

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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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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

