Cryoport, Inc.
Form 10-K
June 27, 2011

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

FORM 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2011
OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number: 001-34632

CRYOPORT, INC.
(Exact name of Registrant as specified in its charter)

Nevada	**88-0313393**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
20382 Barents Sea Circle, Lake Forest, California	**92630**
(Address of principal executive offices)	*(Zip Code)*

(949) 470-2300
(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $0.001 par value	**OTC Market**

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.001
Warrants to Purchase Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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 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	Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ

The aggregate market value of Common Stock held by non-affiliates as of September 30, 2010 was $9,761,382 (1)

Number of shares of Common Stock outstanding as of June 10, 2011: 27,712,101

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates certain information by reference from the registrant s proxy statement for the annual meeting of stockholders, which proxy statement will be filed no later than 120 days after the close of the registrant s fiscal year ended March 31, 2010.

(1) Excludes 5,881 shares of common stock held by directors and officers, and any stockholder whose ownership exceeds five percent of the shares outstanding as of September 30, 2010.

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PART III

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NOTE REGARDING REVERSE STOCK SPLIT

On February 5, 2010, we filed a Certificate of Amendment to our Articles of Incorporation with the Secretary of State of the State of Nevada to affect a reverse split of our common stock at a ratio of ten for one. All historical share and per share amounts have been adjusted to reflect the reverse stock split.

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PART I

In this Annual Report, the terms we , us , our , Company and CryoPort refer to CryoPort, Inc., and our wholly subsidiary, CryoPort Systems, Inc. This Annual Report contains forward-looking statements that involve risks and uncertainties. The inclusion of forward-looking statements should not be regarded as a representation by us or any other person that the objectives or plans will be achieved because our actual results may differ materially from any forward-looking statement. The words may, should, plans, believe, anticipate, estimate, expect, their o similar expressions are intended to identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. We caution readers that such statements are not guarantees of future performance or events and are subject to a number of factors that may tend to influence the accuracy of the statements, including but not limited to, those risk factors outlined in the section titled Risk Factors as well as those discussed elsewhere in this Annual Report. You should not unduly rely on these forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this Annual Report or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks we describe in the reports that we file from time to time with the Securities and Exchange Commission (SEC) after the date of this Annual Report.

In addition, we own or have rights to the registered trademark CryoPort® (both alone and with a design logo) and CryoPort Express® (both alone and with a design logo). All other Company names, registered trademarks, trademarks and service marks included in this Annual Report are trademarks, registered trademarks, service marks or trade names of their respective owners.

Item 1. BUSINESS

Overview

We are a provider of an innovative cold chain frozen shipping system dedicated to providing superior, affordable cryogenic shipping solutions that ensure the 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.

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The Company entered into its first strategic relationship with a global courier on January 13, 2010 when it signed an agreement with Federal Express Corporation (FedEx) pursuant to which the Company leases to FedEx such number of its cryogenic shippers that FedEx, from time to time, orders for FedEx s customers. Under this agreement, FedEx has the right to and shall, on a non-exclusive basis, promote market and sell transportation of the Company s shippers and its related value-added goods and services, such as its data logger, web portal and planned CryoPort Express® Smart Pak System. On January 24, 2011 we announced that FedEx had launched its deep frozen shipping solution using our CryoPort Express® Dry Shipper. On September 2, 2010, the Company entered into an agreement with DHL Express (USA), Inc. (DHL) that gives DHL life science customers direct access to the Company s web-based order entry and tracking portal to order the CryoPort Express® Shipper and receive preferred DHL shipping rates. The agreement covers DHL shipping discounts that may be used to support the Company s customers using the CryoPort Express® shipping solution. In connection with the agreement, the Company has integrated its proprietary web portal to DHL s tracking and billing systems. DHL life science customers now have a seamless way of shipping their critical biological material worldwide. The IT integration with DHL was completed during the Company s fourth quarter of fiscal year 2011.

We are a Nevada corporation originally incorporated under the name G.T.5-Limited (GT5) on May 25, 1990. In connection with a Share Exchange Agreement, on March 15, 2005 we changed our name to CryoPort, Inc. and acquired all of the issued and outstanding shares of common stock of CryoPort Systems, Inc., a California corporation, in exchange for 2,410,811 shares of our common stock (which represented approximately 81% of the total issued and outstanding shares of common stock following the close of the transaction). CryoPort Systems, Inc., which was originally formed in 1999 as a California limited liability company, and subsequently reorganized into a California corporation on December 11, 2000, remains the operating company under CryoPort, Inc. Our principal executive offices are located 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 Annual Report.

Our Products and Pipeline

Our product offering and service offering consists of our CryoPort Express® Shippers, reusable dry vapor shippers, the web portal allowing ease of entry and our Smart Pak data logger, a temperature monitoring system (which, together with our CryoPort Express® Shippers, comprise our new business model referred to as the CryoPort Express® System) and a containment bag which is used in connection with the shipment of infectious or dangerous goods using the CryoPort Express® Shipper.

The CryoPort Express® Shippers

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

The technology underlying the CryoPort Express® Shipper was developed by modifying and advancing technology from our first generation of reusable cryogenic dry shippers. While our CryoPort Express® Shippers share many of the characteristics and basic design details of our earlier shippers, we are manufacturing our CryoPort Express® Shippers from alternative, lower cost and lower weight materials, which will reduce overall operating costs. We maintain ongoing development efforts related to our shippers which are principally focused on material properties, particularly those properties related to the low temperature requirement, the vacuum retention characteristics, such as the

permeability of the materials, and lower cost and lower weight materials in an effort to meet the market needs for achieving a lower cost frozen and cryogenic shipping solution. Other advances additional to the development work on the cryogenic container include both an improved liquid nitrogen retention system and a secondary protective, spill proof packaging system. This secondary system, outer packaging has a low cost that lends itself to disposability, and it is made of recyclable materials. Further, it adds an additional liquid nitrogen retention capability to further assure compliance with IATA and ICAO regulations that prohibit egress of liquid nitrogen from the shipping package. IACO stands for the International Civil Aviation Organization, which is a United Nations organization that develops regulations for the safe transport of dangerous goods by air.

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

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

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

The CryoPort Express® System

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

CryoPort Express®Portal

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

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

The CryoPort Express® Smart Pak

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

Phase III of our Smart Pak System is anticipated to launch in fiscal year 2012, and consists of adding a smart chip to each shipper with wireless connectivity to enable our customers to monitor a shipper s location, specimen temperature and overall state of health via our web portal. A key feature of the Phase III product is automatic downloading of data which requires no customer intervention.

CryoPort Express® Analytics

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

Biological Material Holders

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

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Other Product Candidates and Development Activities

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

Government Regulation

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

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

Manufacturing and Raw Materials

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

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

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

Patents and Proprietary Rights

In order to remain competitive, we must develop and maintain protection on the proprietary aspects of our technologies. We rely on a combination of patents, copyrights, trademarks, trade secret laws and confidentiality agreements to protect our intellectual property rights. We currently own four registered United States trademarks and

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

Type:	No.	Issued	Expiration
Patent	6,467,642	Oct. 22, 2002	Oct. 21, 2022
Patent	6,119,465	Sep. 19, 2000	Sep. 18, 2020
Patent	6,539,726	Apr. 1, 2003	Mar 31, 2023
Trademark	7,583,478,7	Oct. 9, 2002	N/A
Trademark	7,586,797,8	Apr. 16, 2002	N/A
Trademark	7,748,667,3	Feb. 3, 2009	N/A
Trademark	7,737,451,1	Mar. 17, 2009	N/A

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Our success depends to a significant degree upon our ability to develop proprietary products and technologies and to obtain patent coverage for these products and technologies. We intend to file trademark and patent applications covering any newly developed products, methods and technologies. However, there can be no guarantee that any of our pending or future filed applications will be issued as patents. There can be no guarantee that the U.S. Patent and Trademark Office or some third party will not initiate an interference proceeding involving any of our pending applications or issued patents. Finally, there can be no guarantee that our issued patents or future issued patents, if any, will provide adequate protection from competition.

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

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

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

Customers and Distribution

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

We believe our patented cryogenic shippers make us well positioned to take advantage of the growing demand for effective and efficient international transport of temperature sensitive materials resulting from continued globalization. Of particular significance is the trend within the pharmaceutical and biotechnology industries toward globalization. We believe this presents a new and unique opportunity for pharmaceutical companies, particularly early or developmental stage companies, to conduct some of their clinical trials in foreign countries where the cost may be cheaper and/or because the foreign countries significantly larger population provides a larger pool of potential patients suffering from the indication that the drug candidate is being designed to treat. We also plan to provide domestic

shipping solutions in situations and regions where there is a high priority placed on maintaining the integrity of materials shipped at cryogenic temperatures and where we can be cost effective.

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

Pharmaceutical clinical trials / contract research organizations;

Gene biotechnology;

Transport of infectious materials and dangerous goods;

Pharmaceutical distribution; and

Fertility clinics/artificial insemination.

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

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

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

Gene Biotechnology. The gene biotechnology market includes basic and applied research and development in diverse areas such as stem cells, cloning, gene therapy, DNA tumor vaccines, tissue engineering, genomics, and blood products. Companies participating in the foregoing fields rely on the frozen transport of specimens in connection with their research and development efforts, for which our CryoPort Express® Shippers are ideally suited.

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

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

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

Fertility Clinics. We estimate that artificial insemination procedures in the United States account for at least 50,000 doses of semen annually. Since relatively few sperm banks provide donor semen, frozen shipping is almost always involved. As with animal semen, human semen must be stored and shipped at cryogenic temperatures to retain viability, stabilize the cells, and ensure reproducible results. This can only be accomplished with the use of liquid nitrogen or LN2 dry vapor shippers. CryoPort anticipates that this market will continue to increase as this practice gains acceptance in new areas of the world.

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

Sales and Marketing

During the fiscal year ended March 31, 2011, annual net revenues from three customers, B-D Biosciences, CDx Holdings and Life Technologies accounted for 19%, 38% and 11% of our total revenues, respectively. During the fiscal year ended March 31, 2010, annual net revenue from two customers, B-D Biosciences and CDx Holdings accounted for 32% and 19% of our total revenues, respectively.

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Our geographical sales for the year ended March 31, 2011 were as follows:

USA and Canada	50%
Europe	20%
Asia and Rest of World	30%

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

During the year ended March 31, 2011, we had one internal sales person who manages our direct sales. In April 2011 the Company hired a Chief Commercial Officer and added three members to the direct sales force, of whom have backgrounds in the cold-chain shipping industry.

Industry and Competition

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

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

Pharmaceutical clinical trials, including transport of tissue culture samples;

Pharmaceutical commercial product distribution;

Transportation of diagnostic specimens;

Transportation of infectious materials;

Intra laboratory diagnostic testing;

Transport of temperature-sensitive specimens by courier;

Analysis of biological samples;

Environmental sampling;

Gene and stem cell biotechnology and vaccine production; and

Food engineering.

Many of the biological products in these above markets require transport in a frozen state as well as the need for shipping containers which have the ability to maintain a frozen, cryogenic environment (e.g., minus 150° Celsius) for a period ranging from two to ten days (depending on the distance and mode of shipment). These products include semen, embryo, tissue, tissue cultures, cultures of viruses and bacteria, enzymes, DNA materials, vaccines and certain pharmaceutical products. In some instances, transport of these products requires temperatures at, or approaching,

minus 196° Celsius.

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

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

Two manufacturers of the polystyrene and polyurethane containers frequently used in the shipping and courier transport of dry ice frozen specimens are Insulated Shipping Containers, Inc. and Tegrant (formerly SCA Thermosafe). When these containers are used with dry ice, the average sublimation rate (e.g., the rate at which dry ice turns from a solid to a gaseous state) in a container with a 11/2 inch wall thickness is slightly less than three pounds per 24 hours. Other existing refrigerant systems employ the use of gel packs and ice substitutes for temperature maintenance. Gels and eutectic solutions (phase changing materials) with a wide range of phasing temperatures have been developed in recent years to meet the needs of products with varying specific temperature control requirements.

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

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

- Availability of a dry ice source;
- Handling and storage of the dry ice;
- Cost of the dry ice;
- Compliance with local, state and federal regulations relating to the storage and use of dry ice;
- Weight of containers when packed with dry ice;
- Securing a shipping container with a high enough R-value (which is a measure of thermal resistance) to hold the dry ice and product for the required time period;
- Securing a shipping container that meets the requirements of IATA, the DOT, the CDC, and other regulatory agencies; and
- The emission of green house gases into the environment.

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

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

Within our intended markets for our CryoPort Express® Shippers, there is limited known competition. We intend to become competitive by reason of our improved technology in our products and through the use of our service enabled business model. The CryoPort Express® System provides a simple and cost effective solution for the frozen or cryogenic transport of biological or pharmaceutical materials. This solution uses our innovative dewar and is supported by the CryoPort Express® Portal, our web-based order-entry system, which manages the scheduling and shipping of the CryoPort Express® Shippers. In addition, the traditional dry ice shippers and suppliers, such as MVE/Chart Industries, Taylor Wharton and Air Liquide, offer various models of dry vapor liquid nitrogen shippers that are not cost efficient for multi-use and multi-shipment purposes due to their significantly greater unit costs and

unit weight (which may substantially increase the shipping cost). On the other hand, they are more established and have larger organizations and have greater financial, operational, sales and marketing resources and experience in research and development than we do. Factors that we believe give us a competitive advantage are attributable to our shipping container which allows our shipper to retain liquid nitrogen when placed in non-upright positions, the overall leak-proofness of the our package which determines compliance with shipping regulations and the overall weight and volume of the package which determines shipping costs, and our business model represented by the merged integration of our shipper with CryoPort Express® Portal and Smart Pak data logger into a seamless shipping, tracking and monitoring solution. Other companies that offer potentially competitive products include Industrial Insulation Systems, which offers cryogenic transport units and has partnered with Marathon Products Inc., a manufacturer and global supplier of wireless temperature data collecting devices used for documenting environmentally sensitive products through the cold chain and Kodiak Thermal Technologies, Inc. which offers, among other containers, a repeat use active-cool container that uses free piston stirling cycle technology. While not having their own shipping devices, BioStorage Technologies is potentially a competitive company through their management services offered for cold-chain logistics and long term biomaterial storage. Cryogena offers a single use disposable LN2 shipper with better performance than dry-ice, but it does not perform as well and is not as cost-effective as the CryoPort solution when all costs are considered. In addition, BioMatrica, Inc. is developing and offering technology that stabilizes biological samples and research materials at room temperature. They presently offer these technologies primarily to research and academic institutions; however, their technology may eventually enter the broader cold-chain market.

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Research and Development

Our research and development efforts are focused on continually improving the features of the CryoPort Express® System including the web based customer service portal and the CryoPort Express® Shippers. Further these efforts are expected to lead to the introduction of shippers of varying sizes based on market requirements, constructed of lower cost materials and utilizing high volume manufacturing methods that will make it practical to provide the cryogenic packages offered by the CryoPort Express® System. Other research and development effort has been directed toward improvements to the liquid nitrogen retention system to render it more reliable in the general shipping environment and to the design of the outer packaging. Alternative phase change materials in place of liquid nitrogen may be used to increase the potential markets these shippers can serve such as ambient and 2-8°C markets. Our research and development expenditures during for the fiscal years ended March 31, 2011 and 2010 were $449,129 and $284,847, respectively.

Corporate Governance

Our Board is committed to legal and ethical conduct in fulfilling its responsibilities. The Board expects all directors, as well as officers and employees, to act ethically at all times and to adhere to the policies comprising the Company s Code of Business Conduct and Ethics. The Board of Directors (the Board) of the Company adopted the corporate governance policies and charters. Copies of the following corporate governance documents are posted on our website, and are available free of charge, at www.cryoport.com: (1) Code of Business Conduct and Ethics (2) Charter of the Nominating and Governance Committee of the Board of Directors, (3) Charter of the Audit Committee of the Board of Directors, and (4) Charter of the Compensation Committee of the Board of Directors. If you would like a printed copy of any of these corporate governance documents, please send your request to CryoPort, Inc., Attention: Corporate Secretary, 20382 Barents Sea Circle, Lake Forest CA 92630.

