TIME WARNER INC.
Form DEF 14A
March 31, 2008
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

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))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

Time Warner 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):

x 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:

(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:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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March 31, 2008

Dear Fellow Stockholder:

You are cordially invited to attend Time Warner Inc. s 2008 Annual Meeting of Stockholders. The meeting will be held on Friday, May 16, 2008, at 10:00 am (local time) at the Omni Hotel at CNN Center in Atlanta, Georgia. A map with directions to the meeting is provided on the back cover of this Proxy Statement.

This Proxy Statement not only describes the items that stockholders are being asked to consider and vote on at the Annual Meeting, but also provides you with important information about your Company.

As a stockholder, you will be asked to vote on a number of important matters. We encourage you to vote on all the matters listed in the enclosed Notice of Annual Meeting of Stockholders and Proxy Statement. The Board of Directors recommends a vote **FOR** each of the Company proposals described as Proposals 1, 2, 3 and 4 in the Proxy Statement and **AGAINST** the stockholder proposal described as Proposal 5 in the Proxy Statement.

Whether or not you plan to attend the Annual Meeting of Stockholders in person, your vote is important. After reading the enclosed Notice and Proxy Statement, **please promptly submit your proxy by telephone, Internet or mail**. If you submit your proxy over the Internet, you will have the opportunity to agree to receive future stockholder documents electronically via e-mail, and we encourage you to do so. If you choose to vote this year by traditional proxy or instruction card, please sign, date and mail the card in the envelope provided.

If you are planning to attend the Annual Meeting in person, because of security procedures, **you will need to register in advance to gain admission to the meeting**. In addition to registering in advance, **you will be required to present government-issued photo identification** (*e.g.*, driver s license or passport) to enter the Omni Hotel on the day of the Annual Meeting. Inspection of vehicles, packages and bags and checking of bags, among other measures, may be employed to enhance the security of those attending the meeting. These procedures may require additional time. Please plan accordingly. You can register by calling (866) 771-8463 by Wednesday, May 14, 2008. If you are unable to attend the meeting in person, you may hear the audiocast live on the Internet at *www.timewarner.com/annualmeetingmaterials*.

We look forward to greeting those of you who are able to attend the Annual Meeting in Atlanta.

Sincerely,

Richard D. Parsons	Jeffrey L. Bewkes
Chairman of the Board	*President and Chief Executive Officer*

YOUR VOTE IS IMPORTANT. PLEASE PROMPTLY SUBMIT YOUR PROXY

BY TELEPHONE, INTERNET OR MAIL.

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Time Warner Inc.

One Time Warner Center

New York, NY 10019-8016

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting (the Annual Meeting) of Stockholders of Time Warner Inc. (the Company) will be held on Friday, May 16, 2008 at 10:00 am (local time). The meeting will take place at:

Omni Hotel at CNN Center

Grand Ballroom, M4 Level, North Tower

100 CNN Center

Atlanta, GA 30303

(see directions and parking instructions on back cover)

The purposes of the meeting are:

1. To elect 12 directors for a term of one year and until their successors are duly elected and qualified;

2. To consider and approve the Company s proposal to amend the Company s Restated Certificate of Incorporation to eliminate the remaining super-majority vote requirements;

3. To consider and approve the Amended and Restated Time Warner Inc. Annual Bonus Plan for Executive Officers to preserve the Company s tax deductions;

4. To ratify the appointment of the firm of Ernst & Young LLP as independent auditors of the Company for 2008;

5. To consider and vote on the stockholder proposal described in the attached Proxy Statement, if properly presented at the Annual Meeting; and

6. To transact such other business as may properly come before the Annual Meeting.

The close of business on March 21, 2008 is the record date for determining stockholders entitled to vote at the Annual Meeting. Only holders of the Company s common stock as of the record date are entitled to vote on some or all of the matters listed in this Notice of Annual Meeting.

Whether or not you plan to attend the Annual Meeting in person, please sign and date the enclosed proxy and return it promptly in the enclosed pre-addressed reply envelope or submit your proxy by telephone or the Internet. Any stockholder of record who is present at the meeting may vote in person instead of by proxy, thereby canceling any previous proxy. You may not appoint more than three persons to act as your proxy at the meeting.

Please note that, if you plan to attend the Annual Meeting in person, you will need to register in advance to be admitted. You may register in advance by telephone at (866) 771-8463. The Annual Meeting will start promptly at 10:00 am. To avoid disruption, admission may be limited once the meeting begins.

TIME WARNER INC.

PAUL F. WASHINGTON

Secretary

March 31, 2008

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TIME WARNER INC.

One Time Warner Center

New York, NY 10019-8016

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Time Warner Inc., a Delaware corporation (Time Warner or the Company), for use at the Annual Meeting of the Company s stockholders (the Annual Meeting) to be held on Friday, May 16, 2008, at the Omni Hotel at CNN Center in Atlanta, Georgia, commencing at 10:00 am, local time, and at any adjournment or postponement, for the purpose of considering and acting upon the matters set forth in the accompanying Notice of Annual Meeting of Stockholders. Stockholders attending the Annual Meeting in person should follow the directions provided on the back cover of the Proxy Statement.

This Proxy Statement and accompanying forms of proxy and voting instructions are first being mailed on or about April 2, 2008 to stockholders entitled to vote at the Annual Meeting. For information about stockholders eligibility to vote at the Annual Meeting, shares outstanding on the record date and the ways to submit and revoke a proxy, please see Voting at the Annual Meeting, below.

Annual Report

A copy of the Company s Annual Report to Stockholders for the year 2007 has been sent simultaneously with this Proxy Statement or has been previously provided to all stockholders entitled to vote at the Annual Meeting.

Recommendations of the Board of Directors

The Board of Directors recommends a vote **FOR** the election of the nominees for election as directors; **FOR** the approval of the Company s proposal to amend the Company s Restated Certificate of Incorporation to eliminate the remaining super-majority vote requirements; **FOR** the approval of the Amended and Restated Time Warner Inc. Annual Bonus Plan for Executive Officers; **FOR** the ratification of the appointment of Ernst & Young LLP as independent auditors of the Company for 2008; and **AGAINST** the stockholder proposal described in this Proxy Statement.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on Friday, May 16, 2008: This Proxy Statement and the Company s 2007 Annual Report to Stockholders are available electronically at *www.timewarner.com/annualmeetingmaterials*.

CORPORATE GOVERNANCE

Time Warner is committed to maintaining strong corporate governance practices that allocate rights and responsibilities among the Company s stockholders, the Board of Directors (the Board or the Board of Directors) and management in a manner that benefits the long-term interests of the Company s stockholders. Accordingly, the Company s corporate governance practices are designed not merely to satisfy regulatory requirements, but to provide for effective oversight and management of the Company.

During 2007 and early 2008, the Board took a number of steps to enhance further the Company s corporate governance. These

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changes were, to a large extent, the result of the Board s regular process of reviewing its corporate governance practices in light of proposed and adopted laws and regulations, the practices at other leading companies, the recommendations of various corporate governance authorities, and the expectations of the Company s stockholders. As part of this process, the Board considered specific suggestions.

Recent changes include the following:

Super-Majority Vote Requirements in Company s Restated Certificate of Incorporation and By-laws. At the 2007 Annual Meeting of Stockholders, stockholders approved the Company s proposal to amend the Company s Restated Certificate of Incorporation to eliminate the 80% super-majority vote requirements for stockholder-initiated amendments to the Company s By-laws. The May 2007 amendment to the Company s Restated Certificate of Incorporation, however, did not eliminate all of the super-majority vote requirements in the Company s Restated Certificate of Incorporation. During 2007, the Board gave further consideration to this matter and, as a result, the Company has included a proposal in this Proxy Statement to further amend the Company s Restated Certificate of Incorporation to eliminate the remaining super-majority provisions (see Company Proposals Proposal Two: Proposal to Amend the Company s Restated Certificate of Incorporation to Eliminate the Remaining Super-Majority Vote Requirements below).

Special Meetings of Stockholders. In December 2007, the Board adopted amendments to the Company s By-laws providing that holders of at least 25% of the combined voting power of the Company s outstanding capital stock may request a special meeting of stockholders.

Voting Standard for Election of Directors. In February 2008, the Board adopted amendments to the Company s By-laws to change the voting standard for uncontested elections of directors. Under the By-laws, as amended, uncontested elections are now subject to a majority vote, where both new and incumbent nominees must receive more for votes than against votes in order to be elected to the Board.

In addition to these changes, as noted in the Compensation Compensation Discussion and Analysis section below, the Compensation and Human Development Committee has adopted policies on performance-based compensation and equity dilution. The Company has also continued to engage in an active dialogue with stockholders and others on a variety of governance matters.

Information on the Company s corporate governance is available to the public under both Corporate Governance at *www.timewarner.com/governance* and Investor Relations at *www.timewarner.com/investors* on the Company s website. The information on the website includes: the Company s By-laws, its Corporate Governance Policy (which includes the Board s categorical standards for determining director independence), the charters of the Board s three standing committees, the Company s codes of conduct, the Company s related person transactions policy, and information regarding the process by which stockholders may communicate with members of the Board of Directors. These documents are also available in print by writing to the Company s Corporate Secretary at the following address: Office of the Corporate Secretary, Time Warner Inc., One Time Warner Center, New York, NY 10019-8016.

The remainder of this section of the Proxy Statement summarizes the key features of Time Warner s corporate governance practices:

Board Size

The Board of Directors has adopted a policy that its size should generally be in the range of 12 to 16 members. In establishing its size, the Board considers a number of factors, including (i) resignations and retirements from the current Board, (ii) the availability of candidates, and (iii) balancing the desire of having a small enough Board to facilitate deliberations with, at the same time, having a large enough Board to have the diversity of backgrounds, professional experience and skills so that the Board and its committees can effectively perform their responsibilities in overseeing Time Warner s businesses. Currently, the number of directors is 13.

Criteria for Membership on the Board

While a significant amount of public attention has been focused on the need for a majority of members of a Board to be independent a requirement that Time Warner fully supports and, indeed, is committed to continuing to exceed independence is just one of the important factors that the Board and its Nominating and Governance Committee take into consideration in selecting nominees for director. The Nominating and Governance Committee and the Board of Directors apply the same criteria to all candidates, regardless of whether the candidate is proposed by a stockholder or is identified through some other source.

Overall Composition. As a threshold matter, the Board of Directors believes it is important for the Board as a whole to reflect the appropriate combination of skills, professional experience, and diversity of backgrounds in light of the Company s current and future business needs.

Personal Qualities. Each director must possess certain personal qualities, including financial literacy and a demonstrated reputation for integrity, judgment, business acumen, and high personal and professional ethics. In addition, each director must be at least 21 years of age at the commencement of service as a director and less than 72 years of age at the time of nomination.

Commitment to Time Warner and its Stockholders. Each director must have the time and ability to make a constructive contribution to the Board, as well as a clear commitment to fulfilling the director s fiduciary duties and serving the interests of all the Company s stockholders.

Other Commitments. Each director must satisfy the requirements of antitrust laws that limit service as an officer or director by a significant competitor of the Company. In addition, in order to ensure that directors have sufficient time to devote to their responsibilities, the Board determined that directors should generally serve on no more than five other public company boards. Directors are also required to offer their resignation upon a significant change in their primary professional responsibilities, and the Nominating and Corporate Governance Committee will make a recommendation to the Board as to whether to accept the offer of resignation.

Additional Criteria for Incumbent Directors. During their terms, all incumbent directors on the Company s Board are expected to attend the meetings of the Board and committees on which they serve and the annual meetings of stockholders; to stay informed about the Company and its businesses; to participate in discussions; to comply with applicable Company policies; and to provide advice and counsel to the Company s management.

Additional Criteria for New Directors. As part of its annual assessment of the Board s composition in light of the Company s current and expected business needs, the Nominating and Governance Committee has identified additional criteria for new members of the Board. The following attributes may evolve over time depending on changes in the Board and the Company s business needs and environment, and may be changed before the proxy statement for the 2009 Annual Meeting of Stockholders is furnished to stockholders.

Professional Experience. New candidates for the Board should have significant experience in one or more of the following areas: chief executive officer or a senior executive of a major public corporation (or comparable position in government or the non-profit sector), including, but not limited to, those with experience in finance and/or technology.

Diversity. The Committee also believes it would be desirable for new candidates for the Board to enhance the gender, ethnic, and/or geographic diversity of the Board.

Committee Eligibility. In addition to satisfying the independence requirements that apply to directors generally (see below), the Committee believes that it would be desirable for new candidates for the Board to satisfy the requirements for serving on the Board s committees, as set forth in the charters for those committees and applicable regulations.

Director Experience. The Committee believes it would also be desirable for candidates for the Board to have experience as a director of a major public corporation.

Independence. In addition to the foregoing criteria, the Board of Directors and Nominating and Governance Committee have established a policy that a majority of the directors, and any newly nominated non-employee director, must satisfy the requirements to be an independent member of the Board. In addition, the Board has established the goal that a substantial majority of the Board should be independent. The Board has determined that 11 of the 13 current directors (or 85% of the Board), and 10 of the 12 nominees for director are independent in accordance with the Company s criteria. The following current directors were determined by the Board to be independent: James L. Barksdale, Stephen F. Bollenbach, Frank J. Caufield, Robert C. Clark, Mathias Döpfner, Jessica P. Einhorn, Reuben Mark, Michael Miles, Kenneth J. Novack, Francis T. Vincent, Jr. and Deborah C. Wright. Each of the foregoing directors is a nominee for director, except for Mr. Vincent, who will not stand for re-election at the Annual Meeting. The Board previously determined that Edward J. Zander, a former director who served during 2007 but did not stand for re-election at the Company s 2007 Annual Meeting, was independent during his service as a director for part of 2007.

The Board applies the following New York Stock Exchange (NYSE) criteria in making its independence determinations (for the purposes of the independence determinations under NYSE rules and the Board s categorical standards for director independence, references to the Company mean Time Warner Inc. and its consolidated subsidiaries):

No Material Relationship. The director must not have any material relationship with the Company. In making this determination, the Board considers all relevant facts and circumstances, including commercial, charitable, and familial relationships that exist, either directly or indirectly, between the director and the Company.

Employment. The director must not have been an employee of the Company at any time during the past three years. In addition, a member of the director s immediate family (including the director s spouse; parents; children; siblings; mothers-, fathers-, brothers-, sisters-, sons- and daughters-in-law; and anyone who shares the director s home, other than household employees) must not have been an executive officer of the Company in the prior three years.

Other Compensation. The director or immediate family member must not have received more than $100,000 per year in direct compensation from the Company, other than in the form of director fees, pension, or other forms of deferred compensation, during the past three years.

Auditor Affiliation. The director must not be a current partner or employee of the Company s internal or external auditors and the director s immediate family member must not be a current employee of such auditors who participates in the firm s audit, assurance or tax compliance (but not tax planning) practice or a current partner of such auditors. In addition, the director or an immediate family member must not have been within the last three years a partner or employee of such firm who personally worked on the Company s audit.

Interlocking Directorships. During the past three years, the director or immediate family member cannot have been employed as an executive officer by another entity for which one of Time Warner s current executive officers served at the same time on the compensation committee.

Business Transactions. The director must not be an employee of another entity that, during any one of the past three years, received payments from the Company, or made payments to the Company, for property or services that exceed the greater of $1 million or 2% of the other entity s annual consolidated gross revenues. In addition, a member of the director s immediate family cannot have been an executive officer of another entity that, during any one of the past three years, received payments from the Company, or made payments to the Company, for property or services that exceed the greater of $1 million or 2% of the other entity s annual consolidated gross revenues.

Additional Categorical Criteria. In addition to applying the NYSE requirements summarized above, the Board has also developed the following categorical standards, which it uses to guide it in determining whether a material relationship exists with the Company that would affect a director s independence:

Ø *Charitable Contributions.* Discretionary charitable contributions by the Company to established non-profit entities with which a director or a member of the director s family is affiliated shall generally be deemed not to create a material relationship, unless they occurred within the last three years and (i) were inconsistent with the Company s philanthropic practices; or (ii) were provided to an organization where the director or spouse is an executive officer or director and the Company s contributions for the most recently completed fiscal year represent more than (a) the greater of $100,000 or 10% of that organization s annual gross revenues for organizations with gross revenues up to $10 million per year or (b) the greater of $1 million or 2% of that organization s annual gross revenues for organizations with gross revenues of more than $10 million per year; or (iii) the aggregate amount of the Company s contributions to the organizations where a director or spouse is an executive officer or director is more than the greater of $1 million or 2% of all such organizations annual gross revenues.

Ø *Employment and Benefits.* The employment by the Company of a member of a director s family shall generally be deemed not to create a material relationship, unless such employment (i) is of the type set forth above under Employment or Other Compensation or (ii) involves employment at a salary of more than $100,000 per year of a director s current spouse, domestic partner, or child. Further, vested and non-forfeitable equity-based benefits and retirement benefits provided to directors or their family members under qualified plans as a result of prior employment shall generally be deemed not to create a material relationship.

Ø *Other Transactions.* Transactions between the Company and another entity with which a director or a member of a director s family is affiliated

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shall generally be deemed not to create a material relationship unless (i) they are of the type set forth above under Business Transactions ; (ii) they occurred within the last three years and were inconsistent with other transactions in which the Company has engaged with third parties; (iii) they occurred within the last three years and the director is an executive officer, employee or substantial owner of the other entity and such transactions represent more than 5% of the Company s annual consolidated gross revenues for the prior fiscal year or 2% of the other entity s gross revenues for the prior fiscal year; or (iv) they occurred within the last three years and the director s immediate family member serves as an executive officer of the other entity and such transactions represented more than 5% of the Company s annual consolidated gross revenues or 2% of the other entity s gross revenues for the prior fiscal year.

Ø *Interlocking Directorships.* Service by an employee of the Company as a director of an entity where a director, or a director s family member, serves as an executive officer shall generally be deemed not to create a material relationship unless the Company employee (i) is an executive officer of the Company; (ii) reports directly to the Board; or (iii) has annual compensation that is approved by the Board s Compensation and Human Development Committee. In addition, service by an employee of the Company as a director of an entity where one of the Company s directors or a member of the director s family serves as a non-employee director shall generally be deemed not to create a material relationship.

