21,220	
Dee Kelly, Former Chief Financial Officer	33,150	
Kenneth Carlson, Former Vice President of Sales and Marketing	28,700	(6,500 exercised)
Adam Michelin, Director	25,755	
Thomas Fischer, Former Director	26,710	
Carlton Johnson, Director	778	
Gary Cannon, Former Director and Former Legal Counsel	34,253	(5,140 exercised)
Peter Berry, Former Director	5,240	
Stephen Scott, Former Director	16,375	(2,920 exercised)

Reverse Stock Split

On February 5, 1010, 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.

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.

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 safety, status and 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 safe transportation and an environmentally friendly, long lasting shipper, and through our value added 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 further development and commercial launch of CryoPort Express® Portal, an innovative IT solution for shipping and tracking high-value specimens through overnight shipping companies, 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 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 foam retention system is employed to ensure that liquid nitrogen stays 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 harmless cold nitrogen gas evolving from the liquid nitrogen entrapped within the foam 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 (below minus 150° Celsius).

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 $50,239,070 through December 31, 2010.

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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 $117,956, incurred a net loss of $5,651,561 and used cash of $2,853,359 in our operating activities during the year ended March 31, 2010. We generated revenues from operations of $375,438, had a net loss of $4,295,261 and used cash of $3,639,206 in our operating activities during the nine months ended December 31, 2010. We had working capital of $458,619, and had cash and cash equivalents of $2,710,976 at December 31, 2010.

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,			Nine Months Ended December 31,	
	2010 (000)	2009 (000)	2008 (000)	2010 (000)	2009 (000)
				(Unaudited)	
Revenues	$ 118	$ 35	$ 84	$ 375	$ 43
Cost of revenues	718	546	386	1,029	459
Gross loss	(600)	(511)	(302)	(654)	(416)
Cost and expenses:					
Selling, general and administrative	3,312	2,387	2,551	3,138	2,198
Research and development	285	297	166	342	270
Total cost and expenses	3,597	2,684	2,717	3,480	2,468
Loss from operations	(4,197)	(3,195)	(3,019)	(4,134)	(2,884)
Other income (expense):					
Interest income	8	32	50	11	7
Interest expense	(7,029)	(2,693)	(1,593)	(448)	(5,313)
Loss on sale of property and equipment	(9)				(1)
Change in fair value of derivative liabilities	5,577			277	3,107
Loss on extinguishment of debt		(10,847)			
Total other expense, net	(1,453)	(13,508)	(1,543)	(160)	(2,200)
Loss before income taxes	(5,650)	(16,703)	(4,562)	(4,294)	(5,084)
Income taxes	2	2	2	2	2

Net loss	$ (5,652)	$ (16,705)	$ (4,564)	$ (4,296)	$ (5,086)
Net loss available to common stockholders per common share: Basic and diluted loss per common share	$ (1.13)	$ (4.05)	$ (1.16)	$ (0.40)	$ (1.10)
Weighted average common shares outstanding: Basic and diluted (after giving effect to the anticipated 10-to-1 reverse stock split)	5,011,057	4,123,819	3,942,512	10,669,173	4,608,211

Nine months ended December 31, 2010 compared to nine months ended December 31, 2009:

Revenues. Revenues were $375,438 for the nine months ended December 31, 2010, as compared to $42,888 for the nine months ended December 31, 2009. The increase of $332,550 or 775% was the result of our current business plan focusing 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.