Human Resources

As of March 31, 2011, we had 13 full-time employees and 9 consultants; 3 of the consultants work for us on a full-time basis. Each of our employees has signed a confidentiality agreement and none are covered by a collective bargaining agreement. We have never experienced employment-related work stoppages and consider our employee relations to be good.

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ITEM 1A. RISK FACTORS

This Annual Report on Form 10-K contains forward-looking information based on our current expectations. Because our actual results may differ materially from any forward-looking statements made by or on behalf of CryoPort, this section includes a discussion of important factors that could affect our actual future results, including, but not limited to, our potential product and service revenues, acceptance of our products and services, expenses, net income(loss) and earnings(loss) per common share.

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 years ended March 31, 2011 and 2010:

	Net Loss
Fiscal Year Ended March 31, 2011	$ 6,152,278
Fiscal Year Ended March 31, 2010	$ 5,651,561

As of March 31, 2011, we had an accumulated deficit of $52,096,087. 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.

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

As of March 31, 2011, we had cash and cash equivalents of $9,278,443. 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 cash flow 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 cash flow.

On January 13, 2010, we entered into an agreement with FedEx pursuant to which we lease to FedEx such number of our cryogenic shippers that FedEx, from time to time, orders 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 cash flows as a result of this agreement. On September 2, 2010, we entered into an agreement with DHL that gives 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.

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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.

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

As of March 31, 2011, there were 27,504,583 shares of our common stock issued and outstanding. 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 30,332,635 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	869,065
Common stock issuable upon exercise of outstanding warrants	27,822,669
Common stock issuable upon exercise of outstanding options or reserved for future incentive awards under our stock incentive plans	1,640,901
Total	30,332,635

Of the total options and warrants outstanding as of March 31, 2011, options and warrants exercisable for an aggregate of 23,849,159 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 31, 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.

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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.

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

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

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

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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 $2,607,196 as of March 31, 2011. In addition, in October 2007 and May 2008, we issued to these institutional investors warrants to purchase, as of March 31, 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 June 10, 2011, our directors, executive officers and beneficial owners of 5% or more of our outstanding common stock beneficially owned 11,556,091 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 30.80% of our outstanding common stock. Of these shares of common stock beneficially owned, 1,921,547 shares, or approximately 6.48% of our outstanding common stock, are beneficially owned by Enable Growth Partners LP (and affiliated funds), 1,877,072 shares, or approximately 6.34% of our outstanding common stock, are beneficially owned by BridgePointe Master Fund, Ltd., 4,285,710 shares, or approximately 14.02% of our common stock, are beneficially owned by CNH Partners, LLC, and 2,757,895 shares, or approximately 9.14% of our outstanding common stock, are beneficially owned by Emergent Financial Group (each calculated without regard to the shares of common stock that may be acquired by the other upon the exercise of its warrants and conversion of debt). As such, the concentration of beneficial ownership of our common stock may have the effect of delaying or preventing a change in control of CryoPort and may adversely affect the voting or other rights of other holders of our common stock.

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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.

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

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

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

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

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

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

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

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

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

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

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

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

California law permits a corporation to provide supermajority vote provisions in its Articles of Incorporation, which would require specific actions to obtain greater than a majority of the votes, but not more than $66^2/_3$ percent. Nevada law does not permit supermajority vote provisions. If we become subject to Section 2115(b), it is possible that our stockholders would vote to amend our Articles of Incorporation and require a supermajority vote for us to take specific actions.

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

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

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

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

Our stock is deemed to be penny stock.

Our stock is currently traded on the OTCQB, operated by the OTC Markets Group, Inc., and is subject to the penny stock rules adopted pursuant to Section 15(g) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The penny stock rules apply to companies not listed on a national exchange whose common stock trades at less than $5.00 per share or which have tangible net worth of less than $5,000,000 ($2,000,000 if the company has been operating for three or more years). Such rules require, among other things, that brokers who trade penny stock to persons other than established customers complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Penny stocks sold in 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 OTCQB, it is more difficult: (i) to obtain accurate quotations, (ii) to obtain coverage for significant news events because major wire services, such as the Dow Jones News Service, generally do not publish press releases about such companies, and (iii) to obtain needed capital.

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

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

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

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

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

Companies trading on the OTCQB must be reporting issuers under Section 12 of the Exchange Act, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTCQB If we fail to remain current on our reporting requirements, we could be removed from the OTCQB. 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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ITEM 2. PROPERTIES

We do not own real property. We currently lease two facilities, with approximately 12,000 square feet of corporate, research and development, and warehouse facilities, located at 20382 Barents Sea Circle, Lake Forest, CA 92630 and five (5) executive offices located at 402 West Broadway, San Diego, CA 92101. The Company currently makes base lease payments of approximately $7,000 per month, due at the beginning of each month. On August 24, 2009, the Company entered into the second amendment to the lease for its manufacturing and office space. The amendment extended the lease for twelve months from the end of the existing lease term with a right to cancel the lease with a minimum of 120 day written notice at anytime as of November 30, 2009. In June 2010, Company entered into the third amendment to the lease for its manufacturing and office space. The amendment extended the lease for sixty months commencing July 1, 2010 with a right to cancel the lease with a minimum of 120 day written notice at anytime as of December 31, 2012. On April 15, 2010, the Company entered into office service agreements with Regus Management Group, LLC (Lessor) for five (5) executive offices located at 402 West Broadway, San Diego, CA 92101. The office service agreements are for periods ranging from 3 to 7 months ending October 31, 2011. The office service agreements require base lease payments of approximately $9,000 per month. We believe that these facilities are adequate, suitable and of sufficient capacity to support our immediate needs. Additional space may be required, however, as we expand our research and development, manufacturing and selling and marketing activities.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, we are at times subject to various legal proceedings and disputes. We currently are not aware of any such legal proceedings or claim that we believe will have, individually or in the aggregate, a material adverse effect on our business, operating results or cash flows.

ITEM 4. [REMOVED AND RESERVED]

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) *Market Information.* The Company s common stock is quoted on the OTCQB under the symbol CYRX The following table shows the high and low sales price of the Company s common stock for each quarter in the two years ended March 31, 2011:

	Common Stock Sales Price	
	High	**Low**
Fiscal Year 2011		
Quarter Ended March 31, 2011	$ 1.69	$ 0.51
Quarter Ended December 31, 2010	$ 0.95	$ 0.43
Quarter Ended September 30, 2010	$ 1.50	$ 0.66
Quarter Ended June 30, 2010	$ 2.20	$ 1.31
Fiscal Year 2010		
Quarter Ended March 31, 2010	$ 10.50	$ 1.65
Quarter Ended December 31, 2009	$ 5.40	$ 3.80
Quarter Ended September 30, 2009	$ 7.00	$ 3.70
Quarter Ended June 30, 2009	$ 9.00	$ 4.10

(b) *Holders.* As of June 10, 2011, the number of stockholders of record of the Company s common stock was 218.

(c) *Dividends.* No dividends on common stock have been declared or paid by the Company. The Company intends to employ all available funds for the development of its business and, accordingly, does not intend to pay any cash dividends in the foreseeable future.

(d) *Securities Authorized for Issuance Under Equity Compensation.* The information included under Item 12 of Part III of this Annual Report is hereby incorporated by reference into this Item 5 of Part II of this Annual Report.

(e) *Recent Sale of Unregistered Securities*. The following is a summary of transactions by the Company during the past quarter involving the issuance and sale of the Company s securities that were not registered under the Securities Act of 1933, as amended (the Securities Act). All securities sold by the Company were sold to individuals, trusts or others who were accredited investors as defined under Regulation D under the Securities Act, as amended.

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On February 4, 2011, the Company consummated the first closing 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. On February 14, 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. In both closings, each unit consisting of one share, together with one warrant to purchase one share, was priced at $0.70 for aggregate gross proceeds of $9,353,462. Aggregate net proceeds of $8,041,881 reflect placement agent fees, legal and accounting fees of $1,311,582. In addition, as part of the compensation to the selling agents, warrants to purchase 2,393,826 shares of common stock were issued to the agents. The warrants issued to the investors and selling agents are immediately exercisable and have a term of five years. The fair market value of the warrants issued to the placement agents of $2,153,397 was based on the Black-Scholes pricing model (Black-Scholes) and was recorded to paid-in capital and offset against the proceeds of the financing with no net effect on equity. The Company was obligated to file a registration statement with the SEC registering the resale of the shares of common stock issued to the investors and the shares of common stock underlying the warrants issued to the investors within ninety (90) days following the close of the transaction.

On March 7, 2011 the Company entered into an Advisory Services Agreement with Marc Grossman M.D. to provide strategic business advice for which he was issued a fully-vested warrant to purchase 200,000 shares of the Company s common stock at an exercise price of $0.77 per share. The fair value of this warrant was $302,769 of which the Company recorded $277,538 as another current asset and recognized $25,231 in selling, general and administrative expense for the year ended March 31, 2011 in the accompanying consolidated financial statements.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data has been derived from audited consolidated financial statements of the Company for each of the five years in the period ended March 31, 2011. These selected financial summaries should be read in conjunction with the financial information contained for each of the two years in the period ended March 31, 2011, included in the consolidated financial statements and notes thereto, Management s Discussion and Analysis of Results of Operations and Financial Condition, and other information provided elsewhere herein.

Years Ended March 31,
(in thousands, except per share data)

	2011	2010	2009	2008	2007
Consolidated Statement of Operations Data:					
Revenues	$ 476	$ 118	$ 35	$ 84	$ 67
Cost of revenues	1,303	718	546	386	177
Gross loss	(827)	(600)	(511)	(302)	(110)
Selling, general and administrative	4,321	3,313	2,387	2,551	1,899
Research and development	449	284	297	166	88
Total operating expenses	4,770	3,597	2,684	2,717	1,987
Loss from operations	(5,597)	(4,197)	(3,195)	(3.019)	(2,097)
Other (expense) income:					
Interest income	16	8	32	50	
Interest expense	(619)	(7,029)	(2,693)	(1,593)	(228)
Loss on sale of fixed assets		(9)			
Loss on extinguishment of debt			(10,847)		

Change in fair value of derivative liabilities	50	5,577			
Net loss before income taxes	(6,150)	(5,650)	(16,703)	(4,562)	(2,325)
Income taxes	2	2	2	2	2
Net loss	$ (6,152)	$ (5,652)	$ (16,705)	$ (4,564)	$ (2,327)
Net loss per common share, basic and diluted	$ (0.46)	$ (1.13)	$ (4.05)	$ (1.16)	$ (0.75)
Weighted average shares used in computing net loss per common share, basic and diluted	13,302	5,011	4,124	3,943	3,094

	As of March 31, (in thousands)				
	2011	**2010**	**2009**	**2008**	**2007**
Consolidated Balance Sheet Data:					
Cash, cash equivalents	$ 9,278	$ 3,630	$ 250	$ 2,231	$ 264
Working capital (deficit)	6,760	1,995	(3,693)	981	(478)
Total assets	11,031	4,777	1,573	3,461	484
Convertible notes, net	2,401	2,502	3,883	902	96
Other long-term obligations	1,423	1,478	1,601	1,711	1,857
Accumulated deficit	(52,096)	(45,944)	(30,634)	(13,929)	(9,365)
Total stockholders equity (deficit)	5,948	(915)	(4,776)		(2,288)

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report on Form 10-K contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995 and concern matters that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Discussions containing forward-looking statements may be found in the material set forth under Business, Management s Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-K. Words such as may, will, should, could, expect, plan, anticipate, believe, estimate, continue or similar words are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this Annual Report on Form 10-K, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this Annual Report on Form 10-K. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof to conform such statements to actual results or to changes in our opinions or expectations. Readers are urged to carefully review and consider the various disclosures made by us, which attempt to advise interested parties of the risks, uncertainties, and other factors that affect our business, set forth in detail in Item 1A of Part I, under the heading Risk Factors.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes to those statements contained elsewhere in this Annual Report on Form 10-K.

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 $52,096,087 through March 31, 2011.

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Results of Operations

Years Ended March 31, 2011 and 2010

Revenues. Net revenues were $475,504 in fiscal 2011, as compared to $117,956 in fiscal 2010. The increase of $357,548 or 303% was the result of our current business plan focusing on per-use leasing of our shipping containers 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. The less than anticipated 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 2011 was 174% of revenues, or $827,484 as compared to 508%, or $599,754 for fiscal 2010. The increase in gross loss in absolute dollars and the decrease in gross loss as a percentage of revenues for the year ended March 31, 2011, as compared to the year ended March 31, 2010, 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 $717,710 for the year ended March 31, 2010 to $1,302,988 for the year ended March 31, 2011, 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 $4,320,461 in fiscal 2011, as compared to $3,312,635 in fiscal 2010. The $1,007,826 increase in expenses over prior year was due to a $900,144 or 218% increase in sales and marketing expenses from $412,739 for the year ended March 31, 2010, to $1,312,883 for the year ended March 31, 2011. The increase in sales and marketing expenses reflected our focus on market development and sales ramp up of the CryoPort Express® System. An overall increase in the sales effort in 2011 increased expenses in salaries due to new hires, recruiting, travel and outside services due to additional sales consulting.

Total stock-based compensation costs for the years ended March 31, 2011 and 2010 were $396,696 and $559,561, respectively. During the year ended March 31, 2011, we granted options to employees and directors to purchase 1,296,832 shares of common stock at a weighted average exercise price of $0.69 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.

Research and development expenses. Research and development expenses were $449,129 in fiscal 2011, as compared to $284,847 in fiscal 2010. The increase in research and development expenses of $164,282 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 income. Interest income was $15,571 in fiscal year 2011, as compared to $8,164 in fiscal year 2010. Current year interest income included the impact of increased cash balances related to the funds received in connection with the Company s February 2011 private placement, August 2010 and October 2010 private placement 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.

Interest expense. Interest expense was $618,765 in fiscal year 2011, as compared to $7,028,684 in fiscal year 2010. 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 fiscal year 2011 included accrued interest on our Related Party notes payable $57,156, amortization of debt discount $522,041 and interest expense on our convertible debentures $19,233. Interest expense for fiscal year 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.

Change in fair value of derivative liabilities. The change in fair value of derivative liabilities was a gain of $49,590 in fiscal year 2011, compared to the gain of $5,576,979 in fiscal year 2010. The gain of $49,590 for the fiscal year 2011 was the result of a decrease in the fair value of our warrant derivatives due primarily to a decrease in our stock price, and a decrease in the number of equity instruments treated as derivative liabilities compared to the prior fiscal year. The prior year gain of $5,576,979 was the result of a decrease in the fair value of our warrant derivatives, due

primarily to a decrease in our stock price.

Income taxes. We incurred net operating losses for the years ended March 31, 2011 and March 31, 2010 and consequently did not pay any federal, state or foreign income taxes. At March 31, 2011, we had federal and state net operating loss carryforwards of approximately $21,743,000 and $21,706,000, respectively, which we have fully reserved due to the uncertainty of realization. Our federal tax loss carryforwards will begin to expire in fiscal 2020, unless utilized. Our California tax loss carryforwards will begin to expire in fiscal 2014, unless utilized. We also have federal and California research tax credit carryforwards of approximately $17,000 and $16,000, 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 carry forward indefinitely until utilized.

Net loss. As a result of the factors described above, net loss for the year ended March 31, 2011 increased by $500,717 to $6,152,278 or ($0.46) per share compared to a net loss of $5,651,561 or ($1.13) per share for the year ended March 31, 2010.

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Liquidity and Capital Resources

As of March 31, 2011, the Company had cash and cash equivalents of $9,278,443 and working capital of $6,759,755. Historically, we have financed our operations primarily through sales of our debt and equity securities. As of March 31, 2010, the Company had cash and cash equivalents of $3,629,886 and working capital of $1,994,934.

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 $271,090 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.

