

# Meehan Capital Management Group, Inc.

## Equity Report

### CryoPort, Inc. (OTCBB: CYRX)

October 7, 2008

**MCMG Rating:** **Speculative Buy**  
**12-18 Month Target:** **\$7.50**

*Prepared by:*  
Linwood C. Meehan III, RIA, MBA

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CryoPort, Inc. develops advanced, proprietary, technology driven shipping solutions for use in the biotechnology and pharmaceutical markets. The Company's product line is designed to provide advanced solutions for the global transportation of biological specimens at temperatures ranging from 0° Celsius to lower than minus 150° Celsius.

CryoPort's current focus is to complete the final stages of development, manufacture and launch of the CryoPort Express™ One-Way Shipper System. The CryoPort Express™ is the Company's proprietary line of liquid nitrogen dry vapor shippers that provide users a one-time usage, cryogenic packaging system for biological materials that either require or would benefit from shipping conditions colder than minus 150° Celsius over an extended time period.

The Company was founded in 1999 and over the last 9 years CryoPort used technologies developed in aerospace, defense and other industries to develop a dry vapor, cryogenic shipping container system that offers a highly reliable and more cost efficient solution for transporting high value biological materials than the currently available alternative: dry ice. In the early years, the Company's products consisted of an advanced lineup of large, reusable, dry vapor shippers that were purchased by the end user for use in multiple shipments. This program required the end user to maintain the shippers and perform the necessary logistics to manage inventory. In 2005, at the request of a biotechnology firm that was in the late trial stages of a cancer vaccine, the Company developed a smaller shipper that was capable of shipping low quantities while still holding cryogenic temperatures for the needed time period.

The new product could be "rented" to the biotechnology firms and then be returned to CryoPort to be "recycled". The new, smaller, express shipper was competitive with dry ice on cost and offered a lower temperature and more stable shipping environment with much longer hold times than dry ice shipments could achieve.

Today, it is commonly believed that CryoPort is in late stage negotiations with multiple potential users of the CryoPort Express, including several multi-billion dollar companies representing global express shipping companies, biotechnology firms, Clinical Research Organizations ("CROs") and large pharmaceutical manufacturers. According to a recent press release, CryoPort expects to roll out the CryoPort Express in the near future. Based on statements the Company has released over the last several quarters, it is currently our opinion that a deal is most likely in the works between CryoPort, FedEx (NYSE: [FDX](#)) and Quest Diagnostics (NYSE: [DGX](#)).

\* Notice to reader: From March 2005 thru August 2007, Linwood C. Meehan III, the writer of this report, was a consultant to CryoPort and received compensation for providing advisory services after the Company became publicly traded. Since August 2007 Mr. Meehan has not worked with the Company in any capacity. No compensation was received in conjunction with this report, but Mr. Meehan and clients of the MCMG Private Client Group do own equity positions. For additional information, please read the disclosure material located on the last page of this report.

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## Corporate Information

CryoPort, Inc.  
20382 Barents Sea Circle  
Lake Forest, Ca 92630  
Telephone: (949) 470-2300  
Facsimile: (949) 470-2306

## Stock Information

Price at Writing: \$0.51  
TSO: 41,174,703  
Convertibles: 6,749,281  
Warrants/Opts: 29,478,615  
Effective Diluted Outstanding: 77.4M  
Total Effective Market Cap: ~\$40M

Average Daily Volume: ~20k  
52 Week High: \$1.55 (12/26/2007)  
52 Week Low: \$ 0.45 (10/07/2008)  
All-Time High: \$6.40 (11/21/2005)  
All-Time Low: \$0.04 (04/17/2006)



## Stock Trends

The stock has found support over the past 12 months in the \$0.60 to \$0.70 range on several different occasions. Current volume has remained relatively light with no heavy volume days for several months. Upside resistance has typically been seen at the \$1.25 level, however, the general feeling is that the resistance was more to do with a lack of follow thru regarding operations as opposed to any negative operational developments.

## Stock Ownership

Control of the company is primarily held by three investor groups, each having control over a sizeable percentage of equity (if debt was converted and warrants exercised).

1) The original ownership group from pre-2005 when the company was still private. It is unknown the exact level of ownership that the group still maintains, but our estimates are that the group still owns most of the original positions, particularly the large owners.

2) A group of private investors that placed direct investments with the Company in 2006 & 2007. In addition to the shares purchased, there is also additional warrant coverage.

3) Roswell Capital (via convertible debt and warrants), who placed over \$4M in 2007 with a follow on investment of over \$1M in 2008.

Debt, warrants and options have yet to be converted or exercised, and for the purposes of determining a depiction of the total shares outstanding in line with what is reported in the Company's SEC filings, this report will utilize public filings for share calculations. We will however, consider the "potential" in our recommendations when they are converted or exercised. In the event that the Company was to pay off a convertible debt prior to its conversion, it would certainly affect our projections in a positive manner and for the

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current shareholder would result in less future dilution. We believe prepayment represents an unlikely scenario so we will choose to stay in line with the numbers represented in regulatory filings and will utilize more conservative measures on our assumptions.

With so much of the stock, or potential stock (if converted), tied up amongst these 3 ownership groups, it is not difficult to imagine that the actual amount of stock that is available to actively trade in the market is in fact quite small. This would also be a reasonable indication of why the stock reacts with volatile price swings on trading volume levels that would otherwise be considered a non-event.

Insider ownership is a relatively low percentage. Primarily, this would be because the original founders of the Company are no longer involved with the day-to-day operations. Those functions were turned over to the current management team back in 2003 when Mr. Berry was appointed CEO. The founders were the primary board members until 2005 at which time Mr. Berry requested, and was granted, a different Board structure. With the original Board turning over operations to a professional management team, reportable insider ownership was significantly reduced. The current Board of Directors (excluding Mr. Berry) owns a very small percentage of equity (less than 1%), while executive management (including Mr. Berry) potentially owns between 1% 7 2% through stock options.

### **Industry Overview**

#### **Dry Vapor Shipping vs. Dry Ice Shipping**

Before analyzing these two shipping methods, it would be best to understand a little bit about the science behind the method. To do this, a brief overview of liquid nitrogen and dry ice (or solid carbon dioxide) would seem appropriate.

Simply put, dry ice is frozen carbon dioxide and is regularly used as a cooling agent. Carbon dioxide is a common component of our earth's atmosphere and is the gas that we exhale when we breathe and the gas that plants use in photosynthesis. Dry ice is particularly useful when below freezing temperatures are needed, due to its cold temperature of minus 78.5° Celsius. Dry ice is widely used because it is simple to manufacture and relatively easy to handle (insulated gloves are highly recommended). Dry ice changes directly from a solid to a gas in normal atmospheric conditions without going through a wet liquid stage (the scientific term for this is called "sublimation"); hence the term "dry ice".

