

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

THERMOGENESIS CORP

CIK: **811212** | IRS No.: **943018487** | State of Incorporation: **DE** | Fiscal Year End: **0630**
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SIC: **3821** Laboratory apparatus & furniture

Mailing Address

3146 GOLD CAMP DRIVE
RANCHO CORDOVA CA 95670

Business Address

3146 GOLD CAMP DRIVE
RANCHO CORDOVA CA 95670
9168585100

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 AND 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Event Date: January 14, 1999

THERMOGENESIS CORP.

(Exact name of Registrant as specified in its charter)

DELAWARE	0--16375	94-3018487
(State of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

3146 GOLD CAMP DRIVE
RANCHO CORDOVA, CA 95670
(916) 858-5100

(Address, including zip code, and telephone number,
including area code, of principal executive offices)

Item 5. Other

Financing: On January 14, the Company completed a private financing with the assistance of Oscar Gruss & Son, Incorporated as placement agent. Pursuant to the terms of the financing, the Company sold 1,077,540 shares of Series A Convertible Redeemable Preferred Stock ("Preferred Stock") at a price of \$6.25 per share. Each share of Preferred Stock can be converted into 5 shares of the Company's common stock, and the Company can force conversion if the Company's common stock trades above \$5.00 per share. In addition to the conversion provision, the following summarizes key rights that holders of the Preferred Stock have. All summarized information is qualified by the Certificate of Designation for the Preferred Stock which was filed with the Delaware Secretary of State.

VOTING. So long as in excess of 35% of the number of Shares of Series A Preferred Stock sold pursuant to this Offering remains outstanding, the holders of the Series A Preferred Stock will be entitled to vote for one director, as a separate class, and approval by holders of at least a majority of the Series A Preferred Stock, voting together as a separate class, is required for certain events including (i) any issuance of a new series of shares having rights, preferences, or privileges with respect to liquidation preference, redemption or dividend rights senior or equivalent to the Series A Preferred Stock, (ii) any payment or declaration of any dividends rights or any other distribution or redemption of any capital stock of the Company, (iii) any sale or disposition of all or substantially

all of the Company's property or business or any consolidation or merger with any entity in which the Company is not the survivor, (iv) an amendment to the Company's Articles of Incorporation or Bylaw, and (v) any investments of another business exceeding \$1 million in the aggregate. Unless required by law, the holders of the Series A Preferred Stock will be entitled to vote on all other matters with class, on an as converted basis.

DIVIDENDS. Each Series A Preferred Stock is entitled to receive non-cumulative dividends at the same rate and same time as any dividends declared on the Company's Common Stock determined on an as converted basis.

LIQUIDATION PREFERENCE. Upon liquidation, dissolution, or winding up of the Company, the holder of each Series A Preferred Stock shall be entitled to received a liquidation preference equal to \$6.25 per share which shall increase at the rate of 8% per share, per year, compounded annually on each anniversary date ("Liquidation Preference Amount") of the issuance of the Series A Preferred Stock before there are any distributions to the holders of shares of Common Stock or any other securities ranking junior to the Series A Preferred Stock. After payment to the holders of the Series A Preferred Stock of the Liquidation Preference Amount, the holders of the Series A Preferred Stock shall not be entitled to any further distribution. If upon any liquidation, dissolution or winding up, the assets to distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment in full to the holders of all Series A Preferred Stock, then the amount to be distributed shall be distributed ratably to the holders of Series A Preferred Stock and any other holders of Preference Shares of equal rank.

REDEMPTION. After five years, each holder of the Series A Preferred Stock will have the right to require the Company to repurchase from such holder each Series A Preferred Stock for the Liquidation Preference Amount.

The Company received net proceeds of approximately \$6,270,985 after deducting sales agent commissions and expenses of the offering of approximately \$463,640. The Company will use the proceeds to finance the manufacturing of the CryoSeal{TM} and BioArchive{TM} Systems and disposables, other clinical studies, obtaining regulatory approvals, and for general working capital.

Item 7(c). Exhibits

EXHIBIT NO. EXHIBIT

10 Stock Purchase Agreement [Form]

3 Certificate of Designation of Series A Convertible Preferred Stock

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THERMOGENESIS CORP.

Dated: January 25, 1999

By: Philip H. Coelho, Chairman & CEO
(Principal Executive Officer)

Dated: January 25, 1999

By: Renee M. Ruecker, V.P. Finance
(Principal Financial Officer)

THERMOGENESIS CORP.
STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement") is made as of the ___ day of December, 1998, by and among THERMOGENESIS CORP., a Delaware corporation (the "Company") and the persons listed on the attached Exhibit A (the "Purchasers").

BACKGROUND

The Company wishes to sell to the Purchasers, and the Purchasers wish to purchase, up to 1,077,540 shares of the Company's Series A Convertible Preferred Stock.

AGREEMENT

1 SALE AND PURCHASE OF PURCHASED SHARES: CLOSING

1.1 AGREEMENT TO SELL AND PURCHASE PURCHASED SHARES; DESIGNATION OF PREFERRED STOCK.

(a) The Company agrees to sell to the Purchasers and each Purchaser agrees to purchase from the Company, subject to the terms and conditions hereof and in reliance upon the representations and warranties contained herein, on the Closing Date (as hereinafter defined) the number of shares of the Company's Series A Convertible Preferred Stock, par value \$.001 per share, (the "Preferred Stock") set forth opposite each Purchaser's name on Exhibit A hereto. The purchase price for such shares shall be \$6.25 per share (the "Purchase Price") which shall be payable on the Closing Date by certified or bank cashier's check or by wire transfer to an account designated by the placement agent, Oscar Gruss & Son.

(b) Each share of Preferred Stock shall be convertible, at the option of any Purchaser, into five (5) shares of Common Stock of the Company, par value \$.001 per share (the "Common Stock"), subject to adjustment as provided herein or in the certificate of designation (the "Certificate of Designation") filed by the Company with the Secretary of State of the State of Delaware. The Preferred Stock shall be entitled to such other powers, preferences and rights as are provided in the Certificate of Designation, a copy of which is attached as Exhibit B.

(c) The shares of Common Stock issued or issuable to the Purchasers upon the conversion of the Preferred Shares are sometimes

referred to as the Conversion Shares. The shares of Preferred Stock issued pursuant to Section 1.1(a) and the Conversion Shares shall be collectively referred to in this Agreement as the Purchased Shares.

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1.2 CLOSING. The closing of the delivery of and payment for the Purchased Shares purchased pursuant to Section 1.1 (a) shall be held simultaneously with the execution and delivery of this Agreement, or such other date and at such place as is mutually agreed upon by the Company and the Purchasers (the "Closing Date"). On the Closing Date, the Company will deliver to the Purchasers, against payment of the Purchase Price therefore, certificates dated as of the Closing Date and registered in the name of the respective Purchasers for the number of shares of Preferred Stock set forth opposite the Purchaser's name on Exhibit A hereto. The closing is subject to the sale of the minimum offering as provided in the Private Placement Memorandum.