On February 4, 2011, the Company consummated the first closing 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. On February 14, 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. In both closings, each unit consisting of one share, together with one warrant to purchase one share, was priced at $0.70 for aggregate gross proceeds of $9,353,462. Aggregate net proceeds which reflect placement agent fees, legal and accounting fees were $8,041,880. In addition, as part of the compensation to the selling agents, warrants to purchase 2,393,826 shares of common stock were issued to the agents. The warrants issued to the investors and selling agents are immediately exercisable and have a term of five years.

During fiscal year 2011, we used $4,811,411 of cash for operations primarily as a result of the net loss of $6,152,278 and non cash expenses of $1,201,300 due primarily to discount amortization related to our convertible debt instruments and share based compensation. Offsetting the cash impact of our net operating loss (excluding non-cash items) was an increase in accrued compensation and related expenses of $306,744 due primarily to increased selling, general and administrative expenses. During fiscal year 2010, we used $2,853,359 of cash for operations primarily as a result of the net loss of $5,651,561 including a non-cash gain of $5,576,979 due to the change in valuation of our derivative liabilities and non cash expenses of $7,790,062 due primarily to discount amortization related to our convertible debt instruments. Offsetting the cash impact of our net operating loss (excluding non-cash items) was an increase in accrued interest payable of $335,830 primarily due to our Private Placement Debentures and an increase in accounts payable and accrued expenses of $209,907 due primarily to increased general and administrative expenses.

Net cash used in investing activities totaled $465,450 during fiscal year 2011, primarily attributable the purchase of equipment $341,400 and the purchase of intangible assets of $124,050. Net cash used in investing activities totaled $138,874 during fiscal year 2010, primarily attributable to the decrease in restricted cash of $10,000, offset by the purchase of equipment $31,926 and the purchase of intangible assets of $116,948.

Net cash provided by financing activities totaled $10,925,418 in fiscal year 2011, primarily resulting from the receipt of the proceeds net of cash paid for offering costs from our public offering of common stock of $11,571,286 and gross proceeds from exercise of options and warrants of $213,203, which were partially offset by payment of deferred financing costs of $275,699 and repayment of convertible debt of $423,372. Net cash provided by financing activities totaled $6,372,361 in fiscal year 2010, primarily resulting from the receipt of the proceeds net of cash paid for offering costs from our public offering of common stock of $4,046,863, the proceeds from the issuance of our Private Placement Debentures of $1,321,500 and gross proceeds from exercise of options and warrants of $1,437,100, which were partially offset by payment of deferred financing costs of $92,520 and payments on our related party notes payable and notes payable to officer of $120,000 and $143,950, respectively.

The Company believes it has sufficient cash on hand and projected revenues to sustain operations for at least 12 months.

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Contractual Obligations

The following table summarizes our contractual obligations as of March 31, 2011:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 Years	More than 5 years
Operating Lease Obligations	$ 483,742	$ 156,979	$ 195,237	$ 131,526	$
Convertible Debentures (1)	2,607,196	2,176,628	430,568		
Other Long-term Debt Obligations (2)	1,525,412	102,000	192,000	1,231,412	
Total:	$ 4,616,350	$ 2,435,607	$ 817,805	$ 1,362,938	$ 0

(1) The Company 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 $2,607,196 as of March 31, 2011. 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.

(2) Represents unsecured indebtedness owed to five related parties, including four former members of the board of directors, for capital advances made to the Company from February 2001 through March 2005. These notes bear interest at the rate of 6% per annum and provide for aggregate monthly principal payments which began April 1, 2006 of $2,500, and which increased by an aggregate of $2,500 every nine months to a maximum of $10,000 per month. As of March 31, 2011, the aggregate principal payments totaled $10,000 per month. Any remaining unpaid principal and accrued interest is due at maturity March 1, 2015.

Critical Accounting Policies and Estimates

Management s discussion and analysis of financial condition and results of operations, as well as disclosures included elsewhere in this Annual Report on Form 10-K, are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. Our significant accounting policies are described in the notes to the audited consolidated financial statements contained elsewhere in this Annual Report on Form 10-K. Included within these policies are our critical accounting policies. Critical accounting policies are those policies that are most important to the preparation of our consolidated financial statements and require management s most subjective and complex judgments due to the need to make estimates about matters that are inherently uncertain. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operations and/or financial condition.

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

Revenue Recognition

Per Use Revenues

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

and value-added services that will be used by us to provide an end-to-end and cost-optimized shipping solution.

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

Inventory

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

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

Property and Equipment

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

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

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

Intangible Assets

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

Long-Lived Assets

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

Stock-based Compensation

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

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

At March 31, 2011, there was $286,821 of total unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a remaining weighted average vesting period of 1.83 years.

Issuance of Stock for Non-Cash Consideration

All transactions in which goods or services are the consideration received by non-employees for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the third-party performance is complete or the date on which it is probable that performance will occur.

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Derivative Liabilities

Our issued and outstanding common stock purchase warrants and embedded conversion features previously treated as equity pursuant to the derivative treatment exemption were no longer afforded equity treatment, and the fair value of these common stock purchase warrants and embedded conversion features, some of which have exercise price reset features and some that were issued with convertible debt, from equity to liability status as if these warrants were treated as a derivative liability since their date of issue. The common stock purchase warrants were not issued with the intent of effectively hedging any future cash flow, fair value of any asset, liability or any net investment in a foreign operation. The warrants do not qualify for hedge accounting, and as such, all future changes in the fair value of these warrants will be recognized currently in earnings until such time as the warrants are exercised or expire. These common stock purchase warrants do not trade in an active securities market, and as such, we estimate the fair value of these warrants using the Black-Scholes option pricing model.

Convertible Debentures

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

Deferred Financing Costs

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

Income Taxes

We account for income taxes under the provision of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, or ASC 740. As of March 31, 2011 and 2010, there were no unrecognized tax benefits included in the accompanying balance sheets that would, if recognized, affect the effective tax rates. Based on the weight of available evidence, the Company s management has determined that it is more likely than not that the net deferred tax assets will not be realized. Therefore, the Company has recorded a full valuation allowance against the net deferred tax assets. The Company s income tax provision consists of state minimum taxes.

Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. We had no accrual for interest or penalties on our consolidated balance sheets at March 31, 2011 and 2010, respectively and have not recognized interest and/or penalties in the consolidated statement of operations for the year ended March 31, 2011.

We are subject to taxation in the United States and various state jurisdictions. As of March 31, 2011, the Company is no longer subject to U.S. federal examinations for year before 2007 and for California franchise and income tax examinations before 2006. However, to the extent allowed by law, the taxing authorities may have the right to examine prior periods where net operating losses were generated and carried forward, and make adjustments up to the amount of the net operating loss carry forward amount. The Company is not currently under examination by U.S. federal or state jurisdictions.

New Accounting Pronouncements

In August 2010, the FASB issued Accounting Standards Update No. 2010-05, Measuring Liabilities at Fair Value, or ASU 2010-05, which amends ASC 820 to provide clarification of a circumstance in which a quoted price in an active market for an identical liability is not available. A reporting entity is required to measure fair value using one or more of the following methods: 1) a valuation technique that uses a) the quoted price of the identical liability when traded as an asset or b) quoted prices for similar liabilities (or similar liabilities when traded as assets) and/or 2) a valuation technique that is consistent with the principles of ASC 820. ASU 2010-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to adjust to include inputs relating to the existence of transfer restrictions on that liability. The adoption did not have a material impact on our consolidated financial statements.

In August 2010, the FASB issued an exposure draft on lease accounting that would require entities to recognize assets and liabilities arising from lease contracts on the balance sheet. The proposed exposure draft states that lessees and

lessors should apply a right-of-use model in accounting for all leases. Under the proposed model, lessees would recognize an asset for the right to use the leased asset, and a liability for the obligation to make rental payments over the lease term. The lease term is defined as the longest possible term that is more likely than not to occur. The accounting by a lessor would reflect its retained exposure to the risks or benefits of the underlying leased asset. A lessor would recognize an asset representing its right to receive lease payments based on the expected term of the lease. Comments on this exposure draft were due by December 15, 2010 and the final standard is expected to be issued in the second quarter of 2011. The Company does not expect the proposed standard, as currently drafted, will have a material impact on its consolidated financial statements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Changes in United States interest rates would affect the interest earned on our cash and cash equivalents and interest expense on our revolving credit facility.

Based on our overall cash and cash equivalents interest rate exposure at March 31, 2011, a near-term change in interest rates, based on historical movements, would not have a material adverse effect on our financial position or results of operations.

All outstanding amounts under our Revolving Credit Facility bear interest at a variable rate equal to the lender s prime rate plus a margin of 1.50% or 5.0%, whichever is higher. Interest is payable on a monthly basis and may expose us to market risk due to changes in interest rates. As of March 31, 2011, we had $90,388 outstanding under our Revolving Credit Facility. The interest rate at March 31, 2011 was 5.00%. A 10% change in interest rates on our Revolving Credit Facility would not have had a material effect on our net loss for the year ended March 31, 2011.

We have operated primarily in the United States. Accordingly, we have not had any significant exposure to foreign currency rate fluctuations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the consolidated financial statements included in this Report at pages F-1 through F-31.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. The term disclosure controls and procedures (defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934 (the Exchange Act) refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the required time periods. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as of March 31, 2011. Based on this evaluation, our president and chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2011 to ensure the timely disclosure of required information in our Securities and Exchange Commission filings.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote. Accordingly, even effective internal control over financial reporting can only provide reasonable assurance of achieving their control objectives.

(b) Management s Report on Internal Control Over Financial Reporting. Management s Report on Internal Control Over Financial Reporting which appears on the following page is incorporated herein by this reference.

(c) Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during the fourth quarter of the fiscal year ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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CRYOPORT, INC.
MANAGEMENT S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining effective internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. The Company s internal control over financial reporting is a process designed, as defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

The Company s internal control over financial reporting is supported by written policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company s assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company s management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of the Company s annual consolidated financial statements, management of the Company has undertaken an assessment of the effectiveness of the Company s internal control over financial reporting based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO Framework). Management s assessment included an evaluation of the design of the Company s internal control over financial reporting and testing of the operational effectiveness of the Company s internal control over financial reporting.

Based on this assessment, management has concluded that the Company s internal control over financial reporting was effective as of March 31, 2011.

This annual report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation b the Company s registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this Annual Report.

By: /s/ Larry G. Stambaugh

Larry G. Stambaugh,
President & Chief Executive Officer, and Director

By: /s/ Catherine M. Doll

Catherine M. Doll
Chief Financial Officer

June 27, 2011

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item regarding our directors, executive officers and committees of our board of directors is incorporated by reference to the information set forth under the captions Election of Directors and Executive Compensation and Related Matters in our 2011 Definitive Proxy Statement to be filed within 120 days after the end of our fiscal year ended March 31, 2011 (the 2011 Definitive Proxy Statement).

Information required by this Item regarding Section 16(a) reporting compliance is incorporated by reference to the information set forth under the caption Section 16(a) Beneficial Ownership Reporting Compliance in our 2011 Definitive Proxy Statement.

Information required by this Item regarding our code of ethics is incorporated by reference to the information set forth under the caption Corporate Governance in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the information set forth under the caption Executive Compensation and Related Matters in our 2011 Definitive Proxy Statement to be filed within 120 days after the end of our fiscal year ended March 31, 2011.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference to the information set forth under the caption Security Ownership of Directors and Executive Officers and Certain Beneficial Owners in our 2011 Definitive Proxy Statement to be filed within 120 days after the end of our fiscal year ended March 31, 2011.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference to the information set forth under the captions Certain Relationships and Related Transactions and Compensation Committee Interlocks and Insider Participation in our 2011 Definitive Proxy Statement to be filed within 120 days after the end of our fiscal year ended March 31, 2011.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to the information set forth under the caption Independent Registered Public Accounting Firm Fees in our 2011 Definitive Proxy Statement to be filed within 120 days after the end of our fiscal year ended March 31, 2011.

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PART IV

ITEM 15: Exhibits and Financial Statement Schedules.

(a) Financial Statements

(1) Index to Consolidated Financial Statements

The financial statements required by this item are submitted in a separate section beginning on page F-1 of this report.

2. Financial Statement Schedules

All financial statement schedules are omitted because they were not required or the required information is included in the Consolidated Financial Statements and the related Notes thereto.

3. Exhibit Index

See Exhibit Index

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CRYOPORT, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
CryoPort, Inc.

We have audited the accompanying consolidated balance sheets of CryoPort, Inc. (the Company) as of March 31, 2011 and 2010, and the related consolidated statements of operations, stockholders equity (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CryoPort, Inc. at March 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ KMJ Corbin & Company LLP
Costa Mesa, California
June 27, 2011

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CRYOPORT, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2011	March 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,278,443	$ 3,629,886
Restricted cash	91,169	90,404
Accounts receivable, net of allowances of $9,100 in 2011 and $1,500 in 2010	55,794	81,036
Inventories	44,224	
Other current assets	528,045	104,014
Total current assets	9,997,675	3,905,340
Property and equipment, net	669,580	559,241
Intangible assets, net	354,854	311,965
Deposits and other assets	9,358	
Total assets	$ 11,031,467	$ 4,776,546
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	$ 506,887	$ 823,653
Accrued compensation and related expenses	402,746	312,002
Current portion of convertible debentures payable, net of discount of $197,226 in 2011 and $0 in 2010	1,979,402	200,000
Line of credit and accrued interest	90,388	90,388
Current portion of related party notes payable	102,000	150,000
Derivative liabilities	156,497	334,363
Total current liabilities	3,237,920	1,910,406
Related party notes payable and accrued interest, net of current portion	1,423,412	1,478,256
Convertible debentures payable, net of current portion and discount of $8,842 in 2011 and $728,109 in 2010, respectively	421,726	2,302,459
Total liabilities	5,083,058	5,691,121
Commitments and contingencies		
Stockholders equity (deficit):		
Common stock, $0.001 par value; 250,000,000 shares authorized; 27,504,583 and 8,136,619 shares issued and outstanding at March 31, 2011 and 2010, respectively	27,505	8,137
Additional paid-in capital	58,016,991	45,021,097
Accumulated deficit	(52,096,087)	(45,943,809)
Total stockholders equity (deficit)	5,948,409	(914,575)

Total liabilities and stockholders equity (deficit)	$ 11,031,467	$ 4,776,546

See accompanying notes.

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CRYOPORT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended March 31,	
	2011	**2010**
Revenues	$ 475,504	$ 117,956
Cost of revenues	1,302,988	717,710
Gross loss	(827,484)	(599,754)
Operating expenses:		
Selling, general and administrative	4,320,461	3,312,635
Research and development	449,129	284,847
Total operating expenses	4,769,590	3,597,482
Loss from operations	(5,597,074)	(4,197,236)
Other (expense) income:		
Interest income	15,571	8,164
Interest expense	(618,765)	(7,028,684)
Loss on sale of property and equipment		(9,184)
Change in fair value of derivative liabilities	49,590	5,576,979
Total other expense, net	(553,604)	(1,452,725)
Loss before income taxes	(6,150,678)	(5,649,961)
Income taxes	1,600	1,600
Net loss	$ (6,152,278)	$ (5,651,561)
Net loss per common share, basic and diluted	$ (0.46)	$ (1.13)
Basic and diluted weighted average common shares outstanding	13,301,769	5,011,057

See accompanying notes.

