

July 16, 2007



Cryo-Cell International, Inc. Reports Second Quarter 2007 Results

Announces Cryo-Cell Patent Victory

Competitor patents found invalid during latest appeal

OLDSMAR, Fla., July 16 /PRNewswire-FirstCall/ -- Cryo-Cell International, Inc. (OTC Bulletin Board: CCEL) (the "Company"), one of the world's largest and most established family cord blood banks, today announced results for the second quarter ended May 31, 2007.

The Company also announced today that the United States Court of Appeals for the Federal Circuit ruled in the Company's favor on patent litigation brought forth by PharmaStem Therapeutics, Inc. in relation to Cryo-Cell's umbilical cord banking service. The court upheld an earlier decision by the United States District Court for the District of Delaware finding non-infringement of the PharmaStem patents that were the subject of the case and ruling that these patents are invalid.

"We're very pleased that the court recognized that Cryo-Cell's U-Cord service does not infringe on PharmaStem's patents," said Mercedes Walton, Cryo-Cell's Chairman and CEO. "The court's decision allows us to go forward with our superior umbilical cord blood preservation services and ongoing research to protect the future health of our clients."

"During the quarter, we were pleased to announce the isolation of the maternal placental stem cell (MPSC) which has potential for treating a broad range of diseases in the future," Ms. Walton continued. "Research and development expenses related to the development of this proprietary technology, which will result in the commercialization of an exclusive new service offering based on the Company's intellectual property associated with methods, processes and systems for the procurement, isolation, processing and cryopreservation of MPSCs, are reflected in our net loss for this quarter. However, we are confident that these efforts to build and expand our brand will continue to create value for our shareholders."

Consolidated revenues for the second quarter were approximately \$4.5 million, remaining relatively flat, to the approximately \$4.5 million for the second quarter of 2006. The modest decrease is primarily attributable to a decrease in specimens processed of approximately 10%, offset by a 17% increase in recurring annual storage fee revenue during the 2007 period.

The Company reported a net loss in the second quarter 2007 of approximately (\$1.4 million), or (\$0.12) per basic common share, compared to a net loss of approximately (\$860,000), or (\$0.07) per basic common share, in the second fiscal quarter of 2006. The net loss in the second quarter of 2007 is, in part, the result of a 17% increase in marketing, general and

administrative expenses in the second quarter of 2007 over the second quarter of 2006. Marketing, general and administrative expenses increased due to the previously announced strategic initiatives to strengthen the resources allocated to sales and marketing resulting in increased expenses for various marketing programs including higher expenditures for professional marketing. Also, contributing to the increase in expenses was approximately \$126,000 in professional fees associated with a proxy contest initiated by a dissident shareholder group. In addition, expenses in the second quarter of 2007 included approximately \$184,000 in research and development expenses relating to the Company's isolation of a new type of adult stem cell, a maternal placental stem cell (MPSC) collected from placental tissue.

The Company recognized approximately \$264,000 in licensee income for the second quarter of fiscal 2007, compared to approximately \$137,000 for the second quarter of fiscal 2006. Licensee income for the second quarter of fiscal 2007 included approximately \$127,000 of non-recurring income recognized on the payment of the final installment for the India license agreement and approximately \$137,000 represents royalty income from licensees located outside of the United States and the sale of sublicense agreements. Licensee income for the second quarter of fiscal 2006 consisted of royalty income from licensees located outside of the United States and the sale of sublicense agreements.

For the six month period ended May 31, 2007, the Company's revenues were approximately \$8.6 million, compared to approximately \$8.2 million for the six month period ended May 31, 2006. The 5% increase in revenue was primarily attributable to a price increase in 2006 for newly enrolled clients, as well as an overall increase in the customer base over the prior year, which led to a 17% increase in storage revenues.

The Company reported a net loss for the six month period ended May 31, 2007 of approximately (\$2.2 million), or (\$0.19) per basic common share, compared to a net loss of approximately (\$805,000), or (\$0.07) per basic common share, for the six month period ended May 31, 2006. The net loss for the six month period ended May 31, 2006 is attributable to a 10% increase in cost of sales and a 23% increase in marketing, general and administrative expenses partially offset by the 5% increase in revenue and a 17% increase in licensee income. In addition, the net loss in 2007 was increased by certain expenses in the 2007 period, including approximately \$317,000 in research and development expenses relating to the Company's isolation of the MPSC relating to its proposed MPSC service offering, development expenses relating to the Company's proposed fetal placental stem cells offering, prior to the indefinite postponement of its commercial launch in April 2007, and approximately \$123,000 in stock option compensation which is the result of the Company's adoption of FASB Statement No. 123(R).

The increase in cost of sales during 2007 period was in part due to expenses associated with the Company's introduction of U-Cord service enhancements, including return shipping by a medical courier for all new U.S. customers, and an increase in cord blood collection reimbursements. The increase in marketing, general and administrative expenses reflects the Company's previously announced strategic initiatives to strengthen the resources allocated to sales and marketing. This resulted in increased expenses for consumer advertising and higher expenditures for various marketing programs. Also, contributing to the increase in marketing, general and administrative expenses were approximately \$160,000 in professional fees associated with the proxy contest and approximately \$67,000 in stock

option compensation which is the result of the Company's adoption of FASB Statement No. 123(R).