Ø *Educational and Other Affiliations.* Attendance by an employee of the Company at an educational institution affiliated with one of the Company s directors or a member of the director s family, or membership by an employee of the Company in a professional association, social, fraternal or religious organization, club or institution affiliated with a Company director or a member of his or her family, shall generally be deemed not to create a material relationship.

Ø *Security Ownership.* The ownership by an employee of the Company of the securities of an entity where one of the Company s directors or a member of the director s family serves as a director or an employee shall generally be deemed not to create a material relationship, unless (i) the Company employee (a) is an executive officer of the Company or reports directly to the Board or a Committee of the Company or has annual compensation approved by the Compensation and Human Development Committee and (b) beneficially owns more than 5% of any class of the other entity s voting securities; and (ii) the Company director or a member of a director s family is a director or executive officer of the other entity.

Independent Judgment. Finally, in addition to the foregoing independence criteria, which relate to a director s relationship with the Company, the Board also requires that independent directors be free of any other affiliation whether with the Company or another entity that would interfere with the exercise of independent judgment.

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The following are types of transactions, relationships or arrangements that the Board of Directors considered in determining the independence of those directors identified above as being independent:

Business Transactions: Transactions in the ordinary course of business between the Company and an entity of which the Company s director is an executive officer, employee or substantial owner, or an immediate family member is an executive officer. Within the three most recent completed fiscal years, the Company has engaged in transactions in the ordinary course of business with the following companies and/or their subsidiaries: Hilton Hotels Corporation (for which Mr. Bollenbach previously served as Co-Chairman and Chief Executive Officer), Axel Springer AG (for which Mr. Döpfner serves as Chairman and Chief Executive Officer), Colgate-Palmolive Company (for which Mr. Mark serves as Chairman and previously served as Chief Executive Officer), Staples, Inc. (for which an immediate family member of Mr. Miles serves as an executive officer), Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC (where Mr. Novack is employed as Senior Counsel), Carver Federal Savings Bank (for which Ms. Wright serves as President and Chief Executive Officer) and Motorola, Inc. (for which Mr. Zander served as Chief Executive Officer and serves as Chairman).

Other Business Transactions: Transactions in the ordinary course of business between the Company and an entity of which the Company s director serves or served as a non-employee director in 2007. Although these types of transactions would generally not prevent a determination that a director is independent, information regarding such transactions is provided to the Board of Directors for consideration. Within the three most recent completed fiscal years, the Company has engaged in transactions in the ordinary course of business with the following companies and/or their subsidiaries for which the following directors served as non-employee director or trustee during all or part of 2007: FedEx Corporation, Sun Microsystems, Inc. and Revolution Health Group LLC (Mr. Barksdale); KB Home, Harrah s Entertainment, Inc. and Macy s, Inc. (Mr. Bollenbach); Omnicom Group, Inc. and TIAA (Mr. Clark); ProSiebenSat.1 Media AG and dpa Deutsche Presse Agentur GmbH (Mr. Döpfner); Cabela s Incorporated (Mr. Mark); AMR Corporation, Citadel Broadcasting Corporation and Dell Inc. (Mr. Miles); Kraft Foods Inc. (Ms. Wright); and Netezza Corporation, Boston University and Rensselaer Polytechnic Institute (Mr. Zander).

Charitable Contributions: Discretionary charitable contributions to organizations for which a Company s director or a director s spouse serves as an executive officer or director. Within the three most recent completed fiscal years, the Company has made discretionary charitable contributions that are consistent with the Company s philanthropic practices to organizations affiliated with 8 of the Company s 11 current non-employee directors. These contributions were below the thresholds contained in the Company s Corporate Governance Policy.

Other Relationships:

Within the three most recent completed fiscal years, (i) Mr. Caufield and Ms. Einhorn have served, and continue to serve, on the global advisory board of J.E. Robert Companies; (ii) a President and Chief Executive Officer of one of the Company s subsidiaries has served, and continues to serve, as a trustee of TIAA, where Mr. Clark also serves as a trustee; and (iii) Ms. Einhorn and Mr. Bewkes have served as directors on

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the board of the Council on Foreign Relations.

Mr. Vincent leases office space in Stamford, Connecticut from Time Warner Cable Inc. See Additional Information below.
The Nominating and Governance Committee and the Board of Directors reviewed the transactions, relationships or arrangements described above and, based on the Company s categorical standards and the NYSE rules governing director independence, determined that the transactions, relationships or arrangements did not affect the applicable director s independence.

Director Nomination Process

There are a number of different ways in which an individual may be nominated for election to the Board of Directors.

Nominations Developed by the Nominating and Governance Committee. The Nominating and Governance Committee may identify and propose an individual for election to the Board. This involves the following steps:

Assessment of Needs. As described above, the Nominating and Governance Committee conducts periodic assessments of the overall composition of the Board in light of the Company s current and expected business needs and, as a result of such assessments, the Committee may establish specific qualifications that it will seek in Board candidates. The Committee reports on the results of these assessments to the full Board of Directors.

Identifying New Candidates. In light of such assessments, the Committee may seek to identify new candidates for the Board who possess the specific qualifications established by the Committee and satisfy the other requirements for Board service. In identifying new director candidates, the Committee seeks advice and names of candidates from Committee members, other members of the Board, members of management, and other public and private sources. The Committee may also, but need not, retain a search firm in order to assist it in these efforts. In 2007, the Committee retained an outside search firm to assist the Committee in identifying potential candidates for the Board and performing due diligence with respect to potential candidates.

Reviewing New Candidates. The Committee reviews the potential new director candidates identified through this process. This involves reviewing the candidates qualifications as compared to the specific criteria established by the Committee and the more general criteria established by the By-laws and Corporate Governance Policy. The Committee may also select certain candidates to be interviewed by one or more Committee members.

Reviewing Incumbent Candidates. On an annual basis, the Committee also reviews the qualifications of incumbent candidates for renomination to the Board. This review involves an analysis of the criteria set forth above that apply to incumbent directors.

Recommending Candidates. The Committee recommends a slate of candidates for the Board of Directors to submit for approval to the stockholders at the annual stockholders meeting. This slate of candidates may include both incumbent and new nominees. In addition, apart from this annual process, the Committee may, in accordance with the By-laws, recommend that the Board elect new members of the Board who will serve until the next annual stockholders meeting.

Stockholder Nominations Submitted to the Committee. Stockholders may also submit names of director candidates, including their own, to the Nominating and Governance Committee for its consideration. The process for stockholders to use in submitting suggestions to the Nominating and Governance Committee is set forth below at Other Procedural Matters Procedures for Submitting Director Recommendations and Nominations.

Stockholder Nominations Submitted to Stockholders. Stockholders may choose to submit nominations directly to the Company s stockholders. The Company s By-laws set forth the process that stockholders may use if they choose this approach, which is described below at Other Procedural Matters Procedures for Submitting Director Recommendations and Nominations.

Director Elections. The Company s By-laws, as amended in February 2008, provide that, in any uncontested election of directors, each person receiving a majority of the votes cast will be deemed elected. Accordingly, any new director nominee in an uncontested election who receives more against votes than for votes will not be elected to the Board. If any incumbent director receives more against votes than for votes, he or sh must submit an offer to resign from the Board no later than two weeks after the certification by the Company of the voting results. The Board will then consider the resignation offer and may either accept the offer or reject the resignation offer and seek to address the underlying cause(s) of the against votes. The Board is required to make its determination within 90 days following the certification of the stockholder vote and make a public announcement of its decision, including a statement regarding the reasons for its decision if the Board rejects the resignation offer. This procedure also provides that the Chairman of the Nominating and Governance Committee has the authority to manage the Board s review of the resignation offer, except in the circumstance in which it is the Chairman of the Nominating and Governance Committee who has received the majority-withheld vote. In such a circumstance, the remaining independent directors who did not receive majority-withheld votes would select a director to manage the process. In any contested election of directors, the election will be subject to a plurality vote standard, where the persons receiving the highest numbers of the votes cast, up to the number of directors to be elected in such election, will be deemed elected. A contested election is one in which the number of persons nominated exceeds the number of directors to be elected as of the date that is ten days prior to the date that the Company first mails its notice of meeting for such meeting to the stockholders.

Board Responsibilities

The Board s primary responsibility is to seek to maximize long-term stockholder value. The Board selects senior management of the Company, monitors management s and the Company s performance, and provides advice and counsel to management. Among other things, at least annually, the Board reviews the Company s strategy and approves a business plan and budget for the Company. As part of the Board s review of the Company s strategy, the Board evaluates the Company s businesses and determines whether, in its view, stockholder value would be enhanced by expanding, divesting or otherwise restructuring the ownership of any of these businesses. The Board also reviews and approves transactions in accordance with guidelines that the Board may adopt from time to time. In fulfilling the Board s responsibilities, directors have full access to the Company s management, internal and external auditors, and outside advisors.

In 2007, the Board approved a number of significant actions, including (i) the election of a new Chief Executive Officer and Chief Financial Officer as part of an orderly transition process for both positions, (ii) divestitures to streamline and strengthen the Company s portfolio of businesses (such as the divestiture of

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the Atlanta Braves baseball franchise and the Parenting Group and most of the Time4Media magazines); and (iii) acquisitions to strengthen the Platform-A advertising network business of the Company s AOL division and thereby accelerate AOL s transition from a subscription-based Internet access business to a primarily advertising-supported business. In addition to its regular reviews of the Company s strategy and business plan, the Board also focused on the Company s strategy for international growth, as well as its public policy and corporate social responsibility activities.

Board Meetings and Executive Sessions

The Board of Directors not only holds regular quarterly meetings, but also holds at least four special-purpose meetings each year to review the Company s strategy, to approve its annual business plan and annual budget, and to act on the Company s annual proxy statement and to approve financial filings with the Securities and Exchange Commission (the SEC). The Board of Directors also communicates informally with management on a regular basis.

Non-employee directors, all of whom are independent, meet by themselves, without management or employee directors present, at every regularly scheduled Board meeting. Any director may request additional executive sessions.

These executive sessions are led by the Chair of the committee that has primary responsibility for the matter being discussed (*e.g.*, the Audit and Finance Committee Chair would lead a discussion of audit-related matters). When it is not apparent which committee has specific responsibility for the subject matter, the Lead Independent Director leads the discussion. By a majority vote, the Board, non-employee directors, or independent directors may retain their own counsel or other advisors.

Lead Independent Director

Since May 19, 2006, Mr. Caufield has served as Lead Independent Director. The Lead Independent Director presides at executive sessions of the Board (see Board Meetings and Executive Sessions above) and serves as the liaison between the Chairman and the other Directors (unless the matter under consideration is within the jurisdiction of one of the Board s committees). In addition, the Lead Independent Director s responsibilities include: advising the Chairman of the Board with respect to the schedule, agenda and information for Board meetings (including possessing the ability to include specific items on those agendas); advising the Chairman of the Board with respect to consultants who may report directly to the Board; and being available, as appropriate, for communication with the Company s stockholders.

Committees of the Board

The Board has three standing committees: the Audit and Finance Committee, the Compensation and Human Development Committee and the Nominating and Governance Committee.

Each committee is composed entirely of independent directors. The Chair of each committee is elected by the Board and rotated periodically. Each committee also holds regular executive sessions at which management is not present. Each committee is also authorized to retain its own outside counsel and other advisors as it desires.

As noted above, the charters for each standing committee are available on the Company s website, and a brief summary of the committees responsibilities follows:

Audit and Finance Committee. The Audit and Finance Committee assists the Board of Directors in fulfilling its responsibilities in connection with the Company s (i) independent auditors, (ii) internal audit function, (iii) ethics and compliance program and risk management policies and processes, (iv) responses to any regulatory actions involving financial, accounting and internal control matters, (v) earnings releases and guidance, financial statements and systems of disclosure controls and procedures and internal control over financial reporting, and (vi) capital structure and financial capacity and strategy.

Nominating and Governance Committee. The Nominating and Governance Committee is responsible for assisting the Board in relation to (i) corporate governance, (ii) director nominations, (iii) committee structure and appointments, (iv) Chairman and CEO performance evaluations and CEO succession planning, (v) Board performance evaluations, (vi) director compensation, (vii) regulatory matters relating to corporate governance, (viii) stockholder proposals and communications, (ix) related person transactions, and (x) the Company s corporate social responsibility activities.

Compensation and Human Development Committee. The Compensation and Human Development Committee is responsible for (i) approving compensation and employment agreements for, and reviewing benefits provided to, the Company s senior executives, (ii) overseeing the Company s disclosure regarding executive compensation and, together with the Nominating and Development Committee, making recommendations to the Board regarding the Company s responses to stockholder proposals related to compensation matters for inclusion in the Company s annual proxy statement, (iii) reviewing the Company s overall compensation structure and benefit plans, (iv) reviewing the Company s response to regulatory developments affecting compensation, (v) reviewing officer appointments, and (vi) overseeing the Company s human development programs, including recruitment, retention, development, diversity and internal communication programs. Except as otherwise prohibited by law, the Company s Restated Certificate of Incorporation or By-laws, the Committee may delegate its responsibilities to subcommittees or individuals.

The Compensation and Human Development Committee s primary processes for establishing and overseeing executive compensation are described in the Compensation Compensation Discussion and Analysis section below.

Compensation Committee Interlocks and Insider Participation. Consistent with the Company s categorical standards for director independence and the charter of the Compensation and Human Development Committee, none of the Compensation and Human Development Committee members (i) has ever been an officer or employee of the Company or (ii) is or was a participant in a related person transaction in 2007. None of the Company s executive officers serves, or in 2007 served, as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of the Company s Board of Directors or the Compensation and Human Development Committee.

Board Self-Evaluation

The Board of Directors conducts a self-evaluation of its performance annually, which includes a review of the Board s composition, responsibilities, leadership and committee structure, processes and effectiveness. Each standing committee of the Board also conducts a self-evaluation with respect to such committee.

Director Orientation and Education

Each individual, upon joining the Board of Directors, is provided with an orientation regarding the role and responsibilities of the Board and the Company s operations. As part of this orientation, new directors meet with members of the Company s senior management. The Company is also committed to the ongoing education of its directors. From time to time, the Company s executives and the heads of its

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business groups make presentations to the Board regarding their respective areas. Moreover, the Company reimburses directors for reasonable expenses relating to ongoing director education.

Non-Employee Director Compensation and Stock Ownership

The Board of Directors is responsible for establishing compensation for the Company s non-employee directors. At least every two years, the Nominating and Governance Committee reviews, with assistance from an outside consultant, the compensation for non-employee directors, including reviewing compensation provided to non-employee directors at other companies, and makes a recommendation to the Board for its approval. It is the Company s policy that the majority of non-employee directors compensation should be equity-based. (For details on the compensation currently provided to non-employee directors, please see Compensation Director Compensation.)

It is also the Board s policy that non-employee directors are encouraged to own the Company s stock and each is expected to own at least 5,000 shares of the Company s stock within three years of joining the Board. Additionally, in January 2003, the Board of Directors adopted a policy requiring non-employee directors to retain for a period of at least one year shares of the Company s common stock representing at least 75% of the estimated after-tax gain realized upon the exercise of stock options, after paying the exercise price, or the vesting of restricted stock. (For purposes of this calculation, the tax rate is deemed to be 50%.)

The Company also expects all directors to comply with all federal, state and local laws regarding trading in securities of the Company and disclosing material, non-public information regarding the Company, and the Company has procedures in place to assist directors in complying with these laws.

Codes of Conduct

In order to help assure the highest levels of business ethics at the Company, the Board of Directors has adopted the following three codes of conduct, which are posted on the Company s website at *www.timewarner.com/governance*.

Standards of Business Conduct. The Company s Standards of Business Conduct apply to the Company s employees, including any employee directors. The Standards of Business Conduct establish policies pertaining to employee conduct in the workplace, electronic communications and information security, accuracy of books, records and financial statements, securities trading, confidentiality, conflicts of interest, fairness in business practices, the Foreign Corrupt Practices Act, antitrust laws and political activities and solicitations.

Code of Ethics for Senior Executives and Senior Financial Officers. The Company s Code of Ethics for Senior Executives and Senior Financial Officers applies to certain executive officers of the Company, including the Company s Chief Executive Officer, President, Chief Operating Officer (if any), Chief Financial Officer and Controller, and serves as a supplement to the Standards of Business Conduct. Among other things, the code mandates that the designated officers engage in honest and ethical conduct, avoid conflicts of interest and disclose any relationship that could give rise to a conflict, protect the confidentiality of non-public information about the Company, work to achieve responsible use of the Company s assets and resources, comply with all applicable governmental rules and regulations and promptly report any possible violation of the code. Additionally, the code requires that these individuals promote full, fair, understandable and accurate disclosure in the Company s publicly filed reports and other public communications and sets forth standards for accounting practices and records. Individuals to whom the code applies are held accountable for their adherence to it. Failure to observe the terms of this code or the Standards of Business Conduct can result in

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disciplinary action (including termination of employment).

Guidelines for Non-Employee Directors. The Guidelines for Non-Employee Directors assist the Company s non-employee directors in fulfilling their fiduciary and other duties to the Company. In addition to affirming the directors duties of care and loyalty, the guidelines set forth specific policies addressing, among other things, securities trading and reporting obligations, gifts, the Foreign Corrupt Practices Act, political contributions and antitrust laws.

Policy and Procedures Governing Related Person Transactions

In February 2007, the Board adopted the Time Warner Inc. Policy and Procedures Governing Related Person Transactions. This is a written policy and set of procedures for the review and approval or ratification of transactions involving related persons, which consist of directors, director nominees, executive officers, persons or entities known to the Company to be the beneficial owner of more than five percent (5%) of any outstanding class of the voting securities of the Company, or immediate family members or certain affiliated entities of any of the foregoing persons. Under authority delegated by the Board, the Nominating and Governance Committee (or its Chair, under certain circumstances) is responsible for applying the policy with the assistance of the General Counsel or his designee (if any). Transactions covered by the policy consist of any financial transaction, arrangement or relationship or series of similar transactions, arrangements or relationships, in which (i) the aggregate amount involved will or may be expected to exceed $100,000 in any calendar year; (ii) the Company is, will or may be expected to be a participant; and (iii) any related person has or will have a direct material interest or an indirect material interest.