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CRYOPORT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders Equity
	Shares	Amount	Capital	Deficit	(Deficit)
Balance at March 31, 2009	4,186,194	$ 4,186	$ 25,854,265	$ (30,634,355)	$ (4,775,904)
Cumulative effect related to adoption of new accounting principle			(4,217,730)	(9,657,893)	(13,875,623)
Issuance of common stock for conversion of convertible notes payable including accrued interest	519,186	519	1,459,682		1,460,201
Issuance of common stock for conversion of convertible debentures and accrued interest	1,236,316	1,237	4,267,446		4,268,683
Reclassification of derivative liability to additional paid-in capital upon conversion of convertible notes and debentures			2,728,459		2,728,459
Reclassification of derivative liability to additional paid-in capital upon effectively fixing conversion feature and warrant price			9,009,329		9,009,329
Estimated fair value of warrants issued as commission for debt financing			63,396		63,396
Issuance of common stock for services	33,490	33	166,061		166,094
Exercise of warrants for cash, net	479,033	479	1,359,989		1,360,468
Cashless exercise of warrants and stock options	15,753	16	(16)		
Issuance of units in public offering, net of offering costs of $1,257,904	1,666,667	1,667	3,740,430		3,742,097
Share-based compensation related to stock options and warrants issued to consultants, employees and directors			589,786		589,786
Fractional share adjustment for stock split	(20)				
Net loss				(5,651,561)	(5,651,561)

Balance at March 31, 2010	8,136,619	$ 8,137	$ 45,021,097	$ (45,943,809)	$ (914,575)
Issuance of common stock for conversion of convertible debentures	66,666	67	199,933		200,000
Reclassification of derivative liability to additional paid-in capital			128,276		128,276
Reduction of accrued offering costs in connection with February 2010 financing			29,067		29,067
Issuance of common stock for services	13,636	14	23,985		23,999
Exercise of warrants and options for cash	279,094	279	212,924		213,203
Cashless exercise of warrants	114,061	114	(114)		
Issuance of units in private placement offering, net of offering costs of $1,776,605	18,894,507	18,894	11,430,665		11,449,559
Share-based compensation related to stock options and warrants issued to consultants, employees and directors			971,158		971,158
Net loss				(6,152,278)	(6,152,278)
Balance at March 31, 2011	27,504,583	$ 27,505	$ 58,016,991	$ (52,096,087)	$ 5,948,409

See accompanying notes.

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CRYOPORT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31, 2011	2010
OPERATING ACTIVITIES		
Net loss	$ (6,152,278)	$ (5,651,561)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	245,477	150,093
Amortization of deferred financing costs		159,516
Amortization of debt discount	522,041	6,417,346
Fair value of stock issued to consultants		166,094
Share-based compensation related to stock options and warrants issued to consultants, employees and directors	477,620	865,895
Change in fair value of derivative instruments	(49,590)	(5,576,979)
Loss on sale of assets		9,184
Loss on disposal of cryogenic shippers	6,517	21,285
Interest accrued on restricted cash	(765)	649
Changes in operating assets and liabilities:		
Accounts receivable	25,242	(78,490)
Inventories	16,004	81,012
Other assets	(155,851)	(50,219)
Accounts payable and accrued expenses	(109,728)	209,907
Accrued warranty costs		(18,743)
Accrued compensation and related expenses	306,744	105,822
Accrued interest	57,156	335,830
Net cash used in operating activities	(4,811,411)	(2,853,359)
INVESTING ACTIVITIES		
Decrease in restricted cash		10,000
Purchases of intangible assets	(124,050)	(116,948)
Purchases of property and equipment	(341,400)	(31,926)
Net cash used in investing activities	(465,450)	(138,874)
FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of cash paid for issuance costs	11,571,286	4,046,863
Proceeds from borrowings under convertible notes		1,321,500
Repayment of convertible debentures payable	(423,372)	
Repayment of deferred financing costs	(275,699)	(92,520)
Repayment of related party notes payable	(160,000)	(120,000)
Repayments of note payable to officer		(143,950)
Payment of fees associated with the exercise of warrants		(76,632)
Proceeds from exercise of options and warrants	213,203	1,437,100
Net cash provided by financing activities	10,925,418	6,372,361
Net change in cash and cash equivalents	5,648,557	3,380,128

Cash and cash equivalents, beginning of year	3,629,886	249,758
Cash and cash equivalents, end of year	$ 9,278,443	$ 3,629,886
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	39,568	13,875
Income taxes	1,600	1,600

Equity Market	Equity Incentive or Payout	Incentive Plan Value of	Plan Awards: Unearned	Awards: Market Number	Shares, Number Number of	Value of of Unearned	Units Number of	Number of of	Shares or Shares Shares,	or Other Securities Securities	Securities Units of Stock	or Units Units or Other	Rights Underlying Underlying	Underlying That of	Rights

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	That Unexercised Unexercised Unexercised Option Have Stock That Have Options Options Unearned Exercise Option Not That Have Not Have Not (#) (#) Options Price Expiration Vested Vested Not Vested Vested Name Exercisable Unexercisable (#) ($) Date (#) ($)(1) ($)(2) ($)(3)								
Frank C. Sullivan									
SERP									
Restricted Stock									
	53,661 (4)							1,219,178	
PERS									
	130,000 (5)							2,953,600	
PERS to be awarded									
10/4/07									

70,000 (6) 1,590,400 (6)
PARS
85,000 (7) 1,931,200
SARs
31,250 93,750 (8) 17.6500 10/05/2015 0 125,000 (9) 18.8000 10/05/2016
ISO
5,400 0 16.1250 7/15/2008 3,000 0 15.0000 8/03/2009
19,200 0 9.2600 2/01/2011 14,946 0 14.0800 10/11/2012 7,092 (10) 14.1000 10/10/2013
5,672 (11) 17.6300 10/29/2014
NQ
34,600 0 16.1250 7/15/2008 57,000 0 15.0000 8/03/2009
60,600 0 9.5625 2/28/2010 80,800 0 9.2600 2/01/2011 85,054 0 14.0800 10/11/2012
75,000 17,908 (12) 14.1000 10/10/2013 62,500 56,828 (13) 17.6300 10/29/2014

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	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ($)(2) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3) (j)
bert L.									
tejka									
RP									
stricted Stock						8,105(14)	184,146		
RS						19,000(15)	431,680		
RS to be arded									
/4/07								15,000(6)	340,800(
RS								40,000(7)	908,800
Rs	6,250	18,750(8)		17.6500	10/05/2015				
	0	25,000(9)		18.8000	10/05/2016				
D	10,000	0		8.8125	10/12/2010				
	10,000	0		9.2600	2/01/2011				
	10,000	0		10.2600	10/03/2011				
	14,880	0		14.0800	10/11/2012				
	0	7,092(10)		14.1000	10/10/2013				
	0	5,672(11)		17.6300	10/29/2014				
Q	25,120	0		14.0800	10/11/2012				
	30,000	2,908(12)		14.1000	10/10/2013				
	12,500	6,828(16)		17.6300	10/29/2014				
nald A. Rice									

RP								
stricted Stock					14,786(17)	335,938		
RS					34,000(18)	772,480		
RS to be								
arded								
/4/07							25,000(6)	568,000(
RS							40,000(7)	908,800
Rs	7,500	22,500(8)	17.6500	10/05/2015				
	0	30,000(9)	18.8000	10/05/2016				
O	3,700	0	16.1250	7/15/2008				
	6,500	0	15.0000	8/03/2009				
	4,750	0	9.5625	2/28/2010				
	12,300	0	9.2600	2/01/2011				
	15,360	0	14.0800	10/11/2012				
	0	7,092(10)	14.1000	10/10/2013				
	0	5,672(11)	17.6300	10/29/2014				
Q	11,300	0	16.1250	7/15/2008				
	13,500	0	15.0000	8/03/2009				
	5,900	0	9.2600	2/01/2011				
	24,640	0	14.0800	10/11/2012				
	37,500	5,408(12)	14.1000	10/10/2013				
	15,000	9,328(19)	17.6300	10/29/2014				

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	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ($)(2) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3) (j)
Kelly									
mpkins									
RP									
stricted Stock						18,364(20)	417,230		
RS						34,000(18)	772,480		
RS to be arded									
/4/07								25,000(6)	568,000(
RS								40,000(7)	908,800
Rs	7,500	22,500(8)		17.6500	10/05/2015				
	0	30,000(9)		18.8000	10/05/2016				
D	7,100	0		16.1250	7/15/2008				
	100	0		9.5625	2/28/2010				
	23,025	0		9.2600	2/01/2011				
	13,230	0		14.0800	10/11/2012				
	0	7,092(10)		14.1000	10/10/2013				
	0	5,672(11)		17.6300	10/29/2014				
Q	12,900	0		16.1250	7/15/2008				
	20,000	0		15.0000	8/03/2009				
	6,975	0		9.2600	2/01/2011				
	26,770	0		14.0800	10/11/2012				
	37,500	5,408(12)		14.1000	10/10/2013				

	15,000	9,328(19)	17.6300	10/29/2014				
ul G.								
oogenboom								
RP								
stricted Stock					10,177(21)	231,221		
RS					19,000(15)	431,680		
RS to be								
arded								
/4/07							15,000(6)	340,800(
RS							40,000(7)	908,800
Rs	6,250	18,750(8)	17.6500	10/05/2015				
	0	25,000(9)	18.8000	10/05/2016				
O	10,000	0	15.0000	8/03/2009				
	2,875	0	9.2600	2/01/2011				
	14,978	0	14.0800	10/11/2012				
	0	7,092(10)	14.1000	10/10/2013				
	0	5,672(11)	17.6300	10/29/2014				
Q	3,375	0	9.2600	2/01/2011				
	25,022	0	14.0800	10/11/2012				
	30,000	2,908(12)	14.1000	10/10/2013				
	12,500	6,828(16)	17.6300	10/29/2014				

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(1) Market value of stock reported in column (h) was calculated by multiplying the closing market price of the Company s common stock on May 31, 2007 by the number of shares.

(2) Market value of equity incentive awards of stock reported in column (i) was calculated by multiplying the closing market price of the Company s common stock on May 31, 2007 by the number of shares.

(3) Market value of equity incentive awards of stock reported in column (j) was calculated by multiplying the closing market price of the Company s common stock on May 31, 2007 by the maximum number of shares that could be paid out.

(4) These shares of SERP restricted stock vest on December 15, 2015, or earlier upon the death or disability of Mr. Sullivan or upon a change in control of the Company prior to that date.

(5) These PERS vest according to the following schedule: 40,000 shares on October 29, 2007; 45,000 shares on October 5, 2008; and 45,000 shares on October 5, 2009.

(6) In July 2006, the Compensation Committee determined the maximum number of and performance goals for the award of PERS with respect to fiscal 2007. The amounts set forth in columns (i) and (j) assume that the maximum number of PERS are awarded. Market value reported in column (j) was calculated by multiplying the closing market price of the Company s common stock on May 31, 2007 by the estimated number of shares in column (i). The Compensation Committee will determine whether and the extent to which the PERS have been achieved for fiscal 2007 at its October 2007 meeting.

(7) Information about the PARS Plan is contained in the Compensation Discussion and Analysis.

(8) These SARs become exercisable in three equal annual installments on October 5, 2007, October 5, 2008 and October 5, 2009.

(9) These SARs become exercisable in four equal annual installments on October 5, 2007, October 5, 2008, October 5, 2009 and October 5, 2010.

(10) These incentive stock options become exercisable on October 10, 2007.

(11) These incentive stock options become exercisable on October 29, 2008.

(12) These non-qualified stock options become exercisable on October 10, 2007.

(13) These non-qualified stock options become exercisable in two increments: 31,250 options become exercisable on October 29, 2007 and 25,578 options become exercisable on October 29, 2008.

(14) These shares of SERP restricted stock vest according to the following schedule: 1,589 shares vest on July 14, 2008; 1,844 shares vest on July 14, 2009; 2,114 shares vest on July 13, 2010; and 2,558 shares vest on July 12, 2011. The shares could vest earlier upon the death or disability of Mr. Matejka or upon a change in control of the Company prior to those dates.

(15) These PERS vest according to the following schedule: 5,000 shares vest on October 29, 2007; 6,000 shares vest on October 5, 2008; and 8,000 shares vest on October 5, 2009.

(16) These non-qualified stock options become exercisable in two increments: 6,250 options become exercisable on October 29, 2007 and 578 options become exercisable on October 29, 2008.

(17) These shares of SERP restricted stock vest on November 7, 2017, or earlier upon the death or disability of Mr. Rice or upon a change in control of the Company prior to that date.

(18) These PERS vest according to the following schedule: 7,000 shares vest on October 29, 2007; 12,000 shares vest on October 5, 2008; and 15,000 shares vest on October 5, 2009.

(19) These non-qualified stock options become exercisable in two increments: 7,500 options become exercisable on October 29, 2007 and 1,828 options become exercisable on October 29, 2008.

(20) These shares of SERP restricted stock vest on September 22, 2011, or earlier upon the death or disability of Mr. Tompkins or upon a change in control of the Company prior to that date.

(21) These shares of SERP restricted stock vest on March 17, 2015. The shares could vest earlier upon the death or disability of Mr. Hoogenboom or upon a change in control of the Company prior to those dates.

Option Exercises and Stock Vested During Fiscal 2007

This table provides information for the named executive officers on stock option exercises and restricted stock vesting during fiscal 2007, including the number of shares acquired upon exercise and the value realized, before payment of any applicable withholding tax and broker commissions.

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (#)(b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Frank C. Sullivan	53,150	411,708		
Robert L. Matejka			866	19,676
Ronald A. Rice	10,000	67,983		
P. Kelly Tompkins	18,750	133,586		
Paul G. Hoogenboom				

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Pension Benefits for Fiscal 2007

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Frank C. Sullivan	RPM International Inc. Retirement Plan	18.1	136,596	0
Robert L. Matejka	RPM International Inc. Retirement Plan	6.6	173,684	0
Ronald A. Rice	RPM International Inc. Retirement Plan	12.1	89,690	0
P. Kelly Tompkins	RPM International Inc. Retirement Plan	10.7	120,492	0
Paul G. Hoogenboom	RPM International Inc. Retirement Plan	7.7	71,207	0

The table above shows the present value of accumulated benefits payable to the each named executive officer, including each such named executive officer s number of years of credited service, under the RPM International Inc. Retirement Plan (Retirement Plan) determined using interest rate and mortality rate assumptions consistent with those used in our financial statements.

The Retirement Plan is a funded and tax qualified retirement plan. The monthly benefit provided by the Retirement Plan s formula on a single life annuity basis is equal to the sum of 22.5% of a participant s average monthly compensation, reduced pro rata for years of benefit service (as defined in the Retirement Plan) less than 30 years, plus 22.5% of a participant s average monthly compensation in excess of his monthly Social Security covered compensation, reduced pro rata for years of benefit service less than 35 years. Average monthly compensation is the average monthly compensation earned during the 60 consecutive months providing the highest such average during the last 120 months preceding the applicable determination date. The compensation used to determine benefits under the Retirement Plan is generally a participant s W-2 compensation, adjusted for certain amounts, but may not exceed the limit under the Internal Revenue Code which is applicable to tax qualified plans ($220,000 for 2006). Compensation for each of the named executive officers during 2006 only includes $220,000 of the amount shown for 2006 in column (c) of the Summary Compensation Table for Fiscal 2007. A participant s Social Security covered compensation is based on the average of the Social Security taxable wage bases in effect during the 35-year period ending with his attainment of the Social Security retirement age assuming his compensation is and has always been at least equal to the taxable wage base.

Benefits are payable as an annuity or in a single lump sum payment and are actuarially adjusted to reflect payment in a form other than a life annuity. Life annuity benefits are unreduced if paid on account of normal retirement or completion of 40 years of vesting service (as defined in the Retirement Plan). Normal retirement age is when a participant attains age 65 and, in general, has completed 5 years of service. Benefits are reduced for early commencement by multiplying the accrued benefit by an early retirement factor. Participants vest in the Retirement Plan after 5 years of vesting service. All named executive officers are vested and eligible to receive their benefits upon termination of employment.

Nonqualified Deferred Compensation for Fiscal 2007

Name (a)	Executive Contributions in Last FY ($) (b)	Registrant Contributions in Last FY ($) (c)	Aggregate Earnings in Last FY ($)(1) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE ($) (f)
Frank C. Sullivan	0	0	17,004	0	82,195
Robert L. Matejka	67,517(2)	0	92,640	0	468,283
Ronald A. Rice	0	0	0	0	0
P. Kelly Tompkins	0	0	4,933	0	23,846
Paul G. Hoogenboom	0	0	2,368	0	11,444

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(1) None of the earnings in this column is included in the Summary Compensation Table because they were not preferential or above market.

(2) Mr. Matejka elected to defer a portion of his salary and non-equity incentive plan compensation. Of the amount reported here, $14,267 relates to salary for fiscal 2007 and is included in the Salary column of the Summary Compensation Table. The balance relates to non-equity incentive plan compensation earned for fiscal 2006 and paid in fiscal 2007.

