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DEERE & CO  
Form 13F-HR  
May 07, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 13F

FORM 13F COVER PAGE

Report for the Calendar Quarter Ended: 31 March 2009.

Check here if Amendment ; Amendment Number.  
This Amendment:  is a restatement.  
 adds new holdings entries.

Institutional Investment Manager Filing this Report:

Name: Deere & Company  
Address: One John Deere Place  
Moline, IL 61265

Form 13F File Number: 28-00850

The institutional investment manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: Dennis R. Schwartz  
Title: Vice President, Pension Fund and Investments  
Phone: 309-765-4488

Signature, Place, and Date of Signing:

/s/Dennis R. Schwartz	Moline, Illinois	May 7, 2009
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[Signature]	[City, State]	[Date]

Report Type:

13F HOLDINGS REPORT.  
 13F NOTICE.  
 13F COMBINATION REPORT.

FORM 13F SUMMARY PAGE

Report Summary:

Number of Other Included Managers: 0

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Form 13F Information Table Entry Total: 743

Form 13F Information Table Value Total: \$690,690  
(thousands)

List of Other Included Managers: None

### FORM 13F INFORMATION TABLE

NAME OF ISSUER	TITLE OF CLASS	CUSIP NUMBER	FAIR MKT VALUE (000)	PRINCIPAL AMOUNT	INVESTMENT	
					SOLE	SHARE
DEUTSCHE BANK AG	NAMEN AKT	D18190898	478	11,747	X	
AIRCASTLE LTD	COM	G0129K104	290	62,399	X	
ASSURED GUARANTY LTD	COM	G0585R106	147	21,778	X	
ACCENTURE LTD BERMUDA	CL A	G1150G111	1,747	63,547	X	
COOPER INDS LTD	CL A	G24182100	466	18,013	X	
COVIDIEN LTD	COM	G2552X108	1,899	57,128	X	
GARMIN LTD	ORD	G37260109	443	20,905	X	
GLOBAL SOURCES LTD	ORD	G39300101	146	37,659	X	
HERBALIFE LTD	COM USD SHS	G4412G101	488	32,592	X	
KNIGHTSBRIDGE TANKERS LTD	ORD	G5299G106	596	40,968	X	
PARTNERRE LTD	COM	G6852T105	433	6,970	X	
SEAGATE TECHNOLOGY	SHS	G7945J104	783	130,202	X	
TSAKOS ENERGY NAVIGATION LTD	SHS	G9108L108	203	14,406	X	
TYCO ELECTRONICS LTD	COM NEW	G9144P105	283	25,649	X	
TRANSOCEAN LTD	REG SHS	H8817H100	640	10,879	X	
CELLCOM ISRAEL LTD	SHS	M2196U109	241	11,294	X	
ASM INTL N V	COM	N07045102	347	42,163	X	
EXCEL MARITIME CARRIERS LTD	COM	V3267N107	1,863	412,095	X	
GENERAL MARITIME CORP NEW	SHS	Y2693R101	304	43,378	X	
TEEKAY TANKERS LTD	CL A	Y8565N102	215	22,629	X	
AAR CORP	COM	000361105	341	27,197	X	
AFC ENTERPRISES INC	COM	00104Q107	257	56,918	X	
AFLAC INC	COM	001055102	976	50,393	X	
AMN HEALTHCARE SERVICES INC	COM	001744101	59	11,567	X	
AT&T INC	COM	00206R102	8,165	324,004	X	
ATC TECHNOLOGY CORP	COM	00211W104	879	78,463	X	
ABBOTT LABS	COM	002824100	5,318	111,485	X	
ACADIA RLTY TR	COM SH BEN INT	004239109	314	29,552	X	
ACERGY S A	SPONSORED ADR	00443E104	94	15,224	X	
ACUITY BRANDS INC	COM	00508Y102	472	20,959	X	
ACXIOM CORP	COM	005125109	328	44,361	X	
ADOBE SYS INC	COM	00724F101	625	29,225	X	
ADTRAN INC	COM	00738A106	273	16,859	X	
ADVISORY BRD CO	COM	00762W107	170	10,225	X	
AEGON N V	NY REGISTRY SH	007924103	418	108,773	X	
ADVANTA CORP	CL B	007942204	22	32,907	X	
AETNA INC NEW	COM	00817Y108	638	26,209	X	
AIR METHODS CORP	COM PAR \$.06	009128307	305	18,021	X	
AIR PRODS & CHEMS INC	COM	009158106	635	11,281	X	
ALBANY MOLECULAR RESH INC	COM	012423109	305	32,342	X	
ALCOA INC	COM	013817101	325	44,265	X	
ALEXANDERS INC	COM	014752109	203	1,190	X	
ALEXANDRIA REAL ESTATE EQ IN	COM	015271109	249	6,840	X	

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ALKERMES INC	COM	01642T108	133	10,966	X
ALLEGHENY TECHNOLOGIES INC	COM	01741R102	296	13,492	X
ALLEGIANTRAVEL CO	COM	01748X102	337	7,409	X
ALLIANCE HOLDINGS GP LP	COM UNITS LP	01861G100	278	17,270	X
ALLSCRIPT MISYS HEALTCAR SOL	COM	01988P108	351	34,100	X
ALLSTATE CORP	COM	020002101	1,956	102,144	X
ALMOST FAMILY INC	COM	020409108	342	17,906	X
ALPHA NATURAL RESOURCES INC	COM	02076X102	430	24,239	X
ALTRIA GROUP INC	COM	02209S103	1,817	113,405	X
AMAZON COM INC	COM	023135106	1,253	17,059	X
AMEDISYS INC	COM	023436108	412	14,970	X
AMERICAN EQTY INVT LIFE HLD	COM	025676206	459	110,315	X
AMERICAN EXPRESS CO	COM	025816109	1,176	86,271	X
AMERICAN FINL GROUP INC OHIO	COM	025932104	2,008	125,135	X
AMERICAN INTL GROUP INC	COM	026874107	167	166,755	X
AMERICAN MED SYS HLDGS INC	COM	02744M108	1,580	141,686	X
AMERICAN PUBLIC EDUCATION IN	COM	02913V103	632	15,029	X
AMERICAN SUPERCONDUCTOR CORP	COM	030111108	412	23,817	X
AMERICAN VANGUARD CORP	COM	030371108	244	18,925	X
AMERICREDIT CORP	COM	03060R101	132	22,490	X
AMERISTAR CASINOS INC	COM	03070Q101	309	24,598	X
AMERIPRISE FINL INC	COM	03076C106	306	14,932	X
AMGEN INC	COM	031162100	2,919	58,945	X
AMSURG CORP	COM	03232P405	647	40,847	X
AMTRUST FINANCIAL SERVICES I	COM	032359309	1,910	200,004	X
ANADARKO PETE CORP	COM	032511107	990	25,459	X
ANALOG DEVICES INC	COM	032654105	450	23,332	X
ANALOGIC CORP	COM PAR \$0.05	032657207	325	10,160	X
ANDERSONS INC	COM	034164103	335	23,674	X
ANGIODYNAMICS INC	COM	03475V101	127	11,278	X
ANNALY CAP MGMT INC	COM	035710409	473	34,074	X
ANWORTH MORTGAGE ASSET CP	COM	037347101	295	48,067	X
APACHE CORP	COM	037411105	1,157	18,058	X
APARTMENT INVT & MGMT CO	CL A	03748R101	267	48,777	X
APOGEE ENTERPRISES INC	COM	037598109	288	26,262	X
APOLLO GROUP INC	CL A	037604105	312	3,989	X
APPLE INC	COM	037833100	5,074	48,265	X
APPLIED MICRO CIRCUITS CORP	COM NEW	03822W406	132	27,100	X
APPLIED MATLS INC	COM	038222105	1,773	164,908	X
ARBOR RLTY TR INC	COM	038923108	26	36,395	X
ARCHER DANIELS MIDLAND CO	COM	039483102	956	34,410	X
ARGON ST INC	COM	040149106	301	15,866	X
ARIBA INC	COM NEW	04033V203	290	33,244	X
ARRIS GROUP INC	COM	04269Q100	1,794	243,429	X
ASHFORD HOSPITALITY TR INC	COM SHS	044103109	26	17,169	X
ASHLAND INC NEW	COM	044209104	418	40,501	X
ASSOCIATED BANC CORP	COM	045487105	439	28,435	X
ASTORIA FINL CORP	COM	046265104	430	46,810	X
ATMOS ENERGY CORP	COM	049560105	573	24,799	X
AURIZON MINES LTD	COM	05155P106	54	12,000	X
AUTOLIV INC	COM	052800109	569	30,650	X
AUTOMATIC DATA PROCESSING IN	COM	053015103	1,957	55,648	X
AVERY DENNISON CORP	COM	053611109	476	21,319	X
BB&T CORP	COM	054937107	1,362	80,499	X
BP PRUDHOE BAY RTY TR	UNIT BEN INT	055630107	273	4,198	X
BT GROUP PLC	ADR	05577E101	477	42,718	X
BADGER METER INC	COM	056525108	311	10,763	X
BAKER HUGHES INC	COM	057224107	472	16,547	X
BANCO BILBAO VIZCAYA ARGENTA	SPONSORED ADR	05946K101	440	54,062	X
BANK OF AMERICA CORPORATION	COM	060505104	3,392	497,411	X
BANK MONTREAL QUE	COM	063671101	445	17,054	X
BANK OF NEW YORK MELLON CORP	COM	064058100	2,979	105,449	X

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BAXTER INTL INC	COM	071813109	2,883	56,285	X
BECTON DICKINSON & CO	COM	075887109	870	12,932	X
BEST BUY INC	COM	086516101	718	18,922	X
BIG LOTS INC	COM	089302103	412	19,844	X
BIOGEN IDEC INC	COM	09062X103	2,041	38,926	X
BIOMED REALTY TRUST INC	COM	09063H107	90	13,300	X
BIOVAIL CORP	COM	09067J109	354	32,373	X
BLACK & DECKER CORP	COM	091797100	522	16,551	X
BLACK BOX CORP DEL	COM	091826107	551	23,343	X
BLOUNT INTL INC NEW	COM	095180105	293	63,435	X
BLUE COAT SYSTEMS INC	COM NEW	09534T508	1,307	108,819	X
BOEING CO	COM	097023105	1,447	40,672	X
BOSTON SCIENTIFIC CORP	COM	101137107	637	80,130	X
BRANDYWINE RLTY TR	SH BEN INT NEW	105368203	63	22,025	X
BRASIL TELECOM PARTICIPACOES	SPON ADR PFD	105530109	293	8,111	X
BRIGGS & STRATTON CORP	COM	109043109	431	26,093	X
BRINKER INTL INC	COM	109641100	307	20,361	X
BRISTOL MYERS SQUIBB CO	COM	110122108	3,918	178,723	X
BUCKLE INC	COM	118440106	306	9,595	X
BUFFALO WILD WINGS INC	COM	119848109	326	8,925	X
BUILD A BEAR WORKSHOP	COM	120076104	343	56,499	X
BURLINGTON NORTHN SANTA FE C	COM	12189T104	1,898	31,560	X
CBL & ASSOC PPTYS INC	COM	124830100	342	144,763	X
CBS CORP NEW	CL B	124857202	398	103,690	X
CEC ENTMT INC	COM	125137109	1,960	75,727	X
CH ENERGY GROUP INC	COM	12541M102	296	6,316	X
CIGNA CORP	COM	125509109	669	38,020	X
CKE RESTAURANTS INC	COM	12561E105	345	41,130	X
CME GROUP INC	COM	12572Q105	1,895	7,690	X
CNA FINL CORP	COM	126117100	464	50,678	X
CSX CORP	COM	126408103	560	21,673	X
CVB FINL CORP	COM	126600105	70	10,600	X
CVR ENERGY INC	COM	12662P108	387	69,867	X
CVS CAREMARK CORPORATION	COM	126650100	2,111	76,791	X
CABELAS INC	COM	126804301	1,043	114,449	X
CACI INTL INC	CL A	127190304	586	16,057	X
CAL DIVE INTL INC DEL	COM	12802T101	339	50,041	X
CAL MAINE FOODS INC	COM NEW	128030202	1,822	81,390	X
CALAMOS ASSET MGMT INC	CL A	12811R104	53	11,000	X
CDN IMPERIAL BK OF COMMERCE	COM	136069101	1,014	27,918	X
CAPITAL ONE FINL CORP	COM	14040H105	649	53,017	X
CAPITALSOURCE INC	COM	14055X102	76	62,064	X
CAPSTEAD MTG CORP	COM NO PAR	14067E506	300	27,908	X
CARBO CERAMICS INC	COM	140781105	267	9,397	X
CARDINAL HEALTH INC	COM	14149Y108	1,588	50,456	X
CARNIVAL CORP	PAIRED CTF	143658300	499	23,110	X
CARPENTER TECHNOLOGY CORP	COM	144285103	204	14,448	X
CARTER INC	COM	146229109	2,843	151,141	X
CATERPILLAR INC DEL	COM	149123101	924	33,061	X
CEDAR FAIR L P	DEPOSITRY UNIT	150185106	343	36,893	X
CELGENE CORP	COM	151020104	2,139	48,179	X
CENTENNIAL COMMUNCTNS CORP N	CL A NEW	15133V208	247	29,905	X
CENTENE CORP DEL	COM	15135B101	2,303	127,820	X
CENTRAL PAC FINL CORP	COM	154760102	377	67,339	X
CENTURYTEL INC	COM	156700106	449	15,980	X
CERADYNE INC	COM	156710105	214	11,826	X
CHARLOTTE RUSSE HLDG INC	COM	161048103	621	76,162	X
CHATTEM INC	COM	162456107	263	4,693	X
CHESAPEAKE ENERGY CORP	COM	165167107	507	29,724	X
CHEVRON CORP NEW	COM	166764100	9,172	136,411	X
CHINA SOUTHN AIRLS LTD	SPON ADR CL H	169409109	102	10,498	X
CHOICE HOTELS INTL INC	COM	169905106	273	10,558	X

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CHUBB CORP	COM	171232101	849	20,066	X
CHUNGHWA TELECOM CO LTD	SPONS ADR NEW	17133Q403	304	16,675	X
CINCINNATI FINL CORP	COM	172062101	480	20,984	X
CIRCOR INTL INC	COM	17273K109	355	15,778	X
CISCO SYS INC	COM	17275R102	5,424	323,417	X
CIRRUS LOGIC INC	COM	172755100	290	77,004	X
CITIGROUP INC	COM	172967101	1,084	428,316	X
CITY BK LYNNWOOD WASH	COM	17770A109	68	20,500	X
COCA COLA CO	COM	191216100	5,593	127,252	X
COGNEX CORP	COM	192422103	705	52,883	X
COGO GROUP INC	COM	192448108	315	47,176	X
COLGATE PALMOLIVE CO	COM	194162103	2,710	45,941	X
COLONIAL PPTYS TR	COM SH BEN INT	195872106	271	71,111	X
COMCAST CORP NEW	CL A	20030N101	3,175	232,791	X
COMERICA INC	COM	200340107	432	23,618	X
CGG VERITAS	SPONSORED ADR	204386106	172	14,886	X
COMPASS MINERALS INTL INC	COM	20451N101	275	4,882	X
COMPELLENT TECHNOLOGIES INC	COM	20452A108	277	25,500	X
COMPLETE PRODUCTION SERVICES	COM	20453E109	281	91,078	X
COMPUTER PROGRAMS & SYS INC	COM	205306103	353	10,600	X
COMSTOCK RES INC	COM NEW	205768203	265	8,907	X
CONOCOPHILLIPS	COM	20825C104	3,264	83,351	X
COOPER COS INC	COM NEW	216648402	348	13,147	X
CORNING INC	COM	219350105	1,137	85,654	X
COSTCO WHSL CORP NEW	COM	22160K105	2,181	47,087	X
COUSINS PPTYS INC	COM	222795106	90	13,900	X
COX RADIO INC	CL A	224051102	75	18,313	X
CRANE CO	COM	224399105	196	11,608	X
CREDIT SUISSE GROUP	SPONSORED ADR	225401108	493	16,164	X
CROSS TIMBERS RTY TR	TR UNIT	22757R109	267	14,702	X
CRUCCELL N V	SPONSORED ADR	228769105	213	10,805	X
CTRIIP COM INTL LTD	ADR	22943F100	470	17,162	X
CYBERONICS INC	COM	23251P102	1,520	114,568	X
CYPRESS SEMICONDUCTOR CORP	COM	232806109	352	51,927	X
DCT INDUSTRIAL TRUST INC	COM	233153105	166	52,469	X
D R HORTON INC	COM	23331A109	562	57,887	X
DAKTRONICS INC	COM	234264109	318	48,496	X
DANAHER CORP DEL	COM	235851102	752	13,877	X
DATA DOMAIN INC	COM	23767P109	308	24,535	X
DELL INC	COM	24702R101	923	97,311	X
DELPHI FINL GROUP INC	CL A	247131105	154	11,462	X
DELUXE CORP	COM	248019101	336	34,848	X
DESARROLLADORA HOMEX S A DE	SPONSORED ADR	25030W100	308	23,271	X
DEUTSCHE TELEKOM AG	SPONSORED ADR	251566105	456	36,895	X
DEVELOPERS DIVERSIFIED RLTY	COM	251591103	74	34,551	X
DEVON ENERGY CORP NEW	COM	25179M103	1,077	24,109	X
DIAMONDROCK HOSPITALITY CO	COM	252784301	171	42,739	X
DIONEX CORP	COM	254546104	389	8,224	X
DIRECTV GROUP INC	COM	25459L106	727	31,903	X
DISNEY WALT CO	COM DISNEY	254687106	1,859	102,359	X
DISCOVER FINL SVCS	COM	254709108	428	67,814	X
DOLLAR FINL CORP	COM	256664103	283	29,695	X
DOMINION RES INC VA NEW	COM	25746U109	1,922	62,018	X
DOMINOS PIZZA INC	COM	25754A201	273	41,636	X
DONNELLEY R R & SONS CO	COM	257867101	342	46,701	X
DORCHESTER MINERALS LP	COM UNIT	25820R105	375	22,961	X
DOUGLAS EMMETT INC	COM	25960P109	300	40,591	X
DOVER CORP	COM	260003108	458	17,343	X
DOW CHEM CO	COM	260543103	880	104,386	X
DRESS BARN INC	COM	261570105	384	31,258	X
DREW INDS INC	COM NEW	26168L205	276	31,810	X
DU PONT E I DE NEMOURS & CO	COM	263534109	1,075	48,125	X

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DUKE ENERGY CORP NEW	COM	26441C105	1,988	138,826	X
DYNAMIC MATLS CORP	COM	267888105	337	36,831	X
DYNCORP INTL INC	CL A	26817C101	351	26,313	X
E M C CORP MASS	COM	268648102	3,047	267,323	X
EOG RES INC	COM	26875P101	728	13,289	X
EARTHLINK INC	COM	270321102	345	52,585	X
EAST WEST BANCORP INC	COM	27579R104	49	10,742	X
EASTMAN KODAK CO	COM	277461109	105	27,693	X
EATON CORP	COM	278058102	442	11,997	X
EBAY INC	COM	278642103	1,833	145,962	X
EBIX INC	COM NEW	278715206	293	11,784	X
ECLIPSYS CORP	COM	278856109	160	15,805	X
EDUCATION RLTY TR INC	COM	28140H104	72	20,710	X
EDWARDS LIFESCIENCES CORP	COM	28176E108	306	5,047	X
EMBARQ CORP	COM	29078E105	453	11,958	X
EMBRAER-EMPRESA BRASILEIRA D	SP ADR COM SHS	29081M102	2,378	179,182	X
EMERSON ELEC CO	COM	291011104	2,186	76,494	X
EMULEX CORP	COM NEW	292475209	112	22,226	X
ENDO PHARMACEUTICALS HLDGS I	COM	29264F205	1,280	72,418	X
ENERGEN CORP	COM	29265N108	388	13,303	X
ENERSYS	COM	29275Y102	507	41,801	X
ENERNOC INC	COM	292764107	346	23,801	X
ENSIGN GROUP INC	COM	29358P101	299	19,334	X
ENTERGY CORP NEW	COM	29364G103	698	10,249	X
ENZON PHARMACEUTICALS INC	COM	293904108	130	21,354	X
ERICSSON L M TEL CO	ADR B SEK 10	294821608	442	54,684	X
ETHAN ALLEN INTERIORS INC	COM	297602104	313	27,807	X
EXACTECH INC	COM	30064E109	246	21,427	X
EXELON CORP	COM	30161N101	1,598	35,203	X
EXTRA SPACE STORAGE INC	COM	30225T102	88	15,900	X
EXXON MOBIL CORP	COM	30231G102	22,315	327,680	X
FEI CO	COM	30241L109	480	31,100	X
FNB CORP PA	COM	302520101	257	33,533	X
FPL GROUP INC	COM	302571104	2,881	56,782	X
FAMILY DLR STORES INC	COM	307000109	416	12,453	X
FEDERAL AGRIC MTG CORP	CL C	313148306	86	32,231	X
FEDERAL HOME LN MTG CORP	COM	313400301	26	34,524	X
FEDERAL NATL MTG ASSN	COM	313586109	57	81,532	X
FEDEX CORP	COM	31428X106	1,737	39,034	X
FELCOR LODGING TR INC	COM	31430F101	39	29,000	X
FERRELLGAS PARTNERS L.P.	UNIT LTD PART	315293100	2,265	169,003	X
FIFTH THIRD BANCORP	COM	316773100	102	35,021	X
FIRST BANCORP P R	COM	318672102	194	45,655	X
FIRST BUSEY CORP	COM	319383105	263	33,926	X
FIRST HORIZON NATL CORP	COM	320517105	542	50,427	X
FIRST MIDWEST BANCORP DEL	COM	320867104	170	19,757	X
FIRST SOLAR INC	COM	336433107	305	2,300	X
FIRST ST BANCORPORATION	COM	336453105	52	37,200	X
FIRSTENERGY CORP	COM	337932107	1,665	43,135	X
FOOT LOCKER INC	COM	344849104	396	37,778	X
FORRESTER RESH INC	COM	346563109	451	21,957	X
FORTUNE BRANDS INC	COM	349631101	488	19,893	X
FRANCE TELECOM	SPONSORED ADR	35177Q105	425	18,750	X
FRANKLIN ELEC INC	COM	353514102	323	14,579	X
FRANKLIN RES INC	COM	354613101	452	8,391	X
FRANKLIN STREET PPTYS CORP	COM	35471R106	232	18,886	X
FREEPORT-MCMORAN COPPER & GO	COM	35671D857	771	20,224	X
FREIGHTCAR AMER INC	COM	357023100	218	12,441	X
FRONTIER COMMUNICATIONS CORP	COM	35906A108	486	67,675	X
FRONTIER FINL CORP WASH	COM	35907K105	13	11,800	X
FUEL SYS SOLUTIONS INC	COM	35952W103	334	24,762	X
GANNETT INC	COM	364730101	60	27,246	X

