GLG Partners, Inc.
Form 10-K
March 01, 2010

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

Form 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2009

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-33217
GLG PARTNERS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-5009693**
(State of incorporation)	*(I.R.S. Employer Identification No.)*
399 Park Avenue, 38th Floor	**10022**
New York, New York	*(Zip code)*
(Address of principal executive offices)	

Registrant s telephone number, including area code:
(212) 224-7200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Name of each exchange on which registered:**
Common Stock, $0.0001 Par Value Per Share	The New York Stock Exchange, Inc.
Warrants to Purchase Common Stock	The New York Stock Exchange, Inc.
Units, each consisting of one share of Common Stock and one Warrant	The New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:
None

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 þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its 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 o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not 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. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

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

The aggregate market value of the registrant s voting stock held by non-affiliates of the registrant as of the end of the registrant s second fiscal quarter of 2009 (based on the closing price as reported on the New York Stock Exchange on June 30, 2009) was approximately $540 million. Shares of voting stock held by officers, directors and certain holders of more than 10% of the outstanding voting stock have been excluded from this calculation because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the registrant s Common Stock as of February 22, 2010 was 253,247,552.

Documents Incorporated by Reference

Portions of the registrant s Proxy Statement for the 2010 Annual Meeting of Shareholders to be held on May 10, 2010 are incorporated by reference into Part III of this Form 10-K.

GLG PARTNERS, INC.

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PART I

Item 1. *Business*

In this Annual Report on Form 10-K, unless the context indicates otherwise, the terms the Company , we , us and our refer to GLG Partners, Inc. and its subsidiaries, following the acquisition by Freedom Acquisition Holdings, Inc. and its then consolidated subsidiaries (Freedom) of GLG Partners LP and certain of its affiliated entities (collectively, GLG) by means of a reverse acquisition transaction on November 2, 2007, and to Freedom prior to the acquisition.

Introduction

We are a global asset management company offering our clients a wide range of performance-oriented investment products and managed account services. Our primary business is to provide investment management advisory services for various investment funds and companies (the GLG Funds). We derive our revenues primarily from management fees and administration fees charged to the GLG Funds and accounts we manage based on the value of the assets in these funds and accounts, and performance fees charged to the GLG Funds and accounts we manage based on the performance of these funds and accounts. Substantially all of our assets under management, or AUM, are attributable to third-party investors, and the funds and accounts we manage are not consolidated into our financial statements. As of December 31, 2009, our net AUM (net of assets invested in other GLG Funds) were approximately $22.2 billion, as compared to approximately $21.6 billion as of September 30, 2009 and approximately $15.0 billion as of December 31, 2008. As of December 31, 2009, our gross AUM (including assets invested in other GLG Funds) were approximately $24.4 billion, as compared to approximately $24.0 billion as of September 30, 2009 and approximately $16.5 billion as of December 31, 2008.

On December 19, 2008, we entered into (i) an agreement with Société Générale Asset Management (SGAM) to acquire Société Générale Asset Management UK (SGAM UK), Société Générale s UK long-only asset management business, for £4.5 million (approximately $6.5 million) in cash and (ii) a sub-advisory agreement with SGAM UK related to approximately $3.0 billion of AUM. On April 3, 2009, we completed the acquisition of SGAM UK s operations, which had approximately $7.0 billion of AUM as of that date, and its investment and support staff, based primarily in London, and the sub-advisory agreement was terminated.

On November 2, 2007, we completed the acquisition (the Acquisition) of GLG Partners Limited, GLG Holdings Limited, Mount Granite Limited, Albacrest Corporation, Liberty Peak Ltd., GLG Partners Services Limited, Mount Garnet Limited, Betapoint Corporation, Knox Pines Ltd., GLG Partners Asset Management Limited and GLG Partners (Cayman) Limited (each, an Acquired Company and collectively, the Acquired Companies) pursuant to a Purchase Agreement dated as of June 22, 2007, as amended (the Purchase Agreement), among us, our wholly owned subsidiaries, FA Sub 1 Limited, FA Sub 2 Limited and FA Sub 3 Limited, Jared Bluestein, as the buyers representative, Noam Gottesman, as the sellers representative, and the equity holders of the Acquired Companies (the GLG Shareowners).

Effective upon the consummation of the Acquisition, (1) each Acquired Company became a subsidiary of ours, (2) the business and assets of the Acquired Companies and certain affiliated entities became our only operations and (3) we changed our name to GLG Partners, Inc. Because the Acquisition was considered a reverse acquisition and recapitalization for accounting purposes, the combined historical financial statements of GLG became our historical financial statements and from the consummation of the Acquisition on November 2, 2007, our financial statements have been prepared on a consolidated basis.

Overview

We use a multi-strategy approach, offering investment funds and managed accounts across a diverse range of strategies and products. We have achieved strong and sustained absolute returns in both alternative and long-only strategies. As of December 31, 2009, our net AUM were approximately $22.2 billion, up from approximately $11.7 billion as of December 31, 2004. As of December 31, 2009, our gross AUM were approximately $24.4 billion, up from approximately $13.3 billion as of December 31, 2004. We have achieved an approximately 28.1% net dollar-weighted average return on our alternative strategies for the year ended

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December 31, 2009. See Fund Performance and Structure Dollar-Weighted Average Returns for a discussion of the calculation of net dollar-weighted average returns. The chart below sets forth the growth of our net AUM since 2004, as well as the impact of the SGAM UK acquisition during 2009.

Historical Net AUM
($ in Billions)

(1) Approximately $3 billion of AUM was mandated in December 2008 pursuant to the sub-advisory arrangement with SGAM UK, which terminated upon the acquisition of SGAM UK on April 3, 2009.

We have built an experienced and highly-regarded investment management team of 130 investment professionals and supporting staff of 263 personnel, based primarily in London, representing decades of experience in the asset management industry. This team of talented and dedicated professionals includes a number of people who have worked with GLG since before 2000. For purposes of this Annual Report on Form 10-K, personnel refers to our employees and the individuals who are members of Laurel Heights LLP and Lavender Heights LLP and who provide services to us through these entities. Prior to our acquisition of GLG Holdings Inc. and GLG Inc. in January 2008, we consolidated GLG Inc. and GLG Holdings Inc. in our financial statements on the basis that they were variable interest entities in which we were the primary beneficiary.

We have built a highly scalable investment platform, infrastructure and support system, which represent a combination of world-class investment talent, cutting-edge technology and rigorous risk management and controls.

We manage a broad portfolio of GLG Funds and managed accounts, comprising both alternative and long-only strategies and earn substantially all our revenue from the management of alternative strategy, long-only and multi-strategy investment funds and managed accounts. For the years ended December 31, 2009, 2008 and 2007, revenues from the alternative strategy GLG Funds represented 60%, 87% and 87%, respectively, of our consolidated revenues and revenues from the long-only GLG Funds represented 14%, 10% and 11%, respectively, of our consolidated revenues. We earn a substantial portion of our remaining revenue from managed accounts. Managed account fee structures are negotiated on an account-by-account basis and may be more complex than for the GLG Funds. Across the managed account portfolio, fee rates vary according to the underlying mandate and in the aggregate are generally within the performance and management fee ranges charged with respect to comparable fund products.

Of the alternative strategy GLG Funds, the GLG Alpha Select Fund and the GLG European Long-Short Fund in 2009, the GLG Alpha Select Fund and the GLG Emerging Market Fund in 2008, and the GLG Market Neutral Fund, the GLG European Long-Short Fund and the GLG Emerging Markets Fund in 2007 each represented 10% or more of our consolidated revenues. These GLG Funds represented approximately, $69.8 million, $149.3 million, and $599.2 million of our consolidated revenues for the years ended December 31, 2009, 2008 and 2007, respectively.

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The charts below summarize the diversity of our overall net AUM as of December 31, 2009.

Note: Data is based on net AUM and GLG Funds as of December 31, 2009. Alternative strategies include all 130/30 or similar strategy managed accounts and 130/30 or similar strategy funds. Cash and other holdings are included under alternative strategies as Funds and Other .

Our success has been driven largely by our strong and sustained track record of investment performance. The chart below summarizes investment performance since the launch of our first fund in 1997 through December 2009 by looking at the cumulative net dollar-weighted annual returns for GLG alternative and long-only strategies (excluding funds of funds).

INVESTMENT PERFORMANCE

Note: Performance is typically measured by the longest running share class in each fund. The first GLG Fund began trading in January 1997; as a result, indices are rebased to 100 as at January 1, 1997 with monthly data points through to December 31, 2009. Annualized returns are calculated on a basis of monthly pricing data.

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The dollar-weighted average returns illustrate aggregate performance for alternative strategy, long-only strategy funds and managed accounts. Individual fund or account performance is weighted according to gross AUM, therefore a large out-performing product will carry far greater impact than a small under-performing product. AUM data for a particular month is based on official net asset values published by the fund administrator as at close of business on the last business day of that month. See Fund Performance and Structure Dollar-Weighted Average Returns for a discussion of the calculation of net dollar-weighted average returns.

History

Noam Gottesman, Pierre Lagrange and Jonathan Green, who had worked together at Goldman Sachs Private Client Services since the late 1980s, left to form GLG as a division of Lehman Brothers International (Europe), or LBIE, in September 1995, with significant managerial control. Initially, GLG managed accounts for private client investors, primarily high and ultra-high net worth individuals from many of Europe s wealthiest families, with whom the founders had pre-existing relationships. GLG began to offer fund products in early 1997.

By 1998, GLG had exceeded the five-year profitability target which had been jointly set by the founders and LBIE in 1995. In 2000, GLG s senior management wanted to grow its business as an independent company. As a result, GLG became an independent business in 2000. A subsidiary of Lehman Brothers Holdings Inc. initially held a 20% minority interest in GLG and now holds an approximate 11% equity interest in us. Mr. Green retired from GLG at the end of 2003.

Since its separation from LBIE in 2000, GLG has invested considerable resources to developing a cohesive investment management team and robust platform to allow it to participate in the strong growth of the alternative and traditional investment management industry. GLG has successfully established a fully independent infrastructure, seen overall headcount grow from approximately 55 in 2000 to 393 as of December 31, 2009, and recruited a significant number of high-quality individuals from leading financial services businesses both to expand its talent pool and management base and to support a substantial range of new product initiatives.

Emmanuel Roman, a former Partner of Goldman Sachs, joined GLG in 2005 as a non-investment manager Co-Chief Executive Officer.

Competitive Strengths

Our strength in continental Europe and the United Kingdom has given us a highly respected brand name in the industry and has enabled us to attract and retain highly talented investment professionals as well as to invest heavily in our infrastructure. We believe that we enjoy distinct advantages for attracting and retaining talent, generating investment opportunities and increasing AUM because of the strength and breadth of our franchise. By capitalizing on what we regard as our competitive strengths, we expect to extend our record of growth and strong investment performance.

Our Team and Culture

We have a team of talented and dedicated professionals. Our high-quality and well-motivated team of investment professionals is characterized by exceptional investment and product development experience and expertise. Several of our investment professionals are widely recognized leaders and pioneers in the alternative and traditional investment management industry. In addition to our 130 investment professionals, we have 263 personnel in our marketing, legal, compliance, middle office, finance, administrative, risk management, operations and technology groups. We have invested heavily in recruiting, retaining and supporting this strong and cohesive team because we believe that the quality of this team has contributed and will continue to contribute materially to the strength of our

business and the results we achieve for our clients. Extensive industry experience and consistency in the senior management team provide us with considerable continuity and have served to define our professional culture.

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Our management believes that a team approach, in which investment professionals managing multiple strategies and asset classes are encouraged to share investment perspectives and information (for example, equity, credit and emerging market specialists working together, or industry teams working across geographic regions), promotes the cross-fertilization of ideas, investment strategies and product development within the organization. Management views this team dynamic as a critical contributor to both our investment success and our ability to develop new product initiatives.

Long-standing Relationships with a Prestigious Client Base

We have forged long-standing relationships with many of Europe s wealthiest families and prestigious institutional asset allocators. We enjoy a balanced and diverse investor base made up of financial institutions, pension and endowment funds, high and ultra high net worth individuals, family offices, sovereign wealth funds and other sources. We have discretionary power to allocate a significant portion of the assets invested by high and ultra-high net worth individuals among our various fund products. With a foundation of firmly established relationships, some originating prior to GLG s inception in 1995, we enjoy a loyal client base. In addition to representing a high-quality source of client referrals, many of these clients have significant industry and regional knowledge, as well as experience and relationships that we are able to leverage in the investment process. Our focus on client relationship management through our marketing team and customized investment solutions places us in a strong position both to capture a greater proportion of the investable wealth of existing accounts and to attract new clients.

Differentiated Multi-Strategy Approach and Product Offerings

By offering a wide variety of investment strategies and products, in contrast to single strategy managers, we offer a broad solution, deploying client assets across a variety of investment products. By spinning-off successful strategies into new products, we have been able to expand our portfolio of separate strategies, creating growth opportunities with new and existing clients. Our multi-strategy approach provides significant advantages to our clients, most importantly the flexibility to redeploy client assets quickly among other strategies in our diversified portfolio of investment products in the face of changing market conditions. Our multi-strategy profile also can enhance the stability of our performance fee-based revenues, as fluctuations in fund performance and performance fees are modulated across the broad and diverse portfolio of investment products. In addition, our diversified investment product offerings allow us to take advantage of cross-selling opportunities with new and existing clients, thereby attracting or retaining investment capital that might otherwise go to non-GLG investment vehicles. In addition, through our managed account product, we are able to create sophisticated and highly customized solutions for our clients, providing products tailored to client requirements.

Strong and Sustained Investment Track Record

The GLG Funds have generated substantial absolute returns since inception. By focusing on our core competencies, we have achieved a 14.0% net annualized dollar-weighted average return on our alternative strategies funds since the launch of our first fund in January 1997 through December 2009. See Fund Performance and Structure Dollar-Weighted Average Returns for a discussion of the calculation of net dollar-weighted average returns.