Gross loss and cost of revenues. Gross loss for the nine months ended December 31, 2010 was 174% of revenues, or $653,837 as compared to 970% of revenues, or $415,974, for the nine months ended December 31, 2009. The increase in gross loss in absolute dollars and the decrease in gross loss as a percentage of revenues for the nine months ended December 31, 2010, as compared to the nine months ended December 31, 2009, was primarily the result of the increase in revenues from the per-use leasing of the shipping containers. The increase in cost of revenues from $458,862 for the nine month period ended December 31, 2009 to $1,029,275 for the nine month period ended December 31, 2010, was primarily the result of increased revenues. 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 $3,138,337 for the nine months ended December 31, 2010, as compared to $2,197,545 for the nine months ended December 31, 2009. The $940,792 increase in expenses over prior year was due to a $398,489 or 21% increase in general and administrative expenses from $1,910,158 for the nine month period ended December 31, 2009, to $2,308,647 for the nine month period ended December 31, 2010, and by a $542,303 or 189% increase in sales and marketing expenses from $287,387 for the nine month period ended December 31, 2009, to $829,690 for the nine month period ended December 31, 2010. The increase in general and administrative expenses was due to increased salaries expense from the addition of four employees and estimated bonus accrual for fiscal year 2011, legal and travel expense associated with our strategic partnering activities, accounting and investor relations expense, director fees and San Diego facility rent. These increases were partially offset by decreases in consulting fees (partially related to the increase in salaries expense), audit and SEC fees. The increase in sales and marketing expenses reflected our focus on market development and sales ramp up of the CryoPort Express® System.

Research and development expenses. Research and development expenses were $341,655 for the nine months ended December 31, 2010, as compared to $270,217 for the nine months ended December 31, 2009. The increase in research and development expenses of $71,438 was due primarily to the costs associated with the continued development of the internet-based web portal that enables the customer to initiate and monitor the progress of a shipment.

Interest expense. Interest expense was $447,588 for the nine months ended December 31, 2010, as compared to $5,312,593 for the nine months ended December 31, 2009. The decrease in interest expense compared to the prior year period was primarily due to the conversion of our convertible notes payable of $1,381,500 and a portion of our convertible debentures of $2,714,430 into common stock in February 2010, and the corresponding reduction in debt discount amortization and interest expense. Interest expense for the nine months ended December 31, 2010 included accrued interest on our related party notes payable $43,712 and amortization of the debt discount $385,752. Interest expense for the nine months ended December 31, 2009 included $4,806,547 of amortized debt discount, $78,173 of amortized financing fees, $48,923 of related party note payable accrued interest, and $268,254 of accrued interest related to the convertible debentures issued in October 2007, May 2008 and the private placement debentures that were issued during the nine month period ended December 31, 2009.

Interest income. Interest income was $10,896 for the nine month period ended December 31, 2010 as compared to $6,548 for the nine month period ended December 31, 2009. Current year interest income included the impact of increased cash balances related to the funds received in connection with the Company s August 2010 and October 2010 financings and the February 25, 2010 public offering. Prior year interest income included the impact of increased cash balances related to the funds received in connection with the convertible notes payable issued in March through September 2009.

Change in fair value of derivative liabilities. The gain on the change in fair value of derivative liabilities was $276,860 for the nine months ended December 31, 2010, compared to the gain of $3,106,802 for the nine months ended December 31, 2009. The gain of $276,860 for the nine months ended December 31, 2010 was the result of a decrease in the fair value of our warrant derivatives, due primarily to a decrease in our stock price. The prior year gain of $3,106,802 for the nine months ended December 31, 2009, which was the result of a decrease in the value of our warrant derivatives and the embedded conversion feature derivatives related to our debt, was due primarily to a decrease in our stock price.

Net loss. As a result of the factors described above, net loss for the nine months ended December 31, 2010 decreased by $790,115 to $4,295,261 or ($0.40) per share compared to a net loss of $5,085,376 or ($1.10) per share for the nine months ended December 31, 2009.

Years Ended March 31, 2010 and 2009

Revenues. Revenues were $117,956 in fiscal 2010, as compared to $35,124 in fiscal 2009. The low revenues in these years were primarily due to the Company s shift initiated in mid-2006 in its sales and marketing focus from the reusable shipper product line. The Company discontinued sales of the reusable shippers to allow resources to focus on further development and launch of the CryoPort Express® System and its introduction into the biopharmaceutical industry sector during fiscal 2009, which resulted in the increase in revenues period over period. The slow increase in shipper revenues during the two fiscal years was also the result of delays in the Company securing adequate funding for the manufacturing and full commercialization of the CryoPort Express® System.

Gross loss and cost of revenues. Gross loss for 2010 was 508%, or $599,754 as compared to 1,455%, or $511,028, for fiscal 2009. The decrease in gross loss in fiscal 2010 as compared to fiscal 2009 was primarily the result of the increase in revenues from per-use leasing of the shipping containers. During both periods, cost of sales exceeded sales due to fixed manufacturing costs and plant underutilization.