In addition to the requirements described above for transactions covered by the policy, the policy includes a list of categories of transactions identified by the Board as having no significant potential for an actual or apparent conflict of interest or improper benefit to a related person, and thus are not subject to review by the Nominating and Governance Committee. These excluded transactions consist of the following types of transactions between the Company or any of y;text-indent:-.25in;text-justify:inter-ideograph;">• We may be required to issue a substantial number of additional shares with each Advance from Auctus if our market price declines. At the current market price of $.04, Auctus would pay $.0376 per share and we would have to issue 5,319,149 in shares for each request of $200,000 in advances.

• Substantial dilution may occur in the event that our stock price falls and we must issue more shares in connection with additional Advances from Auctus.

• Unless an active trading market develops for our securities, you may not be able to sell your shares.

Although, we are a reporting company and our common shares are quoted on the OTC Bulletin Board (owned and operated by the Nasdaq Stock Market, Inc.) under the symbol “CYIO”, there is not currently an active trading market for our common stock and an active trading market may never develop or, if it does develop, may not be maintained. Failure to develop or maintain an active trading market will have a generally negative effect on the price of our common stock, and you may be unable to sell your common stock or any attempted sale of such common stock may have the effect of lowering the market price and therefore your investment could be a partial or complete loss.

Since our common stock is thinly traded it is more susceptible to extreme rises or declines in price, and you may not be able to sell your shares at or above the price paid.

Since our common stock is thinly traded its trading price is likely to be highly volatile and could be subject to extreme fluctuations in response to various factors, many of which are beyond our control, including:

- the trading volume of our shares;
- the number of securities analysts, market-makers and brokers following our common stock;
- changes in, or failure to achieve, financial estimates by securities analysts;
- new products or services introduced or announced by us or our competitors;
- actual or anticipated variations in quarterly operating results;
- conditions or trends in our business industries;
- announcements by us of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- sales of our common stock; and
- general stock market price and volume fluctuations of publicly-traded, and particularly microcap, companies.

You may have difficulty reselling shares of our common stock, either at or above the price you paid, or even at fair market value. The stock markets often experience significant price and volume changes that are not related to the operating performance of individual companies, and because our common stock is thinly traded it is particularly susceptible to such changes. These broad market changes may cause the market price of our common stock to decline regardless of how well we perform as a company. In addition, securities class action litigation has often been initiated following periods of volatility in the market price of a company’s securities. A securities class action suit against us could result in substantial legal fees, potential liabilities and the diversion of management’s attention and resources from our business. Moreover, and as noted below, our shares are currently traded on the OTC Bulletin Board and, further, are subject to the penny stock regulations. Price fluctuations in such shares are particularly volatile and subject to manipulation by market-makers, short-sellers and option traders.

Trading in our common stock on the OTC Bulletin Board may be limited thereby making it more difficult for you to resell any shares you may own.

Our common stock is quoted on the OTC Bulletin Board (owned and operated by the Nasdaq Stock Market, Inc.). The OTC Bulletin Board is not an exchange and, because trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a national exchange or on the Nasdaq National Market, you may have difficulty reselling any of the shares of our common stock that you may own.

Our common stock is subject to the “penny stock” regulations, which are likely to make it more difficult to sell.

Our common stock is considered a “penny stock,” which generally is a stock trading under $5.00 and not registered on a national securities exchange or quoted on the Nasdaq National Market. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. These rules generally have the result of reducing trading in such stocks, restricting the pool of potential investors for such stocks, and making it more difficult for investors to sell their shares once acquired. Prior to a transaction in a penny stock, a broker-dealer is required to:

- deliver to a prospective investor a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market;
- provide the prospective investor with current bid and ask quotations for the penny stock;
- explain to the prospective investor the compensation of the broker-dealer and its salesperson in the transaction;
- provide investors monthly account statements showing the market value of each penny stock held in the their account; and
- make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction.

These requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that is subject to the penny stock rules. Since our common stock is subject to the penny stock rules, investors in our common stock may find it more difficult to sell their shares.

Future issuances by us or sales of our common stock by our officers or directors may dilute your interest or depress our stock price.

We may issue additional shares of our common stock in future financings or may grant stock options to our employees, officers, directors and consultants under our 2006 Employee Stock Option Plan and 2007 Equity Incentive Plan. Any such issuances could have the effect of depressing the market price of our common stock and, in any case, would dilute the interests of our common stockholders. Such a depression in the value of our common stock could reduce or eliminate amounts that would otherwise have been available to pay dividends on our common stock (which are unlikely in any case) or to make distributions on liquidation. Furthermore, shares owned by our officers or directors which are registered in a registration statement, or which otherwise may be transferred without registration pursuant to an applicable exemptions under the Securities Act of 1933, as amended, may be sold. Because of the perception by the investing public that a sale by such insiders may be reflective of their own lack of confidence in our prospects, the market price of our common stock could decline as a result of a sell-off following sales of substantial amounts of common stock by our officers and directors into the public market, or the mere perception that these sales could occur.

We do not intend to pay any common stock dividends in the foreseeable future.

We have never declared or paid a dividend on our common stock and, because we have very limited resources and a substantial accumulated deficit, we do not anticipate declaring or paying any dividends on our common stock in the foreseeable future. Rather, we intend to retain earnings, if any, for the continued operation and expansion of our business. It is unlikely, therefore, that the holders of our common stock will have an opportunity to profit from anything other than potential appreciation in the value of our common shares held by them. If you require dividend income, you should not rely on an investment in our common stock.

Forward-Looking Statements

This prospectus includes forward-looking statements. All statements, other than statements of historical fact, contained in this prospectus constitute forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “intend,” “might,” “will,” “should,” “could,” “would,” “expect,” “believe,” “estimate,” “an “predict,” “project,” “potential,” or the negative of these terms and similar expressions intended to identify forward-looking statements.

Forward-looking statements are based on assumptions and estimates and are subject to risks and uncertainties. We have identified in this prospectus some of the factors that may cause actual results to differ materially from those expressed or assumed in any of our forward-looking statements. There may be other factors not so identified. You should not place undue reliance on our forward-looking statements. As you read this prospectus, you should understand that these statements are not guarantees of performance or results. Further, any forward-looking statement speaks only as of the date on which it is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated events or circumstances. New factors emerge from time to time that may cause our business not to develop as we expect and it is not possible for us to predict all of them. Factors that may cause actual results to differ materially from those expressed or implied by our forward-looking statements include, but are not limited to, those described under the heading “Risk Factors” , as well as the following:

- Our limited operating history and business development associated with being a growth stage company;
- General economic and capital market conditions;
- Our history of operating losses, which we expect to continue;
- Our exposure to unanticipated and uncontrollable business interruptions;
- Our ability to generate enough positive cash flow to pay our creditors and continue our operations;

- Pricing and product actions taken by our competitors in either our organ and tissue preservation or alternative energy markets;
- Our dependence on key personnel;
- Financial condition of our prospective customers;
- Our need to attract and retain technical and managerial personnel;
- Customers’ perception of our financial condition relative to that of our competitors;
- Our ability to execute our business strategy;
- Changes in United States or foreign tax laws or regulations;
- Our ability to protect our intellectual property and proprietary technologies;
- Unforeseen liabilities resulting from litigation;
- Costs associated with potential infringement claims asserted by a third party;
- Our ability to successfully complete the integration of any future acquisitions; and ability to protect, and build recognition of, our trademarks and trade names;
- Our ability to project the markets for our products and services based upon estimates and assumptions.

Reliance on Management

The investors will have no rights to participate in the management decisions of the Company; the shareholder will only have such rights as other shareholders.

Use of Proceeds

We will not receive any proceeds from the sale of common stock offered by Auctus. However, we will receive proceeds from the sale of our common stock to Auctus pursuant to the Drawdown Equity Financing Agreement.

Assuming a prevailing market price of $.04 per share (discounted market price with Auctus is $.0376 per share) as of December 12, 2011, we propose to expend proceeds on the sale of 3,500,000 as follows:

	Proceeds if 100% shares sold (3,500,000)	**Proceeds if 50% sold (1,750,000)**
Gross proceeds ($.0376 per share)	131,600	65,800
Offering expenses:		
Legal fees	5,000	5,000
Printing of prospectus	1,000	1,000
Accounting and auditing fees	1,000	1,000
Transfer agent fees	500	500
Miscellaneous expenses	200	200
Total offering expenses	7,700	7,700
Net proceeds	123,900	58,100

Our primary reason for requesting the funding is for growth of the CYIOS subsidiary CKO. We need additional funding to pay for the marketing and additional staff expenses for our CYIPRO system. We need to hire marketing firms to help us market and advertise our product and we need to hire additional staff to work on our CYIPRO system and provide support to our customers. Our strategy is to market our product to the government telework coordinators and augment our services.

Determination of Offering Price

The offering price, which reflects 94% the closing market price of our common stock as of December 12, 2011bears no other relationship to any objective criterion of value. The price does not bear any relationship to the Company's assets, book value, historical earnings, or net worth. The 6% discount from market price and the pricing period set forth in the DEFA are the result of contractual negotiations with Auctus. It is our belief that these terms are generally reflective of those offered to similarly-sized public companies by the investor.

Dilution

The sale of our common stock to Auctus in accordance with the Drawdown Equity Facility Agreement may have a dilutive impact on our shareholders. As a result, our net income per share could decrease in future periods and the market price of our common stock could decline. In addition, the lower our stock price is at the time we exercise our put option, the more shares of our common stock we will have to issue to Auctus. If our stock price decreases, then our existing shareholders would experience greater dilution for any given dollar amount raised through the offering.

The perceived risk of dilution may cause our stockholders to sell their shares, which would contribute to a decline in the price of our common stock. Moreover, the perceived risk of dilution and the resulting downward pressure on our stock price could encourage investors to engage in short sales of our common stock. By increasing the number of shares offered for sale, material amounts of short selling could further contribute to progressive price declines in our common stock.

Although the amount of shares that we may issue pursuant to the equity line will vary based on our stock price (the higher our stock price, the less shares we have to issue) the information set out below indicates the potential dilution of our shareholders if the full amount of the equity line is exercised.

Dilution represents the difference between the offering price (market price) and the net tangible book value per share immediately after completion of this Offering. Net tangible book value is the amount that results from subtracting total liabilities and intangible assets (product development costs) from total assets. Dilution arises mainly as a result of our arbitrary determination of the Offering price of the shares being offered. Dilution of the value of the shares you purchase is also a result of the lower book value of shares of our common stock held by our existing shareholders.

As of September 30, 2011, the net tangible book value of our shares of common stock was approximately $371,433, or approximately $.0102 per share based upon 36,311,640 shares outstanding as of September 30, 2011.

If 100% of the Shares are Sold (3,500,000 shares) at a discounted market price of $.0376 (94% of $.04 market price) per share:

Upon completion of this Offering, in the event all of the shares are sold, the net tangible book value of the 39,811,640 shares to be outstanding will be approximately $503,033 or $.0126 per share. The net tangible book value of the shares held by our existing stockholders will remain at $0.0102 per share.

After completion of this Offering, if 3,500,000 shares are sold, investors in this Offering will own 8.79% of the total number of shares then outstanding for which they will have made cash investment of $131,600, or $.0376 per share. Our shareholders existing prior to this Offering will then own 73,84% of the total number of shares outstanding for which they made contributions of cash and liquidation of amounts owed to them totaling $371,433 or $.0102pershare.

If 100% of the Shares are Sold (3,500,000 shares) at a discounted market price of $.0188 (50% decrease):

Upon completion of this Offering, in the event 100% of the Shares are sold at a discounted market price of $.0188 per share (a 50% decrease in market value), the net tangible book value of the 39,811,640 shares to be outstanding will be approximately $437,233 or approximately $0.0110 per share. The net tangible book value of the shares held by our shareholders, existing prior to this Offering, will remain the same per share.

After completion of this Offering, if 3,500,000 shares are sold, investors in this Offering will own approximately 8.79% of the total number of shares then outstanding for which they will have made cash investment of $65,800 or $.0188 per share. Our shareholders who existed prior to this Offering will then own approximately 84.95% of the total number of shares outstanding, for which they made contributions of cash and liquidation of amounts owed to them totaling $371,433 or approximately $0.0102 per share.

If 100% of the Shares are Sold (3,500,000 shares) at a discounted market price of $.0094(75% decrease):

Upon completion of this Offering, in the event 100% of the Shares are sold at a discounted market price of $.0094 per share (a 75% decrease in market value), the net tangible book value of the 39,811,640 shares to be outstanding will be approximately $404.333 or approximately $0.0102 per share. The net tangible book value of the shares held by our shareholders, existing prior to this Offering, will remain the same per share.

After completion of this Offering, if 3,500,000 shares are sold, investors in this Offering will own approximately 8.79% of the total number of shares then outstanding for which they will have made a cash investment of $32,400 or $.0094 per share. Our shareholders who existed prior to this Offering will then own approximately 91.86% of the total number of shares outstanding, for which they made contributions of cash and liquidation of amounts owed to them totaling $371,433 or approximately $0.0102 per share.

Purchasers of Shares in this Offering if all Shares Sold	
Price per share	$ 0.0376
Dilution per share	$ 0.0250
Capital Contributions	$ 131,600.00
Number of shares after Offering held by public investors	39,811,640
Percentage of capital contributions by existing shareholders	73.84%
Percentage of capital contributions by new investors	26.16%
Percentage of ownership after Offering	8.79%
Purchasers of Shares in this Offering if 50% of Shares Sold	
Price per share	$ 0.0188
Dilution per share	$ 0.0078
Capital Contributions	$ 65,800.00
Number of shares after Offering held by public investors	39,811,640
Percentage of capital contributions by existing shareholders	84.95%
Percentage of capital contributions by new investors	15.05%
Percentage of ownership after Offering	8.79%
Purchasers of Shares in this Offering if 75% decrease in share price	
Price per share	$ 0.0094
Dilution per share	$ (0.0008)
Capital Contributions	$ 32,900.00
Number of shares after Offering held by public investors	39,811,640
Percentage of capital contributions by existing shareholders	91.86%
Percentage of capital contributions by new investors	8.14%
Percentage of ownership after Offering	8.79%

Net cash payments to the Company for shares issued to Auctus are shown as follows:

Net cash payments to CYIOS from Auctus	
If 100% (3,500,000) of shares:	
Total proceeds (3,500,000 x $.04)	$ 140,000

less fee to Auctus	$ 8,400
Total net payments to Company	$ 131,600
If 100% (3,500,000) of shares sold at 50% decrease in market price:	
Total proceeds (3,500,000 x $.02)	$ 70,000
less fee to Auctus	$ 4,200
Total net payments to Company	$ 65,800
If 100% (3,500,000) of shares sold at a 75% decrease in market price:	
Total proceeds (3,500,000 x $.01)	$ 35,000
less fee to Auctus	$ 2,100
Total net payments to Company	$ 32,900

Selling Shareholders

We agreed to register for resale shares of common stock of the selling security holder. The selling security holder may from time to time offer and sell any or all of their shares that are registered under this prospectus. The selling security holder and any participating broker-dealers are “underwriters” within the meaning of the Securities Act of 1933, as amended. All expenses incurred with respect to the registration of the common stock will be borne by us, but we will not be obligated to pay any underwriting fees, discounts, commissions or other expenses incurred by the selling security holder in connection with the sale of such shares.

The following table sets forth information with respect to the maximum number of shares of common stock beneficially owned by the selling security holder named below and as adjusted to give effect to the sale of the shares offered hereby. The shares beneficially owned have been determined in accordance with rules promulgated by the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. The information in the table below is current as of the date of this prospectus. All information contained in the table below is based upon information provided to us by the selling security holder and we have not independently verified this information. The selling security holder is not making any representation that any shares covered by the prospectus will be offered for sale. The selling security holder may from time to time offer and sell pursuant to this prospectus any or all of the common stock being registered.

Except as indicated below, the selling security holder has not held any position or office with us, nor are any of the selling security holder associates or affiliates of any of our officers or directors. Except as indicated below, the selling stock holder is not the beneficial owner of any additional shares of common stock or other equity securities issued by us or any securities convertible into, or exercisable or exchangeable for, our equity securities. The selling security holder is not a registered broker-dealer or an affiliate of a broker-dealer.

For purposes of this table, beneficial ownership is determined in accordance with SEC rules, and includes voting power and investment power with respect to shares and shares owned pursuant to warrants exercisable within 60 days.

The "Number of Shares Beneficially Owned After the Offering" column assumes the sale of all shares offered.

As explained below under "Plan of Distribution," we have agreed with the selling security holder to bear certain expenses (other than broker discounts and commissions, if any) in connection with the registration statement, which includes this prospectus.

Name	**Number of Shares Beneficially Owned Prior to Offering** [(1)]	**Number of Shares Offered**	**Number of Shares Beneficially Owned after the Offering**
Auctus Private Equity Fund, LLC [(2)]	100,000	3,500,000	0

[(1)] The actual number of shares of common stock offered in this prospectus, and included in the registration statement of which this prospectus is a part, includes such additional number of shares of common stock as may be issued or issuable upon drawdowns under the Auctus credit facility.

[(2)] Al Sollami is a managing member of Auctus Private Equity Fund, LLC, and has sole voting and/or investment control over the securities Auctus owns in the company.

Plan of Distribution

Drawdown Equity Finance Agreement / Registration Rights Agreement

On March 24, 2010, we entered into Drawdown Equity Finance Agreement and Registration Rights Agreement with Auctus Private Equity Fund, LLC in order to establish a possible source of funding for us. The equity line of credit agreement establishes what is sometimes also referred to as an equity drawdown facility. Auctus is subject to Regulation M.

Under the equity line of credit agreement, Auctus has agreed to provide us with up to $7,000,000 of funding over a thirty-six (36) month period from the effective date of this prospectus; 3,500,000 shares of our common stock are being registered pursuant to this prospectus. *Please Read in conjunction to this section, Risk Factors, specifically, Risk Factors Related to Our Securities, the Equity Line of Credit and This Offering.* During this period, we may request a drawdown under the equity line of credit by selling shares of our common stock to Auctus and Auctus will be obligated to purchase the shares. We may request a drawdown once every five trading days, although we are under no obligation to request any drawdowns under the equity line of credit. There must be a minimum of five trading days between each drawdown request.

