United Health Products, Inc.
Form 10-K
June 19, 2013

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

COMMISSION FILE NUMBER: 814-00717

UNITED HEALTH PRODUCTS, INC.
(Exact name of Registrant as specified in its charter)

Nevada (State of jurisdiction of incorporation or organization)	84-1517723 (I.R.S. Employee Identification Number)
c/o Morse & Morse, PLLC, 1400 Old Country Road, Suite 302, Westbury, NY (Address of principal executive offices)	11590 (Zip Code)
Registrant's telephone number, including area code:	(516) 487-1431
Securities registered pursuant to Section 12 (b) of the Act:	None
Securities registered pursuant to Section 12 (g) of the Act:	Common Stock, $.001 Par Value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Check whether the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. o

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the Registrant has submitted electronically and posted on it corporate Web site, if any, every Interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit

and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-K or any amendment to this Form 10 K o.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act: smaller reporting company x.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of the filing date of this Form 10-K, the number of shares held by non-affiliates was approximately 82,554,000 shares. The approximate market value based on the last sale (i.e. $.16 per share as of June 11, 2013) of the Company’s Common Stock was approximately $13,209,000.

The number of shares outstanding of the Registrant’s Common Stock, as of the filing date of this Form 10-K was 96,350,140.

Forward-looking Statements

Statements in this annual report on Form 10-K that are not historical facts constitute forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Those factors include, among other things, those listed under "Risk Factors" and elsewhere in this annual report. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. Moreover, neither we nor any other person assumes responsibility.

PART I

ITEM 1: BUSINESS

Company Overview

United Health Products, Inc. (“United” or the “Company”) is a product development and solutions company focusing its growth initiatives on the expanding wound-care industry and disposable medical supplies markets. Epic Wound Care, Inc. (“Epic”), the Company’s principal operating subsidiary since June 2009, produces an innovative gauze product that absorbs exudate (fluids which have been discharged from blood vessels) by forming a gel-like substance upon contact which in turn aids in the process of coagulation.

Recent History of the Company

The Company was a closed-end management investment company that in February 2006 elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, (the “1940 Act”). The Company was originally formed in February 1997 as MNS Eagle Equity Group III, Inc.; however, it conducted no operations until electing to be a BDC through which it provided capital and other assistance to start-up and micro-cap companies. During this time, United acquired and established its initial interest in the medical, pharmaceutical and healthcare industry by acquiring certain intellectual property rights and creating Epic, which is the Company’s primary operating platform in this industry. The Company also completed two minority equity investments in companies that are not strategic to our healthcare strategy.

In February 2010, our Board of Directors and the holders of a majority of our outstanding shares of common stock authorized management to withdraw the election to be regulated as a BDC. This decision was in part prompted by the actuality that the majority of the Company’s resources were allocated to managing the operating activities of its holdings and, in addition, management found that the Company may not have been in compliance with certain BDC provisions of the 1940 Act. On July 7, 2010, the Company filed an Information Statement with the SEC providing notice of shareholder action in lieu of a Meeting of Shareholders, taken pursuant to the written consent of certain shareholders, referred to as the consenting shareholders. Specifically, the consenting shareholders approved the withdrawal of the Company’s election to be a BDC. This action became effective on August 17, 2010 when the Company filed the applicable Notice concerning the withdrawal with the Securities and Exchange Commission. Further, in recognition of the change in its operations, the Company changed its name from United EcoEnergy Corp. to United Health Products, Inc., effective as of September 30, 2010.

As a result of the decision to withdraw the Company’s election to be treated as a BDC and become an operating company, the fundamental nature of the Company’s business changed from that of investing in a portfolio of securities with the goal of achieving gains on appreciation and dividend income, to that of being actively engaged in the ownership and management of a holding company with the goal of generating income from the operations of those businesses. The decision to withdraw the Company’s election as a BDC under the 1940 Act necessitated a significant change in the Company’s method of accounting. The Company formerly utilized the BDC financial statement presentation and that accounting utilized the value method of accounting used by investment companies, which allows BDCs to recognize income and value their investments at market value as opposed to historical cost. As an operating company, the Company was required to adopt the financial statement presentation and accounting for securities held which provides for either fair value or historical cost methods of accounting, depending on the classification of the investment and the Company’s intent with respect to the period of time it intends to hold the investment. This change in the Company’s method of accounting could impact the market value of its investments in privately held companies by eliminating the Company’s ability to report an increase in the value of its holdings as the increase occurs. As an operating company, the Company, effective December 31, 2009, consolidated its financial statements with its

controlled subsidiaries, thus eliminating the portfolio company reporting benefits available to BDCs.

Acquisition of Intellectual Property Rights

In June 2009, the Company acquired the intellectual property rights of Epic Wound Care, LLC, through a wholly-owned subsidiary, Epic Wound Care, Inc. (“Epic”). The intellectual property includes the right to manufacture and distribute innovative gauze to serve the wound care market. The acquisition cost for the rights was 30 million shares of Company’s common stock, of which 20 million shares were escrowed with the voting rights controlled by the Company pending attainment of certain performance targets over 18 months from the closing date of the transaction. The Company valued the rights acquired at $500,000 based upon the Company's expectation for commercialization of the rights less costs to effectuate applicable approvals.

On March 8, 2011, the Company and Epic entered into a global settlement and release agreement (the “Settlement Agreement”) with various parties to resolve disputes regarding the Agreement and Plan of Acquisition, dated May 19, 2009, entered into by the Company in connection with its acquisition of the business and assets of Epic Wound Care, LLC (the “Acquisition Agreement”). The parties had differences of opinion concerning the satisfaction of certain milestones and conditions in the Acquisition Agreement in connection with the release of the escrowed shares mentioned above. The settlement provided for the release of 20 million escrowed shares to the sellers of the business and assets and the contribution of 2 million shares of the Company’s common stock to the capital of the Company (which were cancelled) to facilitate the settlement by certain non-controlling shareholders who provided investment advice to the Company on a regular periodic basis, including investment advice related to the Acquisition Agreement. As a condition to the settlement, the Board of the Directors of the Company waived certain milestones and conditions regarding the release of the escrowed shares as set forth in the Acquisition Agreement and the parties to the Settlement Agreement agreed to mutual releases and to resolve and settle any and all claims, controversies, disputes and causes of action, whether asserted or unasserted, known or unknown, real or potential, or whether in law, equity or otherwise, relating to, arising out of, or in any way concerning the Acquisition Agreement and the escrowed shares, without any admission of fault, liability or wrongdoing on the part of or on behalf of any party.

Primary Strategy

The Company’s gauze products are designed for the wound care market and manufactured to our specifications by a manufacturing agent in China. The gauze can be used on any wound where bleeding is present. Upon contact with moisture, the gauze forms a gel-like substance that acts as a hemostatic agent to address bleeding quickly. The hemostatic gauze derived from regenerated oxidized/cellulose, which is all natural and designed to absorb exudate/drainage from superficial wounds and helps to control bleeding. Once bleeding has ceased and coagulation has occurred, the product can be rinsed away with saline solution or lukewarm water. After acquiring the intellectual property rights, in 2009, we have devoted our time to obtaining necessary approvals to enable the product to be sold worldwide as well as establishing an international distribution network.

In August 2012, the Company’s manufacturing agent in China of its gauze products which is registered and branded in the United States under the trademark HemoStyp™, received 510(k) approval from the U.S. Food and Drug Administration (“FDA”) to be sold as a Class I device. The Company has the ability to represent to distributors and customers that its gauze products meet all FDA requirements as a Class I device. This approval now allows us to expand our potential customer base and pursue accounts that requested a current 510(k) FDA approval, including the prescription based medical arena, retail, hospital, EMS, military, state and national governmental agencies and veterinary markets.

The Company’s strategy is to engage distributors to market the Company’s gauze products to the various markets. To date, the Company has established relationships with a distributor for the veterinary market and another distributor for the dental, hospital and sports market. We have also developed prototypes of first aid kits featuring our gauze products designed for nose bleeds and a separate product for superficial sounds. We have also designed a prototype for post

dialysis treatment and venipuncture.

The Company is also focused on identifying additional emerging healthcare products and technologies, principally homeostatic, for strategic partnership or acquisition.

