ORMAT TECHNOLOGIES, INC.
Form DEF 14A
March 23, 2009

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SCHEDULE 14A

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

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

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

ORMAT TECHNOLOGIES, 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):

þ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 8, 2009

To Our Stockholders:

We cordially invite you to attend the 2009 Annual Meeting of Stockholders of Ormat Technologies, Inc. The meeting will take place at the offices of Chadbourne & Parke LLP, 30 Rockefeller Plaza, New York, NY 10112 on Friday, May 8, 2009, at 1:30 P.M. local time. We look forward to your attendance either in person or by proxy.

The purpose of the meeting is to:

1. Elect the three directors named in the attached Proxy Statement, each for a term of three years;

2. Ratify the appointment of PricewaterhouseCoopers LLP as Ormat Technologies, Inc. s independent registered public accounting firm for fiscal year 2009; and

3. Transact any other business that may properly come before the meeting or any postponements or adjournments of the meeting.

By order of the Board of Directors,

/s/ Yehudit Bronicki
Yehudit Bronicki
Chief Executive Officer

March 26, 2009

Your vote is important to us regardless of whether or not you plan to attend the meeting. We encourage you to submit a proxy to vote your shares either (i) on the internet, (ii) by telephone, or (iii) by signing and dating a proxy card and returning it to the Company.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on Friday, May 8, 2009.

This Proxy Statement, the form of proxy card, the Notice of Internet Availability of Proxy Materials and our Annual Report on Form 10-K are available at **http://materials.proxyvote.com/686688** by clicking on the proxy link.

You will need your assigned control number to vote your shares. Your control number can be found on your proxy card or voting instruction form.

The time and location of the Annual Meeting of Stockholders are noted above.

ORMAT TECHNOLOGIES, INC. 2009 ANNUAL MEETING OF STOCKHOLDERS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

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ORMAT TECHNOLOGIES, INC.
6225 Neil Road,
Reno, Nevada 89511

2009 PROXY STATEMENT

Ormat Technologies, Inc. (Ormat , we , us , the Company or our Company) is a public company. Our Common St has been trading on the New York Stock Exchange since November 11, 2004.

The Board of Directors of Ormat Technologies, Inc. is making this proxy statement available to you in connection with the solicitation of proxies on its behalf for the 2009 Annual Meeting of Stockholders. The meeting will take place at the offices of Chadbourne & Parke LLP, 30 Rockefeller Plaza, New York, NY 10112 on Friday, May 8, 2009, at 1:30 P.M. local time. At the meeting, stockholders will vote on (i) the election of the three directors named in this proxy statement, and (ii) the ratification of the appointment of PricewaterhouseCoopers LLP as Ormat s independent registered public accounting firm for fiscal year 2009, and will transact any other business that may properly come before the meeting although we know of no other business to be presented.

The record date for the meeting is March 16, 2009. Only stockholders of record at the close of business on that date are entitled to vote at the meeting.

This year we are taking advantage of the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to their stockholders over the Internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the Notice) instead of a paper copy of this proxy statement and our 2008 Annual Report on Form 10-K. We believe that this process allows us to provide our stockholders with the information they need in a timelier manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. The Notice contains instructions on how to access those documents over the Internet. The Notice also contains instructions on how to vote online or by telephone and how to request a paper copy of our proxy materials, including this proxy statement, our 2008 Annual Report on Form 10-K, and a form of proxy card or voting instruction card.

By submitting your proxy (by signing and returning the proxy card, or processing your proxy online, or by phone), you authorize each of Yehudit Bronicki, Chief Executive Officer of Ormat, and Etty Rosner, Senior Vice President and Corporate Secretary of Ormat, to represent you and vote your shares at the meeting in accordance with your instructions. Either one of them may also vote your shares to adjourn the meeting and will be authorized to vote your shares at any postponements or adjournments of the meeting.

Ormat s Annual Report on Form 10-K for 2008, which includes Ormat s audited financial statements, is being made available to stockholders together with this proxy statement. Except to the extent that we specifically incorporate information by reference, our Annual Report on Form 10-K does not constitute a part of the proxy solicitation materials and is not incorporated by reference into this proxy statement.

We are first making available this proxy statement and accompanying materials to stockholders on or about March 26, 2009.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY SUBMIT YOUR PROXY VIA THE INTERNET, BY PHONE OR BY SIGNING AND DATING A PROXY CARD AND RETURNING IT TO US IN THE ENVELOPE THAT WE WILL SEND YOU ON REQUEST.

Questions and Answers about the 2009 Annual Meeting of Stockholders

What is the purpose of the 2009 Annual Meeting of Stockholders?

At the 2009 Annual Meeting of Stockholders, the stockholders will be asked to:

1. Elect the three directors named in this proxy statement, each for a term of three years; and

2. Ratify the appointment of PricewaterhouseCoopers LLP as Ormat s independent registered public accounting firm for fiscal year 2009.

Stockholders also will transact any other business that may properly come before the meeting. Members of Ormat s management team and a representative of PricewaterhouseCoopers LLP, Ormat s independent registered public accounting firm, will be present at the meeting to respond to appropriate questions from stockholders.

Who is entitled to vote?

The record date for the meeting is March 16, 2009. Only stockholders of record at the close of business on that date are entitled to vote at the meeting. The only class of stock entitled to be voted at the meeting is Ormat s Common Stock. Each outstanding share of Common Stock is entitled to one vote for all matters before the meeting. At the close of business on the record date there were 45,353,120 shares of Ormat Common Stock outstanding.

What is the difference between being a record holder and holding shares in street name ?

A record holder holds shares in his or her name. Shares held in street name means shares that are held in the name of a bank or broker on a person s behalf.

Am I entitled to vote if my shares are held in street name ?

If your shares are held by a bank or a brokerage firm, you are considered the beneficial owner of shares held in street name . If your shares are held in street name, the Notice of Internet Availability of Proxy Materials is being forwarded to you by your bank or brokerage firm (the record holder), along with a voting instruction card. As the beneficial owner, you have the right to direct your record holder how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions.

Under the rules of the New York Stock Exchange (the NYSE), if you do not give instructions to your bank or brokerage firm, it may vote on matters that the NYSE determines to be routine , but will not be permitted to vote your shares with respect to non-routine items. Under the NYSE rules, the Election of Directors (Proposal 1) and the Ratification of Appointment of the Independent Registered Public Accounting Firm (Proposal 2) are routine matters. When a broker or bank has not received instructions from the beneficial owners or persons entitled to vote and the broker or bank cannot vote on a particular matter because it is not routine, then there is a broker non-vote on that matter. Broker non-votes do not count as votes for or against any proposal.

As the beneficial owner of shares, you are invited to attend the 2009 Annual Meeting of Stockholders. If you are a beneficial owner, however, you may not vote your shares in person at the meeting unless you obtain a proxy form from the record holder of your shares.

How many shares must be present to hold the meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on the record date will constitute a quorum.

Who can attend the 2009 Annual Meeting of Stockholders?

All Ormat stockholders as of the close of business on March 16, 2009 may attend the 2009 Annual Meeting of Stockholders.

What if a quorum is not present at the meeting?

If a quorum is not present at the scheduled time of the meeting, a majority of the outstanding shares entitled to vote represented may adjourn the meeting.

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials?

It means that your shares are held in more than one account at the transfer agent and/or with banks or brokers. Please vote all of your shares. To ensure that all of your shares are voted, please vote for each account in which your shares are held.

How do I vote?

You may vote by submitting your proxy either (i) on the internet, (ii) by telephone, or (iii) by signing and dating a proxy card and returning it to the Company.

The Notice of Internet Availability we (or the bank or brokerage firm that holds your shares in street name) sent to you explains how you can:

- vote by internet or by telephone and how you can receive a paper or email copy of a proxy card if you are a record holder of shares; or
- give voting instructions to your bank or brokerage firm if your shares are held in street name.

The return envelope that we will send you if you request a paper proxy card requires no additional postage if mailed in either the United States or Canada.

If you are a record stockholder and attend the meeting, you may deliver your completed proxy card in person. Additionally, we will pass out written ballots to record stockholders who wish to vote in person at the meeting. Beneficial owners of shares held in street name who wish to vote at the meeting will need to obtain a proxy form from their record holder.

Can I change my vote after I submit my proxy?

If you are a record holder of shares, you may revoke your proxy and change your vote at any time before it is actually voted:

- by signing and delivering another proxy with a later date;
- by giving written notice of such revocation to the Corporate Secretary of Ormat prior to or at the meeting; or
- by voting in person at the meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other record holder, or, if you have obtained a legal proxy from your bank, broker or other record holder giving you the right to vote your shares, by attending the meeting and voting in person. Your attendance at the meeting itself will not revoke your proxy unless you give written notice of revocation to the Corporate Secretary before your proxy is voted or you vote in person at the meeting.

Who will count the votes?

Ormat s transfer agent, American Stock Transfer & Trust Company, will tabulate and certify the votes. A representative of the transfer agent may serve as an inspector of election.

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How does the Board of Directors recommend I vote on the proposals?

Your Board recommends that you vote FOR:

The election of the three nominees named in this proxy statement to the Board of Directors; and

The ratification of PricewaterhouseCoopers LLP as Ormat s independent registered public accounting firm for fiscal year 2009.

What if I do not specify how my shares are to be voted?

If you submit a proxy but do not indicate any voting instructions, the persons named as proxies will vote in accordance with the recommendations of the Board of Directors as described above.

Will any other business be conducted at the meeting?

We know of no other business that will be presented at the meeting. If any other matter properly comes before the stockholders for a vote at the meeting, however, the proxy holders will vote your shares in accordance with their best judgment.

How many votes are required to elect the director nominees?

The affirmative vote of a plurality of the votes cast at the meeting is required to elect the three nominees named in this proxy statement as directors. This means that these three nominees will be elected if they receive more affirmative votes than any other person.

How many votes are required to ratify the appointment of Ormat s independent registered public accounting firm?

The ratification of the appointment of PricewaterhouseCoopers LLP as Ormat s independent registered public accounting firm requires the affirmative vote of a majority of the shares present at the meeting in person or by proxy and entitled to vote.

What is an abstention and how will abstentions be treated?

An abstention represents a stockholder s affirmative choice to decline to vote on a proposal other than the election of directors (for directors, the choice is limited to For or Withhold). Under Delaware law, abstained shares are treated as shares present for quorum and entitled to vote, so they will have the same practical effect as votes against a proposal except for the proposal for the election of directors.

How will broker non-votes be treated?

Broker non-votes will be treated as shares present for quorum purposes, but not considered entitled to vote on that matter. Therefore, broker non-votes do not count as votes for or against any proposal.

Where can I find the voting results of the 2009 Annual Meeting of Stockholders?

We plan to announce preliminary voting results at the 2009 Annual Meeting of Stockholders and to publish final results in Ormat s Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 to be filed with the Securities and Exchange Commission (the SEC).

PROPOSAL 1 ELECTION OF DIRECTORS

Board Composition

Our Board of Directors is now composed of seven members, including four independent directors, Dan Falk, Jacob Worenklein, Roger W. Gale and Robert F. Clarke, and is classified into three classes of directors serving staggered, three-year terms as indicated:

Class II Directors (term expiring upon the annual stockholders meeting in 2009)
Yehudit Bronicki
Jacob J. Worenklein
Robert F. Clarke

Class III Directors (term expiring upon the annual stockholders meeting in 2010)
Lucien Bronicki
Dan Falk

Class I Directors (term expiring upon the annual stockholders meeting in 2011)
Yoram Bronicki
Roger W. Gale

Current Nominees

As mentioned above, directors in each of the three classes are elected to serve for three-year terms that expire in successive years. The terms of Class II Directors will expire at the 2009 Annual Meeting of Stockholders. The Board of Directors has nominated Yehudit Bronicki, Jacob J. Worenklein, and Robert F. Clarke as Class II Directors for three-year terms expiring at the annual meeting of stockholders to be held in 2012 and until their successors are elected and qualified. Each nominee currently serves as a Class II Director.

Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority.

The affirmative vote of a plurality of the votes cast at the meeting is required to elect the three nominees named in this proxy statement as directors. This means that these three nominees will be elected if they receive more affirmative votes than any other person.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE THREE NOMINEES NAMED ABOVE.

The following sets forth, with respect to each nominee, his name, age, principal occupation and employment during the past five years, the year in which he first became a director of Ormat Technologies, Inc. and directorships held in other public companies.

Nominees for Election as Class II Directors for a Three-Year Term Expiring at the 2012 Annual Meeting

Yehudit Dita Bronicki. Yehudit Bronicki has been our Chief Executive Officer since July 1, 2004, and is also a member of our Board of Directors. From July 1, 2004 to September 20, 2007, Mrs. Bronicki also served as our President. Mrs. Bronicki was a co-founder of Ormat Turbines Ltd. and is a member of the Board of Directors and the General Manager (a CEO-equivalent position) of Ormat Industries Ltd., the publicly traded successor to Ormat Turbines Ltd., and various of its subsidiaries. From 1992 to June 2005, Mrs. Bronicki was a director of Bet Shemesh Engines, a manufacturer of jet engines. In addition, until May 2005, Mrs. Bronicki was a member of the Board of Directors of OPTI Canada Inc., a company engaged in the oil sands industry in Canada and in which our parent owns an approximately 5% interest, and she is a member of the Board of Orbotech Ltd., a NASDAQ-listed manufacturer of equipment for inspecting and imaging circuit boards and display panels. From 1994 to 2001, Mrs. Bronicki was on the Advisory Board of the Bank of Israel. Mrs. Bronicki has worked in the power industry since 1965. Yehudit Bronicki and Lucien Bronicki are married and are the parents of Yoram Bronicki. Mrs. Bronicki obtained a Bachelor of Arts in Social Sciences from Hebrew University in 1965. Mrs. Bronicki is 67 years old.

Jacob J. Worenklein. Jacob Worenklein has been a member of our Board of Directors since November 12, 2004. From 2003 to September 2008, Mr. Worenklein served as Chairman and Chief Executive Officer of US Power Generating Company. From 1998 to 2003, he was Managing Director and Global Head of Project and Sectorial Finance for Societe Generale, and from 1996 to 1998, he was Managing Director and Head of Project Finance, Export Finance and Commodities for the Americas, for Societe Generale. Prior to joining Societe Generale in 1996, Mr. Worenklein was Managing Director and Global Head of Project Finance at Lehman Brothers and prior thereto was a partner and member of the executive committee of the law firm of Milbank, Tweed, Hadley & McCloy LLP, where he founded and headed the firm s power and project finance practice. Mr. Worenklein served as Adjunct Professor of Finance at Stern School of Business, New York University and is a trustee of the Committee for Economic Development and a member of the Council on Foreign Relations. He is a member of the Board of Directors of GridPoint Inc., a company in the demand side management business. Mr. Worenklein obtained a Bachelor of Arts from Columbia College in 1970 and a Juris Doctor and Master of Business Administration from New York University in 1973. Mr. Worenklein is 60 years old.