Institutionalized Operational Processes and Infrastructure

We have invested considerable resources into developing our personnel base and establishing our infrastructure. We have developed highly institutionalized product development, investment management, risk management, operational and information technology processes and controls. Management believes that our institutionalized product platform, operational and systems infrastructure and distribution channels are highly scalable and are attractive to institutional investors who are seeking investment funds with well-developed and robust systems, operations and advanced risk

management capabilities. This, in turn, enhances our ability to participate in the strong growth of the investment management industry and demand for absolute return products.

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Alignment of Interests

The interests of our management and personnel are closely aligned with those of our clients and shareholders. Currently, Messrs. Gottesman, Lagrange and Roman, referred to as the Principals, and the trustees of their respective trusts, referred to as the Trustees, our officers and directors, our key personnel, employees and service providers, and their respective affiliates, Lavender Heights Capital LP and Sage Summit LP, collectively own approximately 60% of our voting equity interest. Our management believes that ownership by these key personnel is an important contributor to our success by motivating these key personnel to provide outstanding fund performance, generate significant revenues for us through management and performance fees and thereby increase the value of their ownership interests. In this manner, our key personnel have a stake in the success of all of our products, not just those in which they work personally. These ownership interests will continue to align the interests of our Principals and key personnel with their clients, as well as with the other holders of our capital stock, encourage cooperation across strategies and create greater opportunities for our business.

In addition, the Principals, the Trustees, certain key personnel and their families and associated entities have agreed to invest in the GLG Funds at least 50% of the excess of the cash proceeds they received in the Acquisition over the aggregate amount of any taxes payable on their respective portion of the purchase price. As of December 31, 2009, they have approximately $506 million of net AUM invested in the GLG Funds and managed accounts and pay the same fees and otherwise invest on the same terms as other investors.

A significant portion of the compensation and limited partner profit share of our key personnel (other than the Principals) is based on the performance of the funds and accounts we manage. In addition, our key personnel are eligible to receive discretionary bonuses and limited partner profit share, which are based upon individual and firm-wide performance.

Growth Strategies

Extend Strong Investment Track Record

Over time, our principal goal of achieving substantial returns for our investors has remained unchanged. Since inception, we have achieved a strong and sustained investment track record. In the process, we have established ourselves as a global asset management company and have attracted an established high, ultra-high and instutional client bases.

Expand Investment Products and Strategies

We have consistently developed and added new products and strategies to our business, and intend to continue to expand selectively our products and strategies. Our multi-strategy approach allows us to offer clients a full-service solution, provides diversity and adds stability to our performance fee-based revenues. We currently offer fund products as well as managed accounts which can be customized to clients particular needs. During 2009, we successfully launched new products in the emerging market, credit, macro and restructuring strategies. We continue to emphasize the importance of innovation and responsiveness to client demands and market opportunities, and believe that the close and long-term relationships that we have established with our clients are a key source of market research helping to drive the development of new products and strategies.

Build on Success in Continental Europe and the United Kingdom to Penetrate Other Major Markets

We are focused on developing a much more significant global presence and intend to expand our client relationships and distribution capabilities in regions where we have not actively sought clients, particularly the United States, the

Middle East and Asia, and through new distribution channels and joint ventures. We believe that clients and institutions in these regions could represent a significant portion of future AUM growth. In addition, our Co-Chief Executive Officer, Noam Gottesman, relocated to the United States in 2009 to help expand upon our existing capabilities in that region.

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Capitalize on Acquisition Opportunities

On April 3, 2009 we completed our acquisition of Société Générale Asset Management UK (SGAM UK), Société Générale s UK long-only asset management business. The acquisition included SGAM UK s operations, which had approximately $7.0 billion of AUM, as well as the investment and support staff, based primarily in London. In January 2009, GLG Partners LP became the investment manager of the funds and accounts managed by Pendragon Capital, whose founders joined GLG Partners LP as portfolio managers.

Products and Services

Investment Products

As of December 31, 2009, we had five major categories of products:

Alternative strategies funds: These funds represent a key investment product focus and are the primary means by which investors gain exposure to our core alternative investment strategies. As of December 31, 2009, this category comprised 29 active individual funds and four (4) special assets or side-pocket funds that were created to hold certain private placement and other not readily realizable investments, as well as two funds created to hold the claims of two other funds in the Lehman Brothers insolvency. Each of the individual funds is being managed according to distinct investment strategies, including equity long-short funds, mixed-asset long-short funds, multi-strategy arbitrage funds, convertible bond funds, macro funds and credit long-short funds and may be characterized by the use of leverage, short positions and/or derivatives. These single-manager alternative strategy funds have gross AUM of approximately $6.0 billion representing 24.6% of total gross AUM and net AUM (net of alternative fund-in-fund investments) of approximately $5.6 billion representing 25.5% of total net AUM. The largest funds in this category are: the GLG European Long-Short Fund, the GLG Market Neutral Fund, and the GLG Alpha Select Fund. These funds may also make use of fund-in-fund investments whereby one alternative strategies fund may hold exposure to another single-manager alternative strategy fund. In order to distinguish these sub-investments, management tracks AUM on both a gross and a net basis. In a gross presentation, sub-invested funds will be counted at both the investing and investee fund level. Net presentation removes the assets at the investing fund level, indicating the total external investment from clients.

Long-only strategies funds: The long-only strategies funds facilitate access to our leading market insight and performance for those clients who are seeking full (non-hedged) exposure to the equity markets across geographic and sector-based strategies, while benefiting from our investment expertise. As of December 31, 2009, we operated 33 long-only strategies funds, which have gross AUM of approximately $4.4 billion representing 18.1% of total gross AUM. The long-only strategies funds are comprised of funds tailored to the needs of institutional investor clients, as well as retail funds acquired with the acquisition of SGAM UK in April 2009. The largest funds in this category are the GLG Japan Core Alpha, the GLG Global Convertible UCITS Fund, the GLG UK Select Fund and the GLG European Equity Fund.

Funds of GLG funds (internal FoF): These funds are structured to provide broad investment exposure across our range of single-manager alternative strategy funds, as well as being a means by which investors may gain exposure to funds that are currently not being marketed. As of December 31, 2009, we managed six internal FoF funds, representing 7.1% of total gross AUM. The largest funds in this category are the GLG Balanced Managed Fund and the GLG Global Opportunity Fund. Presentation of the AUM of these funds on a net basis results in minimal AUM figures, as the vast majority of their assets are sub-invested in underlying GLG alternative strategies funds, with net AUM typically representing only small cash balances. Due to active fund management decisions regarding leverage for investment or settlement purposes and/or due to the mechanics of the process by which our internal FoFs are required to place investments into underlying alternative strategies

funds, the value of the investments held by any internal FoF may not be exactly equal to the gross AUM of that fund at any point in time.

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130/30 strategies: These funds allow the fund manager to hold both long and short position on different equities. Typically, they have 130% exposure to their long portfolio and 30% exposure to their short portfolio. The 130/30 funds comprised approximately $2.8 billion of total gross AUM as of December 31, 2009. These funds are made up of four institutional managed accounts and six UCITS funds.

Managed accounts: We offer managed account solutions to larger institutional clients who want exposure to our investment strategies, but are seeking a more customized approach. Typically, managed accounts would be based on an underlying alternative, long-only or 130/30 strategy. For purposes of our AUM presentation, we show managed account AUM based on an alternative strategy as Alternative Strategies AUM and AUM based on long-only strategies as Long-Only Strategies AUM. As of December 31, 2009, managed accounts represented 46.7% of total gross AUM, including accounts that were part of the SGAM UK acquisition.

We also offer multi-manager funds (external FoF), which are funds invested in funds managed by external asset management businesses.

Fund Performance and Structure

Our historical success has been driven by our strong and sustained track record of investment performance. Our investment strategies have delivered cross-cycle outperformance when compared to the equity and fixed income markets.

The table below presents historical net performance for all active GLG Funds by AUM in each of the product categories as of December 31, 2009, excluding funds which are closed and in the process of liquidating. It should be noted that the alternative strategy funds seek to deliver absolute performance across a broad range of market conditions.

Fund	Gross AUM	Inception Date	Net Performance Since Inception	Annualized Net Return
Alternative Strategies				
GLG Alpha Select Fund*	$ 0.62bn	Sep-04	89.46%	12.72%
FTSE All Share Index			*50.01%*	*7.89%*
GLG Atlas Global Macro Fund(1)*	$ 0.12bn	Mar-09	5.75%	N/A
GLG Atlas Value & Recovery Fund(1)*	$ 0.08bn	Jun-09	62.23%	N/A
GLG Consumer Fund(1)*	$ 0.00bn	Nov-05	(15.76%)	(4.03%)
GLG Convertible Opportunity Fund(1)*	$ 0.22bn	Sep-09	5.57%	N/A
GLG Credit Fund(1)*	$ 0.04bn	Sep-02	(19.33%)	(2.88%)
GLG Emerging Currency and Fixed Income Fund(1)*	$ 0.08bn	Nov-07	75.38%	29.55%
GLG Emerging Equity Fund(1)*	$ 0.07bn	Nov-07	43.34%	18.05%
GLG Emerging Markets Fund(1)*	$ 0.25bn	Nov-05	173.54%	27.29%
GLG Emerging Markets Special Assets Fund(1)	$ 0.44bn	Jul-08	(23.09%)	(16.02%)
GLG Emerging Markets Credit Opportunity Fund(1)*	$ 0.06bn	Jan-09	25.06%	25.06%
GLG Emerging Markets Opportunities Fund(1)*	$ 0.01bn	Oct-09	1.59%	N/A
GLG Emerging Markets Special Situations Fund(1)	$ 0.34bn	Apr-07	(52.66%)	(23.74%)
GLG Esprit Fund(1)*	$ 0.01bn	Sep-06	3.51%	1.04%

GLG European Distressed Fund(1)*	$ 0.04bn	Sep-09	26.26%	N/A
GLG European Long-Short Fund*	$ 1.00bn	Oct-00	153.84%	10.59%
MSCI Europe Index			*(4.75%)*	*(0.52%)*
GLG European Long-Short Special Assets Fund(1)	$ 0.18bn	Nov-08	(41.80%)	(37.11%)
GLG European Opportunity Fund*	$ 0.17bn	Jan-02	111.23%	9.79%

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	Gross AUM	Inception Date	Po
(1)*	$ 0.02bn	May-06	
	$ 0.09bn	Jun-02	
ial Sector Index			
Fund*	$ 0.31bn	Aug-97	
Convertible Index			
cal Fund(1)*	$ 0.05bn	Dec-09	
d(1)*	$ 0.10bn	Jan-08	
d(1)*	$ 0.02bn	Dec-05	
d*	$ 0.89bn	Jan-98	
portunity Fund*	$ 0.42bn	Jan-02	
portunity Special Assets Fund(1)	$ 0.08bn	Dec-08	
riven Fund(1)*	$ 0.04bn	Nov-09	
s Fund(1)*	$ 0.07bn	Jun-09	
	$ 0.06bn	Jun-02	

	Age	Position(s)
	38	Vice President, Manufacturing
	41	Chief Technology Officer and Senior Vice President
	50	Chief Executive Officer, President, and Director
	55	Chief Quality Officer
	46	Chief Financial Officer and Vice President, Finance and Administration
	54	Director
	55	Director
	52	Director
	49	Director
	60	Director

ved as Vice President, Manufacturing since September 2012 and as Director of Manufacturing from August 2012. Prior to joining the Company, Mr. Annicchiarico served in various roles at Mediquest May 2005 through September 2011, including Scientist, Formulation Manager, and most recently, as g and Clinical Supplies. From January 2004 through September 2005, Mr. Annicchiarico worked in t Drummond American and prior to that, he spent four years as a formulation development Chemist.

., has been Senior Vice President and Chief Technology Officer since February 2011. From January 2007 Dr. Mathew served as Senior Scientist, Director of Strategic Relations, and Senior Director of Strategic 3 through January 2007, Dr. Mathew served as Director of Manufacturing. From September 2000 through erved as Clinical Accounts Manager and Director of Hypothermic Preservation for Cryomedical

ns. Dr. Mathew has been working on low temperature biopreservation since 1994, and his studies
pment of the Company's current commercial HypoThermosol® and CryoStor® product platforms and
dation. Beginning in 1994 to 2000, Dr. Mathew performed research at the State University of New York
ghamton University) related to research grants (including as a consultant) co-supervised by the Vice
l Development of Cryomedical Sciences, Inc., the former parent of BioLife Solutions.

esident and Chief Executive Officer and a Director of the Company since August 2006, and Chairman of
nce August 2007. From October 2004 to August 2006, Mr. Rice served as Sr. Business Development
& Wireless Products Group at AMI Semiconductor, Inc. Prior thereto, from October 2000 to October
or of Marketing & Business Development, Western Region Sales Manager, and Director, Commercial
Inc.; from May 1998 to October 2000 as Vice President, Sales and Marketing at TEGRIS Corporation;
ay 1998 in several sales and marketing roles at Physio Control Corporation.

as Chief Quality Officer since September 2012. From February 2011 through September of 2012, he
of Quality and from August 2008 through February 2011 as Director of Quality. From July 2008 through
r served as Quality Assurance Manager. Prior to joining the Company, Mr. Sandifer was Senior Quality
maceutical, where he worked from January 2006 through August 2008. From March 1997 through June of
ed as Research Assistant, Medical Program Coordinator, and Senior Administrative Coordinator at
Hospital.

