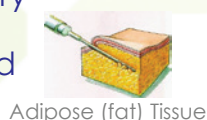
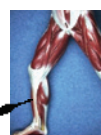


Tissue Genesis, Inc. is an emerging high-growth company in the field of regenerative medicine, using a patient's own cells to coat implants, repair damaged tissue, heal disease, and address other medical concerns. Tissue Genesis is leveraging its perfusion platform and expertise to deliver products to the regenerative medicine market. Current near term applications include coating of implantable devices such as vascular grafts and stents; repair of tissue damaged by heart disease and peripheral artery disease; orthopedic, and veterinary applications; and other tissue healing using a patient's own regenerative cells.



Vessel Graft/Stent



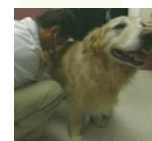
Direct Injection PVD



Cell Isolation System



BIOHEART



Veterinary

# Market Opportunity

In Tissue Genesis' patented process, a small amount (about 60cc) of a patient's adipose (fat) tissue is needle-liposuctioned and processed into a pellet of therapeutic cells, including microvascular endothelial cells, adult stem cells, and other regenerative cells. These cells can be delivered back to the patient in a coated vascular graft or stent, or directly injected into damaged tissue, such as damaged heart tissue.

## Market for Stem Cell-Based Therapeutics and Platform Technologies

The total worldwide estimated market is expected to be \$35.7 billion by 2008 and \$81.3 by 2012. The worldwide stem cell therapy market size is expected to be \$2.8 billion by 2008 and \$7.5 billion by 2012.

### Markets By Therapeutic Focus (\$ Billions)

	2008	2012
Bone and Joint	\$3.5	\$6.8
Cardiovascular	\$2.8	\$3.9
Skin & Wound Care	\$1.7	\$3.5
Cancer	\$3.2	\$7.5
Diabetes	\$2.2	\$5.3
Blood Disorders	\$2.9	\$5.9
Liver	\$1.8	\$2.4
CNS	\$8.1	\$19.8
Urinary Incontinence	\$1.0	\$2.3
Other	\$4.8	\$15.1

### Markets By Technology Focus (\$ Billions)

	2008	2012
Supporting Technology (Delivery, Culture, etc)	\$3.7	\$7.8
Stem Cell Transplant	\$2.5	\$6.0
Tissue Engineering	\$8.0	\$15.0

Source: Jain PharmaBiotech

## Tissue Engineering and the Medical Device Industry

Trends that include aging baby boomers, rising expectations for medical cures, and increasing health care costs for existing healthcare treatments have created a large potential market for breakthrough medical solutions led by tissue engineering and cell regeneration products. Health care costs in the U.S. alone were estimated at \$1.8 trillion in 2004, projected to reach \$3.6 trillion by 2014. Based on the huge healthcare demand, experts predict that the pricing power of medical goods suppliers will continue to increase. Over the past five years, the price of goods and supplies increased an average of 4.8% per year, approximately twice the rate of inflation. That trend will continue as health-care costs spiral upwards and the industry searches for improved, cost efficient medical products and cures.

Source: "Rx for Investors", David Stires, Fortune. New York: May 3, 2004, Vol. 149, Uss.9, p. 158.



tissue genesis incorporated

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