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GARTNER INC	COM	366651107	176	15,966	X
GEN-PROBE INC NEW	COM	36866T103	228	4,998	X
GENERAL DYNAMICS CORP	COM	369550108	1,893	45,522	X
GENERAL ELECTRIC CO	COM	369604103	7,031	695,434	X
GENERAL GROWTH PPTYS INC	COM	370021107	72	102,061	X
GENERAL MLS INC	COM	370334104	896	17,958	X
GENESE & WYO INC	CL A	371559105	229	10,787	X
GENWORTH FINL INC	COM CL A	37247D106	432	227,141	X
GENZYME CORP	COM	372917104	840	14,136	X
GIANT INTERACTIVE GROUP INC	ADR	374511103	261	38,424	X
GILEAD SCIENCES INC	COM	375558103	3,540	76,425	X
GILDAN ACTIVEWEAR INC	COM	375916103	90	11,099	X
GLAXOSMITHKLINE PLC	SPONSORED ADR	37733W105	435	14,002	X
GLIMCHER RLTY TR	SH BEN INT	379302102	18	13,000	X
GOLDMAN SACHS GROUP INC	COM	38141G104	3,743	35,304	X
GOOGLE INC	CL A	38259P508	5,003	14,373	X
GRACO INC	COM	384109104	336	19,692	X
GRAFTECH INTL LTD	COM	384313102	66	10,699	X
GRAHAM CORP	COM	384556106	254	28,364	X
GREATBATCH INC	COM	39153L106	332	17,160	X
GREEN MTN COFFEE ROASTERS IN	COM	393122106	340	7,080	X
GROUP 1 AUTOMOTIVE INC	COM	398905109	314	22,482	X
GULFMARK OFFSHORE INC	COM	402629109	426	17,865	X
HNI CORP	COM	404251100	319	30,721	X
HRPT PPTYS TR	COM SH BEN INT	40426W101	439	137,711	X
HSBC HLDGS PLC	SPON ADR NEW	404280406	467	16,549	X
HALLIBURTON CO	COM	406216101	727	47,004	X
HANMI FINL CORP	COM	410495105	19	14,503	X
HARMONIC INC	COM	413160102	127	19,554	X
HARSCO CORP	COM	415864107	374	16,879	X
HARTE-HANKS INC	COM	416196103	311	58,177	X
HARTFORD FINL SVCS GROUP INC	COM	416515104	541	68,863	X
HATTERAS FINL CORP	COM	41902R103	307	12,277	X
HAWAIIAN HOLDINGS INC	COM	419879101	367	98,354	X
HAYNES INTERNATIONAL INC	COM NEW	420877201	333	18,694	X
HEALTHCARE RLTY TR	COM	421946104	435	29,010	X
HEADWATERS INC	COM	42210P102	226	72,105	X
HEALTHSPRING INC	COM	42224N101	336	40,096	X
HEARTLAND EXPRESS INC	COM	422347104	321	21,663	X
HEARTLAND PMT SYS INC	COM	42235N108	322	48,703	X
HESS CORP	COM	42809H107	816	15,063	X
HEWLETT PACKARD CO	COM	428236103	5,633	175,690	X
HHGREGG INC	COM	42833L108	656	46,354	X
HILL ROM HLDGS INC	COM	431475102	268	27,133	X
HILLENBRAND INC	COM	431571108	250	15,591	X
HOME DEPOT INC	COM	437076102	2,151	91,290	X
HONEYWELL INTL INC	COM	438516106	1,571	56,386	X
HOOVER FURNITURE CORP	COM	439038100	315	37,350	X
HORACE MANN EDUCATORS CORP N	COM	440327104	332	39,629	X
HOST HOTELS & RESORTS INC	COM	44107P104	400	101,978	X
HOT TOPIC INC	COM	441339108	185	16,558	X
HUGOTON RTY TR TEX	UNIT BEN INT	444717102	249	26,022	X
HUNTINGTON BANCSHARES INC	COM	446150104	128	76,916	X
HUNTSMAN CORP	COM	447011107	300	95,855	X
ISTAR FINL INC	COM	45031U101	110	39,170	X
ILLINOIS TOOL WKS INC	COM	452308109	1,236	40,068	X
INERGY L P	UNIT LTD PTNR	456615103	1,798	82,046	X
INFORMATICA CORP	COM	45666Q102	156	11,750	X
INNOPHOS HOLDINGS INC	COM	45774N108	488	43,256	X
INTEGRAL SYS INC MD	COM	45810H107	117	13,600	X
INTEGRATED DEVICE TECHNOLOGY	COM	458118106	113	24,900	X
INTEL CORP	COM	458140100	6,101	405,954	X

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INTERACTIVE INTELLIGENCE INC	COM	45839M103	662	73,044	X
INTERFACE INC	CL A	458665106	265	88,570	X
INTERMEC INC	COM	458786100	305	29,336	X
INTERNATIONAL BUSINESS MACHS	COM	459200101	8,891	91,766	X
INTERNATIONAL FLAVORS&FRAGRA	COM	459506101	302	9,900	X
INTL PAPER CO	COM	460146103	402	57,113	X
INTERSIL CORP	CL A	46069S109	186	16,205	X
INTERPUBLIC GROUP COS INC	COM	460690100	76	18,561	X
INVESTORS BANCORP INC	COM	46146P102	221	26,100	X
IRIS INTL INC	COM	46270W105	288	24,937	X
IRWIN FINL CORP	COM	464119106	39	19,852	X
ISHARES TR	RUSSELL MIDCAP	464287499	47,453	878,599	X
ISHARES TR	RUSSELL 2000	464287655	25,369	603,310	X
ISHARES TR	RUSSELL 3000	464287689	13,443	293,000	X
I2 TECHNOLOGIES INC	COM NEW	465754208	201	25,419	X
JDA SOFTWARE GROUP INC	COM	46612K108	220	19,084	X
JPMORGAN CHASE & CO	COM	46625H100	5,570	209,546	X
JACKSON HEWITT TAX SVCS INC	COM	468202106	669	128,101	X
JANUS CAP GROUP INC	COM	47102X105	135	20,334	X
JOHNSON & JOHNSON	COM	478160104	9,717	184,728	X
JOHNSON CTLS INC	COM	478366107	376	31,369	X
JOY GLOBAL INC	COM	481165108	381	17,900	X
KBW INC	COM	482423100	347	17,045	X
KLA-TENCOR CORP	COM	482480100	445	22,249	X
KELLOGG CO	COM	487836108	474	12,951	X
KENEXA CORP	COM	488879107	78	14,421	X
KENSEY NASH CORP	COM	490057106	290	13,619	X
KIMBERLY CLARK CORP	COM	494368103	1,056	22,902	X
KIMCO REALTY CORP	COM	49446R109	400	52,472	X
KINDRED HEALTHCARE INC	COM	494580103	303	20,254	X
KINETIC CONCEPTS INC	COM NEW	49460W208	1,229	58,170	X
KITE RLTY GROUP TR	COM	49803T102	34	14,052	X
KNOLL INC	COM NEW	498904200	2,021	329,671	X
KNIGHT TRANSN INC	COM	499064103	282	18,587	X
KNOT INC	COM	499184109	90	11,000	X
KONINKLIJKE PHILIPS ELECTRS	NY REG SH NEW	500472303	425	28,602	X
KOPPERS HOLDINGS INC	COM	50060P106	306	21,076	X
KRAFT FOODS INC	CL A	50075N104	1,777	79,725	X
KROGER CO	COM	501044101	763	35,953	X
LHC GROUP INC	COM	50187A107	492	22,102	X
LANCASTER COLONY CORP	COM	513847103	290	6,985	X
LANDAUER INC	COM	51476K103	228	4,498	X
LANDSTAR SYS INC	COM	515098101	332	9,927	X
LASALLE HOTEL PPTYS	COM SH BEN INT	517942108	656	112,327	X
LEGG MASON INC	COM	524901105	470	29,546	X
LENNAR CORP	CL A	526057104	148	19,703	X
LEXINGTON REALTY TRUST	COM	529043101	90	37,800	X
LEXMARK INTL NEW	CL A	529771107	230	13,652	X
LIFE SCIENCES RESH INC	COM	532169109	224	31,600	X
LILLY ELI & CO	COM	532457108	2,259	67,619	X
LIMITED BRANDS INC	COM	532716107	473	54,417	X
LINCOLN EDL SVCS CORP	COM	533535100	327	17,830	X
LINCOLN ELEC HLDGS INC	COM	533900106	446	14,089	X
LINCOLN NATL CORP IND	COM	534187109	309	46,175	X
LIONS GATE ENTMTNT CORP	COM NEW	535919203	280	55,516	X
LLOYDS BANKING GROUP PLC	SPONSORED ADR	539439109	476	118,090	X
LO-JACK CORP	COM	539451104	58	12,900	X
LOCKHEED MARTIN CORP	COM	539830109	2,372	34,364	X
LOEWS CORP	COM	540424108	385	17,426	X
LORILLARD INC	COM	544147101	279	4,513	X
LOWES COS INC	COM	548661107	1,428	78,247	X
LULULEMON ATHLETICA INC	COM	550021109	345	39,854	X



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M & T BK CORP	COM	55261F104	440	9,726	X
MB FINANCIAL INC NEW	COM	55264U108	287	21,104	X
MFA FINANCIAL INC	COM	55272X102	77	13,111	X
MGIC INVT CORP WIS	COM	552848103	64	44,758	X
MSCI INC	CL A	55354G100	297	17,544	X
MTS SYS CORP	COM	553777103	256	11,270	X
MACK CALI RLTY CORP	COM	554489104	401	20,259	X
MACYS INC	COM	55616P104	446	50,138	X
MAGELLAN HEALTH SVCS INC	COM NEW	559079207	688	18,877	X
MANITOWOC INC	COM	563571108	346	105,867	X
MANULIFE FINL CORP	COM	56501R106	461	41,167	X
MARATHON OIL CORP	COM	565849106	2,059	78,326	X
MARSHALL & ILSLEY CORP NEW	COM	571837103	91	16,169	X
MARTEK BIOSCIENCES CORP	COM	572901106	585	32,039	X
MARTEN TRANS LTD	COM	573075108	369	19,749	X
MASCO CORP	COM	574599106	452	64,776	X
MASTERCARD INC	CL A	57636Q104	651	3,890	X
MATRIX INITIATIVES INC	COM	57685L105	231	14,094	X
MATRIX SVC CO	COM	576853105	156	18,981	X
MAXIM INTEGRATED PRODS INC	COM	57772K101	447	33,849	X
MXYGEN INC	COM	577776107	297	43,700	X
MAXIMUS INC	COM	577933104	361	9,050	X
MCDONALDS CORP	COM	580135101	3,340	61,201	X
MCGRAW HILL COS INC	COM	580645109	484	21,165	X
MCKESSON CORP	COM	58155Q103	528	15,075	X
MCMORAN EXPLORATION CO	COM	582411104	244	52,001	X
MECHEL OAO	SPONSORED ADR	583840103	83	19,825	X
MEDCO HEALTH SOLUTIONS INC	COM	58405U102	2,302	55,684	X
MEDNAX INC	COM	58502B106	617	20,951	X
MEDTRONIC INC	COM	585055106	1,792	60,810	X
MERCK & CO INC	COM	589331107	3,515	131,397	X
MEREDITH CORP	COM	589433101	254	15,289	X
MESABI TR	CTF BEN INT	590672101	275	37,069	X
METLIFE INC	COM	59156R108	1,948	85,558	X
METTLER TOLEDO INTERNATIONAL	COM	592688105	252	4,904	X
MICREL INC	COM	594793101	292	41,475	X
MICROSOFT CORP	COM	594918104	8,047	438,050	X
MICROSTRATEGY INC	CL A NEW	594972408	268	7,835	X
MILLER HERMAN INC	COM	600544100	243	22,805	X
MOBILE MINI INC	COM	60740F105	127	11,000	X
MOLINA HEALTHCARE INC	COM	60855R100	331	17,377	X
MOLEX INC	COM	608554101	180	13,077	X
MONSANTO CO NEW	COM	61166W101	3,662	44,063	X
MONSTER WORLDWIDE INC	COM	611742107	182	22,277	X
MOOG INC	CL A	615394202	295	12,916	X
MORGAN STANLEY	COM NEW	617446448	2,330	102,348	X
MOSAIC CO	COM	61945A107	1,226	29,210	X
MOTOROLA INC	COM	620076109	962	227,470	X
MUELLER INDS INC	COM	624756102	685	31,572	X
MYLAN INC	COM	628530107	1,177	87,791	X
NCR CORP NEW	COM	62886E108	229	28,830	X
NVE CORP	COM NEW	629445206	314	10,914	X
NYSE EURONEXT	COM	629491101	251	14,001	X
NATIONAL FINL PARTNERS CORP	COM	63607P208	45	14,100	X
NATIONAL OILWELL VARCO INC	COM	637071101	1,228	42,767	X
NATIONAL PENN BANCSHARES INC	COM	637138108	336	40,540	X
NATIONAL RETAIL PROPERTIES I	COM	637417106	170	10,714	X
NATIONAL SEMICONDUCTOR CORP	COM	637640103	265	25,814	X
NATURAL RESOURCE PARTNERS L	COM UNIT L P	63900P103	263	11,799	X
NELNET INC	CL A	64031N108	378	42,794	X
NET 1 UEPS TECHNOLOGIES INC	COM NEW	64107N206	811	53,323	X
NETEASE COM INC	SPONSORED ADR	64110W102	434	16,166	X

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NEUSTAR INC	CL A	64126X201	288	17,190	X
NEWCASTLE INVT CORP	COM	65105M108	87	133,361	X
NEWELL RUBBERMAID INC	COM	651229106	429	67,270	X
NEWMARKET CORP	COM	651587107	1,780	40,185	X
NEWMONT MINING CORP	COM	651639106	1,056	23,597	X
NEWS CORP	CL A	65248E104	1,815	274,189	X
NIKE INC	CL B	654106103	880	18,773	X
NOKIA CORP	SPONSORED ADR	654902204	447	38,321	X
NORFOLK SOUTHERN CORP	COM	655844108	683	20,236	X
NORTHERN DYNASTY MINERALS LT	COM NEW	66510M204	81	11,666	X
NORTHROP GRUMMAN CORP	COM	666807102	1,255	28,751	X
NOVEN PHARMACEUTICALS INC	COM	670009109	781	82,378	X
NUCOR CORP	COM	670346105	2,036	53,333	X
OSI SYSTEMS INC	COM	671044105	287	18,817	X
OBAGI MEDICAL PRODUCTS INC	COM	67423R108	259	48,214	X
OCCIDENTAL PETE CORP DEL	COM	674599105	2,462	44,232	X
ODYSSEY HEALTHCARE INC	COM	67611V101	571	58,853	X
OLD REP INTL CORP	COM	680223104	626	57,850	X
OMNICOM GROUP INC	COM	681919106	402	17,162	X
OMNICELL INC	COM	68213N109	128	16,403	X
ONE LIBERTY PPTYS INC	COM	682406103	36	10,200	X
OPEN JT STK CO-VIMPEL COMMUN	SPONSORED ADR	68370R109	770	117,762	X
ORACLE CORP	COM	68389X105	3,804	210,517	X
OSIRIS THERAPEUTICS INC	COM	68827R108	226	16,358	X
OWENS ILL INC	COM NEW	690768403	350	24,235	X
PDL BIOPHARMA INC	COM	69329Y104	275	38,792	X
PHH CORP	COM NEW	693320202	349	24,819	X
PMI GROUP INC	COM	69344M101	34	55,254	X
PNC FINL SVCS GROUP INC	COM	693475105	1,076	36,721	X
PPG INDS INC	COM	693506107	468	12,674	X
PPL CORP	COM	69351T106	648	22,580	X
PS BUSINESS PKS INC CALIF	COM	69360J107	308	8,361	X
PACCAR INC	COM	693718108	501	19,461	X
PACER INTL INC TENN	COM	69373H106	223	63,700	X
PACKAGING CORP AMER	COM	695156109	248	19,053	X
PACTIV CORP	COM	695257105	320	21,911	X
PANTRY INC	COM	698657103	335	19,000	X
PAR PHARMACEUTICAL COS INC	COM	69888P106	282	29,812	X
PARTNER COMMUNICATIONS CO LT	ADR	70211M109	335	22,175	X
PATTERSON UTI ENERGY INC	COM	703481101	153	17,105	X
PEABODY ENERGY CORP	COM	704549104	560	22,371	X
PENNSYLVANIA RL ESTATE INVT	SH BEN INT	709102107	43	12,150	X
PEPSICO INC	COM	713448108	5,828	113,203	X
PERFECT WORLD CO LTD	SPON ADR REP B	71372U104	270	19,217	X
PFIZER INC	COM	717081103	6,861	503,762	X
PHILIP MORRIS INTL INC	COM	718172109	4,085	114,821	X
PHOENIX COS INC NEW	COM	71902E109	16	13,800	X
PINNACLE ENTMT INC	COM	723456109	358	50,800	X
PIPER JAFFRAY COS	COM	724078100	302	11,728	X
PITNEY BOWES INC	COM	724479100	458	19,609	X
PLANTRONICS INC NEW	COM	727493108	122	10,105	X
PLEXUS CORP	COM	729132100	581	42,016	X
POLARIS INDS INC	COM	731068102	393	18,315	X
POPULAR INC	COM	733174106	78	35,929	X
PORTFOLIO RECOVERY ASSOCS IN	COM	73640Q105	1,871	69,693	X
POTLATCH CORP NEW	COM	737630103	403	17,392	X
POWELL INDS INC	COM	739128106	485	13,747	X
PRAXAIR INC	COM	74005P104	1,123	16,682	X
PRE PAID LEGAL SVCS INC	COM	740065107	211	7,256	X
PRINCIPAL FINANCIAL GROUP IN	COM	74251V102	373	45,622	X
PROCTER & GAMBLE CO	COM	742718109	7,762	164,840	X
PROLOGIS	SH BEN INT	743410102	383	58,870	X

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PROTECTIVE LIFE CORP	COM	743674103	103	19,544	X
PRUDENTIAL FINL INC	COM	744320102	913	47,990	X
PUBLIC SVC ENTERPRISE GROUP	COM	744573106	792	26,884	X
QLOGIC CORP	COM	747277101	602	54,170	X
QUALCOMM INC	COM	747525103	3,408	87,591	X
QUESTCOR PHARMACEUTICALS INC	COM	74835Y101	1,220	247,988	X
QUIDEL CORP	COM	74838J101	240	26,062	X
QWEST COMMUNICATIONS INTL IN	COM	749121109	439	128,378	X
RADIOSHACK CORP	COM	750438103	231	26,992	X
RAYTHEON CO	COM NEW	755111507	2,062	52,948	X
RBC BEARINGS INC	COM	75524B104	292	19,126	X
REALTY INCOME CORP	COM	756109104	243	12,893	X
REGIONS FINANCIAL CORP NEW	COM	7591EP100	463	108,773	X
RELIANCE STEEL & ALUMINUM CO	COM	759509102	1,554	59,037	X
REPUBLIC AWYS HLDGS INC	COM	760276105	72	11,152	X
RES-CARE INC	COM	760943100	152	10,466	X
REYNOLDS AMERICAN INC	COM	761713106	325	9,066	X
ROCKWELL AUTOMATION INC	COM	773903109	450	20,621	X
ROCKY BRANDS INC	COM	774515100	72	20,700	X
ROSETTA RESOURCES INC	COM	777779307	156	31,450	X
ROYAL BK CDA MONTREAL QUE	COM	780087102	466	16,108	X
SL GREEN RLTY CORP	COM	78440X101	364	33,714	X
SPDR TR	UNIT SER 1	78462F103	735	9,240	X
SPSS INC	COM	78462K102	371	13,038	X
S1 CORPORATION	COM	78463B101	65	12,700	X
SVB FINL GROUP	COM	78486Q101	219	10,964	X
SWS GROUP INC	COM	78503N107	205	13,175	X
SABINE ROYALTY TR	UNIT BEN INT	785688102	259	7,347	X
ST JUDE MED INC	COM	790849103	1,227	33,778	X
SAN JUAN BASIN RTY TR	UNIT BEN INT	798241105	248	17,379	X
SANOFI AVENTIS	SPONSORED ADR	80105N105	462	16,537	X
SAPIENT CORP	COM	803062108	171	38,265	X
SCANSOURCE INC	COM	806037107	761	40,964	X
SCHERING PLOUGH CORP	COM	806605101	3,260	138,413	X
SCHLUMBERGER LTD	COM	806857108	2,638	64,932	X
SCHWAB CHARLES CORP NEW	COM	808513105	791	51,037	X
SCRIPPS NETWORKS INTERACT IN	CL A COM	811065101	272	12,083	X
SEACOR HOLDINGS INC	COM	811904101	596	10,216	X
SENIOR HSG PPTYS TR	SH BEN INT	81721M109	479	34,142	X
SEPRACOR INC	COM	817315104	1,274	86,870	X
SERVICE CORP INTL	COM	817565104	302	86,667	X
SHANDA INTERACTIVE ENTMT LTD	SPONSORED ADR	81941Q203	456	11,536	X
SHUTTERFLY INC	COM	82568P304	333	35,569	X
SIEMENS A G	SPONSORED ADR	826197501	424	7,451	X
SIGA TECHNOLOGIES INC	COM	826917106	222	43,723	X
SILICON LABORATORIES INC	COM	826919102	239	9,041	X
SILGAN HOLDINGS INC	COM	827048109	285	5,433	X
SILICONWARE PRECISION INDS L	SPONSD ADR SPL	827084864	342	58,996	X
SIMON PPTY GROUP INC NEW	COM	828806109	884	25,532	X
SKILLED HEALTHCARE GROUP INC	CL A	83066R107	274	33,399	X
SKYWORKS SOLUTIONS INC	COM	83088M102	109	13,564	X
SKILLSOFT PLC	SPONSORED ADR	830928107	98	14,700	X
SMART BALANCE INC	COM	83169Y108	288	47,702	X
SMITH & WESSON HLDG CORP	COM	831756101	297	49,365	X
SMITH MICRO SOFTWARE INC	COM	832154108	573	109,525	X
SOFTBRANDS INC	COM	83402A107	3	10,670	X
SOHU COM INC	COM	83408W103	224	5,413	X
SONIC CORP	COM	835451105	354	35,300	X
SONICWALL INC	COM	835470105	90	20,141	X
SONOCO PRODS CO	COM	835495102	442	21,082	X
SOUTHERN CO	COM	842587107	1,264	41,285	X
SOUTHERN COPPER CORP	COM	84265V105	203	11,642	X