Robert F. Clarke. Robert F. Clarke has been a member of our Board of Directors since February 27, 2007. Mr. Clarke was Chairman (since September 1998) and President and Chief Executive Officer (since January 1991) of Hawaiian Electric Industries, Inc. (HEI), from which he retired effective May 2006. Since June 1, 2006, Mr. Clarke has been Executive in Residence at the Shidler College of Business at the University of Hawaii. In addition, Mr. Clarke serves as an advisory director to Oceanic Cable Hawaii and as a member of the advisory board of the Shidler College of Business at the University of Hawaii and as a member of the advisory board of Sennet Capital. Mr. Clarke joined HEI in February 1987 as Vice President of Strategic Planning and was in charge of implementing the Company s diversification strategy. Mr. Clarke was named HEI Group Vice President Diversified Companies in May 1988. He was made a director of HEI in 1989. Prior to joining HEI, Mr. Clarke served as Senior Vice President and Chief Financial Officer of Alexander & Baldwin and as Controller of Dillingham Corporation. Prior to that, he worked for the Ford Motor Company and for the Singer Company. He received his Bachelor s degree in economics in 1965 and his Master s degree in finance in 1966 from the University of California at Berkeley. Honors include Phi Beta Kappa in 1965. Mr. Clarke is 66 years old.

Continuing Directors

Class III Directors Continuing in Office Whose Terms Expire at the 2010 Annual Meeting

Lucien Bronicki. Lucien Bronicki is the Chairman of our Board of Directors, a position he has held since our inception in 1994, and has also been our Chief Technology Officer since July 1, 2004. Mr. Bronicki co-founded Ormat Turbines Ltd. in 1965 and is the Chairman of the Board of Directors of Ormat Industries Ltd., the publicly-traded successor to Ormat Turbines Ltd., and various of its subsidiaries. From 1999 to April 2006, Mr. Bronicki served as the Chairman of the Board of Directors of OPTI Canada Inc., a company engaged in the oil sands industry in Canada in which our parent owns an approximately 5% interest. From 1992 to May 2006, Mr. Bronicki was the Chairman of the Board of Directors of Bet Shemesh Engines, a manufacturer of jet engines, and from 1997 to May 2006, Mr. Bronicki was the Chairman of the Board of Directors of Bet Shemesh Holdings. Mr. Bronicki was also the Chairman of the Board of Directors of Orad Hi-Tec Systems Ltd., a manufacturer of image processing systems, until the end of 2005, and was the Co-Chairman of Orbotech Ltd., a NASDAQ-listed manufacturer of equipment for inspecting and imaging circuit boards and display panels. Mr. Bronicki has worked in the power industry since 1958. He is a member of the Executive Council of the Weizmann Institute of Science and was the Chairman of the Israeli Committee of the World Energy Council. Yehudit Bronicki and Lucien Bronicki are married and are the parents of Yoram Bronicki. Mr. Bronicki obtained a postgraduate degree in Nuclear Engineering from Conservatoire National des Arts et Metiers, a Master of Science in Physics from Universite de Paris and a Master of Science in Mechanical Engineering from Ecole Nationale Superieure d Ingenieurs Arts et Metiers. In 2005, he received a Ph.D. Honoris Causa from the Ben-Gurion University, and in 2006 from the Weizmann Institute of Science. Mr. Bronicki is 75 years old.

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Dan Falk. Dan Falk has been a member of our Board of Directors since November 12, 2004. Mr. Falk is also the Chairman of the Board of Directors of Orad Hi-Tech Systems Ltd., a public non-U.S. company, and a member of the Board of Directors of Orbotech Ltd., Nice Systems Ltd., Attunity Ltd., ClickSoftware Technologies Ltd., Jacada Ltd. and Nova Measuring Instruments Ltd., all NASDAQ publicly traded companies. In addition, Mr. Falk serves as a member of the Board of Directors of the following public non-US companies: AVT Ltd., Amiad Filteration System Ltd., Plostopil Ltd., Oridion Medical Ltd., Dmatek Ltd., and Poalim Ventures I Ltd. From 2001 to 2004, Mr. Falk was a business consultant to several public and private companies. From 1999 to 2000, Mr. Falk was Chief Operating Officer and Chief Executive Officer of Sapiens International N.V. From 1995 to 1999, Mr. Falk was an Executive Vice President of Orbotech Ltd. From 1985 to 1995, Mr. Falk was Vice President of Finance and Chief Financial Officer of Orbot Systems Ltd. and Orbotech Ltd. Mr. Falk obtained a Masters of Business Administration from Hebrew University in 1972 and a Bachelor of Arts in Economics and Political Science from Hebrew University in 1968. Mr. Falk is the Chair of our Audit Committee. Our Board of Directors has determined that Mr. Falk qualifies as an Audit Committee financial expert under Section 407 of the Sarbanes-Oxley Act of 2002 and Item 407(d)(5) of Regulation S-K, and is independent as that term is used in Item 407(d)5(i)(B) of Regulation S-K under the Securities Exchange Act of 1934. Mr. Falk is 64 years old.

Class I Directors Continuing in Office Whose Terms Expire at the 2011 Annual Meeting

Yoram Bronicki. Yoram Bronicki has been a member of our Board of Directors since November 12, 2004, and has been our President and Chief Operating Officer since September 20, 2007. From July 1, 2004 to September 20, 2007 Mr. Bronicki served as our Chief Operating Officer, North America. Mr. Bronicki is also a member of the Board of Directors of Ormat Industries Ltd., a position he has held since 2001, and a member of the Board of Directors of OPTI Canada Inc. From 2001 to 2004, Mr. Bronicki was Vice President of OPTI Canada Inc.; from 1999 to 2001, he was Project Manager of Ormat Industries Ltd. and Ormat International Inc.; from 1996 to 1999, he was Project Manager of Ormat Industries Ltd.; and from 1995 to 1996, he was Project Engineer of Ormat Industries Ltd. Mr. Bronicki is the son of Lucien and Yehudit Bronicki. Mr. Bronicki obtained a Bachelor of Science in Mechanical Engineering from Tel Aviv University in 1989 and a Certificate from the Technion Institute of Management Senior Executives Program. Mr. Bronicki is 42 years old.

Roger W. Gale, Ph.D. Roger W. Gale has been a member of our Board of Directors since October 26, 2005. Between 1988 and 2000, Dr. Gale was the CEO of Washington International Energy Group, which was sold to PHB Hagler Bailly (PHB) in 1999. In 2000, as PHB was sold to PA Consulting, Dr. Gale held several positions at PA Consulting until 2001, at which time he joined GF Energy LLC as President and CEO, a position he still holds. In addition, Dr. Gale serves as a member of the Board of Directors of the US Energy Association, a not-for-profit organization. On December 1, 2005, he became a member of the Boards of Directors of The Adams Express Company and Petroleum & Resources Corporation (closed-end investment companies). He served on the Audit Committee of Constellation Holdings and on the Board of Directors of the parent, Constellation Energy Group from 1996 to 2005. Dr. Gale has a Ph.D. in political science from the University of California, Berkeley. Dr. Gale is 62 years old.

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INFORMATION REGARDING BOARD OF DIRECTORS AND COMMITTEES

As required by the rules of the NYSE, the Board of Directors evaluates the independence of Board members at least annually and when a change in circumstances could potentially impact the independence of one or more directors.

On May 6, 2008, the Company held its 2008 Annual Meeting of Stockholders. All of the Company s Board members were present at the meeting.

Our Board of Directors consists of seven members, four of whom have been determined by our Board to be independent directors, in accordance with the above requirements of the NYSE. Our four independent directors are Dan Falk, Jacob Worenklein, Roger W. Gale and Robert F. Clarke.

During fiscal year 2008, the Board of Directors held thirteen meetings. None of the directors attended less than 75% of the meetings of the Board and the Committees on which he or she serves.

The Company relies on the controlled company exception to the Board of Directors committee composition requirements under the rules of the NYSE. The controlled company exception does not modify the independence requirements for the Audit Committee, and we comply with the requirements of the Sarbanes-Oxley Act of 2002 and the NYSE rules which require that our Audit Committee be composed of at least three independent directors.

Board Committees

Our Board of Directors has the authority to appoint committees to perform certain management and administrative functions. Our Board of Directors has established, among others, an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. As of February 28, 2009, Ormat Industries Ltd. beneficially owned approximately 56.12% of our outstanding Common Stock. As a controlled company, we have relied on certain exemptions from the director independence requirements applicable to Compensation Committees and Nominating and Corporate Governance Committees under the rules of the NYSE.

Audit Committee. The Company has a separately designated standing Audit Committee established in accordance with the Securities Exchange Act of 1934. The Audit Committee consists of three members, Dan Falk, Jacob Worenklein and Roger W. Gale, all of whom are independent as defined by the listing standards of the NYSE and the SEC. The Board has determined that Mr. Falk, the Chair of the Audit Committee, qualifies as an audit committee financial expert under the rules of the SEC and that each member of the Audit Committee is financially literate. Mr. Falk also serves on the audit committees of six other public companies. Our Board has determined that his simultaneous service on these audit committees does not impair his ability to serve effectively on our Audit Committee.

The Audit Committee selects, on behalf of our Board of Directors, an independent public accounting firm to be engaged to audit our financial statements, discusses with the independent registered public accounting firm its independence, reviews and discusses the audited financial statements with the independent registered public accounting firm and manages and reviews our compliance with legal and regulatory requirements with respect to accounting policies, internal controls and financial reporting.

In fiscal year 2008, the Audit Committee continued its oversight of a procedure established by the Company for receiving and addressing anonymous complaints regarding financial or accounting irregularities, among other things. In 2005, the Audit Committee set up an ethics and compliance hotline managed by an independent third party and accessible both through the Internet and by telephone. The information received by the hotline is treated as confidential and anonymous and is both received and retained by an agent of the Audit Committee before all relevant non-compliance information is periodically reported to the Audit Committee.

The Audit Committee held four meetings in fiscal year 2008. Further information concerning the Audit Committee is set forth below under the heading Audit Committee Report . The charter of the Audit Committee is available on the Company s website at *www.ormat.com*. The content of our website, however, is not part of this proxy statement.

Compensation Committee. The Compensation Committee consists of three members, two of whom are independent directors. We have appointed Yehudit Bronicki, Dan Falk and Jacob Worenklein to the Compensation Committee. Mrs. Bronicki, who is our CEO and who is not an independent director, is the Chair of the Compensation Committee.

The Compensation Committee reviews and either approves, on behalf of our Board of Directors, or recommends to the Board of Directors for approval, (1) the annual salaries and other compensation of our Chief Executive Officer and certain other executive officers and (2) stock and stock option grants. Our CEO, Chairman and President are currently covered by employment agreements which fix the amount of their salary and annual bonus. See Executive Compensation . The Compensation Committee also provides recommendations with respect to our compensation policies and practices and incentive compensation plans and equity plans. As described in the Compensation Discussion and Analysis below, our Compensation Committee determines the basket of bonuses and option grants that may be awarded on a company-wide basis and our CEO and Chairman of the Board determine the particular bonuses and options to be awarded to our personnel. Our CEO and Chairman also determine whether and to what degree to award salary increases to any of our other executive officers.

The Compensation Committee operates pursuant to a written charter adopted by the Board of Directors, which includes evaluation of the performance of the Chief Executive Officer, review and approval of the compensation of the Chief Executive Officer and all other executive officers of the Company, and recommendations to the Board of Directors regarding non-CEO compensation, incentive-compensation plans and equity-based plans.

The Compensation Committee duties and responsibilities also include:

- making recommendations to the Board as to changes in Ormat s general compensation philosophy;
- overseeing the development and implementation of compensation programs;
- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO, and evaluating the performance of the CEO in light of those goals and objectives; and
- reviewing and approving the annual compensation of the CEO and Ormat s five other most highly compensated executive officers who receive total compensation in excess of $1 million per year.

The Compensation Committee is authorized to establish subcommittees for the purpose of evaluating special or unique matters and may delegate its authority to a subcommittee or subcommittees.

In 2008, the Compensation Committee did not retain any compensation consultants in determining or recommending the amount or form of executive and director compensation.

The Compensation Committee held two meetings in the year 2008. The charter of the Compensation Committee is available on the Company s website at *www.ormat.com*. The content of our website, however, is not part of this proxy statement.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee consists of three directors, two of whom are independent directors. We have appointed Lucien Bronicki, Robert F. Clarke and Dan Falk to the Nominating and Corporate Governance Committee. Mr. Bronicki, who is not an independent director, is the Chair of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee assists our Board of Directors in fulfilling its responsibilities by identifying and approving individuals qualified to serve as members of our Board of Directors, selecting director nominees for our annual meetings of stockholders, and developing and recommending to our Board of Directors corporate governance guidelines and oversight with respect to corporate governance and ethical conduct.

The Nominating and Corporate Governance Committee regularly assesses the appropriate size of the Board of Directors and whether any vacancies on the Board of Directors are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current Board members, professional search firms, stockholders or other persons. The Nominating and Corporate Governance Committee is responsible for conducting appropriate inquiries into the backgrounds and qualifications of possible candidates.

The Nominating and Corporate Governance Committee adopted a policy regarding consideration of any director candidates as of November 7, 2006. This policy provides guidelines for the identification and evaluation of candidates for positions on the Board of Directors of the Company. According to the policy, candidates must satisfy certain minimum criteria, including an academic degree and business experience to the satisfaction of the Nominating and Corporate Governance Committee. In addition, independent director nominees must satisfy the independence requirements as determined by the Board of Directors in accordance with the rules and regulations of the SEC and the NYSE, as applicable. The policy provides for the Committee to interview and select final candidates for evaluation, and then evaluate the final candidates to determine their qualification for the position as well as compatibility with the Company, its philosophy and its then-current Board of Directors and management.

The Company s by-laws provide that nominations of candidates to be considered by the stockholders may be made at an annual meeting of stockholders by any stockholder who was a stockholder of record at the time of giving notice of the proposed nomination, is entitled to vote at the meeting and follows the notice procedures. To be timely, a stockholder s notice for the 2009 Annual Meeting of Stockholders must have been delivered to the Corporate Secretary at 6225 Neil Road, Reno, Nevada 89511, not earlier than the close of business on January 6, 2009 and no later than the close of business on February 5, 2009.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders in the same manner in which the Committee evaluates any other candidate.

The Nominating and Corporate Governance Committee held one meeting in 2008. The charter of the Nominating and Corporate Governance Committee is available on the Company s website at *www.ormat.com*. The content of our website, however, is not part of this proxy statement.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is composed of Yehudit Bronicki, Dan Falk and Jacob Worenklein. Mrs. Bronicki serves as Chief Executive Officer of the Company. In addition, Mrs. Bronicki, together with Lucien Bronicki, our Chairman of the Board and Chief Technology Officer, and Yoram Bronicki, our President and Chief Operating Officer, and other members of their family, indirectly owned approximately 35.19% of the ordinary shares of Ormat Industries Ltd. as of February 28, 2009. See Transactions with Related Persons .

None of our executive officers served during 2008 as a member of the board of directors or as a member of a compensation committee of any other company that has an executive officer serving as a member of our Board of Directors or Compensation Committee.

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics is available on our website at *www.ormat.com* for downloading, free of charge. The content of our website, however, is not part of this proxy statement. You may also request a printed copy of our Code of Business Conduct and Ethics free of charge, by writing to the Company address appearing in this Proxy Statement or by telephoning us at: (775) 356-9029.