The preceding table provides information on the non-qualified deferred compensation of the named executive officers in 2006. Participants in the RPM International Inc. Deferred Compensation Plan (Deferred Compensation Plan), including the named executive officers, may defer up to 90% of their base salary, annual bonus amounts and special incentive plan amounts, and up to 100% of their equity and/or incentive grants. The deferred base salary and deferred bonus amounts are also matched by the Company under the Deferred Compensation Plan to the extent such amounts would have been matched under the Company s 401(k) savings plan. The Company may, in its discretion, credit additional amounts to any participant. However, the Company has not granted, and does not expect to grant discretionary credits.

A participant s deferrals and any matching contributions are credited to a bookkeeping account under the Deferred Compensation Plan. A participant may direct that his or her account be deemed to be invested in Company stock or in mutual funds that are selected by the administrative committee of the Deferred Compensation Plan. The participant s account is credited with phantom earnings or losses based on the investment performance of the deemed investment. A participant may change the investment funds used to calculate the investment performance of his or her account on a daily basis. Deferrals of equity awards that would have been paid in Company stock before the deferral are not subject to investment direction by participants and are deemed to be invested in Company stock.

Deferrals of base salary, annual bonus amounts and special incentive plan amounts, earnings on such amounts and stock dividends credited to a participant s account are 100% vested. Matching contributions vest in accordance with the vesting schedule under the Company s 401(k) savings plan. Deferred equity and incentive grants vest under the program under which they were granted.

Distribution from a participant s account is payable in a lump sum at a specified time, or upon retirement, death, termination of employment or disability prior to retirement. In the case of retirement, a participant may also elect annual installments for up to 10 years. Upon Committee approval, amounts can also be distributed as a result of an unforeseeable financial emergency. Earlier withdrawal of deferred compensation earned and vested as of December 31, 2004 is available but is subject to a 10% penalty.

Other Potential Post-Employment Compensation

The table below reflects the amount of compensation payable to each of the named executive officers (a) in the event of termination of the executive s employment due to retirement, death, disability, voluntary termination and termination for cause, involuntary termination without cause and not within two years of a change in control and involuntary termination without cause or resignation with good reason within two years of a change in control, and (b) upon a change in control. The amounts shown assume that the termination was effective as of May 31, 2007. Consequently, the table reflects amounts earned as of May 31, 2007 and includes estimates of amounts that would be paid to the named executive officer upon the occurrence of the event. The estimates are considered forward-looking information that falls within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may differ materially. Factors that could affect these amounts include the timing

during the year of such event and the amount of future non-equity incentive compensation. In addition, as the PARS vested on July 16, 2007, they would no longer be included in the calculations set forth below. Please see Forward-Looking Statements below.

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Estimated Payments on Termination or Change in Control

Event	Frank C. Sullivan	Robert L. Matejka	Ronald A. Rice	P. Kelly Tompkins	Paul G. Hoogenboom
Retirement					
Accelerated SARs	$ 0	$ 193,063	$ 0	$ 0	$ 0
Accelerated PERS	0	431,680	0	0	0
Accelerated SERP restricted stock	0	0	0	0	0
Accelerated stock options	0	149,825	0	0	0
Total	$ 0	$ 774,568	$ 0	$ 0	$ 0
Death					
Earned incentive compensation	$ 995,000	$ 355,000	$ 430,000	$ 430,000	$ 355,000
Accelerated SARs	965,313	193,063	231,675	231,675	193,063
Accelerated SERP restricted stock	1,219,178	184,146	335,938	417,230	231,221
Accelerated PARS	1,931,200	908,800	908,800	908,800	908,800
Accelerated stock options	533,625	149,825	184,100	184,100	149,825
Total	$ 5,644,316	$ 1,790,834	$ 2,090,513	$ 2,171,805	$ 1,837,909
Disability					
Earned incentive compensation	$ 995,000	$ 355,000	$ 430,000	$ 430,000	$ 355,000
Accelerated SARs	965,313	193,063	231,675	231,675	193,063
Accelerated SERP restricted stock	1,219,178	184,146	335,938	417,230	231,221
Accelerated PARS	1,931,200	908,800	908,800	908,800	908,800
Total	$ 5,110,691	$ 1,641,009	$ 1,906,413	$ 1,987,705	$ 1,688,084
Voluntary Termination and Termination for Cause					
No payments	N/A	N/A	N/A	N/A	N/A
Total	$ 0	$ 0	$ 0	$ 0	$ 0
Involuntary Termination Without Cause and not within Two Years of a Change in Control					
Lump sum	$ 5,310,000	$ 1,270,000	$ 1,730,000	$ 1,730,000	$ 1,360,000
Health and welfare benefits	26,964	17,976	17,976	17,976	17,976
Estate and financial planning	4,250	4,250	4,250	4,250	4,250
	267,066	130,000	76,366	73,774	55,884

Split-dollar life insurance coverage					
Cash value of benefits under restricted stock plan	571,317	116,236	138,319	150,179	94,697
Accelerated SERP restricted stock	1,219,178	184,146	335,938	417,230	231,221
Total	$ 7,398,775	$ 1,722,608	$ 2,302,849	$ 2,393,409	$ 1,764,028

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Event	Frank C. Sullivan	Robert L. Matejka	Ronald A. Rice	P. Kelly Tompkins	Paul G. Hoogenboom
Involuntary Termination Without Cause or Resignation for Good Reason within Two Years of a Change in Control					
Lump sum	$ 5,310,000	$ 1,905,000	$ 2,595,000	$ 2,595,000	$ 2,040,000
Health and welfare benefits	26,964	26,964	26,964	26,964	26,964
Estate and financial planning	8,500	8,500	8,500	8,500	8,500
Split-dollar life insurance coverage	267,066	195,000	114,549	110,661	83,826
Cash value of benefits under restricted stock plan	571,317	174,353	207,479	225,269	142,045
Accelerated SERP restricted stock	1,219,178	184,146	335,938	417,230	231,221
Accelerated PARS, PERS and SARs	5,850,113	1,533,543	1,912,955	1,912,955	1,533,543
Accelerated stock options	533,625	149,825	184,100	184,100	149,825
Outplacement assistance	20,700	20,700	20,700	20,700	20,700
Excise taxes	4,474,435	1,518,899	1,946,757	1,927,009	1,554,457
Total	$ 18,281,898	$ 5,716,930	$ 7,352,942	$ 7,428,388	$ 5,791,081
Change in Control Only					
Accelerated SERP restricted stock	$ 1,219,178	$ 184,146	$ 335,938	$ 417,230	$ 231,221
Accelerated PARS, PERS and SARs	5,850,113	1,533,543	1,912,955	1,912,955	1,533,543
Accelerated stock options	533,625	149,825	184,100	184,100	149,825
Excise taxes	0	0	0	0	0
Total	$ 7,602,916	$ 1,867,514	$ 2,432,993	$ 2,514,285	$ 1,914,589

Payments upon Retirement

Treatment of SARs. Under the terms of the stock appreciation rights agreements under which SARs were granted, in the event of the executive s voluntary retirement after attaining age 55 and completing five years of consecutive service the executive will be entitled to immediately exercise all unvested SARs. The amounts set forth in the table for SARs reflect the difference between the closing price of our common stock on May 31, 2007 and the exercise prices for the SARs for which vesting is accelerated.

Treatment of PERS Awards. Under the terms of the performance-earned restricted stock (PERS) and escrow agreements, in the event of the executive s voluntary retirement after attaining age 55 and completing at least five years of consecutive service with the company the restrictions on unvested PERS will lapse. The amounts set forth in the table for PERS reflect the number of PERS for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Treatment of SERP Restricted Stock. Under the terms of the 2007 Restricted Stock Plan and the 1997 Restricted Stock Plan, upon (a) the later of the executive s attainment of age 55 or the fifth anniversary of the May 31 immediately before the date of the restricted stock grant or (b) the executive s retirement on or after the age of 65 the restrictions on restricted stock will lapse. The amounts set forth in

the table for restricted stock reflect the number of shares of restricted stock for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Treatment of Stock Options. Under the terms of the stock option agreements under which stock options were awarded, in the event of the executive s voluntary retirement after attaining the age of 55 and completing at least five years of consecutive service with the company unvested stock options will become immediately exercisable. The amounts set forth in the table for stock options reflect the difference between the closing price of our common stock on May 31, 2007 and the exercise prices for each option for which vesting is accelerated.

Payments upon Death

Non-Equity Incentive Compensation. Under the terms of the employment agreements, in the event of the executive s death, the executive is entitled to receive any earned incentive compensation. Earned incentive compensation is calculated as the sum of (a) any incentive compensation payable but not yet paid for the fiscal year preceding the fiscal year in which the termination date occurs, and (b) the annual incentive compensation for the most recently completed fiscal year multiplied by a fraction, the numerator of which is the number of days in the current fiscal year of the company that have expired prior to the termination date and the denominator of which is 365.

Treatment of SARs. Under the terms of the stock appreciation rights agreement under which SARs were granted, in the event of the executive s death all unvested SARs will become immediately exercisable. The amounts set forth in the table for SARs reflect the difference between the closing price of our common stock on May 31, 2007 and the exercise prices for the SARs for which vesting is accelerated.

Treatment of SERP Restricted Stock. Under the terms of the 2007 Restricted Stock Plan and the 1997 Restricted Stock Plan, in the event of the executive s death the restrictions on restricted stock will lapse. The amounts set forth in the table for restricted stock reflect the number of shares of restricted stock for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Treatment of PARS. Under the terms of the 2002 Performance Accelerated Restricted Stock Plan, in the event of the executive s death restrictions on PARS will lapse. The amounts set forth in the table for PARS reflect the number of PARS for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Treatment of Stock Options. Under the terms of the stock option agreements under which stock options were awarded, in the event of the executive s death unvested stock options will become immediately exercisable. The amounts set forth in the table for stock options reflect the difference between the closing price of our common stock on May 31, 2007 and the exercise prices for each option for which vesting is accelerated.

Payments upon Disability

Non-Equity Incentive Compensation. Under the terms of the employment agreements, in the event of the executive s disability the executive is entitled to receive any earned incentive compensation. Earned incentive compensation is calculated as the sum of (a) any incentive compensation payable but not yet paid for the fiscal year preceding the fiscal year in which the termination date occurs and (b) the annual incentive compensation for the most recently completed fiscal year multiplied by a fraction, the numerator of which is the number of days in the current fiscal year of the company that have expired prior to the termination date and the denominator of which is 365.

Treatment of SARs. Under the terms of the stock appreciation rights agreements under which SARs were granted, in the event of the executive s disability the executive will be entitled to immediately exercise all unvested SARs. The amounts set forth in the table for SARs reflect the difference between the closing price of our common stock on

May 31, 2007 and the exercise prices for the SARs for which vesting is accelerated.

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Treatment of SERP Restricted Stock. Under the terms of the 2007 Restricted Stock Plan and the 1997 Restricted Stock Plan, in the event of the executive s disability the restrictions on restricted stock will lapse. The amounts set forth in the table for restricted stock reflect the number of shares of restricted stock for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Treatment of PARS. Under the terms of the 2002 Performance Accelerated Restricted Stock Plan, in the event of the executive s disability restrictions on PARS will lapse. The amounts set forth in the table for PARS reflect the number of PARS for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Payments upon Voluntary Termination and Termination for Cause

A named executive officer is not entitled to receive any additional forms of severance payments or benefits upon his voluntary decision to terminate employment with RPM prior to being eligible for retirement or upon termination for cause.

Payments upon Involuntary Termination Without Cause and not within Two Years of a Change in Control

Under the terms of the each named executive officer s employment agreement, in the event that the executive is terminated without cause and the termination does not occur during a two-year period following a change in control, the executive would be entitled to the following:

a lump sum amount equal to the executive s incentive compensation for the preceding fiscal year (if not yet paid) plus, for Mr. Frank Sullivan, three times the sum of, and for the other named executive officers, two times the sum of: (i) the greater of the executive s annual base salary in effect on the date of termination or the highest base salary in effect at any time during the three years immediately preceding the termination date, and (ii) the highest annual incentive compensation received by the executive in the five years prior to the termination date;

continuation of health and welfare benefits for three years for Mr. Frank Sullivan, and for two years for the other named executive officers;

estate and financial planning services for a period of six months;

continuation of split-dollar life insurance coverage for a period of three years for Mr. Frank Sullivan, and two years for the other named executive officers;

a lump sum amount equal to the cash value of three years for Mr. Frank Sullivan, and two years for the other named executive officers, of benefits that the executive would have received under the Restricted Stock Plan (as determined in accordance with the Restricted Stock Plan and the Company s past practice and to be paid under the Restricted Stock Plan); and

the lapse of all transfer restrictions and forfeiture provisions on restricted stock awarded under the 1997 Restricted Stock Plan.

The employment agreements provide that the Company will not be obligated to make the lump sum payments or provide the additional benefits described above unless the executive signs a release and waiver of claims and refrains from revoking, rescinding or otherwise repudiating the release of claims during certain time periods.

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Payments upon Involuntary Termination Without Cause or Resignation for Good Reason within Two Years of a Change in Control

Under the terms of each named executive officer s employment agreement, in the event that the executive is terminated without cause or resigns for good reason within two years following a change in control the executive would be entitled to the following:

- a lump sum amount equal to the executive s incentive compensation for the preceding fiscal year (if not yet paid) plus three times the sum of (i) the greater of the executive s annual base salary in effect on the date of termination or the highest base salary in effect at any time during the three years immediately preceding the termination date, and (ii) the highest annual incentive compensation received by the executive in the five years prior to the termination date;

- continuation for a period of three years of health and welfare benefits;

- estate and financial planning services for a period of one year;

- a lump sum three year premium payment by the Company to the carrier on the split-dollar life insurance policy, with ownership of such policy also to be transferred to the executive at the cost of the Company;

- a lump sum amount equal to the cash value of three years of benefits that the executive would have received under the Restricted Stock Plan (as determined in accordance with the Restricted Stock Plan and the Company s past practice and to be paid under the Restricted Stock Plan);

- the lapse of all transfer restrictions and forfeiture provisions on restricted stock awarded under the Restricted Stock Plan;

- the lapse of transfer restrictions on any restricted stock awarded under the PARS Plan and on any awards under the Omnibus Plan;

- outplacement assistance for two years following the change in control;

- a lump sum payment, or gross-up, equal to the amount of any excise tax imposed on the executive under Section 4999 of the Internal Revenue Code, or any similar state or local tax law, and any taxes, interest or penalties incurred with respect thereto;

- interest on certain of the above payments if not made in a timely manner in accordance with the employment agreement; and

- up to $500,000 in legal fees incurred by the executive in the event that, following a change in control, he may be caused to institute or defend legal proceedings to enforce his rights under the employment agreement.

The employment agreements provide that the Company will not be obligated to make the lump sum payments or provide the additional benefits described above unless the executive signs a release and waiver of claims and refrains from revoking, rescinding or otherwise repudiating the release of claims during certain time periods. In the table above, we have assumed that the Company timely made all payments and the executive did not incur legal fees.

Restrictive Covenants that Apply During and After Termination of Employment

Pursuant to the terms of the employment agreements, each of our named executive officers is subject to certain restrictive covenants that apply during and after their termination of employment. Each named executive officer is subject to a covenant not to disclose our confidential information during their term of employment with us and at all times thereafter. During their employment with us and for a period of two years thereafter our named executive officers are also subject to covenants not to (i) compete with us (or any of our subsidiaries) or (ii) solicit our employees or customers.

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Payments upon a Change in Control Only

Treatment of SARs. Under the terms of the stock appreciation rights agreements under which SARs were granted, in the event of a change in control the executive will be entitled to immediately exercise all unvested SARs. The amounts set forth in the table for SARs reflect the difference between the closing price of our common stock on May 31, 2007 and the exercise prices for the SARs for which vesting is accelerated.