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SPARTAN STORES INC	COM	846822104	298	19,361	X
SPECTRA ENERGY PARTNERS LP	COM	84756N109	277	12,704	X
SPRINT NEXTEL CORP	COM SER 1	852061100	527	147,662	X
STAGE STORES INC	COM NEW	85254C305	330	32,722	X
STANDARD PARKING CORP	COM	853790103	277	16,900	X
STANLEY INC	COM	854532108	330	12,981	X
STANLEY WKS	COM	854616109	427	14,664	X
STAPLES INC	COM	855030102	677	37,399	X
STARENT NETWORKS CORP	COM	85528P108	1,877	118,780	X
STATE STR CORP	COM	857477103	856	27,811	X
STEAK N SHAKE CO	COM	857873103	326	43,097	X
STEEL DYNAMICS INC	COM	858119100	92	10,401	X
STERLING BANCSHARES INC	COM	858907108	69	10,500	X
STERLING FINL CORP WASH	COM	859319105	310	149,549	X
STMICROELECTRONICS N V	NY REGISTRY	861012102	463	93,420	X
STRATASYS INC	COM	862685104	92	11,110	X
STRATEGIC HOTELS & RESORTS I	COM	86272T106	54	77,893	X
STRYKER CORP	COM	863667101	551	16,195	X
STURM RUGER & CO INC	COM	864159108	293	23,789	X
SUBURBAN PROPANE PARTNERS L	UNIT LTD PARTN	864482104	401	10,968	X
SUN HEALTHCARE GROUP INC	COM NEW	866933401	189	22,402	X
SUNSTONE HOTEL INVS INC NEW	COM	867892101	33	12,667	X
SUNTRUST BKS INC	COM	867914103	645	54,918	X
SUPERVALU INC	COM	868536103	607	42,522	X
SYKES ENTERPRISES INC	COM	871237103	344	20,702	X
SYMANTEC CORP	COM	871503108	682	45,653	X
SYNOVUS FINL CORP	COM	87161C105	436	134,000	X
SYNTEL INC	COM	87162H103	332	16,130	X
SYNNEX CORP	COM	87162W100	326	16,563	X
SYSCO CORP	COM	871829107	733	32,133	X
T-3 ENERGY SRVCS INC	COM	87306E107	250	21,226	X
TAKE-TWO INTERACTIVE SOFTWARE	COM	874054109	1,946	233,059	X
TAM SA	SP ADR REP PFD	87484D103	288	52,357	X
TARGET CORP	COM	87612E106	1,481	43,077	X
TEAM INC	COM	878155100	314	26,832	X
TECK COMINCO LTD	CL B	878742204	258	46,459	X
TEKELEC	COM	879101103	1,751	132,381	X
TELECOM ARGENTINA S A	SPON ADR REP B	879273209	271	34,904	X
TELECOM CORP NEW ZEALAND LTD	SPONSORED ADR	879278208	439	67,460	X
TELEFONICA S A	SPONSORED ADR	879382208	440	7,386	X
TELLABS INC	COM	879664100	134	29,354	X
TELETECH HOLDINGS INC	COM	879939106	487	44,757	X
TEMPUR PEDIC INTL INC	COM	88023U101	631	86,498	X
TERADATA CORP DEL	COM	88076W103	242	14,941	X
TERNIUM SA	SPON ADR	880890108	255	37,256	X
TETRA TECHNOLOGIES INC DEL	COM	88162F105	611	187,876	X
TEXAS INSTRS INC	COM	882508104	1,193	72,230	X
TEXTRON INC	COM	883203101	425	74,026	X
THE9 LTD	ADR	88337K104	352	26,106	X
THERMO FISHER SCIENTIFIC INC	COM	883556102	792	22,204	X
THOR INDS INC	COM	885160101	297	19,044	X
3M CO	COM	88579Y101	1,901	38,230	X
TIBCO SOFTWARE INC	COM	88632Q103	176	29,998	X
TIME WARNER CABLE INC	COM	88732J207	1,949	78,600	X
TITANIUM METALS CORP	COM NEW	888339207	298	54,563	X
TIVO INC	COM	888706108	173	24,622	X
TORO CO	COM	891092108	239	9,904	X
TORONTO DOMINION BK ONT	COM NEW	891160509	467	13,499	X
TRACTOR SUPPLY CO	COM	892356106	815	22,590	X
TRADESTATION GROUP INC	COM	89267P105	155	23,500	X
TRAVELERS COMPANIES INC	COM	89417E109	2,480	61,027	X
TRAVELZOO INC	COM	89421Q106	260	41,648	X

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TREX INC	COM	89531P105	297	38,913	X
TRIUMPH GROUP INC NEW	COM	896818101	598	15,651	X
TRUEBLUE INC	COM	89785X101	91	11,051	X
TRUSTCO BK CORP N Y	COM	898349105	141	23,409	X
TRUSTMARK CORP	COM	898402102	326	17,746	X
UCBH HOLDINGS INC	COM	90262T308	54	35,585	X
UIL HLDG CORP	COM	902748102	377	16,904	X
US BANCORP DEL	COM NEW	902973304	2,892	197,919	X
USA MOBILITY INC	COM	90341G103	290	31,487	X
UMPQUA HLDGS CORP	COM	904214103	122	13,500	X
UNION PAC CORP	COM	907818108	2,171	52,813	X
UNITED CMNTY FINL CORP OHIO	COM	909839102	20	16,534	X
UNITED BANKSHARES INC WEST V	COM	909907107	400	23,177	X
UNITED ONLINE INC	COM	911268100	333	74,735	X
UNITED PARCEL SERVICE INC	CL B	911312106	1,806	36,699	X
UNITED STATES STL CORP NEW	COM	912909108	541	25,601	X
UNITED TECHNOLOGIES CORP	COM	913017109	3,340	77,704	X
UNITEDHEALTH GROUP INC	COM	91324P102	2,526	120,684	X
UNIVERSAL AMERICAN CORP	COM	913377107	296	34,900	X
UNIVERSAL FST PRODS INC	COM	913543104	575	21,601	X
UNIVERSAL TECHNICAL INST INC	COM	913915104	304	25,340	X
UNUM GROUP	COM	91529Y106	444	35,514	X
VAALCO ENERGY INC	COM NEW	91851C201	275	51,927	X
VAIL RESORTS INC	COM	91879Q109	322	15,744	X
VALERO ENERGY CORP NEW	COM	91913Y100	2,004	111,954	X
VALLEY NATL BANCORP	COM	919794107	203	16,408	X
VALUECLICK INC	COM	92046N102	304	35,768	X
VARIAN SEMICONDUCTOR EQUIPMN	COM	922207105	411	18,994	X
VASCO DATA SEC INTL INC	COM	92230Y104	440	76,173	X
VECTOR GROUP LTD	COM	92240M108	281	21,638	X
VEECO INSTRS INC DEL	COM	922417100	125	18,745	X
VERIZON COMMUNICATIONS INC	COM	92343V104	6,068	200,912	X
VIAD CORP	COM NEW	92552R406	207	14,674	X
VIASAT INC	COM	92552V100	596	28,646	X
VIACOM INC NEW	CL B	92553P201	532	30,606	X
VIGNETTE CORP	COM NEW	926734401	74	11,073	X
VIROPHARMA INC	COM	928241108	362	68,920	X
VISA INC	COM CL A	92826C839	1,333	23,973	X
VISIONCHINA MEDIA INC	SPONS ADR	92833U103	327	50,700	X
VMWARE INC	CL A COM	928563402	306	12,954	X
VODAFONE GROUP PLC NEW	SPONS ADR NEW	92857W209	453	25,982	X
VOCUS INC	COM	92858J108	176	13,235	X
W & T OFFSHORE INC	COM	92922P106	220	35,796	X
WD-40 CO	COM	929236107	295	12,234	X
WABCO HLDGS INC	COM	92927K102	290	23,527	X
WPP PLC	ADR	92933H101	448	16,028	X
WAL MART STORES INC	COM	931142103	6,404	122,917	X
WALGREEN CO	COM	931422109	1,396	53,763	X
WALTER INDS INC	COM	93317Q105	258	11,289	X
WASTE MGMT INC DEL	COM	94106L109	679	26,505	X
WEBSTER FINL CORP CONN	COM	947890109	148	34,841	X
WEIGHT WATCHERS INTL INC NEW	COM	948626106	343	18,492	X
WEINGARTEN RLTY INVS	SH BEN INT	948741103	291	30,542	X
WELLPOINT INC	COM	94973V107	2,106	55,474	X
WELLS FARGO & CO NEW	COM	949746101	3,258	228,791	X
WERNER ENTERPRISES INC	COM	950755108	340	22,473	X
WESCO FINL CORP	COM	950817106	248	900	X
WEST COAST BANCORP ORE NEW	COM	952145100	44	20,000	X
WESTERN REFNG INC	COM	959319104	323	27,048	X
WESTERN UN CO	COM	959802109	496	39,441	X
WHITNEY HLDG CORP	COM	966612103	270	23,571	X
WILLBROS GROUP INC DEL	COM	969203108	718	73,998	X

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WILLIAMS COS INC DEL	COM	969457100	356	31,296	X
WILMINGTON TRUST CORP	COM	971807102	152	15,724	X
WIND RIVER SYSTEMS INC	COM	973149107	75	11,675	X
WINDSTREAM CORP	COM	97381W104	415	51,447	X
WOLVERINE WORLD WIDE INC	COM	978097103	225	14,473	X
WORLD ACCEP CORP DEL	COM	981419104	2,030	118,688	X
WORLD FUEL SVCS CORP	COM	981475106	401	12,688	X
WORTHINGTON INDS INC	COM	981811102	357	40,975	X
WRIGHT EXPRESS CORP	COM	98233Q105	343	18,806	X
WYETH	COM	983024100	3,123	72,566	X
XTO ENERGY INC	COM	98385X106	894	29,189	X
XEROX CORP	COM	984121103	448	98,505	X
YAHOO INC	COM	984332106	946	73,853	X
ZEBRA TECHNOLOGIES CORP	CL A	989207105	266	13,995	X
ZIMMER HLDGS INC	COM	98956P102	451	12,358	X
ZIONS BANCORPORATION	COM	989701107	409	41,589	X
ZUMIEZ INC	COM	989817101	203	20,900	X
ZOLL MED CORP	COM	989922109	470	32,713	X

d>4 15 24.6%

Total Banks

209 415 12.1%

6

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### Bone Marrow

- The MarrowXpress® or MXP System, a sister product of the AXP and its accompanying disposable bag set isolates and concentrates stem cells from bone marrow aspirate and its initial application is for the preparation of cells for regeneration of bone in spinal fusion procedures. The product is an automated, closed, sterile system that volume-reduces blood from bone marrow to a user-defined volume in 30 minutes, while retaining over 90% of the MNCs, a clinically important cell fraction. Self-powered and microprocessor-controlled, the MXP System contains flow control optical sensors that achieve precise separation. In June 2008, we received the CE-Mark, enabling commercial sales in Europe. In July 2008, we received authorization from the FDA to begin marketing the MXP in the U.S. for the preparation of cell concentrate from bone marrow.
- The Res-Q 60 BMC, is a rapid, reliable, and easy to use product for cell processing at the point of care. The product is a centrifuge-based disposable device designed for the isolation and extraction of specific stem cell populations from bone marrow. The product was launched in 2009. The key advantages of the Res-Q 60 BMC include (a) delivering a high number of target cells from a small sample of bone marrow, and (b) providing a disposable that is highly portable and packaged for the sterile field. These features allow the physician to process bone marrow and return the cells to the patient in 15 minutes. We intend to file a 510(k) application in fiscal 2012.

### PRP

- The Res-Q 60 PRP, is designed to be used for the safe and rapid preparation of autologous PRP from a small sample of blood at the point of care. The product allows PRP to be mixed with autograft and/or allograft bone prior to application to a bony defect in the body. The Res-Q 60 PRP received FDA 510(k) clearance in June of 2011.

### Other

The Company has begun efforts to divest or discontinue the following product lines which are not strategically aligned with our regenerative medicine strategy.

- The ThermoLine® product line includes the ultra-rapid plasma ThermoLine Freezer and ultra-rapid plasma ThermoLine Thawer. We offer two models of plasma freezers, which vary primarily by capacity and condenser type. The ThermoLine freezer optimizes plasma freezing through its unique liquid heat transfer and uniform freezing technologies that can freeze units of blood plasma in approximately 30 minutes. These products are suited for medium to large laboratories. The Company plans to wind down the ThermoLine product line beginning fiscal 2012.
- The CryoSeal® System is an automated system serving the wound market used to prepare an autologous hemostatic surgical sealant from a patient's own blood or from a single donor in approximately one hour. We received a Premarket Approval ("PMA") to market the CryoSeal in liver resection surgeries in July 2007. On June 16, 2010 we reached an agreement with Asahi in which Asahi paid us \$1 million to provide CryoSeal products and clinical support services until such time as Asahi Kasei Medical Co., Ltd. ("Asahi") assumes manufacturing of the product line in Japan or December 31, 2012, whichever comes first. As part of the \$1 million payment, we granted Asahi an option to acquire the CryoSeal product line, which may be exercised over the next five years. On August 31, 2011, the Ministry of Health, Labour and Welfare ("MHLW") in Japan approved the CryoSeal.

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## Sales and Distribution Channels

The chart below outlines the distribution network for our products.

Product	Distributor	Region
AXP System	GE Healthcare (“GEHC”)	U.S. and Canada, and approximately 25 countries throughout the world
	CEI	9 countries in Latin America
	Fenwal, Inc.	3 countries in Asia
	Delrus	Russian Federation and CIS countries
	HVD Vertriebs G.m.b.H.	Middle East
	ThermoGenesis	All other countries
BioArchive System	Fenwal, Inc.	3 countries in Asia
	CEI	6 countries in Latin America
	Additional Distribution Network	11 Distributors covering over 30 countries
	ThermoGenesis	All other countries including U.S., Canada and Australia
Res-Q 60 BMC	Celling Technologies	· U.S. orthopedic indications: Exclusive · Outside U.S. orthopedic indications: Non-exclusive
	CEI	9 countries in Latin America (non-exclusive in orthopedics)
	GEHC	U.S. (except orthopedics), Canada and 20 European countries
	Nanshan	China and Hong Kong, excluding Taiwan (non-exclusive in orthopedics)
	TotipotentSC	3 countries in Asia (non-exclusive in orthopedics)
Res-Q 60 PRP	BioParadox, LLC	Worldwide for cardiovascular and cardiac indications: Exclusive
MXP System	Celling Technologies	· U.S. orthopedic indications: Exclusive · Outside U.S. orthopedic indications: Non-exclusive
	CEI	9 countries in Latin America (non-exclusive in orthopedics)
	Nanshan	China and Hong Kong, excluding Taiwan (non-exclusive in orthopedics)
	TotipotentSC	3 countries in Asia (non-exclusive in orthopedics)
	ThermoGenesis	All other countries



## Business Development

We continue to have encouraging discussions with a number of potential partners regarding growth opportunities beyond what we can develop in our core product development and geographic expansion efforts. These include leveraging our technology platforms into new markets such as additional cord blood products, other potential bone marrow technologies and eventually adipose tissue processing products.

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Through our business development efforts, we have explored a number of opportunities. We have been in discussions with more than a dozen organizations since undertaking this initiative. We expect other organizations will also be pursued. We are optimistic that our business development efforts will generate increased sales and shareholder value. See Item 1A “Risk Factors”.

## Competition

Following are our major competitors, listed by each of our major products and disclosing the markets in which they currently distribute competing products.

Competitors/Markets	Area of Focus	Geographic Distribution
AXP System		
Biosafe/Sepax	· Processing of cord blood	· Direct sales in the U.S. and major EU markets; local distribution network in Asia Pacific
BioE/PrepaCyte-CB	· Modified manual processing of cord blood	· Worldwide via local distribution networks
Pall Corporation	· Bag sets for manual processing	· U.S. and Europe
BioArchive		
Chart Industries	· Cryopreservation of cells and tissue · BioRepository (Storage of cell lines, primarily in vials) · BioPharma (Storage of drugs or vaccines, primarily in vials) · Cord blood banks	· Worldwide via local distribution networks
Taylor-Wharton	· Cryopreservation of cells and tissue. · BioRepository · BioPharma · Cord blood banks	· Worldwide via local distribution networks
MXP System		
Biosafe/Sepax	· Laboratory processing of bone marrow aspirate	· Direct sales in the U.S. and major EU markets; local distribution network in Asia Pacific
COBE Spectra	· Laboratory processing of bone marrow aspirate	· Worldwide
Ficoll-Paque	· Manual processing of bone marrow aspirate	· Worldwide distribution through GEHC
Res-Q 60 BMC		
Terumo Cardiovascular Systems/SmartPREP2 BMAC	· Point of care and laboratory processing of bone marrow aspirate	· Worldwide direct
Biomet/MarrowStim	· Point of care processing of bone	· Worldwide direct

marrow aspirate

Res-Q 60 PRP

Terumo Cardiovascular  
Systems/SmartPREP2 BMAC

· Point of care of peripheral blood

· Worldwide direct

Biomet/GPS III and the BioCUE

· Point of care processing of  
peripheral blood

· Worldwide direct

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### Scientific Overview

#### Stem Cells

Stem cells have the potential to develop into many different cell types and serve as a repair system for the body. They can divide without limit to replenish other cells as long as the person or animal is alive. When a stem cell divides, each new cell has the potential to either remain a stem cell or become another type of cell with a more specialized function, such as a muscle, a red blood or a brain cell.

There are two main types of stem cells: embryonic and adult. An embryonic stem cell is a primitive cell derived from a 5-day pre-implantation embryo that has the potential to become a cell from a wide variety of specialized cell types. Adult stem cells are found in human tissue and can renew and differentiate themselves to yield the major specialized cell types of that tissue. Adult stem cells are thought to reside in a specific area of each tissue where they may remain non-dividing for many years until they are activated by disease or tissue injury. Our current products address therapies with adult stem cells only. Initially, researchers' greatest hope was for stem cells derived from embryos. However, while embryonic stem cell therapies may offer great promise, it is unlikely that embryonic stem cell treatments will be marketed for serious conditions for many years.

It is reported that stem cells can be found in umbilical cord blood, bone marrow, the brain, peripheral blood, fat, blood vessels, amniotic fluid, skeletal muscle, skin, the placenta, menstrual blood and the liver. Our products have been used in cord blood and bone marrow applications. The technologies we are using for bone marrow also have application in PRP procedures. We are currently evaluating opportunities for our technology in the adipose stem cell market.

#### Stem Cell Therapy

Adult stem cell research is primarily focused on the isolation, characterization, purity, plasticity and clinical uses of adult-derived, pluripotent stem cells from a variety of human tissues. There are two principal types of adult stem cells being investigated today for medical application: hematopoietic stem cell and mesenchymal stem cells. Hematopoietic adult stem cells are capable of restoring the ability of a patient's bone marrow to produce healthy blood cells and are routinely used in the treatment of cancer. Mesenchymal stem cells are being intensively investigated for their ability to promote healing of tissues by modulation of inflammatory and immunologic responses and by promoting the growth of blood vessels in ischemic (blood restricted) tissues.

Stem cell therapies include:

- Regeneration of bone marrow damaged by high-dose chemotherapy or radiation therapy used to treat patients with a variety of cancers such as leukemia and lymphoma;
- Providing genetically healthy and functioning bone marrow to treat patients with more than 60 life threatening genetic diseases such as sickle cell anemia and immunodeficiency; and
- Regenerating and repairing tissue including the treatment of myocardial infarction, peripheral limb ischemia and non-union bone fractures.

Perhaps the most important potential application of human stem cells is the generation of cells and tissues that could be used for new regenerative medicine cell-based therapies. Today, donated organs and tissues are often used to replace ailing or destroyed tissue, but the need for transplantable tissues and organs far outweighs the available supply. Directed to differentiate into specific cell types, stem cells offer the possibility of a renewable source of replacement cells and tissues that could possibly treat conditions including spinal cord injury, stroke, burns, heart disease, diabetes, osteoarthritis, and rheumatoid arthritis.



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Stem cell processing techniques are also capable of processing other cells including PRP for use in orthopedics, cardio, dental and sports-related therapies.

## Clinical Evaluations

We believe that increasing the amount of available clinical data demonstrating the efficacy of our products shall be a major effort of our growth strategy. As such, indication-specific clinical data will be essential for broad market acceptance and regulatory approval.

Below are examples of third party clinical evaluations we are supporting:

Sponsor/Site	Product	Indication	Purpose	Status
TotipotentSC/ Fortis Hospital, New Delhi, India	Res-Q	CLI /Peripheral Artery Disorder ("PAD")	Purpose is to establish Res-Q BMC safety/efficacy for CLI	Underway
Dr. Gu/XianWu Hospital, Beijing, China	Res-Q	CLI/PAD	Purpose is to establish Res-Q BMC safety/efficacy for CLI	Patient enrollment to begin September 2011
Celling Technologies/ UC Davis	Res-Q	Non-union bone fractures	Purpose is to establish Res-Q BMC safety/efficacy for non-union bone fractures.	Underway
Prof. Sica/Second University of Naples, Italy	MXP	CLI /PAD	Purpose is to establish MXP BMC safety/efficacy for CLI	Patient enrollment complete. Monitoring for follow-up.

## Research and Development

Our research and development activities in fiscal 2011 focused principally on the regenerative medicine market and on upgrades to our existing products. Specific activities included redesigns to meet changing regulatory requirements and enhancements for manufacturability and customer requests. Redesigns helped reduce manufacturing costs on relatively flat volumes. Research and development expenses were \$3,003,000, \$5,013,000 and \$5,222,000 for the years ended June 30, 2011, 2010 and 2009, respectively. These totals include expenses related to engineering, regulatory, scientific and clinical affairs.

In fiscal 2012, development will continue to target both cost reduction and new product generation. The Company plans to evaluate product line extensions and enhancements for new disposables for the cord blood market and new point of care disposables to accommodate modified cell compositions for new performance requirements and new cell sources. The Company is also planning additional cost reduction work in all areas of disposables; the full effects will be felt in fiscal 2013 and beyond.

The Company had no customer-sponsored research and development expense in fiscal 2011.



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### Manufacturing

Our long-term manufacturing strategy is to utilize high quality, low cost contract manufacturers for the routine production of our products. We outsource the manufacture of the majority of our disposable products. During fiscal 2011, we launched and ramped up an off-shore producer of medical disposable products, to manufacture AXP and MXP bag sets. This allowed the Company to reduce its reliance on other higher cost, domestic suppliers. It also proved to be an important step forward in quality and assurance of supply. For other products, the Company will look to leverage its relationship with key suppliers to lower costs and improve quality over the next couple of years.

The majority of raw materials used to produce the Company's products are readily available from a variety of sources and, as such, the Company does not anticipate any shortage of supply. However, the Company does obtain certain disposable products and custom components from a limited number of suppliers. In the event it becomes necessary to obtain materials from a new supplier, we would first be required to qualify the quality systems and product of that alternative supplier.