We may request a drawdown by sending a drawdown notice to Auctus, stating the amount of the draw down and the price per share, which shall be the lowest closing bid price of our common stock during the preceding five trading days. During the five trading days following a drawdown request, we will calculate the amount of shares we will sell to Auctus and the purchase price per share. The number of shares of Common Stock that Auctus shall purchase pursuant to each advance shall be determined by dividing the amount of the advance by the purchase price.

The purchase price per share of common stock will be set at ninety-four percent (94%) of the lowest closing bid of the common stock during the pricing period. Further, Auctus shall immediately cease selling any shares of our common stock within a drawdown notice if the price of the Company's common stock falls below 75% of the average closing bid price of the common stock over the preceding ten (10) trading days prior to the drawdown notice date; such floor can be waived only in the sole discretion of the Company. Auctus shall immediately cease selling any shares within a Drawdown Notice if the price falls below seventy-five percent (75%) of the average closing bid price of the common stock over the preceding ten (10) trading days prior to the Drawdown Notice Date (the "Floor"). Notwithstanding, the Company, in its sole and absolute discretion, may waive its right with respect to the Floor and allow Auctus to sell any shares below the Floor Price. In the event that the Company does not waive its right with respect to the Floor, Auctus shall immediately cease selling any shares within the Drawdown Notice if the price falls below the Floor Price. If the company does waive the floor price it could cause the share price tofall substantially. Also note, there is an ownership limit of 4.99% (see section 7.2 (g) of the DEFA) , and neither the company's right to waive the floor price and/or the ownership limit of 4.99% can impact the price at which the company can put the shares to the investor. The floor price restriction only applies to the five day trading period then the transaction is closed.

There is no minimum amount we can draw down at any one time. The maximum amount we can draw down at any one time is the larger of $200,000; or 200% of the average daily volume based on the trailing ten days preceding the drawdown notice date.

Upon effectiveness of the Registration Statement, the Company shall deliver Instructions to its transfer agent to issue shares of Common Stock to the Investor free of restrictive legends on or before each advance date.

Pursuant to the Drawdown Agreement, Auctus and its affiliates shall not be issued shares of the Company's common stock that would result in its beneficial ownership equaling more than 4.99% of the outstanding common stock of the Company.

Per section 3.10 of the DEFA, Auctus will not enter into any short selling or any other hedging activities during the pricing period. Auctus does have the ability to promptly sell shares corresponding to the drawdown notices during the pricing period.

The obligation of Auctus to make an advance to the Company pursuant to the Drawdown Agreement shall terminate permanently in the event that (i) there shall occur any stop order or suspension of the effectiveness of this registration statement for an aggregate of fifty (50) trading days, other than due to the acts of Auctus, during the commitment period, or (ii) the Company shall at any time fail materially to comply with the requirements contained in the

Drawdown Agreement and such failure is not cured within thirty (30) days after receipt of written notice from the Investor, provided, however, that the termination provision shall not apply to any period commencing upon the filing of a post-effective amendment to this registration statement and ending upon the date on which such post-effective amendment is declared effective by the SEC.

On March 24, 2010 the Company signed a Registration Rights Agreement with Auctus requiring, among other things, that the Company prepare and file with the SEC Form S-1/A, or on such other form as is available no later than one hundred and twenty (120) days after signing. In addition, the Company shall use all commercially reasonable efforts to have the Registration Statement(s) declared effective by the SEC within one hundred and twenty (120) calendar days from the date that the Registration Statement is filed with the SEC.

As per the Drawdown Agreement, none of Auctus's obligation thereunder are transferrable and may not be assigned to a third party.

Again, there is no assurance that the market price of our common stock will increase substantially in the near future. The entire commitment under the Equity Line of Credit is $7,000,000. Presumably if we maintain the market price of our common stock at or around $.04 making the discounted market price with Auctus $0.0376per share, we need to issue 186,170,212 shares of common stock to Auctus in order to have access to the full remaining amount under the Equity Line of Credit. We are authorized to issue 100,000,000 shares of common stock and have 36,311,640 (16,085,346 in public float) shares issued andoutstanding as of December 12, 2011. The number of common shares that remains issuable is lower than the number of common shares we need to issue in order to have access to the full amount under the Equity Line of Credit. Therefore, we may not have access to the remaining commitment under the equity line unless we amend our Articles of Incorporation to increase the number of authorized common shares and/or the market price of our common stock increase substantially. Please note that Auctus' ability to sell shares during the pricing period could cause the price of you shares to fall substantially because our trading volume is generally low and we have the ability to waive the floor price for the shares Auctus may sell. In addition, based on our stock price as of December 12, 2011, the registration statement covers the offer and possible sale of only approximately $131,600 of our shares at current market price of $.04 per share and a discounted market price with Auctus of $.0376.

Legal Proceedings

We are not currently a party to any legal proceedings.

Directors, Executive Officers, Promoters and Control Persons

The following table sets forth information regarding our executive officers and directors as of September 30, 2011.

Name	Age	Position
Timothy W. Carnahan	44	Director, Chief Executive Officer and Treasurer

Timothy Carnahan has served as our Chief Executive Officer, Treasurer and Chairman of our board of directors since September 2005. Previously, from July 2004 through September 2005 Mr. Carnahan served as the President and founder of CKO, Inc., a District of Columbia corporation ("CKO"), and from April 1995 through September 2005 as the President and founder of CYIOS Corporation, a District of Columbia corporation ("CYIOS DC"). CKO and CYIOS DC presently make up our two operating subsidiaries. Mr. Carnahan has some level of security clearance at the Department of Defense. Mr. Carnahan holds a Bachelor of Science degree in Computer Science from Old Dominion University.

Family Relationships

There are no family relationships among any of our directors or executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past ten years, none of the following occurred with respect to our present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Term of Office

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our stockholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of our common stock as of September 30, 2011. The information in this table provides the ownership information for:

- each person known by us to be the beneficial owner of more than 5% of our common stock;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership has been determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to our common stock and those rights to acquire additional shares within sixty days. Unless otherwise indicated, the persons named in the table below have sole voting and investment power with respect to the number of shares of common stock indicated as beneficially owned by them, except to the extent such power may be shared with a spouse. Common stock beneficially owned and percentage ownership is based on 3,6311,640 shares of common stock currently outstanding and no additional shares potentially acquired within sixty days.

Name and address of beneficial owner [1]	Amount and nature of beneficial ownership	Percent of Class
Timothy Carnahan	20,226,294	55.70%
All officers and directors as a group	20,226,294	55.70%

(1)	The address of each person listed is care of CYIOS Corporation, 1300 Pennsylvania Avenue, Suite 700, Washington D.C. 20004.

Description of Securities

General

Our authorized capital stock consists of 100,000,000 shares of common stock at a par value of $0.001 per share and 5,000,000 shares of convertible preferred shares with $.001 par value. There are no provisions in our charter or by-laws that would delay, defer or prevent a change in our control.

Common Stock

As of September 30, 2011, 36,311,640 shares of common stock are issued and outstanding and held by 102 stockholders. Holders of our common stock are entitled to one vote for each share on all matters submitted to a stockholder vote.

Holders of common stock do not have cumulative voting rights. Therefore, holders of a majority of the shares of common stock voting for the election of directors can elect all of the directors. Holders of our common stock representing a majority of the voting power of our capital stock issued and outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of our stockholders. A vote by the holders of a majority of our outstanding shares is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to our Articles of Incorporation.

Holders of common stock are entitled to share in all dividends that the board of directors, in its discretion, declares from legally available funds. In the event of liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock. Holders of our common stock have no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to our common stock.

Dividends

Since inception we have not paid any dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future on our common stock, when issued pursuant to this offering. Although we intend to retain our earnings, if any, tofinance the exploration and growth of our business, our Board of Directors will have the discretion to declare and pay dividends in the future. Payment of dividends in the future will depend upon our earnings, capital requirements, and other factors, which our Board of Directors may deem relevant.

Warrants

There are no outstanding warrants to purchase our securities.

Options

On April 21, 2006, the Company's board of directors approved the 2006 Employee Stock Option Plan (the "2006 Plan"). The 2006 Plan provides for the issuance of a maximum of 3,000,000 shares of common stock in connection with stock options granted thereunder, plus an annual increase to be added on the first nine anniversaries of the effective date of the 2006 Plan, equal to at least (i) 1% of the total number of shares of common stock then outstanding, (ii) 350,000 shares, or (iii) a number of shares determined by the Company's board of directors prior to such anniversary date. The 2006 Plan has a term of 10 years and may be administered by the Company's board of directors or by a committee made up of not less than 2 members of appointed by the Company's board of directors. Participation in the 2006 Plan is limited to employees, officer, directors and consultants of the Company and its subsidiaries. Incentive stock options granted pursuant to the 2006 Plan must have an exercise price per share not less than 100%, and non-qualified stock options not less than 85%, of the fair market value of our common stock on the date of grant. Awards granted pursuant to the 2006 Plan may not have a term exceeding 10 years and will vest upon conditions established by the Company's board of directors.We have not issued and do not have outstanding any options to purchase shares of our common stock.

Preferred Stock

The Company is authorized to issue 5,000,000 shares of $.001 par value, non-voting, convertible preferred shares. The preferred shares are convertible to common shares at a 1 to 1 ratio. As of September 30, 2011, the Company had 29,713 preferred shares outstanding.

Convertible Securities

We have not issued and do not have outstanding any securities convertible into shares of our common stock or any rights convertible or exchangeable into shares of our common stock.

Reverse Stock Split

Effective April 7, 2005 we completed a 1-for-30 reverse stock split of our outstanding shares of common and preferred stock, unless otherwise indicated all references to our outstanding shares of common stock in this(2005) annual report on Form 10-K reflect the reverse stock split.

Equity Incentive Plans

On April 21, 2006, the sole member of our board of directors approved the adoption of our 2006 Employee Stock Option Plan (the "2006 Plan"). The 2006 Plan provides for the issuance of a maximum of 3,000,000 shares of common stock in connection with stock options granted there under, plus an annual increase to be added on the first nine anniversaries of the effective date of the 2006 Plan, equal to at least (i) 1% of the total number of shares of common stock then outstanding, (ii) 350,000 shares, or (iii) a number of shares determined by our board of directors prior to such anniversary date. The 2006 Plan has a term of 10 years and may be administered by our board of directors or by a committee made up of not less than 2 members of appointed by our board of directors. Participation in the 2006 Plan is limited to employees, officer, directors and consultants of the Company and its subsidiaries. Incentive stock options granted pursuant to the 2006 Plan must have an exercise price per share not less than 100%, and non-qualified stock options not less than 85%, of the fair market value of our common stock on the date of grant. Awards granted pursuant to the 2006 Plan may not have a term exceeding 10 years and will vest upon conditions established by our board of directors.

On November 12, 2007, the sole member of our board of directors approved the adoption of our 2007 Equity Incentive Plan (the “2007 Plan”). The 2007 Plan provides for the issuance of a maximum of 3,500,000 shares of common stock in connection with awards granted there under, which may include stock options, restricted stock awards and stock appreciation rights. The 2007 Plan has a term of 10 years and may be administered by our board of directors or by a committee appointed by our board of directors (the “Committee”). Participation in the 2007 Plan is limited to employees, officer, directors and consultants of the Company and its subsidiaries. Incentive stock options granted pursuant to the 2007 Plan must have an exercise price per share not less than 100%, and non-qualified stock options not less than 85%, of the fair market value of our common stock on the date of grant. Awards granted pursuant to the 2007 Plan may not have a term exceeding 10 years and will vest upon conditions established by the Committee.

The following table sets forth information as of the fiscal year ended December 31, 2009 with respect to the shares of our common stock that may be issue under each of our 2006 Plan and 2007 Plan.

Equity Compensation Plan Information			
	Number of securities to be issued upon exercise of outstanding options, warrants	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	—	—	35,700
Total	—	—	**35,700**

In 2009, shares sold and/or issued for compensation are as follows:

Date of transaction	**Name**	**Nature of transaction**	**Number of shares**	**Price per share**	**Total Value**
January (2)	Jodie Buckler	Stock bonus issued to employee	100,000	$ 0.045	$ 4,500
January (2)			550,000	$ 0.05	$ 27,500

	Rockport Financial	Stock issued for consulting services			
February [2]	Susan Schafer	Stock bonus issued to employee	25,000	$ 0.06	$ 1,500
May [2]	Rockport Financial	Stock issued for consulting services	100,000	$ 0.14	$ 14,000
May	Rockport Financial	Stock sold [1]	400,000	$ 0.03	$ 10,000
October [2]	Thomas Kidd	Stock issued for consulting services	1,400,000	$ 0.07	$ 98,000
October [2]	Thomas Kidd	Stock issued for consulting services	316,667	$ 0.07	$ 22,167
December	Dean Albright	Stock Sold [1]	400,000	$ 0.03	$ 10,000
Total			**3,291,667**		**$ 187,667**

[1] Warrants sold for S-8 shares issued.

[2] S-8 shares.

In 2010, shares sold and/or issued for compensation are as follows:

Month/Description of transaction	**Number of shares**	**Price per share**	**Total Value**
March--Stock issued to Executive Officer as bonus to Tim Carnahan	5,000,000	$ 0.07	$ 350,000
March--Stock issued for Consulting Services to Auctus as origination fee payment	100,000	$ 0.06	$ 6,000
March--Stock issued for Consulting Services to CityVac for IR services	450,000	$ 0.04	$ 18,000
Total	**5,550,000**		**$ 374,000**

Note that all of the above shares were issued as S-8 shares.

Purchases of Equity Securities

There were no repurchases of equity securities during the fiscal years ended December 31, 2010 and 2009.

Interests of Named Experts and Counsel

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock was employed on a contingency basis, or had, or is to receive, in connection with the offering, a substantial interest, direct or indirect, in the registrant or any of its parents or subsidiaries. Nor was any such person connected with the registrant or any of its parents or subsidiaries as a promoter, managing or principal underwriter, voting trustee, director, officer, or employee.

TRANSFER AGENT

The Transfer Agent and Registrar for the common stock is

American Corporate Enterprises, Inc.

123 West Nye Ln. Ste 129

Carson City, NV 89706

AUDITORS

Our financial statements as of December 31, 2010 and 2009 and for the periods then ended, have been included in this prospectus and in the registration statement filed with the Securities and Exchange Commission in reliance upon the reports of our independent registered public accounting firm, dated April 15, 2011 and February 23, 2010 upon authority as experts in accounting and auditing. Silberstein Ungar,P LLC and Jewitt Schwartz Wolfe and Associates reports on the financial statements can be found at the end of this prospectus and in the registration statement.

Legal Representation

Cane Clark LLP

Legal—Scott Doney

3273 E. Warm Springs

Las Vegas, NV 89120

702-312-6255

Disclosure of Commission Position of Indemnification for Securities Act Liabilities

Our articles of incorporation provide that we will indemnify an officer, director, or former officer or director, to the full extent permitted by law. We have been advised that in the opinion of the Securities and Exchange Commission indemnification for liabilities arising under the Securities Act of 1933 is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities is asserted by one of our directors, officers, or controlling persons in connection with the securities being registered, we will, unless in the opinion of our legal counsel the matter has been settled by controlling precedent, submit the question of whether such indemnification is against public policy to a court of appropriate jurisdiction. We will then be governed by the court's decision.

Organization within the Last Five Years

The Company

CYIOS®Corporation (“we”, “us”, “our”, “CYIOS®” or the “Company”) was incorporated under the laws of the state of Nevada on October 13, 1997 as Halo Holdings of Nevada, Inc., for purposes of acquiring Halo Holdings, Inc., a Delaware corporation, operating in the aviation and extreme sports entertainment industries. In March 1999, we sold our extreme sports division. Between February 1999 and April 1999 we acquired three operating entities engaged in the business of providing integrated internet access and professional consulting services, and, on July 9, 1999, we changed our name to A1 Internet.com, Inc. to more accurately reflect our then-current operations. In June 2000, in addition to our other operations, we entered into the business of providing long distance services. In December 2000, we discontinued the operations of several of our subsidiaries which were not focused on our then-core competencies, and on October 15, 2001 we changed our name to WorldTeq Group International, Inc. (“WorldTeq”).

Effective April 7, 2005 we completed a 1-for-30 reverse stock split of our outstanding shares of common stock and changed our name to China Print, Inc., in anticipation of entering into an agreement and plan of merger with Harbin Yinhai Technology Development Company Ltd., a People’s Republic of China company (“HYT”). In June of 2005, the transaction with HYT was terminated.

On September 19, 2005, we entered into an agreement with CYIOS Corporation, a District of Columbia corporation (“CYIOS® DC”), and Timothy Carnahan, whereby we acquired 100% of the issued and outstanding capital stock of CYIOS® DC in exchange for 19,135,000 shares or our common stock. On September 27, 2005 we changed our name to CYIOS® Corporation.

Description of Business

Overview of Principal Products and Services

CYIOS® is a holding company made up of two operating subsidiaries: CYIOS Corporation, a District of Columbia corporation ("CYIOS® DC"), and CKO Inc., a District of Columbia corporation ("CKO"). CYIOS® DC builds knowledge management solutions, supports organizations with business continuity and IT services for the Department of Defense ("DoD") community. CKO is the product arm of CYIOS® that offers CYIPRO™, a business transformation tool that utilizes the first project-based operating system to build knowledge centric organizations. CYIPRO™ provides a virtual work space for collaboration, project management, and document management to help manage people, processes and information. CYIPRO™ also provides key solutions for compliance with Securities and Exchange Commission ("SEC") Sarbanes-Oxley regulations and compliance with Defense Contract Audit Agency ("DCAA") and performance based contracting for government contractors.

CYIOS® DC

We believe CYIOS® DC is recognized as a premier knowledge management solution provider for the Department of Defense"DoD". Established in 1994, we have worked closely with the United States military as a small business contractor providing innovative and comprehensive solutions for the Army's General Officers and high-level military agencies. We pioneered what we believe to be the largest knowledge management portal, U.S. Army Knowledge Online ("AKO"). We win our business through bidding against other companies for government contracts. These bids may be done independently or through teaming arrangements with other contractors.

Timothy Carnahan, our president and Chief Executive Officer, has over 16 years of executive and technical experience with the highest levels of the U.S. government. When supporting the Army General Officer Management Office, Mr. Carnahan designed and implemented the first Knowledge Management ("KM") system for the Army, America's Army Online "AKO", which became the core for AKO, the portal that supports over 1.8 million soldiers and civilians worldwide. We believe that AKO has become the KM paradigm for the DoD. The DoD intends to increase its KM spending in the fiscal year 2011 and beyond, representing a growing potential market for CYIOS®, where KM is our core competency in both product and service support.