Our HemoStyp™ Gauze Products

HemoStyp™ Hemostatic Gauze is a collagen-like natural substance created from chemically treated cellulose. It is an effective hemostatic agent registered with the FDA to help control bleeding from open wounds and body cavities. The HemoStyp™ hemostatic material contains no chemical additives, thrombin or collagen, and is hypoallergenic. When it comes in contact with blood it expands slightly and converts to an adhesive gel that subsequently dissolves into glucose and saline. Because of its purity and the fact it simply degradates to these end products, it does not cause significant delay in healing as do other hemostatic materials that may have a similar appearance. Our HemoStyp™ gauze products are sold in three different sizes for use in superficial trauma cases. It is also sold as a dental gauze and as a nasal dressing.

HemoStyp™ Hemostatic Gauze is applied by simply folding the gauze once or twice, depending on the size of the wound, and then putting it as far into the wound as possible. Putting a bandage on top of the gauze is optional and in many cases unnecessary. On smaller cuts, it may be helpful to first cut the Gauze in half before applying it to the wound. When this is done, it may not be necessary to fold it first. Since EMS work is pre-hospital, rinsing the gauze out with saline or water is not necessary. This is because after the patient reaches the hospital, a wound will be debrided and possibly reopened prior to suturing.

Sales and Marketing

Our technology is marketed as HemoStyp™ Gauze, but is also available to customers with customized private labeling. We are customer driven. We intend to distribute both nationally and internationally. We intend to service our customers through distributors, sales representatives, industry-specialized telephone support, and the Internet. Our potential customer base includes, without limitation:

- Hospitals, Clinics, and Physicians
- EMS, Fire Departments and Other First Responders
- Public Safety, Police Departments and Military
- Correctional Facilities
- Schools, Universities and Day Care Facilities
- Nursing Homes and Assisted Living Environments
- Home Care Providers
- Dental offices
- Sports Medicine Providers
- Veterinarians
- Municipalities and Government Agencies and
- Occupational and Industrial Healthcare Professionals

Our Chief Executive Officer, Dr. Phillip Forman, was invited on the “Learning Channel.” Dr. Forman has over 30 years’ experience in wound care management and was asked to share his insights on wound management and the unique properties of Hemostyp™ hemostatic gauze. Management believes that this exposure provided free publicity for the Company’s products.

On December 19, 2012, the Company announced that its hemostatic gauze was featured in the clinicians report for the second time in 2012. This report is a published scientific testimonial that features products which have met the criteria and approval of the dental community. This report is distributed to over 10,000 dental care providers. In the December issue, the Company’s HemoStyp™ was listed among the best products evaluated during 2012 with 83% of the evaluators stating that they would recommend the product. On January 22, 2013, the Company announced that its HemoStyp™ was featured in the January 2013 edition of Dentistry Today. Dentistry Today is a top dental industry report offering comprehensive coverage of the latest news and developing technologies from within the dental industry. On February 12, 2013, the Company announced that it has entered into a beta test agreement with the distinguished Ryan Network for the Company’s hemostatic gauze. Under the beta test protocol, the HemoStyp™ gauze will be indicated for patients post venipuncture to assess expedited coagulation, ease of use, patient satisfaction, and decrease prolonged coagulation due to patients’ co-morbidities and anticoagulation therapy. Ryan Network is a family of not-for-profit, federally qualified health center with multiple locations in New York City.

As a result of the Company’s publicity in the dental reports described above, the Company has received an initial order from one of the dental industry’s largest dental product distributors and we believe that these reports and the Company’s other sales efforts will generate additional interest in our gauze products.

Competition

The disposable medical supply market in the United States is dominated by large companies such as Baxter International, Bristol-Myers Squibb Company, Johnson & Johnson and 3M Company. Our hemostatic gauze product will directly compete in the gauze markets dominated by these majors. However, the market for hemostatic products, which includes gauzes, gels, bandages and powders, is largely composed of smaller, privately-held companies with the exception of Johnson & Johnson, which manufactures Surgicel®. In this market, competitive factors include price, product offerings, value-added service programs, service and delivery, credit terms, and customer support.

Government Regulation

We are subject to oversight by various federal and state governmental entities and we are subject to, and affected by, a variety of federal and state laws, regulations and policies.

The U.S. Drug Enforcement Administration ("DEA"), the U.S. Food and Drug Administration ("FDA") and various state regulatory authorities regulate the purchase, storage, and/or distribution of pharmaceutical products. The DEA, FDA and state regulatory authorities have broad enforcement powers, including the ability to seize or recall products and impose significant criminal, civil and administrative sanctions for violations of applicable laws and regulations. As a wholesale distributor of pharmaceuticals and certain related products, we are subject to these laws and regulations. We have all necessary licenses or other regulatory approvals and believe that we are in compliance with all applicable pharmaceutical wholesale distribution requirements needed to conduct our operations.

On April 29, 2010, the Company's subsidiary, Epic, submitted a Section 510(k) premarket notification of intent to market its hemostatic gauze as a Class III device to the U.S. Food and Drug Administration ("FDA"). On August 3, 2010, the FDA sent Epic a notice that the application was insufficient to allow the FDA to make the determination. In August 2012, our non-affiliated manufacturing agent in China had its Section 510(k) pre-market notification approved as a Class I device as described herein.

In recent years, some states have passed or proposed laws and regulations that are intended to protect the safety of the pharmaceutical supply channel. These laws and regulations are designed to prevent the introduction of counterfeit, diverted, adulterated or mislabeled pharmaceuticals into the distribution system. In addition, the FDA Amendments Act of 2007 (the "2007 Act") requires the FDA to establish standards and identify and validate effective technologies for the purpose of securing the pharmaceutical supply chain against counterfeit drugs. These standards may include track-and-trace or authentication technologies, such as radio frequency identification devices and other technologies. The 2007 Act required the FDA to develop a standardized numerical identifier by April 1, 2010.

As a result of political, economic and regulatory influences, the healthcare delivery industry in the United States is under intense scrutiny and subject to fundamental changes. Although there was substantial Federal legislation enacted during 2010 that impacted our healthcare system in the United States, we expect that the administration, Congress and certain state legislatures will continue to review and assess alternative healthcare delivery systems and payment methods in order to reform the healthcare system. Thus, we cannot predict the impact on us of the 2010 legislation and/or additional regulation governing the delivery or pricing of healthcare products that may be passed. Nor can we predict the impact on us of potential changes to the structure of the present healthcare delivery system, if any, when they may be adopted.

The costs associated with complying with federal and state regulations could be significant and the failure to comply with any such legal requirements could have a significant impact on our results of operations and financial condition.

Environmental Matters

Our business activities are subject to extensive federal, state, and local environmental laws and regulations relating to water, air, hazardous substances and wastes that may restrict or limit such business activities. Although the Company does not currently directly manufacture its own products, we may still be subject to existing environmental laws by way of regulatory agencies or other third party claimants. Examples of U.S. Federal environmental legislation that may have adverse effects on the Company include the Toxic Substances Control Act, the Clean Air Act, the Clean Water Act, Compensation and Liability Act (aka CERCLA or Superfund) and the Resource Conservation and Recovery Act. By no means do we certify this list as being complete, as there are many laws and regulations that exist or that may come to pass that we cannot foresee that may also have an impact on the Company. The multitude of

regulations issued by federal, state, provincial and local administrative agencies can be burdensome and costly and we determined to change our business model as a result. There are currently no pending legal proceedings with any government regulatory agencies.

EMPLOYEES

At the filing date of this Form 10-K, we have no employees of the Company other than the services of our Chief Executive Officer, Dr. Phillip Forman. We anticipate hiring additional staff and executives as our operations increase.

RESEARCH AND DEVELOPMENT EXPENDITURES

We have not incurred any research or development expenditures since our incorporation.

PATENTS AND TRADEMARKS

The Company seeks to protect its innovations and developments by acquiring patent and trademark protection relevant to our business where possible. The Company has trademark protection for HemoStyp®. However, if our intellectual property positions are challenged, invalidated, circumvented or expire, or if we fail to prevail in future intellectual property litigation, our business could be adversely affected. Our success depends in part on our ability to obtain and defend patent rights and other intellectual property rights that are important to the commercialization of our products and product candidates. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and often involve complex legal, scientific and factual questions. Third parties may challenge, invalidate or circumvent our patents and patent applications relating to our products, product candidates and technologies. In addition, our patent positions might not protect us against competitors with similar products or technologies because competing products or technologies may not infringe our patents. For certain of our product candidates, there are third parties who have patents or pending patent applications that they may claim necessitate payment of a royalty or prevent us from commercializing these product candidates in certain territories. Patent disputes are frequent, costly and can preclude, delay or increase the cost of commercialization of products.