Liquid nitrogen is pure nitrogen, in a liquid state. It is the liquid produced by fractional distillation of liquid air and is often referred to by the abbreviation LN<sub>2</sub>. Liquid Nitrogen is non-toxic and in fact, in its gaseous form, Nitrogen is the largest single constituent of the Earth's atmosphere at 78%, measured by volume of dry air. At atmospheric pressure, liquid nitrogen boils at -196 °C and is a cryogenic fluid that can cause rapid freezing upon contact with living tissue. When appropriately insulated from ambient heat sources, such as inside a vacuum flask or dewar, liquid nitrogen can be safely stored and transported. Very low temperatures (colder than minus 150°C) can be held inside the vacuum flask as a result of slow boiling of the liquid, and based on its configuration, the holding time of such low temperatures inside the dewar can range from as little as a few hours to as long as several weeks.

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## **Which is better ... Dry Ice or Dry Vapor?**

Dry Vapor Shippers are superior in virtually every way to Dry Ice Shippers. The reasons are numerous as one can clearly see below:

Dry ice generally sublimates into a gas at a rate of five to ten pounds every 24 hours in a typical insulated container. The sublimation begins at the time the dry ice is created, therefore, the timing of pickup and delivery becomes critical. The sublimation rate requires that the product being shipped either be delivered or repacked with new dry ice on an expedited basis. Depending on the duration of the shipment, the sublimation rate can pose serious logistic problems for shipping companies.

Case in point: Ground shipments are generally not restricted in dry ice shipping on the basis of hazards because the transport method (trailer or truck) is not a pressurized enclosure. However, ground transportation for long distance express shipments is not generally an economically feasible alternative as it would require continuous repackaging of the dry ice or if repacking is not an option, it would require the end user to be in close proximity to the location where the dry ice is produced.

The United States Department of Transportation ("DOT") and the International Air Transport Association ("IATA") have set federal rules that govern the shipment of dry ice due to the potential dangers of improper handling. Additionally, dry ice is classified as a hazardous material. Air transport is a primary method for shipping packages across large distances and the amount of dry ice per air transport parcel is limited to 5 pounds or less per parcel. The package must carry a Class 9 DOT Miscellaneous Hazardous Material warning label and must be clearly marked "Carbon Dioxide Solid, UN1845" or "Dry Ice, UN1845".

Dry ice itself is not poisonous, but the surface of the solid is so cold that it should not be touched without gloves. Also, while the gas is stable and inert, it is heavier than air and can concentrate in low areas or enclosed spaces. When the concentration of carbon dioxide in the air exceeds 5%, the carbon dioxide becomes toxic. Thus, any area in which dry ice is used must be well ventilated. This toxicity represents one of the challenges of utilizing dry ice via air transportation. Another possible safety concern is the pressure buildup inside a container as dry ice sublimates back into a gas.

If you don't know what the "big deal" about the dangers of dry ice is all about, find out what dry ice can do to a pressurized container by simply searching YouTube.com with the term "dry ice bomb". If you have not seen this before, you will be amazed at the power of even a small amount of dry ice. For those who haven't yet seen one of these videos, here is the gist: a piece of dry ice is put into a plastic bottle and the top is screwed down; the dry ice begins to sublimate in a short time (quite literally seconds) inside a pressurized container; and at a certain point the pressure inside the container increases to a level where it violently explodes. When reviewing this information, it doesn't take a genius to figure out why a shipping company would prefer to remove the dry ice shipping option from its service offering. (Remember, an airplane is simply a pressurized cylindrical container with wings flying through the sky.)

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In current practice, due to restrictions and time constraints, it is already more complex and more expensive to ship dry ice, as seen by the following excerpt from [www.FedEx.com](http://www.FedEx.com) regarding dry ice shipping:

**FedEx First Overnight<sup>®</sup> and FedEx International First<sup>®</sup> accept dry ice only. Dangerous goods cannot be shipped via FedEx SameDay<sup>®</sup>.**

### **Restrictions**

**These restrictions apply to dangerous goods irrespective of the FedEx<sup>®</sup> service being used.**

- **Dangerous goods cannot be placed in FedEx Express<sup>®</sup> Drop Boxes.**
- **Dangerous goods cannot be placed in FedEx mail slots.**
- **Most FedEx World Service Center<sup>®</sup> locations do not accept dangerous goods shipments.**
- **FedEx Express<sup>®</sup> dangerous goods and dry-ice shipments cannot be shipped from FedEx Kinko's Office and Print Centers<sup>®</sup> or FedEx Authorized ShipCenter<sup>®</sup> locations.**

In addition to these restrictions, every country also has its own "Dangerous or Hazardous Goods Acceptance" policy. One can clearly see the problems for a global shipping company when dealing with dry ice shipments.

An air transport parcel containing 5 pounds of dry ice will sublime quickly and needs to be delivered within 24 hours of the dry ice being created. Historically, biological materials have been shipped via dry ice and these shipments often require additional special requirements provided by the cold chain industry. As a final note, airlines may impose stricter standards at their discretion, further complicating scheduling and logistics.

Dry Vapor Shippers solve virtually all of the concerns created with dry ice, while at the same time offering a superior shipping vessel. Shipping with a dry vapor shipper eliminates the need for express delivery within 24 hours. This is achieved due to the containers' ability to hold temperatures steady for a much longer period of time - from several days to several weeks, depending on size and configuration.

The CryoPort Express Shipper System is available in a variety of configurations, which allows the end user to determine how long of a hold time and how much internal capacity is needed. The system can be customized to specific sizing if needed. This scalability is critical to being able to meet the needs of the broadest number of users. Keeping the product line standardized allows the shipping companies to create common "handling standards" for the entire product line, as the requirements from the shipper's perspective are unaffected by the configuration changes.

Due to the logistical requirements of dry ice, many shipping companies will only ship dry ice at the beginning of the week (Monday, Tuesday and Wednesday). These shipping restrictions in turn affect such organizations as diagnostic laboratories, pharmaceutical manufacturers, CROs, reproductive clinics, biotech research facilities, and more. If these users can only ship their product on certain days per week, it significantly alters their production and/or patient schedules on a daily basis. Dry Vapor Shippers do not have these restrictions because of the extended holding period, thereby allowing these users to operate at normal capacity virtually 24 hours a day.