1.3 ADDITIONAL EQUITY CAPITAL: RIGHT TO PURCHASE.

(a) Except for (a) shares of the Company's capital stock (the "Stock") issued as compensation or in conjunction with any existing employee benefit plan or program; (ii) shares of Stock issued in connection with the conversion of currently outstanding debentures or exercise of currently issued options or warrants; or (iii) shares of Stock issued as a result of a stock split, stock dividend or reclassification of Common Stock distributable on a pro rata basis to all holders of Common Stock, in the event that the Company after the date of this Agreement issues any New Issue (as defined below), each Purchaser, for so long as such Purchaser holds any Preferred Shares, shall have the pre-emptive right to purchase a percentage of such New Issue equal to the percentage of the Common Stock issued to or issuable to such Purchaser hereunder to the then total issued and outstanding Common Stock and Preferred Stock (on a fully-diluted basis, but prior to giving effect to the New Issue). The purpose of the foregoing pre-emptive right is so that each Purchaser shall have the option of maintaining its proportionate share of the equity of the Company on a fully-diluted basis. The Purchaser may exercise this pre-emptive right at any time within ten days after it receives written notice from the Company of the contemplated offer, sale or issuance of the New Issue, by delivery of a written notice to the Company within such ten (10) day period stating the number of shares of the New Issue it elects to so purchase at the same price offered to third party purchasers of the New Issue.

(b) "New Issue" means (i) any Common Stock, preferred stock or other security of the Company; (ii) any security convertible, with or without consideration, into any Common Stock, preferred stock or other security (including any option to purchase such a convertible security); (iii) any security carrying any warrant or right to

subscribe to or purchase any Common Stock, preferred stock or other security; or (iv) any such warrant or right.

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(c) Not less than twenty (20) days prior to the issuance of any New Issue, the Company shall give Purchaser written notice of such intention, describing the type of New Issue to be issued, the price thereof and the general terms upon which the Company proposes to effect such issuance.

2 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to the Purchaser as of the date hereof, and after giving effect to the transactions contemplated by this Agreement, as follows:

2.1 ORGANIZATION AND QUALIFICATION. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware with full power and authority to own, lease and operate its properties and to conduct its business as described in its most annual report on Form 10-K for the fiscal year ended June 30, 1998 (the "1998 10-K") and to enter into and perform its obligations under this Agreement and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property, the conduct of business, or otherwise except where the failure to so qualify would not have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects of the Company.

2.2 SUBSIDIARIES. The Company does not presently own or control, directly or indirectly, any interest in any other corporation, association or other business entity except as set forth on Schedule 2.2. The Company is not a participant in any joint venture, partnership or similar arrangement.

2.3 NO MATERIAL ADVERSE CHANGE. Except (i) as disclosed in the Company's Quarterly Report on form 10-Q for the period ended September 30, 1998, and (ii) for a continuing decline in the Corporation's cash assets since September 30, 1998, since June 30, 1998, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings or business affairs of the Company, whether or not arising in the ordinary course of business; (B) there have been no transactions entered into by the Company other than those in the ordinary course of business, which are material with respect to the Company; (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its Stock; and (D) the Company has not acquired any shares of any class of its Stock.

This Agreement and the Private Placement Memorandum and any exhibits thereto, furnished to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby do not contain any untrue statement of a material fact and do not omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

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2.4 AUTHORIZATION; ENFORCEMENT. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and compliance by the Company with its obligations hereunder (including, without limitation, the issuance of the Preferred Shares and the issuance and reservation for issuance of the Conversion Shares have been duly authorized by all necessary corporate action and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Company is a party or by which it may be bound, or to which any of the property or assets of the Company is subject, nor will such action result in any violation of the provisions of the Certificate of Incorporation or By-laws of the Company or any applicable law, administrative regulation or administrative or court decree. The Certificate of Designation has been duly filed by the Company with the Secretary of State of Delaware and the Company has all requisite corporate power to file and perform its obligations thereunder. Upon filing, the Certificate of Designation will constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

2.5 CAPITALIZATION. As of the date hereof, the authorized capital stock of the Company consists of (i) 50,000,000 shares of Common Stock of which 18,925,669 shares are issued and outstanding; 5,233,867 shares are reserved for issuance pursuant to the Company's stock option plans and for issuance pursuant to securities (other than the Preferred Shares) exercisable for, or convertible into or exchangeable for shares of Common Stock. The Company agrees to reserve for issuance that number of shares of Common Stock equal to one and one half (1 1/2) times the number of shares of Common Stock then issuable upon conversion of the outstanding Preferred Shares (subject to adjustment pursuant hereto or to the Certificate of Designation; and (ii) after giving effect to the filing of the Certificate of Designation, 2,000,000 shares of Preferred Stock of which 1,200,000 have been designated as Series A Convertible Preferred Stock, no shares of which are currently issued and outstanding. All of such outstanding shares of Stock are, or upon issuance will be, duly authorized, validly issued, fully paid and nonassessable. Except as disclosed in the 1998 10-K, no shares of the Stock of the Company are subject to preemptive rights or any other similar rights of the Shareholders of the Company

or any liens or encumbrances imposed through the actions or failure to act of the Company. Except as disclosed in Schedule 2.5, as of the effective date of this Agreement, (i) there are no outstanding options, warrants, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for shares of Stock of the Company, or arrangements by which the Company is or may become bound to issue additional shares of Stock of the Company, (ii) there are no agreements or arrangements under which the Company is obligated to register the sale of any of its securities under the Securities Act of 1933, as amended (the "Securities Act") (except as provided herein or in the Certificate of Designation), and (iii) except as disclosed on Schedule 2.5, there are no antidilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Preferred Shares or the Conversion Shares. The Company has furnished to the Purchaser true and correct copies of the Company's Certificate of Incorporation as in effect on the date hereof, the Company's By-laws as in effect on the date hereof, and the terms of all securities convertible into or exercisable for Stock of the Company and the rights of the holders thereof in respect thereto.

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2.6 DILUTION. The Company understands and acknowledges the potentially dilutive effect to the Common Stock upon the issuance of the Conversion Shares. The Company further acknowledges that its obligation to issue Conversion Shares in accordance with this Agreement and the Certificate of Designation is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other Shareholders of the Company.

2.7 SERIES OF PREFERRED STOCK. The terms, designations, powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Shares are as stated in the Certificate of Designation and any action taken by the Board of Directors in connection therewith is duly authorized by the Company's Certificate of Incorporation and all necessary shareholder approvals have been duly obtained.

2.8 FORM D; BLUE SKY LAWS. The Company has filed, or will file on a timely basis, a Form D with respect to Preferred Shares as required under Regulation D. The Company has taken such action as is necessary to qualify the Purchased Shares for sale to the Purchaser on the Closing Date under applicable securities or "blue sky" laws of the states of the United States (or to obtain an exemption from such qualification).

2.9 LITIGATION. Except as disclosed in Schedule 2.9, there is no

action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, stock exchange or similar self-regulatory organization or body pending or, to the knowledge of the Company, threatened against or affecting the Company, or its officers or directors in their capacity as such that could have a material adverse effect on the Company.

2.10 FURTHER AUTHORIZATION. No further authorization, approval or consent of any court or governmental authority or agency, stock exchange or self-regulatory agency, (including, without limitation, the Nasdaq SmallCap Market) is necessary in connection with the offering, issuance or sale of the Preferred Stock hereunder.