ITEM 1A. RISK FACTORS

We are a new enterprise engaged in the business of acquiring, developing and integrating small private companies and products related to healthcare. There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

RISKS RELATED TO OUR BUSINESS

We have a history of operating losses and may continue to lose money in the future.

For the years ended December 31, 2012, 2011, 2010 and 2009, the Company had a net loss of $(281,413), $(1,588,362), $(2,895,602) and $(910,007), respectively. While the Company's hemostatic gauze products have 510(k) FDA approval from the FDA for our manufacturing agent in China to manufacture these products, we can provide no assurances that our operations will be profitable in the future.

We have limited operating history. Accordingly, you will have no basis upon which to evaluate our ability to achieve our business objectives.

We have limited operating history, which makes it difficult for potential investors to evaluate our business or prospective operations. Our business plan involves the potential acquisition and development of operating companies predominately in the healthcare market and is subject to all of the risks inherent in the initial organization, financing, expenditures, complications and delays inherent in a new business. Investors should evaluate an investment in our Company in light of the uncertainties frequently encountered by companies developing markets for new products, services and technologies in which we expect to invest. We may never overcome these obstacles. In addition, our business is speculative and depends upon the implementation of our business plan and our ability to enter into agreements with third parties on behalf of our affiliate companies on terms that will be commercially viable for us. There can be no assurance that our efforts will be successful or that we will be able to attain profitability.

Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern. This could make it more difficult for us to raise funds and adversely affect our relationships with lenders, investors and suppliers.

Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern. This indicates that our auditors believe that substantial doubt exists regarding our ability to continue to remain in business. We cannot provide any assurance that we will in fact operate our business profitably or obtain sufficient financing to sustain our business in the event we are not successful in our efforts to generate sufficient revenue and operating cash flow. The expression of such doubt by our independent registered public accounting firm or our inability to overcome the factors leading to such doubt could have a material adverse effect on our relationships with prospective customers, lenders, investors and suppliers, and therefore could have a material adverse effect on our business.

We will need additional financing to execute our business plan and fund operations, which additional financing may not be available.

We currently have a working capital deficit and minimal cash. As result of the Company's financial position, we may not be able to execute our current business plan and fund business operations long enough to achieve profitability. Our ultimate success may depend upon our ability to raise additional capital. There can be no assurance that additional

funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

We may be required to pursue sources of additional capital through various means, including joint venture projects and debt or equity financings. Future financings through equity investments are likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and the issuances of incentive awards under equity employee incentive plans, which may have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition.

Our ability to obtain needed financing may be impaired by such factors as the capital markets, both generally and specifically in the healthcare industry, and the fact that we are not profitable, which could impact the availability and cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations.

No guarantee of market acceptance.

Our success is dependent on market acceptance of our hemostatic gauze products and any other new technology or service that we acquire or develop for our selected industry. We cannot assure you that healthcare market professionals will conclude that our technologies are useful or safe. We cannot assure you that our technology will ultimately achieve or maintain significant market acceptance among distributors, patients, physicians, or healthcare payers in general, or even that any and all necessary regulatory approvals will be obtained.

Strategic relationships upon which we may rely are subject to change, which may diminish our ability to conduct our operations.

Our ability to successfully market our hemostatic gauze products or acquire products and companies and to identify and enter into commercial arrangements with customers will depend on our ability to select and evaluate suitable opportunities to consummate transactions in an environment that is highly competitive. These realities are subject to change and may impair our ability to grow.

To market and sell our hemostatic gauze products business, we will endeavor to use the business relationships of our management to enter into strategic relationships, which may take the form of joint ventures with private parties and contractual arrangements with other resource companies. We may not be able to establish these strategic relationships, or if established, we may not be able to maintain them. In addition, the dynamics of our relationships with strategic partners may require us to incur expenses or undertake activities we would not otherwise be inclined to in order to fulfill our obligations to these partners or maintain our relationships. If our strategic relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations.

We could experience difficulties in our supply chain.

We do not maintain our own manufacturing facilities. The Company contracts a manufacturing agent in China on a non-exclusive basis, which agent has obtained 510(k) approval with the FDA for the manufacturing of the Company’s hemostatic gauze products as a Class 1 device. If the Company’s manufacturing agent in China should experience difficulties in the process of manufacturing, i.e. changes in environmental regulations, rising wages, late deliveries, shortages of components or raw materials, cash problems or excessive transport costs, there would be an adverse impact on our ability to generate revenue.

We are currently dependent on one hemostatic gauze product line to generate income.

While our goal is to develop a diversified portfolio of healthcare related products, the Company’s advanced hemostatic gauze product line is currently our only product line from which we can derive revenue. Lack of success in developing a commercial market for this product line will likely not allow us to pursue further use of this technology platform.

We may not be able to effectively manage our growth, which may harm our profitability.

Our strategy envisions expanding our business of developing proprietary solutions in healthcare industry. If we fail to do so and thereafter to manage our growth, our financial results could be adversely affected. Growth may place a

strain on our management systems and resources. We must continue to refine and expand our business development capabilities, our systems and processes and our access to financing sources. As we grow, we must hire, train, supervise and manage new employees. We cannot assure you that we will be able to:

* meet our capital needs;
* expand our systems effectively or efficiently or in a timely manner;
* allocate our human resources optimally;
* identify and hire qualified employees or retain valued employees; or
* incorporate effectively the components of any products, services or businesses that we may acquire in our effort to achieve growth.

If we are unable to manage our growth, our operations and our financial results could be adversely affected by inefficiency, which could diminish our profitability.

Our business may suffer if we do not attract and retain talented personnel.

Our success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of our management and other personnel in conducting our intended business. In addition, we depend on management and employees to interpret market data correctly and to interpret and respond to economic, market and other conditions to locate and adopt appropriate business opportunities. We presently have a small management team, which we intend to expand in conjunction with our planned operations and growth. We will have to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If we are unable to attract and retain additional key management personnel, our business may be adversely affected.

Uncertain outcomes during clinical testing.

Outcomes of clinical trials for new products, if required, may produce unexpected or undesired results that may either delay or entirely halt a product from reaching the market. This would materially impact our product development costs. If a product does not survive the clinical testing phase, our entire investment in that product would be invalidated and entirely negated. In addition, delays in clinical trials would mean our products would not reach our end users for an indeterminate period, which would negatively affect our revenue.

Clinical trials may be delayed for a variety of reasons, including but not limited to, delays in obtaining a potential test site to commence or continue a study, delays in reaching agreement on acceptable clinical study terms with prospective sites, and delays in recruiting patients to participate in a study.

We may not be able to adequately protect our technologies or intellectual property rights.

Our commercial success will depend in part on obtaining and maintaining patent protection and trade secret protection of our technologies and product candidates as well as successfully defending these patents against third-party challenges. We will only be able to protect our technologies and product candidates from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them. Furthermore, the degree of future protection of our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage.

RISKS RELATED TO OUR INDUSTRY

The healthcare industry is subject to extensive government regulation, which can result in increased costs, delays, limits on its operating flexibility and competitive disadvantages.

While we intend to concentrate on over-the-counter and nonprescription type healthcare products, the healthcare industry is generally subject to extensive regulatory requirements. Many of these requirements result in significant costs that may adversely affect our business and financial results. If we are unable to pass those costs on it would negatively impact our profit margin.

Healthcare insurance legislation may lead to unintended adverse effects for businesses involved in our industry. New legislation that gives the Federal government greater regulatory powers may lead to negative consequences for certain aspects of our business. The full scope of the recently passed healthcare legislation may not be felt for several years, it is therefore difficult to predict any future consequences that would be challenges to our Company, or if we can overcome them.

Failure to comply with laws or government regulations could result in penalties.

Certain government requirements for technologies in the healthcare market may require licensure or mandatory minimum standards relating to the provision of services. Failure to comply with these requirements could materially affect our ability to expand into new or existing markets. Future regulatory developments may also cause disruptions to our operations.

Risks Relating to Our Organization

We are subject to the reporting requirements of the federal securities laws, which can be expensive.

We are a public reporting company and, accordingly, subject to the information and reporting requirements of the Exchange Act and other federal and state securities laws, including compliance with the Sarbanes-Oxley Act of 2002. The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to stockholders increase our operating costs.

It is time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications required by that Act.

Failure to achieve and maintain effective disclosure controls or internal controls could have a material adverse effect on our ability to report our financial results timely and accurately.