The Company recognized approximately \$552,000 in licensee income for the six months ended May 31, 2007, compared to approximately \$470,000 for the six months ended May 31, 2006. Licensee income for the six months ended May 31, 2007 and May 31, 2006 included approximately \$254,880 and \$148,723, respectively, of non-recurring income recognized on the payment of the installments for the India license agreement. The remaining \$297,000 and \$321,000 in for the six month periods represents royalty income from licensees located outside of the United States and the sale of sublicense agreements.

As of May 31, 2007, the Company had approximately \$5.7 million in available cash, cash equivalents, marketable securities and other investments, and it had no long-term debt.

"We will continue to invest in marketing and product research and development to enhance our long-term competitive position through product positioning, customer outreach and diversification of our portfolio. Notwithstanding the Company's recent decision to indefinitely postpone the launch of a placental stem cell service in conjunction with Plureon Corporation, we believe that our recent announcement of the isolation of the MPSC demonstrates our ability to mine Cryo-Cell's intellectual property to discover new, life-saving and life-enhancing products and services."

"Cryo-Cell's board, management and employees continue to work diligently to build our market position and improve the quality of our business model in ways we believe will create value for both our customers and shareholders in the future. We were especially gratified that, in connection with the proxy contest leading up to our annual meeting, Institutional Shareholder Services, Inc. (ISS) and Glass Lewis, both well-respected independent advisors, recommended that Cryo-Cell shareholders vote for all of management's director nominees," added Ms. Walton. For example, Glass Lewis in its report stated its 'view that current management is taking the Company in the right direction' and that 'the Company has performed well under its current leadership.' ISS and Glass Lewis are widely recognized as the nation's two leading independent proxy voting and corporate governance advisory firms. Their analyses and recommendations are relied upon by hundreds of major institutional investment firms, mutual funds and fiduciaries throughout the United States," concluded Ms. Walton.

Background on the United States Court of Appeals Ruling:

February 2002: PharmaStem initiated litigation against Cryo-Cell and other umbilical cord blood banking firms alleging infringement on U.S. Patents No. 5,192,553 ("the '553 patent") and No. 5,004,681 ("the '681 patent"). The patents cover certain elements of cord blood collection, storage, and use of stem cells derived from umbilical cord blood.

October 2003: A trial was conducted before a District Court Judge and jury, after which the parties filed post-trial motions.

September 2004: The District Court granted the motion of Cryo-Cell and the other defendants for entry of judgment as a matter of law ("JMOL") on infringement of the '553 patent, reversing the jury's verdict on '533. Pharmastem appealed the court's decision.

April 2006: Oral argument was presented to the U.S. Court of Appeals for the Federal Circuit

The full opinion on the ruling can be found here: <http://www.fedcir.gov/dailylog.html>

About Cryo-Cell International, Inc.

Based in Oldsmar, Florida, with over 135,000 clients worldwide, Cryo-Cell is one of the largest and most established family cord blood banks. ISO 9001:2000 certified and accredited by the AABB, Cryo-Cell operates in a state-of-the-art Good Manufacturing Practice and Good Tissue Practice (cGMP/cGTP)-compliant facility. Cryo-Cell is a publicly traded company. OTC Bulletin Board Symbol: CCEL. Expectant parents or healthcare professionals may call 1-800-STOR-CELL (1-800-786-7235) or visit <http://www.cryo-cell.com>.

Forward-Looking Statement

Statements wherein the terms "believes", "intends", "projects" or "expects" as used are intended to reflect "forward-looking statements" of the Company. The information contained herein is subject to various risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in such forward-looking statements or paragraphs, many of which are outside the control of the Company. These uncertainties and other factors include the uncertainty of market acceptance of any potential service offerings relating to maternal placental stem cells (MPSCs) and other types of stem cells other than cord blood stem cells, given that such new stem cells have not yet been used in human therapies, and treatment applications using such stem cells are subject to further research; need to complete certain developments, including completion of clinical validation and testing for commercialization of the processes for the MPSC service and other services and the Company's development of its final business and economic model in offering any such service; any adverse effect or limitations caused by recent increases in government regulation of stem cell storage facilities; any increased competition in our business; any decrease or slowdown in the number of people seeking to store umbilical cord blood stem cells or decrease in the number of people paying annual storage fees; any adverse impacts on our revenue or operating margins due to the costs associated with increased growth in our business, including the possibility of unanticipated costs relating to the operation of our new facility; any technological breakthrough or medical breakthrough that would render the Company's business of stem cell preservation obsolete; any material failure or malfunction in our storage facilities; any natural disaster such as a tornado, other disaster (fire) or act of terrorism that adversely affects stored specimens; the costs associated with defending or prosecuting litigation matters and any material adverse result from such matters; the possibility that PharmaStem could seek to appeal the Court of Appeals decision or that a second case by PharmaStem based on two other patents closely related to the '553 and '681 patents, which has been stayed pending this appeal and reexamination of the patents in the U.S. Patent and Trademark Office, could continue; decreases in asset valuations; any continued negative effect from adverse publicity in the past year regarding the Company's business operations; any negative consequences resulting from deriving, shipping and storing specimens at a second location; and other risks and uncertainties. The foregoing list is not exhaustive, and the Company disclaims any obligations to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements. Readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission,

including the most recent Annual Report on Form 10-KSB, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K filed by the Company.

Contact: Mona J. Walsh (Investors)
Edelman
212-704-4598
mona.walsh@edelman.com
Chris Goldrick (Media Inquiries)
Edelman
312-240-2726
chris.goldrick@edelman.com

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