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### The Competition

Throughout the cold chain, there are numerous competitors which CryoPort must confront. Whether it is direct competition with the production of a superior liquid nitrogen dry vapor shipper or effectively displacing the need for dry ice in favor of liquid nitrogen, CryoPort must realize that the challenge will be to provide both superior quality and effective price. Competitors range from large multi-billion dollar manufacturers, to small, localized private companies. Most of these competitors focus on storage containers as opposed to shipping containers, but in the event that these companies shift their focus to smaller shipping containers, CryoPort will have to confront that challenge. We believe that being the first player in the low dosage dry vapor shipping market will provide CryoPort with a competitive advantage and a 12-month cushion. Any time above that would be difficult to achieve as once the program is proven successful, competitors are certain to want a piece of the action.

Competitors within the cryogenic shipping space include, but are not limited to:

- Chart Industries, Inc. (NASDAQ: [GTLS](#))
- Taylor-Wharton International (Wind Point Partners, Private Equity)
- Cryofab, Inc. (Privately Owned)
- Wessington Cryogenics (Private Owned)

Competitors in the dry ice space include, but are not limited to:

- Airgas, Inc. (NYSE: [ARG](#))
- Air Liquide (Paris: [AL](#))
- Air Products & Chemicals (NYSE: [APD](#))
- Praxair (NYSE: [PX](#))
- The Linde Group (XETRA: [LIN](#))

Competitors in the cold chain certainly represent challenges for CryoPort; however, they could also prove to be a source of strength. One area of opportunity that we believe exists for CryoPort would be to forge a relationship with a top tier manufacturer in the industrial gas space who recognizes the changes that are going to occur in cold chain shipping as a result of the efforts of CryoPort. It would make sense for CryoPort to utilize the facilities of the companies who operate in this space due to these companies' existing needs for dry ice production and distribution. We believe that the firm at the top of the pecking order for CryoPort would be Air Liquide (Paris: [AL](#)) as this company has over 40,000 employees located in 75 countries. A partnership like this could offer CryoPort a top tier manufacturing partner with the financial ability to produce large quantities of the CryoPort Express One-Way Shipper and could potentially provide an immediate and cost effective ramp up for a globally distributed recycling platform.

### Alternate Shipping Methods

Over the past few years, we have conducted extensive research to locate currently viable shipping alternatives that could efficiently compete with the CryoPort Express One Way Shipper System. Other than dry ice, we have not been able to locate a scalable alternative throughout the cold chain and dry ice has its many limitations and problems as demonstrated throughout this report. While there are indeed other manufacturers of cryogenic shipping vessels, to date they remain focused on the higher capacity dewars that are used to transport a larger number of samples, as typically used in clinical trials at

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larger facilities. None of the existing manufacturers have begun to address the low dosage shipping market, which we believe has given CryoPort a 24-36 month "monopolistic window" from the time that they roll out their CryoPort Express platform and demonstrate to the industry that dry vapor shippers provide a superior shipping method than traditional dry ice for all frozen shipments, not just those requiring cryogenic temperatures.

### **Changing Trends**

Regardless of the number of manufacturers producing "high capacity" shippers, the actual number of shippers that needs to be made each year to fulfill demand is very limited. CryoPort correctly identified this market limitation over 4 years ago and began transitioning its focus towards low dose shippers.

Cryogenic shipping represents only a small fraction of the overall cold chain at the present time. We believe that CryoPort correctly identified a future trend in which the industry will move from dry ice towards liquid nitrogen. To demonstrate this trend, in several countries there has already been a movement to severely restrict, and even completely ban, shipping via dry ice. There are currently no viable alternatives to dry ice for low dose shipping, hence the reason we expect substantial growth at CryoPort. We believe the potential size of the low dose market provides a viable opportunity to rapidly expand and take over a significant percentage of the existing dry ice market.

Another changing trend is that more and more clinical trials are being conducted outside of the United States than ever before. The preferred geographical location for clinical trials continues to move towards less regulated and less litigious countries. In these locations, large medical facilities are not as prevalent as they are in the United States and the ability to distribute lower quantities of product to a large geographical area via low dose shippers is becoming a critical component to the success of these clinical trials.

### **Target Markets**

#### **Pharmaceutical Clinical Trials**

Clinical trials are conducted primarily to allow pharmaceutical companies to gather data on new drugs. Each clinical trial is subject to the regulatory bodies of the prevailing country in which the trial is conducted and, as previously mentioned, it is for this reason that pharmaceutical firms are conducting an increasing number of clinical trials in less regulated and less litigious countries. Depending on the drug and the stage of its development, clinical trials enroll volunteers into small study groups. This is typically followed by larger studies in which a patients' current treatment is compared to the new drug for effectiveness evaluations. As the amount of positive data increases, so does the number of patients enrolled in the trial. An important factor regarding the distribution requirements (and therefore important to CryoPort) for clinical trials is to understand that they can vary in size from a single facility with patients in a single country to multi-facility trial that is run concurrent in multiple countries.

#### **Pharmaceutical distribution**

Once a drug is approved for patient use (in the United States or otherwise) there must exist an effective distribution platform to deliver the drug to the medical professional

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who will be administering the drugs to the patients. To date this has proven a costly and sometimes inefficient process through the use of cold packs and dry ice. If a drug requires frozen temperatures, the only choice until now has been dry ice. Problems of temperature control have plagued this method since inception and present constant challenges to the shipping firms. We believe that as the CryoPort One-Way Express Shipper begins to establish itself on the global market as a viable alternative to dry ice for low dose shipping, pharmaceutical distribution will represent the single largest opportunity for CryoPort to change cold chain shipping as it is currently conducted.

### **Biotechnology**

Commonly referred to as genetic engineering, biotechnology in modern terms, and the definition used in the report, is an application that uses living organisms and biological systems to create or modify an organism for a specific use.

A current trend in medicine is to utilize biotechnology advancements to create both prophylactic and therapeutic medical treatments aimed to prevent or cure undesired health conditions. Common biotech creations include vaccines and stem cell research. The focus for CryoPort on the vaccine side would primarily include "live cell vaccines". This type of vaccine involves living micro-organisms which are cultivated under controlled conditions to produce a desired immune response. Once removed from the controlled condition however, the vaccine begins to deteriorate almost immediately. Even when frozen, cells will continue to deteriorate unless the temperature is taken to a cryogenic level (lower than minus 150° Celsius). At cryogenic temperatures, cell degradation is virtually stopped and the vaccine can be shipped to a desired location without sacrificing the efficacy of the drug. The ability to deliver a single dose of a vaccine to a medical professional so they can treat a patient is a critical component in the success of this type of medical science's ability to expand past its current state.