As result of our analysis of our system of internal accounting controls and accounting and financial reporting processes, we have identified a material weakness in our disclosure controls and internal controls. These are more specifically discussed in Item 9A of this Annual Report. As a result of these deficiencies, we must perform additional analysis and other post-closing procedures to insure that our financial statements are prepared in accordance with US generally accepted accounting principles. As a result, we will incur expenses and devote significant management resources to this review process. Furthermore, effective internal controls and procedures are necessary for us to continue to provide reliable financial reports. If we continue to have material weaknesses in our internal controls and procedures, we may not be able to provide reliable financial reports and our business and operating results could be harmed.

Public company compliance requirements may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. Compliance with the new rules and regulations increases our operating costs and makes certain activities more time consuming and costly than if we were not a public company. As a public company, these new rules and regulations make it more difficult and expensive for us to obtain director and officer liability insurance. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers.

There exist risks to stockholders relating to dilution: authorization of additional securities and reduction of percentage share ownership following investment.

To the extent that additional shares of common stock are issued, the stockholders would experience dilution of their respective ownership interests in the Company. Additionally, if the Company issues a substantial number of shares of common stock in connection with or following an investment, a change in control of the Company may occur which may affect, among other things, the Company's ability to utilize net operating loss carry forwards, if any. Furthermore, the issuance of a substantial number of shares of common stock may adversely affect prevailing market prices, if any, for the common stock and could impair the Company's ability to raise additional capital through the sale of its equity securities. The Company may use consultants and other third parties providing goods and services or additional capital. These consultants or third parties may be paid in cash, stock, options or other securities of the Company, and the consultants or third parties may be Placement Agents or their affiliates.

Potential action against the Company’s former Chief Financial Officer

The Company filed a late notice in March 2012 to indicate that it needed an additional time to file its Form 10-K for the year ended December 31, 2011. Since that date, the Company has been unable to timely file all reports required under the Securities Exchange Act of 1934, as amended. In December 2012, Jan Chason, the Company’s former Chief Financial Officer, resigned from the board. Following Mr. Chason’s resignation, the Company had a forensic accountant look into the Company’s books and records and to determine whether or not all transactions authorized by Mr. Chason that have been reported in our financial statements and notes thereto under generally accepted accounting principles were properly authorized by the board. While the Company has filed this Form 10-K and is currently seeking to file as swiftly as possible all Exchange Act reports that are delinquent, the filing of such reports by the Company does not mean that the Company has concluded that all financial statements and the results contained therein were the result of transactions authorized by the board. Accordingly, the Company reserves the right to take all appropriate action against Mr. Chason to the extent he entered into transactions, issued securities or paid out monies that were not properly authorized by the board.

RISKS RELATING TO OUR COMMON STOCK

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in the healthcare industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- limited "public float", in the hands of a small number of persons whose sales or lack of sales, could result in positive or negative pricing pressure on the market price for our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- regulatory developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of cash dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on investment will only occur if our stock price appreciates.

There is currently no liquid trading market for our common stock and we cannot ensure that one will ever develop or be sustained.

To date there has been an illiquid trading market for our common stock in the Over-the-Counter Market. We cannot predict how liquid the market for our common stock might become in the future.

Our common stock is deemed a "penny stock", which may make it more difficult for our investors to sell their shares.

Our common stock is subject to the "penny stock" rules adopted under Section 15(g) of the Securities Exchange Act of 1934. The penny stock rules apply to companies whose common stock is not listed on a national securities exchange and trades at less than $5.00 per share or that have tangible net worth of less than $5,000,000 ($2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as

market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. In as much as our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, or upon the expiration of any holding period under Rule 144, or expiration of lock-up periods applicable to outstanding shares, or issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an “overhang” and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

ITEM 1B: UNRESOLVED STAFF COMMENTS

None

ITEM 2: DESCRIPTION OF PROPERTY

The Company does not own any properties at this time and it is utilizing the offices of its securities counsel, Morse & Morse, PLLC, on a temporary basis at its principal executive office location for SEC reporting purposes. As the Company’s financial condition permits, the Company will seek to obtain a permanent leased facility in the New York Metropolitan area.

ITEM 3: LEGAL PROCEEDINGS

There are no legal proceedings pending or threatened against us, and we are unaware of any governmental authority initiating a proceeding against us.

ITEM 4: MINE SAFETY DISCLOSURES

None.

	2005	244,626	26,584		
Senior Vice President, Finance					
	2004	235,000	33,700	225,000	30,000 (6)
and Chief Financial Officer					
	2003				
Kurt Gunter, M.D.(7)					
	2005	158,247		25,000	6,583
Former Senior Vice President,					
	2004	224,065	28,860		
Clinical and Regulatory Affairs and					
	2003	218,599	21,000		
Government Relations					
Mary Thistle					
	2005	221,552	37,895		
Senior Vice President, Business					
	2004	194,859	40,370	50,000	
Development, ViaCell Reproductive Health					
	2003	163,217	20,925		
Stephan Wnendt, Ph.D.(8)					
	2005	221,154	51,814	50,427	
Senior Vice President,					
	2004	223,172	55,050	80,000	
Research and Development					
	2003	68,523	17,987		

(1) Includes amounts earned but deferred at the election of the executive, such as salary deferrals under our 401(k) plan.

(2) Except for the arrangements with Dr. Wnendt related to his relocation, as disclosed in this table and elsewhere in the Proxy Statement, the value of perquisites and benefits for each named executive officer does not exceed the lesser of $50,000 and 10% of his or her total annual salary and bonus.

(3) Dr. Adams employment with us terminated on August 3, 2005.

(4) Ms. Cook s employment with us began on September 6, 2005.

(5) Mr. Dance s employment with us began on January 1, 2004.

(6) Reflects payment made to Mr. Dance to reimburse his relocation expenses.

(7) Dr. Gunter s employment with us terminated on September 2, 2005. All Other Compensation reflects payments for consulting services provided to us by Dr. Gunter. The consulting agreement and the services provided to us by Dr. Gunter are described under Certain Relationships and Related Transactions.

(8) Dr. Wnendt s employment with us began on September 4, 2003. 2003 Salary and Bonus were paid to Dr. Wnendt in Euros and converted into U.S. dollars for purposes of this table at the average currency rate in effect between September 1, 2003 and December 31, 2003. Other Annual Compensation reflects reimbursement of expenses

incurred by Dr. Wnendt in connection with the relocation package set forth in his letter agreement, as described under Certain Relationships and Related Transactions. The amount listed

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in Other Annual Compensation consists of the following: (a) $22,913 for rent and utilities for an apartment located close to our corporate headquarters in Cambridge, Massachusetts; (b) amounts reimbursed for a vehicle lease; and (c) $19,404 for income taxes incurred by Dr. Wnendt in connection with the compensation described in (a) and (b).

Stock Option Grants in 2005

The following table sets forth information regarding options granted to our named executive officers in 2005.

Option Grants in Fiscal Year 2005

	Individual Grants					
	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees in 2005(1)	Exercise Price per Share	Expiration Date	Potential Realizable Value Assumed Annual Rates of Stock Price Appreciation for Option Terms(2)	
Name					5%	10%
Christoph M. Adams, Ph.D.(3)	25,000	8.1%	$ 7.25	4/26/2015	$ 113,987	$ 288,866
Anne Marie Cook(4)	75,000	24.2%	$ 5.31	9/21/2015	$ 250,457	$ 634,708
Kurt Gunter, M.D.(5)	25,000	8.1%	$ 7.25	4/26/2015	$ 113,987	$ 288,866

(1) Based on an aggregate of 310,000 shares subject to options granted to our employees in 2005, including the named executive officers.

(2) Amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These gains are based on assumed rates of stock price appreciation of 5% and 10% compounded annually from the date the respective options were granted to their expiration date. The gains shown are net of the option s exercise price, but do not include deductions for taxes or other expenses associated with the exercise of the option or the sale of the underlying shares. The actual gains, if any, on the exercise of stock options will depend on the future performance of our common stock, the option holder s continued employment throughout the option period, and the date on which the options are exercised. If ViaCell s common stock does not increase in value after the grant date of the options, the options are valueless.

(3) Dr. Adams employment with us terminated on August 3, 2005 and the options granted to him are no longer exercisable.

(4) This option vests in sixteen substantially equal quarterly installments beginning December 6, 2005. All unvested options will become fully vested and exercisable upon a change in control, if Ms. Cook s employment is terminated without cause within 12 months of the change in control or Ms. Cook voluntarily resigns for good reason within such 12-month period.