Corporate Governance Guidelines

The Board of Directors of the Company has adopted the Corporate Governance Guidelines, which are available on the Company s website at *www.ormat.com*. The content of our website, however, is not part of this proxy statement. You may also request a printed copy of our Corporate Governance Guidelines free of charge, by writing to the Company address appearing in this Proxy Statement or by telephoning us at: (775) 356-9029.

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Executive Sessions

As required by the NYSE rules, the non-management directors of the Company meet in executive sessions of the Board of Directors without management at regular intervals and at each regular meeting of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, and as otherwise scheduled from time to time. The Chair of the Audit Committee presides at the executive sessions of the non-management directors. In addition, the Chair of the Audit Committee presides at the executive sessions of the Audit Committee. One of the non-executive members of the Compensation Committee and of the Nominating and Corporate Governance Committee presides at each executive session of such committees.

Stockholder Communications with the Board of Directors

Stockholders and other interested parties may communicate with the Board of Directors or a specific director or directors by writing c/o the Corporate Secretary, Ormat Technologies, Inc., 6225 Neil Road, Reno, Nevada 89511. Communications received from stockholders are forwarded directly to Board members. Stockholders and other interested parties who would like to communicate with the non-management directors or any individual non-management director may do so by sending a letter to the Chair of the Nominating and Corporate Governance Committee in care of the Corporate Secretary of the Company at 6225 Neil Road, Reno, Nevada 89511.

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AUDIT COMMITTEE REPORT

The Audit Committee is composed of independent directors only, as required by and in compliance with the listing standards of the NYSE. The Audit Committee operates pursuant to a written charter adopted by the Board of Directors of the Company.

The Audit Committee is responsible for assisting the Board of Directors in its oversight responsibilities related to accounting policies, internal controls, financial reporting and legal and regulatory compliance. Management of the Company has the primary responsibility for the Company s financial reporting process, principles and internal controls as well as the preparation of its financial statements. The Company s independent registered public accounting firm is responsible for performing an audit of the Company s financial statements and expressing an opinion as to the conformity of such financial statements with accounting principles generally accepted in the United States.

The Audit Committee reviewed management s report on its assessment of the effectiveness of internal control over financial reporting as of December 31, 2008 and the report from PricewaterhouseCoopers LLP on the effectiveness of internal control over financial reporting as of December 31, 2008. Based upon the Audit Committee s reviews and discussions with management, the Company s internal auditors, and PricewaterhouseCoopers LLP, the Audit Committee approved the inclusion of management s report on its assessment of the effectiveness of internal control over financial reporting as of December 31, 2008 and the report of the independent auditors in the Company s Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC.

The Committee also received and reviewed the periodic internal audit reports from its internal auditor. The Committee also reviewed the Internal Audit Plan for the year 2009 and approved its main target subjects. The Audit Committee discussed with the Company s independent registered public accounting firm the overall scope and plans for their respective audits, and has met with them, with and without management present, to discuss the results of their examinations and their evaluations of the Company s internal controls. In addition, the Committee evaluated the performance of the independent registered public accounting firm.

The Audit Committee has reviewed and discussed the Company s audited financial statements as of and for the year ended December 31, 2008 with management and the independent registered public accounting firm. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed under auditing standards generally accepted in the United States, including those matters set forth in AU 380 of the AICPA Professional Standards, as currently in effect. The independent registered public accounting firm has provided to the Audit Committee the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the Audit Committee concerning independence, as currently in effect, and the Audit Committee has discussed with the auditors their independence from the Company. The Audit Committee has also considered whether the independent registered public accounting firm s provision of tax services to the Company is compatible with maintaining the registered public accounting firm s independence. The Audit Committee has concluded that the independent registered public accounting firm is independent from the Company and its management.

Based on the review and discussions described above, the Audit Committee recommended to the Board of Directors that the Company s audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the SEC.

Submitted on February 24, 2009 by the Audit Committee of Ormat Technologies, Inc. s Board of Directors.

Dan Falk, Chair
Jacob Worenklein
Roger W. Gale

The foregoing Report of the Audit Committee of the Board of Directors shall not be deemed to be soliciting material or be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 (the Securities Act), as amended, or under the Securities Exchange Act of 1934 (the Exchange Act), as amended, except to the extent Ormat specifically incorporates this information by reference, and shall not otherwise be deemed to be filed with the SEC under such Acts.

EXECUTIVE OFFICERS

The following table sets forth the name, age and position(s) of each of our executive officers and persons who are executive officers of certain of our subsidiaries who perform policy-making functions for us:

Name	Age	Position
Lucien Bronicki	75	Chairman of the Board; Chief Technology Officer
Yehudit Bronicki	67	Chief Executive Officer
Yoram Bronicki	42	President and Chief Operating Officer
Joseph Tenne	53	Chief Financial Officer*
Nadav Amir	58	Executive Vice President Engineering*
Zvi Reiss	58	Executive Vice President Project Management*
Joseph Shiloah	63	Executive Vice President Marketing and Sales, Rest of the World*
Aaron Choresh	63	Vice President Operations Rest of the World and Product Support*
Zvi Krieger	53	Senior Vice President Geothermal Engineering*
Shimon Hatzir	47	Senior Vice President Electrical and Conceptual Engineering*
Etty Rosner	53	Senior Vice President Contract Management; Corporate Secretary*

* Performs the functions described in the table, but is employed by Ormat Systems Ltd., a subsidiary of the Company.

Joseph Tenne. Joseph Tenne has served as our Chief Financial Officer since March 9, 2005. From 2003 to 2004, Mr. Tenne was the Chief Financial Officer of Treofan Germany GmbH & Co. KG, a German company. From 1997 until 2003, Mr. Tenne was a partner in Kesselman & Kesselman, Certified Public Accountants in Israel (a member firm of PricewaterhouseCoopers International Limited). Since January 8, 2006, Mr. Tenne has also been the Chief Financial Officer of Ormat Industries Ltd. Mr. Tenne is a member of the board of directors of AudioCodes Ltd., a NASDAQ-listed company. Mr. Tenne obtained a Master of Business Administration from Tel Aviv University in 1987 and a Bachelor of Arts in Accounting and Economics from Tel Aviv University in 1981. Mr. Tenne is also a Certified Public Accountant in Israel.

Nadav Amir. Nadav Amir has served as our Executive Vice President of Engineering since July 1, 2004. From 2001 through June 30, 2004, Mr. Amir was Executive Vice President of Engineering of Ormat Industries Ltd.; from 1993 to 2001, he was Vice President of Engineering of Ormat Industries Ltd.; from 1988 to 1993, he was Manager of Engineering of Ormat Industries Ltd.; from 1984 to 1988, he was Manager of Product Engineering of Ormat Industries Ltd.; and from 1983 to 1984, he was Manager of Research and Development of Ormat Industries Ltd. Mr. Amir obtained a Bachelor of Science in Aeronautical Engineering from Technion Haifa in 1972.

Zvi Reiss. Zvi Reiss has served as our Executive Vice President of Project Management, effective as of July 1, 2004. From 2001 through June 30, 2004, Mr. Reiss was the Executive Vice President of Project Management of Ormat Industries Ltd.; from 1995 to 2000, he was Vice President of Project Management of Ormat Industries Ltd. and, from 1993 to 1994, he was Director of Projects of Ormat Industries Ltd. Mr. Reiss obtained a Bachelor of Science in Mechanical Engineering from Ben Gurion University in 1975.

Joseph Shiloah. Joseph Shiloah has served as our Executive Vice President of Marketing and Sales, Rest of the World since July 1, 2004. From 2001 through June 30, 2004, Mr. Shiloah was the Executive Vice President of Marketing and Sales at Ormat Industries Ltd.; from 1989 to 2000, he was Vice President of Marketing and Sales of Ormat Industries Ltd.; from 1983 to 1989, he was Vice President of Special Projects of Ormat Turbines Ltd.; from 1984 to 1989, he was Operating Manager of the Solar Pond project of Solmat Systems Ltd., a subsidiary of Ormat Turbines Ltd.; and from 1981 to 1983, he was Project Administrator of the Solar Pond power plant project of Ormat Turbines Ltd. and Solmat Systems Ltd. Mr. Shiloah obtained a Bachelor of Arts in Economics from Hebrew University in 1972.

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Aaron Choresh. Aaron Choresh has served as our Vice President of Operations, Rest of the World and Product Support since July 1, 2004. From 1999 through June 30, 2004, Mr. Choresh was the Vice President of Operations and Product Support of Ormat Industries Ltd.; from 1993 to 1998, he was the Director of Operations and Product Support of Ormat Industries Ltd.; from 1991 to 1992, he was Manager of Project Engineering and Product Support; and from 1989 to 1990, he was Manager of Project Engineering of Ormat Industries Ltd. Mr. Choresh obtained a Bachelor of Science in Electrical Engineering from Technion Haifa in 1982.

Zvi Krieger. Zvi Krieger has served as our Senior Vice President of Geothermal Engineering since September 20, 2007; from July 1, 2004 to September 20, 2007, Mr. Krieger was our Vice President of Geothermal Engineering and from 2001 through June 30, 2004, he was the Vice President of Geothermal Engineering of Ormat Industries Ltd. Mr. Krieger has been with Ormat Industries Ltd. since 1981 and served as Application Engineer, Manager of System Engineering, Director of New Technologies Business Development and Vice President of Geothermal Engineering. Mr. Krieger obtained a Bachelor of Science in Mechanical Engineering from the Technion, Israel Institute of Technology in 1980.

Shimon Hatzir. Shimon Hatzir has served as our Senior Vice President of Electrical and Conceptual Engineering, since September 20, 2007. From July 1, 2004 to September 20, 2007, Mr. Hatzir was our Vice President of Electrical and Conceptual Engineering, and from 2002 through June 30, 2004, he was the Vice President of Electrical and Conceptual Engineering of Ormat Industries Ltd. From 1996 to 2001, Mr. Hatzir served as Manager of Electrical and Conceptual Engineering of Ormat Industries Ltd. and from 1989 to 1995 served as Project Engineer in the Engineering Division. Mr. Hatzir obtained a Bachelor of Science in Mechanical Engineering from Tel Aviv University in 1988 and a Certificate of the Technology Institute of Management, Senior Executive Program.

Etty Rosner. Etty Rosner has served as our Corporate Secretary since October 21, 2004. Ms. Rosner is also the Corporate Secretary of Ormat Industries Ltd., a position she has held since 1991. Ms. Rosner is also our Senior Vice President of Contract Management since September 20, 2007. From July 1, 2004 to September 20, 2007 Ms. Rosner was our Vice President of Contract Management, and from 1999 through June 30, 2004, she was the Vice President of Contract Management of Ormat Industries Ltd. From 1991 to 1999, Ms. Rosner was Contract Administration Manager and Corporate Secretary of Ormat Industries and from 1981 to 1991, she was the Manager of the Export Department and Office Administrative Manager of Ormat Industries. Ms. Rosner obtained a Diploma in General Management from Tel Aviv University in 1990.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows information with respect to the beneficial ownership of our Common Stock as of February 28, 2009 for:

each person, or group of affiliated persons, known to us to own beneficially 5% or more of our outstanding Common Stock;

each of our directors;

each of our Named Executive Officers (as defined under Compensation Discussion and Analysis below); and

all of our directors and executive officers as a group.

Percentage ownership is based on 45,353,120 shares of Common Stock outstanding as of February 28, 2009. Except as indicated by footnote and subject to community property laws where applicable, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.

	Shares of Ormat Technologies, Inc. Common Stock Beneficially Owned		**Shares of Ormat Industries Ltd. Common Stock Beneficially Owned**	
	Number	**Percent**	**Number**	**Percent**
Principal Stockholder:				
Ormat Industries Ltd.	25,450,000(1)	56.12%		
Directors and Named Executive Officers				
Yehudit Bronicki			41,684,642(2)	35.19%
Lucien Bronicki			41,684,642(2)	35.19%
Yoram Bronicki			41,684,642(2)	35.19%
Robert F. Clarke	22,500	*		
Dan Falk	22,500	*		
Roger W. Gale	30,000	*		
Jacob Worenklein	27,500	*		
Joseph Tenne	55,000	*		
Nadav Amir	73,500	*	15,750(3)	*
Zvi Reiss	79,000	*	7,500(4)	*
Directors and Named Executive Officers as a group	319,000(5)	*	41,707,892	35.21%

c/o Ormat Industries Ltd., Industrial Area, P.O. Box 68 Yavne 81100, Israel

c/o Ormat Technologies, Inc., 6225 Neil Road, Reno, Nevada 89511

* Represents beneficial ownership of less than 1% of the outstanding shares of Common Stock.

(1) The Board of Directors of Ormat Industries Ltd. has voting power and investment power over approximately 56.12% of our outstanding Common Stock. The directors of Ormat Industries Ltd. include Lucien Bronicki, Yehudit Bronicki and Yoram Bronicki, who, collectively with other members of their family, beneficially owned approximately 35.19% of the ordinary shares of Ormat Industries Ltd. through their holdings in Bronicki Investment Ltd. as of December 31, 2008.

(2) These shares are beneficially owned by Bronicki Investment Ltd. Lucien Bronicki and Yehudit Bronicki are directors of Bronicki Investment Ltd. and have voting control of the shares of Ormat Industries Ltd. held by Bronicki Investment Ltd. Each of Lucien Bronicki, Yehudit Bronicki and Yoram Bronicki also beneficially own 20% of Bronicki Investment Ltd. Accordingly, they may be deemed to share beneficial ownership of the shares of Ormat Industries Ltd. held by Bronicki Investment Ltd. Each of Lucien Bronicki, Yehudit Bronicki and

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Yoram Bronicki disclaim beneficial ownership of all such shares, except to the extent of his or her 20% ownership of Bronicki Investment Ltd. In December 2007, in connection with the purchase by Bronicki Investment Ltd. of an additional 9,000,000 Ordinary Shares of Ormat Industries Ltd., Bronicki Investment Ltd. pledged 25,000,000 Ordinary Shares of Ormat Industries Ltd. in favor of Bank Hapoalim BM, which provided financing for the purchase of the additional 9,000,000 Ordinary Shares.

(3) Represents currently exercisable options granted to Mr. Amir to purchase 15,750 ordinary shares of Ormat Industries Ltd.

(4) Represents currently exercisable options granted to Mr. Reiss to purchase 7,500 ordinary shares of Ormat Industries Ltd.

(5) This number includes options of the Company exercisable within 60 days of December 31, 2008. The amounts of exercisable options for each Executive Officer and independent director are set forth in the Outstanding Equity Awards and Director Compensations Tables below.

The following table summarizes share and exercise price information about the Company s equity compensation plans as of December 31, 2008.