Vice President, Finance & Administration, and Chief Financial Officer since August 2011, and Secretary
d from March 2011 through July 2011 she served as Corporate Controller. Prior to joining the Company,
e President, Corporate Controller and Chief Accounting Officer of Cardiac Science Corporation from
January 2009. From April 2002 through November 2005, she held various positions, including Vice
Controller for LookSmart, Inc.

ed the Board in May 2006. Mr. Cohen is an Accredited Public Company Director and currently serves as of JenaValve Technology Inc., a privately-held manufacturer and marketer of transcatheter aortic valve Cohen served as the Chief Executive Officer and member of the Board of Directors of Vessix Vascular, el RF balloon catheter technology for treatment of hypertension from 2010 was acquired by Boston nber 2013. Previously, from 1997 to 2006, Mr. Cohen served as Chairman and Chief Executive Officer of cience, Inc., which in 2004 was ranked as the 4th fastest growing technology company in North America ast 500 listing. Mr. Cohen has also currently serves as the Chairman of the Board of Directors of e engineering and product development firm since 2006. In addition, Mr. Cohen is a member of the Board Heart, Inc. (formerly CardioPolymers, Inc.) a privately-held developer of novel biotherapeutics for the eart failure and also serves an advisor to Fjord Ventures, LLC., a life science incubator. In 2008, Mr. A as the Private Company Life Science CEO of the Year. Mr. Cohen was named Entrepreneur of the Year unty Business Journal and was a finalist for Ernst & Young's Entrepreneur of the Year in the medical 4. Mr. Cohen holds a B.S. in Business Management from Binghamton University.

ned the Board in 2003. Mr. Girschweiler has been engaged in corporate financing activities on his own 1981 to 1996 he was an investment banker with Union Bank of Switzerland. Mr. Girschweiler is a nking School.

en a director of the Company since June 2000, and from July 2007 through August 2011, was retained by strategic and financial consulting services. Mr. de Greef provides corporate advisory services to several g Cambridge Heart, Inc., where he has been employed as Chairman of the board of directors since ctober 2005 to July 2007, Mr. de Greef was Chief Financial Officer of Cambridge Heart, and Vice Administration from June 2006 to July 2007. From February 2001 to September 2005, Mr. de Greef was and Chief Financial Officer of Cardiac Science, Inc., which merged with Quinton Cardiology, Inc. From ef provided independent corporate finance advisory services to a number of early-stage companies, ns and Cardiac Science. From 1986 to 1995, Mr. de Greef served as Vice President of Finance and Chief al publicly held, development stage medical technology companies. Mr. de Greef has a B.A. in nal Relations from California State University at San Francisco and earned his M.B.A. from the

e Board in February 2007. He is currently the Vice President of Clinical and Regulatory Affairs for obal developer of medical devices, small molecule, and cellular-based therapies for cardiovascular d CardioPolymers, now a wholly-owned subsidiary of LoneStar Heart, in November 2004. From 2001 to as the Senior Director of research and clinical development at AnGes MG, Inc. (TSE: 4563) a ged in the development and commercialization of novel gene and cell therapies for the treatment of ior to that Mr. Hinson had a long career with Procter & Gamble Pharmaceutical (NYSE:PG) holding nagement positions in research, clinical development and medical affairs. Mr. Hinson has diverse gene therapy markets and extensive experience with regulatory affairs and clinical development of new rologic, and gastrointestinal diseases.

oard in February 2013. Mr. Stewart has served as President and Chief Executive Officer, and a member of Cardiac Dimensions since 2001. From 1998 to 2001 he was President and Chief Executive Officer of ding IT infrastructure and enterprise applications provider for vertical markets. Prior to that Mr. Stewart li Lilly in its Medical Device and Diagnostics Unit, holding multiple executive positions in general and les, marketing and business development. Mr. Stewart was a member of the senior team that led a buyout sidiary from Eli-Lilly in 1994 which shortly thereafter was taken public. He received an MBA from the .

ided by law, each director shall hold office until either their successor is elected and qualified, or until he s, is removed or becomes disqualified. Officers serve at the discretion of the Board.

onships between any of our director nominees or executive officers and any other of our director fficers.

S

the size of our Board is to be determined from time to time by resolution of the Board but shall consist of ur Board has fixed the exact number of directors at six. Our Board currently consists of six members, four Greef, Cohen, Hinson and Stewart – our Board has determined to be independent under the rules of the t, after taking into consideration, among other things, those transactions described under "Certain erves as Chairman of the Board. The Board does not have a lead director; however, recognizing that the st entirely of outside directors, in addition to the Board's strong committee system (as described more fully eadership structure is appropriate for the Company and allows the Board to maintain effective oversight of

of stockholders, members of our Board are elected to serve until the next annual meeting and until their ed and qualified. If the nominees named in this proxy statement are elected, the Board will consist of six

d Michael Rice, Roderick de Greef, Thomas Girschweiler, Raymond Cohen, Andrew Hinson and Rick e annual meeting based on the recommendation of our Nominating and Corporate Governance Committee. ed to serve if elected, and management has no reason to believe that the nominees will be unavailable for is unable or declines to serve as a director at the time of the Annual Meeting or any adjournment or e proxies will be voted for such other nominees as may be designated by the present Board.

of Directors

ed an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance mmittee operates pursuant to a written charter that may be viewed on our website at om. The inclusion of our web site address in this proxy statement does not include or incorporate by on our web site into this proxy statement.

orth the current composition of the three standing committees of our Board:

	Board	Audit	Compensation	Nominating and Corporate Governance
	Chair			
xpert)	X	X	Chair	X
	X	Chair	X	X
	X	X		
	X		X	Chair
	X	X	X	

udit Committee's role includes the oversight of our financial, accounting and reporting processes; our ting and financial controls; and our compliance with related legal, regulatory and ethical requirements. ersees the appointment, compensation, engagement, retention, termination and services of our independent ng firm, including conducting a review of its independence; reviewing and approving the planned scope seeing our independent registered public accounting firm's audit work; reviewing and pre-approving any

ces that may be performed by our independent registered public accounting firm; reviewing with
ependent registered public accounting firm the adequacy of our internal financial and disclosure controls;
ounting policies and the application of accounting principles; and monitoring the rotation of partners of
d public accounting firm on our audit engagement team as required by regulation.

mmittee's role includes meeting to review our annual audited financial statements and quarterly financial
nent and our independent registered public accounting firm. The Audit Committee has the authority to
e and assistance from internal or external legal, accounting and other advisors, at the Company's expense.

d that all members of our Audit Committee except for Mr. Girschweiler are independent under the listing Q Stock Market. The Board of Directors has determined that Mr. de Greef is an "audit committee financial rules of the Securities and Exchange Commission.

e. Our Compensation Committee sets and administers the policies governing all compensation of our ing cash and non-cash compensation and equity compensation programs, and is responsible for making Board concerning Board and committee compensation. Also, the Compensation Committee reviews and mpensation grants to our non-executive officer employees. In addition, the Compensation Committee is of our overall compensation plans and benefit programs, as well as the approval of all employment, control agreements and plans applicable to our executive officers. Furthermore, the Compensation rity to obtain independent advice and assistance from internal or external legal, accounting and other 's expense.

pensation Committee are independent directors within the meaning of listing standards of the NASDAQ

te Governance Committee. Our Nominating and Corporate Governance Committee's primary purpose is to embership on our Board and make recommendations to our Board regarding candidates; make spect to the composition of our Board and its committees; review and make recommendations regarding ard as an entity; recommend corporate governance principles applicable to the Company; manage periodic aluation of the performance of our Board, its committees and its members; assess the independence of our d memberships of other entities held by members of the Board and review and approve such memberships . Also, the Nominating and Corporate Governance Committee assists our Board in reviewing and ning for our executive officers. The Nominating and Corporate Governance Committee has the authority vice and assistance from internal or external legal, accounting and other advisors, at the Company's

inating and Corporate Governance Committee are independent under the listing standards of the

porate Governance Committee will consider candidates recommended by stockholders. Pursuant to the te Governance Committee Charter, there is no difference in the manner in which a nominee recommended wise is evaluated. To recommend director candidates, stockholders should submit their suggestions in providing the proposed nominee's name, biographical data and other information about the proposed ing stockholder(s) as required by our Bylaws, together with a consent from the proposed nominee to serve d and elected. In addition, the stockholder giving such notice must provide their name, address, and the es of capital stock of the corporation beneficially owned by such stockholder.

n to nominate candidates for election to our Board, the Nominating and Corporate Governance Board's mix of skills, experience, character, commitment and diversity—diversity being broadly construed to s, perspectives and backgrounds, such as gender, race and ethnicity differences, as well as other tics, all in the context of the requirements and needs of our Board at that point in time. In reviewing Committee will also consider all relationships between any proposed nominee and any of our , customers, suppliers or other persons with a relationship to the Company. The Nominating and ommittee believes that each candidate should be an individual who has demonstrated integrity and ethics nal and professional life, has an understanding of elements relevant to the success of a publicly traded hed a record of professional accomplishment in such candidate's chosen field.

porate Governance Committee's methods for identifying candidates for election to our Board include the ossible candidates from a number of sources, including from members of our Board, our executive our executive officers or Board members believe would be aware of candidates who would add value to her research. The Nominating and Corporate Governance Committee may, from time to time, retain, for a rty search firms to identify suitable candidates. The Nominating and Corporate Governance Committee es identified through the processes described above, and will evaluate each candidate, including same criteria.

porate Governance Committee does not have a formal policy with respect to diversity; however, the Board Corporate Governance Committee believe that it is essential that the Board members represent diverse

porate Governance Committee has the following policy with regard to the consideration of any director by security holders for the 2014 annual meeting of stockholders (subject to legal rights, if any, of third point directors):

g to nominate a candidate for election to the Board at the next annual meeting is required to give written ioLife Solutions, Inc., 3303 Monte Villa Parkway, Suite 310, Bothell, Washington 98021, Attn: Corporate er intention to make such a nomination. The notice of nomination must be received by the Corporate dress not less than 45 days nor earlier than 90 days prior to the date of the next annual meeting, in Bylaws, in order to be considered for nomination at the next annual meeting; provided, however, that in the 55 days' notice or prior public disclosure of the date of the next annual meeting is given or made to by the stockholder to be timely must be so received not later than the close of business on the 10th day which such notice of the date of the next annual meeting is mailed or such public disclosure is made.

tion must include the nominee's name, age, business address, residence address, principal occupation or y other information required by Section 3.3 of our Bylaws or by applicable laws or regulations. A not comply with these requirements will not be considered.

four meetings during 2012. Our Audit Committee and Compensation Committee held four and three uring 2012. Our Nominating and Corporate Governance Committee did not meet during 2012. Each ed 75% or more of the aggregate of (i) the total number Board meetings (during the period that he served) of Board committee meetings (during the periods that he served).

ce at Annual Stockholder Meetings

a formal policy regarding director attendance at annual stockholder meetings, directors are encouraged to ngs absent extenuating circumstances. We did not hold an annual meeting of stockholders in 2012.

were compensated with a quarterly retainer fee of $1,500. The Audit Committee Chairman was al quarterly retainer fee of $2,000. All non-employee directors receive $1,000 per meeting for attending and $500 per meeting for attending board meetings telephonically. Non-employee Directors who attend compensation committee meetings in person or telephonically receive $500 per meeting. A total of ensation was recorded during the year ended December 31, 2012.

narizes the compensation of our directors who served during 2012 and who are not listed as named

	Fees Earned Or Paid In Cash ($)	Option Awards ($) (2)	All Other Compensation ($)	Total ($)

w(1)	6,500	10,072	(3)	--	16,572
weiler	11,000	10,072	(4)	--	21,072
eef	7,500	10,072	(5)	--	17,572
n	17,000	10,072	(6)	--	27,072
	8,000	10,072	(7)	--	18,072

as a director until February 4, 2013.
to Financial Statements for a description on the valuation methodology of stock

of options to purchase 250,000 shares at $0.10 per share granted to officer on
tions vest on 5/10/2013.
of options to purchase 250,000 shares at $0.10 per share granted to officer on
tions vest on 5/10/2013.
of options to purchase 250,000 shares at $0.10 per share granted to officer on
tions vest on 5/10/2013.
of options to purchase 250,000 shares at $0.10 per share granted to officer on
tions vest on 5/10/2013.
of options to purchase 250,000 shares at $0.10 per share granted to officer on
tions vest on 5/10/2013.

ct and Ethics

orate governance practices and have always encouraged our employees, including officers and directors
honest and ethical manner. Additionally, it has always been our policy to comply with all applicable laws
timely disclosure.

as adopted a formal written code of ethics for all employees. The Board has adopted an additional
or its Chief Executive Officer, Chief Financial Officer and other senior financial officers, which is
ethics" as defined by applicable SEC rules. The Code of Ethics is publicly available on our website at
n/biopreservation-media/CODE-OF-ETHICS-FOR-CEO-AND-SENIOR-FINANCIAL-OFFICERS1.pdf.
gned to deter wrongdoing and promote honest and ethical conduct and compliance with applicable laws
des also incorporate what we expect from our executives so as to enable us to provide accurate and timely
vith the Securities and Exchange Commission and other public communications. The Board intends to
this year to ensure compliance with applicable laws and regulations. Any amendments made to the Code
e on our website.

ions with Directors

communicate with the Board or with a particular member or committee of the Board should address
oard, or to an individual member or committee as follows: c/o BioLife Solutions, Inc., Attention:
3 Monte Villa Parkway, Suite 310, Bothell, Washington 98021. All communications will be relayed to
e to time, the Board may change the process through which stockholders communicate with the Board or
es. There were no changes in this process in 2012. Please refer to our website at www.biolifesolutions.com
this process. The Board or the particular director or committee of the Board to which a communication is
s appropriate, promptly refer the matter either to management or to the full Board depending on the nature

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Table

Compensation Table sets forth certain information regarding the compensation, for services rendered in
g 2012 and 2011, of our current principal executive officer, our two other most highly compensated
nd of 2012 (together, the "named executive officers").

r	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e)	Option Awards ($) (f) (1)	Non-Equity Incentive Plan Compensation ($) (g)	Nonqualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (i)	Total ($) (j)
12	285,002	150,000	—	—	—	—	24,143(7)	459,145
11	270,000	—	—	161,220(2)	—	—	—	431,220
12	160,000	18,000	—	19,762(3)	—	—	—	197,762
11	102,087	—	—	44,192(4)	—	—	—	146,279
12	177,833	20,000	—	19,762(5)	—	—	—	217,595
)								

otes to Financial Statements for a description on the valuation methodology of stock option awards.
options to purchase 400,000 shares at $0.08 per share granted to officer on 2/25/11, which options vested
he awards, and options to purchase 2,247,939 shares at $0.08 per share granted to officer on 2/25/11,
during the fourth quarter of 2012.
options to purchase 250,000 shares at $0.10 per share granted to officer on 2/15/2012, which options vest
0 shares on 2/15/2013 and, thereafter, in monthly increments of 5,208 shares.
of options to purchase 250,000 shares at $0.10 per share granted to officer on 3/1/2011, which options vest
0 shares on 3/1/2012, 3/1/2013, 3/1/2014 and 3/1/2015, and options to purchase 500,000 shares at $0.063
fficer on August 17, 2011, which options vest to the extent of 125,000 shares on 8/17/12, and, thereafter,
s of 10,417 shares.
options to purchase 250,000 shares at $0.10 per share granted to officer on 2/15/2012, which options vest
0 shares on 2/15/2013 and, thereafter, in monthly increments of 5,208 shares.