With KM as a major focal point for us, the term and market need further explanation. KM is the name of a concept in which an enterprise consciously and comprehensively gathers, organizes, shares, and analyzes its information in terms of resources, documents, and people skills. In early 1998, it was believed that few enterprises actually had a comprehensive knowledge management practice (by any name) in operation. Advances in technology and the way we access and share information have changed that; it has been proven that successful organizations have some kind of knowledge management framework in place. KM involves data mining and a method or operation to share information among users.

We use our expertise in KM, performance-based contracting, enterprise management, and web-based application development to bid on U.S. government contracts. Historically the company has focused on supporting the U.S. Army, but under its new growth strategy, it is beginning to look at bids from other DoD agencies as well as all U.S. government agencies.

CKO

CKO Inc. markets and sells the software product CYIPRO.™ CYIPRO™ is a secure, web-based virtual office that uses an array of tools to give any organization the ability to manage and retain knowledge, collaborate data and ideas, and securely store and share information, all for the purpose of making an organization more efficient and therefore more successful. Using the features of CYIPRO,™ users can access and manage their entire organization online from any computer with an Internet connection and web browser or from a mobile device with Internet capability. The result: connected, organized and effective business practices.

The tools of our full online office suite include e-mail, document and file management, calendar, tasks, meetings, contacts, project management, reporting, and timesheet management. The power of managing knowledge and collaboration is unleashed when all of these individual components are shared and used within an entire organization, a division, or a project team. We believe CYIPRO™ will remove the dependency of working from an organization's office, which will free employees to access their e-mail, documents, projects, contacts, and reports from any geographic location at anytime. We believe operational costs are also reduced as CYIPRO™ helps small businesses eliminate the burdensome expenses of owning and maintaining servers, associated software, and an internal or outsourced IT staff.

Recent Developments

CYIPRO will be a dominant factor moving forward in revenue growth and its target is the government telework initiative. CYIOS signed a term sheet for line of equity for 7 million dollars and we filed our S1. We have made a few strides in our advisory board but nothing has fully come to fruition.

Our principal executive offices are located at 1300 Pennsylvania Avenue, Suite 700, Washington, D.C. 20004, and our telephone number is (202) 204-3006. The address of our website is www.cyios.com. Information on our website is not part of this prospectus.

Competition

As a small business, we have eliminated discussions of the mid to large size companies. In the small business space, there are generally about 300 IT contractors that bid against us. We further separate ourselves with our security clearance to an estimated 150 IT contractors. As we get into our specific field of KM, we estimate our competition is narrowed to under 50 companies.

Dependence on Few Major Customers

We are either a prime or sub contractor on contracts with Titan Corporation, Information Management Support Center and GOMO/SLD. Loss of these contracts could have a material adverse effect upon our financial condition and results of operations. We believe that federal governmental agencies will continue to be the source of all or substantially all of our revenues for the foreseeable future.

Government Regulations

All work performed in our space is governed by the federal acquisition regulation. There are small deviations from this named defense federal acquisition regulation.

Intellectual Property

Overview

We rely on a combination of trademarks, trade secrets and contract law rights in order to protect our brand, intellectual property assets and confidential or proprietary information (our "Proprietary Rights"). Our Proprietary Rights are among the most important assets we possess and we depend significantly on these Proprietary Rights in being able to effectively compete in our industry. We cannot be certain that the precautions we have taken to safeguard our Proprietary Rights will provide meaningful protection from the unauthorized use by others. If we must pursue litigation in the future to enforce or otherwise protect our Proprietary Rights, or to determine the validity and scope of the rights of others, we may not prevail and will likely have to make substantial expenditures and divert valuable resources in the process. Moreover, we may not have adequate remedies if our Proprietary Rights are appropriated or disclosed.

Trademarks

As of the fiscal year ended December 31, 2010, CYIOS DC has registered the CYIOS®, and CKO has applied for registration of the CYIPRO™ logo with the United States Patent and Trademark Office in order to establish and protect our brand name and logo as part of our Proprietary Rights.

Copyrights

We claim copyright protection and rights to our CYIPRO™ software and operating system.

Trade Secrets

Whenever we deem it important for purposes of maintaining competitive advantages, we will require parties with whom we share, or who otherwise are likely to become privy to, our trade secrets or other confidential information to execute and deliver to us confidentiality and/or non-disclosure agreements. Among others, this may include employees, consultants and other advisors, each of whom we would require execute such an agreement upon commencement of their employment, consulting or advisory relationships. These agreements will generally provide that all confidential information developed or made known to the individual by us during the course of the individual's relationship with us is to be kept confidential and not to be disclosed to third parties except under specific circumstances.

As of the fiscal year ended December 31, 2010, we have entered into no confidentiality and/or non-disclosure agreements with our employees, consultants or advisors.

Employees

As of December 31, 2010, we had 17.5 full-time employees & consultants, with 1.5 in executive management and administration, 2 in product development and technical operations, and 14 on service contracts on either prime or subcontracted contracts with the United States federal government.

We are not subject to any collective bargaining agreements and believe our relationships with our employees to be excellent.

Environmental Laws

We have not incurred and do not anticipate incurring any expenses associated with environmental laws.

Description of Property

All of our property is leased and we do not own any real property.

Our headquarters are located at The Ronald Reagan Building, 1300 Pennsylvania Ave, Suite 700 Washington D.C. 20004. We lease this 150 square foot space for a term of 12 months at a rate of $390 per month. There are two employees based in our headquarters, the remaining employees work on-site at our customers' locations, and, as such we do not maintain separate office or other space for these employees.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements, related notes, and other detailed information included elsewhere in this registration statement. Our financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP"), contemplate that we will continue as a going concern, and do not contain any adjustments that might result if we were unable to continue as a going concern. Certain information contained below and elsewhere in this registration statement, including information regarding our plans and strategy for our business, constitute forward-looking statements. See "Note Regarding Forward-Looking Statements."

Overview for the years ended December 31, 2010 and 2009

We are a leading systems integrator and knowledge management solutions provider presently with the U.S. Department of Defense and we have one of the largest knowledge management systems. We have been working to expand into the non-governmental sector by marketing our product CYIPRO™ in hopes to generate revenue. This product is in the CKO Inc. subsidiary company and has generated no income during the process of building the product. We intend on offering the product for sale in the middle of 4th quarter in hopes that this product will make us a leading systems integrator and knowledge management solutions provider in the non-governmental market. All of our revenue is derived from the services provided pursuant to single and multiple year awards to different U.S. Army and federal government agencies. CKO, Inc., one of our operating subsidiaries, provides a designed online office management product which is known as CYIPRO.™ For the years ended December 31, 2010 and 2009, we received no revenue from CYIPRO.™

Results of Operations

Sales/Net Profit

The total sales for our active subsidiary, CYIOS Corporation, a District of Columbia corporation, for the fiscal year ended December 31, 2010, were $1,849,804 compared to $1,881,897 for the fiscal year ended December 31, 2009; a decrease in sales of $32,093 or 1.71%. Our other active subsidiary, CKO, Inc., a District of Columbia corporation, produced no revenue for the fiscal years ended December 31, 2010 and 2009. Operating net loss for the year ended December 31, 2010 was $394,051, a net operating loss per share of $.01, compared to a net operating loss for the fiscal year ended December 31, 2009 of $21,044, or a net operating loss per share of $.00. Net income from discontinued operations was $0 for the year ended December 31, 2010 and $17,068 for the year ended December 31, 2009. Total net loss for the year ended December 31, 2010 was $394,051 or a net loss per share of $.01 as compared to total net loss for the year ended December 31, 2009 in the amount of $3,976 or a net loss per share of $.00. Included in the net loss for the year ended December 31, 2010 is a non-cash expense for stock compensation in the amount of $416,167. This non-cash expense in the amount of $416,167 is the aggregate market value for the issuance of stock to the President and CEO in the amount of $350,000 for a bonus for past performance and the remaining $66,167 was issued to consultants for their services performed during 2010.

In 2006, management made the decision to expand our operations by attempting to increase our business with the Department of Defense and the rest of the federal government. In order to achieve this goal, we have actively bid on request for proposals by different departments and their agencies. We have, and will continue to invest all of our earnings into additional personnel to help achieve this goal. We believe that our efforts in working to achieve the aforementioned goals will help turn our operating losses into a net profit in the future fiscal years and beyond. We are also aggressively marketing the sale of our product CYIPRO™ to Department of Defense, government and small businesses.

In the latter part of 2010 and in early 2011 we have launched a new marketing campaign to inform the public about our product CYIPRO™.

Cost of Sales

Cost of sales for the fiscal year ended December 31, 2010 was $1,078,841compared to cost of sales for the fiscal year ended December 31, 2009 in the amount of $1,094,786; a decrease of $15,945 or approximately 1.46%.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the fiscal years ended December 31, 2010 and 2009 were $94,933 and $68,885, respectively; an increase of $26,048 or 38%.

Other Expenses/Stock Compensation

Total other expenses for the fiscal years ended December 31, 2010 and 2009 were $663,557 and $654,918, respectively; an increase of $8,638 or 1.32%. The total other expenses of $663,557 in the fiscal year ended December 31, 2010 consisted primarily of $595,592 in indirect labor and $67,965 in professional service and consulting fees and depreciation. The total other expenses of $654,918 for the fiscal year ended December 31, 2009 consisted primarily of $598,225 in indirect labor and $56,693 in professional services fees and depreciation.

Total Stock Compensation for the fiscal years ended December 31, 2010 and 2009 were $416,167 and $81,208, respectively. The total stock compensation in December 31, 2010 consisted of a $350,000 stock bonus granted to the President and CEO and stock for compensation for marketing consultants in the amount of $66,167. The total stock compensation in December 31, 2009 consisted of $81,208 paid to consultants for marketing services.

Liquidity and Capital Resources

At December 31, 2010, we had cash and cash equivalents of $27,603, compared to $76,448 at December 31, 2009, a decrease of $14,066.

During the fiscal year ended December 31, 2010, cash used in operating activities was $78,475, consisting primarily of the Net Loss of $399,401 offset by:

- Non-cash charges related to Depreciation charges of $784, Valuation of Shares issued for consulting services of $387,500, Valuation of Shares issued for a reduction in the Convertible Note Payable of $14,000; and

- Working capital changes of $81,358, consisting primarily of a net increase in Accounts Receivable, Other Assets in the amount of $52,177 offset by a net decrease in Payroll Taxes Payable, Accounts Payable, and Accruals in the amount of $29,181.

Cash provided by investing activities for the fiscal year ended December 31, 2010 was $15,000 for the payments received on the Related Party Loan.

Cash provided by financing activities for the fiscal year ended December 31, 2010 was $14,630; consisting primarily of:

- Proceeds from the issuance of a Convertible Note Payable in the amount of $50,000; and
- Principal Reduction on Convertible Note Payable in the amount of $14,000; and
- Payments made on the Line of Credit in the amount of $21,370.

Our long-term working capital and capital requirements will depend upon numerous factors, including our efforts to continue to improve operational efficiency and conserve cash. We are not aware of any known trends or demands, commitments, events or uncertainties that will result in or will reasonably likely result in our liquidity increasing or decreasing in a material way. We do not have any material commitments for capital expenditures as of the fiscal year end December 31, 2010. And, we are not aware of any material trends favorable/unfavorable in our capital resources that may materially change our equity or debt. We do not believe that changes in the spending policies of the U.S. government, such as potential decreases in the budgets of federal agencies, including the Department of Defense, or delays in the passage of the U.S. Government budget to be uncertainties that are reasonably likely to have a **material** impact on our liquidity and results of operations. Many budget cuts have been made since 2001 and we have not been materially impacted at all by those budget changes.

Off-Balance Sheet Arrangements

As of the fiscal year ended December 31, 2010, we did not have any off-balance sheet arrangements as defined in Item 303(c)(2) of Regulation S-B.

Overview for the three and ninemonths ending September 30, 2011 and 2010

OVERVIEW

We are a leading systems integrator and knowledge management solutions provider presently with the U.S. Department of Defense and we have one of the largest knowledge management systems. We have been working to expand into the non-governmental sector by marketing our product CYIPRO™ in hopes to generate revenue. This product is in the CKO Inc. subsidiary company and has generated no income during the process of building the product. We intend on offering the product for sale in the middle of 4th quarter in hopes that this product will make us a leading systems integrator and knowledge management solutions provider in the non-governmental market. All of our revenue is derived from the services provided pursuant to single and multiple year awards to different U.S. Army and federal government agencies. CKO, Inc., one of our operating subsidiaries, provides a designed online office management product which is known as CYIPRO.™For the quarters ended September 30, 2011 and 2010, we received no revenue from CYIPRO.™

RESULTS OF OPERATIONS

Revenue: Total sales for the 3rdquarter 2011 were $482,993 as compared to $427,825 in sales for the 3rdquarter 2010, an increase of approximately 12.89%. Total sales for the 1st, 2nd and 3rd quarters 2011 were $1,453,131 as compared to $1,333,780 for the 1st, 2ndand 3rdquarters 2010, an of increase of 8.95%.

Cost of Sales: Cost of sales for the 3rdquarter 2011 were $251,144, resulting in a gross profit of $231,849 (48.00% gross profit margin) compared to cost of sales for the 3rdquarter 2010 of $275.999, resulting in a gross profit of $151,826 (35.49% gross profit margin). Cost of sales for the 1st, 2ndand 3rdquarters 2011 were $738,402, resulting in a gross profit of $714,729 (49.19% gross profit margin). Cost of sales for the 1st, 2ndand 3rdquarters 2010 were $806,441, resulting in a gross profit of $527,339 (39.54% gross profit margin). Cost of sales have decreased slightly for the first half of 2011 as compared to 2010 by approximately 8% overall. Cost of sales consists solely of direct labor expense which can best be described as contracted services being rendered. We have to pay higher than average salaries to employ the best trained staff and we must also offer the best benefits for these staff.

Indirect Labor: Indirect labor expense increased by $27,236 or approximately18.10% to $177,734 for the 3rdquarter ended 2011 from $150,498 for the 3rdquarter ended 2010. Indirect labor expense slightly increased by $3,606 or approximately 0.79% to $460,205 for the 1st, 2nd and 3rd quarters ended 2011 from $456,599 for the 1st, 2nd and 3rd quarters 2010. A stock bonus was paid to our CEO and president during the 1st quarter of 2010, the company's board authorized the issuance of 5,000,000 shares valued at $.07 per share or $350,000 in total for past performance.

Consulting and Professional Fees: Consulting and professional fees for the 3rdquarter ended 2011 was $24,460 as compared to $10,336 for the 3rdquarter ended 2010, resulting in an increase of $14,124. Consulting and professional fees for the 1st, 2ndand 3rdquarters ended 2011 were $92,886 as compared to $57,592 for the 1st, 2ndand 3rdquarters ended 2010, resulting in an increase of $35,294. The overall increase from 2011 to 2010 was a result of incurring additional expense for use of consultants' services to assist with hiring and placing new staff.

Depreciation and Interest Expense: Interest expense for the 3rd quarter ended 2011 was $1,449, as compared to $2,515 for the 3rdquarter ended 2010. Interest expense for the 1st, 2ndand 3rdquarters ended 2011 was $4,853, as compared to $7,796 for the 1st, 2ndand 3rdquarters ended 2010. Depreciation expense for the 3rdquarter ended 2011 and 2010 was $0 and $196, respectively. Depreciation expense for the 1st, 2ndand 3rdquarters ended 2011 and 2010 was $0 and $588, respectively. The Company disposed of computer equipment during the 1st quarter 2011 resulting in a loss on disposal in the amount of $1,437.

Selling, General, and Administrative: Selling, general and administrative expenses for the 3rdquarter ended of 2011 was $50,271 as compared to $25,805 for the 3rdquarter ended 2010—an increase of $24,466 or approximately 94.81%. Selling, general and administrative expenses for the 1st, 2ndand 3rdquarters ended 2011 was $95,965 as compared to $79,251 for the 1st, 2ndand 3rdquarters ended 2010—anincrease of $16,714 or approximately 21.09%. Selling, general, and administrative expenses consist primarily of advertising, conference fees, XBRL and filing fees, insurance, office supplies, rent, and travel and entertainment expenses.

Net Income/ (Loss) from Operations: Net loss for the 3rd quarter ended 2011 was $(17,680) as compared to a net loss of $(45,517) for the 3rd quarter ended 2010—a net change of $27,837. Net income for the 1st, 2nd and 3rd quarters ended 2011 was $104,361 as compared to a net loss of $(462,333) for the 1st, 2nd and 3rd quarters ended 2010—an increase of $566,694.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity: At September 30, 2011, CYIOS had cash and cash equivalents of $36,694, compared with $48,702 at September 30, 2010, a decrease of $12,008.

During the nine months ending September 30, 2011, cash provided by operating activities was $62,119, consisting primarily of the net income for the nine months ended September 30, 2011 of $104,361 offset by non-cash charges to:

· Loss on Disposal of Computer Equipment in the amount of 1,436;

· Value of Shares of Common Stock returned in the amount of $98,000;

· Working capital changes of $54,322, consisting of a net decrease of $62,320 in Accounts Receivable Related Party Interest Receivable and Other Assets and a net decrease of $7,998 in Accrued Expenses, Payroll Taxes Payable, and Accounts Payable.

Financing activities for the nine months ended September 30, 2011 used cash in the amount of $53,028, consisting of:

· Payments made on the Line of Credit in the amount of $17,028.

· Payoff of the principal on Convertible Note Payable in the amount of $36,000.

Our long-term working capital and capital requirements will depend upon numerous factors, including our efforts to continue to improve operational efficiency and conserve cash. We are not aware of any known trends or demands, commitments, events or uncertainties that will result in or will reasonably likely result in our liquidity increasing or decreasing in a material way. We do not have any material commitments for capital expenditures as of the fiscal year end December 31, 2010. And, we are not aware of any material trends favorable/unfavorable in our capital resources that may materially change our equity or debt. We do not believe that changes in the spending policies of the U.S. government, such as potential decreases in the budgets of federal agencies, including the Department of Defense, or delays in the passage of the U.S. Government budget to be uncertainties that are reasonably likely to have a material impact on our liquidity and results of operations. Many budget cuts have been made since 2001 and we have not been materially impacted at all by those budget changes.