### Quality Strategy

Our quality strategy is now based on five key tenets:

- Doing things right the first time;
- Meeting customer expectations;
- Continuous improvement;
- Maintaining supplier controls; and
- Ensuring quality by design.

We embrace the notion that quality must be a key component of everything we do. Our management and employees are measured and evaluated based on our quality performance. The foundation of our quality strategy is our "quality system."

Our quality system is based on a process approach to quality management. Any activity that receives inputs and converts them to outputs is considered a quality process. We have identified and currently manage numerous linked processes. Often the output from one process directly forms the input to the next. Our quality system defines the parameters under which we conduct our business. The quality system embeds our quality policy and describes how we will consistently provide our customers with products and services that meet their expectations. Our quality system, and the obligations defined within it, is applicable to all our suppliers, operating facilities, and functions. The principles embodied in our quality system are viewed worldwide as a means of ensuring our products are produced in an acceptable manner.

Our quality system has been created to be harmonized with domestic and international standards and is focused to ensure it is appropriate for the specific devices we manufacture. Our corporate quality policies govern the methods used in, and the facilities and controls used for, the design, manufacture, packaging, labeling, storage, installation, and servicing of all finished devices intended for human use. These requirements are intended to ensure that finished devices will be safe and effective and otherwise in compliance with the FDA Quality System Regulation (21 CFR 820) administered by the FDA and the applicable rules of other governmental agencies.

We, as well as any contract manufacturers of our products, are subject to inspections by the FDA and other regulatory agencies for compliance with applicable regulations, codified in the Quality System Regulations ("QSR") which include requirements relating to manufacturing processes, extensive testing, control documentation and other quality assurance procedures. Our facilities have undergone International Organization of Standards ("ISO") 13485:2003 and



European Union Medical Device Directive (93/42/EEC) (“MDD”) inspections and we have obtained approval to CE-Mark our products. UL/CSA approval has also been obtained for our CryoSeal, BioArchive, MXP and AXP products. We have obtained the CE-Mark for the Res-Q product line. Failure to obtain or maintain necessary regulatory approvals to market our products would have a material adverse impact on our business.

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### Regulatory Strategy

Our regulatory strategy is to be involved in selective clinical programs that generate data to help fuel adoption of our product offerings. We have a quality and regulatory compliance management system that complies with the requirements of the ISO 13485: 2003 standard, the FDA's QSR, the European Union MDD, the Canadian Medical Device Regulations ("SOR 98-282"), and other applicable local, state, national and international regulations.

Our medical devices are subject to regulation by numerous government agencies, including the FDA and comparable foreign agencies. To varying degrees, each of these agencies requires us to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing, distribution, installation and servicing of our research, investigational, and commercially-distributed medical devices. These international, national, state, and local agencies set the legal requirements for ensuring our products are safe and effective. Virtually every activity associated with the manufacture and sale of our products and services are scrutinized on a defined basis and failure to implement and maintain a Quality Management System could subject the Company to civil and criminal penalties.

### Class III Devices

Before certain medical devices may be marketed in the U.S., they must be approved by the FDA. FDA approval depends on the classification of the device. If the product is a Class III device, the FDA approval process includes the following:

- Extensive pre-clinical laboratory and animal testing,
- Submission and approval of an Investigational Device Exemption ("IDE") application,
- Human clinical trials (Phase III) to establish the safety and efficacy of the medical device for the intended indication, and
- Submission and approval of a PMA to the FDA.

Pre-clinical trials include laboratory evaluation, through in vitro and in vivo animal studies, to obtain safety and dosage information about the product to justify future clinical trials in human subjects. Safety testing is performed to demonstrate the biocompatibility of the device, particularly if the device is intended to come into contact with blood or other body tissues. Pre-clinical studies must be performed by laboratories which comply with the FDA's Good Laboratory Practices regulations. The results of the pre-clinical studies are submitted to the FDA as part of an IDE application and are reviewed by the FDA before human clinical trials can begin.

Clinical trials involve the application of the medical device or biologic produced by the medical device to patients by a qualified medical investigator, after approval from an Institutional Review Board ("IRB"). Clinical trials are conducted in accordance with FDA Good Clinical Practice regulations, standards developed by the International Conference on Harmonization ("ICH"), and an approved study protocol that details the objectives of the study, the parameters to be used to monitor participant safety and effectiveness of the product, or other criteria to be evaluated. Each protocol is submitted to the FDA as part of the IDE and each clinical study is conducted only after the approval of the IRB. The IRB considers, among other things, ethical factors, the potential risks to subjects participating in the trial, and the possible liability of the institution. The IRB also approves the consent form signed by the study participants.

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Medical device clinical trials are typically conducted as a Phase III clinical trial. A Phase II safety pilot trial may be performed prior to initiating the Phase III clinical trial to determine the safety of the product for specific targeted indications or dosage optimization studies. The FDA, the clinical trial sponsor, the investigators or the IRB may suspend clinical trials at any time if any one of them believes that study participants are being exposed to an unacceptable health risk.

The combined results of product development, pre-clinical studies, and Phase III clinical studies are submitted to the FDA as a PMA for approval of the marketing and commercialization of the medical device in the U.S. The FDA may deny the approval of a PMA if applicable regulatory criteria are not satisfied or it may require additional clinical testing. Even if the appropriate data is submitted, the FDA may ultimately decide the PMA does not satisfy the criteria for approval. Product approvals, once obtained, may be withdrawn if compliance with regulatory standards is not maintained or if safety concerns arise after the product reaches the market. The FDA may require post-marketing testing and surveillance programs to monitor the effect of the medical devices that have been commercialized and has the power to prevent or limit future marketing of the product based on the results of such programs.

### Class II Devices

Several of our medical devices, such as the BioArchive, Res-Q 60 PRP and AXP are categorized as Class II. These devices have a lower potential safety risk to the patient, user, or caregiver. A PMA submission is not a requirement for these devices. A similar (but simpler and shorter) process of premarket notification, known as a 510(k) submission, is required to demonstrate that the device is as safe and effective as a substantially-equivalent medical device that has been legally marketed in the U.S. prior to May 29, 1976. Once the FDA has notified the Company that the product file has been cleared, the medical device may be marketed and distributed in the U.S.

### Class I Devices

Some of our products, such as MXP and Res-Q 60 BMC that have minimal risk to the intended user have been deemed by the FDA as being exempt from FDA approval or clearance processes. While submissions to the FDA are not a requirement for these Class I (low risk) devices, compliance with the QSR is still mandated.

### Other U.S. Regulatory Information

Failure to comply with applicable FDA requirements can result in fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production or loss of distribution rights. It may also include the refusal of the FDA to grant approval of a PMA or clearance of a 510(k). Actions by the FDA may also include withdrawal of marketing clearances and possibly criminal prosecution. Such actions, if taken by the FDA, could have a material adverse effect on the Company's business, financial condition, and results of operation.

In February of 2008, the Company initiated a voluntary recall for its AXP processing bag sets. The product was recalled as a result of the omission of endotoxin testing during lot release testing. The Company developed a process, with the approval of the FDA and other regulatory agencies, to assess each manufactured lot and perform the appropriate testing. To date, all lots have been "reconditioned" through the testing process. A recall closure request along with appropriate objective evidence was submitted to and approved by the FDA allowing ThermoGenesis to close this recall.

Each manufacturing establishment must be registered with the FDA and is subject to a biennial inspection for compliance with the Federal Food, Drug, and Cosmetic Act and the QSRs. In addition, each manufacturing establishment in California must be registered with the California State Food and Drug Branch of the California Department of Public Health and be subject to an annual inspection by the State of California for compliance with the applicable state regulations. Companies are also subject to various environmental laws and regulations, both within and outside the U.S. Our operations involve the use of substances regulated under environmental laws, primarily manufacturing and sterilization processes. Workplace safety, hazardous material, and controlled substances

regulations also govern our activities. The Company has a California Environmental Protection Agency Identification number for the disposal of biohazardous waste from its research and development biological lab. Our cost associated with with environmental law compliance is immaterial. This year, the California State Food and Drug Branch of the California Department of Public Health completed a quality system compliance audit resulting with zero observations. The FDA has not audited ThermoGenesis this year.

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International Regulatory Requirements

Internationally, we are required to comply with a multitude of other regulatory requirements. To legally market our medical devices in Canada, for example, we fall under the auspices of Health Canada and the Canadian Medical Device Regulations. Health Canada reviews medical devices to assess their safety, effectiveness, and quality before allowing them to be authorized for sale in Canada. The Therapeutic Products Directorate (“TPD”) undertakes a variety of activities, including the promulgation of policies and regulations to support its role as the federal regulatory authority for the sale of medical devices in Canada. In Canada, manufacturers must receive a medical device license for certain health products defined as a “device” under the Canadian Food and Drugs Act before they can be sold on the Canadian market. To determine which devices need a license, medical devices are categorized based on the risks associated with their use. Prior to selling a device in Canada, manufacturers of Class II, III and IV devices must obtain a medical device license. Although Class I devices do not require a license, manufacturers, distributors, and importers are required to obtain an establishment license. Health Canada requires medical device manufacturers to use a quality system certificate as evidence of compliance to the appropriate regulatory quality system requirement and Health Canada will only accept quality system certificates that have been issued by special third party recognized auditing organizations (registrars) under the Canadian Medical Devices Conformity Assessment System (“CMDCAS”). The Medical Devices Regulations require class II, III and IV medical devices to be designed and/or manufactured under ISO 13485:2003.

In the European Union, a single regulatory approval process has been created and approval is represented by the CE-Mark. To be able to affix the CE-Mark to our medical devices and distribute them in the European Union, we must meet minimum standards for safety and quality (known as the essential requirements) and comply with one or more conformity rules. A Notified Body assesses our quality management system and compliance to the MDD.

To be sold in Japan, most medical devices must undergo thorough safety examinations and demonstrate medical efficacy before they can be granted approval (known as “shonin”). The Japanese government, through the Ministry of Health, Labor, and Welfare (“MHLW”) regulates medical devices under the Pharmaceutical Affairs Law (“PAL”).

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Patents and Proprietary Rights

The Company believes that patent protection is important for products and potential segments of its current and proposed business. In the U.S., the Company currently holds 19 patents, and has 3 patents pending to protect the designs of products which the Company intends to market. There can be no assurance, however, as to the breadth or degree of protection afforded to the Company or the competitive advantage derived by the Company from current patents and future patents, if any. Although the Company believes that its patents and the Company's existing and proposed products do not infringe upon patents of other parties, it is possible that the Company's existing patent rights may be challenged and found invalid or found to violate proprietary rights of others. In the event any of the Company's products are challenged as infringing, the Company would be required to modify the design of its product, obtain a license or litigate the issue. There is no assurance that the Company would be able to finance costly patent litigation, or that it would be able to obtain licenses or modify its products in a timely manner. Failure to defend a patent infringement action or to obtain a license or implementation of modifications would have a material adverse effect on the Company's continued operations.

While patents have been issued or are pending, the Company realizes, (a) that the Company will benefit from patents issued only if it is able to market its products in sufficient quantities of which there is no assurance; (b) that substitutes for these patented items, if not already in existence, may be developed; (c) that the granting of a patent is not a determination of the validity of a patent, such validity can be attacked in litigation or the Company or owner of the patent may be forced to institute legal proceedings to enforce validity; and (d) that the costs of such litigation, if any, could be substantial and could adversely affect the Company.

Licenses and Distribution Rights

Nanshan

In November 2010, the Company and Nanshan entered into an International Distributor Agreement. Under the terms of the agreement, Nanshan obtained rights to sell, distribute, and service the Company's MXP and Res-Q product lines in the People's Republic of China and Hong Kong (not including Taiwan). The term of the agreement is for four years, subject to extension rights. Nanshan was granted restricted common stock upon execution of the agreement in the amount of .5% of the total outstanding common stock of the Company which equaled 70,117 shares. Nanshan has the right to additional grants of restricted common stock of the Company over the term of the agreement in an amount up to 806,000 shares upon the achievement of certain milestones up to \$43 million in cumulative sales.

BioParadox LLC ("BioParadox")

In October 2010, the Company and BioParadox entered into a License and Distribution Agreement. Under the terms of the agreement BioParadox obtained exclusive world-wide rights for the use, research and commercialization of the Res-Q technology in the production of PRP in the diagnosis, treatment and prevention of cardiovascular disease. The term of the agreement will depend on the satisfaction by BioParadox of certain milestones, or the payment of extension fees. If certain delivery or financial metrics are not maintained, the agreement requires the Company to place in escrow the detailed instructions for manufacturing the products. BioParadox will have the right to manufacture the product for the cardiac field for the term of the agreement in the event of a default by the Company or if certain on-time delivery metrics or supply requirements are not met.

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Asahi

In June 2010, the Company and Asahi entered into an amendment (the "Amendment") of their Distribution and License Agreement, originally effective March 28, 2005. Under the terms of the Amendment, Asahi obtained exclusive rights to distribute the CryoSeal System in South Korea, North Korea, Taiwan, the People's Republic of China, the Philippines, Thailand, Singapore, India and Malaysia. These rights included the exclusive right to market, distribute and sell the processing disposables and thrombin reagent for production of thrombin in a stand alone product. The Company will provide support to Asahi in the form of maintaining manufacturing capabilities of the CryoSeal System until the earlier of when Asahi receives regulatory approval from the MHLW or December 31, 2012, upon which the Company shall have no further obligation to manufacture. Asahi received regulatory approval on August 31, 2011. Asahi shall continue to have the right to manufacture such products in Japan and shall additionally have a non-exclusive right to manufacture such products outside of Japan and would make royalty payments to the Company for products it manufactures and sells. The Amendment extends the agreement eight years with automatic one year renewals. Asahi paid us a \$1,000,000 license fee, of which \$400,000 is refundable if the Company fails to provide technical support or maintain manufacturing capabilities as specified in the Amendment.

In connection with the above-described Amendment, the Company and Asahi also entered into an Option Agreement ("Option Agreement"). Under the terms of the Option Agreement, the Company granted Asahi an option to purchase certain intellectual property rights of the Company for the CryoSeal System, including, but not limited to, patents and patent applications, FDA-PMA ownership relating to the products and certain contracts and contractual relationships. Asahi may exercise the Option Agreement at any time after the effective date of the Amendment, but no later than the earlier of the fifth anniversary of the Amendment or 90 days after receiving regulatory approval from the MHLW.

Cord Blood Registry Systems, Inc. ("CBR")

In June 2010, the Company and CBR entered into a License and Escrow Agreement as a method to provide assurances to CBR of continuity of product delivery and manufacturing for CBR's business, and to alleviate concerns about long term supply risk. We are the sole provider for CBR of devices and disposables used in the processing of cord blood samples in CBR's operations. Under the agreement, the Company granted CBR a non-exclusive, royalty-free license to certain intellectual property necessary for the potential manufacture and supply of AXP devices and certain AXP disposables. The license is for the sole and limited purpose of manufacturing and supplying the AXP and related disposables for use by CBR. The licensed intellectual property will be maintained in escrow and will be released to and used by CBR if and only if the Company defaults under the Agreement. Default occurs if the Company (1) fails to meet certain positive cash flow metrics for each rolling quarterly measurement period beginning December 31, 2010, except where the following two measures are met, (2) failure to meet cash balance and short-term investments of at least \$6 million at the end of any given month, or (3) failure to meet a quick ratio of 2 to 1 at the end of any given month. The Company is in compliance at June 30, 2011.

On August 22, 2006, the Company announced that GEHC and CBR, the world's largest family cord blood bank, signed a multi-year contract to supply CBR with the Company's AXP System. In conjunction with this agreement, the Company signed a Product Development and Supply Assurance Agreement with CBR which assures the supply of AXP products for a 15-year period. This agreement also initiates the development of an advanced cord blood stem cell container.

GEHC

In May 2010, the Company and GEHC signed a non-exclusive distribution agreement for the Res-Q 60 BMC System. Under the agreement, GEHC has the right to distribute the Res-Q 60 BMC in the U.S., excluding orthopedic indications, Canada and 19 European countries. The agreement has a two and a half year term, with automatic one year renewals, unless terminated by either party with six months advance notice. The Agreement provides for a price reduction mechanism should the Company fail to meet certain product quality and delivery metrics.





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In January 2010, the Company and GEHC also signed an amendment (the "Amendment") to extend their Amended and Restated International Distribution Agreement, effective February 1, 2010. Under the terms of the Amendment, the contract runs through July 31, 2012, GEHC will continue to distribute the AXP product line in the United States, Canada and approximately 25 countries throughout the world, excluding certain countries in Latin America, Asia, CIS, Eastern Europe and the Middle East. The parties will implement a Joint Operating Committee to oversee, review and coordinate marketing and sales activities and performance of the parties. GEHC will provide incremental funding for marketing support and market research beyond its previous commitments. The Amendment provides incentives for both parties related to sales success, product quality and delivery. The Amendment will automatically renew for one year terms unless terminated at least six months prior to the end of the then current term. Under the original agreement, signed October 13, 2005, the Company received fees for the rights granted under the agreement. The amounts received are being recognized as revenue on the straight-line method over the initial five year term of the contract.

Fenwal, Inc. ("Fenwal")

In March 2010, the Company and Fenwal signed a five-year distribution agreement. Under the agreement, Fenwal will have exclusive rights to market and distribute the AXP System and BioArchive System for use in cord blood processing and storage in China, India and Japan.

Celling Technology, LLC. ("Celling")

In September 2008, the Company and Celling signed a distribution agreement for the Company's MXP and Res-Q 60 BMC product lines. The distribution rights are for the field of use in orthopedic intraoperative or point of care applications. The five-year agreement provides Celling with an initial two-year period of exclusive distribution rights in the U.S. and non-exclusive distribution rights throughout the rest of the world, excluding Central and South America, Russia and certain Eastern European countries. The exclusivity period and field of use may be extended under certain circumstances. The parties amended the agreement on July 29, 2009 to provide shared funding for clinical studies to demonstrate the clinical effectiveness of the products in orthopedic applications.

New York Blood Center ("NYBC")/Pall Medical

In March 1997, the Company and NYBC, as licensors, entered into a license agreement with Pall Medical, a subsidiary of Pall Corporation, as a Licensee through which Pall Medical became the exclusive worldwide manufacturer (excluding Japan) for a system of sterile, disposable containers developed by the Company and NYBC for the processing of hematopoietic stem cells sourced from placental cord blood ("PCB"). The system is designed to simplify and streamline the harvesting of stem cells from umbilical cord blood and the manual concentration, cryopreservation (freezing) and transfusion of the PCB stem cells while maintaining the highest stem cell population and viability from each PCB donation. In May 1999, the Company and Pall Medical amended the original agreement, and the Company regained the rights to distribute the bag sets outside North America and Europe under the Company's name.

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### Backlog

Our backlog was \$1,118,000 and \$600,000 as of June 30, 2011 and 2010, respectively. Our backlog consists of product orders for which a customer purchase order has been received and is scheduled for shipment within the next twelve months. Orders are subject to cancellation or rescheduling by the customer, sometimes with a cancellation charge. Due to timing of order placement, product lead times, changes in product delivery schedules and cancellations, and because sales will often reflect orders shipped in the same quarter received, our backlog at any particular date is not necessarily indicative of sales for any succeeding period.

### Employees

As of June 30, 2011, the Company had 70 employees, 31 of whom were engaged in manufacturing and quality control, 14 in research and new product development, regulatory affairs, clinical and scientific affairs, 11 in sales, marketing and customer service, and 14 in administration. The Company also utilizes temporary employees throughout the year to address business needs and significant fluctuations in orders and product manufacturing. None of our employees are represented by a collective bargaining agreement, nor have we experienced any work stoppage.

### FOREIGN SALES AND OPERATIONS

For fiscal 2011, foreign sales were \$9,655,000 or 41% of net revenues. For fiscal 2010, foreign sales were \$9,261,000 or 40% of net revenues. For fiscal 2009, foreign sales were \$8,310,000 or 42% of net revenues.

Our AXP and MXP bag sets are manufactured by a contract supplier in Costa Rica.

### WHERE YOU CAN FIND MORE INFORMATION

The Company is required to file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other information with the Securities and Exchange Commission ("SEC"). The public can obtain copies of these materials by visiting the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549, by calling the SEC at 1-800-732-0330, or by accessing the SEC's website at <http://www.sec.gov>. In addition, as soon as reasonably practicable after these materials are filed with or furnished to the SEC, the Company will make copies available to the public free of charge through its website, [www.thermogenesis.com](http://www.thermogenesis.com). The information on the Company's website is not incorporated into, and is not part of, this annual report.

### ITEM 1A. RISK FACTORS

An investment in ThermoGenesis' common stock is subject to risks inherent to our business. The material risks and uncertainties that management believes affect us are described below. Before making an investment decision, you should carefully consider the risks and uncertainties described below together with all of the other information included or incorporated by reference in this report. The risks and uncertainties described below are not the only ones facing ThermoGenesis. Additional risks and uncertainties that we are not aware of or focused on or that we currently deem immaterial may also impair ThermoGenesis' business operations. This report is qualified in its entirety by these risk factors.

If any of the following risks actually occur, our financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of our common stock could decline significantly, and you could lose all or part of your investment.

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### Risks Related to Our Business

Our Future Revenue Growth is Dependent on our New Products Being Accepted and Our Existing Products being Accepted for New Indications or into New Markets and We Are Not Sure They Will Be Accepted. The acceptance of our products into new markets or for new indications will depend upon the medical community and third-party payers accepting the products as clinically useful, reliable, accurate, and cost effective compared to existing and future products or procedures. Acceptance will also depend on our ability to adequately train technicians on how to use our existing and future products. Even if our products are released for sale, their use may not be recommended by the medical profession or hospitals unless acceptable reimbursement from healthcare and third party payers is available. Failure of these products to achieve significant market share could have material adverse effects on our long term business, financial condition, and results of operation.

Outcomes of Pending or Future Clinical Trials or Evaluations May be Negative and the Regenerative Medicine Market May not Expand, or May Not Expand in the Areas Targeted by our Products. The marketing and sales of new products may depend on successful clinical trial or evaluation outcomes in the regenerative medicine areas targeted by our products and the approval of regulators. Clinical trials also represent a significant expenditure of resources. Negative clinical trial results in connection with our products or in the areas targeted by the Company could negatively impact regulatory approval or market acceptance of our products. Unfavorable clinical trials or failure of study results to obtain regulatory approval or target areas with successful clinical trials, could have material adverse effects on our long term business, financial condition, and results of operations.

A Significant Portion of our Revenue is Derived from Customers in Foreign Countries. We may Lose Revenues, Market Share, and Profits due to Exchange Rate Fluctuations, Political and Economic Changes Related to our Foreign Business. In the year ended June 30, 2011, sales to customers in foreign countries comprised approximately 41% of our revenues. This compares to 40% in fiscal 2010. Our foreign business is subject to economic, political and regulatory uncertainties and risks that are unique to each area of the world. Fluctuations in exchange rates may also affect the prices that our foreign customers are willing to pay, and may put us at a price disadvantage compared to other competitors. Potentially volatile shifts in exchange rates may negatively affect our financial position and results.