Mr. Mathew was appointed an executive officer position in September of 2012.

(7) Amount represents accrued vacation paid in cash.

ds at Fiscal Year-End 2012

orth information concerning the outstanding equity awards as of December 31, 2012 granted to the named

/ARDS				STOCK AWARDS			
Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)
—	—	0.07	8/7/2016 (1)	—	—	—	—
—	—	0.08	2/7/2017 (2)	—	—	—	—
31,875	—	0.09	2/2/2019 (3)	—	—	—	—
595,439	—	0.10		—	—	—	—

			2/5/2020 (4)				
—	—	0.08	2/25/2021 (5)	—	—	—	—
—	—	0.08	2/25/2021 (6)	—	—	—	—
187,500	—	0.10	3/1/2021 (7)	—	—	—	—
333,333	—	0.063	8/17/2021 (8)	—	—	—	—
250,000	—	0.10	2/15/2022 (9)	—	—	—	—
—	—	0.08	9/28/15 (10)	—	—	—	—
—	—	0.07	10/12/16 (11)	—	—	—	—
—	—	0.08	2/7/17 (12)	—	—	—	—
—	—	0.10	8/7/17 (13)	—	—	—	—
—	—	0.05	2/11/18 (14)	—	—	—	—
—	—	0.04	11/5/18 (15)	—	—	—	—
265,766	—	0.10	2/5/20 (16)	—	—	—	—
582,237	—	0.08	2/11/21 (17)	—	—	—	—
250,000	—	0.10	2/15/22 (18)	—	—	—	—

This award vested 500,000 shares on each of 8/7/2007, 8/7/2008, and 8/7/2009.
s award vested 333,333 shares on each of 2/7/2008, 2/7/2009, and 333,334 shares on 2/7/2010.
ward vests 191,250 shares on 2/2/2010 and, thereafter, in monthly increments of 15,938 shares.
is award vests 297,719 shares on each of 2/5/2012, 2/5/2013, and 297,721 shares on 2/5/2014.
(5) This award vested on the date of grant.
ested at the end of the fourth quarter of 2012, when the Company achieved cash flow break even.
This award vests 62,500 shares on each of 3/1/2012, 3/1/2013, 3/1/2014, and 3/1/2015.

award vests 125,000 shares on 8/17/12 and, thereafter, in monthly increments of 10,417 shares.
award vests 62,500 shares on 2/15/2013 and, thereafter, in monthly increments of 5,208 shares.
This award vested 15,000 shares on each of 9/28/2006, 9/28/2007, 9/28/2008, and 9/29/2009.
s award vested 25,000 shares on each of 10/12/2007, 10/12/2008, 10/12/2009, and 10/12/2010.
This award vested 125,000 shares on each of 2/7/2008, 2/7/2009, 2/7/2010, and 2/7/2011.
This award vested 85,000 shares on each of 8/7/2008, 8/7/2009, 8/7/2010, and 8/7/2011.
This award vested 25,000 shares on each of 2/11/2009, 2/11/2010, 2/11/2011, and 2/11/2012.
This award vested 25,000 shares on each of 11/5/2009, 11/5/2010, 11/5/2011, and 11/5/2012.
This award vests 132,883 shares on each of 2/5/2011, 2/5/2012, 2/5/2013, and 2/5/2014.
This award vests 194,079 shares on each of 2/11/2012, 2/11/2013, 2/11/2014, and 2/11/2015.
award vests 62,500 shares on 2/15/2013 and, thereafter, in monthly increments of 5,208 shares.

Issuance Under Equity Compensation Plans at December 31, 2012

orth information as of December 31, 2012 relating to all of our equity compensation plans:

	Number of securities to be issued upon exercise of outstanding options and warrants (in thousands)	Weighted Average exercise price of outstanding options and warrants	Number of securities remaining available for future issuance (in thousands)
ns approved by security holders	6,150	$ .08	—
ns not approved by security holders*	14,230	$ .09	—
	20,380	$ .09	—

inancial Statements

agreement with Michael Rice, our President and Chief Executive Officer, which automatically renews for ds in the event either party does not send the other a “termination notice” not less than 90 days prior to the rm or any subsequent term. The agreement provided for a salary of $200,000 per year and an incentive uarterly milestones, to be determined by the Board of Directors. Mr. Rice also received a ten-year purchase 1,500,000 shares of common stock at $.07 per share (the fair market value on the date of grant), t of 500,000 shares on each of the first three anniversary dates of the date of grant. We amended this n February 7, 2007 to provide that if, in connection with a “change in control,” Mr. Rice’s employment is e” or he resigns for “Good Reason,” he will be entitled to the continued payment of salary and bonuses and dical insurance premiums for 24 months following the change in control event. On February 11, 2008, reased to $300,000 per annum, retroactive to January 1, 2008 and his quarterly bonus plan was supplanted Compensation Committee in 2008, 2009, and 2010. Beginning on August 1, 2009, Mr. Rice’s salary was ction with the Company’s 10% across the board pay cuts. On July 1, 2012, Mr. Rice’s salary was increased On January 30, 2013, Mr. Rice was granted a bonus of $150,000 for the year ended December 31, 2012.

agreement with Dr. Aby J. Mathew, Ph.D., our Senior Vice President and Chief Technology Officer,
ws for successive one year periods in the event either party does not send the other a “termination notice”
r to the expiration of the initial term or any subsequent term. The agreement provides for a salary of
incentive bonus based on certain quarterly milestones of up to 10% of Dr. Mathew’s base salary. If, in
e in control,” Dr. Mathew’s employment is terminated without “Cause” or he resigns for “Good Reason,” he will
ed payment of salary and bonuses and the reimbursement of medical insurance premiums for 12 months
ontrol event. On January 30, 2013, Dr. Mathew’s salary was increased to $218,000 per annum, retroactive

agreement with Daphne Taylor, our Chief Financial Officer, which automatically renews for successive
ent either party does not send the other a “termination notice” not less than 90 days prior to the expiration of
sequent term. The agreement provides for a salary of $150,000 per year and an incentive bonus based on
es of up to 10% of Ms. Taylor’s base salary. If, in connection with a “change in control,” Ms. Taylor’s
l without “Cause” or she resigns for “Good Reason,” she will be entitled to the continued payment of salary
bursement of medical insurance premiums for 6 months following the change in control event. On August
lary was increased to $180,000 per annum, effective September 1, 2012. On January 30, 2013, Ms.
ased to $194,000 per annum, retroactive to January 1, 2013.

IP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

forth, as of April 19, 2013, certain information regarding the beneficial ownership of common stock by (i) by the Company to be the beneficial owner of more than 5% of the outstanding shares thereof; (ii) each (iii) each Executive Officer of the Company; and (iv) all of the Company's current directors and executive

neficial Owner	Common Stock	Percentage of Class	
Officers			
rector) (1)	18,256,552	24.7	%
d Director) (2)	6,806,098	8.9	%
tor) (3)	6,243,757	8.6	%
(4)	2,494,034	3.5	%
r) (5)	1,395,000	2.0	%
) (6)	850,000	1.2	%
7)	796,807	1.1	%
(8)	437,500	0.6	%
r) (9)	83,333	0.1	%
xecutive Officers and Directors(10)	37,363,082	42.0	%
	22,240,081	30.5	%
iew Drive			
	7,255,026	10.4	%
	3,694,722	5.3	%

subject to options and warrants that are exercisable or will be exercisable within 60 days of April 19, 2013 or computing the number of shares beneficially owned. The percentage of the outstanding shares held by a ons or warrants includes those currently exercisable or exercisable within 60 days of April 19, 2013, but s are not deemed outstanding for computing the percentage of any other person. Except as indicated by ommunity property laws where applicable, the Company believes that the persons named in the table have nt power with respect to all shares shown as beneficially owned by them. Unless otherwise indicated, the person listed is in care of 3303 Monte Villa Parkway, #310, Bothell, WA 98021.

urchase 850,000 shares of common stock issuable under stock options exercisable within 60 days from 000,000 shares of common stock issuable upon the exercise of outstanding warrants, all of which are

urchase 6,806,098 shares of common stock issuable under stock options exercisable within 60 days from

ons to purchase 1,444,594 shares of common stock issuable under stock options exercisable within 60 pril 19, 2013 and 1,250,000 shares of common stock issuable upon the exercise of outstanding warrants, are currently exercisable; includes 80,000 shares of common stock beneficially owned by Mr. de Greef in deGreef & Company Inc.

urchase 2,040,140 shares of common stock issuable under stock options exercisable within 60 days from

urchase 1,350,000 shares of common stock issuable under stock options exercisable within 60 days from

urchase 850,000 shares of common stock issuable under stock options exercisable within 60 days from

urchase 796,807 shares of common stock issuable under stock options exercisable within 60 days from

urchase 437,500 shares of common stock issuable under stock options exercisable within 60 days from

urchase 83,333 shares of common stock issuable under stock options exercisable within 60 days from

(10) Includes the securities listed in footnotes 1-9.

shares of common stock issuable upon the exercise of outstanding warrants, all of which are currently

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ere has not been, nor has there been proposed, any transaction, arrangement or relationship or series of ngements or relationships, including those involving indebtedness not in the ordinary course of business, diaries were or are a party, or in which we or our subsidiaries were or are a participant, in which the d or exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two d in which any of our directors, nominees for director, executive officers, beneficial owners of more than ting securities, or any member of the immediate family of any of the foregoing persons, had or will have a interest, other than as described above under the heading “Executive Compensation” and other than the low. Each of the transactions described below was reviewed and approved or ratified by our Audit ed that any future transactions between us and our officers, directors, principal stockholders and affiliates avorable to us than could be obtained from unaffiliated third parties and that such transactions will be y our Audit Committee and a majority of the independent and disinterested members of the Board.

ector of the Company until February 4, 2013, is a member of Breslow & Walker, LLP, and served as mpany. Mr. Breslow currently owns 53,600 shares of Common Stock of the Company and holds rights to 1,100,000 additional shares pursuant to stock options and warrants issued to him and/or affiliates. The ximately $52,132 in legal fees during the year ended December 31, 2011 for services provided by Breslow mpany incurred approximately $18,636 in legal fees during the year ended December 31, 2012 for services Walker, LLP. At December 31, 2012, the Company has no amount due to Breslow & Walker, LLP.

entered into a Secured Convertible Multi-Draw Term Loan Facility Agreement (the “Facility Agreement”) schweiler, a director and stockholder of the Company, and Walter Villiger, an affiliate of the Company t to which each Investor extended to the Company a secured convertible multi-draw term loan facility of y (a) incorporated (i) a refinancing of then existing indebtedness of the Company to the Investor, and n the aggregate amount of $1,431,563.30, (ii) a then current advance of $300,000, and (iii) a commitment y, from time to time, additional amounts up to a maximum of $768,436.70, (b) bears interest at the rate of ncipal balance outstanding from time to time, (c) is evidenced by a secured convertible multi-draw term w Term Loan Note”), which was due and payable, together with accrued interest thereon, the earlier of (i) n Event of Default (as defined in the Multi-Draw Term Loan Note), (d) if outstanding at the time of any g of the Company of at least Two Million Dollars ($2,000,000) (a “Financing”), at the option of the Investor, hat number of fully paid and non-assessable shares or units of the equity security(ies) of the Company sold quity Securities”) as is equal to the quotient obtained by dividing the principal amount of the Facility the conversion plus accrued interest thereon by 85% of the per share or per unit purchase price of the nd (e) is secured by all of the Company’s assets. In 2009, the conversion feature was eliminated from the

e received $1,000,000 in total from the Investors pursuant to the Multi-Draw Term Loan Facility. On acility was increased by $2,000,000 to $4,500,000 (an aggregate of $9,000,000), and, on October 24, 00 in total from the Investors pursuant to the amended Multi-Draw Loan Facilities. In 2009, we received in total from the Investors pursuant to the amended Facilities. In December 2009, the Investors extended uary 11, 2011. On November 16, 2010, each Facility was increased by $250,000 to $4,750,000 (an and the Investors granted an extension of the repayment date to January 11, 2013. In 2010, we received he Investors pursuant to the amended Facilities. In 2011, we received $1,095,000 in total from the amended Facilities. In August 2011 the Company entered into an Amendment to its Facility Agreement

s, pursuant to which the amount of each of the Investor's Facility was increased to $5,250,000. The Note
ach of the Investors also was amended to reflect the changes to the Facility Agreement. In consideration of
mpany issued to each of the Investors a five-year warrant to purchase 1,000,000 shares of the Company's
e $0.001 per share, at a price of $0.063 per share. On May 30, 2012, each Facility was increased to
of $11,500,000) and Investors granted an extension of the repayment date to January 11, 2016. The Note
ach of the Investors also was amended to reflect the changes to the Facility Agreement. In consideration of
mpany issued to each of the Investors a five-year warrant to purchase 1,000,000 shares of the Company's
e $0.001 per share, at a price of $0.08 per share.