Off-Balance Sheet Arrangements: The Company does not have any off-balance sheet arrangements as defined in Item 303(c)(2) of Regulation S-B.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain. As the number of variables and assumptions affecting the probable future resolution of the uncertainties increase, these judgments become even more subjective and complex. We have identified the following accounting policies, described below, as the most critical to an understanding of our current financial condition and results of operations.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, services have been rendered or goods delivered, the contract price is fixed or determinable, and it is reasonably assured to be collectible. We follow Statement of Position ("SOP") 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*, as it applies to time-and-material contracts. Revenue on time-and-materials contracts is recognized based on the hours actually incurred at the negotiated contract billing rates, plus the cost of any allowable material costs and out-of-pocket expenses. Revenue on fixed-price contracts pursuant to which a client pays us a specified amount to provide only a particular service for a stated time period, or so-called fee-for-service arrangement, is recognized as amounts become billable, assuming all other criteria for revenue recognition are met. We recognize revenue from government contracts.

Certain Relationships and Related Transactions

Except as follows, none of the following parties has, since our date of incorporation, had any material interest, direct or indirect, in any transaction with us or in any presently proposed transaction that has or will materially affect us:

- Any of our directors or officers;
- Any person proposed as a nominee for election as a director;
- Any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to our outstanding shares of common stock;
- Any of our promoters;
- Any relative or spouse of any of the foregoing persons who has the same house address as such person.

We have determined that our sole director, Timothy Carnahan, is not independent based on an analysis of the standards for independence set forth in Section 121A of the American Stock Exchange Company Guide. Mr. Carnahan has an outstanding promissory note with the Company in the amount of $219,284. This promissory note existed prior to the Company going public and the terms of the promissory note are described in Note J of the notes to the audited financial statements.

Market for Common Equity and Related Stockholder Matters

Market Information

Our common stock is listed on the OTCBB under the symbol "CYIO.OB". The following table sets forth, for the periods indicated, the high and low bid prices for our common stock on the OTCBB as reported by various Bulletin Board market makers. The quotations do not reflect adjustments for retail mark-ups, mark-downs, or commissions and may not necessarily reflect actual transactions.

	Year Ended December 31, 2010		Year Ended December 31, 2011	
	High	Low	High	Low
First Quarter	$ 0.05	$ 0.04	$ 0.03	$ 0.02
Second Quarter	$ 0.05	$ 0.04	$ 0.03	$ 0.02
Third Quarter	$ 0.11	$ 0.13	$ 0.08	$ 0.06
Fourth Quarter	$ 0.09	$ 0.12	$ 0.07	$ 0.05

As of the fiscal year ended December 31, 2011 we had approximately 102 shareholders of record (excluding the number of persons or entities holding shares of our common stock in nominee or street name through one or more brokerage firms).

Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

Stock Option Grants

To date, we have not granted any stock options.

Registration Rights

Pursuant to our Registration Rights Agreement with Auctus, we have agreed to file a registration statement with the SEC registering the resale of the shares of common stock to be purchased from us by the selling shareholder. We will use our best efforts to maintain the effectiveness of the resale registration statement from the effective date through and until all securities registered under the registration statement have been sold or are otherwise able to be sold pursuant to Rule 144(k).

Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where after giving effect to the distribution of the dividend:

1. we would not be able to pay our debts as they become due in the usual course of business, or;

2. our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

Executive Compensation

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to both to our officers and to our directors for all services rendered in all capacities to us for our fiscal years ended December 31, 2010.

Summary Compensation Table									
Name and principal position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total Compensation ($)
Timothy Carnahan, Chief Executive Officer	2010	$200,013	$350,000(A)	$0	$0	$0	$0	$0	$550,013

(A) This stock award was paid to the CEO for his outstanding performance during the year in obtaining and retaining key contracts. He was issued 5,000,000 shares of the Company's Common Stock at $.07 per share which was the market price at the date of issuance of the shares.

The following table sets forth certain information concerning unexercised options, stock that has not vested, and equity incentive plan awards for each of our named executive officers outstanding as of December 31, 2010.

Outstanding Equity Awards at Fiscal Year-End									
Option Awards						Stock Awards			
Name	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
Timothy Carnahan, Chief Executive Officer	--	--	--	--	--	--	--	--	--

Director Compensation

No salary or regular compensation is paid to our directors. Pursuant to our bylaws, our directors are eligible to be reimbursed for their actual out-of-pocket expenses incurred in attending board meetings and other director functions, as well as fixed fees and other compensation to be determined by our board of directors. No such compensation or expense reimbursements have been requested by our directors or paid to date.

Stock Option Grants

We have not granted any stock options to the executive officers or directors.

Stock Option Plans

We did not have a stock option plan as of December 31, 2010.

Financial Statements

Index to Financial Statements:

Unaudited financial statements for the three and nine months ended September 30, 2011 and 2010:

Audited financial statements for the years ended December 31, 2010 and 2009:

CYIOS Corporation and Subsidiaries		
Consolidated Balance Sheets		
	As of	As of
	September 30,	December 31,
	2011 (unaudited)	2010
ASSETS		
CURRENT ASSETS		

Cash and Cash Equivalents	$ 36,694	$ 27,603
Accounts Receivable	173,641	172,937
Prepaid and Other Current Assets	39,597	102,620
TOTAL CURRENT ASSETS	249,932	303,160
FIXED ASSETS, NET	-	1,436
OTHER ASSETS		
Related Party Loan	219,284	219,284
TOTAL OTHER ASSETS	219,284	219,284
TOTAL ASSETS	$ 469,216	$ 523,880
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Line of Credit	$ 34,440	$ 51,468
Convertible Note Payable	-	36,000
Accounts Payable	-	9,452
Accruals and Other Payables	62,343	60,888
TOTAL LIABILITIES	96,783	157,808
STOCKHOLDERS' EQUITY		
Convertible Preferred Stock ($.001 par value, 5,000,000 authorized:29,713 and 29,713 issued and outstanding)	30	30
Common Stock ($.001 par value, 100,000,000 shares authorized: 36,311,640 and 37,711,640 shares issued and outstanding)	36,311	37,711
Additional Paid-in-Capital	24,496,376	24,592,976
Accumulated Deficit	(24,160,284)	(24,264,645)
TOTAL STOCKHOLDERS' EQUITY	372,433	366,072
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 469,216	$ 523,880

The accompanying notes are an integral part of these unaudited consolidated financial statements

CYIOS Corporation and Subsidiarie		
Consolidated Statements of Operations--(u		
	For the three months end 30,	
	2011	
SALES AND COST OF SALES		
Sales	$482,993	
Cost of Sales	251,144	
Gross Profit	231,849	

EXPENSES	
Selling, general and administrative	50,271
Payroll Expense--Indirect Labor	177,734
Consulting and Professional Fees Expense	24,460
Payroll Expense--Stock Compensation	
Consulting Expense--Stock Compensation	-
Depreciation	-
TOTAL EXPENSES	252,465
Net Income/(Loss) from Operations	(20,616)
OTHER INCOME/(EXPENSE)	
Interest Income--Related Party	4,385
Interest Expense	(1,449)
Loss on Disposal of Equipment	
NET OTHER INCOME/(EXPENSE)	2,936
PROVISION FOR INCOME TAXES	-
NET INCOME/(LOSS)	($17,680)
Net income/(loss) per share--basic and fully diluted	$0.00
Weighted average shares outstanding--basic and fully diluted	36,341,353

The accompanying notes are an integral part of these unaudited consolidated financial statements

CYIOS Corporation and Subsidiaries

Consolidated Statement of Stockholders' Deficit (Unaudited)

	Preferred Shares (000's)	Common Stock $	Additiona Paid-in Capital
Beginning Balances, December 31, 2009	$ 30	$ 30,149	$ 24,199,0
Beginning Balances (in shares) at December 31, 2009	29,713	30,148,877	
Shares issued for consulting services (in shares)	-	1,000,000	
Shares issued for consulting services	-	1,000	36,5
Shares issued to executive officer as a bonus (in shares)	-	5,000,000	
Shares issued to executive officer as a bonus	-	5,000	345,0

Portion of Note Payable converted to Shares (in shares)	-	1,562,763	
Portion of Note Payable converted to Shares	-	1,562	12,4
Net Income (loss)		-	
Ending Balances at December 31, 2010 (in shares)	29,713	37,711,640	
Ending Balances at December 31, 2010	$ 30	$ 37,711	$ 24,592,9
Return of Shares issued for consulting services (in shares)	-	(1,400,000)	
Return of Shares issued for consulting services	-	(1,400)	(96,60
Net Income (loss)	-	-	
Ending Balances at September 30, 2011 (in shares)	29,713	36,311,640	
Ending Balances at September 30, 2011	$ 30	$ 36,311	$ 24,496,3

The accompanying notes are an integral part of these unaudited consolidated financial statements

CYIOS Corporation and Subsidiaries	
Consolidated Statements of Cash Flows (Unaudited)	
	For the nine Septe
	201
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income/(loss)	$ 104,36
Adjustments to reconcile net loss to net cash provided by (used in)	
operating activities:	
Depreciation	
Loss on Disposal of Computer Equipment	1,43
Note Payable Converted into Shares	
Value of Shares returned for services not performed	(98,00
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(70
(Increase) in Interest Receivable--Related Party	(13,14
Decrease in Prepaid and Other Current Assets	76,16
(Decrease) in Accruals and Other Payables	1,45
(Decrease) in Accounts Payable	(9,45

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	62,1
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Issuance of Convertible Note Payable	
Principal Reduction on Convertible Note Payable--shares issued	
Payoff of Convertible Note Payable	(36,00
Principal Payments Made on line of Credit	(17,02
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(53,02
NET INCREASE IN CASH AND	
CASH EQUIVALENTS	9,09
CASH AND CASH EQUIVALENTS:	
Beginning of Period	27,60
End of Period	$ 36,69
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
CASH PAID DURING THE PERIOD FOR:	
Interest	**$ 4,85**
Taxes	**$**
NON CASH INVESTING AND FINANCING ACTIVITIES:	
Shares of Common Stock Returned for Consulting Services not Performed	**$ (98,00**
Shares of Common Stock Issued for Prepaid Consulting Services	**$**
Stock Issued for Consulting Services/Employee Bonus	**$**

The accompanying notes are an integral part of these unaudited consolidated financial statements

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CYIOS CORPORATION. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

(Unaudited)

NOTE A - ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The interim consolidated financial statements and summarized notes included herein were prepared in accordance with accounting principles generally accepted in the United States of America for interim consolidated financial information, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in complete consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, it is suggested that these consolidated financial statements be read in conjunction with the Consolidated Financial Statements and the Notes thereto, included in CYIOS Corporations 10-K filed April 15, 2011. These interim consolidated financial statements and notes hereto reflect all adjustments that are, in the opinion of management, necessary for a fair statement of results for the interim periods presented. Such financial results should not be construed as necessarily indicative of future results

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS

All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments, including cash, receivables and other current assets, are carried at amounts that approximate fair value. Accounts payable, line of credit, loans and notes payable and other liabilities are carried at amounts that approximate fair value.

PROPERTY AND EQUIPMENT

The Company provides for depreciation of equipment using accelerated and straight-line methods based on estimated useful lives of five to seven years. Depreciation expense was $0 and $196 respectively for the three months ended September 30, 2011 and 2010. Depreciation expense was $0 and $588 respectively for the nine months ended September 30, 2011 and 2010. The Company disposed of its computer equipment during the 1st Quarter 2011 and booked a loss of $1,437.

REVENUE RECOGNITION/CONTRACTS

The Company derives revenue primarily from the sale and service of information technology services to the government. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, collectability is reasonably assured, contractual obligations have been satisfied and title and risk of loss have been transferred to the customer.

Revenue from the contracts is recognized using the specific performance method. Revenue on fixed-price contracts pursuant to which a client pays the Company a specified amount to provide only a particular service for a stated time period, or so-called fee-for-service arrangement, is recognized as amounts become billable, assuming all other criteria for revenue recognition are met. The Company bids on governmental contracts which are generally long-term for a fixed-price per contract. Once the company wins a contract and begins the project, the company bills on a monthly basis for the labor hours worked at the agreed upon price per hour—based on the contract. The company then recognizes the revenue on those actual hours that have been billed to the customer.

Net Income/ (Loss) per Common Share

The Company's current earnings per share (EPS) are shown in dual presentation of basic and diluted earnings per share (EPS) with a reconciliation of the numerator and denominator of the EPS computations. Basic earnings per share amounts are based on the weighted average shares of common stock outstanding. If applicable, diluted earnings per share would assume the conversion, exercise or issuance of all potential common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. Accordingly, this presentation has been adopted for the period presented. There were no adjustments required to net loss for the period presented in the computation of diluted earnings per share.

Advertising Costs

Advertising costs are expensed as incurred. For the three months ended September 30, 2011 and 2010, the company incurred advertising expense of $12,100 and $2,479, respectively. For the nine months ended September 30, 2011 and 2010, the company incurred advertising expense of $17,537 and $7,608, respectively.

Income Taxes

We account for income taxes using the asset and liability method, which results in recognizing income tax expense based on the amount of income taxes payable or refundable for the current year. Additionally, we evaluate regularly the tax positions taken or expected to be taken resulting from financial statement recognition of certain items. Based on our evaluation, we have concluded that there are no significant uncertain tax positions.

Impairment of Long-Lived Assets

The Company reviews the carrying value of property, plant, and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2010, the FASB issued Accounting Standard Update No. 2010-20 (ASU No. 2010-20) "Receivables" (Topic 310). ASU No. 2010-20 provides financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. This update is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The amendments in this update apply to both public and nonpublic entities with financing receivables, excluding short-term trade accounts receivable or receivables measured at fair value or lower of cost or fair value. The objective of the amendments in ASU No. 2010-20 is for an entity to provide disclosures that facilitate financial statement users' evaluation of (1) the nature of credit risk inherent in the entity's portfolio of financing receivables, (2) How that risk is analyzed and assessed in arriving at the allowance for credit losses and (3) The changes and reasons for those changes in the allowance for credit losses. The entity must provide disclosures about its financing receivables on a disaggregated basis. For public entities ASU No. 2010-20 is effective for interim and annual reporting periods ending on or after December 15, 2010. For nonpublic entities ASU No. 2010-20 will become effective for annual reporting periods ending on or after December 15, 2011. The Company is evaluating the impact ASU No. 2010-20 will have on the financial statements.

In August 2010, the FASB issued Accounting Standard Updates No. 2010-21 (ASU No. 2010-21) "Accounting for Technical Amendments to Various SEC Rules and Schedules" and No. 2010-22 (ASU No. 2010-22) "Accounting for Various Topics – Technical Corrections to SEC Paragraphs". ASU No 2010-21 amends various SEC paragraphs pursuant to the issuance of Release no. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies. ASU No. 2010-22 amends various SEC paragraphs based on external comments received and the issuance of SAB 112, which amends or rescinds portions of certain SAB topics. Both ASU No. 2010-21 and ASU No. 2010-22 are effective upon issuance. The amendments in ASU No. 2010-21 and No. 2010-22 will not have a material impact on the Company's financial statements.

Accounts Receivable

Accounts receivable are reported at net realizable value. The Company establishes an allowance for doubtful accounts based upon factors pertaining to the credit risk of specific customers, historical trends, and other information. Delinquent accounts are written off when it's determined that the amounts are uncollectible. The Company did not have a balance in the allowance for doubtful accounts as of September 30, 2011 and 2010.

PREFERRED STOCK

As of September 30, 2011, the outstanding shares of preferred stock are 29,713.

COMMON STOCK

The following table recaps the capital account transactions occurring during the 1st, 2nd and 3rdquarters of 2010:

Month/Description of transaction (1st Quarter)	Number of shares	Price per share	Total Value
March--Stock issued to Executive Officer as bonus	5,000,000	$ 0.07	$ 350,000
March--Stock issued for Consulting Services	100,000	$ 0.06	$ 6,000
March--Stock issued for Consulting Services	450,000	$ 0.04	$ 18,000
Total	**5,550,000**		**$ 374,000**

No activity in the 2ndquarter 2010.

Month/Description of transaction (3rd Quarter)	Number of shares	Price per share	Total Value
August--Stock issued for Note Payable principal converted to shares	133,333	$ 0.02	$ 2,000
Total	**133,333**		**$ 2,000**

The following table recaps the capital account transactions occurring during the 1st, 3rd, and 3rdquarters 2011:

Month/Description of transaction (1st Quarter)	Number of shares	Price per share	Total Value
January--Stock issued for Consulting Services was returned	1,400,000	$ 0.07	$ 98,000
Total	**1,400,000**		**$ 98,000**

The above shares were returned to the Company as the Consultant contracted to perform services for the company during 2010 through 2011 and beyond did not perform the agreed upon services and was in breach of contract.

No activity in the 2nd and 3rdquarters 2011.

STOCK-BASED COMPENSATION

Stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite service period of the award. The Company has awarded stock-based compensation both as restricted stock and stock options. Any stock options granted were immediately exercised upon grant.

STOCK OPTIONS AND WARRANTS

As of September 30, 2011, the Company does not have any outstanding stock options or warrants as shown in the following table:

	Stock/Options	*Weighted average price per share*		*Aggregate intrinsic value*
For the year ended December 31, 2010				
Granted	-	-		-
Exercised	-	-		-
Outstanding at December 31, 2010	**-**	**-**		**-**
For the period ended September 30, 2011				
Granted	-	-		-
Exercised	-	-		-
Outstanding at September 30, 2011	**-**	**-**		**-**

NOTE B—INCOME TAXES

Due to the prior years' operating losses and the inability to recognize an income tax benefit, there is no provision for current or deferred federal or state income taxes for the tax year ended December 31, 2010.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for federal and state income tax purposes.

