

NUSTEM TECHNOLOGIES, INC.

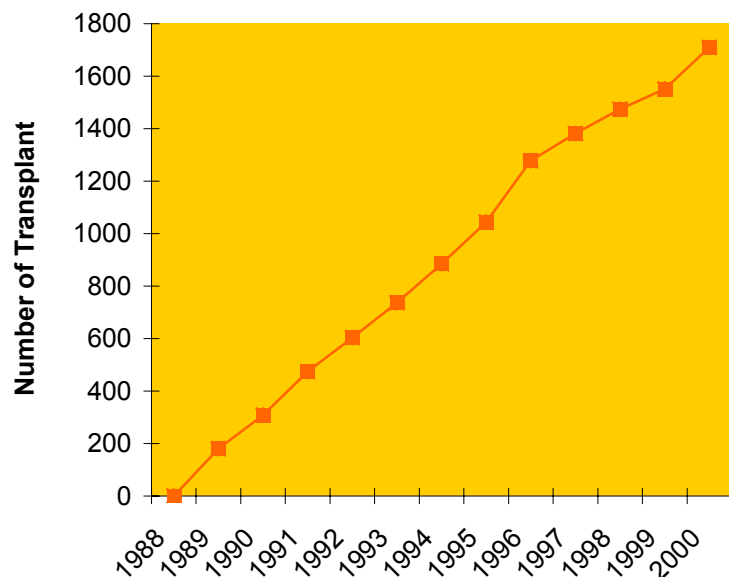
Cord Blood Stem Cells
The Second Miracle of Birth

SERIES A CONVERTIBLE PREFERRED
FINANCING MEMORANDUM

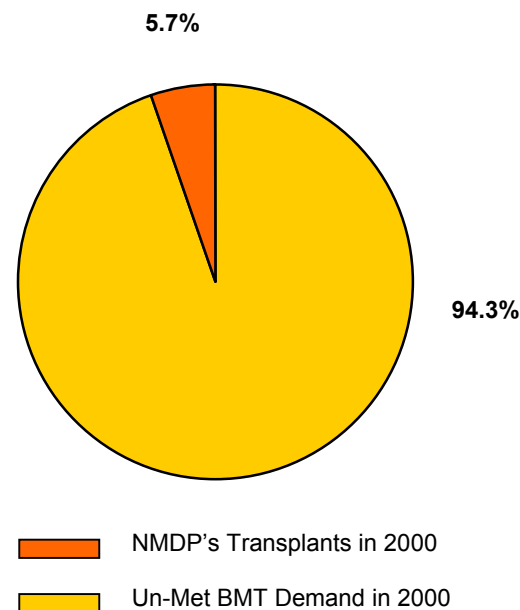
OVER 15,000 PEOPLE ANNUALLY ARE UNSUCCESSFUL IN FINDING A STEM CELL MATCH

In 2001, an estimated 109,500 people in the United States were diagnosed with a blood related cancer including, leukemia, non-Hodgkins lymphoma, Hodgkin’s disease and myeloma.¹ Currently, 640,000 Americans are living with a blood related cancer and nearly 11% of those people die each year.¹ Of the approximately 70,000 people that die each year, 30,000 are seeking a stem cell replacement through a Bone Marrow Transplant (“BMT”).² Unfortunately, many of these people will find the process long, frustrating, and ultimately unsuccessful, especially those of ethnic and racial minorities. The National Marrow Donor Program (“NMDP”) states that over 15,000 people annually are unsuccessful in finding a match and that their database on any given day is searched 3,000 times for such a stem cell match. While NMDP’s annual stem cell transplants have shown steady growth, the graphs below demonstrate their ability to facilitate only a small portion of the actual BMT demand.