2.11 SEC DOCUMENTS; FINANCIAL STATEMENTS. Within the past twelve (12) months, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act of 1934, as amended (the "1934 Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). The Company has delivered or made available to Purchaser true and complete copies of the SEC Documents. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. The financial statements of the Company, together with related notes and schedules, included in the SEC Documents present fairly the financial position of the Company as at the dates indicated and the results of its operations for the periods specified and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis, except as stated therein and all adjustments necessary for a fair presentation of results for such periods have been made. All filings required to be filed by the Company with the SEC in the last twelve months have been filed in a timely manner.

2.12 INVESTMENT COMPANY. The Company is not, and does not intend to conduct its business in a manner in which it would become, an "investment company" as defined in Section 3(a) of the Investment

Company Act of 1940, as amended.

2.13 FORM S-3. The Company satisfies the registrant and transaction requirements contained in the instructions for use of the Form S-3 in effect as of the date hereof in order to use the Form S-3 to register for resale the Purchased Shares.

2.14 USE OF PROCEEDS. The net proceeds to the Company of the transactions contemplated hereby will be used to fund clinical trials through an independent clinical research group to support claims for the Company's CryoSeal Autologous Fibrin Glue System and to support claims for the Company's CryoFactor Autologous Platelet Derived Growth Factor System as applied to wound healing and for general corporate purposes, including additional working capital and for the repayment of loans made to the Company by certain members of its Board of Directors in the aggregate principal amount of \$450,000.

2.15 NO INTEGRATED OFFERING. Neither the Company, nor any of its affiliates nor any person acting on their behalf, has directly or indirectly made any offers or sales of any security or solicited any offers to buy any security under circumstances that would require registration under the Securities Act for the issuance of the Purchased Shares to the Purchaser.

2.16 NO GENERAL SOLICITATION. The Company has not conducted any general solicitation or general advertisement in connection with the transactions contemplated in this Agreement.

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2.17 EXEMPTION FROM REGISTRATION. Based in part on the representations and warranties made by the Purchasers herein, the sale of the Preferred Stock by the Company to the Purchasers is exempt from the registration provisions of the Securities Act.

3 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. Each Purchaser represents and warrants to the Company, as to itself only, as follows:

3.1 ORGANIZATION

(a) If the Purchaser is a corporation, the Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction where it is organized, with corporate power and authority to perform its obligations under this Agreement;

(b) If the Purchaser is a partnership or limited liability company, the Purchaser is duly or organized, validly existing and in good standing under the laws of the jurisdiction where it is organized,

with full power and authority to perform its obligations under this Agreement;

(c) If the Purchaser is an individual, the Purchaser has the legal capacity to enter into this Agreement;

(d) This agreement has been duly authorized, executed and delivered by Purchaser and constitutes a valid and binding agreement of the Purchaser enforceable in accordance with its terms.

3.2 INVESTMENT REPRESENTATIONS.

(a) Each Purchaser is purchasing the Purchased Shares for its own account for investment and not with a view to or for sale in connection with any unregistered distribution (as that term is defined under the Securities Act or the rules and regulations thereunder, the "Securities Act Regulations") thereof;

(b) The Purchaser is experienced in evaluating companies such as the Company, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to bear the economic risks of such investment for an indefinite period.

(c) The Purchaser represents that, prior to the closing of the transactions contemplated hereby, the Purchaser is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company or acting on behalf of the Company, and the Purchaser is an "accredited investor" within the meaning of subparagraph (a) of Rule 501 under the Securities Act or, if the Preferred Stock are to be purchased for one or more accounts ("investor accounts") for which it is acting as fiduciary or agent (except if it is a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as described in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or in a fiduciary capacity), each such investor account is an Accredited Investor on a like basis; the Purchaser agrees to furnish any additional information requested to assure compliance with applicable Federal and state securities laws in connection with the purchase and sale of the Preferred Stock;

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(d) Each Purchaser understands that the Preferred Stock may not be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom and that in the absence of an effective registration statement covering the Preferred Stock or an available exemption from registration under the Securities Act, the Preferred Stock must be held indefinitely. Each Purchaser understands that the benefits of Rule 144 promulgated under the Securities Act may not be presently available to each Purchaser;

(e) The Purchaser further represents that the Purchaser has received and reviewed a copy of the Private Placement Memorandum;

(f) The Purchaser is not (i) acquiring the Preferred Stock with "plan assets" of an employee benefit plan or other plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") of Section 4975 of the Internal Revenue Code of 1986 (the "Code") (each a "Plan"), an entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity, or (ii) is acquiring and holding the Preferred Stock in a transaction that is not otherwise prohibited by either ERISA or the Code;

(g) The Purchaser understands and acknowledges that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements on behalf of each such account;

(h) The Purchaser's true and correct federal tax identification or social security number, as applicable, is indicated below on the signature page below; and

(i) NO ADDITIONAL REPRESENTATION. In entering into this Agreement, the Purchaser acknowledges that the Company has not made any representations or warranties of any kind whatsoever, except as expressly provided in this Agreement and in the Private Placement Memorandum and the exhibits thereto. The Purchaser acknowledges that it has relied solely upon its own investigation and analysis in determining to acquire the Preferred Stock, and acknowledges that neither the Company nor any of its directors, officers, employees, affiliates, agents or representatives makes any representation or warranty, either express or implied, as to the Company.

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3.3 STATUS OF INVESTOR.

(a) Each Purchaser is an Accredited Investor as that term is defined in Regulation D (17 C.F.R. 230.501 - 230.506).

(b) Each Purchaser was not organized for the specific purpose of acquiring the Purchased Shares.

(c) The address set forth on Schedule 1.1 opposite each Purchaser's name is the Purchaser's principal place of business or home address unless otherwise disclosed to the Company in writing.

3.4 RESTRICTIONS. Each Purchaser is aware that the Purchased Shares delivered hereunder have not been registered under the Securities Act or under applicable state securities laws, and that the

Company in issuing the Purchased Shares will be relying upon, among other things, the Purchaser's representations and warranties contained in this Section in concluding that such issuance is a "private offering" and does not require compliance with the registration provisions of the Securities Act and applicable state securities laws. Such Purchaser will not sell, transfer or otherwise dispose of the Purchased Shares except in compliance with the Securities Act and applicable state securities laws. In addition, such Purchaser is aware that the Purchased Shares shall contain the following legend:

NEITHER THE SHARES OF PREFERRED STOCK EVIDENCED BY THIS CERTIFICATE NOR THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THE PREFERRED STOCK HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THE SHARES OF PREFERRED STOCK EVIDENCED HEREBY NOR ANY INTEREST OR PARTICIPATION THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION REQUIREMENTS;

THE HOLDER OF THIS CERTIFICATE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER SELL OR OTHERWISE TRANSFER THE PREFERRED STOCK EVIDENCES HEREBY PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS CERTIFICATE (OR ANY PREDECESSOR OF THIS CERTIFICATE) ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, OR (C) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, SUBJECT TO THE RIGHT OF THE COMPANY PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. SUCH HOLDER FURTHER AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

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4 REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements contained in this Agreement, or contained in certificates of officers of the Company or any Purchaser submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Purchaser or any controlling person, or by or on behalf of the Company or any controlling person, and shall survive delivery of

the Purchased Shares to each such Purchaser.