Equity Compensation Plan Information

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation plans approved by security holders	1,231,231*	$ 39.51	2,397,449
Equity Compensation plans not approved by security holders		N/A	
Total	1,231,231*	$ 39.51	2,397,449

* Stock options to be issued pursuant to our 2004 Incentive Compensation Plan, as amended, and our Registration Statement on Form S-8 covering 1,250,000 shares filed with the SEC on November 9, 2005 and our Registration Statement on Form S-8 covering 2,500,000 shares filed with the SEC on June 4, 2007.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

Lucien and Yehudit Bronicki founded our parent company s predecessor, Ormat Turbines Ltd. in 1965 and, together with their son, Yoram Bronicki, continue to have a substantial economic interest in our parent, Ormat Industries Ltd. (Ormat Industries), which, in turn, owns approximately 56.12% of our outstanding Common Stock. Our Named Executive Officers (NEOs) may, therefore, be classified into two distinct groups. Group I is comprised of Lucien Bronicki, our Chairman of the Board and Chief Technology Officer, Yehudit Bronicki, our Chief Executive Officer (CEO), and Yoram Bronicki, our President and Chief Operating Officer. Group II is comprised of Joseph Tenne, our Chief Financial Officer; Nadav Amir, our Executive Vice President, Engineering; and Zvi Reiss, our Executive Vice President of Project Management. None of the members of Group II own a controlling interest in the shares of the Company or our parent.

Objectives

The overall objective of our executive compensation policies and procedures is to offer short-term, medium-term and long-term compensation components that enable us to attract, motivate and retain talented executives who contribute to our continued success. Equally important to us is to align the interests of our executives with those of our stockholders. As described below, the short-term component of our executive compensation packages consists

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of annual salary, the medium-term component consists of an annual bonus, and the long-term component consists of stock option grants. The members of Group I of our executive team, however, do not receive stock option grants, or their equivalent, as part of their compensation package. We believe that their long-term interests are nevertheless aligned with those of our stockholders through their substantial economic interest in our parent.

We aim to design executive compensation packages, like our general compensation policies, that meet or exceed competitive compensation averages for executives with similar responsibilities at companies with similar financial, operating and industry characteristics in similar locations. We do not benchmark to a particular industry or companies, but we informally consider published data, such as labor indices, in formulating our executive compensation packages. Despite our intention to compensate our executives at or above the market average for their peers, the compensation packages of members of Group I of our executive team are, at their choosing, well below average market compensation for similar positions.

Elements of Compensation

Our compensation program consists of three elements, namely, annual salary, annual bonus, and stock option grants:

1. Annual salary, which is paid bi-monthly, is intended to provide an annual income at a level consistent with individual contributions.

2. Annual bonuses, which are paid semi-annually for our Group II executives, are intended to link our executive officers compensation to their individual achievements as well as the Company s overall performance.

3. Stock option grants, which vest over a four-year period, are designed to promote long-term leadership and align the interests of our executives in Group II with those of our stockholders, while the vesting schedule assists us in retaining our executives in our employ.

Each element is determined individually, based on the relevant criteria described in this discussion.

In addition to these main compensation components, executives who are residents in Israel receive, as a function of their salary payments, the standard social benefits (*i.e.*, severance pay, defined contribution plan, and disability) paid to all of our employees who are based in Israel. These social benefits are fixed as a percentage of the employee s salary and are not subject to discretionary adjustments. Executives who are residents in the United States, in addition to social security, participate in a defined contribution plan (401(k) plan) and receive health insurance benefits.

Determination of Amounts and Formulas for Compensation

Annual Salary

Our Group I executives have employment agreements that fix the amount of their salary.

Consistent with our objectives with regard to Group II executives, the Compensation Committee provides guidance in setting base salaries for the Company s executive officers annually at levels that reflect the Compensation Committee s interpretation of competitive compensation averages for individuals with similar responsibilities at companies with similar financial, operating and industry characteristics, in similar locations, with consideration of the performance of the Company, individual performance of each executive and the executive s scope of responsibility in relation to other officers and key executives within the Company. Annual salaries reflect current practices within a named executive officer s specific geographic region and among executives holding similar positions. In addition to these factors, the annual salary for a Group II NEO depends on a number of more subjective factors; including our evaluation of the executive s leadership role, professional contribution, experience and sustained performance.

Following publication of the prior year s audited financial statements, the CEO and the Chairman of the Board determine whether and to what degree to award salary increases to any of the Group II NEOs. Factors that are considered include the net operating profit of the Company during the prior year, the need for a salary adjustment to remain competitive with compensation averages for executives in similar positions and the particular NEO s effectiveness in supporting the Company s long-term goals. We also consider the executive s department s contribution to our success as well as our general achievements during the preceding year. All salary increases are awarded retroactive to January 1. Salaries are paid on a bi-monthly basis and each of our Group II NEOs has a standard employment agreement that is based on a format used company-wide.

Annual Bonus

The manner in which we determine and pay annual bonus payments to Group I and Group II executives are distinct and are therefore addressed separately below.

Group I

We pay annual bonuses to each of our executive officers in Group I according to the following contractual formula that is linked to our performance during the preceding year:

Each of the employment agreements of Yehudit Bronicki and Lucien Bronicki provide for an annual bonus that is equal to (a) 0.75% of the Company s annual consolidated profits (after tax) above $2,000,000, and (b) 0.75% of Ormat Industries annual consolidated profits (after tax), after deducting the Company s annual consolidated profits (after tax). In no event, however, may the aggregate annual bonus exceed six times the annual base salary of the executive. In addition, the Audit Committee and/or the Board of Directors of Ormat Industries has the right, considering Ormat Industries financial condition and/or its financial results, to reduce the bonus or resolve that no bonus will be paid with respect to any particular year. The contracts provide for payment of the bonus within 45 days of the publication of our audited financial statements for the prior year. The portion of the bonus linked to Ormat Industries annual profits is paid by Ormat Industries.

Through December 31, 2008, the employment agreement of Yoram Bronicki provided for an annual bonus equal to 0.75% of the lower of (i) net pre-tax yearly profit of the Company s operating plants in the United States, and (ii) the net cash flow before taxes and before capital expenditures for enhancement of the operating plants generated by the Company s operating plants in the United States during the year. In no event, however, may the bonus exceed three times Mr. Bronicki s annual base salary. The bonus is to be paid within 45 days of the publication of our audited financial statements for the prior year. In light of Yoram Bronicki s appointment as the Company s President and Chief Operating Officer and effective for the annual bonus payable with regard to 2009, the Board of Directors has modified the contractual formula for Yoram Bronicki s bonus to be 0.75% of the Company s annual consolidated profits (after tax) above $2,000,000. This modification remains subject to the requisite approval process within our parent company.

Group II

Our Board of Directors has determined that up to 20% of our annual profits may be distributed by the Company as bonuses to employees. Each year, following publication of our financial statements for the preceding year, our Compensation Committee determines the basket of bonuses that may be awarded on a company-wide basis for the prior year and our CEO and Chairman of the Board determine the particular bonuses to be awarded to each Group II executive.

The determination of the amount of the annual bonus paid to each Group II executive is based on a number of factors, including our performance evaluated on specific criteria, such as revenue growth, profitability, and attainment of short-term and strategic business goals, in relation to individual executive performance. The determination with regard to each Group II executive is based on the individual performance evaluation of each NEO. There are no specific metrics for such evaluation, which is based on our CEO s and Chairman s subjective determination of both the individual performance of each NEO and the performance of the NEOs as a group. The annual bonuses awarded to our Group II executives are forward-looking in that, although they relate to past performance, they are applied to and paid in two installments (in April and September) during the year following the publication of our financial statements for the preceding year, and paid only to executives who are employed by the Company at the time each bonus installment is scheduled to be paid. This is consistent with our objective of providing a medium-term incentive for our executives.

Stock Options

With the exception of our Group I executives, who do not receive stock options, we are committed to long-term incentive programs for executives that promote the long-term growth of the Company and align the interests of executives with those of our stockholders. The determination of the overall basket of options that may be awarded to our employees each year is determined in a similar manner to our annual incentive bonuses. Once a year, following the publication of our financial results for the preceding year, our Compensation Committee determines the basket of options that may be awarded to all of our employees. This basket is typically calculated as between 1% and 1.5% of the outstanding shares of the Company. Our CEO and Chairman of the Board then determine the particular amount of stock options to be awarded to each Group II executive considering the Company s performance and relative stockholder return, the expected contribution of the NEO to the Company s growth and success, and awards given to the executive officers of the Company in past years. This process is typically completed within one month from the determination of the basket of awards for the year. The options that we grant to our Group II executives are subject to the same pricing, vesting, and exercise terms that govern the grant of stock options to all of our employees. Until our initial public offering our Parent granted options to our executives and employees. Following our initial public offering, our executives no longer receive any option awards from our Parent.

Tax Considerations

Our Compensation Committee considers the potential impact of Section 162(m) of the Internal Revenue Code of 1986, as amended (Section 162(m)). Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding $1 million in any taxable year for the Chief Executive Officer and our other NEOs (except the Chief Financial Officer), other than compensation that is performance-based under a plan that is approved by the stockholders of the corporation and that meets certain other technical requirements. Based on these requirements, since none of the NEOs received compensation in excess of $1 million, the Compensation Committee has determined that Section 162(m) will not prevent us from receiving a tax deduction for any of the compensation paid to our executive officers.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and based on the review and discussions, it has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s annual report on Form 10-K and Proxy Statement.

Submitted on February 24, 2009 by the members of the Compensation Committee of the Board of Directors of Ormat Technologies, Inc.

Yehudit Bronicki, Chair
Dan Falk
Jacob Worenklein

The foregoing Compensation Committee Report on Executive Compensation and compensation-related disclosures set forth in the proxy statement shall not be deemed to be soliciting material or be incorporated by reference by any general statement incorporating this proxy statement into any filing under the Securities Act or under the Exchange Act except to the extent the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the total compensation earned by each NEO during the years ended December 31, 2008, 2007, and 2006:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Lucien Bronicki, Chairman of the Board and Chief Technology Officer	2008	124,000	398,035(1)	None	58,887(6)	580,922
	2007	124,000	190,320(2)	None	48,384(7)	362,704
	2006	124,000	526,100(3)	None	51,221(8)	701,321
Yehudit Bronicki, Chief Executive Officer, and Director	2008	150,000	398,035(1)	None	73,069(9)	621,104
	2007	150,000	190,320(2)	None	72,450(10)	412,770
	2006	150,000	526,100(3)	None	76,572(11)	752,672
Yoram Bronicki, President, Chief Operating Officer and Director	2008	168,000	371,687(4)	None	85,451(12)	625,138
	2007	168,000	279,933(4)	None	48,137(13)	496,070
	2006	168,000	180,500(4)	None	22,754(14)	371,254
Joseph Tenne, Chief Financial Officer	2008	198,055	121,925	215,368(5)	65,354(15)	600,702
	2007	167,951	108,204	151,193(5)	44,320(16)	471,668
	2006	131,639	50,266	55,600(5)	39,695(17)	277,200
Nadav Amir, Executive Vice President Engineering	2008	252,941	143,441	266,093(5)	80,838(18)	743,313
	2007	204,810	159,847	193,553(5)	67,383(19)	625,593
	2006	187,984	105,001	90,613(5)	50,261(20)	433,859
Zvi Reiss, Executive Vice President Construction Management	2008	258,740	76,279	266,093(5)	65,940(21)	667,052
	2007	234,418	91,151	193,553(5)	64,313(22)	583,435
	2006	215,324	50,375	90,613(5)	51,850(23)	408,162

(1) Represents annual bonus for each of Mr. and Mrs. Bronicki in the amounts of $358,740 and $39,295 from the Company and its parent, respectively, based on formulas set forth in their employment agreements, which are described below. The bonus from the Company s parent for each of Mr. and Mrs. Bronicki represents a bonus supplement that was granted on March 31, 2008.

(2) Represents annual bonus for each of Mr. and Mrs. Bronicki from the Company, based on formulas set forth in their employment agreements, which are described below.

(3) Represents annual bonuses for each of Mr. and Mrs. Bronicki in the amounts of $243,350 and $282,750 from the Company and its parent, respectively, based on formulas set forth in their employment agreements, which are described below.

(4) Represents annual bonus for Mr. Yoram Bronicki from the Company, based on a formula set forth in his employment agreement, which is described below.

(5) Represents the dollar amount recognized as compensation cost for financial statement reporting purposes for 2008 in accordance with FAS 123R. For a discussion of the assumptions used in reaching this valuation, see Note 14 to our consolidated financial statements for the years ended December 31, 2008, 2007 and 2006.

(6) Includes payments of auto-related expenses in the amount of $15,921; Israel National Insurance in the amount of $708; health insurance in the amount of $200; convalescence pay in the amount of $1,683; Defined Contribution Plan in the amount of $21,927; Education Fund in the amount of $2,385; vacation redemption of $14,421; and perquisites amounting to $1,642.

(7) Includes payments of auto-related expenses in the amount of $11,318; Israel National Insurance in the amount of $622; health insurance in the amount of $117; convalescence pay in the amount of $1,297; Defined Contribution Plan in the amount of $20,047; Education Fund in the amount of $2,084; vacation redemption of $11,146; and perquisites amounting to $1,753.

(8) Includes payments of auto-related expenses in the amount of $10,413; Israel National Insurance in the amount of $582; health insurance in the amount of $107; health insurance in the amount of $31; convalescence pay in the amount of $1,268; Defined Contribution Plan in the amount of $17,720; Education Fund in the amount of $1,912; vacation redemption of $14,359; and perquisites amounting to $4,860.

(9) Includes payments of auto-related expenses in the amount of $8,905; Israel National Insurance in the amount of $5,888; U.S. Social Security in the amount of $10,007; health insurance in the amount of $200; convalescence pay in the amount of $1,683; Defined Contribution Plan in the amount of $26,129; Education Fund in the amount of $2,385; vacation redemption of $16,404; and perquisites amounting to $1,468.

(10) Includes payments of auto-related expenses in the amount of $10,434; Israel National Insurance in the amount of $5,130; U.S. Social Security in the amount of $10,540; health insurance in the amount of $130; convalescence pay in the amount of $1,297; Defined Contribution Plan in the amount of $24,438; Education Fund in the amount of $2,084; vacation redemption of $16,137; and perquisites amounting to $2,260.

(11) Includes payments of auto-related expenses in the amount of $10,413; Israel National Insurance in the amount of $4,915; U.S. Social Security in the amount of $9,174; health insurance in the amount of $117; convalescence pay in the amount of $1,268; Defined Contribution Plan in the amount of $23,662; Education Fund in the amount of $1,912; vacation redemption of $21,896; and perquisites amounting to $3,215.

(12) Includes payments of auto-related expenses in the amount of $10,464; Israel National Insurance in the amount of $6,393; U.S. Social Security in the amount of $11,072; health insurance in the amount of $11,861; convalescence pay in the amount of $1,683; 401(k) Plan matching contribution in the amount of $3,500; Defined Contribution Plan in the amount of $18,869; Education Fund in the amount of $2,385; vacation redemption of $17,857; and perquisites amounting to $1,367.

(13) Includes payments of auto-related expenses in the amount of $2,882; Israel National Insurance in the amount of $1,990; U.S. Social Security in the amount of $10,660; health insurance in the amount of $10,142; 401(k) Plan matching contribution in the amount of $3,500; Defined Contribution Plan in the amount of $5,738; Education Fund in the amount of $725; vacation redemption of $11,799; and perquisites amounting to $701.