NMDP FACILITATED STEM CELL TRANSPLANTS BY YEAR



NMDP FACILITATED TRANSPLANTS VS. BMT DEMAND

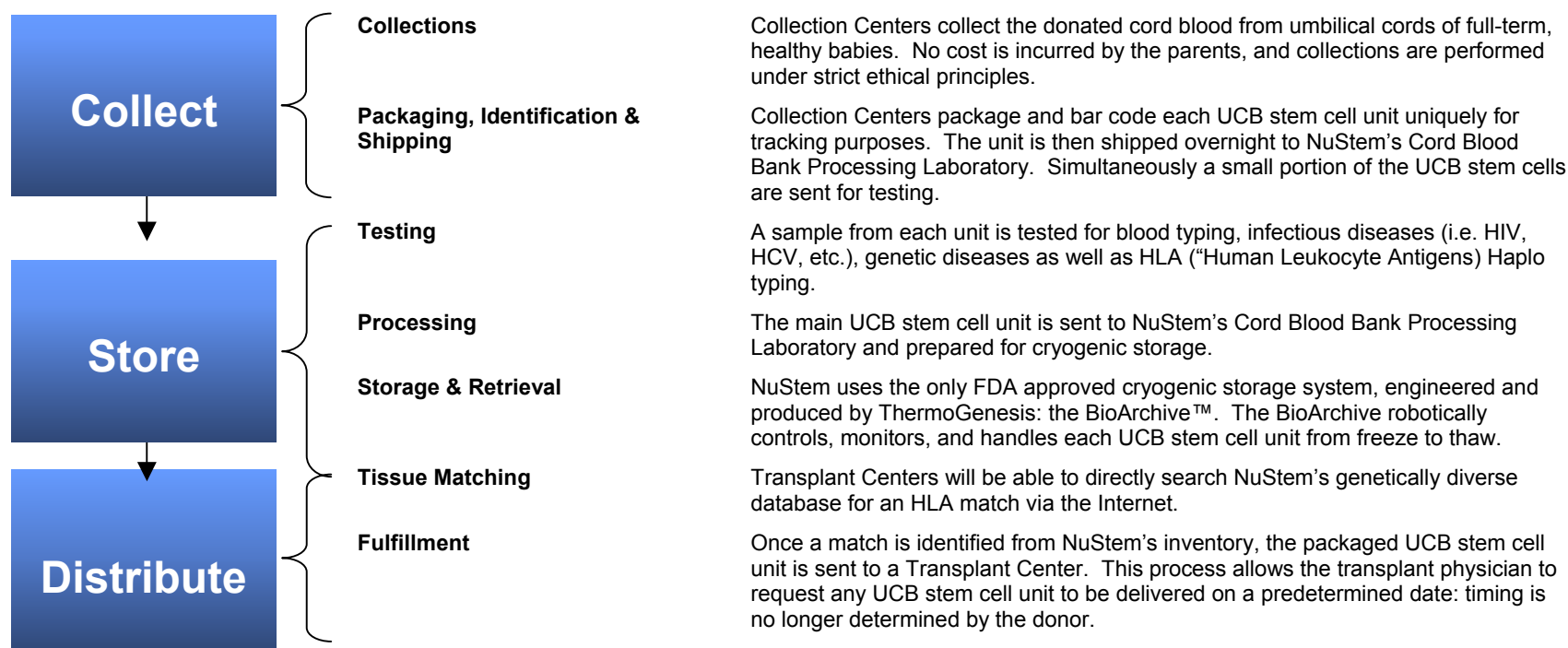


¹ The Leukemia & Lymphoma Society "Blood Related Cancers Facts & Statistics".
² The University of Minnesota's Cancer Center stated a 30,000 BMT demand in 2000.

NUSTEM COLLECTS, STORES, AND DISTRIBUTES STEM CELLS IN ORDER TO SAVE LIVES

NuStem’s principal business objective is to build a “for-profit,” allogeneic¹ Umbilical Cord Blood (“UCB”) stem cell bank for the purpose of stem cell transplants. With over four million births each year in the United States and the stem cell banking infrastructure in place, NuStem, Inc. (“NuStem” or the “Company”) will create a readily available, genetically diverse UCB stem cell inventory, allowing for a quick, viable source of UCB stem cells. NuStem was formed to capitalize on the sale of UCB stem cells from the donation of umbilical cord blood that would provide Transplant Centers with unparalleled genetic matching capabilities for their patients. The Company will focus on all operational stages of collections to fulfillment in order to become the premier source of quality UCB stem cells while earning highly attractive financial returns.

NUSTEM’S UCB BANKING SUMMARY



¹ “Allogeneic” refers to the use of stem cells from a healthy donor for an unrelated recipient whose blood type and HLA factors match closely enough for a successful stem cell transplant.