5 COVENANTS OF THE COMPANY. The Company hereby covenants and agrees as follows:

5.1 REPORTING STATUS; ELIGIBILITY TO USE FORM S-3. The Company's Common Stock is registered under Section 12 (g) of the Exchange Act. So long as Purchaser owns any of the Purchased Shares, the Company shall timely file all reports required to be filed with the SEC pursuant to the Exchange Act, and the Company shall not terminate its status as an issuer required to file reports under the Exchange Act even if the rules and regulations thereunder would permit such termination. The Company currently meets, and will take all necessary action to continue to meet, the "registrant eligibility" requirements set forth in the general instructions to Form S-3.

5.2 RESERVATION OF SHARES. The Company shall at all times have authorized and reserved for the purpose of issuance, a sufficient number of shares of Common Stock to provide for the full conversion of the outstanding Preferred Shares and issuance of the Conversion Shares in connection therewith. The Company shall use its best efforts at all times to maintain the number of shares of Common Stock so reserved for issuance at no less than one and one half (1 1/2) times the number that is then actually issuable upon full conversion of the Preferred Shares. If at any time the number of shares of Common Stock authorized and reserved for issuance is below the number of Conversion Shares issued and issuable upon conversion of the Preferred Shares, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares, including, without limitation, calling a special meeting of shareholders to authorize additional shares to meet the Company's obligations under this Section, in the case of an insufficient number of authorized shares, and using its best efforts to obtain shareholder approval of an increase in such authorized number of shares.

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5.3 LISTING. On or before the Closing Date the Company shall have filed for the listing of the Conversion Shares upon each national securities exchange or automated quotation system upon which shares of Common Stock shall be so listed and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Common Stock issuable upon conversion of the Preferred Shares. The Company will maintain the listing and trading of its Common Stock on Nasdaq, the Nasdaq SmallCap Market ("Nasdaq SmallCap") or the New York Stock Exchange ("NYSE"), and will comply in all respects with the Company's reporting, filing and other obligations under the By-laws or rules of the National Association of Securities Dealers ("NASD") and such exchanges, as applicable. The Company shall promptly provide to Purchasers copies of any notices it receives from Nasdaq and any other

exchanges or quotation systems on which the Common Stock is then listed regarding the continued eligibility of the Common Stock for listing on such exchanges and quotation systems.

5.4 CORPORATE EXISTENCE. So long as any Purchased Shares remain outstanding, the Company shall take all reasonable steps necessary to maintain its corporate existence and shall not sell all or substantially all of the Company's assets, except (subject to the voting rights of the holders of the Preferred Shares set forth in the Certificate of Designation) in the event of a merger or consolidation or sale of all or substantially all of the Company's assets where the surviving or successor entity in such transaction (i) assumes the Company's obligations hereunder and under the agreements and instruments entered into in connection herewith; and (ii) the consideration to be received for such transaction is equity securities in a publicly traded corporation whose Common Stock is listed for trading on Nasdaq, Nasdaq SmallCap or NYSE.

6 REGISTRATION RIGHTS.

6.1 FILING AND EFFECTIVENESS. The Company hereby agrees to file with the Securities and Exchange Commission (the "SEC"), as soon as practicable, but in no event later than forty-five (45) days following the Closing Date, a registration statement on Form S-3 (the "Registration Statement") registering the Conversion Shares. The Company will furnish the Purchaser with copies of the Registration Statement prior to the filing of the same. The Company will use its best efforts to have such Registration Statement declared effective by the SEC as soon as is practicable but in no event later than one hundred-twenty (120) days following the Closing Date. Since it is the intent of the parties that the Purchasers receive freely tradable securities, in the event the Company does not file the Registration Statement within forty-five (45) days or if the Registration Statement is not declared effective by the SEC within one hundred-twenty (120) days of the Closing Date, the aggregate number of Conversion Shares issuable upon the conversion of the Preferred Shares will be immediately increased by 5% and will thereafter be increased by an additional 5% per month for each additional thirty (30) days beyond the forty-five (45) day period or the one hundred-twenty (120) day period, as the case may be, in which the Company is not in compliance with the provisions of this Section and the Company will take all required action, necessary for the solicitation of such shareholder approval as shall be necessary for the issuance of the additional shares.

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6.2 ADDITIONAL OBLIGATIONS. The Company hereby agrees to:

(a) Supply to each of the Purchasers one true copy of the Registration Statement (and any supplement or amendment thereto) and

such number of the preliminary, final and any other prospectus and amendments thereto, prepared in conformity with the requirements of the Securities Act Regulations as each Purchaser may request in order to facilitate the public sale of shares.

(b) Notify each of the Purchasers immediately, and conform the notice in writing, (i) of the effectiveness of the Registration Statement and any amendment thereto (including any post-effective amendment), (ii) of the receipt of any comments from the SEC, (iii) of any request by the SEC for any amendment to the Registration Statement or any amendment or supplement to any prospectus relating thereto or for additional information, (iv) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose and (v) immediately notify each of the Purchasers at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing. The Company will use its best efforts to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(c) Use its best efforts to cause the Registration Statement to remain effective until the earlier of (a) the third anniversary of the Closing Date; (b) sixty (60) days after the Company gives written notice to the Purchaser that all of the Purchased Shares may be resold pursuant to Rule 144 of the Securities Act Regulations ("Rule 144") within any three (3) month period without compliance with the registration requirements of the Securities Act and without other restrictions other than as provided in Rule 144.

(d) Give the Purchasers notice of its intention to file or prepare any amendment to the Registration Statements (including any post-effective amendment) or any amendment or supplement to the final Prospectus (including any revised prospectus which the Company proposes for use by the Purchasers in connection with the offering of the Purchased Shares which differs from the prospectus on file at the SEC at the time the Registration Statement becomes effective, whether or not such revised prospectus is required to be filed pursuant to Rule 424(b) under the Securities Act) and furnish each of the Purchasers with copies of any such amendment or supplement a reasonable amount of time prior to such proposed filing or use, as the case may be. The term "Prospectus" shall refer to the final prospectus and any revised prospectus provided to the Purchasers from time to time thereafter and all material incorporated by reference therein.

(e) If any event shall occur as a result of which it is necessary to amend or supplement the Prospectus in order to make the Prospectus not misleading in the light of the circumstances existing at the time it is delivered to a Purchaser, amend or supplement the Prospectus so that, as so amended or supplemented, the Prospectus as soon as possible will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is delivered to a Purchaser, not misleading, and furnish to each of the Purchasers such copies of such amendment or supplement as such Purchaser shall request.

(f) In the event of an underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering.

(g) Cause its Common Stock to be listed on each securities exchange on which the Common Stock is listed.