(14) Includes payments of U.S. Social Security in the amount of $9,123; health insurance in the amount of $10,131; and 401(k) Plan matching contribution in the amount of $3,500.

(15) Includes payments of auto-related expenses in the amount of $8,905; Israel National Insurance in the amount of $6,486; health insurance in the amount of $123; convalescence pay in the amount of $1,683; Defined Contribution Plan in the amount of $28,799; Education Fund in the amount of $3,973; vacation redemption of $13,805; and perquisites amounting to $1,580.

(16) Includes payments of auto-related expenses in the amount of $6,337; Israel National Insurance in the amount of $5,780; health insurance in the amount of $31; convalescence pay in the amount of $1,297; Defined Contribution Plan in the amount of $25,401; Education Fund in the amount of $3,472; and perquisites amounting to $2,002.

(17) Includes payments of auto-related expenses in the amount of $5,842; Israel National Insurance in the amount of $5,410; convalescence pay in the amount of $1,268; Defined Contribution Plan in the amount of $21,698; Education Fund in the amount of $3,186; and perquisites amounting to $2,291.

(18) Includes payments of auto-related expenses in the amount of $12,413; Israel National Insurance in the amount of $6,486; health insurance in the amount of $47; convalescence pay in the amount of $1,683; Defined Contribution Plan in the amount of $39,525; Education Fund in the amount of $3,973; vacation redemption of $14,637; and perquisites amounting to $2,074.

(19) Includes payments of auto-related expenses in the amount of $8,931; Israel National Insurance in the amount of $5,780; convalescence pay in the amount of $1,297; Defined Contribution Plan in the amount of $45,350; Education Fund in the amount of $3,472; and perquisites amounting to $2,522.

(20) Includes payments of auto-related expenses in the amount of $8,195; Israel National Insurance in the amount of $5,410; convalescence pay in the amount of $1,268; Defined Contribution Plan in the amount of $29,425; Education Fund in the amount of $3,186; and perquisites amounting to $2,777.

(21) Includes payments of auto-related expenses in the amount of $8,905; Israel National Insurance in the amount of $6,486; U.S. Social Security in the amount of $4,973; health insurance in the amount of $47; convalescence pay in the amount of $1,683; Defined Contribution Plan in the amount of $31,815; Education Fund in the amount of $3,973; vacation redemption of $7,103; and perquisites amounting to $955.

(22) Includes payments of auto-related expenses in the amount of $6,337; Israel National Insurance in the amount of $5,780; U.S. Social Security in the amount of $4,973; health insurance in the amount of $31; convalescence pay in the amount of $1,297; Defined Contribution Plan in the amount of $34,984; Education Fund in the amount of $3,472; vacation redemption of $5,528; and perquisites amounting to $1,911.

(23) Includes payments of auto-related expenses in the amount of $5,100; Israel National Insurance in the amount of $5,410; U.S. Social Security in the amount of $4,973; convalescence pay in the amount of $1,268; Defined Contribution Plan in the amount of $23,819; Education Fund in the amount of $3,186, vacation redemption of $5,604; and perquisites amounting to $2,490.

Grants of Plan-Based Awards

The following table sets forth grants of plan-based awards to each NEO during the year ended December 31, 2008:

Concentrations of Credit Risk

Cash

The Company maintains its cash accounts in financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $100,000. At September 30, 2007 the Company had $134,737 of cash balances which were in excess of the FDIC insurance limit. The Company performs ongoing evaluations of these institutions to limit its concentration risk exposure.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Customers

The Company grants credit to customers within the United States of America and to a limited number of international customers, and does not require collateral. Sales to other international customers are secured by advance payments, letters of credit, or cash against documents. The Company's ability to collect receivables is affected by economic fluctuations in the geographic areas and industries served by the Company. Reserves for uncollectible amounts, totaling approximately $5,300 as of September 30, 2007, are provided based on past experience and a specific analysis of the accounts which management believes are sufficient. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts.

The Company has foreign sales primarily in Europe, Latin America, Asia and Canada. Foreign sales are primarily under exclusive distribution agreements with international distributors. During the six-month periods ended September 30, 2007 and 2006, the Company had foreign sales of approximately $2,000 and $11,000, respectively, which constituted approximately 6% and 42%, respectively, of net sales.

The majority of the Company's customers are in the bio-tech, bio-pharmaceutical and animal breeding industries. Consequently, there is a concentration of receivables within these industries, which is subject to normal credit risk.

Fair Value of Financial Instruments

The Company's consolidated financial instruments consist of cash, accounts receivable, related-party notes payable, accounts payable, accrued expenses and a note payable to a third party. The carrying value for all such instruments, except the related party notes payable, approximates fair value at September 30, 2007. The difference between the fair value and recorded values of the related party notes payable is not significant.

Inventories

Inventories are stated at the lower of standard cost or current estimated market value. Cost is determined using the first-in, first-out method. The Company periodically reviews its inventories and records a provision for excess and obsolete inventories based primarily on the Company's estimated forecast of product demand and production requirements. Once established, write-downs of inventories are considered permanent adjustments to the cost basis of the obsolete or excess inventories. Work in process and finished goods include material, labor and applied overhead. Inventories at September 30, 2007 consist of the following:

Raw materials	$ 39,005
Work in process	57,859
Finished goods	42,381
	$ 139,245

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fixed Assets

Depreciation and amortization of fixed assets are provided using the straight-line method over the following useful lives:

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

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

Intangible Assets

Patents and trademarks are amortized, using the straight-line method, over their estimated useful life of five years.

Long-Lived Assets

The Company’s management assesses the recoverability of its long-lived assets upon the occurrence of a triggering event by determining whether the depreciation and amortization of long-lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. At September 30, 2007, the Company’s management believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Company’s products will continue, which could result in impairment of its long-lived assets in the future.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accrued Warranty Costs

Estimated costs of the standard warranty, included with products at no additional cost to the customer for a period up to one year, are recorded as accrued warranty costs at the time of product sale. Costs related to servicing the extended warranty plan are expensed as incurred.

The following represents the activity in the warranty accrual account during the six month periods ended September 30:

	2007	2006
Beginning warranty accrual	$ 55,407	$ 59,532
Increase in accrual (charged to cost of sales)	4,125	1,623
Charges to accrual (product replacements)	(1,125)	(3,000)
Ending warranty accrual	$ 58,407	$ 58,155

Revenue Recognition

Revenue is recognized in accordance with Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements*, as revised by SAB No. 104. The Company recognizes revenue when products are shipped to a customer and the risks and rewards of ownership and title have passed based on the terms of the sale. The Company records a provision for sales returns and claims based upon historical experience. Actual returns and claims in any future period may differ from the Company's estimates.

Accounting for Shipping and Handling Revenue, Fees and Costs

The Company classifies amounts billed for shipping and handling as revenue in accordance with Emerging Issues Task Force ("EITF") Issue No. 00-10, *Accounting for Shipping and Handling Fees and Costs*. Shipping and handling fees and costs are included in cost of sales.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Advertising Costs

The Company expenses the cost of advertising when incurred as a component of selling, general and administrative expenses. During the six-month periods ended September 30, 2007 and 2006, the Company expensed approximately $9,000 and $1,000, respectively, in advertising costs.

Research and Development Expenses

The company expenses internal research and development costs as incurred. Third-party research and development costs are expensed when the contracted work has been performed.

Stock-Based Compensation

The Company accounts for equity issuances to employees and directors in accordance to Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, ("SFAS 123(R)") which establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on accounting for transactions where an entity obtains employee services in share-based payment transactions. SFAS 123(R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments, including stock options, based on the grant-date fair value of the award and to recognize it as compensation expense over the period the employee is required to provide service in exchange for the award, usually the vesting period.

As stock-based compensation expense recognized in the consolidated statements of operations for the three and six-month periods ended September 30, 2007 and 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures, if any. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The estimated average forfeiture rate for the three and six-month periods ended September 30, 2007 and 2006 was zero as the Company has not had a significant history of forfeitures and does not expect forfeitures in the future.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Plan Description

The Company's stock option plan provides for grants of incentive stock options and nonqualified options to employees, directors and consultants of the Company to purchase the Company's shares at the fair value, as determined by management and the board of directors, of such shares on the grant date. The options generally vest over a five-year period beginning on the grant date and have a ten-year term. As of September 30, 2007, the Company is authorized to issue up to 5,000,000 shares under this plan and has 2,511,387 shares available for future issuances.

Summary of Assumptions and Activity

The fair value of stock-based awards to employees and directors is calculated using the Black-Scholes option pricing model, even though this model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Company's stock options. The Black-Scholes model also requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate selected to value any particular grant is based on the U.S Treasury rate that corresponds to the pricing term of the grant effective as of the date of the grant. The expected volatility is based on the historical volatility of the Company's stock price. These factors could change in the future, affecting the determination of stock-based compensation expense in future periods.

	September 30, 2007	September 30, 2006
Stock options and warrants:		
Expected term	5 years	5 years
Expected volatility	293%	233%
Risk-free interest rate	4.75%	4.82%
Expected dividends	-	-

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

A summary of employee and director options and warrant activity for the six-month period ended September 30, 2007 is presented below:

	Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Yrs.)		Aggregate Intrinsic Value
Outstanding at March 31, 2007	3,747,563	$	0.59	7.46		
Granted	266,000	$	0.75			
Exercised	50,000	$	1.00			
Forfeited	-	$	-			
Outstanding and exercisable at September 30, 2007	3,963,563	$	0.57	7.18	$	2,353,450

On August 3, 2006, the Company issued a total of 846,750 warrants to purchase shares of the Company's common stock to various employees and directors. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be approximately $839,755 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.82%; volatility of 233%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the employee and director warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2006.

On August 27, 2007, the Company issued a total of 266,000 warrants to purchase shares of the Company's common stock to various employees and directors. These warrants have an average exercise price of $0.75 per share equal to the market value of the Company's common stock on the date of issuance, and have expiration dates that range from two to ten years. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be $199,314 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.75%; volatility of 293%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the employee and director warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2007.

There were no vesting of prior warrants or stock options issued to employees and directors during the six months ended September 30, 2007. During the six months ended September 30, 2006, in connection with the vesting of prior options issued, the Company recorded total charges of $70,576 in accordance with the provisions of SFAS 123(R), which have been included in selling, general and administrative expenses in the accompanying consolidated statements of operations. No employee or director warrants or stock options expired during the six months ended September 30, 2007 and 2006. The Company issues new shares from its authorized shares upon exercise of warrants or options.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

As of March 31, 2007, all previously issued stock options and warrants were fully vested. Therefore, as of September 30, 2007 there were no unvested stock options or warrants and no unrecognized compensation cost related to employee and director stock based compensation arrangements. The total fair value of shares vested during the six months ended September 30, 2007 and 2006 was $0 and $70,576, respectively.

Issuance of Stock for Non-Cash Consideration

All issuances of the Company's stock for non-cash consideration have been assigned a per share amount equaling either the market value of the shares issued or the value of consideration received, whichever is more readily determinable. The majority of the non-cash consideration received pertains to services rendered by consultants and others and has been valued at the market value of the shares on the dates issued. In certain instances, the Company has discounted the values assigned to the issued shares for illiquidity and/or restrictions on resale.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of EITF 96-18, *Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services* and EITF 00-18, *Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees*. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. In accordance with EITF 00-18, an asset acquired in exchange for the issuance of fully vested, nonforfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes. Accordingly, the Company records the fair value of the fully vested non-forfeitable common stock issued for future consulting services as prepaid services in its consolidated balance sheet.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. The Company is a subchapter "C" corporation and files a federal income tax return. The Company files separate state income tax returns for California and Nevada.

Basic and Diluted Loss Per Share

The Company has adopted SFAS No. 128, *Earnings Per Share* (see Note 6).

Basic loss per common share is computed based on the weighted average number of shares outstanding during the period. Diluted loss per share is computed by dividing net loss by the weighted average shares outstanding assuming all dilutive potential common shares were issued. Basic and diluted loss per share are the same as the effect of stock options and warrants on loss per share are anti-dilutive and thus not included in the diluted loss per share calculation. The impact under the treasury stock method of dilutive stock options and warrants and the if-converted method of convertible debt would have resulted in weighted average common shares outstanding of 44,177,869 as for the period ended September 30, 2007 and 32,821,475 for the period ended September 30, 2006.

Convertible Debentures

If the conversion feature of conventional convertible debt provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature (“BCF”). A BCF is recorded by the Company as a debt discount pursuant to EITF Issue No. 98-5, *Accounting for Convertible Securities with Beneficial Conversion Features or Contingency Adjustable Conversion Ratio,* (“EITF 98-05”) and EITF Issue No. 00-27, *Application of EITF Issue No. 98-5 to Certain Convertible Instruments* (“EITF 00-27”). In those circumstances, the convertible debt will be recorded net of the discount related to the BCF. The Company amortizes the discount to interest expense over the life of the debt using the effective interest method (see Note 4).

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued SFAS No. 157, *Fair Value Measurements.* This new standard provides guidance for using fair value to measure assets and liabilities. Under SFAS No. 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, SFAS No. 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of SFAS No. 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including any financial statements for an interim period within that fiscal year. The adoption of this pronouncement is not expected to have material effect on the Company's consolidated financial statements.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company adopted FIN 48 is effective on April 1, 2007. The adoption of FIN 48 has not had a material impact on the Company's consolidated results of operations and financial condition.

On February 15, 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115.* SFAS No. 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities, including not-for-profit organizations. Most of the provisions in SFAS No. 159 are elective; however, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities,* applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. The fair value option established by SFAS No. 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157, *Fair Value Measurements.* The adoption of this pronouncement is not expected to have material effect on the Company's consolidated financial statements.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Commitments

On July 2, 2007, the Company entered into a new lease agreement with Viking Investors - Barents Sea, LLC for a building with approximately 11,881 square feet of manufacturing and office space located at 20382 Barents Sea Circle, Lake Forest, CA, 92630. The lease agreement is for a period of two years with renewal options for three, one-year periods, beginning September 1, 2007. The lease requires lease payments of approximately $15,000 per month. In connection with the lease agreement, the Company issued 10,000 warrants to the lessor at an exercise price of $1.55 per share for a period of two years, valued at $15,486 as calculated using the Black Scholes option pricing model. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.75%; volatility of 293%; an expected exercise term of 5 years; and no annual dividend rate. The Company amortizes the value of the warrants over the life of the lease and the remaining unamortized value of the warrants has been recorded in other long-term assets. As of September 30, 2007, the unamortized balance of the value of the warrants issued to the lessor was $13,626.

Litigation

The Company becomes a party to product litigation in the normal course of business. The Company accrues for open claims based on its historical experience and available insurance coverage. In the opinion of management, there are no legal matters involving the Company that would have a material adverse effect upon the Company's condition or results of operations.

Indemnities and Guarantees

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the States of California and Nevada. In connection with its facility lease, the Company has indemnified its lessor for certain claims arising from the use of the facility. The Company has indemnified the merger candidate for certain claims arising from the failure of the Company to perform any of its representation or obligations under the agreements. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying consolidated balance sheet.