### **Infectious biological and other hazardous materials**

Materials of this nature require special handling and are highly regulated when they are shipped to ensure that dangerous materials are not released during the shipping process. CryoPort has provided shippers to this market for a number of years and has the necessary regulatory authorizations to effectively compete in this market.

### **Assisted Reproductive Therapies**

Assisted reproductive therapies (ART), including both human and animals, refers to the methods used to achieve pregnancy by artificial means. Methods of ART include both medicinal treatments as well as physical procedures. Both methods have participants in the cold chain and currently requires, or could benefit from, the use of cryogenic shipping. Whether the method calls for the frozen shipment of medicines or the cryogenic shipment and/or storage of male or female reproductive materials, the CryoPort Express One-Way Shipper is likely to offer efficiencies that are not currently found in the marketplace. Such shipping already takes place in cattle breeding facilities, particularly in Brazil.

All of the above markets represent large growth opportunities for CryoPort. Each of the above markets has current shipping needs representing immediate shipping demand for the CryoPort Express. Equally as important, all of these markets are growing and are expected to continue the trend for the foreseeable future.

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### S.W.O.T. Analysis

#### Strengths

CryoPort has a number of factors that work in its favor in its quest to become the "800 pound gorilla" in cryogenic shipping. First, the physical nature of a vacuum sealed, pressurized, gas ventilating, liquid nitrogen dewar is not an easy product to develop. There are a number of barriers to entry for new competitors. This is even true for those competitors who are already in the dry vapor container market. CryoPort has been at work for 3 ½ years working on perfecting a low and single dose shipping system that can hold temperature for the required time period. Large amounts of R&D funds and time have already been invested by CryoPort and their lead on the competition is significant at the current time.

An additional strength applicable to CryoPort is in the patented retention system that is employed throughout the entire line of CryoPort shippers. The retention system allows liquid nitrogen to expel gas, thereby preventing buildup of pressure, while the proprietary absorption material retains liquid nitrogen (think "sponge") in the interior of the dewar. In the event that the dewar is changed from an upright position during the shipping process, the CryoPort system prevents the spillage of a vast majority of the liquid nitrogen inside the dewar, thus allowing the temperature inside the dewar to remain constant.

#### Weaknesses

An item of particular concern is in cash flow management. We have been very concerned that the Company has relied too heavily on outside financing sources as a crutch for continuing the operations to date. The result of this reliance on outside funding has been that the investors who owned the company as of the date that the company began publicly trading in 2005 have effectively been diluted from 100% ownership to less than 30% ownership some 3 years later. During this span, the stock price has underperformed as a result of additional shares being added to the trading float at low prices. While this method of cash generation may be acceptable for some R&D companies, it is our opinion that production of the Express Shipper could have occurred on a limited basis at a much earlier time. Starting production earlier, and subsequently shipping the units for existing demand, would have resulted in less need for external funding sources.

On more than one prior occasion, CryoPort has attempted to secure large contracts with potential clients, only to have the deal fall through. It should be noted that it is not our opinion that the Company did something to cause the deals to fall through; in fact, we believe that it was not their fault at all and simply a result of clinical trials failing, negating the need for the CryoPort Express One-Way Shipper. However, Company management has consistently focused on a narrow client list, albeit an impressive one, and we understand that several potential customers who could have begun using small amounts of the product immediately were told that the Company could not assist them at the time. It is our opinion that the earlier the Company begins shipping and recycling the CryoPort Express Shippers the better. It will allow the Company to become familiar with the recycling program and will result in revenues for the Company which can be used to offset the current burn rate.

Cash flow is a critical component for any company and this is an area in which we believe the Company has not met expectations. On December 6, 2007 the Company announced that it had started production of the CryoPort Express Shipper and that it was building inventory. However, a review of the quarterly report ending June 30, 2008 would indicate that the

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Company has not manufactured much inventory to date. It seems strange that a Company that is on the verge of a services rollout to multiple billion dollar clients would not be building up as much inventory as possible. If the system is as large as it has being rumored, one would think that having the inventory ready to launch would not only be a proper course of action, but a necessary one.

Based on CryoPort's recently filed Form S-1 with the SEC, we calculate the current burn rate would fall into the \$250,000 - \$300,000 per month range. A major concern with the burn rate is in the financing costs, which is prohibitive for a company that has no sales. Right now the Company basically takes money that was loaned to the Company and uses it to pay some expenses and pays back the money due on the loans in finance charges. There is no winner in this scenario. The private equity group wants to convert and see their assets grow, but if CryoPort is paying them back with the same money that was loaned, they are not making progress. The other option is to pay in stock, which is okay for the private equity group, but results in continual dilution to the shareholders. Either way, with approximately \$2,100,000 of cash on hand at the time of the Form S-1 filing, we believe that the Company has approximately 6-9 months of working capital remaining before they would be required to seek additional capital. Given the current condition of the credit markets, we believe that it will prove more difficult to raise additional capital in the upcoming quarters. Additionally, we believe that future funding at current stock levels would meet a great deal of shareholder resistance, quite possibly resulting in management changes. We will continue to monitor this area of financial performance as time goes on and report any significant findings in future updates.

### **Opportunities**

Current management is well suited to the development of the shipper, particularly from an engineering perspective. While we do not feel that the Company has moved into a production status at a pace that most shareholders desired, we would be remiss not to point out that it is largely due to Mr. Berry's efforts that the Company finds itself in the position that it does. His expertise in the design and manufacturing of the CryoPort Express Shipper was critical to the products success and he should be commended for that effort.

It is our belief that in the future, the executive management team at CryoPort will have to transition from one focused on R&D into one that is more focused on marketing and sales. Whether or not those skill sets are currently in the employee structure at CryoPort will be determined at a later time. However, all businesses must focus on the sales of their products and as we mentioned in the prior section, it is our opinion that the Company has not met shareholder expectation in this area. While that might be seen as a negative, the Company has managed to survive in spite of a lack of sales and if the current expectations of a significant sales event materializes in the very near future, sales could go from being a weakness to a strength.

