

CRYO CELL INTERNATIONAL INC  
Form DEFA14A  
August 09, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**SCHEDULE 14A**

**(Rule 14a-101)**

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

**Cryo-Cell International, Inc.**  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



August 9, 2011  
Presentation to ISS  
Review of Performance and  
Shareholder Value Creation  
Ms. Mercedes Walton  
Mr. Anthony Finch  
Ms. Jill Taymans

Statements wherein the terms believes , intends , projects or expects as used are intended to reflect forward-looking statements of the Company. The information contained herein is subject to various risks, uncertainties and other factors that could cause actual results to

differ materially from the results anticipated in such forward-looking statements or paragraphs.

Readers/Audience should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission, including the most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K filed by the Company.

FORWARD-LOOKING STATEMENTS

COMPANY & INDUSTRY OVERVIEW

CCEL

Public since 1991

11.7 million

Approx. 5,000 shareholders

\$17.6 million

\$35 million

Mercedes Walton, Chairman & CEO

Jill Taymans, VP & Chief Financial Officer  
Julie Allickson, PhD, VP Lab Operations  
7 members; will be 6 at next annual meeting  
Multi-Disciplinary: Hematology/Oncology; Infectious  
Disease; Stem Cell Transplant; Clinical Pathology;  
Transfusion Medicine; OB/GYN  
1989 in Delaware  
Oldsmar, FL  
28,000 Sq. Ft.  
60 Associates  
OTC.QB  
Shares Outstanding  
FY 10 Annual Revenue  
Current Market Capitalization  
Officers  
Board of Directors  
Medical & Scientific Advisory Board  
Incorporation  
Headquarters  
PUBLIC COMPANY PROFILE

**BUSINESS OVERVIEW**

One of the world's largest and most established cord blood stem cell banks

Services

U-Cord

®

: Collection and cryopreservation of stem cells from  
umbilical cord blood

Céllé

Collection and preservation of stem cells from menstrual

Cryology

Cryopreservation and transportation coordination of  
reproductive tissue

U-Cord

®

Plus

Cord tissue and cord blood stem cell  
cryopreservation

Client Base

Over 235,000 worldwide

Markets Served

United States

Mexico, Central America, South America

India, Thailand, Malaysia, China, Pakistan

Revenue Sources

Service fees for cord blood and menstrual fluid collection and  
preservation

Recurring annual storage fees

Licensing fees and royalties from global affiliates  
fluid (MenSC)

:  
:  
:

U.S. CORD BLOOD BANKING MARKET DYNAMICS

(1)

Based on target demographics

(2)

Based on target market. First Call research estimates

Large and

Growing Market

4 million annual births

Target market: 800,000 to 1,000,000 annually

(1)

Low Penetration Rate

Current annual penetration rate: less than 8.0%

(2)

Highly-Fragmented

Approx. 25 competitors (of which two are publicly traded)

PKN and CBAI)

3 companies hold 75 -

80% market share

High Barriers to Entry

Increased government regulation

Significant capital investment

High costs of operation

Increasing presence of public cord blood banks

CRYO-CELL PERFORMANCE HIGHLIGHTS: FY2010

Proven Financial Performance

Cash Flow Positive

Growing installed base

Technology License Royalties

Strong cash position

No long-term debt

Expansive IP Portfolio

U-CORD®

SPECIMENS PROCESSED AND STORED (CUMULATIVE)

Established Client Base -  
Loyal customer base driving repeat business and  
client referrals  
Expanding Global Presence -  
Leveraging turnkey business model  
Highly Differentiated Marketing Message -  
Potential therapeutic applications

for major diseases increasing interest and value of stem cell banking  
Targeted Marketing Initiatives

Leveraging highly scalable internet  
marketing, call center support and clinical services strategies to target and grow  
consumer and professional markets

Product  
Diversification

Introduced

Céllé  
service

in  
November  
2007.

and  
commenced pre-clinical studies of the technology: Protect Baby, Protect Mom  
Proprietary IP

Several MenSC research & development collaborations  
underway by strategic alliances/partners utilizing Cryo-Cell's proprietary  
technology

CRYO-CELL GROWTH DRIVERS

STOCK PRICE PERFORMANCE

STOCK PRICE PERFORMANCE

STOCK PRICE PERFORMANCE

Source: Capital IQ

Note: Stem Cell/Cord Bank Index includes: (DB:V3V, NYSE:CO, AMEX:NBS, GTSM:1784, ENXTAM:CRYO, OTCBB:CF

U CORD BLOOD AND CÉLLE ARE COMPLEMENTARY

Umbilical Cord Blood

CÉLLE

Therapeutic Use:

Leukemia & Lymphoma,

Blood disorders,

Immune diseases

Currently in Pre-Clinical  
trials for Diabetes,  
Cardiac disorders,  
Urinary incontinence &  
Diagnosis of  
endometriosis, Wound  
healing, Blood vessel  
formation, Cell tracking  
in a breast cancer  
model,