NUSTEM IS READY FOR OPERATIONS

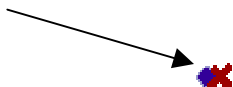
NuStem has 1,700 square feet of prototype laboratory space in Reno, Nevada, fully equipped to begin operations. It also has 13 pending collection and transplant center agreements; data from these collection centers suggests that NuStem should be able to rapidly build the most genetically diverse allogeneic UCB stem cell bank in the U.S.

Once the proposed Series A Financing is completed, NuStem will formalize all collection and transplant center agreements.

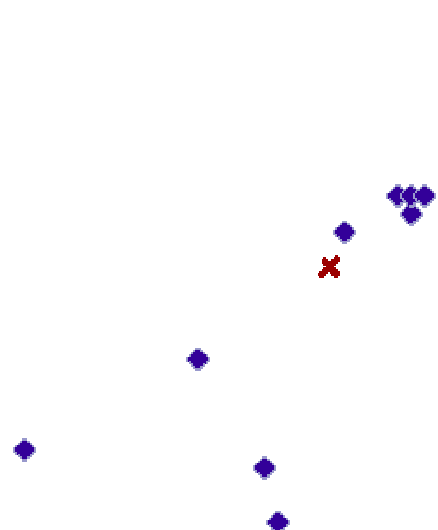
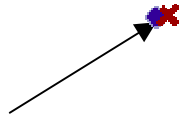
Initial collection centers and proposed processing laboratories are shown below.

INITIAL COLLECTION AND TRANSPLANT CENTERS

NuStem's Processing
& Training
Laboratory
Reno, Nevada



NuStem's Corporate
Headquarters
San Diego, CA



Collection Centers

11 Domestic Centers
2 International Centers:

- Santo Domingo, Dominican Republic
- Thessolonika, Greece

Processing Laboratories

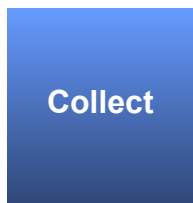
- Reno, Nevada
- Bethesda, Maryland
- San Diego, California

NUSTEM’S PRIMARY COLLECTION CENTERS’ REPRESENT OVER 50,000 BIRTHS PER YEAR

The thirteen primary Collection Centers, shown above, represent over 50,000 births per year and, statistically, a genetically diverse UCB stem cell bank. The Collection Centers, as well as their physicians and nurses, will be compensated. An onsite credentialed Registered Nurse (“R.N.”) will educate expectant parents and collect, package, and ship the UCB stem cells to NuStem using standardized procedures developed at the National Institute of Health (NIH), by one of NuStem’s founders.

NUSTEM’S COLLECTION SUMMARY

- NuStem provides a salary line for Collection Center R.N.s
- Collection Center R.N.’s prescreen potential donors
- Collection Center R.N.’s educate expectant mothers
- Collection Center R.N.’s collect, package, and ship UCB stem cells to NuStem



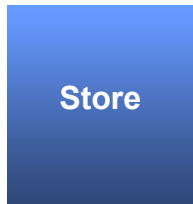
NUSTEM’S COLLECTION CENTER SUMMARY

<u>Location</u>	<u>Annual Number of Births</u>
Reno, Nevada	3,100
New Haven, Connecticut	2,800
Stamford, Connecticut	2,100
Bridgeport, Connecticut	2,450
Orlando, Florida	5,000
Jacksonville, Florida	5,000
Allentown, Pennsylvania	2,200
Staten Island, New York	2,700
Shreveport, Louisiana	3,000
San Diego, California	1,200
Chattanooga, TN	5,000
Santo Domingo, Dominican Republic	18,000
Thessalonika, Greece	1,200
Total Annual Births:	53,750