Once a contract is in place to begin actually shipping the CryoPort Express, another aspect of opportunity should open up. For some time we have been a proponent of getting the stock in front of a larger audience. Over the past three quarters, CryoPort has released public announcements that have included the names of such companies as Quest Diagnostics (NYSE: [DGX](#)) and FedEx (NYSE: [FDX](#)). However, unlike this report, the trading symbols of these companies were not included in the press releases, resulting in a lack of awareness by investors in these potential partner companies. As a result, we believe that CryoPort lost out on several opportunities to get their message in front of a much larger potential investor base. We are hopeful that CryoPort will make sure to get the trading symbols into future releases as it will put the news in front of the investment universe

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that includes large, global players. Once this occurs, we believe that investors, who have not yet heard of CryoPort, will start to look into the stock and new investments are likely to be made in the stock. This should provide a very positive impact on the stock, particularly if the "significant sales event" (as described by Mr. Berry) is truly significant. Either way, better exposure for the Company should be a positive influence on the stock.

### Threats

Our primary concern for the Company is the threat of running out of cash. In prior reports, management has indicated sufficient cash for 24 months of operations. We don't believe that the current cash on hand will last more than 6-9 additional months if the Company does not begin shipping product. As mentioned earlier, current conditions in the credit market are such that future funding is likely to be much more difficult than in prior years. We would expect a funding group to have to raise a substantial amount of money to obtain a senior secured debtor position and it is likely that the pricing of the deal would not be favorable to existing shareholders. As pricing would likely be reduced to ensure a deal is completed, additional dilution to existing shareholders would be expected. Again, it is our opinion that if this scenario was to play out, shareholders would likely remove the current management team before a deal of this nature could be contemplated.

Another threat to CryoPort can be recognized from competitors in the cryogenics industry that have the ability to develop and compete in low dose shippers. Most of the competition is made up of smaller players without sufficient resources, and although they could enter the market, it would take them time. The more imminent threat comes from relatively few, but larger, established players that have the financial ability to fast track the development of a low dose shipper and thereby lessen CryoPort's advantage of being first to market. While we believe that CryoPort would have approximately 12-18 months to strengthen its position as the market leader, a company with sufficient resources could certainly test that theory.

### Potential Partners and Customers

The following list is certainly not all inclusive, and there may be some companies listed that turn out not to have products that would utilize cold shipping, however, based on our research, each of the following companies could benefit from utilizing the CryoPort One-Way Express Shipper System.

- Potential Shipping Partners

Shipping partners listed below only include major express carriers. It is certainly plausible, perhaps even probable, that CryoPort will have relationships with other, smaller, localized carriers as the CryoPort Express rollout is brought out and geographical constraints become known. As we learn of other carriers that would make a reasonable match for CryoPort, we will include them in future updates.

- o FedEx (NYSE: [FDX](#))
- o UPS (NYSE: [UPS](#))
- o DHL (Subsidiary of Deutsche Post World Net: XETRA: [DPW](#))
- o TNT N.V. (Amsterdam: [TNT.AS](#))

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- Potential Customers

There are countless numbers of companies that CryoPort could potentially target as customers. However, based on CryoPort management's apparent desire to limit the initial rollout to specific larger customers, in an effort to avoid being bogged down out of the gate with small orders, we have identified the following companies that we believe are likely to be on the list:

- Laboratories and Testing Centers
  - Quest Diagnostics (NYSE: [DGX](#))
  - Laboratory Corporation of America (NYSE: [LH](#))
  - Bio-Reference Laboratories, Inc. (NASDAQ: [BRLI](#))
  - Genoptix, Inc. (NASDAQ: [GXDX](#))
- Clinical Research Organizations ("CRO"s)
  - Covance, Inc. (NYSE: [CVD](#))
  - PAREXEL International Corporation (NASDAQ: [PRXL](#))
  - ICON plc (NASDAQ: [ICLR](#))
  - Kendle International Inc. (NASDAQ: [KNDL](#))
  - Pharmaceutical Product Development, Inc. (NASDAQ: [PPDI](#))
  - PharmaNet Development Group Inc. (NASDAQ: [PDGI](#))
  - Life Sciences Research Inc. (NYSE: [LSR](#))
  - Encorium Group, Inc. (NASDAQ: [ENCO](#))
- Pharmaceuticals
  - Merck & Co. Inc. (NYSE: [MRK](#))
  - Pfizer Inc. (NYSE: [PFE](#))
  - Bristol-Myers Squibb Co. (NYSE: [BMY](#))
  - Sanofi-Aventis SA (NYSE: [SNY](#))
  - Schering-Plough (NYSE: [SGP](#))
  - Baxter International (NYSE: [BAX](#))
  - Genentech (NASDAQ: [GENE](#))
  - Bayer (XETRA: [BAY.DE](#))
  - GlaxoSmithKline (NYSE: [GSK](#))
  - Novartis AG ADS (NYSE: [NVS](#))
  - Abbot Labs (NYSE: [ABT](#))
  - Eli Lilly & Co. (NYSE: [LLY](#))
  - Wyeth (NYSE: [WYE](#))
  - Amgen (NASDAQ: [AMGN](#))
  - AstraZeneca (NYSE: [AZN](#))
  - Johnson & Johnson (NYSE: [JNJ](#))

There are other industries not included in this report that could benefit from the efficiencies of the cryogenic shipping, including: Agriculture, Stem Cell Research Organizations, assisted human reproductive centers, animal breeding facilities and more.

**See disclosures on final page of this report.**

# MCMG Equity Report CryoPort, Inc.

## CRYOPORT, INC. CONSOLIDATED BALANCE SHEETS

	June 30, 2008	March 31, 2008
<b>ASSETS</b>	(Unaudited)	
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,189,698	\$ 2,231,031
Restricted cash	205,920	203,670
Accounts receivable, net	2,051	21,411
Inventories	195,036	121,952
Prepaid expenses and other current assets	154,940	153,016
<b>Total current assets</b>	<b>2,747,645</b>	<b>2,731,080</b>
Fixed assets, net	208,720	193,852
Intangible assets, net	1,107	474
Deferred financing costs, net	104,084	325,769
Other assets	178,787	209,714
	<b>\$ 3,240,343</b>	<b>\$ 3,460,889</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 235,859	\$ 234,298
Accrued expenses	104,446	95,048
Accrued warranty costs	24,368	29,993
Accrued salaries and related	133,749	138,103
Current portion of convertible notes payable and accrued interest, net of discount of \$860,886 at June 30, 2008 and \$1,039,844 at March 31, 2008	2,144,437	902,486
Line of credit and accrued interest	103,349	115,943
Current portion of related party notes payable	150,000	150,000
Current portion of note payable to officer	72,000	72,000
Current portion of note payable	-	12,000
<b>Total current liabilities</b>	<b>2,968,208</b>	<b>1,749,871</b>
Related party notes payable and accrued interest, net of current portion	1,570,678	1,582,084
Convertible notes payable, net of current portion and discount of \$2,760,796 at June 30, 2008 and \$2,482,513 at March 31, 2008	-	-
Note payable to officer and accrued interest, net of current portion	114,058	129,115
<b>Total liabilities</b>	<b>4,652,944</b>	<b>3,461,070</b>
<b>Stockholders' deficit:</b>		
Common stock, \$0.001 par value; 125,000,000 shares authorized; 41,089,703 at June 30, 2008 and 40,928,225 at March 31, 2008 shares issued and outstanding	41,090	40,929
Additional paid-in capital	20,697,994	13,888,094
Accumulated deficit	(22,151,685)	(13,929,204)
<b>Total stockholders' deficit</b>	<b>(1,412,601)</b>	<b>(181)</b>
	<b>\$ 3,240,343</b>	<b>\$ 3,460,889</b>

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# MCMG Equity Report CryoPort, Inc.