Stroke

Markers Expressed:

CD34, CD45

Adult

MSC

&

ESC

Markers

Ease of Collection:

Yes

Yes

Proliferative Capacity:

Yes, blood

Yes, undifferentiated

Limited Cell Dose:

Yes

No

RESEARCH & DEVELOPMENT PIPELINE

Partner

Indication

Description

Status

Cryopraxis Cryobiology Ltd

Urinary Incontinence &

Diagnosis of endometriosis  
Endometrial Menstrual Stem  
Cells (MenSCs)  
Pre-clinical  
Snyder Wound Research  
Institute  
Wound healing  
Endometrial Menstrual Stem  
Cells (MenSCs)  
Pre-clinical  
EndGenitor Technologies  
Blood Vessel Formation  
Umbilical cord blood and  
endometrial menstrual blood  
derived stem cells (MenSCs)  
Pre-clinical  
University of Miami  
Diabetes  
Endometrial Menstrual Stem  
Cells (MenSCs)  
Pre-clinical  
Saneron CCEL Therapeutics,  
Inc  
Stroke  
Endometrial Menstrual Stem  
Cells (MenSCs)  
Pre-clinical  
S-Evans Biosciences  
Various  
Endometrial Menstrual Stem  
Cells (MenSCs)  
Pre-clinical  
Monash University  
Multiple Sclerosis  
Endometrial Menstrual Stem  
Cells (MenSCs)  
Pre-clinical

FINANCIAL SUMMARY

FY  
2010  
FY  
2009  
FY  
2008

FY2007

FY2006

Revenue-processing and storage

\$16.1M

\$16.3M

\$17.3M

\$17.5M

\$17.2M

Revenue-licensee income

\$1.5M

\$1.3M

\$1.0M

\$951K

\$927K

Gross Profit

74.5%

74.3%

64.7%

64.2%

66.5%

Net Income (Loss)

\$3.4M

\$1.6M

(\$741K)

(\$5.0M)

(\$2.8M)

Earnings (Loss)/ Share

\$0.29

\$0.14

(\$0.06)

(\$0.43)

(\$0.24)

Cash & Equivalents

\$9.5M

\$8.0M

\$4.7M

\$4.4M

\$8.5M

117%

Revenue

growth,

fiscal

2003

2010

Revenue has been flat over the last three years

-

Economic trends affecting discretionary consumer spending

-

Public cord blood banking

CRYO-CELL COMPETITIVE ADVANTAGES

Proprietary IP

Céle Technology Portfolio

Advancing Women's Healthcare

Isolation of the Céle menstrual stem cell offers new therapeutic potential

Future Potential Revenues  
Therapeutic Commercialization  
Superior Quality Accreditations

FDA registered

Fully licensed and accredited by AABB (formerly American Association Blood Banks) ; ISO 9001:2000  
State-of-the-Art Manufacturing Facility  
Certified Current Good Manufacturing/Good Tissue Practice compliant (cGMP/cGTP)  
Growing Royalties From Global Affiliates  
Latin American Expansion (Mexico, Brazil, Venezuela, Ecuador, Panama, El Salvador, Guatemala, Honduras, Nicaragua, Chile, Colombia, Peru, Curacao, Aruba, St. Maarten)  
Southeast Asia (India, China, Thailand, Pakistan)  
Middle East (Dubai, Saudi Arabia, UAI, Kuwait, Bangladesh, Nepal, Sri Lanka, Bhutan, Maldives, Oman)  
Europe (Italy, Germany, Spain, UK, Ireland)  
Commercial Partnerships  
35% equity stake in R&D partner, Saneron CCEL Therapeutics, Inc.  
and worldwide marketing rights to any  
products developed

Growth Strategy: Looking to the Future

Strategic:

Organic:

Global affiliate growth

Next Generation

services

Further diversification of service offering

Highly differentiated platform for women's healthcare

R&D platform

Geographical expansion

Expansion of IP portfolio

Technology license opportunities

Clinical development

M&A opportunities

The Future is Bright

To summarize, Cryo-Cell has:

Over 235,000 clients worldwide

24 global license affiliates

Céllé, the world's only menstrual stem cell service

An expansive intellectual property portfolio of proprietary menstrual stem cell technology

Strategic partnerships with globally renowned stem cell researchers  
Unprecedented self-funded research and development business model  
Expanded new services including Protect Baby, Protect Mom®  
U-Cord  
Plus®, P3®, and Cryology Reproductive Tissue Storage®  
Ten consecutive quarters of operating profitability and two consecutive  
quarters of double-digit unit growth and revenue growth  
\$9.3  
million  
in  
cash,  
cash  
equivalents  
and  
marketable  
securities  
and  
no  
long-term debt at the end of second quarter 2011  
An increase in share price of 194% year-over-year: \$3.67 at the end of  
second quarter 2011 versus \$1.25 at the end of second quarter 2010