(h) In the event that the Company files a Registration Statement on a form, other than Form S-3, or any substitute therefor, furnish to each of the Purchasers at the effective date of such Registration Statement upon request a signed counterpart, addressed to Purchaser, of

(i) an opinion of counsel for the Company, covering such matters as are typically addressed in opinions rendered by Company counsel to underwriters of public securities of the Company, dated the effective date of the Registration Statement and in form reasonably acceptable to the Company and each of the Purchasers, and

(ii) "comfort" letters signed by the Company's independent public accountants who have examined and reported on the Company's financial statements included in the registration statement, to the extent permitted by the standards of the American Institute of Certified Public Accountants,

In the case of (i) and (ii) covering substantially the same matters with respect to such Registration Statement (and the prospectus included therein) and (in the case of the accountants' "comfort" letter) with respect to events subsequent to the date of the financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' "comfort" letters delivered to the underwriters in underwritten public offerings of securities.

(i) Make available to its security holders, as soon as

reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, beginning with the first month after the Effective Date, which earnings statement shall satisfy the provisions of Section 11 (a) of the Securities Act; and

(j) In connection with the preparation and filing of the Registration Statement, give the underwriters, if any, and their respective counsel and accountants, the opportunity to participate in the preparation of such Registration Statement, each prospectus included therein or filed with the SEC, and each amendment thereof or supplement thereto, and will give such persons such access to the Company's books and records and such opportunities to discuss the business of the Company with its officers, its counsel and the independent public accountants who have certified the Company financial statements, as shall be necessary, in the opinion of Purchasers or such underwriters or their respective counsel, in order to conduct a reasonable and diligent investigation within the meaning of the Securities Act. Without limiting the foregoing, each Registration Statement, prospectus, amendment, supplement or any other document filed with respect to a registration shall be subject to review and approval by the Purchasers and their counsel.

(k) The Company acknowledges that the acquisition of the Purchased Shares hereunder may cause one or more Purchasers to be deemed to be an "affiliate" under Rule 144 of the Securities Act Regulations and may limit such Purchaser's ability to sell shares of the Company not covered by an effective registration statement. Therefore, the Company agrees to maintain the effectiveness of any Registration Statement on Form S-3 covering shares of Common Stock acquired by a Purchaser other than in connection herewith for so long as the Registration Statement to be filed hereunder remains effective.

6.3 EXPENSE OF REGISTRATION. All expenses, other than underwriting discounts and selling commissions, incurred in effecting any registration pursuant to this Section 6, including, without limitation, all costs of preparation and registration, filing fees, printing expenses, expenses of compliance with Blue Sky laws, fees and disbursements of counsel for the Company and reasonable fees and disbursements of counsel for the Purchasers shall be borne by the Company.

6.4 INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless each Purchaser, its officers and directors and each person, if any, who controls the Purchaser within the meaning of Section 15 of the Securities Act against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged

untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the information deemed to be part of the Registration Statement pursuant to Rule 430A(b) of the Securities Act Regulations, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; PROVIDED, HOWEVER, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Purchaser expressly for use in the Registration Statement (or any amendment or supplement thereto).

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(b) Each Purchaser, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information to the Company by such Purchaser for use in the Registration Statement (or any amendment thereto) or such final Prospectus (or any amendment or supplement thereto); PROVIDED HOWEVER, that the obligations of each such Purchaser hereunder shall be limited to an amount not to exceed the net proceeds received by the Purchaser in connection with the sale of shares under the Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability which it may have otherwise than on account of this indemnity agreement. In case such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election to assume the defense thereof

and so long as the indemnifying party continues to defend the matter, the indemnifying party shall not be liable under this indemnity for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof, provided however, that the indemnified party shall have the right to employ separate counsel at its expense in any such action and participate in the defense thereof. No indemnifying party shall be liable for any settlement entered into without its consent. An indemnifying party who elects not to assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by the indemnifying party with respect to the claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between the indemnified party and any other indemnified party with respect to the claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of no more than one additional counsel for the indemnified parties per venue.

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6.5 CONTRIBUTION. If the indemnification provided for in Section 6 is unavailable to an indemnified party in respect of any losses, liabilities, claims, damages, or expenses referred to therein, then each indemnifying party thereunder shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, claims, damages or expenses in such proportion as is appropriate to reflect the relative fault of the Company and each Purchaser in connection with the statements or omissions that resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations; PROVIDED, HOWEVER, that no Purchaser shall be required to contribute an amount not to exceed the net proceeds to it from the sale of shares by it pursuant to the Registration Statement. The relative fault of the Company and each Purchaser shall be determined by reference to, among other things, whether the untrue or alleged statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by each Purchasers and the parties' relative intent and knowledge.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each director of each Purchaser, each officer of any Purchaser and each person, if any, who controls any Purchaser within the meaning of Section 15 of the Securities Act shall have the same rights to contributions as such Purchaser, and each director of the Company,

eachtration Statements, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company.

7 TRANSFER AGENT INSTRUCTIONS.

(a) The Company shall issue irrevocable instructions to its transfer agent (the "Irrevocable Transfer Agent Instructions") to issue certificates, registered in the name of each Purchaser or its nominee, for the Conversion Shares in such amounts as specified from time to time by any Purchaser to the Company within four days of the date a conversion notice together with one or more certificates representing the Preferred Stock being converted ("Conversion Package") are received by the Company or the Transfer Agent pursuant to the terms of the Certificate of Designation. Prior to registration of the Conversion Share under the Securities Act, all such certificates shall bear the restrictive legend specified in Section 3 of this Agreement. The Company warrants that no instruction other than the Irrevocable Transfer Agent Instructions and stop transfer instructions to give effect to Section 3.3 hereof (in the case of the Conversion Shares, prior to registration of the Conversion Shares under the Securities Act), will be given by the Company to its transfer agent and that the Conversion Shares shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement except for the prospectus delivery requirements under the Securities Act and the Securities Act Regulations. If during such time as the Registration Statement is effective or the Purchaser provides the Company with an opinion of counsel, reasonably satisfactory to the Company in form, substance and scope, that registration of a resale by such Purchaser of any of the Securities is not required under the Securities Act (whether pursuant to Rule 144 or otherwise), the Company shall permit the transfer, and, in the case of the Conversion Shares, immediately instruct its transfer agent to issue one or more certificates (without "stop transfer orders" or restrictive legends, if appropriate) in such name and in such denominations as specified by the Purchaser. The Company acknowledges that a breach of these obligations hereunder will cause irreparable harm to the Purchasers, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach or threatened breach by the Company of the provisions of this Section will be inadequate and agrees that the Purchasers shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

Without limiting the foregoing, in the event the Company does not deliver the foregoing certificates within four (4) days of the date the

Conversion Package is delivered, the aggregate number of shares of Common Stock issuable upon the conversion of such Preferred Shares will immediately be increased by 5% and will thereafter be increased by an additional 5% per month for each additional month in which the Company has failed to deliver such certificates.

8 ADDITIONAL REMEDY. In addition to any other remedy available to the Purchasers, in the event of any breach by the Company of any representation, warranty or covenant made by the Company in this Agreement or in any other document executed or delivered in connection herewith, any Purchaser may, at its option, redeem all or any portion of the Preferred Shares or Common Stock received upon conversion of the Preferred Shares held by such Purchaser at a redemption price of \$6.25 per share, plus interest at a rate of 8% per annum accruing from the Closing Date compounded daily.