The Loss of a Significant Distributor or End User Customer may Adversely Affect our Financial Condition and Results of Operations. Revenues from one significant distributor comprised 33% of our revenues for the year ended June 30, 2011 and approximately 57% of the significant distributor's revenue came from one customer. The loss of a large end user customer or distributor may decrease our revenues.

### Risks Related to Our Operations

Our Inability to Protect Our Patents, Trademarks, Trade Secrets and Other Proprietary Rights could Adversely Impact Our Competitive Position. We believe that our patents, trademarks, trade secrets and other proprietary rights are important to our success and our competitive position. Accordingly, we devote substantial resources to the establishment and protection of our patents, trademarks, trade secrets and proprietary rights. We use various methods, including confidentiality agreements with employees, vendors, and customers, to protect our trade secrets and proprietary know-how for our products. We currently hold patents for products, and have patents pending in certain countries for additional products that we market or intend to market. However, our actions to establish and protect our patents, trademarks, and other proprietary rights may be inadequate to prevent imitation of our products by others or to prevent others from claiming violations of their trademarks and proprietary rights by us. If our products are challenged as infringing upon patents of other parties, we may be required to modify the design of the product, obtain a license, or litigate the issues, all of which may have an adverse business effect on us.

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We May be Subject to Claims That Our Products or Processes Infringe the Intellectual Property Rights of Others, Which May Cause us to Pay Unexpected Litigation Costs or Damages, Modify Our Products or Processes or Prevent us From Selling Our Products. Although it is our intention to avoid infringing or otherwise violating the intellectual property rights of others, third parties may nevertheless claim that our processes and products infringe their intellectual property and other rights. Our strategies of capitalizing on growing international demand as well as developing new innovative products across multiple business lines present similar infringement claim risks both internationally and in the United States as we expand the scope of our product offerings and markets. We compete with other companies for contracts in some small or specialized industries, which increases the risk that the other companies will develop overlapping technologies leading to an increased possibility that infringement claims will arise. Whether or not these claims have merit, we may be subject to costly and time-consuming legal proceedings, and this could divert our management's attention from operating our business. In order to resolve such proceedings, we may need to obtain licenses from these third parties or substantially re-engineer or rename our products in order to avoid infringement. In addition, we might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer or rename our products successfully.

We May Not be Able to Protect Our Intellectual Property in Countries Outside the United States. Intellectual property law outside the United States is uncertain and in many countries is currently undergoing review and revisions. The laws of some countries do not protect our patent and other intellectual property rights to the same extent as United States laws. This is particularly relevant to us as a significant amount of our current and projected future sales are outside of the United States. Third parties may attempt to oppose the issuance of patents to us in foreign countries by initiating opposition proceedings. Opposition proceedings against any of our patent filings in a foreign country could have an adverse effect on our corresponding patents that are issued or pending in the United States. It may be necessary or useful for us to participate in proceedings to determine the validity of our patents or our competitors' patents that have been issued in countries other than the U.S. This could result in substantial costs, divert our efforts and attention from other aspects of our business, and could have a material adverse effect on our results of operations and financial condition.

Any Failure to Achieve and Maintain the High Design and Manufacturing Standards that our Products Require may Seriously Harm our Business. Our products require precise, high-quality manufacturing. Achieving precision and quality control requires skill and diligence by our personnel as well as our vendors. Our failure to achieve and maintain these high manufacturing standards, including the incidence of manufacturing errors, design defects or component failures, could result in patient injury or death, product recalls or withdrawals, delays or failures in product testing or delivery, cost overruns or other problems that could seriously hurt our business. Additionally, the large amount of AXP disposable inventory certain distributors and end-users maintain may delay the identification of a manufacturing error and expand the financial impact. A manufacturing error or defect, or previously undetected design defect, or uncorrected impurity or variation in a raw material component, either unknown or undetected, could affect the product. Despite our very high manufacturing standards, we cannot completely eliminate the risk of errors, defects or failures. If we or our vendors are unable to manufacture our products in accordance with necessary quality standards, our business and results of operations may be negatively affected.

Quality Problems with our Products or Processes could Harm our Reputation for Producing High Quality Products and Decrease our Future Revenues. Quality is extremely important to us and to our customers due to the consequences of product failure. Our quality certifications and product performance during evaluations and validations are critical to the marketing success of our products. If we fail to meet our customer's quality standards our reputation could be damaged. We could lose current and potential customers and our future revenues could decline as a result.



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Our Products May Be Subject to Product Recalls which May Harm Our Reputation and Divert Our Managerial and Financial Resources. The FDA and similar governmental authorities in other countries have the authority to order the mandatory recall of our products or order their removal from the market if the governmental entity finds our products might cause adverse health consequences or death. The FDA may also seize product or prevent further distribution. A government-mandated or voluntary recall by us could occur as a result of component failures, manufacturing errors or design defects (including labeling defects). In the past we have initiated voluntary recalls of some of our products and we could do so in the future. Any recall of our products may harm our reputation with customers, divert managerial and financial resources and negatively impact our profitability.

We are Dependent on our Suppliers and Manufacturers to Meet Existing Regulations. Certain of our suppliers and manufacturers are subject to heavy government regulations, including FDA QSR compliance, in the operation of their facilities, products and manufacturing processes. Any adverse action by the FDA against our suppliers or manufacturers could delay supply or manufacture of component products required to be integrated or sold with our products. There are no assurances we will be successful in locating an alternative supplier or manufacturer to meet product shipment or launch deadlines. As a result, our sales, contractual commitments and financial forecasts may be significantly affected by any such delays.

Dependence on Suppliers for Disposable Products and Custom Components May Impact the Production Schedule. The Company obtains certain disposable products and custom components from a limited number of suppliers. If the supplier raises the price or discontinues production, the Company may have to find another qualified supplier to provide the item or re-engineer the item. In the event that it becomes necessary for us to find another supplier, we would first be required to qualify the quality assurance systems and product quality of that alternative supplier. Any operational issues with re-engineering or the alternative qualified supplier may impact the production schedule, therefore delaying revenues, and this may cause the cost of disposables or key components to increase.

We are Heavily Reliant on a Single Distributor to Market and Sell our AXP Products. We are Heavily Reliant on a Single Distributor to Market and Sell our MXP and Res-Q Systems. We have limited control over our distributor's sales and marketing efforts. Although we have added distributors in other territories and other indications, we must manage our distribution network effectively to gain additional revenue and gross profit. Since the AXP System and Res-Q products are a significant portion of our revenues and projected revenue growth, a delay or failure by our distributors to successfully market these products may decrease our future revenues and competitive advantage.

Our Business is Indirectly Subject to Customer and Distributor Inventory Requirements and Continuity of Inventory Purchasing. Our end user customers may have separate agreements with our distributors that require them to hold a certain level of inventory. Similarly, other customers have historically purchased ahead of their utilization to insure growth within their business, particularly for the processing of stem cells. Given the tightening of credit and other financial constraints, including further downturns in collection and processing for cord blood, our customers could reduce the amount of inventory levels our distributors hold, or which they hold internally in lieu of new purchases. In addition, termination of distribution agreements may cause the sale of product inventory by such distributors, which may result in a surplus of product availability in the market. If these events were to occur, future sales of our products could decline significantly, which would have a material adverse effect on our financial performance in any future period where such events occur.

Failure to Meet the Quality and Delivery Metrics specified in the GEHC Distribution Agreements could Decrease our Revenues. Under the AXP and Res-Q distribution agreements with GEHC, if we fail to meet certain quality and delivery metrics, the price paid by GEHC will be reduced in the following quarter. If this were to occur, our revenues would be negatively impacted.



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Failure to Meet Certain Financial Covenants could Decrease our AXP or Future Res-Q Revenues. Under certain license and escrow agreements, if we fail to meet certain financial covenants, other companies may take possession of the escrowed intellectual property and initiate manufacturing of the applicable device and disposables. If this were to occur, our revenues would be negatively impacted.

Failure to Retain or Hire Key Personnel May Adversely Affect Our Ability to Sustain or Grow Our Business. Our ability to operate successfully and manage our potential future growth depends significantly upon retaining key research, technical, clinical, regulatory, sales, marketing and managerial personnel and attracting and retaining highly qualified personnel in these areas. Our future success partially depends upon the continued services of key technical and senior management personnel. Our future success also depends on our continuing ability to attract, retain and motivate highly qualified managerial and technical personnel. The inability to retain or attract qualified personnel could have a significant negative effect upon our efforts and thereby materially harm our business and future financial condition.

All of our Operations are Conducted at a Single Location. Any Disruption at our Facility could Delay Revenues or Increase our Expenses. All of our operations are conducted at a single location although we contract the manufacturing of certain devices, disposables and components. We take precautions to safeguard our facility, through insurance, health and safety protocols, and off-site storage of computer data. However, a natural disaster, such as a fire, flood or earthquake, could cause substantial delays in our operations, damage or destroy our manufacturing equipment or inventory, and cause us to incur additional expenses. The insurance we maintain against fires, floods, and other natural disasters may not be adequate to cover our losses in any particular case.

Our Inability to Successfully Identify and Complete Acquisitions or Successfully Integrate Any New Products Could Have a Material Adverse Effect on Our Business. Our current business strategy includes the acquisition of technologies and products that complement or augment our existing products and services. Promising acquisitions are difficult to identify and complete for a number of reasons, including competition among prospective buyers and the need for regulatory, including antitrust, approvals. We may not be able to identify and successfully complete transactions. Any acquisitions we may complete may be made at a substantial premium over the fair value of the net identifiable assets. Further, we may not be able to integrate any acquired businesses successfully into our existing businesses, make such businesses profitable, or realize anticipated cost savings or synergies, if any, from these acquisitions, which could adversely affect our business.

Risks Related to Our Industry

We and our Customers are Subject to Various Political, Economic and Regulatory Changes in the Healthcare Industry that Could Force us to Modify how we Develop and Price our Components, Affect our Manufacturing Capabilities and Services, and Could Harm our Business. The healthcare industry is highly regulated and is influenced by changing political, economic and regulatory factors. Federal and state legislatures have periodically considered programs to reform or amend the U.S. healthcare system at both the federal and state levels. Regulations affecting the healthcare industry in general, and the medical device industry in particular, are complex, change frequently and have tended to become more stringent over time. In addition, these regulations may contain proposals to increase governmental involvement in healthcare, lower reimbursement rates or otherwise change the environment in which healthcare industry participants, including medical device companies, operate. A change in regulations could impair our ability to operate profitably. In addition, any failure by us to comply with applicable government regulations could also result in the cessation of portions or all of our operations, impositions of fines and restrictions on our ability to continue or expand our operations.



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Our Business is Heavily Regulated, Resulting in Increased Costs of Operations and Delays in Product Sales. Many of our products require FDA approval or clearance to sell in the U.S. and will require approvals from comparable agencies to sell in foreign countries. These authorizations may limit the U.S. or foreign markets in which our products may be sold. Further, our products must be manufactured under requirements of our quality system for continued CE-Marking so they can continue to be marketed and sold in Europe. These requirements are similar to the QSR of both the FDA and California Department of Public Health. Failure to comply with or inappropriately interpret these quality system requirements and regulations may subject the Company to delays in production while it corrects deficiencies found by the FDA, the State of California, or the Company's Notifying Body as a result of any audit of our quality system. If we are found to be out of compliance, we could receive a Warning Letter or an untitled letter from the FDA or even be temporarily shut down in manufacturing and product sales while the non-conformances are rectified. Also, we may have to recall products and temporarily cease their manufacture and distribution, which would increase our costs and reduce our revenues. The FDA may also invalidate our PMA or 510(k) if appropriate regulations relative to the PMA or 510(k) product are not met. The Notified Bodies may elect to not renew CE-Mark certification. Any of these events would negatively impact our revenues and costs of operations.

Future Regulatory Changes May Affect Our Business. On August 3, 2010, the FDA released for public comment two internal working group reports with numerous recommendations (1) to improve the 510(k) process, and (2) to utilize science in regulatory decision making in ways that encourage innovation yet maintain predictability. In addition, the Institute of Medicine ("IOM") has conducted an independent evaluation of the 510(k) program. A timeline has been set to implement numerous recommendations by the end of 2011. Beyond 2011, we anticipate significant changes will result in the way 510(k) programs will operate and the data requirements, including clinical data, to obtain 510(k) clearance or PMA approval. We cannot predict what effect these reforms will have on our ability to obtain 510(k) clearances or PMA approvals in a timely manner or the effect on our business.

Changes in Governmental Regulations may Reduce Demand for our Products or Increase our Expenses. We compete in many markets in which we and our customers must comply with federal, state, local and international regulations, such as environmental, health and safety and food and drug regulations. We develop, configure and market our products to meet customer needs created by those regulations. Any significant change in regulations could reduce demand for our products or increase our expenses. For example, many of our instruments are marketed to the industry for enabling new regenerative therapies. Changes in the U.S. FDA's regulation of the devices and products directed at regenerative medicine, and development process for new therapeutic applications could have an adverse effect on the demand for these products.

To Sell in International Markets, We Will be Subject to Regulation in Foreign Countries. In cooperation with our distribution partners, we intend to market our current and future products both domestically and in many foreign markets. A number of risks are inherent in international transactions. In order for us to market our products in certain non-U.S. jurisdictions, we need to obtain and maintain required regulatory approvals or clearances and must comply with extensive regulations regarding safety, manufacturing processes and quality. These regulations, including the requirements for approvals or clearances to market, may differ from the FDA regulatory scheme. International sales also may be limited or disrupted by political instability, price controls, trade restrictions and changes in tariffs. Additionally, fluctuations in currency exchange rates may adversely affect demand for our products by increasing the price of our products in the currency of the countries in which the products are sold.

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There can be no assurance that we will obtain regulatory approvals or clearances in all of the countries where we intend to market our products, or that we will not incur significant costs in obtaining or maintaining foreign regulatory approvals or clearances, or that we will be able to successfully commercialize current or future products in various foreign markets. Delays in receipt of approvals or clearances to market our products in foreign countries, failure to receive such approvals or clearances or the future loss of previously received approvals or clearances could have a substantial negative effect on our results of operations and financial condition.

Competition in Our Industry is Intense and Will Likely Involve Companies with Greater Resources than We Have. We hope to develop a competitive advantage in the medical applications of our products, but there are many competitors that are substantially larger and possess greater financial resources and more personnel than we do. Our current principal market is cord blood banks, and with regards to the BioArchive and AXP Systems, numerous larger and better-financed medical device manufacturers may choose to enter this market as it develops.

Influence By the Government and Insurance Companies May Adversely Impact Sales of Our Products. Our business may be materially affected by continuing efforts by government, third party payers such as Medicare, Medicaid, and private health insurance plans, to reduce the costs of healthcare. For example, in certain foreign markets the pricing and profit margins of certain healthcare products are subject to government controls. In addition, increasing emphasis on managed care in the U.S. will continue to place pressure on the pricing of healthcare products. As a result, continuing efforts to contain healthcare costs may result in reduced sales or price reductions for our products. To date, we are not aware of any direct impact on our pricing or product sales due to such efforts by governments to contain healthcare costs, and we do not anticipate any impact in the near future.

Product Liability and Uninsured Risks May Adversely Affect the Continuing Operations. We operate in an industry susceptible to significant product liability claims. We may be liable if any of our products cause injury, illness, or death. These claims may be brought by individuals seeking relief or by groups seeking to represent a class. We also may be required to recall certain of our products should they become damaged or if they are defective. We are not aware of any material product liability claims against us. However, product liability claims may be asserted against us in the future based on events we are not aware of at the present time. We maintain a product liability policy for \$3,000,000 and a general liability policy that includes product liability coverage of \$1,000,000 per occurrence and \$2,000,000 per year in the aggregate. However, a product liability claim against us could have a material adverse effect on our business or future financial condition.

### Risks Related to Operating Results and Financial Markets

We Have Incurred Net Losses since Our Inception and Losses May Continue. Except for net income of \$11,000 for fiscal 1994, we have not been profitable since our inception. For the fiscal year ended June 30, 2011, we had a net loss of \$2,576,000 and an accumulated deficit at June 30, 2011, of \$106,119,000. We will continue to incur significant costs as we develop and market our current products and related applications. Although we are executing our business plan to develop, market and launch new products, continuing losses may impair our ability to fully meet our objectives for new product sales.

We May Need to Raise Additional Capital in the Future to Fund Our Operations. We May be Unable to Raise Funds When Needed or on Acceptable Terms. During the year ended June 30, 2011, we raised net proceeds of \$3.9 million through a public offering of common stock and warrants. As of June 30, 2011, we had a cash balance of \$12,309,000. Based on our cash balance, historical trends, planned cost reductions and future revenue projections, we believe our current funds are sufficient to provide for our projected needs to maintain operations and working capital requirements for at least the next 12 months. However, if actual sales do not meet expectations, or product development, marketing and production costs increase significantly, we may need to seek additional financing beyond the next 12 months. We may also raise money for strategic initiatives which may be dilutive. Any additional equity financings may be dilutive to our existing stockholders.



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The Continuing Crisis in the U.S. and World Financial and Securities Markets Could Have a Material Adverse Effect on our Customers' Business and Affect our Operations and Revenues. Our business is affected by general economic conditions and related uncertainties affecting markets in which we operate. The current economic conditions including the lingering effects of the global recession could adversely impact our business in fiscal year 2012 and beyond, resulting in:

- reduced demand for some of our products;
- increased rate of order cancellations or delays;
- increased risk of excess and obsolete inventories; and
- increased pressure on the prices for our products and services.

Demand for most of our products depends on capital spending policies of our customers and on government funding policies. Our customers include stem cell banks (both private and non-profit), laboratories, universities, healthcare providers, government agencies and public and private research institutions. Many factors, including public policy spending priorities, available resources and product and economic cycles, have a significant effect on the capital spending policies of these entities. These policies in turn can have a significant effect on the demand for our products. Further, the current economic crisis heightens the risk that our customers may lack the funding or credit facilities that they may have previously used for acquiring our products. Such credit or funding restrictions could delay or lower our future revenues.

The Preparation of our Consolidated Financial Statements in Accordance with U.S. Generally Accepted Accounting Principles Requires Us to Make Estimates, Judgments, and Assumptions that may Ultimately Prove to be Incorrect. The accounting estimates and judgments that management must make in the ordinary course of business affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods presented. If the underlying estimates are ultimately proven to be incorrect, subsequent adjustments could have a material adverse effect on our operating results for the period or periods in which the change is identified. Additionally, subsequent adjustments could require us to restate our consolidated financial statements. Restating consolidated financial statements could result in a material decline in the price of our stock.

Risks Related to Our Common Stock

Trading Prices for our Common Stock Have Been, and May Continue To Be, Volatile. The trading price of our common stock has been subject to wide fluctuations and may continue to be volatile in the future. Trading price fluctuations can be caused by a variety of factors, many of which are beyond our control, including, among other things:

- Variations in operating results;
- Regulatory actions, such as product recalls;
- Governmental regulatory acts;
- Biological or medical discoveries;
- Changes in earnings estimates by securities analysts; and
- Market conditions in our industry and the economy as a whole.

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If our revenues or operating results fall below the expectations of securities analysts and investors, the price of our common stock would likely decline. In the last few years, the stock market experienced extreme price and volume fluctuations due to the unprecedented turmoil and upheaval of the credit markets and the financial services industry, which have particularly affected the market prices for emerging biotechnology and medical device companies, and has adversely affected the market price of our common stock.

If the Price of our Common Stock Does Not Meet the Requirements of the NASDAQ Capital Market Stock Exchange (“NASDAQ”), Our Shares may be Delisted. Our Ability to Publicly or Privately Sell Equity Securities and the Liquidity of Our Common Stock Could be Adversely Affected if We Are Delisted. One of the requirements for continued listing on NASDAQ requires a company’s minimum bid price to be above \$1.00 per share. On August 9, 2010, our Board of Directors declared a one for four reverse stock split effective at the close of business on August 26, 2010 which resulted in a \$2.08 per share stock price. If our share price falls below \$1.00 for 30 days, our shares may be delisted or the Company may have to take other action to avoid delisting. Delisting from NASDAQ could adversely affect our ability to raise additional financing through the public or private sale of equity securities, would significantly affect the ability of investors to trade our securities and would negatively affect the value and liquidity of our common stock. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

We Do Not Pay Cash Dividends. We have never paid any cash dividends on our common stock and may not pay cash dividends in the future. Instead, we intend to apply earnings to the expansion and development of our business. Thus, the liquidity of your investment is dependent upon your ability to sell stock at an acceptable price. The price can go down as well as up and may limit your ability to realize any value from your investment, including the initial purchase price.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company leases a facility with approximately 28,000 square feet of space located in Rancho Cordova, California. Approximately 50% of the facility is devoted to warehouse space and manufacturing of products, including 500 square feet for a clean room. The other 50% is comprised of office space, a biologics lab and a Research and Development lab. Under the current amendment, the lease expires in October 2016.

At fiscal year end, the Company did not own or lease any other facilities.

ITEM 3. LEGAL PROCEEDINGS

The Company and its property are not a party to any pending material legal proceedings. In the normal course of operations, the Company may have disagreements or disputes with employees, vendors or customers. These disputes are seen by the Company’s management as a normal part of business, and there are no currently pending actions or threatened actions that management believes would have a significant material impact on the Company’s financial position, results of operations or cash flows.

ITEM 4. [REMOVED AND RESERVED]



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## PART II

## ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock, \$0.001 par value, is traded on NASDAQ under the symbol KOOL. At the close of business on August 26, 2010, we effected a 1-for-4 reverse split of our common stock. The following table sets forth the range of high and low bid prices for the Company's common stock for the past two fiscal years as reported by NASDAQ. All amounts in the table have been adjusted to give effect to the reverse stock split.

Fiscal 2011	High	Low	Fiscal 2010	High	Low
First Quarter (Sep. 30)	\$ 2.89	\$ 1.76	First Quarter (Sep. 30)	\$ 2.92	\$ 2.16
Second Quarter (Dec. 31)	\$ 3.76	\$ 2.32	Second Quarter (Dec. 31)	\$ 2.80	\$ 2.24
Third Quarter (Mar. 31)	\$ 3.82	\$ 1.97	Third Quarter (Mar. 31)	\$ 3.08	\$ 2.04
Fourth Quarter (June 30)	\$ 2.47	\$ 1.91	Fourth Quarter (June 30)	\$ 3.20	\$ 1.84

The Company has not paid cash dividends on its common stock and does not intend to pay a cash dividend in the foreseeable future. There were approximately 284 stockholders of record on June 30, 2011 (not including street name holders).