## CRYOPORT, INC. CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	For The Three Months Ended June 30,	
	2008	2007
Net sales	\$ 13,424	\$ 5,541
Cost of sales	118,378	68,307
Gross loss	(104,954)	(62,766)
Operating expenses:		
Selling, general and administrative expenses	560,040	594,555
Research and development expenses	110,791	28,587
Total operating expenses	670,831	623,142
Loss from operations	(775,785)	(685,908)
Other income (expense):		
Interest income	12,814	-
Interest expense	(555,769)	(58,000)
Loss on extinguishment of debt	(6,902,941)	-
Total other expense, net	(7,445,896)	(58,000)
Loss before income taxes	(8,221,681)	(743,908)
Income taxes	800	1,600
Net loss	\$ (8,222,481)	\$ (745,508)
Net loss available to common stockholders per common share:		
Basic and diluted loss per common share	\$ (0.20)	\$ (0.02)
Basic and diluted weighted average common shares outstanding	41,018,074	37,890,100

**See disclosures on final page of this report.**

# MCMG Equity Report CryoPort, Inc.

## CRYOPORT, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	3 Months Ended June 30,	
	2008	2007
Cash flows from operating activities:		
Net loss	\$ (8,222,481)	\$ (745,508)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	14,631	6,923
Amortization of deferred financing costs	17,162	4,699
Amortization of debt discount	418,275	29,638
Stock issued to consultants	28,500	382,500
Fair value of stock options and warrants issued to employees and directors	53,887	-
Loss on extinguishment of debt	6,902,941	-
Interest earned on restricted cash	(2,250)	-
Changes in operating assets and liabilities:		
Accounts receivable	19,360	7,838
Inventories	(73,084)	(1,390)
Prepaid expenses and other assets	29,001	-
Accounts payable	1,561	(13,694)
Accrued expenses	9,398	6,903
Accrued warranty costs	(5,625)	375
Accrued salaries and related	(4,354)	(14,150)
Accrued interest	118,164	22,688
Net cash used in operating activities	(694,914)	(313,178)
Cash flows from investing activities:		
Payment of trademark costs	(633)	-
Purchases of fixed assets	(29,499)	(2,805)
Net cash used in investing activities	(30,132)	(2,805)
Cash flows from financing activities:		
Net proceeds from borrowings under convertible notes	1,062,500	-
Repayment of convertible notes	(117,720)	-
Repayment of borrowings on line of credit	(12,500)	-
Payment of deferred financing costs	(191,875)	-
Repayment of note payable	(12,000)	-
Repayments of related party notes payable	(30,000)	(15,000)
Repayments of note payable to officer	(18,000)	(9,000)
Proceeds from issuance of common stock, net	-	554,140
Proceeds from exercise of options and warrants	3,308	100,000
Net cash provided by financing activities	683,713	630,140
Net change in cash and cash equivalents	(41,333)	314,157
Cash and cash equivalents, beginning of period	2,231,031	264,392
Cash and cash equivalents, end of period	\$ 2,189,698	\$ 578,549

**See disclosures on final page of this report.**

# MCMG Equity Report CryoPort, Inc.

CRYOPORT, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued  
(Unaudited)

For The Three Months  
Ended June 30,  
2008      2007

Supplemental disclosure of cash flow information:

Cash paid during the period for:

Interest	\$ 5,620	\$ -
Income taxes	\$ 800	\$ 1,600

Supplemental disclosure of non-cash activities:

Estimated fair value of common stock issued and warrants granted in connection with consulting agreement	\$ 28,500	\$ 349,834
Deferred financing costs in connection with convertible debt financing	\$ 84,202	\$ -
Debt discount in connection with convertible debt financing	\$1,250,000	\$ -
Conversion of debt and accrued interest to common stock	\$ 5,446	\$ 105,679
Cashless exercise of warrants	\$ 150	\$ -
Cancellation of shares issued for debt principal reductions	\$ 117,720	\$ -
Estimated fair value of warrants issued in connection of debt modification	\$5,858,344	\$ -

- See accompanying notes to unaudited consolidated financial statements via public filings

**See disclosures on final page of this report.**

# **MCMG Equity Report CryoPort, Inc.**

## **Summary and Opinion**

CryoPort offers investors a unique opportunity to invest in a company that is using a disruptive technology to force change upon an established industry. Often times the only way to participate in a business at this stage is through private equity. In fact, the latest round of financing was provided by private equity at prices that are above the current market price. What that effectively does is allows individual investors to purchase stock at a price below the effective conversion price held by the senior debtor of the firm. This could prove to be a positive indicator of a good value as private equity firms usually receive preferential treatment when pricing their shares.

The cost effectiveness combined with the efficiencies that are found in dry vapor shipping effectively makes the current shipping practice of dry ice neither the best choice nor economically feasible. CryoPort remains an undiscovered micro cap stock at the current time, but we believe that upon the expected public announcement that the Company has secured a significant contract, or contracts, with a large, well known company(s), the veil of secrecy will finally be removed and CryoPort will be in a position to properly market itself, both from a product standpoint to shipping clients who make up the cold chain, but also to the financial markets in support of its stock.

Due to the fundamental design of the CryoPort Express One-Way Shipper System and the recycling of the shipping vessel, there exists high profitability potential that can be applied to a multi-billion dollar shipping market. These markets have significant current demand on the current antiquated use of dry ice. We believe that CryoPort will be in a superior position to significantly impact the existing dry ice shipping market, with even higher potential upside demand in future markets when liquid nitrogen shipping is the accepted standard.

