

**CONFIDENTIAL
PRIVATE
PLACEMENT
MEMORANDUM**

June 1, 2002

World Health Access, Inc.

Private Placement of US\$ 22,000,000.-

Minimum Subscription US\$ 10,000

5,000,000 SHARES

**at a progressive price from US\$ 1.00 to US\$ 7.00,
no par value shares.**

The minimum subscription before disbursement of funds is US\$ 5,000,000.

Memorandum Nr *500*****



Distributed by INVESTRADERS INTERNATIONAL CORPORATION
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Important Notice

The indivisibility of the Subscription Agreement and the Private Placement Memorandum of the Issuer is drawn to the attention of the Investor. Both documents form part of the same legal offering and should be read in conjunction with each other.

1 DISCLAIMERS

1.1 DISCLAIMER

In case of any dispute concerning the translation of this Memorandum, only the present english Private Placement Memorandum has decisive force.

1.2 CAUTIONARY STATEMENTS

This Disclosure Document contains statements relating to future results of the Company (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform act of 1995 (the “Litigation Reform Act”). Section 27A(b)(2)(D) of the Securities Act and Section 21E(b)(2)(D) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as promulgated by the Litigation Reform act, expressly state that the safe harbor for forward-looking statements does not apply to statements made in connection with an initial public offering. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including, but not limited to, changes in political and economic conditions, regulatory conditions, government healthcare spending and competitive pricing pressures.

When used in this Disclosure Document the words “estimate”, “project”, “intend”, “expect” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such risks and uncertainties include those risks, uncertainties and risk factors identified in this Disclosure Document under the heading “Risk Factors.” The Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

1.3 GENERALITIES, DISCLAIMERS AND LIMITS OF RESPONSIBILITY

World Health Access, Inc. (the "Company") is offering for sale up to 5,000,000 shares of Common Stock, at a progressive price from US\$ 1.00 to US\$ 7.00, no par value (the "Common Stock"), from the Company.

The placement agents in connection with this offering are INVESTRADERS INTERNATIONAL CORPORATION. The Shares are being offered in round lots of US\$ 10,000. No trading market presently exists for the Shares. The minimum investment is US\$ 10,000. The minimum amount of capital to be sold before disbursement of funds is US\$ 5,000,000.

The Private Placement price has been arbitrarily determined by the Company and approved by the placement agents. The Private Placement will begin on June 2, 2002 and continue until the Company has sold all of the Shares offered hereby, or such earlier date as the Company may in its discretion close or terminate the Private Placement. There is no required minimum amount of capital to be sold in the Private Placement. The Company reserves the right to cancel the Private Placement and to refund the investors at nominal cost, without further indemnification, if the Board of Directors believes that the amount raised through this Private Placement is not sufficient to achieve the contemplated goals.

IN CONNECTION WITH THIS PRIVATE PLACEMENT, NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE PRIVATE PLACEMENT MEMORANDUM. IF GIVEN OR MADE, SUCH REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PRIVATE PLACEMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY SHARES IN ANY COUNTRY OR STATE WHERE THE OFFER AND SALE OF THE SHARES IS NOT LAWFUL. THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN CONTAINED IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. THE COMPANY RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION, IN WHOLE OR IN PART, OR TO ALLOT LESS THAN THE NUMBER OR AMOUNT OF SHARES FOR WHICH ANY PROSPECTIVE PURCHASER HAS SUBSCRIBED.

THE SHARES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AS THEY WILL BE OFFERED TO ACCREDITED INVESTORS ONLY. IT IS ANTICIPATED THEY WILL BE EXEMPT FROM THE REGISTRATION PROVISIONS OF SUCH ACT UNDER SECTION 4(2) THEREOF.

THIS OFFERING IS BEING MADE IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION PROVIDED BY SECTION 3(b) OF THE SECURITIES ACT OF 1933, AS AMENDED (the "1933 ACT") AND THE PROVISIONS OF REGULATION D PROMULGATED UNDER THE 1933 ACT ("REGULATION D"), THAT PERMITS GENERAL SOLICITATION AND GENERAL ADVERTISING SO LONG AS SALES ARE MADE ONLY TO "ACCREDITED INVESTORS" AS DEFINED IN RULE 501(a).