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The following graph compares the performance of the Company's common stock during the period June 30, 2006 to June 30, 2011, with the NASDAQ Stock Market Index and the Company's peer group of NASDAQ stocks:

	6/06	6/07	6/08	6/09	6/10	6/11
ThermoGenesis Corp.	100.00	66.99	33.98	15.29	11.82	12.20
NASDAQ Composite	100.00	122.33	108.31	86.75	100.42	132.75
Peer Group	100.00	124.08	119.39	76.55	95.93	145.14



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## ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” appearing elsewhere in this report.

ThermoGenesis Corp.  
Five-Year Review of Selected Financial Data

Summary of Operations	Year Ended June 30,				
	2011	2010	2009	2008	2007
Net revenues	\$23,400,000	\$23,088,000	\$19,799,000	\$21,946,000	\$16,751,000
Cost of revenues	(14,563,000)	(15,643,000)	(14,106,000)	(14,976,000)	(11,554,000)
Gross profit	8,837,000	7,445,000	5,693,000	6,970,000	5,197,000
Selling, general and administration	(8,669,000 )	(7,686,000 )	(9,249,000 )	(10,165,000)	(9,630,000 )
Research and development	(3,003,000 )	(5,013,000 )	(5,222,000 )	(7,172,000 )	(4,108,000 )
Interest and other income, net	268,000	61,000	228,000	1,186,000	1,765,000
Net loss	\$(2,567,000 )	\$(5,193,000 )	\$(8,550,000 )	\$(9,181,000 )	\$(6,776,000 )
Per share data:					
Basic and diluted net loss per common share	\$(0.17 )	\$(0.37 )	\$(0.61 )	\$(0.66 )	\$(0.49 )
Balance Sheet Data	2011	2010	2009	2008	2007
Cash, cash equivalents and short term investments	\$12,309,000	\$10,731,000	\$15,631,000	\$25,287,000	\$33,379,000
Working capital	\$18,976,000	\$16,587,000	\$20,923,000	\$29,978,000	\$37,759,000
Total assets	\$24,399,000	\$24,030,000	\$27,655,000	\$38,282,000	\$43,790,000
Total liabilities	\$4,306,000	\$6,251,000	\$5,201,000	\$7,757,000	\$5,978,000
Total stockholders’ equity	\$20,093,000	\$17,779,000	\$22,454,000	\$30,525,000	\$37,812,000

## ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CERTAIN STATEMENTS CONTAINED IN THIS SECTION AND OTHER PARTS OF THIS REPORT ON FORM 10-K WHICH ARE NOT HISTORICAL FACTS ARE FORWARD-LOOKING STATEMENTS AND ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES. THE COMPANY’S ACTUAL RESULTS MAY DIFFER SIGNIFICANTLY FROM THE PROJECTED RESULTS DISCUSSED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT MIGHT AFFECT ACTUAL RESULTS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN ITEM 1A “RISK FACTORS” AND OTHER FACTORS IDENTIFIED FROM TIME TO TIME IN THE COMPANY’S REPORTS FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

The following discussion should be read in conjunction with the Company's consolidated financial statements contained in this report.

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### (a) Overview

ThermoGenesis designs, develops, and sells medical products that enable the practice of regenerative medicine. The Company was founded in 1986 and is located in Rancho Cordova, California. Our products automate the volume reduction and cryopreservation process of adult stem cell concentrates from cord blood and bone marrow for use in laboratory and point of care settings. Our growth strategy is to expand our offerings in regenerative medicine and partner with other pioneers in the stem cell arena to accelerate our worldwide penetration in this potentially explosive market.

#### Critical Accounting Policies:

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to stock-based compensation, bad debts, inventories, warranties, contingencies and litigation. 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 for 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.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

#### Revenue Recognition:

Revenues from the sale of the Company's products are recognized when persuasive evidence of an arrangement exists, delivery has occurred (or services have been rendered), the price is fixed or determinable, and collectability is reasonably assured. The Company generally ships products F.O.B. shipping point. There is no conditional evaluation on any product sold and recognized as revenue. All foreign sales are denominated in U.S. dollars. Amounts billed in excess of revenue recognized are recorded as deferred revenue on the balance sheet.

The Company's sales are generally through distributors. There is no right of return provided for distributors. For sales of products made to distributors, the Company considers a number of factors in determining whether revenue is recognized upon transfer of title to the distributor, or when payment is received. These factors include, but are not limited to, whether the payment terms offered to the distributor are considered to be non-standard, the distributor history of adhering to the terms of its contractual arrangements with the Company, the level of inventories maintained by the distributor, whether the Company has a pattern of granting concessions for the benefit of the distributor, and whether there are other conditions that may indicate that the sale to the distributor is not substantive. The Company currently recognizes revenue primarily on the sell-in method with its distributors.

Revenue arrangements with multiple deliverables are divided into units of accounting if certain criteria are met, including whether the deliverable item(s) has value to the customer on a stand-alone basis. Revenue for each unit of accounting is recognized as the unit of accounting is delivered. Arrangement consideration is allocated to each unit of accounting based upon the relative estimated selling prices of the separate units of accounting contained within an arrangement containing multiple deliverables. Estimated selling prices are determined using vendor specific objective evidence of value (VSOE), when available, or an estimate of selling price when VSOE is not available for a given unit of accounting. Significant inputs for the estimates of the selling price of separate units of accounting include market and pricing trends and a customer's geographic location. We account for training and installation, and service agreements as separate units of accounting.



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Service revenue generated from contracts for providing maintenance of equipment is amortized over the life of the agreement. All other service revenue is recognized at the time the service is completed.

For licensing agreements pursuant to which the Company receives up-front licensing fees for products or technologies that will be provided by the Company over the term of the arrangements, the Company defers the up-front fees and recognizes the fees as revenue on a straight-line method over the term of the respective license. For license agreements that require no continuing performance on the Company's part, license fee revenue is recognized immediately upon grant of the license.

Shipping and handling fees billed to customers are included in net revenues, while the related costs are included in cost of revenues.

### Stock-Based Compensation:

The Company calculates stock-based compensation on the date of the grant using the Black Scholes-Merton option-pricing formula. The compensation expense is then amortized over the vesting period. The Company uses the Black-Scholes-Merton option-pricing formula in determining the fair value of the Company's options at the grant date and applies judgment in estimating the key assumptions that are critical to the model such as the expected term, volatility and forfeiture rate of an option. The Company's estimate of these key assumptions is based on historical information and judgment regarding market factors and trends. If actual results are not consistent with the Company's assumptions and judgments used in estimating the key assumptions, the Company may be required to record additional compensation, which could have a material impact on the Company's financial position and results of operations.

### Warranty:

The Company provides for the estimated cost of product warranties at the time revenue is recognized. While the Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers, the Company's warranty obligation is affected by product failure rates, material usage and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from the Company's estimates, revisions to the estimated warranty liability could have a material impact on the Company's financial position, cash flows or results of operations.

### Inventory Reserve:

The Company states inventories at lower of cost or market value determined on a first-in, first-out basis. The Company provides inventory allowances when conditions indicate that the selling price could be less than cost due to physical deterioration, obsolescence, changes in price levels, or other causes, which it includes as a component of cost of product and other revenues. Additionally, the Company provides reserves for excess and slow-moving inventory on hand that are not expected to be sold to reduce the carrying amount of slow-moving inventory to its estimated net realizable value. The reserves are based upon estimates about future demand from our customers and distributors and market conditions. Because some of the Company's products are highly dependent on government and third-party funding, current customer use and validation, and completion of regulatory and field trials, there is a risk that we will forecast incorrectly and purchase or produce excess inventories. As a result, actual demand may differ from forecasts and the Company may be required to record additional inventory reserves that could adversely impact our gross margins. Conversely, favorable changes in demand could result in higher gross margins when products previously reserved are sold.

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## (b) Results of Operations

The following is Management's discussion and analysis of certain significant factors which have affected the Company's financial condition and results of operations during the periods included in the accompanying consolidated financial statements.

## Results of Operations for the Year Ended June 30, 2011 as Compared to the Year Ended June 30, 2010

## Net Revenues:

Net revenues for the year ended June 30, 2011 were \$23,400,000 compared to \$23,088,000 for the year ended June 30, 2010, an increase of \$312,000 or 1%. Our revenues have remained consistent with the prior year as our increase in revenues from Res-Q disposables was offset by a decrease in revenues from AXP and BioArchive disposables. Res-Q disposables increased as our distributor, Celling Technologies, significantly increased their volume as fiscal 2010 was the initial year of sales. Cord blood collection rates in the U.S. and Europe declined during the year due to the economic recession. In turn, we experienced a decline in sales of our BioArchive and automated (AXP) cord blood processing set. We expect revenues to be consistent in fiscal 2012 unless international registration approvals are granted earlier than planned.

## Sales analysis for the year ended June 30:

	2011	Percentage of Revenues	2010	Percentage of Revenues
Disposable revenues:				
AXP	\$7,354,000	31 %	\$8,880,000	39 %
BioArchive	3,560,000	15 %	4,152,000	18 %
Res-Q	2,024,000	9 %	338,000	1 %
CryoSeal	607,000	3 %	516,000	2 %
MXP	252,000	1 %	421,000	2 %
	13,797,000	59 %	14,307,000	62 %
Non-disposable revenues:				
BioArchive	5,111,000	22 %	4,267,000	18 %
ThermoLine	1,420,000	6 %	1,616,000	7 %
AXP/MXP/Res-Q	668,000	3 %	743,000	4 %
CryoSeal	88,000	--	67,000	--
Other	2,316,000	10 %	2,088,000	9 %
Total Company revenues	\$23,400,000	100 %	\$23,088,000	100 %

The following represents the Company's cumulative BioArchive System placements in the following geographies:

	June 30, 2011	2010
Asia	81	74
United States	56	51
Europe	64	57
Rest of World	46	41
	247	223



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Gross Profit:

The Company's gross profit was \$8,837,000 or 38% of net revenues for the year ended June 30, 2011, as compared to 7,445,000 or 32% for the year ended June 30, 2010. The higher gross profit was primarily due to lower warranty costs of \$500,000 and a decrease in overhead costs as we reduced headcount, achieved more efficient manufacturing and benefited from lower material costs through improved sourcing.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses were \$8,669,000 for the year ended June 30, 2011, compared to \$7,686,000 for the year ended June 30, 2010, an increase of \$983,000 or 13%. The increase is primarily due to an increase in stock compensation expense of \$390,000 attributable to options granted to the independent members of our board of directors in the quarter ended December 31, 2010 and the amortization of the initial grant of restricted stock to Nanshan upon signing their distributor agreement. Also, professional fees increased \$345,000 due to retaining strategic consultants and investment bankers and bonuses and commissions increased for commissions to sales personnel and retention bonuses paid to two key officers. These increases were offset by a reduction of \$160,000 in recruiting costs for the year ended June 30, 2011.

Research and Development Expenses:

Included in this line item are Engineering, Regulatory, Scientific and Clinical Affairs.

Research and development expenses for the year ended June 30, 2011 were \$3,003,000 compared to \$5,013,000 for fiscal 2010, a decrease of \$2,010,000 or 40%. The decrease is primarily due to a decrease in salary and benefits of \$970,000 due to lower headcount and the costs incurred in the second quarter of fiscal 2010 associated with the hiring of a new Vice President, Chief Quality and Regulatory Affairs Officer, \$340,000 of expense in the year ended June 30, 2010 for the consulting fees and termination of the consulting agreement with the Company's former Chief Technology Architect and a \$440,000 decrease in costs due to completion of development of the Res-Q and other projects during fiscal 2010. We expect this line item to increase in fiscal 2012 as we increase our engineering, clinical and regulatory funding and enhance our scientific and regulatory management team.

Management believes that product development and refinement are essential to maintaining the Company's market position. Therefore, the Company considers these costs as continuing costs of doing business. No assurances can be given that the products or markets recently developed or under development will be successful.

Interest and Other Income, Net:

In October 2010, we were awarded \$244,000 in federal grant funding from the Department of Health and Human Services through the Patient Protection and Affordable Care Act. Grants were available for up to 50 percent of expenses directly related to qualifying products for therapies designed to treat or prevent diseases or other chronic conditions. Our award was for the development and commercialization of our Res-Q platform technology which occurred in fiscal 2009. We have no further obligations under the grant. The \$244,000 was recorded as other income in the quarter ended December 31, 2010.



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## Results of Operations for the Year Ended June 30, 2010 as Compared to the Year Ended June 30, 2009

## Net Revenues:

Net revenues for the year ended June 30, 2010 were \$23,088,000 compared to \$19,799,000 for the year ended June 30, 2009, an increase of \$3,289,000 or 17%. Our increase in revenues is primarily due to an increase in disposable revenues across all product lines of \$3,713,000. This increase in disposable revenue was partially offset by a decrease in ThermoLine revenues of \$745,000.

Sales analysis for the year ending June 30:

	2010	Percentage of Revenues	2009	Percentage of Revenues
Disposable revenues:				
AXP	\$8,880,000	39 %	\$6,387,000	32 %
BioArchive	4,152,000	18 %	3,766,000	19 %
MXP/Res-Q	759,000	3 %	144,000	1 %
CryoSeal	516,000	2 %	297,000	2 %
	14,307,000	62 %	10,594,000	54 %
Non-disposable revenues:				
BioArchive	4,267,000	18 %	4,262,000	22 %
ThermoLine	1,616,000	7 %	2,361,000	12 %
AXP/MXP/Res-Q	743,000	4 %	722,000	4 %
CryoSeal	67,000	--	37,000	--
Milestone payments and license fees	687,000	3 %	676,000	3 %
Other	1,401,000	6 %	1,147,000	5 %
Total Company revenues	\$23,088,000	100 %	\$19,799,000	100 %

The following represents the Company's cumulative BioArchive System placements in the following geographies:

	June 30,	
	2010	2009
Asia	74	64
United States	51	49
Europe	57	51
Rest of World	41	38
	223	202

## Gross Profit:

The Company's gross profit was \$7,445,000 or 32% of net revenues for the year ended June 30, 2010, as compared to \$5,693,000 or 29% for the year ended June 30, 2009. The higher gross profit was primarily due to increases in inventory reserves and write-offs of obsolete inventory in fiscal 2009. There was a net release of inventory reserves in fiscal 2010 of \$270,000 as CryoSeal device and disposable sales were higher than previously estimated. This was offset by higher warranty costs associated with the BioArchive device and AXP disposable.

## Selling, General and Administrative Expenses:

Selling, general and administrative expenses were \$7,686,000 for the year ended June 30, 2010, compared to \$9,249,000 for the year ended June 30, 2009, a decrease of \$1,563,000 or 17%. The decrease is primarily due to a decrease in severance expense of \$550,000 which related to the severance accruals in fiscal 2009 for the Company's former Chief Executive Officer and vice presidents of sales and marketing, lower salaries and benefits of \$315,000,

lower labeling/translation costs of \$300,000 and lower board of director and committee fees of \$150,000.

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Research and Development Expenses:

Included in this line item are Engineering, Regulatory, Scientific and Clinical Affairs.

Research and development expenses for the year ended June 30, 2010 were \$5,013,000 compared to \$5,222,000 for fiscal 2009, a decrease of \$209,000 or 4%. The decrease is primarily due to a reduction of costs associated with the Vantus subsidiary during the six months ended December 31, 2008 of \$290,000.

Management believes that product development and refinement are essential to maintaining the Company's market position. Therefore, the Company considers these costs as continuing costs of doing business. No assurances can be given that the products or markets recently developed or under development will be successful.

(c) Liquidity and Capital Resources

At June 30, 2011, the Company had a cash, cash equivalents, and short-term investments balance of \$12,309,000 and working capital of \$18,976,000. This compares to a cash balance of \$10,731,000 and working capital of \$16,587,000 at June 30, 2010. The Company raised net proceeds of \$3,914,000 through a public offering of common stock during the year ended June 30, 2011. We expect to use the net proceeds from this offering for general working capital purposes. These purposes include new product development initiatives, support of our Asian channel development efforts and acceleration of our product cost enhancements as well as novel product designs according to their potential for near term, high margin, revenue generation. In addition to revenues, the Company has primarily financed operations through the private and public placement of equity securities and has raised approximately \$112 million, net of expenses, through common and preferred stock financings and option and warrant exercises.

Net cash used in operating activities for the year ended June 30, 2011 was \$2,092,000, primarily due to the net loss of \$2,567,000, offset by depreciation and stock-based compensation expense of \$466,000 and \$960,000, respectively. Inventories utilized cash of \$1,338,000 in part due to placing high volume orders to secure lower costs.

We believe our currently available cash and cash equivalents and cash generated from operations will be sufficient to satisfy our operating and working capital requirements for at least the next twelve months. Our ability to fund our longer-term cash needs is subject to various risks, many of which are beyond our control. See Part I Item 1A – Risk Factors. Further, with current performance trends, we intend to focus on potential new business opportunities, which may include possible product line acquisitions, technology or strategic partner arrangements, any of which may require investment of capital to facilitate the potential for greater revenue growth. Should we require additional funding, such as additional capital investments, we may need to raise the required additional funds through bank borrowings or public or private sales of debt or equity securities. We cannot assure that such funding will be available in needed quantities or on terms favorable to us, if at all.

The Company generally does not require extensive capital equipment to produce or sell its current products. In fiscal 2009, the Company spent \$1,008,000 for quality system software, centrifuges to be placed at MXP customer sites, tooling for new products or additional vendors and computer equipment. In fiscal 2010, the Company spent \$470,000 for centrifuges to be placed at MXP customer sites, tooling for new products or additional vendors and quality system software. In fiscal 2011, the Company spent \$266,000 for products at customer sites and tooling.

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During the fiscal year ended June 30, 2011, revenues from one significant distributor, GEHC, totaled \$7,824,000 or 33% of net revenues. During the fiscal year ended June 30, 2010, revenues from one significant distributor, GEHC, totaled \$9,890,000 or 43% of net revenues. During the fiscal year ended June 30, 2009, revenues from one significant distributor, GEHC, totaled \$7,735,000 or 39% of net revenues.

At June 30, 2011, the Company had one customer that individually accounted for 14% of accounts receivable. At June 30, 2010, the Company had one customer that individually accounted for 42% of accounts receivable.

The Company manages the concentration of credit risk with these customers through a variety of methods including, letters of credit with financial institutions, pre-shipment deposits, credit reference checks and credit limits. Although management believes that these customers are sound and creditworthy, a severe adverse impact on their business operations could have a corresponding material effect on their ability to pay timely and therefore on our net revenues, cash flows and financial condition.

(d) Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities and Exchange Act of 1934 and are not required to provide information under this item.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on criteria established in the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management concluded that its internal control over financial reporting was effective as of June 30, 2011.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of ThermoGenesis Corp.

We have audited the accompanying consolidated balance sheets of ThermoGenesis Corp. as of June 30, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ThermoGenesis Corp. at June 30, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Sacramento, California  
September 12, 2011

Table of ContentsThermoGenesis Corp.  
Consolidated Balance Sheets

ASSETS	June 30, 2011	June 30, 2010
Current assets:		
Cash and cash equivalents	\$12,309,000	\$10,731,000
Accounts receivable, net of allowance for doubtful accounts of \$36,000 (\$34,000 at June 30, 2010)	3,963,000	6,095,000
Inventories	6,348,000	5,034,000
Prepaid expenses and other current assets	420,000	301,000
Total current assets	23,040,000	22,161,000
Equipment at cost less accumulated depreciation of \$3,409,000 (\$3,241,000 at June 30, 2010)	1,310,000	1,701,000
Other assets	49,000	168,000
	\$24,399,000	\$24,030,000
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$1,791,000	\$2,383,000
Accrued payroll and related expenses	384,000	309,000
Deferred revenue	235,000	854,000
Other current liabilities	1,654,000	2,028,000
Total current liabilities	4,064,000	5,574,000
Deferred revenue	242,000	227,000
Other non-current liabilities	--	450,000
Commitments and contingencies (Footnote 5)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 2,000,000 shares authorized, none issued and outstanding at June 30, 2011 and 2010	--	--
Common stock, \$0.001 par value; 80,000,000 shares authorized; 16,346,366 issued and outstanding (14,023,240 at June 30, 2010)	16,000	14,000
Paid in capital in excess of par	126,196,000	121,317,000
Accumulated deficit	(106,119,000)	(103,552,000)
Total stockholders' equity	20,093,000	17,779,000
	\$24,399,000	\$24,030,000

See accompanying notes.



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ThermoGenesis Corp.  
Consolidated Statements of Operations

	Years ended June 30,		
	2011	2010	2009
Net revenues	\$23,400,000	\$23,088,000	\$19,799,000
Cost of revenues	14,563,000	15,643,000	14,106,000
Gross profit	8,837,000	7,445,000	5,693,000
<b>Expenses:</b>			
Selling, general and administrative	8,669,000	7,686,000	9,249,000
Research and development	3,003,000	5,013,000	5,222,000
Total expenses	11,672,000	12,699,000	14,471,000
Loss before interest and other income, net	(2,835,000 )	(5,254,000 )	(8,778,000 )
Interest and other income, net	268,000	61,000	228,000
Net loss	\$(2,567,000 )	\$(5,193,000 )	\$(8,550,000 )
<b>Per share data:</b>			
Basic and diluted net loss per common share	\$(0.17 )	\$(0.37 )	\$(0.61 )
Shares used in computing per share data	14,816,163	14,023,240	14,015,115

See accompanying notes.

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ThermoGenesis Corp.  
Consolidated Statements of Stockholders' Equity

	Common Stock		Paid in capital in excess of par	Accumulated deficit	Total stockholders' equity
	Shares	Amount			
Balance at June 30, 2008	14,006,990	\$14,000	\$120,320,000	\$(89,809,000 )	\$30,525,000
Issuance of common shares and compensation related to unrestricted common stock awards	16,250	--	36,000	--	36,000
Stock-based compensation expense	--	--	443,000	--	443,000
Net loss	--	--	--	(8,550,000 )	(8,550,000 )
Balance at June 30, 2009	14,023,240	14,000	120,799,000	(98,359,000 )	22,454,000
Stock-based compensation expense	--	--	518,000	--	518,000
Net loss	--	--	--	(5,193,000 )	(5,193,000 )
Balance at June 30, 2010	14,023,240	14,000	121,317,000	(103,552,000)	17,779,000
Issuance of common shares and warrants in public offering	2,250,000	2,000	3,912,000	--	3,914,000
Issuance of common shares for exercise of options	2,917	--	7,000	--	7,000
Issuance of common shares and compensation related to restricted common stock awards	70,117	--	146,000	--	146,000
Stock-based compensation expense	--	--	814,000	--	814,000
Fractional shares issued pursuant to reverse stock split	92	--	--	--	--
Net loss	--	--	--	(2,567,000 )	(2,567,000 )
Balance at June 30, 2011	16,346,366	\$16,000	\$126,196,000	\$(106,119,000)	\$20,093,000

See accompanying notes.