August 2011, Roderick de Greef, a director of the Company, was engaged by the Board with the task of s financing activities, internal accounting functions and SEC reporting, and assisting in the search for, and natives, on a part-time basis (up to 80 hours per month on an as needed basis). The Company incurred s during the year ended December 31, 2011 for services provided by Mr. de Greef. The agreement with ted in August of 2011.

FICIAL OWNERSHIP REPORTING COMPLIANCE

hange Act requires our directors, certain officers and holders of 10% or more of any class of our stock to specified date, initial reports of ownership and reports of changes in ownership of our stock and other olely on a review of the copies of these reports furnished to the Company and written representation from Company believes that during the 2012 fiscal year, certain directors, officers and holders of 10% or more failed to file, on a timely basis, reports required by Section 16(a) of the Exchange Act: Walter Villiger, ompany, filed his Form 3 late and filed one Form 4 late relating to 17 transactions; Mr. Girschweiler filed to 5 transactions; each of Messrs. de Greef, , Hinson and Breslow, directors of the Company, filed one e transaction; and Beskivest Chart Ltd., a 10% stockholder of the Company, failed to file a Form 3; each , Mathew and Sandifer, executives of the Company, filed one Form 4 late relating to stock option grants.

ANTS

s and Services

Fees

elated services by our accounting firm for the years ended December 31, 2012 and 2011 were as follows:

	2012	2011
	$ 69,935	$ 68,512
es	—	—
audit related fees	$ 69,935	$ 68,512

y tax fees or for any other fees from our principal accountants in 2012 or 2011.

proval Policies and Procedures

dit Committee to pre-approve all audit and permissible non-audit services to be performed by Peterson t registered public accounting firm. All audit fees provided by Peterson Sullivan during 2012 and 2011 Audit Committee.

eeting

erson Sullivan are expected to be present at the annual meeting, will have the opportunity to make a o do so, and are expected to be available to respond to appropriate questions.

T COMMITTEE OF THE BOARD OF DIRECTORS

s reviewed and discussed the audited financial statements with management. The Audit Committee has pendent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as ssional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight s well as the matters required to be discussed by Auditing Standard No. 16 as adopted by the Public versight Board. The Audit Committee also has received the written disclosures and the letter from the required by applicable requirements of the Public Company Accounting Oversight Board regarding the 's communications with the Audit Committee concerning independence and has discussed with the the accountant's independence. Based on the review and discussions referred to above, the Audit d to the Company's Board of Directors that the audited financial statements be included in the Company's -K for the year ended December 31, 2012.

Respectfully submitted,

AUDIT COMMITTEE

Raymond Cohen, Chairman
Thomas Girschweiler
Rick Stewart

ECTION OF DIRECTORS

embers of our Board, all of whom have been nominated for election.

n of our Nominating and Corporate Governance Committee, the Board has nominated the following
his successor is duly elected and qualified, unless he resigns, is removed or otherwise is disqualified from
e Company:

present in person or represented by proxy at the meeting and entitled to vote on the election of directors
Board nominees. The six nominees receiving the highest number of affirmative votes cast at the Annual
ed as our directors. Proxies cannot be voted for a greater number of persons than the number of nominees

hat stockholders vote FOR the election of each of the above-listed nominees.

, proxies received will be voted FOR the election of each of these director nominees.

PROVAL OF THE COMPENSATION OF NAMED EXECUTIVE OFFICERS

reet Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") enables our stockholders to vote
ling advisory basis, the compensation of our named executive officers as disclosed in this proxy statement
able SEC rules.

e compensation program is to attract, motivate and retain a talented team of executives who will provide
s, and thereby increase stockholder value. We believe that our executive compensation program satisfies
ligned with the long-term interests of our stockholders. We urge stockholders to read the section titled
n" elsewhere in this proxy statement for additional details about our executive compensation programs,
out the compensation of our named executive officers in 2012.

olders to indicate their support for our named executive officer compensation as described in this proxy
commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views
fficers' compensation. This vote is not intended to address any specific item of compensation, but rather
of our named executive officers described in this proxy statement. Accordingly, we will ask our
the following resolution at the Annual Meeting:

tockholders of BioLife Solutions, Inc. approve, on an advisory basis, the compensation of the named
closed in the BioLife Solutions proxy statement for the 2013 Annual Meeting of Stockholders pursuant to
ure rules of the SEC."

dvisory, and therefore, is not binding on us, our Compensation Committee or our Board. Our Board and
ittee value the opinions of our stockholders, and to the extent there is any significant vote against the
compensation as disclosed in this proxy statement, we may review and consider the results of this advisory
on deliberations.

sory basis, of the stockholders by a majority of the votes properly cast at the meeting is being sought to
n of our named executive officers as disclosed in this proxy statement.

hat stockholders vote FOR the approval of the compensation of our named executive officers as disclosed

, proxies received will be voted FOR the approval of the compensation of our named executive officers as
tement.

PROVAL OF THE FREQUENCY OF FUTURE ADVISORY VOTES ON NAMED EXECUTIVE
TION

ct, public companies are generally required to include in their proxy solicitations at least once every six whether an advisory vote on named executive officer compensation (such as the say-on-pay proposal that tatement) should occur every one, two or three years. It is management's belief, and the recommendation n-binding advisory vote should occur every three years.

ctive executive compensation practices. Our Board believes that providing our stockholders with an xecutive officer compensation every three years will encourage a long-term approach to evaluating our olicies and practices. In contrast, focusing on executive compensation over an annual or biennial period n results rather than long-term value creation, which is inconsistent with our compensation philosophy, to us, our employees and our financial results.

s not believe that a short review cycle will allow for a meaningful evaluation of our performance against es, as any adjustment in pay practices would take time to implement and to be reflected in our financial rice of our Common Stock. As a result, an advisory vote on executive compensation more frequently than ot, in our judgment, allow stockholders to compare executive compensation to our performance.

nducting an advisory vote on executive compensation every three years would allow us adequate time to t from stockholders on our pay practices and respond appropriately. This would be more difficult to do on s, and we believe that both we and our stockholders would benefit from having more time for a thoughtful and review of our compensation policies.

r Board recommends that stockholders approve holding an advisory vote on named executive officer years.

n your preferred voting frequency by choosing the option of one year, two years or three years, or you when you vote in response to the resolution set forth below.

ption of once every year, two years, or three years, that receives the highest number of votes cast for this ned to be the stockholders' preferred frequency with which BioLife Solutions, Inc. is to hold a stockholder e executive compensation of its named executive officers, as disclosed pursuant to the SEC's rules."

wo years or three years that receives the highest number of votes cast by stockholders will be the y vote on the compensation of our named executive officers that has been selected by stockholders. te on this Proposal is only advisory in nature and is not binding on us or our Board, our Board will review f the vote, but may decide that it is in our best interests and the best interests of our stockholders to hold ompensation of our named executive officers more or less frequently than the option approved by our

sory basis, of the holders of the shares of Common Stock present or represented and entitled to vote at the n the frequency of conducting stockholder advisory votes on the compensation of named executive options are 1 year, 2 years, 3 years and abstain. The stockholder advisory vote will be determined by ars, garners the most votes.

Board

hat stockholders vote FOR conducting future stockholder advisory votes on the compensation of named
Y THREE YEARS.

, proxies received will be voted FOR conducting future stockholder advisory votes on the compensation
ers EVERY THREE YEARS.

PROVAL OF THE 2013 PERFORMANCE INCENTIVE PLAN

der approval of our 2013 Performance Incentive Plan (the "2013 Plan"). We intend for the 2013 Plan to be viding equity incentive compensation to our eligible employees, directors and consultants. If the 2013 Plan holders at the Annual Meeting, we will not make any additional awards under any of our other equity April 25, 2013, the Board of Directors adopted the 2013 Plan, subject to stockholder approval.

Plan

ary of the principal features of the 2013 Plan. This summary is qualified in its entirety by reference to the which is attached as Appendix A to this Proxy Statement.

n. The purposes of the 2013 Plan are to enhance the ability of the Company and any parent or subsidiary any whether now existing or hereafter created or acquired (an "Affiliated Company") to attract and retain the fied employees, directors and outside consultants and service providers to the Company, upon whose fforts the successful conduct and development of the Company's businesses largely depends, and to ves to such persons to devote their utmost effort and skill to the advancement and betterment of the hem an opportunity to participate in the ownership of the Company and thereby have an interest in the ue of the Company that coincides with the financial interests of the Company's stockholders.

nce. Stockholder approval of the 2013 Plan will authorize us to issue up to an aggregate of 2,000,000 pursuant to options or restricted share awards granted under the 2013 Plan. In addition, the 2013 Plan granted under any of our other equity compensation plans is outstanding on the date of stockholder and such option subsequently terminates or expires in accordance with its terms, the shares underlying unexercised and unissued at the time of termination or expiration will become available for grant or Plan; provided that not more than 450,000 shares of common stock may be issued pursuant to options that stock options."

y portion of any shares issued upon exercise of an option granted or offered under the 2013 Plan can no tances be exercised or purchased due to the forfeiture or cancellation of all or any portion of such option, ck allocable to the unexercised portion of such option, will become available for grant or issuance under

d shares offered under the 2013 Plan are reacquired by the Company, for any reason, the shares so vailable for grant or issuance under the 2013 Plan.

y portion of any shares issued upon exercise of an option granted or offered under the 2013 Plan are ny for any reason other than the cancellation or forfeiture of all or any portion of such option, the shares le to the reacquired portion of such option, will not become available for grant or issuance under the 2013

of shares available for issuance under the 2013 Plan will be subject to adjustment in the event of a it, combination of shares, reclassification, stock dividend, or other similar change in the capital structure

3 Plan is to be administered by an "Administrator," which, under the 2013 Plan, shall be either the Board of appointed by the Board of Directors, or the Chief Executive Officer of the Company in the circumstances

to the provisions of the 2013 Plan, the Administrator has full authority to implement, administer and necessary under the 2013 Plan.

r a committee appointed by the Board of Directors may delegate to the Chief Executive Officer of the (i) designate new employees of the Company or an Affiliated Company who are not officers of the ent of options or restricted share awards, and (ii) determine the number of shares of common stock to be restricted share awards; provided, however, that the resolutions of Board of Directors regarding such an employee compensation program approved by the Board of Directors or committee appointed by the specify the maximum number of shares of common stock that may be subject to any option or restricted he Chief Executive Officer depending upon the employee group of such new employee. The Chief er, may not grant options to himself, or any other officer of the Company.

the Board of Directors may from time to time alter, amend, suspend or terminate the 2013 Plan in such Directors may deem advisable; provided, however, that no such alteration, amendment, suspension or that would substantially affect or impair the rights of any person under any outstanding option or thout his or her consent. Unless previously terminated by the Board of Directors, the 2013 Plan will 23.

provides that awards may be granted to employees, officers, directors, consultants, independent of the Company or an Affiliated Company, as may be determined by the Administrator. In no event may options under the 2013 Plan for more than 450,000 shares of our common stock in any one calendar year. with his or her initial service to the Company, an individual may be eligible to be granted options for up to mmon stock during the calendar year which includes such individual's initial service to the Company.

ividuals who will receive awards under the 2013 Plan cannot be determined in advance because the ion to select the participants. Nevertheless, as of April 30, 2013, 12 officers and directors of the Company er employees of the Company would be eligible to participate in the 2013 Plan.

cussed above, the Administrator determines many of the terms and conditions of awards granted under the ther an option will be an "incentive stock option" (ISO) or a "non-qualified stock option" (NQSO). Each agreement in such form as the Administrator approves and is subject to the following conditions (as in the 2013 Plan):

bility: Options become vested and exercisable within such periods and subject to such conditions as inistrator and as set forth in the related stock option agreement, provided that options must expire no later e date of grant (five years with respect to an ISO granted to an optionee who owns stock possessing more combined voting power of all classes of stock of the Company or an Affiliated Company (a "10%

The exercise price of options shall not be less than the fair market value of a share of common stock at the s granted. The exercise price of any ISO granted to a 10% Stockholder shall not be less than 110% of the e of a share of common stock at the time of grant, subject to limited exception.

ayment of the exercise price may be made, in the discretion of the Administrator and subject to any legal y check, by delivery of shares of our common stock, by waiver of compensation due or accrued to the endered, or any combination of the foregoing methods of payment or any other consideration or method of rmitted by the Administrator and applicable law.

e: Options cease vesting on the date of termination of service or the death or disability of the optionee, erwise in individual employment agreements. Options granted under the 2013 Plan generally expire three nation of the optionee's service, except in the case of death or disability, in which case the awards generally to 12 months following the date of death or termination of service due to disability. However, if the

d for cause (e.g., for committing an alleged criminal act or intentional tort against the Company), the use the optionee's options to expire upon termination. In addition, if a blackout applies to the optionee on ring the three-month post-termination exercise period, the option will generally be exercisable until the e expiration of the blackout.

ission: Any unexpired, unpaid or deferred options may be cancelled, rescinded, suspended, withheld or stricted by the Administrator at any time, unless otherwise specified in the related stock option agreement, n compliance with all applicable provisions of the related stock option agreement and the 2013 Plan, or if n any: (i) unauthorized disclosure to anyone outside the Company, or unauthorized use in other than the of any confidential information or material relating to the Company's business, acquired by the optionee mployment with the Company; (ii) failure or refusal to promptly disclose and assign to the Company all in any invention or idea made or conceived by the optionee during employment with the Company that to the actual or anticipated business, research or development work of the Company; or (iii) activity that f the optionee's employment for cause.