THESE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THERE FROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE PURCHASE OF THE SHARES OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR PERSONS OF ADEQUATE MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT. POTENTIAL INVESTORS ARE URGED TO REVIEW CAREFULLY THE RISK FACTORS SECTION OF THIS MEMORANDUM FOR THE DISCUSSION OF THE CERTAIN RISKS INVOLVED IN AN INVESTMENT IN THE COMPANY. THE PURCHASE PRICE OF THE SHARES HAS BEEN ARBITRARILY DETERMINED AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE.

BY ACCEPTING DELIVERY OF THIS MEMORANDUM, THE RECIPIENT AGREES NOT TO REPRODUCE IT OR DISCLOSE ANY OF ITS CONTENTS TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY. THE RECIPIENT FURTHER AGREES TO PROMPTLY RETURN THIS MEMORANDUM AND ALL RELATED DOCUMENTS IN THE EVENT THAT SHARES WILL NOT BE PURCHASED.

THERE IS CURRENTLY NO PRIVATE OR PUBLIC MARKET FOR THE SHARES. EVEN IF A GOING PUBLIC PROCEDURE HAS BEEN INITIATED, NO ASSURANCE CAN BE GIVEN THAT ONE WILL DEVELOP. IN ADDITION, THERE ARE RESTRICTIONS UPON THE TRANSFER OF THE SHARES CONTAINED IN APPLICABLE SECURITIES LAWS IN THE UNITED STATES OF AMERICA. ACCORDINGLY, THE SHARES SHOULD NOT BE PURCHASED BY PERSONS WHO MAY NEED TO LIQUIDATE THEIR INVESTMENT.

AT ALL REASONABLE TIMES PRIOR TO THE CONCLUSION OF THE PRIVATE PLACEMENT, THE COMPANY WILL GIVE POTENTIAL SUBSCRIBERS AND THEIR REPRESENTATIVES THE OPPORTUNITIES TO ASK QUESTIONS AND RECEIVE ANSWERS FROM THEM CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE PLACEMENT AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THAT THE COMPANY POSSESSES, OR CAN ACQUIRE SUCH INFORMATION WITHOUT UNREASONABLE EFFORT OR EXPENSE.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE, INVOLVE A HIGH DEGREE OF RISK, AND SHOULD NOT BE PURCHASED BY ANYONE WHO CANNOT AFFORD THE LOSS OF HIS ENTIRE INVESTMENT. SEE "RISK FACTORS".

THIS DOCUMENT AND THE INFORMATION CONTAINED HEREIN ARE CONFIDENTIAL. IT IS SUPPLIED ON THE CONDITION THAT IT IS FOR THE SOLE USE OF THE PERSON WHOSE NAME APPEARS ON THE COVER PAGE AND SHALL NOT BE PASSED TO ANY OTHER PERSON. THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC TO SUBSCRIBE FOR, OR TO PURCHASE ANY SECURITIES OF FORMULA X CORPORATION.

THIS MEMORANDUM HAS NOT BEEN REVIEWED, APPROVED OR DISAPPROVED, NOR HAS THE ACCURACY OR ADEQUACY OF THE INFORMATION SET FORTH HEREIN BEEN PASSED UPON BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES ADMINISTRATOR OF ANY OTHER JURISDICTION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

ANY DOCUMENT WHICH A POTENTIAL SUBSCRIBER WISHES TO REVIEW WILL BE MADE AVAILABLE FOR INSPECTION OR PROVIDED, UPON REQUEST, SUBJECT TO ALL POTENTIAL SUBSCRIBERS AGREEMENT TO MAINTAIN SUCH INFORMATION IN CONFIDENCE AND TO RETURN THE SAME TO THE COMPANY IF THE RECIPIENT DOES NOT PURCHASE THE SECURITIES OFFERED HEREUNDER. ANY SUCH INQUIRIES OR REQUESTS FOR ADDITIONAL INFORMATION OR DOCUMENTS SHOULD BE MADE IN WRITING TO THE COMPANY.

NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS, OR TO GIVE ANY INFORMATION, WITH RESPECT TO THESE SECURITIES, EXCEPT IN ACCORDANCE WITH THE INFORMATION CONTAINED HEREIN AND, IF MADE OR GIVEN, SUCH REPRESENTATIONS CANNOT BE CONSTRUED AS GIVEN BY THE COMPANY OR THE PLACEMENT AGENTS. NEITHER THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE AFFAIRS OF THE COMPANY AFTER THE DATE HEREOF.