NUSTEM USES THE ONLY FDA APPROVED CRYOGENIC FREEZER AVAILABLE

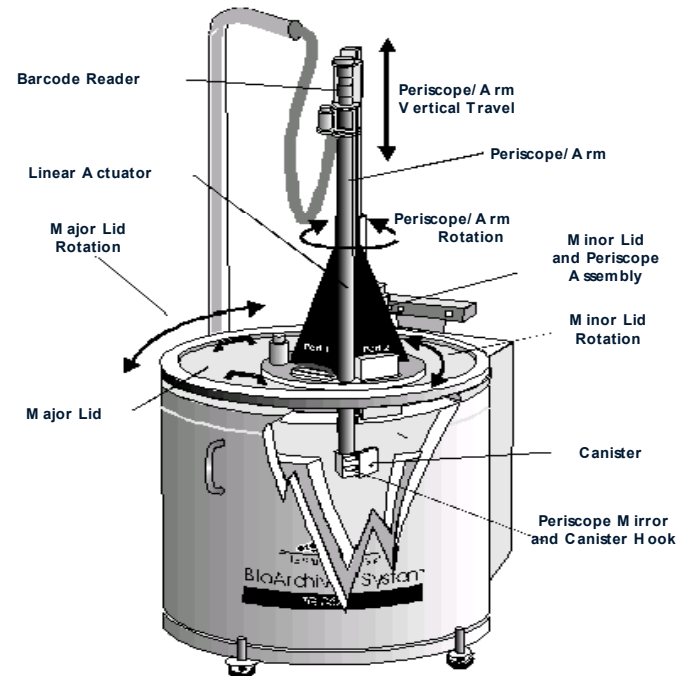
Stem cells processed at the Collection Centers will be tested and then shipped to the closest NuStem Processing Laboratory, using procedures developed at the National Institute of Health (NIH). A small portion of the UCB stem cells will be sent for all infectious disease and genetic testing as well as HLA typing including allelic high resolution testing. Each NuStem Processing Laboratory will be certified for operations and accredited by the American Association of Blood Banks (“AABB”) and the Foundation for the Advancement of Hematopoietic Cell Therapy (“FAHCT”).

NUSTEM’S PROCESSING LABORATORY SUMMARY



- Certified and accredited
- Developed with clean rooms
- Equipped with the only FDA approved freezer: the BioArchive
- UCB stem cell unit processed through strict chain of custody
- UCB stem cell units tested
- UCB stem cell units barcoded and placed in discreet location by robotic BioArchive system

THERMOGENESIS BIOARCHIVE FREEZER



NUSTEM PROVIDES AN IMMEDIATE SOURCE OF STEM CELLS TO TRANSPLANT CENTERS

NuStem will build a genetically diverse UCB stem cell bank and will allow transplant physicians access to search the Company’s database directly via the Internet to find an HLA match for their patients. The NMDP states that the timeline for finding an unrelated bone marrow donor, contacting the donor, testing, and the delivery of the stem cells currently takes a median of 4-6 months. The University of Minnesota School of Medicine recently published that it took 49 days to obtain an allogeneic bone marrow donor compared to only 13.5 days to acquire a unit of UCB stem cells. Once NuStem develops a genetically diverse UCB stem cell bank, the Company will have the ability to locate UCB stem cells for their patients within hours. The following chart summarizes five of the most active Transplant Centers in the United States of the 101 Transplant Centers performing UCB stem cell transplants.



TRANSPLANT CENTER SUMMARY

	Location	Year Center Opened	Required HLA for UCB stem cells	UCB Stem Cell Transplants Age Threshold	Total Stem Cell Transplants Performed Since Opened¹
Dana Farber Cancer Institute	Boston, MA	1972	3/6	60	4,027
Fred Hutchinson Cancer Research Center	Seattle, WA	1973	4/6	17 ³	8,398
Memorial Sloan Kettering Cancer Center	New York, NY	1973	4/6	65	3,671
MD Anderson Cancer Center	Houston, TX	1975	4/6	50	5,453
University of Minnesota	Minneapolis, MN	1974	4/6	69	3,828

¹ Number of Transplants as of December 31, 2001 data documented from BMT infonet.