the event of a change in control of the Company (as defined in the 2013 Plan), vesting of options will y unless the options are to be assumed by the acquiring or successor entity (or parent thereof) or replaced w options or other incentives with such terms and provisions as the Administrator in its discretion may n addition, the Administrator may at its discretion provide for other vesting arrangements in option arrangements which provide for full acceleration of vesting upon a change in control whether or not the to assume or substitute for existing options in such change in control.

ns. No ISOs may be granted to an optionee under the 2013 Plan if the aggregate fair market value e of grant) of the common stock, with respect to which ISOs first become exercisable by such optionee in er any equity compensation plan of the Company or an Affiliated Company, exceeds $100,000. Options her than by will or the laws of descent and distribution or in any manner permitted by the Administrator y applicable law; provided, however, that no option shall be assignable or transferable in exchange for

k Awards. Each restricted share award is evidenced by a restricted stock purchase agreement in such form oves and is subject to the following conditions (as described in further detail in the 2013 Plan):

ct to a restricted share award may become vested over time or upon completion of performance goals set

restricted stock purchase agreement states the purchase price, which may not be less than the minimum applicable state law. Payment of the purchase price, if any, may be made, in the discretion of the ject to any legal restrictions, in cash, by check, by delivery of shares of our common stock, by waiver of ccrued to the participant for services rendered, or any combination of the foregoing methods of payment ation or method of payment as shall be permitted by the Administrator and applicable corporate law. enerality of the foregoing, the Administrator may determine to issue restricted shares as consideration for or the achievement of specified performance goals or objectives.

e. Restricted share awards shall cease to vest immediately if a participant is terminated for any reason, vided in the applicable restricted stock purchase agreement or unless otherwise determined by the will generally have the right to repurchase any unvested shares subject thereto for the original purchase ipant.

the event of a change in control of the Company (as defined in the 2013 Plan), restricted share awards will the same manner as options under the 2013 Plan, as described under "Terms of Options", "Change in Control"

s. Restricted shares are nontransferable except as specifically provided in the restricted stock purchase in limited circumstances provided in the 2013 Plan.

cutive officers and other employees are discretionary. At this time, therefore, the benefits that may be
e officers and other employees if our stockholders approve the 2013 Plan cannot be determined. Because
k issuable to our non-executive directors under the 2013 Plan will depend on the fair market value of our
ates, it is not possible to determine exactly the benefits that might be received by our non-executive
Plan.

me Tax Consequences of the 2013 Plan

ummary of certain federal income tax consequences of participation in the 2013 Plan. The summary as being a complete statement of all possible federal income tax consequences. Federal tax laws are hange. Participation in the 2013 Plan may also have consequences under state and local tax laws which consequences described below. For such reasons, we recommend that each participant consult his or her etermine the specific tax consequences applicable to him or her.

No taxable income will be recognized by an optionee under the 2013 Plan upon either the grant or the d, a taxable event will occur upon the sale or other disposition of the shares acquired upon exercise of an t of the gain or loss realized will depend upon how long the shares were held before their sale or her disposition of the shares received upon the exercise of an ISO occurs more than (i) one year after the tion and (ii) two years after the date of grant of the option, the holder will recognize long-term capital gain equal to the full amount of the difference between the proceeds realized and the exercise price paid. e, gift or other transfer of legal title of such stock (other than certain transfers upon the optionee's death) ither of the one-year or two-year periods described above will constitute a "disqualifying disposition." A involving a sale or exchange will result in ordinary income to the optionee in an amount equal to the et value of the stock on the date of exercise minus the exercise price or (ii) the amount realized on rcise price. If the amount realized in a disqualifying disposition exceeds the fair market value of the stock e gain realized in excess of the amount taxed as ordinary income as indicated above will be taxed as ing disposition as a result of a gift will result in ordinary income to the optionee in an amount equal to the ercise price and the fair market value of the stock on the date of exercise. Any loss realized upon a will be treated as a capital loss. Capital gains and losses resulting from disqualifying dispositions will be ort-term depending upon whether the shares were held for more or less than the applicable statutory rrently is more than one year for long-term capital gains). We will be entitled to a tax deduction in an ary income recognized by the optionee as a result of a disposition of the shares received upon exercise of

ay result in an "adjustment" for purposes of the "alternative minimum tax." Alternative minimum tax is 's income only if the amount of the alternative minimum tax exceeds the individual's regular tax for the nputing alternative minimum tax, the excess of the fair market value on the date of exercise of the shares n ISO over the exercise price paid is included in alternative minimum taxable income in the year the ptionee who is subject to alternative minimum tax in the year of exercise of an ISO may claim as a credit ular tax liability in future years the amount of alternative minimum tax paid which is attributable to the credit is available in the first year following the year of exercise in which the optionee has regular tax

ons. No taxable income is recognized by an optionee upon the grant of a NQSO. Upon exercise, however, ze ordinary income in the amount by which the fair market value of the shares purchased, on the date of rcise price paid for such shares. The income recognized by the optionee who is an employee will be hholding by the Company out of the optionee's current compensation. If such compensation is insufficient ptionee will be required to make a direct payment to us for the balance of the tax withholding obligation. x deduction equal to the amount of ordinary income recognized by the optionee, provided that certain e satisfied. If the exercise price of a NQSO is paid by the optionee in cash, the tax basis of the shares the cash paid plus the amount of income recognized by the optionee as a result of such exercise. If the delivering shares of our common stock already owned by the optionee or by a combination of cash and ere will be no current taxable gain or loss recognized by the optionee on the already-owned shares optionee will nevertheless recognize ordinary income to the extent that the fair market value of the shares exercise exceeds the price paid, as described above). The new shares received by the optionee, up to the

exchanged, will have the same tax basis and holding period as the optionee's basis and holding period in
ce of the new shares received will have a tax basis equal to any cash paid by the optionee plus the amount
the optionee as a result of such exercise, and will have a holding period commencing with the date of
r disposition of shares acquired pursuant to the exercise of a NQSO, the difference between the proceeds
's basis in the shares will be a capital gain or loss and will be treated as long-term capital gain or loss if the
more than the applicable statutory holding period (which is currently more than one year for long-term

ection 83(b) election is made and repurchase rights are retained by the Company, a taxable event will rticipant's ownership rights vest (e.g., when our repurchase rights expire) as to the number of shares that holding period for capital gain purposes will not commence until the date the shares vest. The participant ncome on each date shares vest in an amount equal to the excess of the fair market value of such shares on paid for such shares. Any income recognized by a participant who is an employee will be subject to y us out of the participant's current compensation. If such compensation is insufficient to cover the e participant will be required to make a direct payment to us for the balance of the tax withholding d to a tax deduction in an amount equal to the ordinary income recognized by the participant. The shares will be equal to the purchase price, if any, increased by the amount of ordinary income recognized.

n is made within 30 days after the date of transfer, or if no repurchase rights are retained by us, then the ordinary income on the date of purchase in an amount equal to the excess of the fair market value of such hase over the purchase price paid for such shares.

the 2013 Plan, we have the power to withhold, or require a participant to remit to us, an amount sufficient cal or foreign withholding tax requirements with respect to any options exercised or restricted shares lan. To the extent permissible under applicable tax, securities, and other laws, the Administrator may, in a participant to satisfy an obligation to pay any tax to any governmental entity in respect of any option or amount determined on the basis of the lowest marginal tax rate applicable to such participant, in whole or to apply shares of common stock to which the participant is entitled as a result of the exercise of an e lapse of restrictions on restricted shares, or (ii) delivering to us shares of common stock owned by the

n will require the affirmative vote of a majority of the votes properly cast upon the proposal at the Annual

hat stockholders vote FOR approval of the 2013 Plan.

, proxies received will be voted FOR Proposal No. 4.

TIFICATION OF APPOINTMENT OF PETERSON SULLIVAN LLP

s engaged the independent registered public accounting firm of Peterson Sullivan LLP as our independent
ng firm to audit our financial statements for the year ending December 31, 2013. Peterson Sullivan LLP
ements for the years ended December 31, 2012 and December 31, 2011. Please refer to "Principal
nformation about fees and services paid to Peterson Sullivan LLP in 2012 and 2011, and our Audit
l policies. Stockholder ratification of such selection is not required by our Bylaws or other applicable legal
ur Board is submitting the selection of Peterson Sullivan LLP to stockholders for ratification as a matter of
n the event that stockholders fail to ratify the selection, our Audit Committee will reconsider whether or
en if the selection is ratified, our Audit Committee in its discretion may direct the appointment of a
istered public accounting firm at any time during the year if our Audit Committee believes that such a
nd our stockholders' best interests.

on Sullivan LLP are expected to be present at the Annual Meeting, will have the opportunity to make a
o do so and are expected to be available to respond to appropriate questions.

appointment of Peterson Sullivan LLP as our independent registered public accounting firm to audit our
he year ending December 31, 2013 will be approved if approved by a majority of the votes properly cast

hat stockholders vote "FOR" the proposal to ratify the appointment of Peterson Sullivan LLP as our
ublic accounting firm to audit our financial statements for the year ending December 31, 2013.

, proxies received will be voted FOR Proposal No. 5.

tters to be submitted to the stockholders at the Annual Meeting. If any other matters properly come before nnual Meeting, the persons named on the enclosed proxy card intend to vote the shares they represent as nd.

ANNUAL REPORT ON FORM 10-K

iled our annual report on Form 10-K for the year ended December 31, 2012. We have sent to our f Internet Availability of Proxy Materials containing instructions on how to access via the Internet our l annual report on Form 10-K for 2012. Stockholders who received a paper copy of our 2013 proxy a copy of our annual report on Form 10-K for 2012. Stockholders who wish to obtain additional copies of n 10-K may do so without charge by contacting us through one of the following methods:

@biolifesolutions.com
402-1400
402-1433
ate Secretary, BioLife Solutions, Inc.
Monte Villa Parkway, Suite 310
, Washington 98021

OSALS

proposals for action at a future meeting if they comply with SEC rules, state law and our Bylaws.

nder the Exchange Act, some stockholder proposals may be eligible for inclusion in the proxy statement ting of Stockholders (the "2014 Annual Meeting"). These stockholder proposals, along with proof of accordance with Rule 14a-8(b)(2), must be received by us not later than January 6, 2014, which is 120 anniversary date of the mailing of this proxy statement. Stockholders are also advised to review our ditional advance notice requirements, including requirements with respect to advance notice of her than non-binding proposals presented under Rule 14a-8) and director nominations.

d by us through our Board for our 2014 Annual Meeting will confer discretionary authority on the proxy ckholder proposal presented at that meeting, unless we receive notice of such stockholder's proposal not 4, which is 45 calendar days prior to the anniversary date of the mailing of this proxy statement.

ust be in writing and should be addressed to c/o BioLife Solutions, Inc., Attention: Corporate Secretary, y, Suite 310, Bothell, Washington 98021. It is recommended that stockholders submitting proposals ate secretary and utilize certified mail, return receipt requested in order to provide proof of timely receipt. ual Meeting reserves the right to reject, rule out of order or take other appropriate action with respect to t comply with these and other applicable requirements, including conditions set forth in our Bylaws and the SEC.

d by any stockholder of his or her intent to present a stockholder proposal from the floor at this year's losed proxy grants the proxy holders discretionary authority to vote on any matter properly brought before ng.

BY ORDER OF THE BOARD OF DIRECTORS

Michael Rice
President, Chief Executive Officer and Chairman

April 30, 2013
Bothell, Washington

Appendix A – 2013 Performance Incentive Plan

BIOLIFE SOLUTIONS, INC.

2013 PERFORMANCE INCENTIVE PLAN

This 2013 PERFORMANCE INCENTIVE PLAN (the "Plan") established by BioLife Solutions, Inc., a Delaware corporation (the "Company"), adopted by its Board of Directors on April 25, 2013 (the "Effective Date") and approved by the Company's stockholders on [INSERT], 2013 (the "Approved Date").

ARTICLE 1

PURPOSES OF THE PLAN

1.1 Purposes. The purposes of the Plan are (a) to enhance the ability of the Company and its Affiliated Companies to attract and retain the services of officers, qualified employees, directors and outside consultants and service providers to the Company, upon whose judgment, initiative and efforts the successful conduct and development of the Company's businesses largely depends, and (b) to provide additional incentives to such persons to devote their utmost effort and skill to the advancement and betterment of the Company, by providing them an opportunity to participate in the ownership of the Company and thereby have an interest in the success and increased value of the Company that coincides with the financial interests of the Company's stockholders.

ARTICLE 2

DEFINITIONS

For purposes of this Plan, in addition to other capitalized terms defined herein, the following terms shall have the meanings indicated:

2.1 Administrator. "Administrator" means the Board, subject to the Board's authority to delegate responsibility for any matter to the Committee or to the Chief Executive Officer of the Company as set forth in Section 7.1 of the Plan.

2.2 Affiliated Company. "Affiliated Company" means any "parent corporation" or "subsidiary corporation" of the Company, whether now existing or hereafter created or acquired, as those terms are defined in Sections 424(e) and 424(f) of the Code, respectively.

2.3 Award. "Award" means an Option or Restricted Share issued to a Participant under the Plan.

2.4 Award Agreement. "Award Agreement" means an Option Agreement or Stock Purchase Agreement issued to a Participant pursuant to the Plan.

2.5 Board. "Board" means the Board of Directors of the Company.

2.6 Cause. "Cause" means, with respect to the termination of a Participant's employment, termination of such employment by the Company for any of the following reasons:

(a) The continued refusal or omission by the Participant to perform any material duties required of him by the Company if such duties are consistent with duties customary for the position held with the Company;

(b) Any material act or omission by the Participant involving malfeasance or gross negligence in the performance of Participant's duties to, or material deviation from any of the policies or directives of, the Company;

(c) Conduct on the part of Participant which constitutes the breach of any statutory or common law duty of loyalty to the Company; or

(d) Any illegal act by Participant which materially and adversely affects the business of the Company or any felony committed by Participant, as evidenced by conviction thereof, provided that the Company may suspend Participant with pay while any allegation of such illegal or felonious act is investigated.