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ThermoGenesis Corp.  
Consolidated Statements of Cash Flows

	Years ended June 30,		
	2011	2010	2009
Cash flows from operating activities:			
Net loss	\$(2,567,000 )	\$(5,193,000 )	\$(8,550,000 )
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	466,000	492,000	474,000
Stock-based compensation expense	960,000	518,000	479,000
Accretion of discount on short-term investments	--	(2,000 )	(161,000 )
Loss on sale/retirement of equipment	13,000	--	--
Loss on impairment of equipment	65,000	26,000	149,000
Net changes in operating assets and liabilities:			
Accounts receivable, net	2,132,000	(1,797,000 )	1,741,000
Inventories	(1,338,000 )	34,000	(102,000 )
Prepaid expenses and other current assets	1,000	361,000	(295,000 )
Other assets	119,000	79,000	12,000
Accounts payable	(592,000 )	602,000	(2,405,000 )
Accrued payroll and related expenses	75,000	(572,000 )	317,000
Deferred revenue	(604,000 )	(132,000 )	(562,000 )
Other liabilities	(822,000 )	1,156,000	107,000
Net cash used in operating activities	(2,092,000 )	(4,428,000 )	(8,796,000 )
Cash flows from investing activities:			
Purchase of short-term investments	--	(6,741,000 )	(25,957,000 )
Maturities of investments	--	15,719,000	38,045,000
Capital expenditures	(266,000 )	(470,000 )	(1,008,000 )
Proceeds from sale of equipment	17,000	--	--
Net cash provided by investing activities	(249,000 )	8,508,000	11,080,000
Cash flows from financing activities:			
Exercise of stock options	7,000	--	--
Issuance of common stock	3,914,000	--	--
Payments on capital lease obligations and note payable	(2,000 )	(4,000 )	(13,000 )
Net cash used in financing activities	3,919,000	(4,000 )	(13,000 )
Net increase in cash and cash equivalents	1,578,000	4,076,000	2,271,000
Cash and cash equivalents at beginning of year	10,731,000	6,655,000	4,384,000
Cash and cash equivalents at end of year	\$12,309,000	\$10,731,000	\$6,655,000
Supplemental non-cash financing and investing information:			
Transfer of inventories to equipment	--	\$165,000	--
Transfer of equipment to inventories	\$96,000	--	--
Transfer of equipment to receivables	--	\$63,000	--
Transfer of equipment to other assets	--	\$137,000	\$51,000
Transfer of inventories to prepaid expenses and other current assets	\$120,000	--	--

See accompanying notes.



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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

We were incorporated in Delaware in July 1986. We design, manufacture and market automated and semi-automated devices and single-use processing disposables that enable hospitals and blood banks to manufacture a therapeutic dose of stem cells. Initially, we developed medical devices for ultra rapid freezing and thawing of blood components, which we manufacture and distribute to blood banks and hospitals.

On August 11, 2010, we announced that our board of directors had approved a 1-for-4 reverse stock split of our common stock, pursuant to previously obtained stockholder authorization. The reverse stock split, which became effective at the close of business on August 26, 2010, reduced the number of shares of our common stock issued and outstanding from approximately 56.1 million to approximately 14 million. All share and per share amounts herein are presented on a post-reverse-split basis.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the parent company, ThermoGenesis Corp., and its wholly-owned subsidiary, Vantus. All significant intercompany balances and transactions have been eliminated in consolidation. During the quarter ended December 31, 2010, we dissolved our wholly-owned subsidiary, Vantus. The costs of dissolution were not material to the Company.

Use of Estimates

Preparation of financial statements in conformity with U.S. generally accepted accounting principles and pursuant to the rules and regulations of the SEC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, the allowance for doubtful accounts, slow-moving inventory reserves, depreciation, warranty costs, certain accruals and contingencies. Actual results could materially differ from the estimates and assumptions used in the preparation of our consolidated financial statements. Events subsequent to the balance sheet date have been evaluated for inclusion in the accompanying consolidated financial statements through the date of issuance.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenues from the sale of the Company's products are recognized when persuasive evidence of an arrangement exists, delivery has occurred (or services have been rendered), the price is fixed or determinable, and collectability is reasonably assured. We generally ship products F.O.B. shipping point. There is no conditional evaluation on any product sold and recognized as revenue. All foreign sales are denominated in U.S. dollars. Amounts billed in excess of revenue recognized are recorded as deferred revenue on the balance sheet.

The Company's sales are generally through distributors. There is no right of return provided for distributors. For sales of products made to distributors, we consider a number of factors in determining whether revenue is recognized upon transfer of title to the distributor, or when payment is received. These factors include, but are not limited to, whether the payment terms offered to the distributor are considered to be non-standard, the distributor history of adhering to the terms of its contractual arrangements with the Company, the level of inventories maintained by the distributor, whether we have a pattern of granting concessions for the benefit of the distributor, and whether there are other conditions that may indicate that the sale to the distributor is not substantive. We currently recognize revenue primarily on the sell-in method with our distributors.

Revenue arrangements with multiple deliverables are divided into units of accounting if certain criteria are met, including whether the deliverable item(s) has value to the customer on a stand-alone basis. Revenue for each unit of accounting is recognized as the unit of accounting is delivered. Arrangement consideration is allocated to each unit of accounting based upon the relative estimated selling prices of the separate units of accounting contained within an arrangement containing multiple deliverables. Estimated selling prices are determined using vendor specific objective evidence of value (VSOE), when available, or an estimate of selling price when VSOE is not available for a given unit of accounting. Significant inputs for the estimates of the selling price of separate units of accounting include market and pricing trends and a customer's geographic location. We account for training and installation, and service agreements as separate units of accounting.

Service revenue generated from contracts for providing maintenance of equipment is amortized over the life of the agreement. All other service revenue is recognized at the time the service is completed.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

For licensing agreements pursuant to which we receive up-front licensing fees for products or technologies that will be provided by the Company over the term of the arrangements, we defer the up-front fees and recognizes the fees as revenue on a straight-line method over the term of the respective license. For license agreements that require no continuing performance on the Company's part, license fee revenue is recognized immediately upon grant of the license.

Shipping and handling fees billed to customers are included in net revenues, while the related costs are included in cost of revenues.

Cash, Cash Equivalents and Short-Term Investments

We consider all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. Short-term investments are comprised of certificates of deposit and marketable debt securities which are classified as held-to-maturity and have maturities greater than 90 days, but not exceeding one year.

Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each balance sheet date. Debt securities are classified as held-to-maturity when we have the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at acquisition cost, adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization and accretion is included in interest income. The cost of securities sold is based on the specific identification method. The fair value of debt securities are determined by quoted market prices.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value due to their short duration.

In accordance with ASC 820 "Fair Values Measurements and Disclosures" ("ASC 820"), we measure our cash equivalents (money market funds and certificates of deposit) and short-term investments (certificates of deposit) at fair value. ASC 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on management's own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.





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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 1. Summary of Significant Accounting Policies (Continued)

## Fair Value of Financial Instruments (Continued)

As of June 30, 2010 and 2011, we did not have any Level 2 or 3 financial instruments.

Level 1 assets measured at fair value on a recurring basis include the following as of June 30, 2010 and 2011:

	Quoted Prices in Active Markets
Cash equivalents:	
Money market funds	\$ 1,059,000

## Accounts Receivable and Allowance for Doubtful Accounts

The Company's receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. We estimate our allowance for doubtful accounts based on historical collection trends, age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that a specific receivable balance may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. A customer's receivable balance is considered past-due based on its contractual terms. Past-due receivable balances are written-off when the Company's internal collection efforts have been unsuccessful in collecting the amount due.

## Inventories

Inventories are stated at the lower of cost or market and include the cost of material, labor and manufacturing overhead. Cost is determined on the first-in, first-out basis.

## Equipment

Equipment is recorded at cost. Repairs and maintenance costs are expensed as incurred. Depreciation for office, computer, machinery and equipment is computed under the straight-line method over the estimated useful lives. Leasehold improvements are depreciated under the straight line method over their estimated useful lives or the remaining lease period, whichever is shorter.

## Warranty

We provide for the estimated cost of product warranties at the time revenue is recognized. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers, the Company's warranty obligation is affected by product failure rates, material usage and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from the Company's estimates, revisions to the estimated warranty liability could have a material impact on the Company's consolidated financial position, cash flows or results of operations.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 1. Summary of Significant Accounting Policies (Continued)

## Stock-Based Compensation

We have four stock-based compensation plans, which are described more fully in Note 6.

**Valuation and Amortization Method** - We estimate the fair value of stock options granted using the Black-Scholes-Merton option-pricing formula. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.

**Expected Term** – For options which we have limited available data, the expected term of the option is based on the simplified method. This simplified method averages an award’s vesting term and its contractual term. For all other options, the Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior.

**Expected Volatility** – We use the trading history of our common stock in determining an estimated volatility factor when using the Black-Scholes-Merton option-pricing formula to determine the fair value of options granted.

**Expected Dividend** – We have not declared dividends and we do not anticipate declaring any dividends in the foreseeable future. Therefore, we use a zero value for the expected dividend value factor when using the Black-Scholes-Merton option-pricing formula to determine the fair value of options granted.

**Risk-Free Interest Rate** - The Company bases the risk-free interest rate used in the Black-Scholes-Merton valuation method on the implied yield currently available on U.S. Treasury zero-coupon issues with the same or substantially equivalent remaining term.

**Estimated Forfeitures** - When estimating forfeitures, we consider voluntary and involuntary termination behavior as well as analysis of actual option forfeitures.

The fair value of the Company’s stock options granted to employees for the years ended June 30, 2011, 2010 and 2009 was estimated using the following weighted-average assumptions:

	2011		2010		2009	
Expected life (years)	3.5		3.4		3.0	
Risk-free interest rate	1.3	%	1.6	%	1.4	%
Expected volatility	87	%	87	%	83	%
Dividend yield	0	%	0	%	0	%

The weighted average grant date fair value of options granted during the years ended June 30, 2011, 2010 and 2009 was \$1.77, \$1.48 and \$1.68, respectively.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Research and Development

Research and development costs, consisting of salaries and benefits, costs of consumables, facility costs, contracted services and stock-based compensation from the engineering, regulatory, scientific and clinical affairs departments, that are useful in developing new products, services, processes or techniques, as well as expenses for activities that may significantly improve existing products or processes are expensed as incurred. Costs to acquire technologies that are utilized in research and development and that have no future benefit are expensed when incurred.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, cash equivalents and investments. We place our cash in checking accounts, money market funds and certificate of deposits with reputable financial institutions, which are within the Federal Deposit Insurance Corporation insurable limits. We have not experienced any realized losses on our deposits of cash, cash equivalents and investments.

We manufacture and sell thermodynamic devices principally to the blood component processing industry and perform ongoing evaluations of the credit worthiness of our customers. We believe that adequate provisions for uncollectible accounts have been made in the accompanying consolidated financial statements. To date, we have not experienced significant credit related losses.

Segment Reporting

The Company operates in a single segment providing medical devices and disposables to hospitals and blood banks throughout the world which utilize the equipment to process blood components.

Income Taxes

The tax years 1993-2010 remain open to examination by the major taxing jurisdictions to which we are subject. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense. To date, there have been no interest or penalties charged to the Company in relation to the underpayment of income taxes. There were no unrecognized tax benefits during all the periods presented.

We account for income taxes using the liability method. Under this method, deferred tax assets are based on differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. These deferred tax assets include net operating loss carryforwards, research credits and deferred revenue. The net deferred tax asset has been fully offset by a valuation allowance because of our history of losses. Utilization of operating losses and credits may be subject to annual limitation due to ownership change provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Net Loss per Share

Net loss per share is computed by dividing the net loss to common stockholders by the weighted average number of common shares outstanding. The calculation of the basic and diluted earnings per share is the same for all periods presented, as the effect of the potential common stock equivalents is anti-dilutive due to the Company's net loss position for all periods presented. Anti-dilutive securities, which consist of stock options, common stock restricted awards and warrants, that were not included in diluted net loss per common share, were 2,619,807, 1,230,830 and 774,785 as of June 30, 2011, 2010 and 2009, respectively.

Recently Adopted Accounting Pronouncements

In September 2009, the FASB issued ASU No. 2009-14, "Certain Revenue Arrangements that Include Software Elements-A Consensus of the FASB Emerging Issues Task Force" which amends ASC 985-605, "Software Revenue Recognition" (ASU 2009-14) to exclude tangible products that include software and non-software components that function together to deliver the product's essential functionality. This issue shall be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. We adopted ASU 2009-14 effective July 1, 2010. The adoption of ASU 2009-14 did not have a material impact on our consolidated results of operations or financial condition.

In October 2009, the FASB issued ASU No. 2009-13, "Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements" (ASU 2009-13). ASU 2009-13 addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services separately rather than as a combined unit and modifies the manner in which the transaction consideration is allocated across the separately identified deliverables. ASU 2009-13 significantly expands the disclosure requirements for multiple-deliverable revenue arrangements. ASU 2009-13 is effective for the first annual reporting period beginning on or after June 15, 2010, and may be applied retrospectively for all periods presented or prospectively to arrangements entered into or materially modified after the adoption date. We adopted ASU 2009-13 effective July 1, 2010. The adoption of ASU 2009-13 did not have a material impact on our consolidated results of operations or financial condition.

In January 2010, the Financial Account Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements" (ASU 2010-06). ASU 2010-06 amends ASC Topic 820, "Fair Value Measurements and Disclosures" (ASC 820) to require additional disclosures regarding fair value measurements. Specifically, ASU 2010-06 requires entities to disclose additional information regarding (i) the reconciliation of recurring Level 3 measurements about purchases, sales, issuances and settlements on a gross basis, (ii) the amounts of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for these transfers and (iii) the reasons for any transfers in or out of Level 3. In addition to these new disclosure requirements, ASU 2010-06 also amends ASC 820 to further clarify existing guidance pertaining to the level of disaggregation at which fair value disclosures should be made and the requirements to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. Our adoption of the requirements of this guidance on January 1, 2010, except for the requirement to separately disclose information about purchases, sales, issuances, and settlements in the reconciliation of recurring Level 3 measurements on a gross basis which was adopted on July 1, 2010, did not have a material impact on our consolidated results of operations or financial condition.



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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 1. Summary of Significant Accounting Policies (Continued)

## Recently Adopted Accounting Pronouncements (Continued)

In February 2010, the FASB issued ASU No. 2010-09, "Subsequent Events (Topic 855) – Amendments to Certain Recognition and Disclosure Requirements" ("ASU 2010-09"). ASU 2010-09 amends ASC Topic 855 to remove the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated both in issued and revised financial statements. ASU 2010-09 was effective immediately. The adoption of ASU 2010-09 did not have a material impact on the Company's results of operations or financial condition.

## Recently Issued Accounting Pronouncements

In May 2011, the FASB issued an ASU to the Fair Value Measurement Topic of the FASB ASC. This update was issued in order to achieve common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs (International Financial Reporting Standards). The update clarifies that (i) the highest and best use concept applies only to the fair value measurement of nonfinancial assets, (ii) specific requirements pertain to measuring the fair value of instruments classified in a reporting entity's shareholders' equity and, (iii) a reporting entity should disclose quantitative information about unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy. The update changes requirements with regard to the fair value of financial instruments that are managed within a portfolio and with regard to the application of premiums or discounts in a fair value measurement. In addition, the update increased disclosure requirements regarding Level 3 fair value measurements to include the valuation processes used by the reporting entity and the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between the unobservable inputs, if any. This amendment is effective during interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. We are currently evaluating the impact this amendment will have, if any, on our financial statements.

## 2. Inventories

Inventories consisted of the following at June 30:

	2011	2010
Raw materials	\$ 1,945,000	\$ 1,496,000
Work in process	1,731,000	1,690,000
Finished goods	2,672,000	1,848,000
	\$ 6,348,000	\$ 5,034,000

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 3. Equipment

Equipment consisted of the following at June 30:

	2011	2010	Estimated Useful Life
Machinery and equipment	\$ 3,130,000	\$ 3,113,000	3-10 years or lease term
Computer and software	779,000	904,000	2-5 years
Office equipment	605,000	639,000	5-10 years
Leasehold improvements	205,000	286,000	5 years or lease term
	4,719,000	4,942,000	
Less accumulated depreciation and amortization	(3,409,000)	(3,241,000)	
	\$ 1,310,000	\$ 1,701,000	

During the year ended June 30, 2011, there were disposals of fully depreciated assets with a gross book value of \$250,000.

## 4. Liabilities

## License and Option Agreements

In June 2010, the Company and Asahi entered into an amendment (the "Amendment") of their Distribution and License Agreement, originally effective March 28, 2005. Under the terms of the Amendment, Asahi will obtain exclusive rights to distribute the CryoSeal System in South Korea, North Korea, Taiwan, the People's Republic of China, the Philippines, Thailand, Singapore, India and Malaysia. These rights shall include the exclusive right to market, distribute and sell the processing disposables and Thrombin Reagent for production of thrombin in a stand alone product. We will provide support to Asahi in the form of maintaining manufacturing capabilities of the CryoSeal System until the earlier of when Asahi receives regulatory approval from the MHLW or December 31, 2012, upon which we shall have no further obligation to manufacture. Asahi received regulatory approval on August 31, 2011. Asahi shall continue to have the right to manufacture such products in Japan and shall additionally have a non-exclusive right to manufacture such products outside of Japan and would make royalty payments to the Company for products it manufactures and sells. The Amendment extends the agreement eight years with automatic one year renewals. Asahi paid \$1,000,000, of which \$400,000 is refundable if we fail to provide technical support or maintain manufacturing capabilities as specified in the Amendment.

In connection with the above-described Amendment, the Company and Asahi also entered into an Option Agreement ("Option Agreement"). Under the terms of the Option Agreement, we granted Asahi an option to purchase certain intellectual property rights of the Company related to the CryoSeal System, including, but not limited to, patents and patent applications, FDA-PMA ownership relating to the products and certain related contracts and contractual relationships. Asahi may exercise the Option Agreement at any time after the effective date of the Amendment, but no later than the earlier of the fifth anniversary of the Amendment or 90 days after receiving regulatory approval from the MHLW.



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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 4. Liabilities (Continued)

## License and Option Agreements (Continued)

We allocated \$250,000 of the \$1,000,000 to the additional license rights granted under the Amendment based on the fair value of those rights. The \$250,000 is being amortized on the straight line basis over the term of the Amendment, or eight years. Accordingly, at June 30, 2011 and 2010, \$188,000 and \$219,000 are included in long-term deferred revenue.

The remaining \$750,000 has been allocated to offset further expenses we expect to incur in fulfilling our obligations under the Amendment, of which \$350,000 will be released as the expenses are incurred and the remainder will be released upon completion of the refundable activities. At June 30, 2011, \$234,000 has been released and the remainder, \$516,000, is expected to be released in the next year as Asahi received approval on August 31, 2011.

Other current liabilities consisted of the following at June 30:

	2011	2010
Accrued warranty reserves	\$ 608,000	\$ 1,113,000
Asahi prepayment	516,000	229,000
Accrued professional fees	257,000	353,000
Other accrued liabilities	273,000	333,000
	\$ 1,654,000	\$ 2,028,000

## 5. Commitments and Contingencies

## Operating Leases

We lease our facility pursuant to an operating lease, which contains scheduled rent increases. The lease expires in 2016, has a cancellation option beginning November 1, 2014 and has a renewal option of five years. We recognize rent expense on a straight-line basis over the term of the facility lease. The annual future minimum lease payments for the non-cancelable operating lease are as follows:

2012	\$363,000
2013	373,000
2014	387,000
2015	397,000
2016	410,000
Thereafter	140,000
Total	\$2,070,000

Rent expense was \$691,000, \$760,000 and \$751,000 for the years ended June 30, 2011, 2010 and 2009, respectively.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 5. Commitments and Contingencies (Continued)

## Contingencies

In the normal course of operations, we may have disagreements or disputes with customers, employees or vendors. These disputes are seen by the Company's management as a normal part of business, and there are no pending actions currently or no threatened actions that management believes would have a significant material impact on the Company's financial position, results of operations or cash flow.

The Company and a co-licensor are engaged in discussions regarding the sharing of royalties received by both parties on third party sales of certain disposable bag sets. There are no agreements in effect between the licensors related to royalty payments. The co-licensor believes they are due a share of past royalties. The Company does not concur and is gathering information and intends to vigorously oppose any formal claim to share royalties received and; therefore, has not made an accrual as of June 30, 2011.

## Warranty

We offer a one year warranty on all of our products. We warrant disposable products through their expiration date. We periodically assess the adequacy of our recorded warranty liabilities and adjust the amounts as necessary.

Changes in the Company's product liability which is included in accrued liabilities during the period are as follows:

	For years ended June 30,	
	2011	2010
Beginning balance	\$1,113,000	\$529,000
Warranties issued during the period	261,000	303,000
Settlements made during the period	(815,000 )	(232,000 )
Changes in liability for pre-existing warranties during the period, including expirations	49,000	513,000
Ending balance	\$608,000	\$1,113,000

As a result of various quality issues experienced by high usage customers of the AXP disposable bag sets, we made revisions to our estimated warranty liability for the three month period ended September 30, 2009. We recorded a change in estimate, which increased the Company's cost of revenues and net loss by \$190,000 and net loss per share of \$0.01. There were no changes to the estimated warranty liability in subsequent quarters.

## 6. Stockholders' Equity

## Common Stock

As of June 30, 2011, we had 3,172,683 shares of common stock reserved for future issuance.

On March 9, 2011, we completed a public offering of 2,250,000 shares of common stock, together with warrants to purchase up to an aggregate of 1,125,000 shares of common stock with a per unit purchase price of \$2.00. The warrants may be exercised by the holders at an exercise price of \$2.64 per share starting September 9, 2011 continuing through March 9, 2016. Net proceeds after expenses from the offering were approximately \$3.9 million.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. Stockholders' Equity (Continued)

## Common Stock (Continued)

On August 11, 2010, we announced that our board of directors had approved a 1-for-4 reverse stock split of our common stock, pursuant to previously obtained stockholder authorization. The reverse stock split, which became effective at the close of business on August 26, 2010, reduced the number of shares of our common stock issued and outstanding from approximately 56.1 million to approximately 14 million. All share and per share amounts herein are presented on a post-reverse-split basis.

## Warrants

There was no warrant activity during the years ended June 30, 2010 and 2009. A summary of warrant activity for the year ended June 30, 2011 follows:

	Number of Shares	Weighted-Average Exercise Price Per Share
Balance at June 30, 2010	--	--
Warrants granted	1,125,000	\$2.64
Warrants canceled	--	--
Warrants exercised	--	--
Outstanding and exercisable at June 30, 2011	1,125,000	\$2.64

## Stock Options

The Amended 1994 Stock Option Plan ("1994 Plan") permits the grant of stock or options to employees, directors and consultants. A total of 362,500 shares were approved by the stockholders for issuance under the 1994 Plan. Options are granted at prices that are equal to 100% of the fair market value on the date of grant, and expire over a term not to exceed ten years. Options generally vest ratably over a five-year period, unless otherwise determined by the Board of Directors. The 1994 Plan, but not the options granted, expired in October 2004. No options are outstanding under the 1994 Plan as of June 30, 2010.

