



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 1,250,000 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 will 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 strategy of the essential next steps leading to an IND submission for spinal cord injury in 1Q12.

The Company has developed a comprehensive plan for the treatment of spinal cord injuries and is conducting preclinical studies of this technology to treat Parkinson's disease (PD). Additional proof of concept studies have been completed that demonstrate the feasibility of this technology to potentially treat 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's application for Orphan Drug Designation for ALS was approved on December 31, 2008.

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 2Q12.

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 all focused on the acute or subacute phase (3weeks or sooner following the injury).

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, sex or time in culture. 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 and has less likelihood of becoming tumorigenic. RhinoCyte's therapeutic approach begins when the patient has several months without spontaneous improvement which is significantly past the target stage of the other technologies.

Financial Highlights/Capital Needs

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

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™ completed a bridge round of financing of approximately \$750K in August 2008 and an additional bridge round of \$1.66M in 1Q2010. The Company anticipates raising a final Bridge round in 2Q11. These financings have enabled the Company to continue to develop and take significant steps toward commercialization of the lead product.

The final Bridge funds will enable the Company to: submit an IND and prepare for the initiation of a Phase I clinical trial. The Company also plans to raise a Series B in 2Q12 which will enable the hiring of 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.

The Company plans to launch the spinal cord injury indication in 2016. We believe that the Company will have a range of exit opportunities after it attains seminal milestones related to SCI up to and including the product launch. On a parallel track, the PD product will have completed Phase II/III clinical trials and the ALS indication would have entered the clinic. We anticipate that the Company will be a candidate for an IPO which could support commercial operations related to SCI. In addition, the Company will be a potential acquisition target for companies trying to solidify their position in the cellular therapy marketplace.