2.7 Change in Control. "Change in Control" shall mean the occurrence of any of the following events:

(a) The acquisition, directly or indirectly, in one transaction or a series of related transactions, by any person or group (within the meaning of Section 13(d)(3) of the Exchange Act) of the beneficial ownership of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of all outstanding securities of the Company;

(b) A merger or consolidation of the Company with any other entity, whether or not the Company is the surviving entity in such transaction, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such merger or consolidation hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the Company or of the surviving entity (or the parent of the surviving entity) immediately after such merger or consolidation;

(c) The sale, transfer or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company; or

(d) The approval by the stockholders of a plan or proposal for the liquidation or dissolution of the Company.

2.8 Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.9 Committee. "Committee" means a committee of two or more members of the Board appointed to administer the Plan, as set forth in Section 7.1 hereof.

2.10 Common Stock. "Common Stock" means the Common Stock of the Company, $0.001 par value, subject to adjustment pursuant to Section 4.2 hereof.

2.11 Consultant. "Consultant" means any consultant or advisor if: (i) the consultant or advisor renders bona fide services to the Company or any Affiliated Company; (ii) the services rendered by the consultant or advisor are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (iii) the consultant or advisor is a natural person who has contracted directly with the Company or any Affiliated Company to render such services.

2.12 Disability. "Disability" means permanent and total disability as defined in Section 22(e)(3) of the Code. The Administrator's determination of a Disability or the absence thereof shall be conclusive and binding on all interested parties.

2.13 DRO. "DRO" means a domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the regulations thereunder.

2.14 Employee. "Employee" means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company, or any Affiliated Company.

2.15 Effective Date. "Effective Date" means the date on which the Plan is adopted by the Board, as set forth on the first page hereof.

2.16 Exchange Act. "Exchange Act" means the Securities and Exchange Act of 1934, as amended.

2.17 Exercise Price. "Exercise Price" means the purchase price per share of Common Stock payable upon exercise of an Option.

2.18 Fair Market Value. "Fair Market Value" on any given date means the value of one share of Common Stock, determined as follows:

(a) If the Common Stock is then listed or admitted to trading on a Nasdaq market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the closing sale price on the date of valuation on such Nasdaq market system or principal stock exchange on which the Common Stock is then listed or admitted to trading, or, if no closing sale price is reported on such day, then the Fair Market Value shall be the closing sale price of the Common Stock on such Nasdaq market system or such exchange on the next preceding day for which a closing sale price is reported.

(b) If the Common Stock is not then listed or admitted to trading on a Nasdaq market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the average of the closing bid and asked prices of the Common Stock in the over-the-counter market on the date of valuation.

(c) If neither clause (a) nor (b) of this Section 2.18 is applicable as of the date of valuation, then the Fair Market Value shall be determined by the Administrator in good faith using any reasonable method of valuation, which determination shall be conclusive and binding on all interested parties.

2.19 FINRA Dealer. "FINRA Dealer" means a broker-dealer that is a member of the Financial Industry Regulatory Authority, Inc.

2.20 Incentive Option. "Incentive Option" means any Option so designated by the Administrator and intended to qualify as an "incentive stock option" as defined in Section 422 of the Code.

2.21 Incentive Option Agreement. "Incentive Option Agreement" means an Option Agreement with respect to an Incentive Option.

2.22 Nonqualified Option. "Nonqualified Option" means any Option that is not an Incentive Option. To the extent that any Option designated as an Incentive Option fails in whole or in part to qualify as an Incentive Option, including, without limitation, for failure to meet the limitations applicable to a 10% Stockholder or because it exceeds the annual limit provided for in Section 5.6 below, it shall to that extent constitute a Nonqualified Option.

2.23 Nonqualified Option Agreement. "Nonqualified Option Agreement" means an Option Agreement with respect to a Nonqualified Option.

2.24 Option. "Option" means any option to purchase Common Stock granted pursuant to the Plan.

2.25 Option Agreement. "Option Agreement" means the written agreement entered into between the Company and the Optionee with respect to an Option granted under the Plan.

2.26 Optionee. "Optionee" means a Participant who holds an Option.

2.27 Participant. "Participant" means an individual or entity that holds an Award under the Plan.

2.28 Purchase Price. "Purchase Price" means the purchase price per Restricted Share.

2.29 Restricted Shares. "Restricted Shares" means shares of Common Stock issued pursuant to Article 6 hereof, subject to any restrictions and conditions as are established pursuant to such Article 6.

2.30 Rule 16b-3 Covered Person. "Rule 16b-3 Covered Person" means any key Employee or member of the Board designated by the Administrator with respect to which any transaction involving Common Stock may be eligible for the exemption from Section 16(b) of the Exchange Act set forth in Rule 16b-3.

2.31 Section 162(m) Covered Employee. "Section 162(m) Covered Employee" means (i) an employee of the Company if, as of the close of the taxable year, such employee is the Principal Executive Officer of the Company (or an individual acting in such a capacity) and the three (3) officers of the Company (other than the Principal Financial Officer and the Principal Executive Officer) for whom total compensation is required to be reported to stockholders under the Exchange Act by reason of such individuals being among the three (3) highest compensated officers for the relevant taxable year and (ii) any other key Employee designated by the Administrator as a key Employee whose compensation for the fiscal year in which the key Employee is so designated or a future fiscal year may be subject to the limit on deductible compensation imposed by Section 162(m) of the Code.

2.32 Service Provider. "Service Provider" means a Consultant, Employee, member of the Board or other natural person the Administrator authorizes to become a Participant in the Plan and who provides services to (i) the Company, (ii) an Affiliated Company, or (iii) any other business venture designated by the Administrator in which the Company (or any entity that is a successor to the Company) or an Affiliated Company has a significant ownership interest.

2.33 Stock Purchase Agreement. "Stock Purchase Agreement" means the written agreement entered into between the Company and a Participant with respect to the purchase of Restricted Shares under the Plan.

2.34 10% Stockholder. "10% Stockholder" means a person who, as of a relevant date, owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of an Affiliated Company.

ARTICLE 3

ELIGIBILITY

3.1 Incentive Options. Only Employees of the Company or of an Affiliated Company (including officers of the Company and members of the Board if they are Employees of the Company or of an Affiliated Company) are eligible to receive Incentive Options under the Plan.

3.2 Nonqualified Options and Restricted Shares. Employees of the Company or of an Affiliated Company, officers of the Company and members of the Board (whether or not employed by the Company or an Affiliated Company), and Service Providers are eligible to receive Nonqualified Options or acquire Restricted Shares.

3.3 Section 162(m) Limitation for Options. The aggregate number of shares of Common Stock with respect to which Options may be granted to any Employee shall not exceed 450,000 shares of Common Stock during any calendar year. Notwithstanding the foregoing, in connection with his or her initial service to the Company, the aggregate number of shares of Common Stock with respect to which Options may be granted to any Employee shall not exceed 450,000 shares of Common Stock during the calendar year which includes such individual's initial service to the Company. Any shares subject to an Option granted during a calendar year to an Employee that can no longer under any circumstances be exercised or purchased for any reason under the Plan shall continue to count against the applicable limitations set forth above for such Employee during such calendar year.

ARTICLE 4

GRANTING OF AWARDS

4.1 Shares Subject to the Plan. The shares of stock available as a basis for Awards shall be Common Stock. Such shares may be issued from either previously authorized but unissued shares or treasury shares, subject to adjustment as to the number and kind of shares pursuant to Section 4.2 hereof. Subject to the foregoing, a total of 2,000,000 shares of Common Stock may be issued under the Plan. Notwithstanding the limitation described in the preceding sentence, if an option granted pursuant to an equity compensation plan of the Company other than the Plan is outstanding as of the Approved Date and such option subsequently terminates or expires in accordance with its terms, the shares of Common Stock underlying such option which remain unexercised and unissued at the time of such termination or expiration, shall become available for grant or issuance under the Plan, subject to adjustment pursuant to Section 4.2 hereof, provided, however, that in no event will there be available greater than 2,000,000 shares of Common Stock for purposes of the issuance of Incentive Options under the Plan, subject to adjustment pursuant to Section 4.2 hereof.

(a) Cancelled or Forfeited Awards other than Restricted Shares. For purposes of the limitation set forth in this Section 4.1, if all or any portion of any Award, other than Restricted Shares, granted or offered under the Plan can no longer under any circumstances be exercised or purchased due to the forfeiture or cancellation of all or any portion of such Award, then the shares of Common Stock allocable to such unexercised or forfeited portions of such Award shall not count against such limitation and shall again become available for grant or issuance under the Plan.

(b) Non-Replenishment of Reacquired Shares; Awards other than Restricted Shares for Reasons other than Cancellation or Forfeiture of Award. For purposes of the limitation set forth in this Section 4.1, any shares of Common Stock subject to an Award, other than Restricted Shares, and which are reacquired by the Company for any reason other than the cancellation or forfeiture of such Award as described in Section 4.1(a) shall count against such limitation. The Company shall hold all such shares of Common Stock that it reacquires as treasury shares, which shall not again become available for grant or issuance under the Plan.

(c) Replenishment of Reacquired Shares; Awards of Restricted Shares. For purposes of the limitation set forth in this Section 4.1, any shares of Common Stock that were initially the subject of a Stock Purchase Agreement, and which are reacquired by the Company for any reason, shall not count against such limitation and shall again become available for grant or issuance under the Plan.

4.2 Changes in Capital Structure. In the event that the outstanding shares of Common Stock are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, stock split, reverse stock split, combination of shares, reclassification, stock dividend, or other similar change in the capital structure of the Company, then appropriate adjustments shall be made by the Administrator to the aggregate number and kind of shares issuable thereafter under this Plan, the number and kind of shares and the price per share subject to outstanding Award Agreements and the limit on the number of shares under Sections 3.3 and 3.4 above, all in order to preserve, as nearly as practical, but not to increase, the benefits to Participants.

4.3 Award Agreement. Each Award shall be evidenced by an Award Agreement. Award Agreements evidencing Incentive Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.4 Rule 16b-3 Covered Persons. Notwithstanding any other provision of the Plan, the Plan and any Award granted or awarded to a Rule 16b-3 Covered Person shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 under the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule(s).

ARTICLE 5

OPTIONS

5.1 Option Agreement. Each Option granted pursuant to this Plan shall be evidenced by an Option Agreement that shall specify the number of shares subject thereto, the Exercise Price per share, and whether the Option is an Incentive Option or Nonqualified Option. As soon as is practical following the grant of an Option, an Option Agreement shall be duly executed and delivered by or on behalf of the Company to the Optionee to whom such Option was granted. Each Option Agreement shall be in such form and contain such additional terms and conditions, not inconsistent with the provisions of this Plan, as the Administrator shall, from time to time, deem desirable, including, without limitation, the imposition of any rights of first refusal and resale obligations upon any shares of Common Stock acquired pursuant to an Option Agreement. Each Option Agreement may be different from each other Option Agreement.

5.2 Exercise Price. The Exercise Price per share of Common Stock covered by each Option shall be determined by the Administrator, subject to the following: (a) the Exercise Price of an Option shall not be less than 100% of Fair Market Value on the date the Option is granted and (b) if the person to whom an Incentive Option is granted is a 10% Stockholder on the date of grant, the Exercise Price shall not be less than 110% of Fair Market Value on the date the Option is granted. However, an Incentive Option may be granted with an Exercise Price lower than that set forth in clause (b) of the preceding sentence if such Incentive Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424 of the Code.

5.3 Payment of Exercise Price. Payment of the Exercise Price shall be made upon exercise of an Option and may be made, in the discretion of the Administrator, subject to any legal restrictions, by: (a) cash; (b) check; (c) the surrender of shares of Common Stock acquired pursuant to the exercise of an Option (provided that shares acquired pursuant to the exercise of Options must have been held by the Optionee for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes), which surrendered shares shall be valued at Fair Market Value as of the date of such exercise; (d) the waiver of compensation due or accrued to the Optionee for services rendered; (e) a "same day sale" commitment from the Optionee and a FINRA Dealer whereby the Optionee irrevocably elects to exercise the Option and to sell a portion of the shares so purchased to pay for the Exercise Price and whereby the FINRA Dealer irrevocably commits upon receipt of such shares to forward the Exercise Price directly to the Company; or (f) any combination of the foregoing methods of payment or any other consideration or method of payment as shall be permitted by applicable law, including the Sarbanes-Oxley Act of 2002, as amended. Any shares of Common Stock received by the Company in payment of the Exercise Price shall be held by the Company as treasury shares and shall not be made available for grant or issuance under the Plan.

5.4 Term and Termination of Options. The term and provisions for termination of each Option shall be as fixed by the Administrator, but no Option may be exercisable more than ten (10) years after the date it is granted. An Incentive Option granted to a person who is a 10% Stockholder on the date of grant shall not be exercisable more than five (5) years after the date it is granted.

5.5 Vesting and Exercise of Options. Each Option shall vest and become exercisable in one or more installments at such time or times and subject to such conditions, including without limitation the achievement of specified performance goal(s) or objectives, as shall be determined by the Administrator.

5.6 Annual Limit on Incentive Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock, with respect to which Incentive Options granted under this Plan and any other plan of the Company or any Affiliated Company become exercisable for the first time by an Optionee during any calendar year, shall not exceed $100,000.

5.7 Nontransferability of Options. Except as otherwise provided by the Administrator in an Option Agreement and as permissible under applicable law, no Option shall be assignable or transferable except by will or the laws of descent and distribution, and during the life of the Optionee shall be exercisable only by such Optionee unless it has been disposed of with the consent of the Administrator (which consent may be withheld in the Administrator's sole and absolute discretion) pursuant to a DRO. Notwithstanding the foregoing, no Option shall be assignable or transferable in exchange for consideration.