9 NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when received. Notices to the Purchaser shall be directed to their respective addresses set forth on Exhibit A and notices to the Company shall be directed to it at Thermogenesis Corp., 3146 Gold Camp Drive, Rancho Cordova, California 95670, attention: David Adams, Esq.

10 PARTIES. This Agreement shall inure to the benefit of and be binding upon each Purchaser and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than each Purchaser and the Company and their respective successors and the controlling persons and officers and directors and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein or therein contained. This Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of each Purchaser and the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of the Purchased Shares from the Purchasers shall be deemed to be a successor by reason merely of such purchase.

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11 GOVERNING LAW AND TIME: AMENDMENTS. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed in said State. No amendment to this Agreement shall be enforceable unless in writing and signed by the Company and the Purchaser.

12 SEVERABILITY. The provisions of this Agreement are severable and if any provision hereof shall be held null, void, invalid, unenforceable or contrary to law, no other provisions of this Agreement shall be thereby affected but on the contrary shall remain in full force and effect, and all parties hereto shall remain bound under all such other provisions hereof.

13 HEADINGS. The section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

14 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned has executed the Agreement as of the ___ day of December, 1998.

THERMOGENESIS CORP.

By: _____
Name: James H. Godsey, PhD
Title: President & C.O.O.

CERTIFICATE OF DESIGNATIONS
OF
SERIES A CONVERTIBLE PREFERRED STOCK
OF
THERMOGENESIS CORP.

Pursuant to Section 151(g) of the General Corporation Law
of the State of Delaware

THERMOGENESIS CORP., a Delaware corporation (the "Corporation"), certifies that pursuant to the authority contained in its Certificate of Incorporation and in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, its Board of Directors (the "Board of Directors") has adopted the following resolution creating a series of its Preferred Stock, \$.001 par value, designating a segment thereof as Series A Convertible Preferred Stock;

WHEREAS, the Certificate of Incorporation of the Corporation presently authorizes the issuance of 2,000,000 shares of Preferred Stock, \$.001 par value, in one or more series upon terms and conditions that are to be designated by the Board of Directors;

WHEREAS, in order to accommodate a business purpose deemed proper by the Board of Directors, i.e., to facilitate a private placement of securities, the Board of Directors does hereby seek to provide for the designation of a segment of the Company's Preferred Stock as "Series A Convertible Preferred Stock";

WHEREAS, the Board of Directors desires, pursuant to the authority granted, to fix rights, preferences, privileges and restrictions relating to such series, and the number of shares constituting the designation of such series as provided in this Certificate of Designation.

NOW THEREFORE, be it:

RESOLVED, that a series of the class of authorized Preferred Stock, \$.001 par value, of the Corporation hereinafter designated "Series A Convertible Preferred Stock," is hereby created, and that the designation and amount thereof and the voting powers, preferences and relative participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as

follows:

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SECTION 1. DESIGNATION AND AMOUNT.

The shares of such series shall be designated as Series A Convertible Preferred Stock, par value \$.001 per share (the "Series A Convertible Preferred Stock") and the initial number of shares constituting such series shall be 1,200,000.

SECTION 2. DIVIDEND RIGHTS.

The holders of shares of Series A Convertible Preferred Stock shall be entitled to receive out of any funds legally available noncumulative dividends at the same rate and at the same time as any dividends declared on the Corporation's Common Stock, when, as and if declared by the Board of Directors; provided that, for the purposes of this Section 2 only, the holders of the Series A Convertible Preferred Stock shall be deemed to own the number of shares of Common Stock into which such shares of Series A Convertible Preferred Stock are convertible at the time such dividend is declared.

SECTION 3. VOTING RIGHTS.

(a) GENERAL. Except as otherwise required by law or expressly provided in this Section 3, the holders of Series A Convertible Preferred Stock shall be entitled to notice of any shareholders' meeting and to vote upon any matter submitted to shareholders for a vote, at any time on the following basis:

(i) Each holder of Series A Convertible Preferred Stock shall be entitled for each share of Series A Convertible Preferred Stock held by such holder to the number of votes equal to the highest number of full shares of Common Stock to which each share of Series A Convertible Preferred Stock is convertible pursuant to Section 5 hereof at the record date for the determination of shareholders entitled to vote on such matters; and

(ii) Except as otherwise required by law or expressly provided herein, the holders of Series A Convertible Preferred Stock and Common Stock shall vote together and not as separate classes.

(b) RIGHT TO ELECT DIRECTORS.

(i) So long as in excess of 35% of the Aggregate Original Amount (as defined in Section 9) of Series A Convertible Preferred Stock remains outstanding, the holders of the Series A Convertible Preferred Stock shall be entitled, voting as a separate class, to elect one (1) director, who shall be one (1) of the authorized number of directors of the Corporation.

In the case of a vacancy in the office of the director elected by the holders of Series A Convertible Preferred Stock, a successor shall be elected to hold office for the unexpired term of such director by the affirmative vote of the holders of a majority of the Series A Convertible Preferred Stock given at a special meeting of such shareholders duly called for that purpose, or by written consent of the holders of record of a majority of the Series A Convertible Preferred Stock. Any director who shall have been elected by the holders of the Series A k given at a special meeting of such shareholders duly called for that purpose, or by written consent of the holders of record of a majority of the Series A Convertible Preferred Stock. Any vacancy created thereby may be filled by the holders of Series A Convertible Preferred Stock represented at such meeting or by written consent by holders of a majority of the Series A Convertible Preferred Stock.

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(c) SERIES A CONVERTIBLE PREFERRED STOCK - SPECIAL VOTING RIGHTS. Provided that at least 35% of the Aggregate Original Amount of the Series A Convertible Preferred Stock remains outstanding, the Corporation shall not without first obtaining the approval (by vote or written consent) of the holders of at least a majority of the shares of the Series A Convertible Preferred Stock from time to time outstanding:

(i) take any action that would result in (A) a sale, conveyance or other disposition or distribution of all or substantially all of the assets of the Corporation or (B) merger, consolidation, or similar transaction with any other corporation or entity where the Corporation is not the survivor.

(ii) declare any dividends or any other distributions on, or redeem or repurchase any, Equity Securities (as defined in Section 9) of the Corporation of any nature (except for any dividends, redemptions or repurchases required by the terms of the governing instrument for the related equity securities which have been approved by the holders of the Series A Convertible Preferred Stock pursuant to Section 3(c)(iii) below);

(iii) issue or authorize the issuance of any shares of Preferred Stock or any warrant, right, option, convertible security or other security which has liquidation, redemption or dividend preference rights which are senior to or on a parity with the preferences or rights afforded to the Series A Convertible Preferred Stock, or which has redemption, repurchase, put or similar rights;

(iv) amend the Corporation's Certificate of Incorporation or Bylaws;
or

(v) make or hold any direct or indirect investment in any corporation, investment in the debt or equity securities of any corporation, or loans or guaranties to one or more corporations in excess of \$1,000,000 in the

aggregate.