Our opinion is that net margins for the Company will conservatively be above 12% profit in the first year. We expect an increase in profitability in 2010 and beyond as growth in the manufacturing and recycling processes are likely to achieve economies of scale which should result in profit margins improving. Additionally, as improvements are made to the shipping containers in an effort to extend their life, resulting in more shipments per unit over its lifetime, we expect margins to improve to the 18%-20% range.

We remain impressed by the size of the markets that currently make up the cold chain and are confident that these markets will continue to experience growth for the foreseeable future.

While there is certainly impressive upside potential with CryoPort, there also exist certain risks that are unavoidable at the present time. Failure to secure a deal in the very near term would significantly jeopardize the Company's current cash position as the burn rate would indicate no more than 6-9 months of remaining cash.

Another potential problem could be found upon mass production of the containers. To date, only small manufacturing runs have been achieved, as evidenced by the small amount of inventory shown in the Company's financial statements. When moving to mass manufacturing for the first time, a prudent investor should factor in a risk parameter that the Company could experience problems upon product rollout.

**See disclosures on final page of this report.**

## MCMG Equity Report CryoPort, Inc.

As there is a question as to how long the cash will last if production is not commenced very soon, and given that the rollout and sales have yet to develop past a primordium level, one would be lacking in due diligence if it was not pointed out that there is not a valid method currently available to measure the performance of the management team. While it would not be fair to simply assign a failing grade because sales and manufacturing have yet to materialize, it would also not be a reasonable measure to assume that the management team has been successful either. In our opinion, the Oct-Dec 2008 time frame will be a turning point for the Company. We fully expect, based on the expectations exhibited by management via public testimony that a deal will be publicly announced before the end of the quarter. If a deal is not announced by this time frame, we are under the impression that there is a sizeable base of shareholders who will seek to implement changes.

*We should note that while we agree that management change would be appropriate if a deal is not completed in the very near future, it is also our opinion that such a change will not be necessary. We believe that the Company will finalize and publicly announce a deal before that time.*

CryoPort stock remains relatively illiquid at the present time. In our opinion, the lack of attention to this stock is primarily due to a lack of verifiable and measurable news flow. To date, investors have been unable to verify the company's claims in regards to marketing arrangements and clients. Generally speaking, if two public companies are working together, press releases that include both parties' name in the release would also include the trading symbols of each company in the release. To date, CryoPort has issued several press releases that included other public companies, including: FedEx (NYSE: [FDX](#)), Quest Diagnostics (NYSE: [DGX](#)) and DuPont (NYSE: [DD](#)), but the trading symbols have been absent. The inclusion of trading symbols in these releases should not be ignored. If trading symbols are included in these releases, a very large number of investors who have never heard of CryoPort would be aware of the Company and its relationships with other large players. We think this exposure for a small company like CryoPort is important because the universe of investors that is currently watching the stock is very small. When the number of investors that watches this stock increases (potentially dramatically) we believe that many new investors will begin to consider investing in the stock.

The Company remains basically in a pre-revenue state and there are no real measurable financials to revue at this time. This causes a lack of attention from Wall Street because the Company does not fit into the traditional models that investors use to determine which stocks they will consider for investment. The lack of production and the resulting miniscule inventory buildup has resulted in many investors losing interest in the stock. Combined, this lack of overall quality news flow has resulted in low trading volume and a continued downward pressure on the stock price.

All of these risks can be lowered significantly if and when the Company closes a major agreement with a CRO, diagnostic lab or pharmaceutical manufacturer. We believe that this will develop in the very near future. In our opinion, CryoPort is now exiting the R&D portion of its lifecycle and is entering a new phase focused on manufacturing and sales. The results of this transition should be that CryoPort becomes a cash generator as opposed to a company constantly in search of cash to ensure survival.

**See disclosures on final page of this report.**

## MCMG Equity Report CryoPort, Inc.

If an investor doesn't believe in the potential of the CryoPort Express One-Way Shipper, then without question the stock is overvalued and the Company will fail. However, if one believes in the product and the significant impact that it could have on cold chain shipping, then the only opinion would be that the stock is undervalued at this time.

*We currently share the opinion that the stock is undervalued and represents an opportunity to own stock in a fledgling company that has a disruptive technology which is going to change cold chain shipping in the very near future.*

The following projections are based on information that we have gathered from various parties involved in multiple levels of cold chain shipping that we believe could eventually be involved in some manner with the CryoPort Express One-Way Shipper. Please note that the Company has not yet started shipping their product in bulk, so these forecast are based on what we currently believe will represent "achievable revenues" during the stated periods. We forecast that in 2010 & 2011 the Company will be able to double its 2009 revenues on a year over year basis. We also forecast that as the market begins to mature and competition begins to enter the market, growth rates will slow by approximately 10% per year.

Fiscal 2009: \$ 50M Revenue Forecast  
Fiscal 2010: \$100M Revenue Forecast (100% Revenue Growth)  
Fiscal 2011: \$200M Revenue Forecast (100% Revenue Growth)  
Fiscal 2012: \$380M Revenue Forecast (90% Revenue Growth)

We currently estimate the cost to ship a CryoPort Express package will be \$100 per "Round Trip" on an average basis. This price estimate reflects an average price spread over all shipments (both long haul and short haul). Our round trip calculation includes a rental fee plus the average shipping charge to send the shipper to its destination and return the shipper to the recycling facility. As information becomes publicly available by which we can measure the actual cost, we will modify our numbers as necessary.

Our 2009 revenue forecast results in approximately 500,000 shipments in Fiscal 2009 (April 1, 2009 - March 31, 2010). This volume breaks down to approximately 42,000 shipments per month, requiring approximately 21,000 units of inventory, assuming individual shippers are recycled and shipped at a minimum rate of 2 times per month. We believe that CryoPort can comfortably meet this manufacturing requirement in its current location. In the event that a large client wanted a significantly higher quantity, we are of the opinion that CryoPort is well positioned to either establish a separate manufacturing facility to handle the increase in demand, or it could utilize an outsourcing relationship, which according to the Company's regulatory filings has already been identified. It is our opinion that a large single client order is a realistic scenario after the One-Way Express Shipper proves itself to the marketplace in larger shipping volumes.

2009 Net Income: \$6.0M (12% bottom line profit margin). We believe 12% to be a low estimate, but with uncertainty as to startup costs, we would rather utilize a conservative estimate and be surprised to the upside as opposed to being too aggressive and being disappointed to the downside. We would expect margins to improve over time which could improve ratios in future periods.