The Company's total deferred tax asset, calculated using federal and state effective tax rates, as of December 31, 2010 is as follows:

Total Deferred Tax Asset	**$ 2,257,748**
Valuation Allowance	(2,257,748)
Net Deferred Tax Asset	-

The reconciliation of income taxes computed at the federal statutory income tax rate to total income taxes for the nine months ended September 30, 2011 and 2010 is as follows:

	2011	2010
Income tax computed at the federal statutory rate	34%	34%
State income tax, net of federal tax benefit	0%	0%
Total	34%	34%
Valuation allowance	-34%	-34%
Total deferred tax asset	0%	0%

Because of the Company's lack of earnings history, the deferred tax asset has been fully offset by a valuation allowance. The valuation allowance increased (decreased) by $(35,483) and $16,637for the quarter ended September 30, 2011 and 2010, respectively. No tax benefits have been recorded for the nondeductible (tax) expenses (including stock for services) totaling $17,624,208.

As of December 31, 2010, the Company had federal and state net operating loss carryforwards as follows of $5,729,111 which will expire at various times through the year 2030.

NOTE C—CONCENTRATION

The Company is either a prime or sub contractor on contracts with the Information Management Support Center U.S. Army and GOMO/SLD. Loss of these contracts could have a material effect upon the Company's financial condition and results of operations.

NOTE D—PENSION PLAN

The Company has a 401(k) plan which is administered by a third-party administrator. Individuals who have been employed for one month and reached the age of 21 years are eligible to participate. Employees may contribute up to the legal amount allowed by law. The Company matches one quarter of the employee's contribution up to a maximum of 4% of the employee's wages. Employees are vested in the Company's contribution 25% a year and are fully vested after four years. The Company's contributions for the three months ended September 30, 2011 and 2010 were $4,118 and $3,461, respectively. The Company's contribution for the nine months ended September 30, 2011 and 2010 were $11,833 and $10,552, respectively.

NOTE E—COMMITMENTS/LEASES

The Company entered into a new lease agreement on September 20, 2010 for office space. The lease agreement is a month to month agreement that will automatically renew for consecutive periods of one month, for up to twelve months. The monthly fees range between $275 and $450. Total future payments through December 31, 2011 are $3,300.

Total rent expense for the three months ended September 30, 2011 and 2010 was $769 and $4,868, respectively. Total rent expense for the nine months ended September 30, 2011 and 2010 was $2,966 and $13,719.

NOTE F—RELATED PARTIES

The Company has a Note Receivable with one of its officers and major shareholders. The note is payable on demand and bears 8% interest per annum. The outstanding balance as of September 30, 2011 is $219,284.

Outstanding Interest Receivable as of September 30, 2011 is $39,047.

The above Related Party Loan is secured by 8,000,000 shares of stock owned by the related party.

NOTE G—NET INCOME/ (LOSS) PER COMMON SHARE

The Company's reconciliation of the numerators and denominators of the basic and fully diluted income per shares is as follows for the three months ended September 30, 2011 and 2010 are as follows:

For the three months ended:	September 30, 2011	September 30, 2

	Income	Shares	Per-Share	Income	
	(Numerator)	(Denominator)	Amount	(Numerator)	(De
Net Income/(Loss)	$ (17,680)			$ (45,517)	
Basic EPS					
Income available to common stockholders	(17,680)	36,311,640	$ (0.00)	(45,517)	
Effect of Dilutive Securities					
Warrants					
Convertible preferred stock		29,713			
Diluted EPS					
Net Income/(Loss)	$ (17,680)	36,341,353	$ (0.00)	$ (45,517)	

The Company's reconciliation of the numerators and denominators of the basic and fully diluted income per shares is as follows for the nine months ended September 30, 2011 and 2010 are as follows:

For the nine months ended:	**September 30, 2011**			**September 30, 2**	
	Income	Shares	Per-Share	Income	
	(Numerator)	(Denominator)	Amount	(Numerator)	(Der
Net Income/(Loss)	$ 104,361			$ (462,333)	
Basic EPS					
Income available to common stockholders	104,361	36,311,640	$ 0.00	(462,333)	3
Effect of Dilutive Securities					
Warrants					
Convertible preferred stock		29,713			
Diluted EPS					
Net Income/(Loss)	$ 104,361	36,341,353	$ 0.00	$ (462,333)	3

NOTE H—LINE OF CREDIT

Two of the Company's subsidiaries have lines of credit with Bank of America. The line of credit for CKO is 14.75% interest and the line of credit for CYIOS Corporation f/k/a China Print (parent company) is 9.25%. The outstanding balances of the line of credit by Subsidiary as of September 30, 2011 are as follows:

CKO	$33,948
CYIOS Corporation	492
Total	**$34,440**

NOTE I—CONVERTIBLE NOTE PAYABLE

On January 5, 2010, the company received proceeds from a Note Payable ("Note") due to an outside party in the amount of $50,000. A total of 4,761,905 shares have been placed in reserve if the Note Payable is converted. On August 20, 2010, $2,000 of the principal balance was converted into 133,333 common shares of CYIOS Corporation stock. On October 19, 2010, $4,000 of the principal balance was converted into 540,541 common shares of CYIOS Corporation stock. On December 13, 2010, $8,000 of the principal balance was converted into 888,889 common shares of CYIOS Corporation stock. As of December 31, 2010 the total Note Payable outstanding was $36,000.

The Company paid off the remaining principal balance of $36,000 on January 26, 2011 in full satisfaction of the outstanding Note Payable. The remaining shares not issued for conversion in the amount of 3,199,142 were removed from reserve.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

CYIOS Corporation

Washington, DC

We have audited the accompanying consolidated balance sheet of CYIOS Corporation (the *"Company"*) as of December 31, 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of CYIOS Corp. as of and for the year ended December 31, 2009 were audited by other auditors whose report was dated February 23, 2010.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CYIOS Corporation as of December 31, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Silberstein Ungar, PLLC

Silberstein Ungar, PLLC

Bingham Farms, Michigan

April 15, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the board of directors and stockholders of Cyios Corporation

We have audited the accompanying consolidated balance sheet of Cyios Corporation as of December 31, 2009 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cyios Corporation as of December 31, 2009 and the results of its operations and its cash flows for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

/s/ Jewett, Schwartz, Wolfe and Associates

Hollywood, Florida

February 23, 2010

CYIOS Corporation and Subsidiaries
Consolidated Balance Sheets

	As of December 31, 2010	As of December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 27,603	$ 76,448
Accounts Receivable	172,937	114,596
Prepaid and Other Current Assets	102,620	101,697
TOTAL CURRENT ASSETS	303,160	292,741
FIXED ASSETS, NET	1,436	2,220
OTHER ASSETS		
Related Party Loan	219,284	234,284
TOTAL OTHER ASSETS	219,284	234,284
TOTAL ASSETS	$ 523,880	$ 529,245
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Line of Credit	$ 51,467	$ 71,100
Convertible Note Payable	36,000	-
Accounts Payable	9,452	4,045
Accruals and Other Payables	60,888	95,476
TOTAL LIABILITIES	157,808	170,621
STOCKHOLDERS' EQUITY		
Convertible Preferred Stock ($.001 par value, 5,000,000 authorized: 29,713 and 29,713 issued and outstanding)	30	30
Common Stock ($.001 par value, 100,000,000 shares authorized: 37,711,640 and 30,148,877 shares issued and outstanding)	37,711	30,149
Additional Paid-in-Capital	24,592,976	24,199,038
Accumulated Deficit	(24,264,645)	(23,870,593)
TOTAL STOCKHOLDERS' DEFICIT	366,072	358,624
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 523,880	$ 529,245

See the accompanying notes

CYIOS Corporation and Subsidiaries
Consolidated Statements of Operations

	For the years ended December 31, 2010	2009
SALES AND COST OF SALES		
Sales	$ 1,849,804	$ 1,881,897
Cost of Sales	1,078,841	1,094,786
Gross Profit	770,964	787,111
EXPENSES		
Selling, general and administrative	94,933	68,885
Payroll Expense--Indirect Labor	595,592	598,225
Consulting and Professional Fees Expense	67,181	55,909

Payroll Expense--Stock Compensation	350,000	-
Consulting Expense--Stock Compensation	66,167	81,208
Depreciation	784	784
TOTAL EXPENSES	1,174,656	805,011
Net Income/(Loss) from Operations	(403,692)	(17,900)
OTHER INCOME/(EXPENSE)		
Interest Income--Related Party	17,741	5,120
Interest Expense	(8,100)	(8,264)
NET OTHER INCOME/(EXPENSE)	9,641	(3,144)
PROVISION FOR INCOME TAXES	-	-
NET INCOME/(LOSS) FROM CONTINUING OPERATIONS	(394,051)	(21,044)
NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS	-	17,068
Net Income/(Loss)	$ (394,051)	$ (3,976)
Net income/(loss) per share--basic and fully diluted	$ (0.01)	$ (0.00)
Weighted average shares outstanding--basic and fully diluted	36,836,542	27,828,635

See the accompanying notes

CYIOS Corporation and Subsidiaries

Consolidated Statement of Stockholders' Deficit

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Tot
Balances, December 31, 2008	29,713	$ 30	26,857,310	$ 26,857	$ 24,014,663	$ (23,866,618)	$
Shares issued for consulting services	-	-	2,366,667	2,367	159,300	-	
Shares issued to employees	-	-	125,000	125	5,875	-	
Shares sold	-	-	800,000	800	19,200	-	
Net Income (loss)	-	-	-	-	-	(3,976)	
Balances, December 31, 2009	29,713	$ 30	30,148,877	$ 30,149	$ 24,199,038	$ (23,870,594)	$
Shares issued for consulting services	-	-	1,000,000	1,000	36,500	-	
Shares issued to executive officer as a bonus	-	-	5,000,000	5,000	345,000	-	
Portion of Note Payable converted to Shares	-	-	1,562,763	1,562	12,438	-	
Net Income (loss)	-	-	-	-	-	(394,051)	(

Balances, December 31, 2010	29,713 $ 30	37,711,640 $ 37,711	$ 24,592,976	$ (24,264,645)	$

See the accompanying notes

CYIOS Corporation and Subsidiaries		
Consolidated Statements of Cash Flows		
	For the years ended December 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income/(loss)		
From Continuing Operations	$ (394,051)	$ (21,044)
From Discontinued Operations	-	17,068
Adjustments to reconcile net loss to net cash provided by (used in)		
operating activities:		
Depreciation	784	784
Value of Shares Issued for consulting/employee services	387,500	167,667
Note Payable Converted into Shares	14,000	-
Reduction in Liabilities from Discontinued Operations	-	(17,068)

Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(58,341)	(91,415)
(Increase)/Decrease in Prepaid and Other Current Assets	(923)	(85,579)
Increase/(Decrease) in Accruals and Other Payables	(34,588)	73,029
Increase/(Decrease) in Accounts Payable	5,407	(25,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(80,212)	18,442
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase)/Decrease in Related Party Loan	15,000	28,228
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,000	28,228
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Common Stock	-	20,000
Proceeds Received from Payments made on Stock Subscription Receivable	-	-
Proceeds from Issuance of Convertible Note Payable	50,000	-
Principal Reduction on Convertible Note Payable--shares issued	(14,000)	
Principal Payments Made on line of Credit	(19,633)	(17,292)
Proceeds Received from Draw on Line of Credit	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	16,367	2,708
NET INCREASE/(DECREASE) IN CASH AND		
CASH EQUIVALENTS	(48,845)	49,378
CASH AND CASH EQUIVALENTS:		
Beginning of Period	76,448	27,070
End of Period	$ 27,603	$ 76,448
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH PAID DURING THE PERIOD FOR:		
Interest	$ 8,100	$ 8,264
Taxes	$ -	$ -
NON CASH INVESTING AND FINANCING ACTIVITIES:		
Stock Issued for Prepaid Consulting Services	$ 37,500	$ 89,833
Stock Issued for Consulting Services/Employee Bonus	$ 356,000	$ 77,834
Stock Issued for a portion of Convertible Note Payable	$ 14,000	$ -

See the accompanying notes

Notes to Financial STATEMENTS

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity— The consolidated financial statements of CYIOS Corporation (The Company), includes its subsidiary by the same name CYIOS Corporation and CKO, Inc. The Company, through its subsidiary CYIOS Corporation does business as a leading systems integrator and Knowledge Management Solutions provider supporting the DoD and Government. The company contracts its services for single and multiple year awards to different DoD and US Government agencies. CKO Inc. owns a custom designed online office management product. The company launched this product in November of 2005 to the general public and commercial businesses.

Consolidation—The consolidated financial statements include the accounts of the Company and its Subsidiaries, after all eliminations of all intercompany accounts and transactions.

Cash and Cash Equivalents—For purposes of the Consolidated Statement of Cash Flows, the Company considers liquid investments with an original maturity of three months or less to be cash equivalents.

Management's Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition—The Company derives revenue primarily from the sale and service of information technology services to the government. In accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"), revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, collectability is reasonably assured, contractual obligations have been satisfied and title and risk of loss have been transferred to the customer.

Revenues are recognized based on completion of a project and acceptance by the customer.

Selecting the appropriate revenue recognition method involves judgment based on the contract and can be complex depending upon the structure and terms and conditions of the contract.

Contract claims are unanticipated additional costs incurred but not provided for in the executed contract price that we seek to recover from the customer. Such costs are expensed as incurred. Additional revenue related to contract claims is recognized when the amounts are awarded by the customer.

Comprehensive Income (Loss)—The Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 130, *"Reporting Comprehensive Income"*, which establishes standards for the reporting and display of comprehensive income and its components in the consolidated financial statements. There were no items of comprehensive income (loss) applicable to the Company during the periods covered in the consolidated financial statements.

Advertising Costs—Advertising costs are expensed as incurred. For the years ended December 31, 2010 and 2009, the company incurred $9,690 and $9,784 respectively.

Net Loss per Common Share—Statement of Financial Accounting Standard (SFAS) No. 128 requires dual presentation of basic and diluted earnings per share (EPS) with a reconciliation of the numerator and denominator of the EPS computations. Basic earnings per share amounts are based on the weighted average shares of common stock outstanding. If applicable, diluted earnings per share would assume the conversion, exercise or issuance of all potential common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. Accordingly, this presentation has been adopted for the period presented. There were no adjustments required to net loss for the period presented in the computation of diluted earnings per share.

Income Taxes—Income taxes are provided in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, *"Accounting for Income Taxes."* A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss-carryforwards.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that, and some portion or the entire deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

Fair Value of Financial Instruments—The carrying amounts reported in the consolidated balance sheet for cash, accounts receivable and payables approximate fair value based on the short-term maturity of these instruments.

Accounts Receivable—Accounts deemed uncollectible are written off in the year they become uncollectible. For the years ended December 31, 2010 and 2009, the following amounts by subsidiary were deemed uncollectible and written off as bad debts. Outstanding Accounts Receivable as of December 31, 2010 was $172,937 (CYIOS Subsidiary) and as of December 31, 2009 was $114,596 (CYIOS Subsidiary).

Impairment of Long-Lived Assets—. Using the guidance of Statement of Financial Accounting Standards (SFAS) No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets"*, the Company reviews the carrying value of property, plant, and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors.

Property and Equipment—Property and equipment is stated at cost. Depreciation is provided by the straight-line method over the estimated economic life of the property and equipment remaining from five to seven years. New computer equipment assets in the amount of $3,917 were purchased in 2007. These assets will be depreciated of their estimated useful life which the Company has determined to be 5 years. Total depreciation expense for the year ended December 31, 2010 was $784 and for the year ended December 31, 2009 was $784.

Recent Accounting Pronouncements— In July 2010, the FASB issued Accounting Standard Update No. 2010-20 (ASU No. 2010-20) "Receivables" (Topic 310). ASU No. 2010-20 provides financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. This update is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The amendments in this update apply to both public and nonpublic entities with financing receivables, excluding short-term trade accounts receivable or receivables measured at fair value or lower of cost or fair value. The objective of the amendments in ASU No. 2010-20 is for an entity to provide disclosures that facilitate financial statement users' evaluation of (1) the nature of credit risk inherent in the entity's portfolio of financing receivables, (2) How that risk is analyzed and assessed in arriving at the allowance for credit losses and (3) The changes and reasons for those changes in the allowance for credit losses. The entity must provide disclosures about its financing receivables on a disaggregated basis. For public entities ASU No. 2010-20 is effective for interim and annual reporting periods ending on or after December 15, 2010. For nonpublic entities ASU No. 2010-20 will become effective for annual reporting periods ending on or after December 15, 2011. The Company is evaluating the impact ASU No. 2010-20 will have on the financial statements.

In August 2010, the FASB issued Accounting Standard Updates No. 2010-21 (ASU No. 2010-21) "Accounting for Technical Amendments to Various SEC Rules and Schedules" and No. 2010-22 (ASU No. 2010-22) "Accounting for Various Topics – Technical Corrections to SEC Paragraphs". ASU No 2010-21 amends various SEC paragraphs pursuant to the issuance of Release no. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies. ASU No. 2010-22 amends various SEC paragraphs based on external comments received and the issuance of SAB 112, which amends or rescinds portions of certain SAB topics. Both ASU No. 2010-21 and ASU No. 2010-22 are effective upon issuance. The amendments in ASU No. 2010-21 and No. 2010-22 will not have a material impact on the Company's financial statements.

Other ASUs not effective until after September 30, 2010, are not expected to have a significant effect on the Company's consolidated financial position or results of operations.

NOTE B—FINANCING FACILITY

During the year ended December 31, 2003 the Company entered into an accounts receivable financing facility for a maximum of $500,000 with an unrelated third party. Collateral for the facility is a first security interest in all corporate assets and a personal guarantee of the Company's shareholder. The Company pays a 2% fee for each advance and interest accrues on all advances at a floating rate, at the prime rate published in the Wall Street Journal plus 2% (5.25% at December 31, 2010). The Company is advanced 90% of all government contract invoices. The advances are used for general corporate working capital. Residual, or holdback amounts, less fees and interest, are remitted to the Company when payments are received from the government. Substantially all of the Company's revenue stream and accounts receivables are factored through this facility.

NOTE C—INCOME TAXES

Due to the prior years' operating losses and the inability to recognize an income tax benefit therefrom, there is no provision for current or deferred federal or state income taxes for the year ended December 31, 2010.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for federal and state income tax purposes.