(5)

Dr. Gunter s employment with us terminated on September 2, 2005 and the options granted to him are no longer exercisable.

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Stock Option Exercises in 2005 and Year-End Option Values

The following table shows information for the named executive officers related to the exercise of options during the fiscal year ended December 31, 2005 and the number and value of unexercised options held as of December 31, 2005.

Name	Shares Acquired on Exercise (#)	Value Realized(1)	Number of Securities Underlying Unexercised Options at December 31, 2005		Value of Unexercised In-the-Money Options at December 31, 2005(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Mark D. Beer			750,000	750,000	$ 3,735,000	$ 3,225,000
Christoph M. Adams, Ph.D.(3)	100,000	$ 605,000				
Anne Marie Cook			4,687	70,313	$ 1,453	$ 21,797
Stephen G. Dance			54,687	170,313	$ 33,906	$ 105,594
Kurt Gunter M.D.(4)	120,000	$ 605,994				
Mary Thistle			107,501	92,499	$ 472,561	$ 222,349
Stephan Wnendt, Ph. D.	30,000	$ 78,150	68,125	101,875	$ 42,238	$ 63,163

(1) Fair market value of underlying securities at the exercise date, less the exercise price.

(2) The value of unexercised in-the-money options at year-end assumes a fair market value for our common stock of $5.62, the closing sale price on December 30, 2005 (the last trading day of 2005), less the exercise price. Actual gains, if any, on exercise will depend upon the value of our common stock on the date of sale of any shares acquired upon exercise of the option.

(3) Dr. Adams employment with us terminated on August 3, 2005.

(4) Dr. Gunter s employment with us terminated on September 2, 2005.

Employment and Severance Arrangements

All of our current employees have entered into agreements with us that contain restrictions and covenants. These provisions include covenants relating to the protection of our confidential information, the assignment of inventions and restrictions on soliciting our clients, employees or independent contractors. None of our employees are employed for a specified term, and each employee s employment with us is subject to termination at any time by either party for any reason, with or without cause. We have entered into an employment agreement with Marc D. Beer, our Chief Executive Officer and President, and letter agreements with our other named executive officers.

Under Marc D. Beer s employment agreement, dated May 2, 2000, he serves as our Chief Executive Officer for one year terms that automatically renew each June 1st, until terminated by either party upon three months notice. His

agreement provides for an annual starting base salary of $250,000, subject to yearly adjustment, and performance-based bonuses granted at amounts determined by the Board of Directors in its discretion. Under the agreement, we granted Mr. Beer at commencement of his employment an option to purchase 900,000 shares of our common stock at $0.30 per share, two-thirds of which began vesting in 48 equal, monthly installments on the grant date, with the remaining one-third to vest in equal annual installments on each of the eighth, ninth and tenth anniversary dates of the grant date. If we terminate Mr. Beer s employment without cause (as defined in the agreement) or if he terminates his employment for reason (as defined in the agreement), he is entitled to his then current base salary plus benefits for a period of twelve months following the date of termination.

Under Stephan Wnendt s letter agreement, dated December 29, 2004, he receives an annual starting base salary of $230,000, subject to yearly adjustment, plus potential performance-based bonuses of up to $75,000 annually based on the achievement of corporate and individual goals. Under the terms of the letter agreement, Dr. Wnendt received an option to purchase 80,000 shares of our common stock at $5.00 per share, vesting quarterly over four years. Dr. Wnendt is also entitled to a relocation package in connection with his relocation to the Cambridge, Massachusetts area from our German office, sponsorship and payment of all costs associated

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with his visa and immigration matters, and a full payment for his U.S. individual plan health insurance while his family remains in Germany. As part of the relocation package, we pay the rent and the other costs and expenses of an apartment for Dr. Wnendt in close proximity to our corporate headquarters in Cambridge, Massachusetts. In addition, at our expense, we provide Dr. Wnendt with a leased car to use while working at our corporate headquarters. If we terminate Dr. Wnendt s employment without cause (as defined in the agreement) or if he terminates his employment for good reason (as defined in the agreement), he is entitled to his then current base salary plus benefits for a period of twelve months following the date of termination.

Under Stephen Dance s letter agreement, dated March 11, 2004, he receives an annual starting base salary of $235,000, subject to yearly adjustment, plus potential bonuses at a target of $50,000 payable annually based on achievement of both corporate and individual goals. Under the terms of his letter agreement, Mr. Dance also received an option to purchase 125,000 shares of our common stock at $5.00 per share, vesting quarterly over four years beginning on March 31, 2004. In addition, Mr. Dance received a performance-based option to purchase 100,000 shares of common stock at $5.00 per share, 25% of which vested on the first anniversary of our initial public offering, 25% of which will vest on the second anniversary of our initial public offering, and the remainder of which will vest in equal annual installments on each of the fourth, fifth, sixth and seventh anniversary dates of the date of grant. If at any time within 24 months after the lock-up period imposed by the underwriters in connection with our initial public offering, the average closing price of our common stock over a period of 30 consecutive trading days as reported by any exchange on which our common stock is traded equals or exceeds $26.00 per share, or if at any time within 36 months after the expiration of such lock-up period such average closing price equals or exceeds $34.00 per share, then the remaining 50,000 unvested shares under the performance-based option will fully vest and become exercisable. If we terminate Mr. Dance s employment without cause (as defined in the agreement) or if he terminates his employment for good reason (as defined in the agreement), he is entitled to his then current base salary plus benefits for twelve months following the date of termination. If we terminate Mr. Dance s employment without cause or if Mr. Dance voluntarily resigns for good reason within twelve months of a change in control (as defined in the agreement), in addition to being entitled to receive his then current base salary and benefits for a period of twelve months following the date of termination, all of his then unvested options (other than the performance-based options described above, which fully vest upon a change of control) will become fully vested and exercisable.

Under Mary Thistle s letter agreement, dated October 10, 2004, she receives an annual starting base salary of $220,000, subject to yearly adjustment, and performance-based bonuses granted at amounts determined by the Board of Directors in its discretion. Under the terms of the letter agreement, we granted Ms. Thistle an option to purchase 50,000 shares of our common stock at $5.00 per share, vesting quarterly over four years. If we terminate Ms. Thistle s employment without cause (as defined in the agreement) or if she terminates her employment for good reason (as defined in the agreement), she is entitled to her then current base salary plus benefits for a period of six months following the date of termination.

Under Anne Marie Cook s letter agreement, dated August 1, 2005, she receives an annual starting base salary of $280,000, subject to yearly adjustment, and performance-based bonuses granted at amounts determined by the Board of Directors in its discretion. Under the terms of the letter agreement, we granted Ms. Cook an option to purchase 75,000 shares of our common stock at $5.31 per share, vesting quarterly over four years. If we terminate Ms. Cook s employment without cause (as defined in the agreement) or she voluntary terminates her employment for good reason (as defined in the agreement), she is entitled to continue to receive her then current base salary plus benefits for a period of twelve months following the date of termination. Upon a change in control (as defined in the agreement), if Ms. Cook s employment is terminated without cause within 12 months of the change in control or she voluntarily resigns for good reason within such 12-month period, all of her then unvested options will become fully vested and exercisable and she will be entitled to continue to receive her then current base salary plus benefits for a period of twelve months following the date of termination.

Christoph Adams and Kurt Gunter, two of our former executive officers, had letter agreements, dated June 7, 2001 and May 14, 2001, respectively, with us, that provided them with base salaries and performance-based bonuses granted at amounts determined by the Board of Directors in its discretion. The agreements also

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provided that each would receive his then current base salary for six months following the date of termination of their employment in the event that their employment was terminated without cause (as defined in their agreements) or if they terminated their employment for good reason (as defined in their agreements). Neither Dr. Adams nor Dr. Gunter received severance payments in connection with the termination of their employment with us.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have entered into consulting agreements with Barbara Bierer, one of our non-employee directors, and George Daley, one of our former non-employee directors, in connection with their service on our medical and scientific advisory board. Please refer to the section above entitled General Information Relating to the Board of Directors Director Compensation.

In September 2005, we entered into a consulting agreement with Kurt Gunter, one of our former executive officers, in connection with his service on our medical and scientific advisory board and services related to our ongoing CB001 Phase 1 clinical trial. Under the agreement, Dr. Gunter received a fixed hourly rate for consulting services related to the clinical trial and a retainer and meeting fees for his service on the medical and scientific advisory board. In 2005, Dr. Gunter was paid $6,583 under this agreement.