Fiscal 2009: \$ 6.0M Net Income Forecast (@ 12% net margin)  
Fiscal 2010: \$13.0M Net Income Forecast (@ 13% net margin)  
Fiscal 2011: \$28.0M Net Income Forecast (@ 14% net margin)  
Fiscal 2012: \$57.0M Net Income Forecast (@ 15% net margin)

**See disclosures on final page of this report.**

# MCMG Equity Report

## CryoPort, Inc.

2009 EPS estimate: \$0.15 EPS (calculated on 41M TSO). Total Shares Outstanding (TSO) estimates are based off public filings as of time of writing. TSO is likely to increase as CryoPort continues to issue stock in lieu of cash to make interest payments on debt obligations and as options and warrants are exercised and as debt financing is converted into equity. As TSO changes in future regulatory filings, we will update our estimates accordingly at that time.

There are numerous methods that investors employ to determine fair value of a security. We tend to agree with the old Peter Lynch claim that valuation of a security should be relative to the potential growth of the company. We prefer to align the Price/Earnings of a stock with the annual growth rate. And while the "PEG ratio" is an approximation based on future earnings and growth rates, it is our opinion that a security is generally fairly valued with a ratio of 1.0 with an allowance of variation for stock volatility.

$$\text{PEG Ratio} = \frac{\text{Price/Earnings Ratio}}{\text{Annual EPS Growth}}$$

PEG Ratios: Year 1 = 1.00 PEG (100 P/E divided by 100% Annual Growth Rate)  
Year 2 = 1.00 PEG (100 P/E divided by a 100% Annual Growth Rate)  
Year 3 = 0.90 PEG (90 P/E divided by a 90% Annual Growth Rate)

We realize that the above PEG ratios reflect a valuation that would result in much higher stock prices than our target estimates. While we do not believe such price appreciation is unachievable, our opinion is that for the Company to achieve these ratios, everything would have to fall in line and the management team would have to execute a near flawless plan. With an eye to the overall condition of the equity markets, investors are not placing as high growth multiples on the stocks of high growth companies in these challenging economic times. The above would be representative of our opinion of the high end of the range. Instead of using the standard 1.0 PEG Ratio to determine our projected estimates, we have chosen to take a more conservative PEG ratio measure to determine our target price - primarily due to the Company just entering the initial stage of manufacturing and sales. For this reason, we are taking a 50% reduction in our PEG Ratio for value determination. Even with the significant reduction, the stock offers significant potential for price appreciation. Upon the Company successfully implementing its manufacturing process and confirmation of product shipping and recycling, we would be willing to consider upward revisions to our estimates.

Based upon the amalgamation of the information contained herein and elsewhere, we are currently looking for the following price targets on a short and mid-term basis:

**12-18 Month Price Target: \$ 7.50**

**24-30 Month Price Target: \$ 15.00**

We believe that the above estimates represent a fair valuation of CYRX stock, putting the risk versus return measures into proper perspective. The stock offers investors a unique opportunity to invest in a small, "off the radar" company that, in our opinion, will not be "off the radar" for too much longer. Our rating of "Speculative Buy" is indicative of our opinion that the stock is likely to outperform other equities in the coming quarters, with a higher comparative risk level.

**See disclosures on final page of this report.**

# **MCMG Equity Report CryoPort, Inc.**

## **Potential for Buyout**

Another aspect of this Company that we believe is a reasonable scenario to consider is the potential for a buyout. In the case of CryoPort, we believe that this potential is reasonably high. The Company has not yet influenced the market with its product, but we are of the opinion that the impact will be significant within the cold chain once the distribution channels are opened. Immediate impact of a disruptive technology will put this company on the radar screens of many potential acquirers.

In many public institutions, the shareholder base is spread amongst a large group of investors, with no significant concentration within the ownership. However, due to the high concentration of shares held by the 3 control groups mentioned earlier, there is a high probability that if a buyout was presented to shareholders that represented an attractive value proposition in relation to the future value of the stock, we believe that a deal could be approved and completed in a timely and efficient manner.

In our opinion, the major shipping companies would be the primary candidates to seek a buyout of CryoPort in an effort to get immediate benefit of the CryoPort One-Way Shipper System to their lineup of shipping alternatives. A large shipping firm would certainly have the financial and human capital requirements needed to accelerate the rollout of the program on global basis. As such, our current buyout price target reflects a 20% premium over our 24 month price target. From a buyout valuation measure, on a fully diluted basis, our Buyout Price Target represents a multiple of approximately 3.5x of our 2012 forecast revenue estimate and 25x 2012 EPS on a firm experiencing 90% year over year growth. While this may be seen as a rich valuation based on "future earnings", it is our position that an accelerated rollout would significantly alter the near term enterprise value of CryoPort as revenues and profitability would be substantially higher than our predictions and we believe that investors would rightly demand a premium to fair value.

A shipping company would certainly benefit from the multitude of efficiencies that could be achieved by incorporating the CryoPort One-Way Express Shipper System into their existing cold chain shipping platform. Additionally, and perhaps more importantly, it could allow them to establish a dominating position in the burgeoning low temperature shipping market utilizing the newest technological advances in the industry.

***Buyout Price Target: \$18.00***

**End of Report**

***Please see disclosure on the last page of this report.***

**See disclosures on final page of this report.**

# MCMG Equity Report CryoPort, Inc.

## MCMG Equity Rating Scale

<b>Buy</b>	Security expected to outperform comparable equities - with lower risk level
<b>Speculative Buy</b>	Security expected to outperform comparable equities - with higher comparative risk level
<b>Outperform</b>	Security expected to outperform comparable equities - with comparative risk level
<b>Neutral</b>	In-line performance expected with comparable equities - with comparative risk level
<b>Underperform</b>	In-Line performance expected with comparable equities – with higher comparative risk level
<b>Sell</b>	Under performance expected to comparable equities

### **Important Disclosures**

Prepared by:

Linwood C. Meehan III, MBA

Meehan Capital Management Group, Inc.

MBA '97 Rollins College (Crummer)

BBA '93 University of Georgia (Terry)

Telephone: (321) 221-2910

Facsimile: (321) 221-0263

### **Conflict of Interest Disclosure:**

Equity Ownership?

**Yes**

Compensation for Services in Past 12 Months?

**No**

Investment Banking in Past 12 Months?

**No**

Compensation received for this report?

**No**

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Additional Disclosure: From March 2005 thru August 2007, Linwood C. Meehan III was a capital markets consultant to CryoPort and received compensation for providing advisory services after the Company became publicly traded. Since August 2007 Mr. Meehan has not worked with the Company in any capacity. No compensation was received in conjunction with this report, but Mr. Meehan and clients of the MCMG Private Client Group do own equity positions.

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