Cost of revenues was $717,710 in fiscal 2010, as compared to $546,152 in fiscal 2009. The increase in costs of revenues sold during each of the two years is primarily the result of the write off due to the discontinuation of the reusable shippers and increased focus on the CryoPort Express® System. During both periods, cost of sales exceeded revenues due to fixed manufacturing costs and plant underutilization.

Research and development expenses. Research and development expenses were $284,847 in fiscal 2010, $297,378 in fiscal 2009. and Current period expenses included consulting costs associated with software development for the web based system to be used with the CryoPort Express® Shipper, and other research and development activity related to the CryoPort Express® System, as the Company strove to develop improvements in both the manufacturing processes and product materials for the purpose of achieving additional product cost efficiencies.

Selling, general and administrative expenses. Selling, general and administrative expenses were $3,312,635 in fiscal 2010, $2,387,287 in fiscal 2009. The $925,348 increase in fiscal 2010 as compared to fiscal 2009 was primarily attributable to higher general and administrative expenses associated with an increase in salaries and wages of $485,000 and consulting fees of $435,000 associated with the Company s strategic partnering activities and debt restructuring.

Stock-based compensation costs. Total stock-based compensation costs for the years ended March 31, 2010 and 2009 were $559,561 and $289,497, respectively. During the year ended March 31, 2010, we granted options to employees and directors to purchase 190,553 shares of common stock and warrants to purchase 21,000 shares of common stock at a weighted average exercise price of $3.53 per share. The exercise prices of options and warrants were equal to the fair market value of our common stock at the time of grant.

Interest income. Interest income was $8,164 in fiscal 2010 and $32,098 in fiscal 2009. The decrease in interest income in fiscal 2010 was primarily attributable to the overall reduction in interest rates and lower cash balances.

Interest expense. Interest expense was $7,028,684 in fiscal 2010, $2,693,383 in fiscal 2009. Interest expense in fiscal 2010 included amortization of debt discount of $6,417,346 and amortized financing fees of $159,516, primarily due to the convertible debentures issued in October 2007, May 2008 and the Private Placement Debentures.

Loss on extinguishment of debt. The loss on extinguishment of debt of $10,846,573 in fiscal 2009 is due to the resulting change in valuation of the debt and related warrants associated with amendments to the October 2007

Debentures entered into in April 2008, August 2008 and January 2009 and the change in valuation of the debt and related warrants associated with the January 2009 amendment to the May 2008 Debentures. The loss consists of a combined total loss on extinguishment of debt on the October 2007 Debentures of $9,449,498 and $1,397,075 on the May 2008 Debenture. There was no loss on extinguishment of debt during the year ended March 31, 2010.

Change in fair value of derivative liabilities. The gain on the change in fair value of derivative liabilities was $5,576,979 in fiscal 2010. In fiscal 2010, the gain was due to an adoption of a new accounting principle, which resulted in a reclassification of the fair value of warrants and embedded conversion features from equity to derivative liabilities that are marked to fair value at each reporting period. The impact of the change in accounting principle and change in market value of the derivative liabilities during the current period resulted in the recognition of a gain.

Income taxes. We incurred net operating losses for the years ended March 31, 2010 and 2009 and consequently did not pay any federal, state or foreign income taxes. At March 31, 2010, we had federal and state net operating loss carryforwards of approximately $27,463,000 and $27,621,000, respectively, which we have fully reserved due to the uncertainty of realization. Our federal tax loss carryforwards will begin to expire in fiscal 2019, unless utilized. Our California tax loss carryforwards will begin to expire in fiscal 2013, unless utilized. We also have federal and California research tax credit carryforwards of approximately $14,000 and $13,000, respectively. Our federal research tax credits will begin to expire in fiscal 2026, unless utilized. Our California research tax credit carryforwards do not expire and will carryforward indefinitely until utilized.