NOTE 4 - NOTES PAYABLE

As of September 30, 2007, the Company had aggregate principal balances of $1,302,000 in outstanding unsecured indebtedness owed to five related parties, including four former members of the board of directors, representing working capital advances made to the Company from February 2001 through March 2005. These notes bear interest at the rate of 6% per annum and provide for aggregate monthly principal payments which began April 1, 2006 of $2,500, and which increase by an aggregate of $2,500 every six months to a maximum of $10,000 per month. As of September 30, 2007, the aggregate principal payments totaled $7,500 and are scheduled to increase to an aggregate of $10,000 per month beginning January 2008. Any remaining unpaid principal and accrued interest is due at maturity on various dates through March 1, 2015.

Related-party interest expense under these notes was $39,777 and $44,954 for the six months ended September 30, 2007 and 2006, respectively. Accrued interest, which is included in notes payable in the accompanying consolidated balance sheet, related to these notes amounted to $444,118 as of September 30, 2007. As of September 30, 2007, the Company had not made the required payments under the related-party notes which were due on July 1, August 1, and September 1, 2007. However, pursuant to the note agreements, the Company has a 120-day grace period to pay missed payments before the notes are in default. On October 31, 2007, the Company paid the July 1 note payments due on these related-party notes. Management expects to continue to pay all payments due prior to the expiration of the 120-day grace periods.

In October 2006, the Company entered into an Agency Agreement with a broker to raise capital in a private placement offering of convertible debentures under Regulation D. From February 2006 through January 2007, the Company received a total of $120,000 under this private placement offering of convertible debenture debt. Related to the issuance of the convertible debentures, the Company paid commissions to the broker totaling $15,600, which were capitalized as deferred financing costs. During the six months ended September 30, 2007, the Company amortized $4,699 of deferred financing costs to interest expense.

Per the terms of the convertible debenture agreements, the notes had a term of 180 days from issuance and were redeemable by the Company with two days notice. The notes bore interest at 15% per annum and were convertible into shares of the Company’s common stock at a ratio of 6.67 shares for every dollar of debt converted. The proceeds of the convertible notes were used in the ongoing operations of the Company. During the six months ended September 30, 2007, the Company converted the full $120,000 of principal balances and $8,857 of accrued interest relating to these convertible debentures into 859,697 shares of common stock at a conversion price of $0.15 per share. As of September 30, 2007, the remaining balance of the convertible debenture notes and accrued interest was zero. During the six months ended September 30, 2007, the Company recorded interest expense of $2,784 related to these notes.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 4 - NOTES PAYABLE, continued

In connection with the issuance of the convertible debt, the Company recorded a debt discount totaling $106,167 related to the beneficial conversion feature of the notes. The Company amortized the debt discount using the effective interest method through the maturity dates of the notes. As of September 30, 2007, the remaining balance of the debt discount was zero. During the six months ended September 30, 2007, the Company recorded interest expense of $29,638 related to the amortization of the debt discount.

In August 2006, Peter Berry, the Company's Chief Executive Officer, agreed to convert his deferred salaries to a long-term note payable. Under the terms of this note, the Company began to make monthly payments of $3,000 to Mr. Berry in January 2007. In January 2008, these payments will increase to $6,000 and remain at that amount until the loan is fully paid in December 2010. Interest of 6% per annum on the outstanding principal balance of the note will begin to accrue on January 1, 2008 and will be paid on a monthly basis along with the monthly principal payment beginning in January 2008. As of September 30, 2007, the total amount of deferred salaries under this arrangement was $224,950, of which $161,950 is recorded as a long-term liability in the accompanying consolidated balance sheet.

The Company has a non-interest bearing note payable to a third party for $77,304, which was due in April 2003. As of September 30, 2007, the remaining unpaid balance was $54,440. In October 2007 the company agreed to make payments of $5,000 per month until the note balance is paid in full.

NOTE 5 - EQUITY

During the six months ended September 30, 2007, 156,250 warrants were exercised at an average price of $0.69 per share for proceeds of $107,500.

In connection with Agency Agreements with a broker to raise funds in private placement offerings of common stock under Regulation D, during the six months ended September 30, 2007, the Company sold 3,652,710 shares of the Company's common stock to investors at an average price of $0.22 per share for proceeds of $699,866 to the Company, net of issuance costs of $89,635.

In October 2006, the Company entered into an Agency Agreement with a broker to raise capital in a private placement offering of convertible debentures under Regulation D. From February 2006 through January 2007, the Company received a total of $120,000 under this private placement offering of convertible debenture debt. Per the terms of the convertible debenture agreements, the notes have a term of 180 days from issuance and are redeemable by the Company with two days notice. During the six months ended September 30, 2007, the Company converted the full $120,000 of principal balances and $8,857 of accrued interest relating to these convertible debentures into 859,697 common stock shares at a conversion price of $0.15 per share (see Note 4).

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 5 - EQUITY, continued

In June 2007, the Company issued a total of 6,052,000 warrants to purchase shares of the Company's common stock at an average price of $0.35 per share to 68 individual investors in connection with funds raised in private placement offerings. The warrants have exercise periods of 18 months originating from the related investment date. The expiration dates range from December 2007 to October 2008.

In July 2007, the Company issued warrants to purchase a total of 699,438 shares of the Company's common stock at an average exercise price of $0.29 per share to a broker in connection with funds raised in previous private placement offerings. These warrants have 5 year terms beginning from the dates of the placement offerings and the expiration dates range from March 2011 to March 2012.

In April 2007, the Company issued 375,000 shares of restricted common stock in lieu of fees paid to a consultant. These shares were issued at a value of $1.02 per share (based on the underlying stock price on the agreement date after a fifteen percent deduction as the shares are restricted) for a total cost of $382,500 which has been included in selling, general and administrative expenses for the six months ended September 30, 2007.

On July 2, 2007, in connection with the new facility lease agreement, the Company issued 10,000 warrants to the lessor, at an exercise price of $1.55 per share for a period of two years, valued at $15,486 as calculated using the Black Scholes option pricing model. The Company amortizes the value of the warrants over the life of the lease and the remaining unamortized value of the warrants has been recorded in other long term assets. As of September 30, 2007, the unamortized balance of the value of the warrants issued to the lessor was $13,626 and $1,860 has been included in selling, general and administrative expenses as additional rent expense for the six months ended September 30, 2007.

On July 30, 2007, in connection with the purchase of manufacturing equipment, the Company issued 79,208 warrants to the seller at an exercise price of $1.01 per share, with a five year term. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be $79,926 as of the date of grant of which $10,000 has been recorded as fixed assets as of September 30, 2007 (which approximates the fair market value of the equipment acquired) and $69,926 has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for services performed by the seller for the three and six months ended September 30, 2007.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 5 - EQUITY, continued

On August 21, 2007, in connection with the extension of payment terms of outstanding amounts owed, the Company issued 20,000 warrants to First Capital Investors, LLC, at an exercise price of $0.75 per share with a term of two years. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be $14,984 as of the date of grant which has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2007.

On August 3, 2006, the Company issued a total of 846,750 warrants to purchase shares of the Company's common stock to various consultants, board members, and employees. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be approximately $839,755 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.82%; volatility of 233%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2006.

On August 27, 2007, the Company issued a total of 266,000 warrants to purchase shares of the Company's common stock to various consultants, board members, and employees. These warrants have an exercise price of $0.75 per share equal to the market value of the Company's common stock on the date of issuance, and have ten year expiration dates. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be approximately $199,314 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.75%; volatility of 293%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2007.

During the six months ended September 30, 2007 and 2006, compensation expense from the vesting of options issued to employees and non-employees totaled $0 and $70,576, respectively, and has been included in selling, general and administrative expenses in the accompanying consolidated statements of operations (see Note 2).

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 6 - LOSS PER SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted loss per share computations for the three and six month periods ended September 30:

	For Three Months Ended September 31,		For Nine Months Ended September 31,	
	2007	2006	2007	2006
Numerator for basic and diluted earnings per share:				
Net loss available to common stockholders	$ (629,070)	$ (1,110,617)	$ (1,374,578)	$ (1,380,188)
Denominator for basic and diluted loss per common share:				
Weighted average common shares outstanding	39,721,581	30,239,599	38,807,022	30,152,616
Net loss per common share available to common stockholders	$ (0.02)	$ (0.04)	$ (0.04)	$ (0.05)

NOTE 7 - RELATED PARTY TRANSACTIONS

In June 2005, the Company retained the legal services of Gary C. Cannon, Attorney at Law, for a monthly retainer fee of $6,500. At that same time, Mr. Cannon also became the Company's Secretary and a member of the Company's Board of Directors. The total amount paid to Mr. Cannon for retainer fees and out-of-pocket expenses for the six months ended September 30, 2007 and 2006 was $39,000 and $39,000, respectively.

In August 2006, Peter Berry, the Company's Chief Executive Officer, agreed to convert his deferred salaries to a long-term note payable. Under the terms of this note, monthly payments of $3,000 have been made to Mr. Berry beginning in January 2007. In January 2008, these payments will increase to $6,000 and remain at that amount until the loan is fully paid in December 2010. Interest of 6% per annum on the outstanding principal balance of the note will begin to accrue on January 1, 2008 and will be paid on a monthly basis along with the monthly principal payment beginning in January 2008. During the six months ended September 30, 2007, $18,000 was paid to Mr. Berry against the principal balance of this note. As of September 30, 2007, the total amount of deferred salaries under this arrangement was $224,950, of which $161,950 is recorded as a long-term liability in the accompanying consolidated balance sheet.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 8 - SUBSEQUENT EVENTS

In October 2007, the Company issued a total of 40,625 warrants to purchase shares of the Company's common stock at an average price of $2.50 per share to investors in connection with funds raised in private placement offerings. The warrants have exercise periods of 18 months originating from the related investment date. The expiration date for these warrants is February 28, 2009.

In October 2007, the Company engaged the firm of Carpe DM, Inc. to perform the services as the Company's investor relations and public relations representative for a monthly fee of $7,500 per month. Pursuant to the terms of this consulting agreement, the Company issued 250,000 warrants to purchase shares of the Company's common stock with a term of 30 months and exercise price of $1.50 and the Company agreed to issue Carpe DM 150,000 shares of S-8 registered stock. On November 13, 2007, the Company filed the Form S-8 as required by this agreement with the Securities and Exchange Commission.

On October 16, 2007, a special shareholders' meeting was held in Las Vegas, Nevada for the purpose of holding a shareholder vote on a proposal to amend and restate the Company's Articles of Incorporation. Prior to the meeting and in compliance with Nevada law and the Bylaws of the Company, a Proxy Statement and Proxy were provided to all shareholders of the record date, September 19, 2007. A quorum of shareholders required to hold the meeting were present, appearing either by Proxy or in person. The proposal to Amend and Restate the Company's Articles of Incorporation passed with 88.5% of the votes present or by Proxy cast in favor of the proposal; 9.9% of the votes present or by Proxy cast against the proposal; and 1.6% of the votes present or by Proxy abstained. The Amended and Restated Articles of Incorporation became effective as of October 16, 2007 and can be viewed as Exhibit 5.1 filed with the Company's Form 8-K on October 19, 2007. The Amended and Restated Articles of Incorporation effectively increased the total number of voting common stock authorized to be issued of the Company to 125,000,000 and increased the authorized number of directors to 9.

Recent Financing

On October 1, 2007, the Company issued to a number of accredited investors Original Issue Discount 8% Senior Secured Convertible Debentures (the "Debentures") having a principal face amount of $4,707,705 and generating gross proceeds of $4,001,551. After accounting for commissions and legal and other fees, the net proceeds to the Company totaled $3,436,551.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 8 - SUBSEQUENT EVENTS, continued

The entire principal amount under the Debentures is due and payable 30 months after the closing date. Interest payments will be payable in cash quarterly commencing on January 1, 2008. The Company may elect to make interest payments in shares of common stock provided, generally, that it is not in default under the Debentures and there is then in effect a registration statement with respect to the shares issuable upon conversion of the Debentures or in payment of interest due thereunder. If the Company elects to make interest payments in common stock, the conversion rate will be the lesser of (a) the Conversion Price (as defined below), or (b) 85% of the lesser of (i) the average of the volume weighted average price for the ten consecutive trading days ending immediately prior to the applicable date an interest payment is due or (ii) the average of such price for the ten consecutive trading days ending immediately prior to the date the applicable shares are issued and delivered if such delivery is after the interest payment date.

At any time, holders may convert the Debentures into shares of common stock at a fixed conversion price of $0.84, subject to adjustment in the event we issue common stock (or securities convertible into or exercisable for common stock) at a price below the conversion price as such price may be in effect at various times (the “Conversion Price”).

The Debentures rank senior to all of our current and future indebtedness and are secured by substantially all of our assets.

In connection with the financing transaction, the Company issued to the investors five-year warrants to purchase 5,604,411 shares of our common stock at $0.92 per share and two-year warrants to purchase 1,401,103 shares of common stock at $0.90 per share and 1,401,103 shares of common stock at $1.60 per share (collectively, the “Warrants”).

The Company also entered into a registration rights agreement with the investors that requires the Company to register the shares issuable upon conversion of the Debentures and exercise of the Warrants within 45 days after the closing date of the transaction. If the registration statement is not filed within that time period or is not declared effective within 90 days after the closing date (120 days in the event of a full review by the Securities and Exchange Commission), the Company will be required to pay liquidated damages in cash in an amount equal to 2% of the total subscription amount for every month that we fail to attain a timely filing or effectiveness, as the case may be.

Pursuant to the registration rights agreement, on November 9, 2007 the Company filed Form SB-2 Registration Statement with the Securities and Exchange Commission. Following the effective date of the registration statement, the Company may force conversion of the Debentures if the market price of the common stock is at least $2.52 for 30 consecutive days. The Company may also prepay the Debentures in cash at 120% of the then outstanding principal.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 8 - SUBSEQUENT EVENTS, continued

Joseph Stevens and Company acted as sole placement agent in connection with the above financing transaction. The Company paid to the placement agent cash in the amount of $440,000 and issued warrants to purchase 560,364 shares of the Company's common stock at $0.84 per share.

On November 5, 2007, the Company secured financing for a $200,000 one-year revolving line of credit secured by a Certificate of Deposit with Bank of the West. The Company intends to utilize the funds advanced from this line of credit for capital equipment purchases to support the launch of the Company's newly developed product, the CryoPort Express® One-Way Shipper.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

In this Form 10-QSB the terms “CryoPort”, “Company” and similar terms refer to CryoPort, Inc., and its wholly owned subsidiary CryoPort Systems, Inc.