We have entered into an employment agreement with Mr. Beer and letter agreements with our other executive officers. For information regarding these agreements and other related arrangements, please refer to the section entitled Employment and Severance Arrangements.

We maintain keyman life insurance on Mr. Beer, under which we pay the premiums on the policy and are the sole beneficiary of any proceeds payable under the policy.

We compensate non-employee directors for their services on our Board of Directors and its committees. Please refer to the section above entitled General Information Relating to the Board of Directors Director Compensation.

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PRINCIPAL STOCKHOLDERS

The table below provides information about the beneficial ownership of our capital stock as of March 31, 2006 by (1) each person we know to beneficially own more than five percent of our outstanding capital stock, (2) each of our directors, (3) each of the named executive officers and (4) all current directors and executive officers as a group. Except as indicated in the table or footnotes and pursuant to community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares opposite that stockholder s name. Beneficial ownership is determined in accordance with SEC rules. The information does not necessarily indicate beneficial ownership for any other purpose.

The Percentage of Shares Outstanding column below is based on 38,844,030 shares outstanding as of March 31, 2006, which includes 241,481 shares issued in escrow which will be released to certain former stockholders of Kourion Therapeutics AG if there is a change of control of our company prior to September 30, 2006. Options and warrants to purchase shares of our common stock that are currently exercisable or exercisable within 60 days after March 31, 2006, are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing that person s percentage ownership, but are not treated as outstanding for the purpose of computing any other person s percentage ownership.

Name and Address of Beneficial Owners(1)	Number of Shares Beneficially Owned	Percentage of Shares Outstanding (%)
MPM Asset Management LLC affiliated funds(2) 111 Huntington Avenue Boston, MA 02199	5,597,096	14.25%
Amgen Inc.(3) One Amgen Center Drive Thousand Oaks, California 91320-1799	3,060,000	7.77
James Tullis(4) c/o Tullis-Dickerson & Co., Inc. 2 Greenwich Plaza, 4th Floor Greenwich, CT 06830	2,451,471	6.31
Tullis-Dickerson & Co., Inc. affiliated funds(5) ( ) 2 Greenwich Plaza, 4th Floor Greenwich, CT 06830	2,426,471	6.21
HealthCor Management, L.P.(6) ( ) Carnegie Hall Tower, 152 W. 57th Street, 47th Floor New York, New York 10019	2,150,000	5.54
Denise Pollard-Knight(7) c/o Nomura International plc 1 St. Martin s le Grand London, EC1A 4NP, United Kingdom	1,717,184	4.42
Marc D. Beer(8)	750,000	1.89
Mary Thistle(8)	115,311	*
Stephen Dance(8)	95,312	*
Stephan Wnendt, Ph.D.(8)	81,875	*

Vaughn Kailian(8)	80,000	*
Barbara Bierer, M.D.(9)	42,592	*
Paul Hastings(10)	38,291	*
Jan van Heek(11)	30,875	*
Anne Marie Cook(8)	9,375	*
Paul Blake(8)	5,000	*
James Sigler(8)	5,000	*

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Name and Address of Beneficial Owners(1)	Number of Shares Beneficially Owned	Percentage of Shares Outstanding (%)
Christoph M. Adams, Ph.D.(12) ( ) 10 Baskin Road Lexington, MA 02173		*
Kurt C. Gunter(13) ( ) 5 Birch Hill Lane Lexington, MA 02421		*
All current executive officers and directors as a group (13 persons)(14)	5,405,036	13.48

* Indicates less than 1%.

Indicates that Number of Shares Beneficially Owned is computed based on publicly available information.

(1) Unless otherwise indicated, the address of each stockholder is ViaCell, Inc., 245 First Street, Cambridge, Massachusetts 02142.

(2) Consists solely of 4,568,835 shares held by BB BioVentures, L.P. (BB BioVentures), 334,481 shares held by MPM BioVentures Parallel Fund, L.P. (MPM Parallel), 25,173 shares held by MPM Asset Management Investors 2000A LLC (MPM Asset), 130,880 shares held by MPM BioVentures II-QP, L.P. (BV QP), 14,444 shares held by MPM BioVentures II, L.P. (BV II), 46,089 shares held by MPM BioVentures GmbH & Co. Parallel-Beteiligungs KG (BV KG), 2,715 shares held by MPM Asset Management Investors 2001 LLC and 41,146 shares held by MPM Founders LLC. Also includes warrants exercisable within 60 days of March 31, 2006 as follows: 419,500 by BB BioVentures, 12,620 by MPM Parallel and 1,213 by MPM Asset. BB BioVentures is under common control with MPM Parallel and MPM Asset. BAB BioVentures L.P. (BAB BV), BAB BioVentures NV and MPM BioVentures I LLC (BioVentures LLC) are the direct and indirect general partners of BB BioVentures. MPM BioVentures I L.P. (BioVentures LP) and BioVentures LLC are the direct and indirect general partners of MPM Parallel. MPM Asset Management II, L.P. and MPM Asset Management II LLC are the direct and indirect general partners of BV QP, BV II and BV KG.

(3) Includes a fully-exercisable warrant to purchase 560,000 shares of common stock.

(4) Includes 2,176,471 shares owned by Tullis-Dickerson & Co., Inc. affiliated funds and a fully-exercisable warrant to purchase 250,000 shares of common stock owned by TD Javelin Capital Fund, L.P. All these funds are under common management of Tullis-Dickerson & Co., Inc., of which Mr. Tullis, one of our non-employee directors, is chief executive officer. See footnote 5 to this table. Also includes 25,000 options currently exercisable or exercisable within 60 days of March 31, 2006.

(5) Consists solely of 829,500 shares owned by TD Javelin Capital Fund, L.P., 613,654 shares owned by TD Javelin Capital Fund II, L.P., 558,317 shares owned by TD Lighthouse Capital Fund, L.P., 175,000 shares owned by Tullis-Dickerson Capital Focus II, L.P., and a fully-exercisable warrant to purchase 250,000 shares of common stock owned by TD Javelin Capital Fund, L.P. James L.L. Tullis, Thomas P. Dickerson, Joan P. Neuscheler, Timothy M. Buono and Lyle A. Hohnke have the voting and/or dispositive power over such shares. These individuals disclaim beneficial ownership of the shares owned by the above entities except to the extent of their

proportionate pecuniary interests therein. All these funds are under common management of Tullis-Dickerson & Co., Inc., of which Mr. Tullis, one of our non-employee directors, is chief executive officer.

(6) Consists solely of 2,150,000 shares held by certain accounts managed by HealthCor Management, L.P. in a fiduciary or representative capacity. Accordingly, persons other than HealthCor Management, L.P. have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such shares; however, no such person has an interest that relates to more than five percent of the class.

(7) Includes 1,692,184 shares owned by Nomura International plc., over which Dr. Pollard-Knight, one of our non-employee directors, disclaims beneficial ownership. Nomura Phase4 Ventures Limited, as appointee and manager of Nomura International plc, has voting and dispositive power over these shares.

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Mr. Yoshiki Hashimoto, the Head of Merchant Banking, Nomura International plc, and Dr. Pollard-Knight, the Head of Nomura Phase4 Ventures Limited, are the only two members of the board of directors of Nomura Phase4 Ventures Limited and both of them, acting together, exercise the voting and investment power of Nomura Phase4 Ventures.

Also includes 25,000 options currently exercisable or exercisable within 60 days of March 31, 2006.

(8) Consists solely of options currently exercisable or exercisable within 60 days of March 31, 2006.

(9) Includes 33,188 options currently exercisable or exercisable within 60 days of March 31, 2006.

(10) Includes 35,000 options currently exercisable or exercisable within 60 days of March 31, 2006.

(11) Includes 30,000 options currently exercisable or exercisable within 60 days of March 31, 2006.

(12) Dr. Adams s employment with us terminated on August 3, 2005.

(13) Dr. Gunter s employment with us terminated on September 2, 2005.