5.8 Rights as Stockholder. An Optionee or permitted transferee of an Option shall have no rights or privileges as a stockholder with respect to any shares covered by an Option until such Option has been duly exercised and certificates representing shares purchased upon such exercise have been issued to such person.

ARTICLE 6

RESTRICTED SHARES

6.1 Issuance and Sale of Restricted Shares. The Administrator shall have the right to grant Restricted Shares subject to such terms, restrictions and conditions as the Administrator may determine at the time of grant ("Restricted Share Awards"). Such conditions shall include the Purchase Price to be paid by the grantee for such an Award, if any (but not less than the minimum lawful amount under applicable state law). Such conditions may also include, but are not limited to, continued employment or the achievement of specified performance goal(s) or objectives.

6.2 Stock Purchase Agreements. A Participant shall have no rights with respect to the Restricted Shares covered by a Stock Purchase Agreement until the Participant has paid the full Purchase Price (if applicable) to the Company in the manner set forth in Section 6.3 hereof and has executed and delivered to the Company the Stock Purchase Agreement. Each Stock Purchase Agreement shall be in such form, and shall set forth the Purchase Price and such other terms, conditions and restrictions of the Restricted Shares, not inconsistent with the provisions of this Plan, as the Administrator shall, from time to time, deem desirable. Each Stock Purchase Agreement may be different from each other Stock Purchase Agreement.

6.3 Payment of Purchase Price. Subject to any legal restrictions, payment of the Purchase Price, if any, may be made, in the discretion of the Administrator, by: (a) cash; (b) check; (c) the surrender of shares of Common Stock owned by the Participant that have been held by the Participant for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes, which surrendered shares shall be valued at Fair Market Value as of the date of such acceptance; (d) the waiver of compensation due or accrued to the Participant for services rendered; or (e) any combination of the foregoing methods of payment or any other consideration or method of payment as shall be permitted by applicable corporate law, including the Sarbanes-Oxley Act of 2002, as amended.

6.4 Rights as a Stockholder. Upon complying with the provisions of Section 6.2 hereof, a Participant shall have the rights of a stockholder with respect to the Restricted Shares purchased pursuant to a Stock Purchase Agreement, including voting and dividend rights, subject to the terms, restrictions and conditions as are set forth in such Stock Purchase Agreement. Unless the Administrator shall determine otherwise, certificates evidencing Restricted Shares shall remain in the possession of the Company until such shares have vested in accordance with the terms of the Stock Purchase Agreement.

6.5 Restrictions. Restricted Shares may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided in the Stock Purchase Agreement. In the event of termination of a Participant's employment, service as a director of the Company or Service Provider status for any reason whatsoever (including death or disability), the Stock Purchase Agreement may provide, in the discretion of the Administrator, that the Company shall have the right, exercisable at the discretion of the Administrator, to repurchase, at the original Purchase Price, any Restricted Shares which have not vested as of the date of termination. Notwithstanding the foregoing, Restricted Share Awards may be transferred, with the consent of the Administrator, pursuant to a DRO (which consent may be withheld in the Administrator's sole and absolute discretion).

6.6 Vesting of Restricted Shares. Subject to Section 6.5 above, the Stock Purchase Agreement shall specify the date or dates, the performance goal(s) or objectives that must be achieved, and any other conditions on which the Restricted Shares may vest.

ARTICLE 7

ADMINISTRATION OF THE PLAN

7.1 Administrator. Authority to control and manage the operation and administration of the Plan shall be vested in the Board, which may delegate such responsibilities in whole or in part to one or more Committees. Members of the Committee may be appointed from time to time by, and shall serve at the pleasure of, the Board. Without limiting the foregoing, the Board may limit the composition of the Committee to those persons necessary to comply with the requirements of Section 162(m) of the Code and the regulations promulgated thereunder, and Section 16 of the Exchange Act and Rule 16b-3 under the Exchange Act. The Board (or the Committee, as applicable) may delegate to the Chief Executive Officer of the Company the authority to (i) designate new Employees who are not officers of the Company to be the recipient of Incentive Options, Nonqualified Options or Restricted Shares, and (ii) determine the number of shares of Common Stock to be subject to such Incentive Options, Nonqualified Options or Restricted Shares; provided, however, that the Board resolutions regarding such delegation of authority or an employee compensation program approved by the Board or Committee shall specify the maximum number of shares of Common Stock that may be subject to any Incentive Option, Nonqualified Option or Restricted Shares granted by the Chief Executive Officer depending upon the employee group of such new Employee; and provided, further, that the Chief Executive Officer may not grant Options to himself, or any other officer of the Company. As used herein, the term "Administrator" means the Board or, with respect to any matter as to which responsibility has been delegated to the Committee or the Chief Executive Officer, the term Administrator shall mean the Committee or the Chief Executive Officer, as the case may be.

7.2 Powers of the Administrator. In addition to any other powers or authority conferred upon the Administrator elsewhere in the Plan or by law, the Administrator shall have full power and authority: (a) to determine the persons to whom, and the time or times at which, Awards shall be granted, the number of shares to be represented by each Option, the number of Restricted Shares to be offered, and the consideration to be received by the Company upon the exercise of or sale of such Awards; (b) to interpret the Plan; (c) to create, amend or rescind rules and regulations relating to the Plan; (d) to determine the terms, conditions and restrictions contained in, and the form of, Award Agreements; (e) to determine the identity or capacity of any persons who may be entitled to exercise a Participant's rights under any Award Agreement under the Plan; (f) to correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award Agreement; (g) to accelerate the vesting of any Award or release or waive any repurchase rights of the Company with respect to any Award; (h) to extend the exercise date of any Award or acceptance date of any Award; (i) to provide for rights of first refusal and/or repurchase rights; (j) to amend outstanding Award Agreements to provide for, among other things, any change or modification which the Administrator could have included in the original Award Agreement or in furtherance of the powers provided for herein; and (k) to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan. Any action, decision, interpretation or determination made in good faith by the Administrator in the exercise of its authority conferred upon it under the Plan shall be final and binding on the Company and all Participants. In making any determination or in taking or not taking any action under the Plan, the Administrator may obtain and rely upon the advice of experts, including advisors to the Company.

7.3 Limitation on Liability. No Employee of the Company or member of the Board or Committee shall be subject to any liability with respect to duties under the Plan unless the person acts fraudulently or in bad faith. To the extent permitted by law, the Company shall indemnify each member of the Board or Committee, and any Employee of the Company with duties under the Plan, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, by reason of such person's conduct in the performance of duties under the Plan.

ARTICLE 8

CHANGE IN CONTROL

8.1 Change in Control. In order to preserve a Participant's rights in the event of a Change in Control of the Company:

(a) The Administrator shall have the discretion to provide in each Award Agreement the terms and conditions that relate to (i) vesting of such Award in the event of a Change in Control, and (ii) assumption of such Awards or issuance of comparable securities under an incentive program in the event of a Change in Control. The aforementioned terms and conditions may vary in each Award Agreement.

(b) If the terms of an outstanding Option Agreement provide for accelerated vesting in the event of a Change in Control, or to the extent that an Option is vested and not yet exercised, the Administrator in its discretion may provide, in connection with the Change in Control transaction, for the purchase or exchange of each Option for an amount of cash or other property having a value equal to the difference (or "spread") between: (x) the value of the cash or other property that the Participant would have received pursuant to the Change in Control transaction in exchange for the shares issuable upon exercise of the Option had the Option been exercised immediately prior to the Change in Control, and (y) the Exercise Price of the Option.

(c) Outstanding Options shall terminate and cease to be exercisable upon consummation of a Change in Control except to the extent that the Options are assumed by the successor entity (or parent thereof) pursuant to the terms of the Change in Control transaction.

(d) The Administrator shall cause written notice of a proposed Change in Control transaction to be given to Participants not less than fifteen (15) days prior to the anticipated effective date of the proposed transaction.

ARTICLE 9

AMENDMENT AND TERMINATION OF THE PLAN

9.1 Amendments. Subject to applicable law, including Nasdaq stockholder approval requirements, the Board may from time to time alter, amend, suspend or terminate the Plan in such respects as the Board may deem advisable. No such alteration, amendment, suspension or termination shall be made which shall substantially affect or impair the rights of any Participant under an outstanding Award Agreement without such Participant's consent. The Board may alter or amend the Plan to comply with requirements under the Code relating to Incentive Options or other types of options which give Optionees more favorable tax treatment than that applicable to Options granted under this Plan as of the date of its adoption. Upon any such alteration or amendment, any outstanding Option granted hereunder may, if the Administrator so determines and if permitted by applicable law, be subject to the more favorable tax treatment afforded to an Optionee pursuant to such terms and conditions.

9.2 Plan Termination. Unless the Plan shall theretofore have been terminated, the Plan shall terminate on the tenth (10th) anniversary of the earlier of the Effective Date and the Approved Date and no Awards may be granted under the Plan thereafter, but Award Agreements then outstanding shall continue in effect in accordance with their respective terms.

ARTICLE 10

CANCELLATION & RESCISSION

10.1 Non-Competition. Unless an Option Agreement specifies otherwise, the Administrator may cancel, rescind, suspend, withhold or otherwise limit or restrict any unexpired, unpaid or deferred Options at any time if the Participant is not in compliance with all applicable provisions of the Option Agreement and the Plan or if the Participant engages in any "Adverse Activity." For purposes of this Section 10.1, "Adverse Activity" shall include: (i) the disclosure to anyone outside the Company, or the use in other than the Company's business, without prior written authorization from the Company, of any confidential information or material relating to the business of the Company, acquired by the Participant either during or after employment with the Company; (ii) the failure or refusal to disclose promptly and to assign to the Company all right, title and interest in any invention or idea, patentable or not, made or conceived by the Participant during employment by the Company, relating in any manner to the actual or anticipated business, research or development work of the Company; or (iii) activity that results in termination of the Participant's employment for Cause.

10.2 Agreement Upon Exercise. Upon exercise, payment or delivery pursuant to an Option Agreement, the Participant shall certify in a manner acceptable to the Company that he or she is in compliance with the terms and conditions of the Plan. In the event a Participant fails to comply with the provisions of clauses (i) through (iii) of Section 10.1 hereof prior to, or during the six (6) months after, any exercise, payment or delivery pursuant to an Option Agreement, such exercise, payment or delivery may be rescinded within two years thereafter. In the event of any such rescission, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of the exercise, payment or delivery, in such manner and on such terms and conditions as may be required, and the Company shall be entitled to set-off against the amount of any such gain any amount owed to the Participant by the Company.

ARTICLE 11

TAX WITHHOLDING

11.1 Withholding. The Company shall have the power to withhold, or require a Participant to remit to the Company in cash, an amount sufficient to satisfy any applicable federal, state, local or foreign tax withholding requirements with respect to any Options exercised, any Restricted Shares issued, or any other Award issued under the Plan. To the extent permissible under applicable tax, securities and other laws, the Administrator may, in its sole discretion and upon such terms and conditions as it may deem appropriate, permit a Participant to satisfy his or her obligation to pay any such tax, in whole or in part, in an amount determined on the basis of the lowest rate of withholding applicable to such Participant, by (a) directing the Company to apply shares of Common Stock to which the Participant is entitled as a result of the exercise of an Award or as a result of the purchase of or lapse of restrictions on an Award, or (b) delivering to the Company shares of Common Stock owned by the Participant. The shares of Common Stock so applied or delivered in satisfaction of the Participant's tax withholding obligation shall be valued at their Fair Market Value as of the date of withholding based on the minimum statutory withholding rates for income tax and payroll tax purposes that are applicable to such supplemental taxable income.

11.2 Shares Withheld to Satisfy Withholding; Restricted Shares. Any shares of Common Stock received by the Company pursuant to Section 11.1 above with respect to Restricted Shares above shall not count against the applicable limits set forth in Article 4 hereof and shall again become available for grant or issuance under the Plan.

11.3 Shares Withheld to Satisfy Withholding; Awards other than Restricted Shares. Any shares of Common Stock received by the Company pursuant to Section 11.1 above with respect to Awards other than Restricted Shares shall be held by the Company as treasury shares and shall count against the applicable limits set forth in Article 4 hereof and shall not again become available for grant or issuance under the Plan.

ARTICLE 12

MISCELLANEOUS

12.1 Repricings Not Permitted. Notwithstanding anything herein to the contrary, the Administrator shall not have the authority to cause the repricing of any outstanding Options either through an adjustment to the Exercise Price or through the cancellation of an Option and regrant of a new Option or other Award in exchange for the cancelled Option (a "Repricing"), unless such Repricing is approved by a majority of the Company's stockholders entitled to vote on such matter.

12.2 Benefits Not Alienable. For so long as it is subject to any restrictions pursuant to this Plan or an Award Agreement, no Award or interest or right therein or part thereof shall be liable for the debts, contracts, or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment, or any other means whether such disposition be voluntary or involuntary or by operation of law, by judgment, levy, attachment, garnishment, or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Plan shall prevent transfers by will or the applicable laws of descent and distribution or assignments pursuant to a DRO entered by a court of competent jurisdiction.

12.3 No Enlargement of Employee Rights. This Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any Participant to be consideration for, or an inducement to, or a condition of, the employment of any Participant. Nothing contained in the Plan shall be deemed to give the right to any Participant to be retained as an employee of the Company or any Affiliated Company or to interfere with the right of the Company or any Affiliated Company to discharge any Participant at any time.

12.4 Application of Funds. The proceeds received by the Company from the sale of Common Stock pursuant to Award Agreements, except as otherwise provided herein, will be used for general corporate purposes.

12.5 Annual Reports. During the term of this Plan, the Company will furnish to each Participant who does not otherwise receive such materials, copies of all reports, proxy statements and other communications that the Company distributes generally to its stockholders.

12.6 Applicable Law. The validity, construction, interpretation and effect of this Plan and all Award Agreements hereunder shall be governed by and determined in accordance with the laws of the State of Washington except for matters of corporate law, in which case the provisions of the Delaware General Corporation Law shall govern.