Safe Harbor and Forward Looking Statements:

The Company has made some statements in this Form 10-QSB, including some under this “Management’s Discussion and Analysis or Plan of Operation”, and elsewhere, which are forward-looking statements within the definition of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. These statements may discuss the Company’s future expectations, contain projections of its plan of operation or financial condition or state other forward-looking information. In this Form 10-QSB, forward looking statements are generally identified by words such as “anticipate”, “plan”, “believe”, “expect”, “estimate”, and the like. Forward-looki statements involve future risks and uncertainties, and there are factors that could cause actual results or plans to differ materially from those expressed or implied by the statements. The forward-looking information is based on various factors and is derived using numerous assumptions. A reader, whether investing in the company’s securities or not, should not place undue reliance on these forward-looking statements, which apply only as of the date of this Form 10-QSB. Important factors that may cause actual results to differ from projections include, but are not limited to, the following:

- The success or failure of management’s efforts to implement the Company’s plan of operations;
- The Company’s ability to fund its operating expenses;
- The Company’s ability to compete with other companies that have a similar plan of operation;
- The effect of changing economic conditions impacting the Company’s plan of operation;
- The Company’s ability to meet the other risks as may be described in its future filings with the Securities and Exchange Commission.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

General Overview

The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the unaudited consolidated balance sheet as of September 30, 2007 and the related consolidated statements of operations for each of the three and six months ended September 30, 2007 and 2006, the consolidated statements of cash flows for the six months ended September 30, 2007 and 2006 and the related notes thereto (see Item 1 Financial Statements) as well as the audited consolidated financial statements of the Company as of March 31, 2007 and 2006 and for the years then ended included in the Company’s Annual Report on Form 10-KSB for the year ended March 31, 2007.

The Company cautions readers that important facts and factors described in this Management's Discussion and Analysis or Plan of Operation and elsewhere in this document sometimes have affected, and in the future could affect, the Company's actual results, and could cause the Company's actual results during fiscal year 2008 and beyond to differ materially from those expressed in any forward-looking statements made by, or on behalf of the Company.

Going Concern

As reported in the Report of Independent Registered Public Accounting Firm on the Company's March 31, 2007 and 2006 financial statements, the Company has incurred recurring losses from operations and has a stockholders' deficit. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

There are significant uncertainties which negatively affect the Company's operations. These are principally related to (i) the limited distribution network for the Company's reusable product line, (ii) the expected launch of the new CryoPort Express® One-Way Shipper System, (iii) the absence of any commitment or firm orders from key customers in the Company's target markets for the reusable or the one-way shippers, (iv) the success in bringing products concurrently under development to market with the Company's key customers. Moreover, there is no assurance as to when, if ever, the Company will be able to conduct the Company's operations on a profitable basis. The Company's limited sales to date for the Company's reusable product, the lack of any purchase requirements in the existing distribution agreements and those currently under negotiations, make it impossible to identify any trends in the Company's business prospects. There is no assurance the Company will be able to generate sufficient revenues or sell any equity securities to generate sufficient funds when needed, or whether such funds, if available, will be obtained on terms satisfactory to the Company.

The Company has not generated significant revenues from operations and has no assurance of any future significant revenues. The Company incurred net losses of $1,374,578 and $1,380,188 during the six month periods ended September 30, 2007 and 2006 and had a cash balance of $160,310 at September 30, 2007. In addition, at September 30, 2007, the Company's stockholders' deficit was $2,033,976 and the Company had negative working capital of $478,944. During the six month period ended September 30, 2007, the Company raised funds through private placement offerings in the amount of $699,866, net of issuance costs of $89,635. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

The Company's management has recognized that the Company must obtain additional capital for the further development and launch of the one-way product and the eventual achievement of sustained profitable operations. In response to this need for capital, on October 1, 2007, the Company issued to a number of accredited investors Original Issue Discount 8% Senior Secured Convertible Debentures (the "Debentures") having a combined principal face amount of $4,707,705 and generating gross proceeds of $4,001,551. After accounting for commissions, legal and other fees, the net proceeds to the Company totaled $3,436,551 (see Note 8 to the accompanying unaudited consolidated financial statements). Management projects that these proceeds will allow the launch of the Company's new CryoPort Express® One-Way Shipper and provide the Company with the ability to continue as a going concern, which the Company expects to be reflected in its next quarterly reporting.

Management is committed to utilizing the proceeds of this October 2007 financing to fully execute its business plan and grow at the desired rate to achieve sustainable profitable operations. To further facilitate the ability of the Company to continue as a going concern the Company's management has begun taking the following steps:

1) Focusing all efforts on the successful launch of the CryoPort Express® One-Way Shipper. Now that funds have been made available management efforts will be focused on utilizing all resources towards the acquisition of raw materials to provide adequate inventory levels and towards the expansion of manufacturing and processing capabilities to support the launch of the CryoPort Express® One-Way Shipper.

2) Continuing to minimize operating expenditures as necessary to ensure the availability of funds until revenues generated and cash collections adequately support the continued business operations. The Company's largest expense for the six months ended September 30, 2007, relates to (i) consultant fees of $382,500 which were paid with 375,000 common stock shares in lieu of cash for consulting services relating to achieving financing arrangements for the Company, (ii) $286,086 non-cash expense recorded in selling, general and administrative costs related to the valuation of warrants issued to various consultants, directors, and employee, (iii) approximately $46,000 for the audit fees related to the filing of the Company's annual and quarterly reports and (iv) approximately $24,000 moving expenses incurred for the relocation of the Company's operations from Brea, California to Lake Forest, California. The remaining operating expenses for the six months ended September 30, 2007 of approximately $443,000 related primarily to minimal personnel costs, rent and utilities and meeting the legal and reporting requirements of a public company.

3) Utilizing part-time consultants and requiring employees to manage multiple roles and responsibilities whenever possible as the Company has historically utilized in its efforts to keep operating costs low.

4) Continuing to require that key employees and the Company's Board of Directors receive Company stock in lieu of cash as a portion of their compensation in an effort to minimize monthly cash flow. With this strategy, the Company has established a critical mass of experienced business professionals capable of taking the Company forward.

5) Maintaining current levels for sales, marketing, engineering, scientific and operating personnel and cautiously and gradually adding critical and key personnel only as necessary to support the successful launch and expected revenue growth of the of the CryoPort Express® One-Way Shipper and any further expansion of the Company's product offerings in the reusable and one-way cryogenic shipping markets, leading it to additional revenues and profits.

6) Adding other expenses such as customer service, administrative and operations staff only commensurate with producing increased revenues.

7) Focusing current research and development efforts only on final development, production and distribution of the CryoPort Express® One-Way Shipper System.

8) Increasing sales and marketing resource efforts to focus on marketing and sales research into the bio-pharmaceutical, clinical trials and cold-chain distribution industries in order to ensure the Company is in a better position for a timely and successful launch of the CryoPort Express® One-Way Shipper System.

Research and Development

The Company has completed the research and development efforts associated with phase one of its new product line, the CryoPort Express® One-Way Shipper System, a line of use-and-return dry cryogenic shippers, for the transport of biological materials. The Company continues to provide ongoing research associated with the CryoPort Express® One-Way Shipper System, as it develops improvements both the manufacturing processes and product materials for the purpose of achieving additional cost efficiencies. As with any research effort, there is uncertainty and risk associated with whether these efforts will produce results in a timely manner so as to enhance the Company's market position. For the six months ended September 30, 2007 and 2006, research and development costs were $50,300 and $39,059, respectively. Company sponsored research and development costs related to future products and redesign of present products are expensed as incurred and include such costs as salaries, employee benefits, costs determined utilizing the Black-Scholes option-pricing model for options issued to the Scientific Advisory Board and prototype design and materials costs.

Critical Accounting Policies

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, however, in the past the estimates and assumptions have been materially accurate and have not required any significant changes. Specific sensitivity of each of the estimates and assumptions to change based on other outcomes that are reasonably likely to occur and would have a material effect is identified individually in each of the discussions of the critical accounting policies described below. Should the Company experience significant changes in the estimates or assumptions which would cause a material change to the amounts used in the preparation of the Company's financial statements, material quantitative information will be made available to investors as soon as it is reasonably available.

The Company believes the following critical accounting policies, among others, affect the Company's more significant judgments and estimates used in the preparation of the Company's consolidated financial statements:

Allowance for Doubtful Accounts. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of the Company's customers to make required payments. The allowance for doubtful accounts is based on specific identification of customer accounts and the Company's best estimate of the likelihood of potential loss, taking into account such factors as the financial condition and payment history of major customers. The Company evaluates the collectability of the Company's receivables at least quarterly. Such costs of allowance for doubtful accounts are subject to estimates based on the historical actual costs of bad debt experienced, total accounts receivable amounts, age of accounts receivable and any knowledge of the customers' ability or inability to pay outstanding balances. If the financial condition of the Company's customers were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required. The differences could be material and could significantly impact cash flows from operating activities.

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

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

Accrued Warranty Costs. The Company estimates the costs of the standard warranty, included with the reusable shippers at no additional cost to the customer for a period up to one year. These estimated costs are recorded as accrued warranty costs at the time of product sale. These estimated costs are subject to estimates made by the Company based on the historical actual warranty costs, number of products returned for warranty repair and length of warranty coverage.

Revenue Recognition. Product sales revenue is recognized upon passage of title to customers, typically upon shipment of product. Any provision for discounts and estimated returns are accounted for in the period the related sales are recorded. Products are generally sold with right of warranty repair for a one year period but with no right of return. Estimated costs of warranty repairs are recorded as accrued warranty costs as described above. Products shipped to customers for speculation purposes are not considered sold and no revenue is recorded by the Company until sales acceptance is acknowledged by the customer.

Stock-Based Compensation. The Company accounts for equity issuances to non-employees in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock Based Compensation*, and Emerging Issues Task Force ("EITF") Issue No. 96-18, A*ccounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods and Services*. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the third-party performance is complete or the date on which it is probable that performance will occur.

On April 1, 2006, the Company adopted SFAS No. 123(R), *Share-Based Payment*, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors related to the Company's 2000 Equity Incentive Plan based on estimated fair values. The Company adopted SFAS No. 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of April 1, 2006, the first day of our fiscal year 2007. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in our consolidated statement of operations. As stock-based compensation expense recognized in the consolidated statement of operations for each of the six month periods ended September 30, 2007 and 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The estimated average forfeiture rate for the each of the six month periods ended September 30, 2007 and 2006 was zero as the Company has not had a significant history of forfeitures.

Results of Operations

Three months ended September 30, 2007 compared to three months ended September 30, 2006:

Net Sales. During the three months ended September 30, 2007, the Company generated $32,447 from reusable shipper sales compared to revenues of $8,214 in the same period of the prior year, an increase of $24,233 (295%). This revenue increase is primarily as a result of increased sales of reusable shippers to a national distributor during the quarter and to the decline in sales during the same period of the prior year as a result of the Company's shift in its sales and marketing focus initiated during fiscal year 2006 to allow for the planning of the introduction of the one-way shipper into the bio-pharmaceutical and bio-tech industry sectors. This earlier shift allowed the marketing and sales efforts to focus on research into the bio-pharmaceutical, clinical trials and cold-chain distribution industries in order to better position the Company for a timely and successful launch of the CryoPort Express® One-Way Shipper System in anticipation of attaining adequate financing sources to support the product launch efforts.

Gross Profit/Loss. Gross loss for the three month period ended September 30, 2007 increased by $25,042 (99%) to $50,262 compared to $25,220 for the three month period ended September 30, 2006. The increase in the gross loss is mainly attributable to the increased direct product costs in relation to higher sales volume, to increased manufacturing overhead costs incurred as the Company added personnel and incurred additional equipment maintenance and repair costs related to the planning and preparation for production of the CryoPort Express® One-Way Shipper and to the production shut-down for the move of the Company's operating facilities to Lake Forest in September 2007. During both periods cost of sales exceeded sales due to plant under utilization.

Cost of sales for the three month period ended September 30, 2007 increased $49,275 (147%) to $82,709 from $33,434 for the three month period ended September 30, 2006 primarily as the result of increased direct product costs in relation to higher sales volume, to increased manufacturing overhead costs incurred as the Company added personnel and incurred additional equipment maintenance and repair costs related to the planning and preparation for production of the CryoPort Express® One-Way Shipper and to the production shut-down for the move of the Company's operating facilities from Brea to Lake Forest in September 2007.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by $502,811 (48%) to $536,449 for the three month period ended September 30, 2007 as compared to $1,039,260 for the three month period ended September 30, 2006 due primarily to a decrease in consulting and compensation expense of $553,669 related to the lower valuation factors of warrants issued to various consultants, employees and directors based on the Black-Scholes pricing model which uses average Company stock prices and to the lower overall number of warrants issued during the three month period ended September 30, 2007 compared to the number of warrants issued during the same period of the prior fiscal year. This reduction of general and administrative expense was partially offset by increased travel and related costs associated with the planning for the launch of the CryoPort Express® One-Way Shipper and increased administrative costs related to the relocation of the Company's operations to Lake Forest, California.

Research and Development Expenses. Research and development expenses increased marginally by $1,763 (9%) to $21,713 for the three month period ended September 30, 2007 as compared to $19,950 for the three month period ended September 30, 2006 related to the costs associated with the increase in research and development activity in anticipation of the launch of the CryoPort Express® One-Way Shipper System expected for the second quarter of calendar year 2008, as the Company strives to develop improvements in both the manufacturing processes and product materials for the purpose of achieving additional product cost efficiencies.

Interest Expense. Interest expense decreased $4,741 (19%) to $20,646 for the three month period ended September 30, 2007 as compared to $25,387 for the three month period ended September 30, 2006. This decrease is commensurate with the increased payments on the related party notes payable in addition to the absence in the current year of interest expense related to the Ventana bridge loan, an outstanding debt to the Company from May 2006 until February 2007.

Net Loss. As a result of the factors described above, the net loss for the three months ended September 30, 2007 decreased by $481,547 (43%) to $629,070 or ($0.02) per share compared to $1,110,617 or ($0.04) per share for the three months ended September 30, 2006.

Six months ended September 30, 2007 compared to six months ended September 30, 2006:

Net Sales. During the six months ended September 30, 2007, the Company generated $37,988 from reusable shipper sales compared to revenues of $26,675 in the same period of the prior year, an increase of $11,313, (42%). This revenue increase is primarily as a result of increased sales of reusable shippers to a national distributor from July through September 2007 and to the decline in sales during the same period of the prior year as a result of the Company's shift in its sales and marketing focus initiated during fiscal year 2006 to allow for the planning of the introduction of the one-way shipper into the bio-pharmaceutical and bio-tech industry sectors. This earlier shift allowed the marketing and sales efforts to focus on research into the bio-pharmaceutical, clinical trials and cold-chain distribution industries in order to better position the Company for a timely and successful launch of the CryoPort Express® One-Way Shipper System in anticipation of attaining adequate financing sources to support the product launch efforts.

Gross Profit/Loss. Gross loss for the six month period ended September 30, 2007 increased by $66,929 (145%) to $113,028 compared to $46,099 for the six month period ended September 30, 2006. The increase in the gross loss is mainly attributable to the increased direct product costs in relation to higher sales volume, to increased manufacturing overhead costs incurred as the Company added personnel and incurred additional equipment maintenance and repair costs related to the planning and preparation for production of the CryoPort Express® One-Way Shipper and to the production shut-down for the move of the Company's operating facilities to Lake Forest in September 2007. During both periods cost of sales exceeded sales due to plant under utilization.