Treatment of PERS Awards. Under the terms of the performance-earned restricted stock (PERS) and escrow agreements under which PERS were granted, in the event of a change in control the restrictions on unvested PERS will lapse. The amounts set forth in the table for PERS reflect the number of PERS for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Treatment of SERP Restricted Stock. Under the terms of the 2007 Restricted Stock Plan and the 1997 Restricted Stock Plan, in the event of a change in control the restrictions on restricted stock will lapse. The amounts set forth in the table for restricted stock reflect the number of shares of restricted stock for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Treatment of PARS. Under the terms of the 2002 Performance Accelerated Restricted Stock Plan, in the event of a change in control restrictions on PARS will lapse. The amounts set forth in the table for PARS reflect the number of PARS for which vesting is accelerated multiplied by the closing price of our common stock on May 31, 2007.

Treatment of Stock Options. Under the terms of the stock option agreements under which stock options were awarded, in the event of a change in control unvested stock options will become immediately exercisable. The amounts set forth in the table for stock options reflect the difference between the closing price of our common stock on May 31, 2007 and the exercise prices for each option for which vesting is accelerated.

Excise Taxes. The employment agreements provide that to the extent that any payment or distribution by the company for the benefit of the executive would be subject to any excise tax imposed on the executive under Section 4999 of the Internal Revenue Code, the executive will be entitled to a lump sum payment, or gross-up, equal to the amount of any excise tax imposed on the executive under Section 4999 of the Internal Revenue Code, or any similar state or local tax law, and any taxes, interest or penalties incurred with respect thereto.

DIRECTOR COMPENSATION

Director Compensation for Fiscal 2007

The following table sets forth information regarding the compensation of our non-employee directors for fiscal 2007. Neither Mr. Thomas C. Sullivan, our Chairman, nor Mr. Frank C. Sullivan, our President and Chief Executive Officer, receives any additional compensation for services as a director.

			Change in Pension Value and		
	Fees Earned or	Non-Equity	Nonqualified		
		Incentive	Deferred	All	

Name (a)	Paid in Cash ($)(1) (b)	Stock Awards ($)(2) (c)	Option Awards ($) (d)	Plan Compensation ($) (e)	Compensation Earnings ($) (f)	Other Compensation ($) (g)	Total ($) (h)
Dr. Max D. Amstutz(3)	43,500	38,458	0	0	0	0	81,958
Edward B. Brandon	65,500	38,458	0	0	0	0	103,958
Bruce A. Carbonari	54,000	38,458	0	0	0	2,500(7)	94,958

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Name (a)	Fees Earned or Paid in Cash ($)(1) (b)	Stock Awards ($)(2) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (f)	All Other Compensation ($) (g)	Total ($) (h)
James A. Karman	55,000	34,430	0	0	0	0	89,430
Donald K. Miller	74,000	38,458	0	0	0	0	112,458
Frederick R. Nance(4)	14,500	0	0	0	0	0	14,500
William A. Papenbrock	64,000	38,458	0	0	0	2,500(7)	104,958
Charles A. Ratner(5)	57,000	22,836	0	0	0	0	79,836
Thomas C. Sullivan(6)	0	0	0	0	0	602,688(6)	602,688
William B. Summers	59,000	34,430	0	0	0	0	93,430
Dr. Jerry Sue Thornton(5)	55,000	38,458	0	0	0	0	93,458
Joseph P. Viviano(5)	64,500	38,458	0	0	0	0	102,958

(1) Cash fees include fees for attending board and committee meetings in fiscal 2007 as well as the quarterly retainer amount for serving on the board and as the chair for a committee during fiscal 2007. These cash fee amounts have not been reduced to reflect a Director s election to defer receipt of cash fees pursuant to the Deferred Compensation Plan. These deferrals are indicated in note (5) below.

(2) The amounts set forth in this column reflect shares of restricted stock granted during 2007 and previous years under the 2003 Restricted Stock Plan for Directors. The amounts listed are equal to the compensation cost recognized during fiscal 2007 for financial statement purposes in accordance with Statement of Financial Accounting Standards No. 123R (FAS 123R), except no assumptions for forfeitures were included. Additional information related to the calculation of the compensation cost is set forth in Note E of the Notes to Consolidated Financial Statements of our 2007 Annual Report to Stockholders.

For fiscal 2007, each Director who was a Director on October 5, 2006, other than Frank C. Sullivan and Thomas C. Sullivan, was granted 2,700 shares of restricted Common Stock. The aggregate grant date fair values computed in accordance with FAS 123R for the shares of restricted stock granted to these Directors during fiscal 2007 are as follows: Dr. Amstutz ($50,760), Mr. Brandon ($50,760), Mr. Carbonari ($50,760), Mr. Karman ($50,760), Mr. Miller ($50,760), Mr. Papenbrock ($50,760), Mr. Ratner ($50,760), Mr. Summers ($50,760),

Dr. Thornton ($50,760) and Mr. Viviano ($50,760). Additional information related to the calculation of the compensation cost is set forth in Note E of the Notes to Consolidated Financial Statements of our 2007 Annual Report to Stockholders.

The unvested number of shares of restricted stock held by Directors under the 2003 Restricted Stock Plan for Directors at May 31, 2007 was as follows: Mr. Brandon (6,700), Mr. Carbonari (6,700), Mr. Karman (6,700), Mr. Miller (6,700), Mr. Papenbrock (6,700), Mr. Ratner (4,700), Mr. Summers (6,700), Dr. Thornton (6,700) and Mr. Viviano (6,700). Dr. Amstutz held 6,700 shares of restricted stock at his retirement date. Dividends are paid on shares of restricted common stock at the same rate as paid on our common stock that is not restricted. On October 31, 2006, shares of restricted stock awarded in 2003 vested and were delivered to the Directors.

(3) Dr. Amstutz retired as a Director on January 26, 2007.

(4) Mr. Nance began his term as a Director on January 26, 2007 following his election by the Board of Directors.

(5) Mr. Ratner , Dr. Thornton and Mr. Viviano elected to defer payments of their Director fees paid under our Deferred Compensation Plan. Cash amounts deferred during fiscal 2007 were as follows: Dr. Thornton ($50,500), Mr. Ratner ($13,500) and Mr. Viviano ($59,625). These amounts were credited to a stock equivalent unit account under the Deferred Compensation Plan. The number of stock equivalent units (which includes accrued dividends thereon) held by these Directors under the Deferred Compensation Plan at May 31, 2007 were as follows: Mr. Ratner (581), Dr. Thornton (20,809) and Mr. Viviano (5,693). The cash value of the these stock equivalent units is included within the Fees Earned or Paid in Cash column and is excluded from the calculations in the Stock Awards column.

(6) During fiscal 2007, Mr. Thomas C. Sullivan was a party to a consulting agreement with the Company which provided for the payment by the Company of monthly fees of $42,000 and use of reasonable off-site office space, use of a part-time administrative

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assistant, continued use of Mr. Sullivan s current Company car, continued coverage under the Company s health insurance plan, payment of certain club dues and continuation of financial planning services in consideration for his service as a consultant. Mr. Sullivan s use of a part-time administrative assistant for fiscal 2007 has a value of approximately $50,000.

(7) These amounts represent the dollar value of RPM matches of the Director s charitable contributions made in accordance with our employee charitable contributions matching program. RPM matches a Director s charitable contributions by up to $2,500 per year under this program, which is also available to RPM International Inc. employees.

In July 2006, following a management review of a comparison of compensation paid to the Company s Directors in 2005 to the compensation paid to directors of peer group and other selected companies in the same year, the Compensation Committee concluded that the compensation paid to the Directors of the Company is not competitive with its peer group and other companies. Based on the results of the comparison, the Compensation Committee approved an increase in Director cash and equity compensation which was approved by the Board of Directors in July 2006. As a result, for fiscal year 2007, Directors who are not employees of or consultants to the Company received a quarterly fee of $12,500. In addition, the Audit Committee Chair received a quarterly fee of $3,750 and the Chair of each of the Compensation and Governance and Nominating Committees received a quarterly fee of $1,875. William A. Papenbrock attended all Committee meetings as acting secretary of each Committee through January 2007, and as such he received the same $1,000 fee per meeting attended as the members of the Committees. A non-employee or non-consultant Director who is not a member of a particular committee but who attends a committee meeting at the invitation or request of the Chief Executive Officer or the Chairman of the Committee receives $1,000 for attending the meeting in its entirety. With respect to equity compensation, Directors eligible to participate in the 2003 Plan were granted a number of shares of restricted stock under the 2003 Restricted Stock Plan in an amount approximately equal to the annual director fee of $50,000.

In order to create an appropriate compensation program for Directors and to bring total Board compensation to a competitive level, as well as to enhance the ability of the Company to recruit and retain Directors and further align interests of Directors with interests of stockholders, in October 2003 the Company s stockholders adopted the 2003 Restricted Stock Plan for Directors that provides for the granting of shares of Common Stock to Directors who are not employees of or consultants to the Company. These grants are made annually on the date of the Annual Meeting of Stockholders. For fiscal 2007, each Director who was a Director on October 5, 2006, other than Frank C. Sullivan and Thomas C. Sullivan, was granted 2,700 shares of restricted Common Stock pursuant to the 2003 Restricted Stock Plan for Directors. Director Frederick R. Nance, who was elected a Director by the Board of Directors on January 26, 2007 to fill a vacancy on the Board, did not receive an award of restricted stock for fiscal 2007.

Our Directors also participate in our employee charitable contributions matching program, under which we match the Director s charitable contributions by up to $2,500 per year.

During fiscal 2007, Mr. Thomas C. Sullivan was a party to a consulting agreement with the Company which provided for the payment by the Company of monthly fees of $42,000 and certain other benefits. Pursuant to the terms of a Succession and Post-Retirement Consulting letter agreement entered into in April 2002, between Thomas C. Sullivan and the Company (the Sullivan Consulting Agreement), Mr. Sullivan stepped down from his position as the Chief Executive Officer of the Company effective as of October 11, 2002, and retired as an employee of the Company effective as of January 1, 2003. Mr. Sullivan, however, continues to serve as Chairman of the Board and as a member of the Board of Directors. The Sullivan Consulting Agreement expired by its terms on May 31, 2005 and was extended on June 8, 2005 (the Extended Sullivan Consulting Agreement). Under the Extended Sullivan Consulting Agreement, Mr. Sullivan does not participate in any of the Company s benefit plans, except as provided by law or as governed by the terms of the benefit plans themselves or by the terms of the Extended Sullivan Consulting

Agreement. The Extended Sullivan Consulting Agreement provides that effective June 1, 2005 and continuing through May 31, 2007, Mr. Sullivan will serve the Company in a consulting capacity, providing assistance in the area of corporate development such as identifying and introducing the Company to possible merger candidates and assisting in the consummation of such transactions. During the 24-month consulting period, Mr. Sullivan was entitled to monthly payments of $42,000, use of reasonable off-site office space, use of a part-time administrative assistant, continued use of Mr. Sullivan s

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current Company car, continued coverage under the Company s health insurance plan, payment of certain club dues and continuation of financial planning services in consideration for his service as a consultant.

The Extended Sullivan Consulting Agreement expired by its terms on May 31, 2007 and was extended effective June 1, 2007 (the Fiscal 2008 Sullivan Consulting Agreement). Under the Fiscal 2008 Sullivan Consulting Agreement, Mr. Sullivan does not participate in any of the Company s benefit plans, except as provided by law or as governed by the terms of the benefit plans themselves or by the terms of the Fiscal 2008 Sullivan Consulting Agreement. The Fiscal 2008 Sullivan Consulting Agreement provides that effective June 1, 2007 and continuing through May 31, 2008, Mr. Sullivan will serve the Company in a consulting capacity, providing assistance in the area of corporate development such as identifying and introducing the Company to possible merger candidates and assisting in the consummation of such transactions. During the 12-month consulting period, Mr. Sullivan will be entitled to monthly payments of $25,000, use of a part-time administrative assistant, continued use of Mr. Sullivan s current Company car, continued coverage under the Company s health insurance plan, payment of certain club dues and continuation of financial planning services in consideration for his service as a consultant.

RELATED PERSON TRANSACTIONS

The Related Person Transaction Policy of the Board of Directors ensures that the Company s transactions with certain persons are not inconsistent with the best interests of the Company. A Related Person Transaction is a transaction with the Company in an amount exceeding $120,000 in which a Related Person has a direct or indirect material interest. A Related Person includes the executive officers, directors, and five percent stockholders of the Company, and any immediate family member of such a person. Under the Related Person Transaction Policy, Company management screens for any potential Related Person Transactions, primarily through the annual circulation of a Directors and Officers Questionnaire to each member of the Board of Directors and each officer of the Company that is a reporting person under Section 16 of the Exchange Act. If Company management identifies a Related Person Transaction, such transaction is brought to the attention of the Audit Committee for its approval, ratification, revision, or rejection in consideration of all of the relevant facts and circumstances.

Thomas C. Sullivan, Jr., the brother of Mr. Frank C. Sullivan and son of Mr. Thomas C. Sullivan, is a Director of Corporate Development for the Company and earned $263,000 in salary and annual bonus in fiscal 2007. He also received equity awards. Thomas C. Sullivan, Jr., has been employed by the Company or its subsidiaries for more than 20 years. His compensation is commensurate with his peers.

As described above, Thomas C. Sullivan, the father of Mr. Frank C. Sullivan, is party to a consulting agreement with the Company. See, Director Compensation for more information.

FORWARD-LOOKING STATEMENTS

Some of the amounts set forth in this proxy statement in the disclosure regarding executive and director compensation are forward-looking statements within the meaning of the federal securities laws. These amounts include estimates of future amounts payable under awards, plans and agreements or the present value of such future amounts, as well as the estimated value at May 31, 2007 of awards the vesting of which will depend on performance over future periods. Estimating future payments of this nature is necessarily subject to contingencies and uncertainties, many of which are difficult to predict. In order to estimate amounts that may be paid in the future, we had to make assumptions as to a number of variables, which may, and in many cases will, differ from future actual conditions. These variables include the price of our common stock, the date of termination of employment, applicable tax rates and other assumptions. In estimating the year-end values of unvested awards, we were required to make certain assumptions about the extent to which the performance or other conditions will be satisfied and, accordingly, the rate at which those awards will ultimately vest and/or payout. Accordingly, amounts and awards paid out in future periods may vary from the related

estimates and values set forth in this proxy statement.

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EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information concerning shares of Common Stock authorized or available for issuance under the Company s equity compensation plans as of May 31, 2007.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)(1)
Equity compensation plans approved by stockholders	4,028,257(2)	$ 13.87	4,958,000
Equity compensation plans not approved by stockholders(3)			
Total	4,028,257	$ 13.87	4,958,000

(1) Includes 4,031,400 shares available for future issuance under the Company s Omnibus Equity and Incentive Plan of which 1,971,400 shares may be subject to full value awards such as restricted stock, 515,200 shares available for future issuance under the Company s 2002 Performance Accelerated Restricted Stock Plan and 411,400 shares available for future issuance under the Company s 2003 Restricted Stock Plan for Directors. The 1997 Restricted Stock Plan expired by its terms on May 31, 2007. Consequently, as of May 31, 2007, no shares were available for future issuance under that plan. On June 1, 2007, the 2007 Restricted Stock Plan, which was approved by stockholders at the 2006 Annual Meeting of Stockholders, became effective. Consequently, as of June 1, 2007, 1,000,000 shares were available for future issuance under that plan. On July 17, 2007, the PARS Plan terminated. Consequently, as of July 17, 2007, there were no shares available for future issuance under the PARS Plan.

(2) At May 31, 2007, 921,500 SARs were outstanding at a weighted-average grant price of $18.12. The number of shares to be issued upon exercise will be determined at exercise based on the difference between the grant price and the market price at the date of exercise. Accordingly, no such shares have been included in this total.

(3) The Company does not maintain equity compensation plans that have not been approved by its stockholders.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company s officers and Directors and persons who own 10% or more of a registered class of the Company s equity securities, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Commission. Officers, Directors and 10% or greater stockholders are required by Commission regulations to furnish the Company with copies of all Forms 3, 4 and 5 they file.

