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“an emerging leader in adipose derived cell therapy”



Highlights

FDA grants unconditional approval for IDE study using the Tissue Genesis vascular graft

Tissue Genesis participates in cell biology experiments for the NASA space shuttle

Tissue Genesis lays out key objectives and goals for 2010

Letter from the CEO

At year end 2009 Tissue Genesis can look back at on a number of achievements as we moved our technology into the human clinical environment.

This newsletter will highlight these accomplishments.

One of the major milestones that we achieved was gaining approval of our application to the Food and Drug Administration to proceed with a clinical study using our ePTFE vascular graft for peripheral vascular disease in the United States. The approval we received for this indication uses our cell and sodding technologies, along with our Cell Isolation System. The review process was intensive as the FDA reviewed all the aspects of our company relating to the trial. It is a significant accomplishment in recognizing our quality control systems. The quality systems that we installed were able to withstand the rigor of this worldwide gold standard review process. The achievement of this milestone puts us in position to be visible at a national level, as our clinical trial proceeds in 2010.

Also in this newsletter, we have listed our 2010 goals and milestones, which are representative of how we are moving forward in the market. They also represent what we feel we would need to accomplish to put our company in a position to be positively viewed by the public market.

We have strong expectations that with IPO markets beginning to warm up that we would be well positioned to participate. Current plans are take this full year to move our technologies and organization forward, so that at the beginning of 2011 we may be able to go public. In addition to these preparations, the market timing will be a large factor. We are starting to meet with investment banks, in order to both analysis our position and get market feedback. Thus far, we have been positively received.

The company has done, what I believe to be, a good job in weathering the economic crisis of the last 21 months. At our annual shareholder meeting you approved a Series D stock offering of 9,000,000 Preferred Shares at \$1.70/share. The selling of a significant amount of these shares is strategically

linked to our ability to achieve our goals and milestones articulated in our plans for 2010. Although the Act 221 tax credit capability has been reduced, I believe our stock represents a good value with the potential of a near term offering event. We appreciate you previous investments and encourage you to contact us if you have any questions or continued investment interest. This could be our last private round before going out.

We have a significant announcement coming shortly regarding a deal with a major, large cap company that will catapult us on the national scene. Look for a press release soon. I hope you enjoy reading about our accomplishments in 2009, and you are looking forward to our achievements in 2010.

We are proud to be an emerging leader in adipose derived cell therapy.

Mahalo,

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2009 Accomplishments

		
<p>U.S. Department of Defense \$25 Million Awarded to Date</p>	<p>U.S. Food and Drug Administration Approval required for sales in U.S.</p>	<p>National Aeronautics and Space Administration 19 Space Shuttle missions to date</p>
		
<p>Plastic and Reconstructive Surgery Market expected to exceed \$2 Billion</p>	<p>Cardiac Opportunity Expected to exceed \$429 Million</p>	<p>Spinal Fusion Expected to exceed \$238 Million by 2014</p>
		
<p>Wound Repair Expected to exceed \$480 Million by 2014</p>	<p>Veterinary Opportunity Estimated \$10.9 Billion spent in 2008</p>	<p>Service Provider of Adipose-Derived Cells 30 Hospitals Nationwide</p>

2010 Key Milestones & Goals

In 2010, Tissue Genesis will continue working with targeted world class researchers and physicians, the Department of Defense, other government agencies, and current and future licensees to establish and realize the significant potential of adipose-derived cell therapy to change the practice of medicine.

Specifically, Tissue Genesis' 2010 objectives include:

- Sign licensing deal with at least one large cap company
- Publish results on clinical trials at Methodist Hospital (Spinal Fusion), and Tokyo Clinic (Plastic & Reconstruction)
- Finish Phase I Surgeries on IDE Clinical Trial (Vascular Graft)
- Start additional IRB Trial for Direct Inject
- Win additional US Army contract
- Participate in DoD sponsored clinical trial
- Grow sales revenue by 4x
- Raise significant amount of Series D (potential = \$15 mil)

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