SECTION 4. LIQUIDATION PREFERENCE.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation (any such event a "Liquidation Event") then, and in that event, the holders of Series A Convertible Preferred Stock shall be entitled to receive with respect to any such Liquidation Event prior and in preference to any distribution of any of the assets of the Corporation to the holders of Common Stock or to the holders of any other series of preferred stock by reason of their ownership thereof, an amount in cash or equivalent value in securities or other consideration equal to the "liquidation preference" herein. If the amount of such distribution is insufficient to permit full payment of the "liquidation preference" herein, then such distribution shall be distributed ratably to the holders of the Series A Convertible Preferred Stock on the basis of the number of shares of Series A Convertible Preferred Stock held. After payment in full of the "liquidation preference" owed to the holders of the Series A Convertible Preferred Stock, the holders of the Common Stock shall be entitled, to the exclusion of the holders of the Series A Convertible Preferred Stock, to share in all remaining assets of the Corporation in accordance with their respective interests.

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For the purposes this Section 4, the term "liquidation preference" shall mean, with respect to the Series A Convertible Preferred Stock, an amount equal to \$6.25 per share (the Basic Preference Amount") which Basic Preference Amount shall increase at the rate of eight percent (8%) per share per year, compounded annually on each subsequent anniversary of the Series A Original Issue Date (in the event of a Liquidation Event between any such anniversaries, the Basic Preference Amount increase for such year shall be prorated accordingly);

SECTION 5. CONVERSION RIGHTS.

(a) RIGHT TO CONVERT SERIES A CONVERTIBLE PREFERRED STOCK. Each share of Series A Convertible Preferred Stock shall be convertible, without the payment of any additional consideration and at the option of the holder thereof, at any time after the Series A Originock) into shares of Common Stock at the then effective Series A Conversion Rate (as defined in Section 5(c) hereof) and adjusted on a per share basis giving effect to any adjustments required by Section 5 hereof.

(b) AUTOMATIC CONVERSION. Each share of Series A Convertible Preferred Stock may, at the option of the Corporation, be converted into shares of Common Stock at the then effective Series A Conversion Rate (as defined in Section 5(c) hereof) and adjusted on a per share basis giving effect to any adjustments required by Section 5 hereof provided that the

shares of the Corporation's Common Stock trade at an Average Price equal to or greater than \$5.00 per share (subject to any adjustments for events set forth in Section 5(e) through (i)) for 30 consecutive trading days. The Corporation shall give at least 20 days prior written notice to the holders of the Series A Convertible Preferred Stock as to any automatic conversion pursuant to this Section 5(b), such conversion being effective no later than the twenty (20) days following receipt by the holders of the Series A Convertible Preferred Stock of such notice; provided, however, that nothing shall prohibit holders of the Series A Convertible Preferred Stock at any time, including after such time as the Corporation has given notice under this Section 5(b), to convert their Series A Convertible Preferred Stock into shares of Common Stock pursuant to Section 5(a).

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(c) SERIES A CONVERSION RATE. Subject to the adjustments provided in subsections (e) through (i) of this Section 5, each share of Series A Convertible Preferred Stock shall be convertible into five (5) shares of Common Stock

(d) MECHANICS OF CONVERSION. Before any holder of Series A Convertible Preferred Stock shall be entitled to convert the same into full shares of Common Stock pursuant to Section 5(a) hereof, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Convertible Preferred Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein such holder's name or the name or names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. The Corporation shall, as soon as practicable thereafter but in no event later than four (4) business days after the Corporation receives all documents, including notice and certificates, necessary to effect the conversion or, with respect to conversion pursuant to Section 5(b) on the date specified in the notice (unless converted earlier), issue and deliver at the address of such holder on the books and records of the Corporation, or to such holder's nominee or nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid, together with cash in lieu of any fractional shares. Except as otherwise set forth in Section 5(b) above, such conversion shall be deemed to occur immediately prior to the close of business on the date of surrender of the shares of Series A Convertible Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such shares contained herein, if any holder of Series A Convertible Preferred Stock elects to convert such holder's shares at any time prior to the record date for any vote, dividend, redemption, liquidation, dissolution or winding up, or other actions for which a record date is set and the holder receives prior notice pursuant to Section 7, or prior to the effective date of any such event for which either no record

date is set or respecting which notice pursuant to Section 7 is not received, then for all purposes such conversion shall be treated as having occurred prior to such date or effective date and the holder shall be treated as the owner of the Common Stock into which such Series A Convertible Preferred Stock is convertible for all purposes.

(e) ADJUSTMENTS FOR SUBDIVISIONS AND COMBINATIONS. If the Corporation shall at any time, or from time to time after the Series A Original Issue Date, effect a subdivision of the outstanding Common Stock, the Series A Conversion Rate then in effect immediately before such subdivision shall be proportionately increased, and conversely, if the Corporation shall at any time or from time to time after the Series A Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Rate then in effect immediately before such combination shall be proportionately decreased. Any adjustment under this Section 5(e) shall become effective at the close of business on the date such subdivision or combination becomes effective.

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(f) ADJUSTMENTS FOR CERTAIN DIVIDENDS AND DISTRIBUTIONS. In the event the Corporation at any time, or from time to time after the Series A Original Issue Date, shall make or issue or fix a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock, then and in each such event the Series A Conversion Rate then in effect shall be increased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Rate then in effect by a fraction:

(i) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; and

(ii) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date; provided, however, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Rate shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Rate shall be adjusted pursuant to this Section 5(f) as of the time of actual payment of such dividends or distributions.

(g) ADJUSTMENT FOR OTHER DIVIDENDS AND DISTRIBUTIONS. In the event the Corporation at any time, or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the

determination of holders of Common Stock entitled to receive, a dividend or other distribution pay, then and in each such event provisions shall be made so that the holders of Series A Convertible Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount and type of securities of the Corporation that they would have received on a per share basis had their Series A Convertible Preferred Stock been converted into Common Stock on the date of such event and had such holders thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period giving application to all adjustments called for during such period under this Section 5 with respect to the rights of the holders of the Series A Convertible Preferred Stock.

(h) ADJUSTMENTS FOR RECLASSIFICATION, EXCHANGE OR SUBSTITUTION. If the Common Stock issuable upon the conversion of the Series A Convertible Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock of the Corporation, whether by capital reorganization, reclassification or otherwise (other than by a subdivision, a combination or a stock dividend as provided for elsewhere in this Section 5), then and in each event the holder of each share of Series A Convertible Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock or other securities and property receivable upon such reorganization, reclassification or other change by the holders of the number of shares of Common Stock into which each such share of Series A Convertible Preferred Stock might have been converted immediately prior to such reorganization, reclassification or other change, all subject to further adjustment as provided elsewhere in this Section 5.

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(i) SALE OF SHARES BELOW DILUTION PRICE. For purposes of this Section 5(i), the Dilution Price shall be initially equal -five cents (\$1.25)..

(a) If at any time after the Series A Original Issue Date, the Corporation shall issue for cash or other consideration shares of Common Stock or any security convertible into or exchangeable or exercisable for shares of Common Stock at a price per share of Common Stock calculated by including the aggregate proceeds per share to the Corporation upon issuance and any additional consideration per share payable to the Corporation upon any such conversion, exchange or exercise (in each case before deduction of any per share discounts, commissions, fees and other expenses of issuance and marketing), (the "New Issue Price), that is less than the Dilution Price then in effect, the Dilution Price shall be automatically adjusted down to the new Issue Price and the aggregate number of shares of Common Stock issuable upon the conversion of each share of Series A Preferred Stock shall be automatically adjusted to equal the result obtained by dividing the initial Purchase Price of \$6.25 for each share of Series A Preferred Stock by the New Issue Price. In the event that this Section 5(i)

applies, the Series A Conversion Rates shall determined by this Section 5(i) (a).