PROXY CONTEST

**THE PORTNOY GROUP**

David Portnoy is seeking 5 of 6 director seats

Portnoy is effectively seeking to take control of Cryo-Cell without paying a control premium to shareholders

Portnoy rejected the Company's offer of one seat (which is proportionate to his group's ownership of Cryo-Cell)

The Portnoy Group does not provide Cryo-Cell or its stockholders with any

plan to add shareholder value

**STRONG CORPORATE GOVERNANCE PRINCIPLES**

The Company has an annually elected board; all but CEO are independent

Cryo-Cell has an independent lead director

The Audit, Compensation, and Nominating & Governance Committees are comprised solely of independent directors

The Company does not have a poison pill

Shareholders may act by written consent

OUR NOMINEES

Scott  
Christian

--  
more  
than  
30

years  
of  
financial  
management  
experience  
with  
companies such  
as Automatic Data Processing, Ceridian Corporation, Norstan,  
Spanlink  
Communications  
and  
XATA,  
in  
successively  
expanded  
roles  
from  
Senior  
Vice  
President  
of  
Finance  
through  
Chief  
Financial  
Officer  
to  
the  
CEO  
level.  
Experience in global communications solutions and services and deep  
knowledge of financial management.

Andrew J. Filipowski

--

entrepreneur who has founded several businesses over  
the past 25 years. Brings to the Cryo-Cell boardroom the perspective of a large  
stockholder (currently owns in excess of 5.5% of Cryo-Cell)

OUR NOMINEES

Anthony P. Finch

--

35 years of experience in cell separation and cryopreservation of cellular products. Currently serves as Chief Scientific Officer of the Irish National Blood Centre and National Tissue Typing Reference Laboratory. Has over 20 years experience in cord blood processing and pioneered the fractionation and isolation of

cord blood  
stem  
cells  
for  
small  
volume  
cryogenic  
storage  
and  
has  
developed  
large

scale processing in line with current Good Manufacturing Practice (cGMP). Has established several cord blood stem cell banks in the United States, Europe and Asia. Brings his wealth of experience and expertise in cord blood stem research, management, organization and processing. He is a Fellow of both the Academy of Medical Laboratory Sciences and Institute of Biomedical Sciences, and is a member of the Cord Blood Stem Cell International Society.

James P. Pellow Ed.D

--

over 25 years of professional experience and has served as a director of public companies in various roles, including lead director, chairman of the governance committee and member of the audit committee. Has significant corporate governance experience. Serves as CEO and president of the Council on International Educational Exchange (CIEE). Served as the executive vice president and chief operating officer of St. John's University from 1999 until May 2011 and in various other capacities since 1991. Previously was a certified public accountant with Coopers & Lybrand and a municipal bond trader with Chapdelaine & Co.

OUR NOMINEES

Anthony Atala, M.D., --

25 years of professional experience and globally recognized stem cell researcher in the area of regenerative medicine. Current work focuses on growing new human cells, tissues and organs. Serves as Director of the Wake Forest Institute for Regenerative Medicine with a team of over 160 physicians and researchers and is the W.H. Boyce Professor and Chair of the Department of

Urology at Wake Forest University. Works with several journals and serves in various roles, including Editor-in-Chief of Stem Cells Translational Medicine and Current Stem Cell Research and Therapy. Has served as a director on several boards. Currently an NIH Quantum Grant awardee and has published more than 250 journal articles; has applied for or received over 200 national and international patents.

Mercedes Walton

--

35 years of corporate management experience with significant senior executive expertise in the creation and implementation of innovative commercialization strategies for a variety of enterprises including AT&T; Applied Digital Solutions, Inc. and Digital Angel. Principal inventor on the expansive intellectual property portfolio of global patent-pending Célle menstrual stem cell technology applications assigned to the Company. Has served on the board of directors of five publicly traded companies in the biotechnology and communication services sectors.

#### PORTNOY S NOMINEES

In sharp contrast to the Cryo-Cell Board nominated slate, the Portnoy Group s nominees have no relevant indicated experience in the stem cell preservation industry, business of regenerative science or relevant public company operating experience. The Portnoy Group consists of a hand-picked group of individuals who appear to have long-time personal and business relationships with David Portnoy:

Mark and David Portnoy -- brothers with no known relevant experience  
Harold Berger -- an accountant who provides accounting services to Mark  
Portnoy and certain entities controlled by Mark Portnoy  
George Gaines -- a consultant to entities seeking to structure and raise  
capital for private equity funds  
Jonathan H. Wheeler, M.D., an OB/GYN

PORTNOY S SLATE IS NOT QUALIFIED TO SERVE  
CRYO-CELL SHAREHOLDERS

Portnoy s Slate Brings:

No Insight

No Business Plan

No Strategy

No Track Record

No relevant indicated experience in the stem cell preservation industry

No relevant indicated experience in the business of regenerative science

No relevant public company operating experience