(14) Includes 1,290,061 shares of common stock issuable upon exercise of options currently exercisable or exercisable within 60 days of March 31, 2006 and fully-exercisable warrants to purchase 250,000 shares of common stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires our executive officers, directors and greater-than-ten-percent stockholders to file initial reports of ownership and changes of ownership. As a practical matter, we assist our directors and executive officers by monitoring transactions and completing and filing Section 16 forms on their behalf. Based solely on information provided to us by our directors and executive officers, we believe that, during 2005, all such parties complied with all applicable filing requirements except for a Form 4 covering a stock option grant to James Sigler, one of our directors. The grant to Mr. Sigler was made on July 11, 2005 and the Form 4 was filed on February 13, 2006.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors consists of three directors all of whom, our Board of Directors has determined, satisfy the applicable independence standards of the Nasdaq National Market and the rules and regulations of the Securities Exchange Commission. The Board of Directors has adopted a written charter for the Audit Committee.

In the course of its oversight of our financial reporting process, the Audit Committee of the Board of Directors has (1) reviewed and discussed with management our audited consolidated financial statements for the fiscal year ended December 31, 2005, (2) discussed with PricewaterhouseCoopers, LLP, our independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, and (3) received the written disclosures and the letter from PricewaterhouseCoopers, LLP required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees and discussed with PricewaterhouseCoopers, LLP their independence.

Based on the foregoing review and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the Securities and Exchange Commission.

Submitted on April 12, 2006 by the members of the Audit Committee of ViaCell s Board of Directors.

Jan van Heek (Chair)
Vaughn Kailian
Denise Pollard-Knight, Ph.D.

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PROPOSAL 2 RATIFICATION OF THE SELECTION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected PricewaterhouseCoopers, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2006. PricewaterhouseCoopers served as our independent registered public accounting firm in connection with the audit for the fiscal years ended December 31, 2005 and December 31, 2004. If our stockholders do not ratify the selection of PricewaterhouseCoopers as our independent registered public accounting firm, the Audit Committee will reconsider its selection. Representatives of PricewaterhouseCoopers will attend the annual meeting, have the opportunity to make a statement if they so desire, and be available to respond to appropriate questions.

Audit and Other Fees

The following table presents fees billed to us by PricewaterhouseCoopers for professional services rendered for the fiscal years 2004 and 2005.

Fee Category	Fiscal 2005 Fees	% of Total	Fiscal 2004 Fees	% of Total
Audit Fees	$ 426,236	90.7%	$ 1,115,000	99.9%
Audit-Related Fees				
Tax Fees	43,909	9.3	7,500	0.1
All Other Fees				
Total Fees	$ 470,145	100%	$ 1,122,500	100%

Audit Fees for 2005 were for review of our annual consolidated financial statements included in our Annual Report on Form 10-K for fiscal year 2005 and the interim consolidated financial statements included in our Quarterly Reports on Form 10-Q. 2005 audit fees also included fees for other services associated with our Form S-1 registration statements, including comfort letters, consents and assistance in responding to SEC comment letters, and services that are normally provided by PricewaterhouseCoopers in connection with statutory and regulatory filings. Audit Fees for 2004 were for review of our annual consolidated financial statements and the interim consolidated financial statements included in our registration statements on Form S-1 filed in connection with our initial public offering and our Annual Report on Form 10-K for fiscal year 2004. 2004 audit fees also included fees for other services associated with our Form S-1 registration statements, including comfort letters, consents and assistance in responding to SEC comment letters, and services that are normally provided by PricewaterhouseCoopers in connection with statutory and regulatory filings.

Tax Fees are fees for tax compliance, planning and advisory services other than those that relate specifically to the audits and reviews of our consolidated financial statements.

The Audit Committee has concluded that the provision of the non-audit services listed above is compatible with maintaining the independence of PricewaterhouseCoopers.

From and after the effective date of the SEC rule requiring Audit Committee pre-approval of all audit and permissible non-audit services provided by independent registered public accountants, the Audit Committee has approved all audit

and permissible non-audit services prior to such services being provided by PricewaterhouseCoopers. The Audit Committee, or one or more of its designated members that have been granted authority by the Audit Committee, meets to approve each audit or non-audit service prior to the engagement of PricewaterhouseCoopers for such service. Each such service approved by one or more of the authorized and designated members of the Audit Committee is presented to the entire Audit Committee at a subsequent meeting. SEC rules permit an audit committee to approve a *de minimis* amount of non-audit services after the services begin but before completion of the audits for the relevant years. The Audit Committee approved approximately $17,000 in tax services, which amounted to less than 5% of audit fees, under this exception in 2005.

THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS RECOMMENDS RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2006.

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COMPENSATION COMMITTEE REPORT

A primary objective of the Compensation Committee is to establish compensation policies designed to help ViaCell attract, retain and reward executive officers who will contribute to the long-term success of the company. The Compensation Committee meets to discuss and take action each year on executive compensation, including annual base salaries, bonus awards and stock option grants. The Compensation Committee s goal is to provide total compensation that is competitive in the marketplace, recognizes meaningful differences in individual performance and offers the opportunity to earn above average rewards when merited by individual and corporate performance. Bonus awards are primarily based on corporate performance, with actual awards varying according to each individual s impact on that performance. Stock option grants are also an important component of the executive compensation program. By providing executive officers with an equity interest in ViaCell, stock options are intended to link a meaningful portion of an executive s compensation with the performance of ViaCell s common stock.

This report is submitted by the Compensation Committee and addresses the compensation policies for 2005 relating to Marc D. Beer, in his capacity as ViaCell s Chief Executive Officer, and the other executive officers of ViaCell.

Establishing Base Salary and Bonus Potential for 2006

Annual compensation for ViaCell s executive officers, consists of three principal elements: base salary, cash bonus and stock option grants.

The minimum base salaries of Mr. Beer, Ms. Cook, Mr. Dance, Ms. Thistle and Dr. Wnendt are established in their employment agreements. Subject to these minimums, salary levels of the company s executive officers are reviewed annually and typically have been increased.

In setting the annual base salaries for ViaCell s executive officers for 2006, the Compensation Committee reviewed the aggregate salary and bonus compensation for individuals in comparable positions with other public and private biotechnology and pharmaceutical companies of a similar size to the company. The Compensation Committee reviewed publicly available survey and proxy statement data, as well as data available through subscription services, collected, organized and presented to the Compensation Committee by management. The Compensation Committee attempted to provide the company s executive officers with cash compensation competitive, generally, between the 25th and 50th percentile for total annual cash compensation paid by comparable companies. It was felt this range was appropriate for a company of ViaCell s size and profile.

In setting an executive officer s annual base salary, the Compensation Committee also reviews and evaluates the performance of the department or activity for which that executive has responsibility, the impact of that department or activity on ViaCell and the skills and experience required for the job, coupled with a comparison of these elements with similar elements for other executives both inside and outside ViaCell. Further adjustments are made to each individual executive s base salary based on the executive s performance review for the prior year.

For 2006, increases in the base salary for the company s executive officers ranged from 4-7% over the base salary paid for the prior year. Target bonus levels for executive officers for 2006 ranged from 20-35% of base salary, depending on the person s seniority level and perceived impact of such person s position on the company s overall performance.

The extent to which the executive officers are paid any portion or all of their target bonus for 2006, will be based primarily upon achievement of corporate performance goals and partly upon personal performance set for that year. The corporate goals established by the Compensation Committee for 2006 include achieving during 2006 certain

quantitative operational and financial targets, pre-defined clinical and research and development milestones and business development goals, with each set of goals accounting for a defined percentage component of the bonus. The personal performance of each executive in 2006 will be measured against pre-defined criteria established between the Chief Executive Officer and the executive at the end of the previous year s performance evaluation cycle.

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Bonus Awards for 2005 Performance

The Compensation Committee awarded bonuses to the Company s executive officers for performance during 2005 at its March 1, 2006 meeting. The amounts awarded were based primarily upon overall corporate performance for that year and partly upon personal contribution to that performance and personal merit. The Compensation Committee concluded that the company had achieved overall a 62% level of achievement with respect to corporate performance goals for that year. This was a weighted average of the extent to which, in the Compensation Committee s judgment, the company had performed in meeting milestone-defined clinical, research and development goals and quantitatively-measured operating goals set by the Compensation Committee earlier in the year.

Stock Options

Executive officer compensation also includes long-term incentives afforded by options to purchase shares of ViaCell common stock. The Compensation Committee awards stock options under ViaCell s equity incentive plan to ViaCell s executive officers. The purposes of ViaCell s stock option programs are to (i) highlight and reinforce the mutuality of long-term interests between employees and stockholders, and (ii) assist in the attraction and retention of critically important executives, managers and individual contributors who are essential to ViaCell s growth and development.