The Amended 1998 Stock Option Plan ("1998 Plan") permits the grant of stock or options to employees, directors and consultants. A total of 949,500 shares were approved by the stockholders for issuance under the 1998 Plan. Options are granted at prices that are equal to 100% of the fair market value on the date of grant, and expire over a term not to exceed ten years. Options generally vest ratably over three to five years, unless otherwise determined by the Board of Directors. The 1998 Plan, but not the options granted, expired in February 2008.

The 2002 Independent Directors Equity Incentive Plan ("2002 Plan") permits the grant of stock or options to independent directors. A total of 87,500 shares were approved by the stockholders for issuance under the 2002 Plan. Options are granted at prices which are equal to 100% of the fair market value on the date of grant, and expire over a term not to exceed ten years. Options generally vest immediately, unless otherwise determined by the Board of Directors.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. Stockholders' Equity (Continued)

## Stock Options (Continued)

The 2006 Equity Incentive Plan ("2006 Plan") permits the grant of options, restricted stock, stock bonuses and stock appreciation rights to employees, directors and consultants. Under the 2006 Plan, the number of shares of common stock equal to 6% of the number of outstanding shares of the Company are authorized to be issued. The number of shares available to grant for awards adjusts at the beginning of each fiscal year if additional options to purchase shares of common stock were issued in the preceding fiscal year. As of June 30, 2011 there were 841,395 shares approved under the Plan for issuance.

## Stock Compensation Expense

At June 30, 2011, the total compensation cost related to unvested stock-based awards granted to employees under the Company's stock option plans but not yet recognized was \$747,000. This cost will be amortized on a straight-line basis over a weighted-average period of approximately three years and will be adjusted for subsequent changes in estimated forfeitures. The total fair value of options vested during the years ended June 30, 2011, 2010 and 2009 was \$568,000, \$525,000 and \$342,000.

We issue new shares of common stock upon exercise of stock options. The following is a summary of option activity for the Company's stock option plans:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at June 30, 2010	1,225,955	\$ 4.36		
Granted	473,370	\$ 2.89		
Forfeited or Expired	(231,601 )	\$ 5.31		
Exercised	(2,917 )	\$ 2.54		
Outstanding at June 30, 2011	1,464,807	\$ 3.75	2.8	\$ 1,000
Vested and Expected to Vest at June 30, 2011	1,309,814	\$ 3.80	2.7	\$ 1,000
Exercisable at June 30, 2011	560,977	\$ 5.45	1.7	--

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock. During the year ended June 30, 2011, the aggregate intrinsic value of options exercised under the Company's stock option plans was \$1,000, determined as of the date of option exercise. There were no options that were exercised during the years ended June 30, 2010 and 2009.

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. Stockholders' Equity (Continued)

## Stock Compensation Expense (Continued)

The following table summarizes information about stock options outstanding at June 30, 2011:

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contract Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$1.88-\$2.68	711,250	2.9	\$ 2.37	262,298	\$ 2.36
\$2.88-\$3.82	544,518	3.5	\$ 2.98	95,472	\$ 3.07
\$5.36-\$7.00	56,668	1.3	\$ 5.95	50,836	\$ 5.99
\$9.24-\$11.52	96,371	0.1	\$ 9.48	96,371	\$ 9.48
\$14.32-\$20.04	56,000	1.5	\$ 16.60	56,000	\$ 16.60
	1,464,807			560,977	

Non-vested stock option activity for the year ended June 30, 2011 is as follows:

	Non-vested Stock Options	Weighted-Average Grant Date Fair Value
Outstanding at June 30, 2010	894,541	\$ 1.60
Granted	473,350	\$ 1.77
Vested	(318,569 )	\$ 1.79
Forfeited	(145,492 )	\$ 1.69
Outstanding at June 30, 2011	903,830	\$ 1.61

## Common Stock Restricted Awards

On November 3, 2010, we entered into a four-year distribution agreement (Agreement) with Nanshan Memorial Medical Institute (Nanshan) for distribution of our Res-Q and MXP products in China and Hong Kong. As part of the Agreement, we initially granted Nanshan restricted stock equal to one-half percent of the total outstanding common shares of the Company, or 70,117 shares. The shares were restricted for a minimum period of six months and were released from restriction at the conclusion of the initial six-month period based on Nanshan's performance in accordance with the Agreement. As the restricted stock had a performance commitment, it was amortized over the shortest period over which the shares may vest, six months. Accordingly, we have recorded \$143,000 of stock compensation expense as a component of selling, general and administrative expenses, which represents the fair value of the award that was earned during the year ended June 30, 2011. In addition, the Agreement calls for the issuance of up to an additional 806,000 shares of restricted stock upon the completion of certain revenue milestones. The maximum number of restricted shares issuable totals 876,117 and is based upon the milestone achievement of \$43 million in cumulative sales over the term of the Agreement.

In June 2011, the Company's Compensation Committee granted 30,000 shares of restricted common stock to an officer, vesting in three equal installments on the first, second and third anniversary of the grant date.



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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. Stockholders' Equity (Continued)

## Common Stock Restricted Awards (Continued)

The following is a summary of restricted stock activity granted to employees during the years ended June 30, 2009, 2010 and 2011:

	Number of Shares	Grant Date Fair Value
Balance at June 30, 2008, 2009 and 2010	--	--
Granted	30,000	\$ 2.25
Vested	--	--
Forfeited	--	--
Outstanding at June 30, 2011	30,000	\$ 2.25

## 7. Concentrations

At June 30, 2011, we had one distributor that individually accounted for 14% of accounts receivable. At June 30, 2010, we had one distributor that accounted for 42% of accounts receivable.

Revenues from one distributor totaled \$7,824,000 or 33%, \$9,890,000 or 43% of net revenues and \$7,735,000 or 39% of net revenues during the years ended June 30, 2011, 2010 and 2009, respectively. For the year ended June 30, 2011, approximately 57% of the distributor's revenue came from one customer. Revenues from another distributor totaled \$2,229,000 or 10% of net revenues for the year ended June 30, 2011.

The following is a summary of product revenues as a percentage of total net revenues for the Company's principal product lines:

	2011		2010		2009	
BioArchive	37	%	36	%	41	%
AXP	34	%	40	%	35	%
MXP/Res-Q	11	%	5	%	2	%
ThermoLine	6	%	7	%	12	%
CryoSeal	3	%	3	%	2	%

We had sales to customers as follows for the years ended June 30:

	2011		2010		2009	
United States	\$	13,745,000	\$	13,827,000	\$	11,489,000
Asia		3,697,000		4,303,000		3,544,000
Europe		3,453,000		3,117,000		2,510,000
South America		1,904,000		1,405,000		1,859,000
Other		601,000		436,000		397,000
	\$	23,400,000	\$	23,088,000	\$	19,799,000





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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 8. Assets Held for Sale

The Company classifies assets as held for sale and ceases the depreciation of the assets when they meet the held for sale criteria, as defined in applicable U.S. GAAP. Management classified the assets of the ThermoLine product line as held for sale as of April 14, 2011. On June 30, 2011, after efforts to sell the property at a reasonable price were unsuccessful, management decided to wind down the ThermoLine product line. Accordingly, we no longer classify the assets as “held for sale” as a result of changes in the plan of sale.

## 9. Income Taxes

The reconciliation of federal income tax attributable to operations computed at the federal statutory tax rate of 34% to income tax expense (benefit) is as follows for the years ended June 30:

	2011	2010	2009
Statutory federal income tax benefit	\$(873,000 )	\$(1,766,000)	\$(2,907,000)
Net operating loss with no tax benefit	873,000	1,766,000	2,907,000
Total federal income tax	\$--	\$--	\$--

At June 30, 2011, we had net operating loss carryforwards for federal and state income tax purposes of approximately \$89,253,000 and \$59,310,000 respectively, that are available to offset future income. The federal and state loss carryforwards expire in various years between 2012 and 2031, and 2013 and 2031, respectively.

At June 30, 2011, we have research and experimentation credit carryforwards of approximately \$1,136,000 for federal tax purposes that expire in various years between 2012 and 2031, and \$1,210,000 for state income tax purposes that do not have an expiration date.

Significant components of the Company’s deferred tax assets and liabilities for federal and state income taxes are as follows:

	June 30, 2011	June 30, 2010
Deferred tax assets:		
Net operating loss carryforwards	\$ 33,671,000	\$ 32,530,000
Income tax credits	1,953,000	2,012,000
Other	2,146,000	2,773,000
Total deferred taxes	37,770,000	37,315,000
Valuation allowance	(37,770,000)	(37,315,000)
Net deferred taxes	\$ --	\$ --

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 9. Income Taxes (Continued)

The valuation allowance increased by approximately \$455,000, \$1,950,000 and \$3,595,000 in 2011, 2010 and 2009, respectively. As of June 30, 2011, we have a benefit of approximately \$1,861,000 related to stock option deductions, which will be credited to paid-in capital when realized, of which \$1,626,000 is included in the valuation allowance.

Because of the “change of ownership” provisions of the Tax Reform Act of 1986, a portion of the Company’s federal net operating loss and credit carryovers may be subject to an annual limitation regarding their utilization against taxable income in future periods.

## 10. Employee Retirement Plan

We sponsor an Employee Retirement Plan, generally available to all employees, in accordance with Section 401(k) of the Internal Revenue Code. Employees may elect to contribute up to the Internal Revenue Service annual contribution limit. Under this Plan, at the discretion of the Board of Directors, we may match a portion of the employees’ contributions. We made no discretionary or matching contributions to the Plan for the years ended June 30, 2011, 2010 and 2009.

## 11. Unaudited Quarterly Financial Data

The following tables provide quarterly data for fiscal years ended June 30, 2011 and 2010.

	First Quarter Ended September 30, 2010	Second Quarter Ended December 31, 2010	Third Quarter Ended March 31, 2011	Fourth Quarter Ended June 30, 2011
Net revenues	\$ 6,997,000	\$ 5,860,000	\$ 5,165,000	\$ 5,378,000
Gross Profit	\$ 2,595,000	\$ 2,356,000	\$ 2,020,000	\$ 1,866,000
Net loss	\$ (68,000 )	\$ (486,000 )	\$ (845,000 )	\$ (1,168,000 )
Per share data:				
Basic and diluted net loss per common share	\$ (0.00 )	\$ (0.03 )	\$ (0.06 )	\$ (0.07 )
Shares used in computing per share data	14,230,271	14,048,649	14,846,366	16,346,366

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THERMOGENESIS CORP.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 11. Unaudited Quarterly Financial Data (Continued)

	First Quarter Ended September 30, 2009	Second Quarter Ended December 31, 2009	Third Quarter Ended March 31, 2010	Fourth Quarter Ended June 30, 2010
Net revenues	\$ 5,193,000	\$ 5,955,000	\$4,764,000	\$7,176,000
Gross Profit	\$ 1,557,000	\$ 2,011,000	\$1,401,000	\$2,476,000
Net loss	\$ (2,189,000 )	\$ (1,468,000 )	\$ (1,365,000 )	\$ (171,000 )
Per share data:				
Basic and diluted net loss per common share	\$ (0.16 )	\$ (0.10 )	\$ (0.10 )	\$ (0.01 )
Shares used in computing per share data	14,023,240	14,023,240	14,023,240	14,023,240

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ITEM CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND  
9. FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Principal Executive Officer along with the Company's Principal Financial Officer, of the effectiveness of the design of the Company's disclosure controls and procedures (as defined by Exchange Act Rule 13a-15(e) and 15a-15(e)) as of the end of the Company's fiscal year pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Company's Principal Executive Officer along with the Company's Principal Financial Officer concluded that the Company's disclosure controls and procedures are effective.

Management's Report on Internal Control over Financial Reporting

The report of management required under 9A is considered in Item 8 Part II of this Annual Report on Form 10-K under the heading "Management's Report on Internal Control over Financial Reporting."

Attestation Report of Independent Registered Public Accounting Firm

None.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred during the fiscal quarter ended June 30, 2011, that have materially affected, or are reasonably likely to materially affect its internal controls over financial reporting. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item will be included in and is hereby incorporated by reference from our Proxy Statement for the 2011 Annual Meeting of Stockholders. We have adopted a Code of Ethics applicable to all employees including our CEO and CFO. A copy of the Code of Ethics is available at [www.thermogenesis.com](http://www.thermogenesis.com).

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be included in and is hereby incorporated by reference from our Proxy Statement for the 2011 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be included in and is hereby incorporated by reference from our Proxy Statement for the 2011 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included in and is hereby incorporated by reference from our Proxy Statement for the 2011 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be included in and is hereby incorporated by reference from our Proxy Statement for the 2011 Annual Meeting of Stockholders.

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## PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this report on Form 10-K.

	PageNumber
(a) (1) Financial Statements	
Report of Independent Registered Public Accounting Firm	40
Consolidated Balance Sheets at June 30, 2011 and 2010	41
Consolidated Statements of Operations for the years ended June 30, 2011, 2010 and 2009	42
Consolidated Statements of Stockholders' Equity for the years ended June 30, 2011, 2010 and 2009	43
Consolidated Statements of Cash Flows for the years ended June 30, 2011, 2010 and 2009	44
Notes to Consolidated Financial Statements	45

Management's Report on Internal Control over Financial Reporting is contained as part of this report under Item 9A "Controls and Procedures."

(a) (2) Financial Statement Schedules	
Schedule II, Valuation and Qualifying Accounts & Reserves	70
All other financial statement schedules have been omitted because they are not required or not applicable.	
(b) Exhibits	
Exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index on the next page, which are incorporated herein by this reference.	

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Exhibit Description

3.1	Certificate of Incorporation of ThermoGenesis Corp. (1)
3.2	Revised Bylaws of ThermoGenesis Corp. (2)
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of ThermoGenesis Corp. (3)
4.1	Form of Stock Grant Agreement; Common Stock Agreement (4)
10.1	License Agreement with Pall/Medsep Corporation (5)
10.2	License and Escrow Agreement between ThermoGenesis Corp. and CBR Systems, Inc., effective June 15, 2010 (6)
10.3	Amended 2002 Independent Directors Equity Incentive Plan (7)
10.4	Amendment to Amended and Restated International Distribution Agreement with GEHC (8)
10.5+	License and Distribution Agreement between ThermoGenesis Corp. and BioParadox effective October 13, 2010 (9)
10.6	International Distributor Agreement between ThermoGenesis Corp. and Nanshan Memorial Medical Institute effective November 3, 2010 (4)
10.7	2006 Equity Incentive Plan (10)
10.8	Distribution and License Agreement between ThermoGenesis Corp. and Asahi Kasei Medical Co., Ltd., dated March 28, 2005 (11)
10.9	Amended 1998 Employee Equity Incentive Plan (12)
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1	Certification by the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

Footnotes to Exhibit Index

- (1) Incorporated by reference to Exhibit A to ThermoGenesis' definitive proxy statement for the Special Meeting of Stockholders held on December 5, 2005, filed with the Securities and Exchange Commission (the "SEC") on October 31, 2005.
- (2) Incorporated by reference to ThermoGenesis' Annual Report on Form 10-KSB for the year ended June 30, 1994.
- (3) Incorporated by reference to ThermoGenesis' Current Report on Form 8-K filed with the SEC on August 26, 2010.
- (4) Incorporated by reference to ThermoGenesis' Current Report on Form 8-K filed with the SEC on November 5, 2010.
- (5) Incorporated by reference to Form 8-K dated April 14, 1997.
- (6) Incorporated by reference to ThermoGenesis' Quarterly Report on Form 10-Q for the quarter ended December 31, 2010.
- (7) Incorporated by reference to Form 8-K dated December 15, 2004.
- (8) Incorporated by reference to Form 8-K dated February 4, 2010.
- (9) Incorporated by reference to ThermoGenesis' Current Report on Form 8-K filed with the SEC on October 19, 2010.
- (10) Incorporated by reference to Exhibit A to ThermoGenesis' definitive proxy statement for the Annual Meeting of Stockholders held on December 11, 2006, filed with the SEC on October 26, 2006.
- (11) Incorporated by reference to ThermoGenesis' Current Report on Form 8-K filed with the SEC on March 31, 2005.
- (12) Incorporated by reference to Exhibit A to ThermoGenesis' definitive proxy statement for the Special Meeting of Stockholders held on February 2, 1998, filed with the SEC on December 8, 1997.
- +The SEC has granted confidential treatment with respect to certain portions of this exhibit. Omitted portions have been filed separately with the SEC.





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GLOSSARY OF CERTAIN TECHNICAL TERMS

510(k): Formal notification to FDA to obtain clearance to market the medical device. The device must be substantially equivalent to devices manufactured prior to 1976, or which have been found substantially equivalent after that date.

ADIPOSE: Tissue in which fat is stored and which has the cells swollen by droplets of fat.

ADULT STEM CELLS: All non-embryonic stem cells.

ALLOGENEIC CELL THERAPY: Allogeneic cell therapy is a cell therapy that uses a donor's cells to treat a patient's (recipient) disease. These cells could be stem cells, peripheral blood cells or any other type of cells.

ALLOGRAFT: A tissue graft from a donor of the same species as the recipient but not genetically identical.

AMNIOTIC FLUID: The watery fluid within the amnion that surrounds the fetus.

AUTOGRAFT: A graft of tissue from one point to another of the same individual's body.

AUTOLOGOUS: Autogenous; related to self; originating within an organism itself, as obtaining blood from the patient for use in the same patient.

BONE MARROW ASPIRATE: When a small amount of bone marrow is removed and tested.

CELLULAR IMMUNOTHERAPY: Immunotherapy is an innovative new treatment approach that empowers the human immune system to fight off cancer and other debilitating diseases. Cellular immunotherapy usually starts with harvesting a patient's own immune cells such as lymphocytes by leukapheresis procedure. Then the immune cells are exposed to a specific cancer antigen so that the immune cells can recognize and destroy the cancer cells. After the immune cells have been "re-educated", the cells are infused back to the patient to fight the cancer.

CRITICAL LIMB ISCHEMIA: A severe obstruction of the arteries that seriously decreases blood flow to the extremities (arms, hands, legs, feet) and has progressed to the point of severe pain and even skin ulcers or sores.

CRYOPRECIPITATE: Any precipitate (substance that is separated out of a solution of plasma) that results from cooling, as cryoglobulin or antihemophilic factor. When used in the context of the CryoSeal FS System, cryoprecipitate means a "fibrinogen-rich" cryoprecipitate.

CRYOPRESERVATION: Maintaining the life of excised tissue or organs by freezing and storing at very low temperatures.

EMBRYONIC STEM CELL: Cells obtained from an embryo when they are still only a few days old. Because they have only begun to differentiate, these cells have the capability of developing into any cell in the human body, a fact which makes them potentially important in medicine.

FIBRINOGEN: A blood protein that is converted to fibrin in the clotting of blood.

HEMATOPOIETIC: The formation of blood.



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GLOSSARY OF CERTAIN TECHNICAL TERMS (CONTINUED)

HEMOSTATIC: (1) Checking the flow of blood; (2) an agent that stops the flow of blood.

ISCHEMIA: Deficient supply of blood to a body part.

MESENCHYMAL PRECURSOR CELLS (“MPCs”): Mesenchymal precursor cells, or MPCs, are multipotent precursor cells that can differentiate into a variety of cell types, including: osteoblasts (bone cells), chondrocytes (cartilage cells) and adipocytes (fat cells). This has been shown in ex vivo cultures and in vitro or in vivo. Mesenchymal precursor cells are very similar to Mesenchymal stem cells (MSC). Some believe they are a sub-population of MSC.

MESENCHYMAL STEM CELLS: Multipotent stem cells that can differentiate into a variety of cell types.

MONONUCLEAR CELLS (“MNCs”): A term used to refer to blood cells that under a microscope can be seen to have a large round shaped nucleus. These cells include monocytes and lymphocytes which are involved in fighting infections in the body and also stem cells which have the potential to replicate and to generate new tissues as part of the body’s healing process.

PERIPHERAL BLOOD: A term used to describe the blood that is contained in the body’s circulatory system. It can be collected by a health care professional by inserting a needle into a vein.

PLATELET RICH PLASMA (“PRP”): A volume of autologous plasma that has a platelet concentration above baseline.

PLURIPOTENT STEM CELLS: A term used to describe stem cells that have the ability to produce more than one type of body tissue but not all of the different types of body tissues.

REGENERATIVE MEDICINE: The process of creating living, functional tissues to repair or replace tissue or organ function lost due to age, disease, damage, or congenital defects.

STEM CELLS: Undifferentiated, primitive cells in the bone marrow with the ability both to multiply and to differentiate into specific blood cells.

THROMBIN: Generated in blood clotting that acts on fibrinogen to produce fibrin.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ThermoGenesis Corp.

Date: September 12, 2011

By:/s/ J. MELVILLE ENGLE  
J. Melville Engle, Chairman of the Board and Chief  
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By:/s/ J. MELVILLE ENGLE  
J. Melville Engle, Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

Date: September 12, 2011

By:/s/ MATTHEW T. PLAVAN  
Matthew T. Plavan, CFO & EVP, Business  
Development  
(Principal Financial and Accounting Officer)

Dated: September 12, 2011

By: /s/ DAVID W. CARTER  
David W. Carter, Director

Dated: September 12, 2011

By: /s/ HUBERT E. HUCKEL  
Hubert E. Huckel, M.D., Director

Dated: September 12, 2011

By: /s/ PATRICK J. MCENANY  
Patrick J. McEnany, Director

Dated: September 12, 2011

By: /s/ CRAIG W. MOORE  
Craig W. Moore, Director

Dated: September 12, 2011

By: /s/ ROBIN C. TRACEY  
Robin C. Tracey, Director

Dated: September 12, 2011

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## SCHEDULE II

THERMOGENESIS CORP.  
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions	Balance at end of period
For the year ended June 30, 2011					
Allowance for doubtful accounts:	\$34,000	\$3,000	--	\$1,000	\$36,000
Reserve for slow moving inventory:	\$1,211,000	\$565,000	--	\$620,000	\$1,156,000
For the year ended June 30, 2010					
Allowance for doubtful accounts:	\$26,000	\$30,000	--	\$22,000	\$34,000
Reserve for slow moving inventory:	\$1,362,000	\$549,000	--	\$700,000	\$1,211,000
For the year ended June 30, 2009					
Allowance for doubtful accounts:	\$31,000	\$22,000	--	\$27,000	\$26,000
Reserve for slow moving inventory:	\$697,000	\$905,000	--	\$240,000	\$1,362,000