TCTx
TransCell Therapeutics, Inc.™

TransCell Therapeutics, Inc.
2817 West End Ave., #126-294 , Nashville, TN. 37203.
info@transcellrx.com **(615)423-3850**

Company Overview:

- Founded in 1999, launch from Vanderbilt University; 2000, incorporation TN
- Privately held
- Exclusive WW license rights to >8 yrs. research, development and animal testing

Current Funding:

- Institutional investment: Vanderbilt Trust
- Reagent Sales
- International Licensing

First Pharmaceutical Products:

Anti-Inflammatory Products:

- **TransVIS™** -ophthalmic eye drops for post-surgical inflammation, diabetic retinopathy and age-related macular degeneration
- **TransDRM™** -dermal cream for scleroderma, psoriasis and atopic dermatitis
- **TransSYS™** - parenteral solution for cardiopulmonary diseases including bypass

Competitive Advantages:

- Existing products used after cataract and other eye surgeries actually induce new cataracts and cause glaucoma
- No therapeutic products currently exist for treating diabetic retinopathy or age-related macular degeneration
- Existing dermal products for psoriasis, scleroderma etc. are, by in large palliative not therapeutic

Management Team:

- John S. Sundsmo, PhD –CEO
- Wayne S. Rebich, CPA- CFO
- Danny O. Helton, VP, Manufacturing
- Larry Syltebo, GM, WA operations
- Douglas I. Lee, MBA – Regulatory Affairs
- Earl Ruley, PhD – Founder
- Jack J. Hawiger, MD,PhD- Founder

Projected Revenues:

-Projected Licensing Revenue 2003: $200,000
-Projected Reagent Sales 2003: $150,000

Proforma: ($M)

YR	Net Income	Income Milestones (P1 + P2)	Product Income Royalty*	Product Market Share
1	(3.4)	-	0	-
2	9.4	15	0	-
3	(4.2)	-	0	-
4	6.1	2+10	0	-
5	(0.01)	3+5	0	-
6	-	10+5	11.5	0.1%
7	-	5	60	1%
8	-	-	319	5%
9	-	-	816	12%
10	-	-	1091	15%

Assumptions: Product 1: TransVIS™, license yr.2, launch yr.6, 15% royalty, 20M patients/yr., revenue/patient/yr =$2000; Product 2: TransDRM™, license yr.4, launch yr. 8, 17M patients/yr, revenue/patient/yr = $750. ***Royalty Income is only TransVIS™** Model Assumes Sale of $3-5M Equity; Profitability in YR 2.

Company: TransCell Therapeutics, Inc. is a Tennessee corporation formed to develop, manufacture and market a novel class of anti-inflammatory therapeutic agents as pharmaceutical products, based on intracellular signaling inhibition (**ISI**) technology invented and developed over the past eight years at **Vanderbilt University**. As a class, anti-inflammatory products are the fastest growing segment in the pharmaceutical industry with estimated 2002 US sales of $14Bn (., based mostly on sales for arthritis and inflammatory bowel disease) and recent new products like Celebrex®, Vioxx®, Enbrel®, Remicaide®.

Pharmaceutical Markets: U.S. Markets- Size in $ (No. Patients)

Market	Size*
Ophthalmic	$3.8 Bn (20M)
Dermatology	$2.2Bn (17M)
Cardiopulmonary	$1Bn (1M)
Gastrointestinal	$2.5Bn (5M)
Total:	**$9.5Bn (32M)**

*Multiple Sources: Not Verified (to date)

Problems: Inflammation is caused by simultaneous production of several different mediators by inflammatory immune cells. The mediators act on the surrounding tissues and cause damage. Inflammation is the single mechanism responsible for all tissue damage. No single drug is presently able to simultaneously stop production of all the different mediators involved in inflammation; instead, each drug targets a single mediator pathway leaving the other mediators free to cause damage. Existing anti-inflammatory agents fall into four classes: steroidal, non-steroidal, COX-2 inhibitors and TNF-α inhibitors. Adverse side-effects of these existing drugs include potentially severe and potential life threatening gastrointestinal bleeding, liver and kidney damage, risk of triggering latent tuberculosis infections, kidney and liver damage, risk of cataract, glaucoma and other tissue damage. Existing drugs are also poorly penetrable into cells and tissues, particularly ophthalmic tissues.

Solution: Recognizing the problem more than eight years ago, the Company's founders in the Department of Microbiology at Vanderbilt University began work on a new approach: namely, development of penetrable drugs that would readily enter inflammatory cells and simultaneously interrupt production of all inflammatory mediators. The result of their efforts is an entirely new class of anti-inflammatory agents.

Business Model: Pharmaceutical companies are increasingly relying on biotechnology innovation to offset expiring patents and stagnant drug development. Pharmaceutical licensing has, in turn, supplied the early stage revenue necessary to fuel growth of many successful biotechnology companies. The Company will pursue a policy of "**Leveraged Growth**", i.e., using existing facilities and resources at it's co-development partner **Emerald Pharmaceuticals, LP** (Redmond, WA) to cut early costs of operations and delays commonly associated with hiring experienced staff. **Emerald** is an FDA-approved cGMP contract manufacturer of active pharmaceutical peptide ingredients for the pharmaceutical industry. **TransCell** will, on a temporary basis, establish operations at **Emerald** until profits from licensing and product sales justify establishing independent operations. To offset some initial startup costs, the Company is selling certain functional genomics research reagents from its website and has entered into a reagent manufacturing and distribution agreement with **Cedrus Technologies** (Seattle, WA.) The Company is also, in the short-term, licensing tools for use in genomics, functional proteomics and drug discovery. Pursuing a strategy of early pharmaceutical licensing, the Company seeks to minimize the equity capital required to achieving profitability.

Competition: **TransCell** is aware of companies that: (i) may be using methods patented by **Vanderbilt University** and licensed exclusively worldwide by **TransCell**. (No products have yet reached the market which relate to those patents and the Company believes that its patent positions and license will provide the exclusive rights guaranteed under the U.S. patent statutes.); (ii) may be using alternative approaches to gain access to intracellular nuclear localization targets: e.g., Tularik (SFO), Praecis (MA) and Cell Gate (SFO).