ViaCell s stock option programs generally include vesting periods to optimize the retention value of these options and to orient ViaCell s executive officers to longer term success.

The number of shares of ViaCell common stock subject to stock option grants is generally intended to reflect the significance of the executive s current and anticipated contributions to ViaCell. The value realized from exercisable options is dependent upon the extent to which ViaCell s performance is reflected in the price of its common stock at any particular point in time. However, the decision as to whether such value will be realized through the exercise of an option in any particular year is primarily determined by each individual within the limits of the option s vesting schedule and not by the Compensation Committee. Typically, the company s option grants have a vesting schedule of 6.25% quarterly vesting over four years.

Compensation of Chief Executive Officer

The starting base salary of Marc D. Beer, ViaCell s President and Chief Executive Officer, was set by his employment agreement. As discussed above, Mr. Beer s base salary and annual bonus target, like those of the company s other executive officers, are reviewed annually by the Compensation Committee and are adjusted based on analysis of practices at comparable companies and assessment of Mr. Beer s level of performance during the previous year. Mr. Beer s actual bonus payment is typically based entirely on overall corporate performance, though the Compensation Committee can take into account personal performance or establish pre-defined personal goals.

For 2005, Mr. Beer s base annual salary was increased by 4% from $350,000 to $364,000. Mr. Beer s target bonus level for 2005 was set at 54% of base salary, reflecting the Committee s preference that a significant component of Mr. Beer s compensation be in the form of pay-at-risk compensation, contingent upon corporate performance.

Mr. Beer s bonus award earned for 2005 was approximately $117,800, based primarily upon the aforementioned 62% level of achievement generally with respect to corporate goals.

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Compliance with Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction to a public company for certain compensation over $1 million paid to its chief executive officer and its four other most highly compensated executive officers. However, qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The Compensation Committee reviews the potential effect of Section 162(m) periodically and generally seeks to structure the long-term incentive compensation granted to ViaCell s executive officers in a manner that is intended to avoid disallowance of deductions under Section 162(m). Nevertheless, there can be no assurance that the compensation attributable to awards granted will be treated as qualified performance-based compensation under Section 162(m). In addition, the Compensation Committee reserves the right to use its judgment to authorize compensation payments that may be subject to the limit when the Compensation Committee believes that such payments are appropriate and in the best interests of ViaCell and its stockholders, after taking into consideration changing business conditions and the performance of its employees.

Submitted on April 12, 2006 by the members of the Compensation Committee of ViaCell s Board of Directors.

Paul Hastings (Chair)
James Tullis
Jan van Heek

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STOCK PERFORMANCE GRAPH

The table and graph depicted below compare the cumulative total stockholder return (assuming reinvestment of dividends, if any) from investing $100 on January 21, 2005, the date on which our common stock was first publicly traded and plotted at the close of the last trading day of the fiscal year ended December 31, 2005, in each of (i) our common stock, (ii) the Nasdaq National Stock Market Index of U.S. Companies, which is referred to as the Nasdaq Stock Market (U.S.) Index, and (iii) the Nasdaq National Stock Market Biotechnology Index, which is referred to as the Nasdaq Biotechnology Index. We have not paid dividends, and no dividends are included in the representation of our performance. The stock price performance on the graph below is not necessarily indicative of future price performance.

COMPARISON OF 1 YEAR CUMULATIVE TOTAL RETURN
AMONG VIACELL, INC., THE NASDAQ STOCK MARKET (U.S.) INDEX
AND THE NASDAQ BIOTECHNOLOGY INDEX

	Cumulative Total Return	
	1/21/05	**12/31/05**
VIACELL, INC.	$ 100.00	$ 64.82
NASDAQ STOCK MARKET (U.S.) INDEX	$ 100.00	$ 112.81
NASDAQ BIOTECHNOLOGY INDEX	$ 100.00	$ 127.63

CORPORATE GOVERNANCE MATTERS

We have adopted a Corporate Code of Business Conduct and Ethics for our directors, executive officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) and employees. Our Corporate Code of Business Conduct and Ethics is available in the Governance section of the Investor Information section of our website (www.viacellinc.com). We intend to disclose any amendments to, or waivers from, our Corporate Code of Business Conduct and Ethics on our website. Stockholders may request a free copy of the Corporate Code of Business Conduct and Ethics by writing to us at ViaCell, Inc., 245 First Street, 15th Floor, Cambridge, Massachusetts 02142, Attention: Investor Relations.

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STOCKHOLDER PROPOSALS FOR THE 2007 ANNUAL MEETING

Assuming our 2007 Annual Meeting of Stockholders is not more than 30 days before or 30 days after May 19, 2007, if you wish to bring business before the 2007 annual meeting, you must provide our Corporate Secretary at 245 First Street, 15th Floor, Cambridge, MA 02142 with written notice by February 18, 2007 (the 90th day prior to the anniversary of the 2006 annual meeting). If the 2007 annual meeting is held on any other date, you must provide our Corporate Secretary with written notice by the close of business on the 10th day following the earlier of the day upon which the 2007 annual meeting date is first publicly announced or the day upon which notice of such date is first mailed to our stockholders.

If you intend to bring such a proposal at the 2007 annual meeting, and you would like us to consider the inclusion of your proposal in our proxy statement for the meeting, you must provide written notice of such proposal to our Corporate Secretary on or before January 19, 2007 (the date 120 days before the anniversary of the 2006 annual meeting), assuming that our 2007 annual meeting is not held more than thirty days before or thirty days after May 19, 2007.

Our by-laws also provide that notice of a nomination by a stockholder with respect to the election of directors at an annual meeting must contain the information specified in the by-laws. Any stockholder proposals that comply with rule 14a-8 of the proxy rules under the Securities Exchange Act will be considered to comply with our by-laws and eligible for inclusion in our proxy materials.

INCORPORATION BY REFERENCE

Notwithstanding anything to the contrary set forth in any of our previous filings under the securities laws that might incorporate future filings, including this Proxy Statement, in whole or in part, the Compensation Committee Report, the Finance and Audit Committee Report, the Stock Performance Graph, the content of www.viacellinc.com, including, without limitation, the charters of the committees of our Board of Directors and our Corporate Code of Business Conduct and Ethics, included or referenced in this Proxy Statement shall not be incorporated by reference into any such filings.

OTHER MATTERS

The Board of Directors does not know of any business to come before the meeting other than the matters described in the notice. If other business is properly presented for consideration at the meeting, the enclosed proxy authorizes the persons named therein to vote the shares in their discretion.

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FORM OF PROXY CARD
VIACELL, INC.
245 First Street
Cambridge, MA 02142
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS

The undersigned stockholder of ViaCell, Inc. (the Company) hereby appoints Marc D. Beer, Marc Rubenstein and Anne Marie Cook, and each of them acting singly, the attorneys and proxies of the undersigned, with full power of substitution, to vote, on behalf of the undersigned, all of the shares of common stock of the Company held of record by the undersigned on April 12, 2006, at the Annual Meeting of Stockholders of the Company to be held at 9:30 a.m. (local time) on May 19, 2006 at the Company s offices located at 245 First Street (15th Floor), Cambridge, Massachusetts, 02142, and at all adjournments thereof, hereby revoking any proxy heretofore given with respect to such shares.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED BY THE UNDERSIGNED STOCKHOLDER(S). IF NO DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED FOR ALL PROPOSALS. IN THEIR DISCRETION, THE PROXIES ARE ALSO AUTHORIZED TO VOTE UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING.

PLEASE SIGN AND MAIL THIS PROXY TODAY USING THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

(Continued and to be signed on reverse side.)

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(REVERSE SIDE OF PROXY CARD)

Please date, sign and mail your
proxy card back as soon as possible!

Annual Meeting of Stockholders

ViaCell, Inc.

May 19, 2006

ý Please mark your votes as in this example

	FOR all nominees	WITHHELD from all nominees	
1. Election of three nominees to the Board of Directors, to serve for a three-year term ending at the Company s Annual Meeting of Stockholders in 2009 and until their successors are duly elected and qualified or their earlier resignation or removal	o	o	Nominees: Paul Blake Paul Hastings Jan van Heek
FOR, except withheld from the following nominee(s):			

	FOR	AGAINST	ABSTAIN
2. Ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2006	o	o	o

Mark here for Address Change and Note on Left o

SIGNATURE DATE: SIGNATURE (IF HELD JOINTLY) DATE:

Note: Please sign exactly as name appears on stock certificate. When shares are held by joint tenants, both should sign. When signing as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.