For example, assume that (i) the Series A Conversion Rate was five (5) shares of Common Stock for each share of Preferred Stock; (ii) the initial Purchase Price was \$6.25 per share, and (iii) the Purchaser had acquired 100 shares of Series A Preferred Stock for an aggregate purchase price of \$625.00. If the New Issue Price is \$.50 per share, the new Dilution Price would be \$.50 per share and each share of Series A Preferred Stock would be convertible into 12.5 shares of Common Stock.

(b) For the purpose of this Section 5(i), the issuance by the Corporation of securities convertible into or exchangeable or exercisable for Common Stock shall be deemed to involve the immediate issuance of the maximum number of shares of Common Stock issuable upon the conversion, exchimum aggregate consideration receivable by the Corporation upon such conversion, exchange or exercise. In the event that securities are issued by the Corporation that result in an adjustment to the Series A Conversion Rate pursuant to this Section 5(i) and such securities are not converted, exchanged or exercised prior to the expiration of the right of the holders of such securities to effect any such action, then immediately upon such expiration of the right of the holders of such securities to effect any such action, the Series A Conversion Rate and Dilution Price shall be recomputed (but such redetermination shall not affect the Series A Conversion Rate of any shares of Series A Preferred Stock that have been converted prior to such expiration) and effective immediately upon such expiration the Dilution Price and Series A Conversion Rate shall be increased to the ratio which it would have been (but reflecting and other adjustments in the Series A Conversion Rate made pursuant to other provisions of this Section 5 after the issuance of such securities) had such adjustments to the Series A Conversion Rate and Dilution Price not been made.

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(j) ISSUE TAXES. The Corporation shall pay any and all issue and other taxes that maybe payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Series A Convertible Preferred Stock, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Convertible Preferred Stock so converted were registered, which tax or charge shall be borne by the transferor.

(k) RESERVATION OF STOCK. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Series A Convertible Preferred Stock one and one-half times the number of its shares of Common Stock as shall from time to time be sufficient to effect any conversion of any or all outstanding shares of the Series A

Convertible Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Convertible Preferred Stock, the Corporation shall take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(l) FRACTIONAL SHARES. No fractional share shall be issued upon the conversion of any share or shares of Series A Convertible Preferred Stock. All shares of Common Stock (including fractions) issuable upon conversion of more than one share of Series A Convertible Preferred Stock by a holder of such stock shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share, if, after aggregation, the conversion would result in the issuance of a fractional share of Common Stock, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the fair market value of such fraction on the date of conversion (as determined in good faith by the Board of Directors).

(m) SUCCESSIVE CHANGES. The above provisions of this Section 5 shall similarly apply to successive combinations, subdivisions, dividends and distributions on or of the Common Stock after the Series A Original Issue Date.

(n) SUBSEQUENT EVENTS. On the Series A Original Issue Date, and thereafter, from time to time, within ten (10) Business Days of the occurrence of any event which would have the result of changing the Series A Conversion Rate, the Corporation shall notify the holders of the Seriesting from such change and the calculation in reasonable detail.

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SECTION 6. REPURCHASE.

(a) REPURCHASE AT THE OPTION OF THE HOLDERS.

(i) At the date five years after the Series A Original Issue Date, and at any time thereafter, the Corporation shall repurchase the shares of Series A Convertible Preferred Stock, in whole or in part, upon the written request of any holder of the Series A Convertible Preferred Stock, specifying the amount of shares to be repurchased from such holder. The Corporation shall effect the repurchase within 30 days of such written request, to the extent not prohibited by applicable law. The repurchase price for each share of Series A Convertible Preferred Stock shall be payable, at the option of the Corporation, in cash or a three-year, 8% interest bearing note. Alternatively, the Corporation may elect to redeem not less than one-third of the shares of Series A Convertible Preferred Stock specified in such notice in that year and each of the two succeeding years. The repurchase price for each share of Series A Convertible

Preferred Stock shall be the liquidation preference as set forth in Section 4.

SECTION 7. NOTICES OF RECORD DATE.

In the event of (i) any taking by the Corporation of a record of the holders of any class or series of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or (ii) any reclassification or recapitalization of the capital stock of the Corporation or any voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, the Corporation shall send by (1) personal delivery to such holder, (2) first class mail addressed, postage prepaid, and addressed to the holder at the address appearing on the books of the Corporation, or (3) facsimile to such holder at the facsimile number provided by such holder to the Secretary of the Corporation, at least ten (10) days prior to the record date specified therein, a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or other distribution and a description of such dividend or distribution, (B) the date on which any such reorganization, reclassification, dissolution, liquidation or winding up is expected to become effective, and (C) the time, if any is to be fixed, as to when the holders of record of Series A Convertible Preferred Stock shall be entitled to exchange their Series A Convertible Preferred Stock for securities or other property deliverable upon such reorganization, reclassification, dissolution, liquidation or winding up. For purposes of this notice provision, notice shall be deemed to have been given (1) the next day in the case of notice by a national courier service, or (2) in the case of facsimile, upon sending the facsimile.

SECTION 8. REACQUIRED SHARES.

Any shares of Series A Convertible Preferred Stock converted, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof, and, if necessary to provide for the lawful purchase of such shares, the capital represented by such shares shall be reduced in accordance with the General Corporation Law of the State of Delaware. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, \$.001 par value, of the Corporation and may be reissued as part of another series of Preferred Stock, \$.001 par value, of the Corporation.

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SECTION 9. Certain Definitions.

Under the context otherwise required for the purposes of this resolution, the terms defined in this Section 9 shall have the meanings herein specified.

"Series A Original Issue Date" means the effective date of a written agreement by the Corporation for the initial sale of the Series A Convertible Preferred Stock.

"Aggregate Original Amount" means the aggregate number of shares of Series A Convertible Preferred Stock issued on the Series A Original Issue Date plus any amount of shares issued pursuant to subsequent sales of Series A Convertible Preferred Stock by the Corporation, from and after the date of issuance thereof all such shares as adjusted pursuant to this Certificate of Designation.

"Equity Securities" means any and all shares of corporate stock, including each class or series of common or preferred stock.

"Average Price" with respect to Common Stock means, on any day, the trade weighted average of the sales prices for such shares as reported on Bloomberg News Services (i) on the largest national securities exchange (based on the aggregate dollar value of securities listed) on which such shares are listed or traded or (ii) if such shares are not listed on any national securities exchange, then the prices are shall not be listed thereon, the trade weighted average of all transactions in Common Stock in an over-the-counter market.

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IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations of Series A Convertible Preferred Stock to be duly executed by its President and attested to by its Secretary and has caused its corporate seal to be affixed hereto, this 22nd day of December, 1998.

THERMOGENSIS CORP.

By: James H. Godsey, President

ATTEST:

By: David C. Adams, Secretary