Based solely on the Company s review of the copies of such forms it has received, the Company believes that all of its officers and Directors complied with all filing requirements applicable to them with respect to transactions during the fiscal year ended May 31, 2007, except for the inadvertent late filing by James A. Karman to report a private sale on April 19, 2007 which was subsequently reported on Form 5.

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight of the integrity of the Company s financial statements, the Company s compliance with legal and regulatory requirements, the independent registered public accounting firm s qualifications and independence, and the performance of the Company s internal audit function and independent registered public accounting firm. The Audit Committee s activities are governed by a written charter adopted by the Board of Directors. Among other responsibilities specified in the charter, the Audit Committee has the sole authority to appoint, retain and where appropriate, terminate, the Company s independent registered public accounting firm. The Audit Committee is also directly responsible for, among other things, the evaluation, compensation and oversight of the work of the Company s independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work. In addition, the Audit Committee must pre-approve all audit and permitted non-audit services performed by the Company s independent registered public accounting firm. It is not the duty of the Audit Committee to plan or conduct audits or determine that the Company s financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent registered public accounting firm.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements contained in the 2007 Annual Report on SEC Form 10-K with the Company s management and Ernst & Young LLP, the independent registered public accounting firm for fiscal 2007.

The Audit Committee discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended. In addition, the Audit Committee has discussed with Ernst & Young LLP the auditor s independence from the Company and its management, including the matters in the written disclosures and the letter required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, which the Company has received.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board has approved) that the audited financial statements be included in the Company s Annual Report on SEC Form 10-K for the fiscal year ended May 31, 2007, for filing with the Securities and Exchange Commission.

The Audit Committee has determined that the rendering of the non-audit services by Ernst & Young LLP was compatible with maintaining the auditor s independence.

As described below under the heading Proposal Three Ratification of Independent Registered Public Accounting Firm, the Audit Committee has appointed Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal 2008 and is seeking ratification of the appointment at the Annual Meeting.

Submitted by the Audit Committee of the Board of Directors as of July 16, 2007.*

Donald K. Miller, Chairman
William A. Papenbrock
William B. Summers, Jr.

* On July 17, 2007, the Board of Directors appointed Mr. James A. Karman to serve as a member of the Audit Committee.

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PROPOSAL TWO

APPROVAL AND ADOPTION OF RPM INTERNATIONAL INC. AMENDED AND RESTATED 1995 INCENTIVE COMPENSATION PLAN

Q: **WHAT AM I VOTING ON?**

A: A proposal to approve and adopt the RPM International Inc. Amended and Restated 1995 Incentive Compensation Plan (the Amended and Restated 1995 Plan).

Q: **WHAT IS THE AMENDED AND RESTATED 1995 PLAN?**

A: The Amended and Restated 1995 Plan amends and restates the RPM International Inc. 1995 Incentive Compensation Plan (referred to within this description of Proposal Two as the 1995 Plan) which was approved by the Compensation Committee in August 1995 and by stockholders in October 1995. The Amended and Restated 1995 Plan provides for the granting of annual cash incentive awards to those employees who in any respective fiscal year are covered employees for purposes of Internal Revenue Code Section 162(m) (Covered Employees), currently the Chief Executive Officer and the other three most highly compensated officers of the Company, excluding the Chief Financial Officer. The Amended and Restated 1995 Plan is designed to promote the interests of the Company and its stockholders by attracting and retaining officers who are key employees of the Company; motivating such officers by reason of performance-related incentives to achieve the Company s performance goals; enabling such officers to participate in the growth and financial success of the Company; and, by qualifying the cash incentive awards as performance-based compensation under Internal Revenue Code Section 162(m), assuring that the Company will continue to be able to deduct cash incentive awards paid to the Covered Employees. The Amended and Restated 1995 Plan allows the Company to deduct aggregate cash incentive awards paid to the Covered Employees up to the amount of the maximum aggregate cash incentive award pool. The Amended and Restated 1995 Plan provides for a maximum aggregate cash incentive award pool of 1.5% of pre-tax income, which is income before income taxes as shown on the Company s audited financial statements. The aggregate cash incentive award pool will be adjusted to exclude the impact of certain charges and credits specified in the Amended and Restated 1995 Plan, such as restructuring, asbestos and other similar charges and credits that are not central to the Company s operations.

At the 2006 Annual Meeting of Stockholders, the stockholders approved the adoption of the 2007 Incentive Compensation Plan (the 2007 Plan). Although originally thought to provide more flexibility, in practice the Compensation Committee determined that the 2007 Plan was not a good fit for the Company s overall compensation program. Consequently, if the stockholders approve the Amended and Restated 1995 Plan, the Board of Directors will terminate the 2007 Plan and the Amended and Restated 1995 Plan will be utilized as the primary annual cash incentive program for the Covered Employees.

Q: **HOW DOES THE AMENDED AND RESTATED 1995 PLAN DIFFER FROM THE 1995 PLAN?**

A: The Amended and Restated 1995 Plan generally updates the 1995 Plan and includes changes to address the following major items: changes to Internal Revenue Service interpretations of the term covered employee under Internal Revenue Code Section 162(m), changes required by Internal Revenue Code Section 409A, changes to the calculation of the aggregate bonus pool and changes to the maximum award that may be received by any individual in any fiscal year.

Q:

HOW WAS THE AMENDED AND RESTATED 1995 PLAN CHANGED WITH RESPECT TO THE TERM COVERED EMPLOYEE ?

A: The Amended and Restated 1995 Plan changes the definition of Covered Employee in response to guidance issued by the Internal Revenue Service regarding its determination of who is a covered employee for purposes of Internal Revenue Code Section 162(m). A Covered Employee under the

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Amended and Restated 1995 Plan is any individual who is a covered employee under Internal Revenue Code Section 162(m) as interpreted in Internal Revenue Service guidance.

Q: **WHAT CHANGES WERE REQUIRED BY INTERNAL REVENUE CODE SECTION 409A?**

A: The 1995 Plan did not address the nonqualified deferred compensation rules of Internal Revenue Code Section 409A or the final Treasury Regulations thereunder. The Amended and Restated 1995 Plan specifies that the plan and the awards under the plan are intended either to be exempt from, or to comply with, Internal Revenue Code Section 409A. Additionally, the timing of payment of awards under the Amended and Restated 1995 Plan was revised to require that awards be paid no later than the fifteenth day of the third month following the end of the later of the Covered Employee s taxable year or the Company s fiscal year.

Q: **WHAT CHANGES WERE MADE TO THE CALCULATION OF THE AGGREGATE CASH INCENTIVE AWARD POOL?**

A: Like the 1995 Plan, the aggregate cash incentive award pool under the Amended and Restated 1995 Plan equals a percentage of pre-tax income, which is income before income taxes as shown on the Company s audited financial statements. Unlike the 1995 Plan, the Amended and Restated 1995 Plan provides that the aggregate cash incentive award pool will be adjusted to exclude the impact of certain specified charges and credits, such as restructuring, asbestos and other similar charges and credits that are not central to the Company s operations. The Board considers this change necessary to achieve the purposes of the Amended and Restated 1995 Plan. The Board believes that it is necessary to exclude the impact of charges and credits unrelated to operating performance from the aggregate cash incentive award pool because despite the positive operating performance of the Company, in two of the last five fiscal years the maximum aggregate cash incentive award pool has been diminished by the inclusion of restructuring and asbestos charges. For example, for the fiscal year ended May 31, 2006, the Company s reported pre-tax loss was $122.5 million (after giving effect to a special asbestos charge of $380.0 million). As a result, the cash incentive award pool was zero. However, the Compensation Committee determined to award cash incentive payments based upon pre-tax income of $257.5 million excluding the asbestos charge. As a result, a portion of the payment made to Mr. Frank C. Sullivan was not deductible under Internal Revenue Code Section 162(m). The Compensation Committee determined the awarding of cash incentive compensation to be fair to the Covered Employees given the nature of the special charge and the positive operating results of the Company as a result of the solid performance of the Covered Employees. However, as has been the practice of the Company in recent years, the Compensation Committee did not award the Covered Employees the maximum cash incentive pool which could have been awarded. Cash incentives actually awarded to the Covered Employees totaled $2.525 million compared to the maximum amount of $3.862 million based upon 1.5% of $257.5 million.

Q: **HOW WILL THE CHANGE TO THE CALCULATION OF THE AGGREGATE CASH INCENTIVE AWARD POOL PRESERVE FOR THE COMPANY THE MAXIMUM TAX DEDUCTION OF ANNUAL CASH INCENTIVE AWARDS PAID TO THE COVERED EMPLOYEES?**

A: Internal Revenue Code Section 162(m) allows the Company to deduct cash incentive awards paid to the Covered Employees pursuant to the Amended and Restated 1995 Plan. However, as explained above, the Board has found the maximum aggregate cash incentive award pool under the 1995 Plan to be inadequate to fairly compensate and motivate the Covered Employees in fiscal years in which the Company is subject to certain charges or other events that are unrelated to operating performance. The Amended and Restated 1995 Plan excludes the impact of certain specified charges and credits, such as restructuring, asbestos and other similar charges and credits that are not central to the Company s operations when determining the aggregate cash incentive award pool. Thus, if the stockholders vote to approve and adopt the Amended and Restated 1995 Plan, the Company will be entitled to

deduct aggregate cash incentive awards paid to the Covered Employees up to an amount equal to 1.5% of the Company s pre-tax income excluding the charges and credits described above.

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Q: **WHAT CHANGES WERE MADE TO THE LIMITATIONS ON INDIVIDUAL AWARDS?**

A: The Amended and Restated 1995 Plan provides that the maximum award an individual may receive in any fiscal year is $2 million. The $1.5 million limitation that applied to each individual award under the 1995 Plan had not been updated since it was originally established in 1995.

Q: **HOW IS THE AMENDED AND RESTATED 1995 PLAN ADMINISTERED?**

A: Within the first ninety days of each fiscal year, the Compensation Committee is required to determine in writing the portion of the aggregate cash incentive award pool that each Covered Employee may receive in respect of such fiscal year. At the end of each fiscal year, the Compensation Committee calculates the aggregate cash incentive award pool based on the Company s audited pre-tax income, as adjusted pursuant to the plan, and each individual Covered Employee s cash incentive award payout amount. In its discretion, the Compensation Committee may reduce or eliminate a Covered Employee s cash incentive award, based solely on individual performance. The exercise of such discretion will not increase the compensation payable to any other participant.

Q: **WHAT WILL HAPPEN IF THE STOCKHOLDERS DO NOT VOTE TO APPROVE AND ADOPT THE AMENDED AND RESTATED 1995 PLAN?**

A: If the stockholders do not vote to approve and adopt the Amended and Restated 1995 Plan and the Company achieves its performance goals, the Board of Directors may grant cash incentive awards to Covered Employees from a cash incentive pool of up to 1.5% of the Company s pre-tax income without adjustment for charges and credits that are not central to the Company s operations. However, the Company will not be entitled to deduct such payments pursuant to Internal Revenue Code Section 162(m) to the extent the payments exceed in the aggregate 1.5% of the Company s adjusted pre-tax income and a Covered Employee s aggregate annual compensation exceeds $1 million. As a result of this example, the Company will pay more taxes, but there will be no impact on Covered Employees.

Q: **WHAT VOTE IS REQUIRED TO APPROVE AND ADOPT AMENDED AND RESTATED 1995 PLAN?**

A: The affirmative vote of the holders of a majority of the outstanding Common Stock entitled to vote on the proposal to approve and adopt the Amended and Restated 1995 Plan and either present in person or by proxy, is required for the adoption of the Amended and Restated 1995 Plan. Thus, stockholders who vote to abstain will in effect be voting against the proposal. Broker non-votes, however, are not counted as present for determining whether this proposal has been approved and will have no effect on its outcome.

Q: **WHERE CAN I FIND A COPY OF THE AMENDED AND RESTATED 1995 PLAN?**

A: A copy of the Amended and Restated 1995 Plan is attached hereto as Appendix A.

Our Board of Directors unanimously recommends a vote **FOR** Proposal Two to approve and adopt the RPM International Inc. Amended and Restated 1995 Incentive Compensation Plan.

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PROPOSAL THREE

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has reappointed Ernst & Young LLP as our independent registered public accounting firm to audit our financial statements for the current year. The Board of Directors recommends ratification of the Audit Committee s appointment of Ernst & Young LLP.

The selection of Ernst & Young LLP as our independent registered public accounting firm is not required to be submitted to a vote of our stockholders for ratification. The Sarbanes-Oxley Act of 2002 requires that the Audit Committee be directly responsible for the appointment, compensation and oversight of our independent auditors. If our stockholders fail to vote on an advisory basis in favor of the selection, the Audit Committee will reconsider whether to retain Ernst & Young LLP, and may retain that firm or another firm without re-submitting the matter to our stockholders. Even if our stockholders ratify the appointment, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interests and the interests of our stockholders. The affirmative vote of a majority of the shares voting on this proposal is required for ratification.

A representative of Ernst & Young LLP is expected to be present at the Annual Meeting of Stockholders. The representative will be given an opportunity to make a statement if desired and to respond to questions regarding Ernst & Young LLP s examination of our consolidated financial statements and records for the year ended May 31, 2007.

Our Board of Directors unanimously recommends a vote **FOR** Proposal Three to ratify the Audit Committee s appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2008.

Effective June 23, 2005, the Company received notification that its principal independent registered public accountant, Ciulla, Smith & Dale, LLP, was declining to stand for re-election after completion of the Company s fiscal 2005 audit and the audit relationship with Ciulla, Smith & Dale, LLP terminated as of August 15, 2005, the date on which the Company filed its Annual Report on Form 10-K for the fiscal year ended May 31, 2005.

Ciulla, Smith & Dale, LLP s reports on the Company s financial statements for each of the fiscal years ended May 31, 2005 and May 31, 2004 contained no adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. Ciulla, Smith & Dale, LLP s report on management s assessment of internal control over financial reporting for the fiscal year ended May 31, 2005 contained no adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty or audit scope. During the two fiscal years ended May 31, 2005 and May 31, 2004 and through August 15, 2005, there have been no disagreements between the Company and Ciulla, Smith & Dale, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Ciulla, Smith & Dale, LLP, would have caused it to make reference to the subject matter of the disagreements in connection with its reports.

On June 23, 2005, the Company announced that it was engaging Ernst & Young LLP as its principal independent registered public accounting firm for fiscal 2006. There were no consultations during the two fiscal years ended May 31, 2005 and through June 23, 2005 by the Company with Ernst & Young LLP regarding (1) the application of accounting principles to any transaction, either completed or proposed; (2) the type of audit opinion that might be rendered on the Company s financial statements; or (3) any matter that was the subject of a disagreement (as defined in

Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

The decision to engage Ernst & Young LLP was made by the Company s Audit Committee.

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Independent Registered Public Accounting Firm Services and Related Fee Arrangements

During the fiscal years ended May 31, 2007 and 2006, various audit services and non-audit services were provided to the Company by Ernst & Young LLP. Set forth below are the aggregate fees billed for these services, all of which were pre-approved by the Audit Committee, for the last two fiscal years:

	May 31, 2007	May 31, 2006
Audit Fees	$ 4,619,000	$ 3,770,000
Audit Related Fees		
Tax Services	565,000	902,000
All Other Fees		
Total Fees	$ 5,184,000	$ 4,672,000

Audit Fees: The aggregate fees billed for professional services rendered for the audit of the Company s financial statements for the fiscal years ended May 31, 2007 and 2006 and for the reviews of the financial statements included in the Company s quarterly reports on Form 10-Q for the fiscal years ended May 31, 2007 and 2006 were $4,619,000 and $3,770,000, respectively.

Tax Fees: The aggregate fees relating to tax compliance, advice and planning paid to Ernst & Young LLP were $565,000 and $902,000 for the fiscal years ended May 31, 2007 and 2006, respectively. The Company s former independent registered public accounting firm, Ciulla, Smith & Dale, LLP, was retained for preparation of the Company s federal, state and local income tax returns and received fees of $362,000 and $390,000 during fiscal years 2007 and 2006, respectively.

