



RhinoCyte™, Inc.

*Neural Progenitors for Therapeutic
& Diagnostic Purposes*

**Executive Summary
for
RhinoCyte™, Inc.**

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Executive Summary

Mission

RhinoCyte™ will be a leader in the advancement of cell based therapies by providing innovative autologous adult human cell solutions to treat a variety of neurodegenerative disorders.

Business Opportunity

Stem cells represent one of the most exciting discoveries in our lifetime. The fact that these cells have the potential to become any type of tissue under the right conditions presents an unlimited number of scientific and medical applications. The RhinoCyte™ team has developed a breakthrough adult autologous stem cell technology that repairs damage resulting from spinal cord injury (SCI). Cells are cultured from the olfactory regions of the nasal passageways via outpatient surgery to allow the isolation of progenitors which can after growth in the laboratory be transplanted into the injury site. The results of animal testing have demonstrated anatomical regeneration and functional recovery. The technology is straight forward and works across a variety of age groups.

RhinoCyte™ will initially focus its efforts on the treatment of subacute spinal cord injury. SCI affects more than 250,000 patients in the U.S. alone, with 13,000 new cases annually. According to the National Spinal Cord Injury Statistical Center, annual total costs for spinal cord injuries exceed \$20 Billion.

While there are therapies that treat the symptoms resulting from SCI, they do not promote or provide anatomical or functional recovery. The cutting edge technology fueling the RhinoCyte™ SCI therapy changes the treatment paradigm by promoting both.

Following successful entry into the SCI market, the Company will expand commercialization efforts to Parkinson's disease (PD). With an estimated 4 Million affected worldwide (1 Million in the U.S.), the economic impact of Parkinson's disease is significant.¹ Drug therapy expenditures in the United States exceed \$6 Billion a year. Associated costs such as rehabilitation and home care in the U.S. can exceed \$150,000 per patient per year in the severest cases.²

Current medications used to treat Parkinson's disease are directed toward increasing the bioavailability of the critical neural transmitter dopamine. Therapeutic options treat the symptoms associated with Parkinson's disease but do not stop the progression or cure the disease. The RhinoCyte™ therapy can potentially arrest the progressive nature of the disease and facilitate improvement.

¹ <http://www.agingresearch.org> ; Alliance for Aging Research: 2007 Task Force Report on Aging Research Funding

² Alliance for Aging Research: March 2006 The Silver Book: Chronic Disease and Medical Innovations in an Aging Nation

Proprietary Technology

The promise of stem cell therapy has generated a high level of scientific excitement as well as commercial investment since its scientific debut over forty years ago. The hope is that this versatile technology could create healthy replacement cells and tissues on demand and eliminate a variety of chronic and debilitating diseases. The RhinoCyte™ technology shows evidence to be an innovative solution that delivers on the promise of cell-mediated regeneration.

Stem cells have the unique capacity for self-renewal. Select populations of cells from the adult olfactory neuroepithelium are neural progenitors (stem cells). The RhinoCyte™ core technology involves the biopsy, harvesting, isolating, processing, cryopreservation and engraftment of these adult progenitors into the site of injury. This exciting technology promotes the rapid recovery of damage resulting from spinal cord injuries.

The foundation of RhinoCyte's technology platform represents its strategy to provide neural progenitors for therapeutic and diagnostic purposes. The worldwide exclusive rights to this platform technology/RhinoCytes™ have been licensed from the University of Louisville Research Foundation.

The RhinoCyte™ technology has been demonstrated through completed animal studies of spinal cord injury (SCI). Significant anatomical regeneration of neural pathways as well as functional recovery has been demonstrated in six short weeks following engraftment with these olfactory-derived progenitors. These studies have been vetted by peer-review and have been published in journals such as the *American Journal of Rhinology (2005)*, *Experimental Neurology (2005)*, *Stem Cells (2005 and 2006)* and *Neurobiology of Disease (2007)*. RhinoCyte's discovery and progress on this ground breaking technology has twice been featured on the covers of *Brain Research (2001 and 2006)* and *Biotechnic and Histochemistry (2003 and 2005)*.

Commercialization Strategy

The RhinoCyte™ team completed a successful pre-IND meeting with the FDA in April 2007 which provided a strategic road map of the essential next steps leading to an IND submission for spinal cord injury in 1Q10.

The Company has developed a comprehensive preclinical plan for the treatment of spinal cord injuries and is conducting additional proof of concept studies in parallel to demonstrate the feasibility of this technology to treat Parkinson's disease, Amyotrophic Lateral Sclerosis (ALS) and other neurodegenerative diseases.

Due to the low incidence and prevalence of spinal cord injury and Amyotrophic Lateral Sclerosis, there is an opportunity for therapies to gain orphan drug status which provides seven years of marketing exclusivity in this technology driven space. RhinoCyte™ capitalized on this opportunity by receiving an Orphan Drug Designation for the treatment of spinal cord injury patients with ASIA Impairment grades of A, B, or C

granted by the FDA on February 1, 2008. The company has a pending application for Orphan Drug Designation for ALS.

The Company's anticipated Series B funding will be sufficient to complete several significant milestones including the initiation and completion of the Phase I clinical trial for spinal cord injuries. The clinical trial start date is 2Q10.

Competition

The spinal cord injury (SCI) market is an emerging field with broad technologies offering a variety of potential and marketed solutions. As a result, there are a number of companies seeking to develop new solutions to treat SCI.

The competitive set includes such companies as Acorda Therapeutics, Proneuron Biotechnologies and Geron. Technologies from these companies are in various stages of development and represent therapeutic based treatments as well as adult autologous and embryonic cell therapy solutions.

The RhinoCyte™ technology is differentiated from the competition by the non-invasive ease of access to the progenitors as well as their viability regardless of patient age. As an autologous therapy there is no concern of immunological rejection or delay for compatible tissue. Furthermore, the category of adult stem cell therapy enjoys the absence of ethical concerns that have hampered the development of human embryonic stem cells.

Financial Highlights/Capital Needs

The RhinoCyte™ technology has been supported by both federal and private funding. Grants have been received from the National Institutes of Health (NIH) and Kentucky Spinal Cord and Head Injury Rehabilitation Trust (KSCHIRT).

RhinoCyte™ raised a Seed/Series A round of approximately \$1 Million in June 2006. The financing fueled the accomplishment of the critical milestones toward a pre-IND FDA meeting, an Orphan Status Designation and the near completion of the preclinical phase of development for the lead product.

RhinoCyte™ has completed recently a bridge round of financing of approximately \$750K and has signed a term sheet with Triathlon for a Series B round of \$10-12 Million. The company anticipates completing the Series B financing in 4Q08-1Q09. The financing will allow the company to continue to develop and take significant steps toward commercialization of the lead product and manage the preclinical program for secondary pipeline opportunities.

Specifically, the Series B funds will enable the Company to: submit an IND, initiate and complete a Phase I clinical trial, hire a full-time Chief Executive Officer and key management team members as well as pursue preclinical work on a parallel track to

further develop the platform technology to create innovative pipeline opportunities. Advancing RhinoCyte™ through these near term milestones will significantly increase its value.

In order to launch the spinal cord injury indication in 2014, the Company anticipates a total funding of approximately \$60 Million to complete all clinical trials to advance the product to the clinic. We believe that the Company will have a range of exit opportunities after it attains seminal milestones, such as completion of Phase II/III clinical trials, post the \$40-60 Million investment. These funding opportunities for the pipeline indications include a potential IPO as well as the revenue stream generated through the launch of the spinal cord injury product.