Cost of sales for the six month period ended September 30, 2007 increased $78,242 (107%) to $151,016 from $72,774 for the six month period ended September 30, 2006 primarily as the result of increased direct product costs in relation to higher sales volume, to increased manufacturing overhead costs incurred as the Company added personnel and incurred additional equipment maintenance and repair costs related to the planning and preparation for production of the CryoPort Express® One-Way Shipper and to the production shut-down for the move of the Company's operating facilities from Brea to Lake Forest in September 2007.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by $111,563 (9%) to $1,131,004 for the six month period ended September 30, 2007 as compared to $1,242,567 for the six month period ended September 30, 2006 due primarily to a decrease in consulting and compensation expense of $553,669 related to the lower valuation factors of warrants issued to various consultants, employees and directors based on the Black-Scholes pricing module which uses average Company stock prices and to the lower overall number of warrants issued during the six month period ended September 30, 2007 compared to valuation of warrants issued during the same period of the prior fiscal year. This reduction of general and administrative expense was partially offset by increased administrative costs related to consultant fees of $382,500 for the issuance of 375,000 common stock shares in lieu of cash in April 2007 for consulting services relating to achieving financing arrangements for the Company, to increased travel and related costs associated with the planning for the launch of the CryoPort Express® One-Way Shipper, and to the relocation of the Company's operations to Lake Forest, California.

Research and Development Expenses. Research and development expenses increased by $11,241 (29%) to $50,300 for the six month period ended September 30, 2007 as compared to $39,059 for the six month period ended September 30, 2006 related to the costs associated with the increase in research and development activity in anticipation of the launch of the CryoPort Express® One-Way Shipper System expected for the second quarter of calendar year 2008, as the company strives to develop improvements in both the manufacturing processes and product materials for the purpose of achieving additional product cost efficiencies.

Interest Expense. Interest expense increased $26,983 (52%) to $78,646 for the six month period ended September 30, 2007 as compared to $51,663 for the six month period ended September 30, 2006. This increase is primarily related to the approximate $37,000 of combined amortization of discounts and deferred financing fees and interest expense related to the convertible debentures held by the Company since November 2006 which were all converted to shares during the six months ended September 30, 2007. This increase in interest expense was partially offset by decreases in related party note interest commensurate with the increased payments on the related party notes payable and to the absence in the current year of interest expense related to the Ventana bridge loan, an outstanding debt to the Company from May 2007 until February 2007.

Net Loss. As a result of the factors described above, the net loss for the six months ended September 30, 2007 decreased by $5,610 (0.4%) to $1,374,578 or ($0.04) per share compared to $1,380,188 or ($0.05) per share for the six months ended September 30, 2006.

Assets and Liabilities

At September 30, 2007, the Company had total assets of $596,806 compared to total assets of $483,687 at March 31, 2007, an increase of $113,119 (23%). Cash was $160,310 as of September 30, 2007, a decrease of $104,082 (39%) from $264,392 in cash on hand as of March 31, 2007. During the six month period ended September 30, 2007, cash provided by financing activities of $728,865 was offset by cash used in operations of $731,297 and purchases of fixed assets of $119,651. As of November 14, 2007, the Company's cash on hand was approximately $3,360,000. The increase in current cash on hand is due to the Company's recent financing (see Note 8 of the accompanying unaudited consolidated financial statements).

Net accounts receivable at September 30, 2007 was $28,520, an increase of $18,348 (180%) from $10,172 at March 31, 2007. This increase is due to the revenue increase primarily as a result of increased sales of reusable shippers to a national distributor from July through September 2007.

Net inventories decreased $6,763 (5%), to $139,245 as of September 30, 2007, from $146,008 as of March 31, 2007. The decrease in inventories is due to the use of raw materials during the six months ended September 30, 2007 in order fulfill increased sales of reusable shippers to a national distributor from July through September 2007.

Net fixed assets increased to $157,955 at September 30, 2007 from $38,400 at March 31, 2007 as a result of purchases of additional production equipment during September 30, 2007 to support the anticipated increased manufacturing operations for the launch of the CryoPort Express® One-Way Shipper System.

Intangible assets decreased to $2,362 at September 30, 2007 from $4,696 at March 31, 2007 as a result of amortization in the amount of $2,334 for the six months ended September 30, 2007.

Deferred financing costs decreased to $0 at September 30, 2007 compared to $4,699 at March 31, 2007 due to the expiration of the related convertible debentures and the amortization of the remaining deferred financing fees during the six months ended September 30, 2007.

Total liabilities at September 30, 2007 were $2,630,782, a decrease of $140,137 (5%) from $2,771,519 as of March 31, 2007. Accounts payable was $306,071 at September 30, 2007, a decrease of $611 (<1%) from $306,682 at March 31, 2007. The accounts payable decrease is primarily due to the decreased accounting, consultant, and legal fees payable resulting from the payments towards aged invoices which had previously been delayed due to cash restrictions. This decrease was offset by additional payables related to manufacturing equipment purchases during September 2007. Accrued expenses increased $8,182 (8%) to $105,409 at September 30, 2007 from $97,227 at March 31, 2007, resulting from the accrual of vendor invoices related to materials and services received in September. Accrued warranty costs increased $3,000 (5%) to $58,407 at September 30, 2007 from $55,407 as of March 31, 2007 relating to additional accrual for the higher number products shipped during the six months ended September 30, 2007. Accrued salaries were $135,387 at September 30, 2007, a decrease of $34,150 (20%) from $169,537 at March 31, 2007. This decrease is due to partial payments made to Mr. Berry against the deferrals of his prior year salary and bonus.

In October 2006, the Company entered into an Agency Agreement with a broker to raise capital in a private placement offering of convertible debentures under Regulation D. From February 2006 through January 2007, the Company received a total of $120,000 under this private placement offering of convertible debenture debt. Related to the issuance of the convertible debentures, the Company paid commissions to the broker totaling $15,600, which were capitalized as deferred financing costs. During the six months ended September 30, 2007, the Company amortized $4,699 of deferred financing costs to interest expense.

Per the terms of the convertible debenture agreements, the notes had a term of 180 days from issuance and were redeemable by the Company with two days notice. The notes bore interest at 15% per annum and were convertible into shares of the Company's common stock at a ratio of 6.67 shares for every dollar of debt converted. The proceeds of the convertible notes were used in the ongoing operations of the Company. During the six months ended September 30, 2007 the Company converted the full $120,000 of principal balances and $8,857 of accrued interest relating to these convertible debentures into 859,697 shares of common stock at a conversion price of $0.15 per share. As of September 30, 2007, the remaining balance of the convertible debenture notes and accrued interest was zero. During the six months ended September 30, 2007, the Company recorded interest expense of $2,784 related to these notes.

In connection with the issuance of the convertible debt, the Company recorded a debt discount totaling $106,167 related to the beneficial conversion feature of the notes. The Company amortized the debt discount using the effective interest method through the maturity dates of the notes. As of September 30, 2007, the remaining balance of the debt discount was zero.

Current portion of related party notes payable increased $22,500 from $120,000 at March 31, 2007 to $142,500 at September 30, 2007 due to the scheduled increase in the monthly payment amounts on these notes in accordance with the terms of the promissory notes, beginning October 1, 2006 and April 1, 2007 to total monthly payments due of $5,000 and $7,500 respectively as specified in the terms of the notes. On October 31, 2007, the Company paid the July 1 note payments, due on these related party notes. Management expects to continue to pay all payments due prior to the expiration of the 120-day grace periods.

Due to a recent rescheduling of note payments on the note payable to Falk Shaff and Ziebell, the outstanding balance of $54,440 is currently reflected as a short term note payable as of September 30, 2007 as compared to the balances as of March 31, 2007 of current portion of notes payable of $24,000 and long term note payable of $35,440. The $5,000 decrease in the balance of this note is due to payments made during the six month period ended September 30, 2007. The Company is expected to make $5,000 monthly payments on the note until paid in full.

Current portion of notes payable to officer increased $18,000 from $45,000 as of March 31, 2007 to $63,000 as of September 30, 2007 due to the scheduled increase in monthly payments from $3,000 to $6,000 beginning in January 2008.

Long-term related party notes payable decreased $20,223 to $1,603,618 at September 30, 2007 from $1,623,841 at March 31, 2007 due to the transfer of an additional $22,500 to the current portion in addition to aggregate payments made of $37,500 against the principal note balances which were offset by additional interest accrued of $39,777 for the six month period ended September 30, 2007.

Notes payable to officer decreased $36,000 from $197,950 as of March 31, 2007 to $161,950 as of September 30, 2007 due to the $18,000 increase in the current portion of the note and to the $18,000 paid against the principal balance during the six months ended September 30, 2007.

Liquidity and Capital Resources

As of September 30, 2007, the Company’s current liabilities of $865,214 exceeded its current assets of $386,270 by $478,944. Approximately 23% of current liabilities represent accrued salaries and current portion of note payable to officer for executives who have opted to defer taking salaries until the Company has achieved positive operating cash flows.

Total cash decreased $104,082 to $160,310 at September 30, 2007 from $264,392 at March 31, 2007 as a result of $630,140 of funds used in operating activities of $731,297 and purchases of fixed assets of $119,651 which were offset by cash provided by financing activities due to proceeds from the issuance of common stock and exercise of warrants during the six month period ended September 30, 2007.

Total assets increased $113,119 to $596,806 as of September 30, 2007 compared to $483,687 as of March 31, 2007 mainly as a result of the increase in fixed assets, other assets and accounts receivable which were offset by the decrease in cash.

The Company's total outstanding indebtedness decreased $140,737 to $2,630,782 at September 30, 2007 from $2,771,519 at March 31, 2007 primarily from the conversion of convertible notes payable to common stock and the decrease in accrued salaries for the payment of accrued salary and bonus.

The Company expects to incur approximately $100,000 of capital expenditures over the next 6 to 12 months for production equipment to support the anticipated increased manufacturing operations for the launch of the CryoPort Express® One-Way Shipper System.

In connection to Agency Agreements with a broker to raise funds in private placement offerings of common stock under Regulation D, during the six months ended September 30, 2007, the Company sold 3,652,710 shares of the Company's common stock to investors at an average price of $0.22 per share for proceeds of $699,865 to the Company, net of issuance costs of $89,635.

Item 3. Controls and Procedures

As of September 30, 2007, an evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective. No significant changes were made in our internal controls or in other factors that could significantly affect these controls subsequent to September 30, 2007.

(a) Evaluation of Disclosure Controls and Procedures. The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures. Based upon that evaluation, the CEO and CFO concluded that as of September 30, 2007, our disclosure controls and procedures were effective in timely alerting them to the material information relating to the Company (or the Company's consolidated subsidiaries) required to be included in the Company's periodic filings with the SEC, subject to the various limitation on effectiveness set forth below under the heading , "LIMITATIONS ON THE EFFECTIVENESS OF INTERNAL CONTROLS," such that the information relating to the Company, required to be disclosed in SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

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(b) Changes in internal control over financial reporting. There has been no change in the Company's internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

LIMITATIONS ON THE EFFECTIVENESS OF INTERNAL CONTROLS

The Company's management, including the CEO and CFO, does not expect that our disclosure controls and procedures on our internal control over financial reporting will necessarily prevent all fraud and material error. An internal control system, no matter now well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of the control system must reflect the fact that there are resource constraints, and the benefits of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, and/or the degree of compliance with the policies or procedures may deteriorate.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Inapplicable.

Item 2. Unregistered Sales of Equity Securities

During the six months ended September 30, 2007, 156,250 warrants were exercised at an average price of $0.69 per share for cumulative proceeds of $107,500.

In connection to Agency Agreements with a broker to raise funds in private placement offerings of common stock under Regulation D, during the six months ended September 30, 2007, the Company sold 3,652,710 shares of the Company's common stock to investors at an average price of $0.22 per share for proceeds of $699,865 to the Company, net of issuance costs of $89,635.

In October 2006, the Company entered into an Agency Agreement with a broker to raise capital in a private placement offering of convertible debentures under Regulation D. From February 2006 through January 2007, the Company received a total of $120,000 under this private placement offering of convertible debenture debt. Per the terms of the convertible debenture agreements, the notes have a term of 180 days from issuance and are redeemable by the Company with two days notice. During the six months ended September 30, 2007 the Company converted the full $120,000 of principal balances and $8,857 of accrued interest relating to these convertible debentures into 859,697 common stock shares at a conversion price of $0.15 per share. See further information in Note 4 to the consolidated financial statements.

In April 2007, the Company issued 375,000 shares of restricted common stock in lieu of fees paid to a consultant. These shares were issued at a value of $1.02 per share (based on the underlying stock price on the agreement date after a fifteen percent deduction as the shares are restricted) for a total cost of $382,500 which has been included in selling, general and administrative expenses for the six months ended September 30, 2007.

In June 2007, the Company issued a total of 6,052,000 warrants to purchase shares of the Company’s common stock at an average price of $0.35 per share to 68 individual investors in connection with funds raised in private placement offerings. The warrants have exercise periods of 18 months originating from the related investment date. The expiration dates range from December 2007 to October 2008.

In July 2007, the Company issued warrants to purchase a total of 699,438 shares of the Company’s common stock at an average exercise price of $0.29 per share to a broker in connection with funds raised in previous private placement offerings. These warrants have 5 year terms beginning from the dates of the placement offerings and the expiration dates range from March 2011 to March 2012.

On July 2, 2007, in connection with the facility lease agreement, the Company issued 10,000 warrants to Viking Investors, Barents Sea, LLC, the lessor, at an exercise price of $1.55 per share for a period of two years, valued at $15,486 as calculated using the Black Scholes option pricing model. The Company amortizes the value of the warrants over the life of the lease and the remaining unamortized value of the warrants has been recorded in other long term assets. As of September 30, 2007 the unamortized balance of the value of the warrants issued to the lessor was $13,626 and $1,860 has been included in selling, general and administrative expenses as additional rent expense for the six months ended September 30, 2007.

On July 30, 2007, in connection with the purchase of manufacturing equipment, the Company issued 79,208 warrants to the seller at an exercise price of $1.01 per share, with a five year term. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be $79,926 as of the date of grant of which $10,000 has been recorded as fixed assets as of September 30, 2007 (which approximates the fair market value of the equipment acquired) and $69,926 has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for services performed by the seller for the three and six months ended September 30, 2007.

On August 21, 2007, in connection with the extension of payment terms of outstanding amounts owed, the Company issued 20,000 warrants to First Capital Investors, LLC, at an exercise price of $0.75 per share with a term of two years. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be $14,986 as of the date of grant which has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2007.

On August 27, 2007, the Company issued a total of 266,000 warrants to purchase shares of the Company's common stock to various consultants, board members, and employees. These warrants have an exercise price of $0.75 per share equal to the market value of the Company's common stock on the date of issuance, and have ten year expiration dates. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be approximately $199,314 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.75%; volatility of 293%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2007.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Index

31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Certification Pursuant to 18 U.S.C. §1350 of Chief Executive Officer
32.2	Certification Pursuant to 18 U.S.C. §1350 of Chief Financial Officer

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	CryoPort, Inc.
Dated: November 19, 2007	By: */s/ Peter Berry*
	Peter Berry, CEO, President
Dated: November 19, 2007	By: */s/ Dee S. Kelly*
	Dee S. Kelly, Vice President, Finance (Principal Financial and Accounting Officer)