All Other Fees: No other fees were billed by Ernst & Young LLP in fiscal years 2007 and 2006.

As part of the fiscal 2006 audit firm transition process whereby Ernst & Young LLP was engaged as the Company s principal independent registered public accounting firm, several foreign audit firms (principally in Europe) continued as the statutory audit firms for the Company under previous multi-year engagement agreements. Essentially all such agreements terminated during fiscal 2006 and 2007, and were not renewed. In connection with these agreements, in fiscal 2007 the Company paid aggregate audit and audit related fees of approximately $230,000 and fees for tax services of approximately $267,000; in 2006, the comparable fees paid were $619,000 and $205,000, respectively.

STOCKHOLDER PROPOSALS FOR 2008 ANNUAL MEETING

Any stockholder proposal intended to be presented at the 2008 Annual Meeting of Stockholders must be received by the Company s Secretary at its principal executive offices not later than April 22, 2008 for inclusion in the Board of Directors Proxy Statement and form of Proxy relating to that meeting. Each proposal submitted should be accompanied by the name and address of the stockholder submitting the proposal and the number of shares of Common Stock owned. If the proponent is not a stockholder of record, proof of beneficial ownership also should be submitted. All proposals must be a proper subject for action and comply with the Proxy Rules of the Commission.

The Company may use its discretion in voting Proxies with respect to stockholder proposals not included in the Proxy Statement for the fiscal year ended May 31, 2008, unless the Company receives notice of such proposals prior to

July 6, 2008.

OTHER MATTERS

The Board of Directors of the Company is not aware of any matter to come before the meeting other than those mentioned in the accompanying Notice. However, if other matters shall properly come before

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the meeting, it is the intention of the persons named in the accompanying Proxy to vote in accordance with their best judgment on such matters.

Upon the receipt of a written request from any stockholder entitled to vote at the forthcoming Annual Meeting, the Company will mail, at no charge to the stockholder, a copy of the Company s Annual Report on Form 10-K, including the financial statements and schedules required to be filed with the Commission pursuant to Rule 13a-1 under the Exchange Act for the Company s most recent fiscal year. Requests from beneficial owners of the Company s voting securities must set forth a good-faith representation that as of the record date for the Annual Meeting, the person making the request was the beneficial owner of securities entitled to vote at such Annual Meeting. Written requests for the Annual Report on Form 10-K should be directed to:

Edward W. Moore, Secretary
RPM International Inc.
P.O. Box 777
Medina, Ohio 44258

You are urged to sign and return your Proxy promptly in order to make certain your shares will be voted at the Annual Meeting. For your convenience a return envelope is enclosed requiring no additional postage if mailed in the United States.

By Order of the Board of Directors.

Edward W. Moore
Secretary

August 20, 2007

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Appendix A

RPM INTERNATIONAL INC.
AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN
(Effective as of October 4, 2007)

Section 1. Purpose. The purpose of the RPM International Inc. Incentive Compensation Plan (the Plan) is to provide incentives for specified key employees whose performance in fulfilling the responsibilities of their positions can have a major impact on the profitability and future growth of RPM International Inc. (the Company) and its subsidiaries.

Section 2. Definitions. For purposes of the Plan, the following terms shall have the meanings indicated:

(a) Aggregate Bonus Pool shall mean, with respect to any Fiscal Year, an amount equal to one and one-half percent (1.5%) of the Income Before Income Taxes.

(b) Applicable Law shall mean 26 U.S.C. section 162(m) and regulations, rulings and notices promulgated thereunder by an agency of the federal government.

(c) Board shall mean the Board of Directors of the Company.

(d) Bonus Award shall mean the amount payable to a Covered Employee under the Plan in respect of any Fiscal Year.

(e) Committee shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan; provided however, that in any event the Committee shall be comprised of two or more directors each of whom shall be an independent director as defined in applicable rules or listing standards of the New York Stock Exchange, a non-employee director as defined in SEC Rule 16b-3 and an outside director under Applicable Law.

(f) Covered Employee shall mean, in respect of any Fiscal Year, an individual who is a covered employee under Applicable Law.

(g) Fiscal Year shall mean any fiscal year of the Company.

(h) Income Before Income Taxes shall mean, for any Fiscal Year, income before taxes as shown on the Company s consolidated financial statements as audited by the Company s independent registered public accounting firm.

(i) Plan shall mean the RPM International Inc. Incentive Compensation Plan as set forth in this document and as may be amended from time to time.

Section 3. Administration

(a) Committee. The Plan shall be administered by the Committee.

(b) Committee Authority. The Committee may establish such rules, not inconsistent with the provisions of the Plan, as it may deem necessary for the proper administration of the Plan, and may amend or revoke any rule so established. The Committee shall, subject to the provisions of the Plan, have sole and exclusive power and discretion to interpret, administer, implement and construe the Plan and full authority to make all determinations and decisions thereunder including, without limitation, the authority and discretion to: (i) determine the persons who are Covered Employees and select the Covered Employees who participate in the Plan, (ii) determine when Bonus Awards shall be granted,

(iii) determine the portion of the Aggregate Bonus Pool subject to each Bonus Award, (iv) determine the terms and conditions of each Bonus Award, (v) make any adjustments pursuant to Section 4(b), and (vi) correct any defect, supply any omission and reconcile any inconsistency in or between the Plan, an Award and related documents.

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(c) Committee Determinations. All determinations by the Committee shall be made by the affirmative vote of a majority of its members, but any determination reduced to writing and signed by all of its members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. All decisions by the Committee pursuant to the provisions of the Plan and all orders or resolutions of the Committee pursuant thereto shall be final, conclusive and binding on all persons, including the Covered Employees (and their heirs, legatees, beneficiaries, personal representatives, successors, permitted assigns or anyone else claiming through them), the Company, its subsidiaries and its stockholders.

Section 4. Bonus Awards.

(a) Determination of Bonus Awards. Subject to the next sentence, the Bonus Award of any Covered Employee for any Fiscal Year shall be such percentage share of the Aggregate Bonus Pool as determined in writing by the Committee no later than the ninetieth day of such Fiscal Year. Notwithstanding the preceding sentence:

(i) the sum of the Bonus Awards of all Covered Employees for any Fiscal Year shall not exceed the Aggregate Bonus Pool for the Fiscal Year;

(ii) the Bonus Award of any Covered Employee may be less (but not more) than the amount otherwise established under this Section 4(a) if, at any time prior to informing the Covered Employee of his Bonus Award, the Committee in its sole discretion so determines; and

(iii) in no event shall a Bonus Award exceed $2,000,000.

(b) Adjustment to Aggregate Bonus Pool. Notwithstanding anything in this Plan to the contrary, the Aggregate Bonus Pool shall be adjusted to reflect any of the following events that may occur during the Fiscal Year that are not central to the Company s operations: (i) asset gains or losses; (ii) litigation, claims, judgments or settlements; (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; (iv) accruals for reorganization and restructuring programs; and (v) any extraordinary, unusual, non-recurring or non-cash items.

(c) Payment of Bonus Awards. Bonus Awards shall be paid no later than the 15th day of the third month following the end of the later of the Company s Fiscal Year or the Covered Employee s taxable year.

(d) Certification of Bonus Awards. Prior to paying any Bonus Award in respect of any Fiscal Year, the Committee shall certify in writing to the Board the amount of such Bonus Award and that such Bonus Award was determined in accordance with the terms of the Plan. For this purpose, a schedule of Bonus Awards as approved by the Committee and delivered to the Board shall be treated as a written certification.

Section 5. Effective Date and Stockholder Approval. This amended and restated Plan shall become effective for the Fiscal Year commencing on June 1, 2007; provided, however, that the amended and restated Plan shall be of no force and effect unless it is approved by the Company s stockholders as provided under Applicable Law at the Company s 2007 annual meeting of stockholders. If such approval is not obtained, the RPM International Inc. Incentive Compensation Plan will continue in effect without regard to the changes hereunder.

Section 6. General Provisions.

(a) No Assignment. No portion of any Bonus Award may be assigned or transferred otherwise than by will or by the laws of descent and distribution prior to the payment thereto.

(b) Tax Withholding. All payments of Bonus Awards shall be subject to withholding in respect of income and other taxes required by law to be withheld, in accordance with the Company s customary procedures.

(c) No Additional Rights. A Covered Employee shall not have any right to be retained in the employ of the Company or any of its subsidiaries, and the right of the Company or any such subsidiary to dismiss or discharge any such Covered Employee or to terminate any arrangement pursuant to which such Covered Employee provides services to the Company or a subsidiary is specifically reserved.

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(d) Liability. The Board and the Committee shall be entitled to rely on the advice of counsel and other experts, including the independent registered public accounting firm of the Company. No member of the Board or of the Committee or any officers of the Company or its subsidiaries shall be liable for any act or failure to act under the Plan, except in circumstances involving bad faith on the part of such member or officer.

(e) Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any subsidiary or affiliate of the Company from adopting or continuing in effect other compensation arrangements, which arrangements may be either generally applicable or applicable only to designated individuals including Covered Employees.

(f) Code Section 409A. It is intended that this Plan and the Bonus Awards hereunder either be exempt from, or comply with, Internal Revenue Code Section 409A, and this Plan shall be so construed and administered. In the event that the Company reasonably determines that any Bonus Awards payable under this Plan may be subject to taxation under Section 409A, the Company, after consultation with the Covered Employee(s), shall have the authority to adopt, prospectively or retroactively, such amendments to this Plan or to take any other actions it determines in its sole discretion is necessary or appropriate to: (i) exempt the Bonus Awards payable under this Plan from Section 409A; or (ii) comply with the requirements of Section 409A. In no event, however, shall this section or any other provisions of this Plan be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments under, this Plan and the Company shall have no responsibility for tax consequences to a Covered Employee (or his or her beneficiary) resulting from the terms or operation of this Plan (whether or not such tax consequences were expected or foreseeable as of the date of the Plan and any agreement hereunder).

Section 7. Amendment and Termination of the Plan. The Board may at any time terminate, in whole or in part, or from time to time, amend the Plan; provided, subject to Sections 3(b) & (c) and 4(a)(ii), that no such amendment or termination shall adversely affect the rights of any Covered Employee with respect to the Bonus Awards announced by the Committee without the Covered Employee s written consent. The Board may at any time and from time to time delegate to the Committee any or all of its authority under this Section 7. Any amendment to this Plan shall be approved by this Company s stockholders if required under Applicable Law.

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THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. KEEP THIS PORTION FOR YOUR RECORDS DETACH AND RETURN THIS PORTION ONLY TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: Signature (Joint Owners) Signature [PLEASE SIGN WITHIN BOX] Date Date **Yes No VOTE ON PROPOSALS** For address changes and/or comments, please check this box and write them on the back where indicated. 2. APPROVE AND ADOPT THE RPM INTERNATIONAL INC. AMENDED AND RESTATED 1995 INCENTIVE COMPENSATION PLAN. Please indicate if you plan to attend this meeting. 3. RATIFY THE APPOINTMENT OF ERNST & YOUNG LLP AS RPM S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING MAY 31, 2008. To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below. **For All Withhold All For All Except VOTE BY INTERNET www.proxyvote.com** Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. **VOTE BY PHONE 1-800-690-6903** Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. **VOTE BY MAIL** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to RPM International Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. **ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS** If you would like to reduce the costs incurred by RPM International Inc. in mailing proxy materials, you can consent to receiving all future Proxy Statements, Proxy Cards and Annual Reports electronically via e-mail or the Internet. To sign up for electronic delivery, please check the appropriate box on the proxy card or follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years. ***RPM INTERNATIONAL INC. C/O NATIONAL CITY BANK P.O. BOX 92301 CLEVELAND, OHIO 44193-0900*** **RPM INTERNATIONAL INC.** RPMIN1 1. **ELECTION OF DIRECTORS** (01) David A. Daberko (02) William A. Papenbrock

(03) Frank C. Sullivan (04) Thomas C. Sullivan **VOTE ON DIRECTORS THE RPM BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE FOLLOWING NOMINEES AND PROPOSALS. For Against Abstain** In their discretion, to act on any other matter or matters which may properly come before the meeting. Note: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. **Yes No CONSENT TO ELECTRONIC DELIVERY** By checking the box to the right, I consent to receive Proxy Statements and Annual Reports electronically via the Internet instead of in the mail. The Company will not distribute printed materials to me for future stockholder meetings unless I request them or revoke my consent and will notify me when and where its Proxy Statements and Annual Reports are available on the Internet.

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DIRECTIONS TO THE HOLID HOLIDAY Y INN SELECT STRONGSVILLE **15471 Royalton Road, Strongsville, OH Phone: (440) 238-8800 FROM CLEVELAND AND POINTS NORTH (INCLUDING HOPKINS AIRPORT)** I-71 South to the North Royalton exit (#231A). Cross over bridge and the hotel is on the right hand side. **FROM THE OHIO TURNPIKE EAST AND WEST** Ohio Turnpike (I-80) to I-71 South (exit 161). Exit at the North Royalton exit (#231A). Cross over bridge and the hotel is on the right hand side. **FROM THE EAST** I-480 West to I-71 South. Exit at the North Royalton exit (#231A). Cross over bridge and the hotel is on the right hand side. **FROM THE SOUTH** I-71 North to the Strongsville exit (#231). Turn right at end of ramp and hotel is on the right hand side.

RPM INTERNATIONAL INC. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS AND WILL BE VOTED IN ACCORDANCE WITH THE DIRECTIONS ON THE REVERSE SIDE. The undersigned hereby appoints DONALD K. MILLER and P. KELLY TOMPKINS, and each of them, as Proxy holders, with full power of substitution, to appear and vote as designated on the reverse side all of the shares of Common Stock of RPM International Inc., which the undersigned shall be entitled to vote at the Annual Meeting of Stockholders of the Company to be held at the Holiday Inn Select, located at Interstate 71 and Route 82 East, Strongsville, Ohio, on Thursday, October 4, 2007 at 2:00 P.M. EDT, and at any adjournment or postponement thereof, hereby revoking any and all proxies heretofore given. **IF A SIGNED PROXY CARD IS RETURNED WITH NO DIRECTIONS GIVEN ON THE**

REVERSE SIDE, SAID SHARES OF COMMON STOCK WILL BE VOTED FOR THE ELECTION OF THE FOUR DIRECTORS NOMINATED BY THE BOARD OF DIRECTORS AND FOR PROPOSALS TWO AND THREE. YOU ARE ENCOURAGED TO SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES, SEE REVERSE SIDE. This Proxy Card also instructs Wachovia Bank, N.A. as Trustee of RPM International Inc. 401(k) Trust and Plan and Union 401(k) Trust and Plan, to vote in person or by Proxy at the Annual Meeting of Stockholders, all the shares of Common Stock of RPM International Inc. for which the undersigned shall be entitled to instruct in the manner appointed on the reverse side hereof. Wachovia Bank, N.A. will vote the shares represented by this Proxy Card that is properly completed, signed, and received by Wachovia Bank, N.A. before 5:00 p.m. EDT on October 1, 2007. Please note that if this Proxy Card is not properly completed and signed, or if it is not received by the Trustee as indicated above, shares allocated to a participant s account will not be voted. Wachovia Bank, N.A. will hold your voting instructions in complete confidence except as may be necessary to meet legal requirements. Wachovia Bank, N.A. makes no recommendation regarding any voting instruction. **PLEASE DATE, SIGN AND RETURN PROMPTLY IN THE ACCOMPANYING ENVELOPE. ELECTRONIC ACCESS TO FUTURE DOCUMENTS AVAILABLE** The Company has the option of providing its Proxy Statements and Annual Reports over the Internet. If you have not done so in prior years, you may give your consent to receive these documents via the Internet and we will advise you when these documents become available. Once you give your consent, it will remain in effect until you notify the Company in writing by mail that you wish to resume mail delivery of the Proxy Statements and Annual Reports. Even if you give your consent, you will have the right to request copies of these documents at any time by mail. You will be responsible for costs associated with Internet usage, such as telephone charges and access fees. To give your consent, if you have not done so in prior years, please check the appropriate box located at the bottom of the reverse side of this card. **Address Changes/Comments:** (If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)