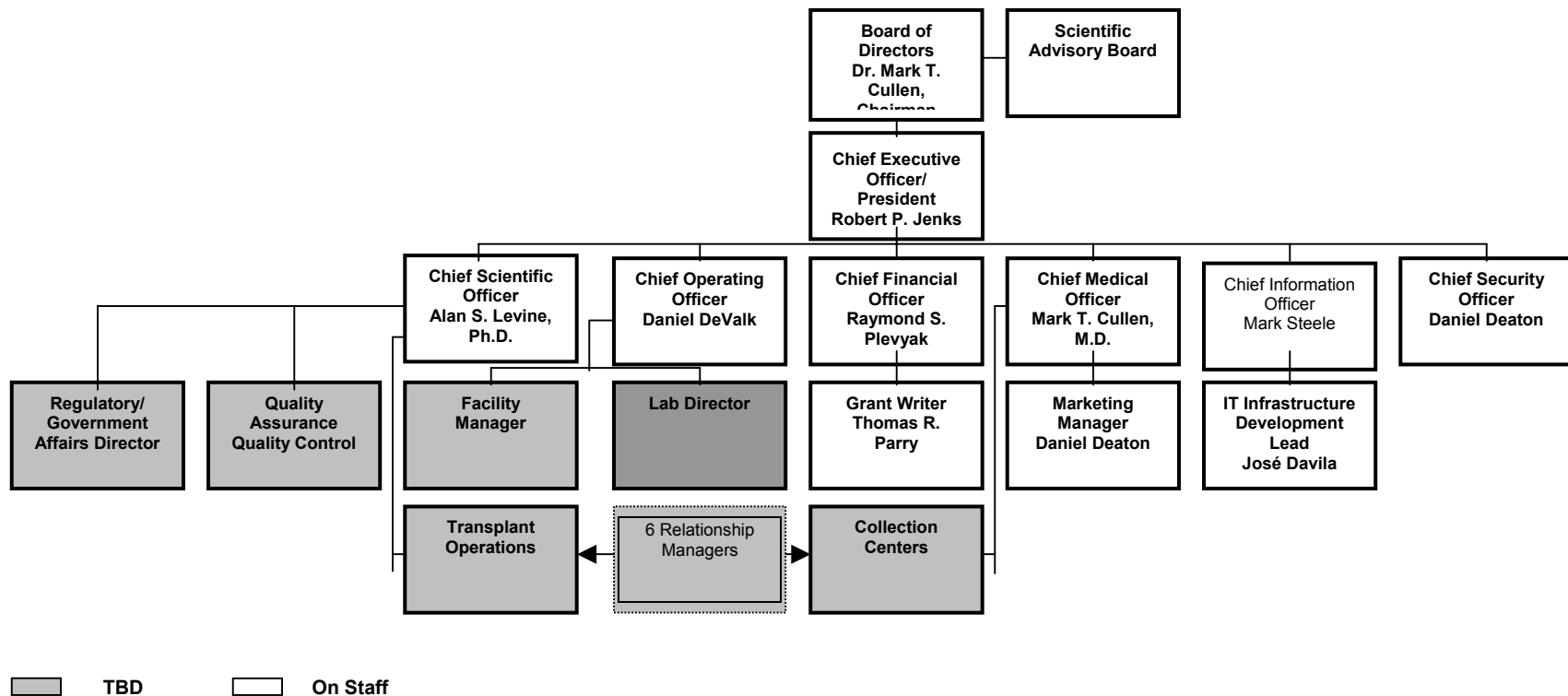
³ Fred Hutchinson Cancer Center will perform allogeneic stem cell transplants to patients up to age 65.

CRITICAL ORGANIZATIONAL POSITIONS ARE FILLED

NuStem is fortunate to have a 1st tier Scientific Advisory Board and will add to that board, at the appropriate time, following Series A financing.

Business function staffing will be provided, in part, by Intelesis, a San-Diego based management and technology consulting firm with whom the founders have had a long and fruitful relationship. Intelesis provides needed expertise on an affordable, as-needed basis, reducing operating costs, recruiting costs, and performance risk.

ORGANIZATION CHART



INTERIM BOARD OF DIRECTORS

Chairman, Dr. Mark T. Cullen

CEO, Robert P. Jenks

CFO, Raymond S. Plevyak

CSO, Dr. Allen Levine

COO, Daniel DeValk

PROFESSIONAL RELATIONSHIPS

Legal:	Jeffrey L. Grausam Partner	Morgan, Lewis & Bockius LLP 300 South Grand Avenue, 22nd Floor Los Angeles, CA 90071-3132
Accounting:	Phil Smith Partner	Considine & Considine 1501 5 th Avenue, Ste 400 San Diego, California 92101-3297
Management and Information Technology (IT) support:	Rob Jenks President & CEO	Intelesis Technologies Corporation 9666 Business Park Avenue, Suite 110 San Diego, California 92131
Lab Equipment:	Sandra LaCava	ThermoGenesis Corp. 3146 Gold Camp Drive Rancho Cordova, California 95670
Consultants:	Elisabeth Semple Ph.D. Laboratory Consultant	ThermoGenesis Corp. 3146 Gold Camp Drive Rancho Cordova, California 95670
	FDA Consultant	