Liquidity and Capital Resources

As of December 31, 2010, we had cash and cash equivalents of $2,710,976 and working capital of $458,619. Our working capital at December 31, 2010 included $57,503 of derivative liabilities, the balance of which represented the fair value of warrants issued to consultants and convertible note holders which were reclassified from equity during our fiscal year 2010. As of March 31, 2010, we had cash and cash equivalents of $3,629,886 and working capital of $1,994,934. Historically, we have financed our operations primarily through sales of our debt and equity securities. Since March 2005 through June 2010, we have received net proceeds of approximately $15.7 million from sales of our common stock and the issuance of promissory notes, warrants and debt. From August 2010 to October 2010, we conducted a private placement financing to institutional and accredited investors resulting in the issuance of units consisting of 5,532,418 shares of common stock and warrants to purchase 5,532,418 shares of common stock at an exercise price of $0.77, for gross cash proceeds of $3,872,702 and net cash proceeds of $3,407,679. Each unit consisting of one share, together with one warrant to purchase one share, was priced at $0.70. Certain investors that had invested in our public offering that was completed on February 25, 2010 were issued additional warrants with the same terms to purchase 448,333 shares of common stock in connection with this private placement. We paid a 7% fee to the placement agents in the aggregate amount of $271,089 and issued warrants to purchase an aggregate of 774,542 shares of our common stock, at an exercise price of $0.77, which are immediately exercisable and have a term of five years. We incurred additional agent, legal and accounting fees of $193,934 in connection with the private placement financing. See Note 8 in the unaudited condensed consolidated financial statements.

On February 4, 2011, the Company consummated the first close of a private placement to accredited investors resulting in the issuance of units consisting of 6,335,318 shares of common stock and warrants to purchase 6,335,318 shares of common stock at an exercise price of $0.77, for gross cash proceeds of $4,434,722 and net cash proceeds of $3,851,811. On February 17, 2011 the Company completed the second closing of this same private placement resulting in the issuance of units consisting of 7,026,771 shares of common stock and warrants to purchase 7,026,771 shares of common stock at an exercise price of $0.77, for gross cash proceeds of $4,918,740, and net cash proceeds of $4,344,308.

For the nine months ended December 31, 2010, we used $3,639,206 of cash for operations primarily as a result of the net loss of $4,295,261 which included a non-cash gain of $276,860 due to the change in valuation of our derivative liabilities and non-cash expenses of $385,752 and $391,315 due to discount amortization related to our convertible debt instruments and the fair value of stock options and warrants, respectively. Offsetting the cash impact of our net operating loss (excluding non-cash items), was an increase in accrued compensation of $157,015 related to our staff increases and estimated bonuses for fiscal year 2011. This item was offset primarily due to a decrease in accounts payable and accrued expenses of $160,252 and an increase in other current assets of $109,289.

Net cash used in investing activities totaled $394,546 during the nine months ended December 31, 2010, and was attributable to the purchase of property and equipment of $299,067 and the purchase of intangible assets of $95,479.

Net cash provided by financing activities totaled $3,114,842 during the nine months ended December 31, 2010, which resulted from the $3,480,541 net proceeds received from our private placement financing which closed in August 2010 and October 2010 and was partially offset by payments of deferred financing fees of $275,699 incurred in connection with our February 2010 public offering. The Company incurred additional legal and accounting fees of $72,862 in connection with the private placement financing.

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On October 19, 2010, we secured a one-year renewal of our line of credit for the amount of $90,000 which is secured by a $90,000 certificate of deposit with Bank of the West. All borrowings under our revolving line of credit bear variable interest based on either the prime rate plus 1.5% per annum (totaling 4.75% as of December 31, 2010) or 5.0%, whichever is higher.

As a result of the private placement, we had aggregate cash and cash equivalents of $2,710,976 as of December 31, 2010. Management has estimated that cash on hand as of December 31, 2010, together with the net proceeds received from the private placement closings subsequent to period end, are sufficient to sustain operations for at least the next 12 months. Our management recognizes that we must obtain additional capital for the achievement of sustained profitable operations. Management s plans include obtaining additional capital through equity and debt funding sources; however, no assurance can be given that additional capital, when needed, will be available when required or upon terms acceptable to us.

Contractual Obligations and Commitments

The following summarizes our contractual obligations at February 28, 2011, 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	$ 469	$ 133	$ 196	$ 140	$
Convertible debentures	3,031	2,400	631		
Related party notes payable	1,571	136	192	1,243	