The Company's total deferred tax asset, calculated using federal and state effective tax rates, as of December 31, 2010 is as follows:

Total Deferred Tax Asset	$ 2,257,748
Valuation Allowance	(2,257,748)
Net Deferred Tax Asset	-

The reconciliation of income taxes computed at the federal statutory income tax rate to total income taxes for the years ended December 31, 2010 and 2009 is as follows:

	2010	**2009**
Income tax computed at the federal statutory rate	34%	34%
State income tax, net of federal tax benefit	0%	0%
Total	34%	34%
Valuation allowance	-34%	-34%
Total deferred tax asset	0%	0%

Because of the Company's lack of earnings history, the deferred tax asset has been fully offset by a valuation allowance. The valuation allowance increased (decreased) by $(4,760) and $1.352 in 2010 and 2009, respectively. No tax benefits have been recorded for the nondeductible (tax) expenses (including stock for services) totaling $17,624,208.

As of December 31, 2010, the Company had federal and state net operating loss carryforwards as follows of $6,645,787 which will expire at various times through the year 2030.

NOTE D—CONCENTRATION

The Company is either a prime or sub contractor on contracts with the Information Management Support Center U.S. Army and GOMO/SLD. Loss of these contracts could have a material effect upon the Company's financial condition and results of operations.

NOTE E—SEGMENT REPORTING

The Company has four reportable segments—CYIOS, CYIOS Group, and CKO:

Net Sales by Segment	*For the year ended December 31, 2010*			
	CYIOS	**CYIOS Group**	**CKO**	**Totals**
Sales, net	$ 1,849,804	$ -	$ -	$ 1,849,804
Cost of Sales	$ 1,078,841	-	-	1,078,841
Gross Profit	$ 770,964	$ -	$ -	$ 770,964
Profit/(Loss) by Segment	*For the year ended December 31, 2010*			
	CYIOS	**CYIOS Group**	**CKO**	**Totals**
Net (Loss)	$ (383,304)	$ (1,737)	$ (10,009)	$ (394,051)

Net Sales by Segment	*For the year ended December 31, 2009*			
	CYIOS	**CYIOS Group**	**CKO**	**Totals**
Sales, net	$ 1,881,897	$ -	$ -	$ 1,881,897
Cost of Sales	1,094,786	-	-	1,094,786
Gross Profit	$ 787,111	$ -	$ -	$ 787,111
Profit/(Loss) by Segment	*For the year ended December 31, 2009*			
	CYIOS	**CYIOS Group**	**CKO**	**Totals**
Net Operating Profit/(Loss)	$ (13,119)	$ 2,331	$ (10,256)	$ (21,044)
Net (Loss)	$ (13,119)	$ 19,399	$ (10,256)	$ (3,976)

The accounting policies used for segment reporting are the same as those described in Note A "Summary of Significant Accounting Policies";

NOTE F—EQUITY

Common Shares

The Company is authorized to issue 100,000,000 shares of $.001 par value stock and as of December 31, 2010 the Company had 37,711,640 shares outstanding. During 2010 and 2009, the Company issued the following shares of common stock:

During 2010, the Company issued 7,562,763 common shares to investors, employees, and consultants. The shares issued as stock compensation were valued at the fair market value price at date of issuance. The issuance of the shares and the value is detailed in the following table:

Month/Description of transaction	Number of shares	Price per share	Total Value
March 16, 2010—Officer Stock Bonus	5,000,000	$ 0.0700	$ 350,000
March 24, 2010—Consulting Services	100,000	$ 0.0600	$ 6,000
March 31, 2010—Consulting Services	450,000	$ 0.0400	$ 18,000
August 20, 2010—Debt Conversion	133,333	$ 0.0150	$ 2,000
October 19, 2010—Debt Conversion	540,541	$ 0.0074	$ 4,000
October 27, 2010—Consulting Services	450,000	$ 0.0300	$ 13,500
December 13, 2010—Debt Conversion	888,889	$ 0.0090	$ 8,000
Total	**7,562,763**		**$ 401,500**

During 2009, the Company issued 3,291,667 common shares to investors, employees, and consultants. The shares issued as stock compensation were valued at the fair market value price at date of issuance. The issuance of the shares and the value is detailed in the following table:

Month/Description of transaction	Number of shares	Price per share	Total Value
January 29, 2009—Employee Bonus	100,000	$ 0.05	$ 4,500
January 29, 2009—Consulting Services	550,000	$ 0.05	$ 27,500
February 9, 2009—Employee Bonus	25,000	$ 0.06	$ 1,500
May 1, 2009*--Consulting Services	100,000	$ 0.14	$ 14,000
May 13, 2009—Consulting Services	400,000	$ 0.05	$ 20,000
October 5, 2009—Consulting Services	1,400,000	$ 0.07	$ 98,000
October 28, 2009—Consulting Services	316,667	$ 0.07	$ 22,167
December 17, 2009*--Consulting Services	400,000	$ -	$ -
Total	**3,291,667**		**$ 187,667**

*These shares were sold in May 2009.

Preferred Shares

The Company is authorized to issue 5,000,000 shares of $.001 par value, non-voting, convertible preferred shares. The preferred shares are convertible to common shares at a 1 to 1 ratio. As of December 31, 2010, the Company had 29,713 preferred shares outstanding. During 2010 and 2009, the Company did not issue any preferred shares of stock.

NOTE G—Stock options and warrants

On April 21, 2006, the Company’s board of directors approved the 2006 Employee Stock Option Plan (the “2006 Plan”). The 2006 Plan provides for the issuance of a maximum of 3,000,000 shares of common stock in connection with stock options granted thereunder, plus an annual increase to be added on the first nine anniversaries of the effective date of the 2006 Plan, equal to at least (i) 1% of the total number of shares of common stock then outstanding, (ii) 350,000 shares, or (iii) a number of shares determined by the Company’s board of directors prior to such anniversary date. The 2006 Plan has a term of 10 years and may be administered by the Company’s board of directors or by a committee made up of not less than 2 members of appointed by the Company’s board of directors. Participation in the 2006 Plan is limited to employees, officer, directors and consultants of the Company and its subsidiaries. Incentive stock options granted pursuant to the 2006 Plan must have an exercise price per share not less than 100%, and non-qualified stock options not less than 85%, of the fair market value of our common stock on the date of grant. Awards granted pursuant to the 2006 Plan may not have a term exceeding 10 years and will vest upon conditions established by the Company’s board of directors.

On April 21, 2006 the Company filed a registration statement on Form S-8 with the SEC registering 3,000,000 shares of common stock for issuance upon exercise of options granted pursuant to the 2006 Plan. As of December 31, 2010, options to acquire 1,812,300 shares of common stock were granted and exercised and there are 1,187,700 shares available for issuance under the 2006 Plan.

On November 12, 2007, the Company’s board of directors approved the 2007 Equity Incentive Plan (the “2007 Plan”).

The 2007 Plan provides for the issuance of a maximum of 3,500,000 shares of common stock in connection with awards granted thereunder, which may include stock options, restricted stock awards and stock appreciation rights. The 2007 Plan has a term of 10 years and may be administered by the Company's board of directors or by a committee appointed by the Company's board of directors (the "Committee"). Participation in the 2007 Plan is limited to employees, officer, directors and consultants of the Company and its subsidiaries. Incentive stock options granted pursuant to the 2007 Plan must have an exercise price per share not less than 100%, and non-qualified stock options not less than 85%, of the fair market value of the Company's common stock on the date of grant. Awards granted pursuant to the 2007 Plan may not have a term exceeding 10 years and will vest upon conditions established by the Committee.

On November 29, 2007 the Company filed a registration statement on Form S-8 with the SEC registering 3,500,000 shares of common stock for issuance upon exercise of options granted and exercised pursuant to the 2007 Plan. As of December 31, 2010, options to acquire 2,054,000 shares of common stock were granted and exercised and there are 1,210,700 shares available for issuance under the 2007 Plan.

Outstanding stock options granted as of December 31, 2010 are as follows:

	Stock/Options	*Weighted average price per share*	*Aggregate intrinsic value*
Outstanding at December 31, 2008	2,014,284	0.13	261,857
For the year ended December 31, 2009			
Granted	3,291,667	0.06	197,500
Options forfeited or expired	(2,014,284)	0.13	(261,857)
Exercised in 2009	(3,291,667)	0.06	(197,500)
Outstanding at December 31, 2009	**-**	**0.13**	**-**
For the period ended December 31, 2010			
Granted	-	-	-
Exercised	-	-	-
Outstanding at December 31, 2010	**-**	**-**	**-**

Under the fair value recognition provisions of SFAS No. 123(R), stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite service period of the award. The Company has awarded stock-based compensation as restricted stock.

All of the options granted in each of the two years ended December 31, 2010 and 2009 were immediately vested upon grant and were immediately exercised upon grant too.

The weighted-average exercise prices for options outstanding at the beginning and end of the two years ended December 31, 2010 did not change. The method used to estimate the fair value of the awards granted under the share-based payment arrangements was the value of the stock at the date the stock option was granted because on this same date the options were exercised. The stock options granted and exercised were immediately vested.

Compensation expense for common stock is recognized on the date of the grant at the closing price of the stock on the date of the grant because the options are immediately exercised on that same date

For the years ended December 31, 2010 and 2009 included stock-based compensation of $387,500 and $167,667, respectively.

The Company does not have any unrecognized stock-based compensation expense at December 31, 2010.

NOTE H—PENSION PLAN

The Company has a 401(k) plan which is administered by a third-party administrator. Individuals who have been employed for one month and reached the age of 21 years are eligible to participate. Employees may contribute up to the legal amount allowed by law. The Company matches one-fourth of the employee's contribution up to a maximum of 4% of the employee's wages. Employees are vested in the Company's contribution 25% a year and are fully vested after four years. The Company's contributions for the years ended December 31, 2010 and 2009 were $14,768 and $13,294 respectively.

NOTE I—COMMITMENTS/LEASES

The Company entered into a lease agreement on July 8, 2005 for office space. The current lease agreement was signed in September 2010 and is in effect for 12 months. Under this new agreement the monthly fees have been reduced from approximately $1,000 per month to $450 per month. The Company's estimated future yearly minimum lease obligations are as follows:

Year	Amount
2011	$ 3,300
2012	3,630
2013	3,993
2014	4,392
2015	4,832
Total	20,147

Total rent expense for 2010 and 2009 was $15,150 and $17,715 respectively.

NOTE J—RELATED PARTIES

The Company has a Note Receivable with one of its officers and major shareholders. The note is payable on demand and bears 8% interest per annum. The outstanding balance as of December 31, 2010 is $219,284.

Annual payments including principal and interest are as follows:

Year	Interest and Principle Payments	
2011	$	31,926
2012		31,926
2013		31,926
2014		31,926
2015		31,926
2016 and thereafter		122,977
Total Interest and Principle Payments	$	282,608

NOTE K—LINE OF CREDIT

Two of the Company's subsidiaries have lines of credit with Bank of America. The line of credit for CKO is 14.73% interest and the line of credit for China Print, Inc. is 9.25%. The outstanding balances of the line of credit by Subsidiary as of December 31, 2010 are as follows:

CKO (Timothy Carnahan is the guarantor)	$ 39,861
CYIOS Group	11,607
	$ 51,468

NOTE L—LIABILITIES OF DISCONTINUED OPERATIONS

In 2009, Management wrote off $17,068 in accounts payable that pertained to amounts owed by WorldTeq Corporation to various vendors. These amounts have been sitting on the books since 2003 and 2004 and no attempt has been made by the vendors to collect these amounts.

Management believes that these amounts were already paid and not written off the books prior to the merger in 2005.

The Income from Discontinued Operations (WorldTeq Corporation) was $0 and $17,068 for the years ended December 31, 2010 and 2009. The Company has closed out and dissolved WorldTeq Corporation as of December 31, 2009.

NOTE M—NET INCOME/ (LOSS) PER COMMON SHARE

The Company’s reconciliation of the numerators and denominators of the basic and fully diluted income per shares is as follows for the years ended December 31, 2010 and 2009 are as follows:

	For the year ended December 31, 2010			For the year ended December 31, 2009		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net Income/(Loss)	$ (394,051)			$ (3,976)		
Basic EPS						
Income available to common stockholders	(394,051)	34,839,166	$ (0.01)	(3,976)	27,798,922	$ 0.00
Effect of Dilutive Securities						
Warrants						
Convertible preferred stock		29,713			29,713	
Diluted EPS						
Net Income/(Loss)	(394,051)	36,836,542	$ (0.01)	(3,976)	27,828,635	$ 0.00

NOTE N—CONVERTIBLE NOTE PAYABLE

On January 5, 2010, the company received proceeds from a Note Payable ("Note") due to an outside party in the amount of $50,000. A total of 4,761,905 shares have been placed in reserve if the Note Payable is converted. On August 20, 2010, $2,000 of the principal balance was converted into 133,333 common shares of CYIOS Corporation stock. On October 19, 2010, $4,000 of the principal balance was converted into 540,541 common shares of CYIOS Corporation stock. On December 13, 2010, $8,000 of the principal balance was converted into 888,889 common shares of CYIOS Corporation stock. As of December 31, 2010 the total Note Payable outstanding was $36,000.

The Company subsequently paid off the remaining principal balance of $36,000 on January 26, 2011 in full satisfaction of the outstanding Note Payable. The remaining shares not issued for conversion in the amount of 3,199,142 were removed from reserve.

Changes In and Disagreements with Accountants

We have had no changes in or disagreements with our accountants.

Available Information

We have filed a registration statement on form S-1 under the Securities Act of 1933 with the Securities and Exchange Commission with respect to the shares of our common stock offered through this prospectus. This prospectus is filed as a part of that registration statement, but does not contain all of the information contained in the registration statement and exhibits. Statements made in the registration statement are summaries of the material terms of the referenced contracts, agreements or documents of the company. We refer you to our registration statement and each exhibit attached to it for a more detailed description of matters involving the company, and the statements we have made in this prospectus are qualified in their entirety by reference to these additional materials. You may inspect the registration statement, exhibits and schedules filed with the Securities and Exchange Commission at the Commission's principal office in Washington, D.C. Copies of all or any part of the registration statement may be obtained from the Public Reference Section of the Securities and Exchange Commission, 100 F. Street, N.E. Washington, D.C. 20549. Please Call the Commission at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The Securities and Exchange Commission also maintains a Web Site at http://www.sec.gov that contains reports, proxy Statements and information regarding registrants that files electronically with the Commission. Our registration statement and the referenced exhibits can also be found on this site.

If we are not required to provide an annual report to our security holders, we intend to still voluntarily do so when otherwise due, and will attach audited financial statements with such report.

Dealer Prospectus Delivery Obligation

Until ________________, all dealers that effect transactions in these securities whether or not participating in this offering may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Part II

Information Not Required In the Prospectus

Item 13. Other Expenses of Issuance and Distribution

The estimated costs of this offering are as follows:

Securities and Exchange Commission registration fee	$	29
Federal Taxes	$	0
State Taxes and Fees	$	0
Listing Fees	$	0
Printing and Engraving Fees	$	1,000
Transfer Agent Fees	$	1,000
Accounting fees and expenses	$	500
Legal fees and expenses	$	2,500
Total	$	5,029

All amounts are estimates.

We are paying all expenses of the offering listed above. No portion of these expenses will be borne by the selling shareholders. The selling shareholders, however, will pay any other expenses incurred in selling their common stock, including any brokerage commissions or costs of sale.

Item 14. Indemnification of Directors and Officers

Our officers and directors are indemnified as provided by the Nevada Revised Statutes and our bylaws.

Under the governing Nevada statutes, director immunity from liability to a company or its shareholders for monetary liabilities applies automatically unless it is specifically limited by a company's articles of incorporation. Our articles of incorporation do not contain any limiting language regarding director immunity from liability. Excepted from this immunity are:

1. a willful failure to deal fairly with the company or its shareholders in connection with a matter in which the director has a material conflict of interest;

2. a violation of criminal law (unless the director had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful);

3. a transaction from which the director derived an improper personal profit; and

4. willful misconduct.

Our bylaws provide that we will indemnify our directors and officers to the fullest extent not prohibited by Nevada law; provided, however, that we may modify the extent of such indemnification by individual contracts with our directors and officers; and, provided, further, that we shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless:

1. such indemnification is expressly required to be made by law;

2. the proceeding was authorized by our Board of Directors;

3. such indemnification is provided by us, in our sole discretion, pursuant to the powers vested us under Nevada law; or;

4. such indemnification is required to be made pursuant to the bylaws.

Our bylaws provide that we will advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer, of the company, or is or was serving at the request of the company as a director or executive officer of another company, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefore, all expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under our bylaws or otherwise.

Our bylaws provide that no advance shall be made by us to an officer of the company, except by reason of the fact that such officer is or was a director of the company in which event this paragraph shall not apply, in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made: (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (b) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the company.

Item 15. Recent Sales of Unregistered Securities

There were no previously unreported sales of unregistered securities during the fiscal years ended December 31, 2010 and 2009 or for the three and nine month periods ended September 30, 2011 and 2010. All sales of securities are outlined in notes to the audited financial statements and all of those sales were registered securities.

Item 16. Exhibits

Exhibit Number	Description
3.1	Articles of Incorporation, as amended (1)
3.2	By-Laws (1)
5.1	Opinion ofGersten Savage LLP (2)
10.1	Drawdown Equity Financing Agreement (1)
10.2	Registration Rights Agreement (1)
23.1	Consent of Silberstein Ungar, PLLC
23.2	Consent of Jewett, Schwartz, Wolfe and Associates

(1) Previously filed as an exhibit to the Registration Statement on Form S-1/A filed on July 14, 2010.

(2) Previously filed as an exhibit with the pre-effective amendment no. 4 to the Registration Statement on Form S-1/A filed on August 30, 2010.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

(a) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) (§230.424(b) of this chapter) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement. ; and

(c) to include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in the registration statement.

2. That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered hereby which remain unsold at the termination of the offering.

4. That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (§230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

5. That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§230.424 of this chapter);

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the provisions above, or otherwise, we been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities, other than the payment by us of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding, is asserted by one of our directors, officers, or controlling persons in connection with the securities being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Securities Act of 1933, and we will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and authorized this registration statement to be signed on its behalf by the undersigned, on December 12, 2011.

CYIOS Corporation

By: /s/ Timothy Carnahan

Timothy Carnahan

President, Chief Executive Officer,

Principal Financial Officer, Principal

Accounting Officer, Director

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates stated.

/s/ Timothy Carnahan

President, Chief Executive Officer,

Principal Financial Officer, Principal

Accounting Officer, Director

December 12, 2011