THE INFORMATION REPRESENTED HEREIN WAS PROVIDED BY THE COMPANY AND IS BEING FURNISHED SOLELY FOR THE USE OF THE PROSPECTIVE INVESTORS IN CONNECTION WITH THE OFFERING DESCRIBED HEREIN. THE PLACEMENTS AGENTS HAVE NOT PREPARED THIS MEMORANDUM, MAKE NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THE MEMORANDUM, AND EXPRESSLY DISCLAIM ANY RESPONSIBILITY FOR THE INFORMATION CONTAINED HEREIN, EVEN IF A PROPER DUE DILIGENCE WAS PERFORMED.

THE STATEMENTS CONTAINED HEREIN ARE BASED ON INFORMATION BELIEVED BY THE COMPANY TO BE RELIABLE. NO WARRANTY CAN BE MADE AS TO THE ACCURACY OF SUCH INFORMATION, OR THAT CIRCUMSTANCES HAVE NOT CHANGED SINCE THE DATE SUCH INFORMATION WAS SUPPLIED.

THE PRICES AND OTHER TERMS OF THE SECURITIES TO WHICH THIS MEMORANDUM RELATES HAVE BEEN DETERMINED BY NEGOTIATION BETWEEN THE COMPANY AND THE PLACEMENT AGENT AND ARE ARBITRARY IN THAT THEY DO NOT NECESSARILY BEAR ANY RELATIONSHIP TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY, OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

THIS MEMORANDUM SHOULD BE READ IN CONJUNCTION WITH THE EXHIBITS HERETO INCLUDING, AND, IN PARTICULAR, THE COMPANY'S FINANCIAL INFORMATION.

THIS OFFERING IS SUBJECT TO WITHDRAWAL, CANCELLATION OR MODIFICATION BY THE COMPANY OR THE PLACEMENT AGENT WITHOUT NOTICE. THE COMPANY AND THE PLACEMENT AGENT RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REJECT ANY SUBSCRIPTION, IN WHOLE OR IN PART, FOR ANY REASON, OR TO ALLOT TO ANY SUBSCRIBER LESS THAN THE NUMBER OF SECURITIES SUBSCRIBED FOR.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY OTHER THAN THE SECURITIES OFFERED HEREBY.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, INVESTMENT OR TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR PERSONAL ADVISORS AS TO LEGAL, INVESTMENT, TAX AND RELATED MATTERS CONCERNING AN INVESTMENT BY SUCH PROSPECTIVE INVESTORS IN THE COMPANY.

IT IS THE RESPONSIBILITY OF ANY PERSON WISHING TO PURCHASE THE SECURITIES TO SATISFY HIMSELF AS TO THE FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT JURISDICTION IN CONNECTION WITH ANY SUCH PURCHASES, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

1.4 JURISDICTIONAL NOTICES

NOTICE TO RESIDENTS OF ALL JURISDICTIONS

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES COMMISSION IN ANY JURISDICTION, OR ANY REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

1.5 INVESTOR SUITABILITY STANDARDS

THIS INVESTMENT IS, IN GENERAL, ONLY SUITABLE FOR PERSONS WHO ARE “ACCREDITED INVESTORS” AS DEFINED BELOW. THE COMPANY MAY, HOWEVER, MAKE EXCEPTIONS TO THIS SUITABILITY STANDARD AND PERMIT SALE TO PERSONS WHO ARE NOT ACCREDITED INVESTORS IF SUCH PERSONS (i) ARE NOT RESIDENTS OR CITIZENS OF THE U.S. AND (ii) ARE ABLE TO DEMONSTRATE THEIR FINANCIAL SOPHISTICATION TO THE SATISFACTION OF THE COMPANY.

THE TERM “ACCREDITED INVESTOR” MEANS ANY PERSON WHO COMES WITHIN ANY OF THE FOLLOWING CATEGORIES, OR WHO THE COMPANY REASONABLY BELIEVES COMES WITHIN ANY OF THE CATEGORIES, AT THE TIME OF THE SALE OF THE COMMON STOCK TO THAT PERSON:

1. ANY BANK AS DEFINED IN SECTION 3 (a) (2) OF THE ACT, OR ANY SAVINGS AND LOAN ASSOCIATION OR OTHER INSTITUTION AS DEFINED IN SECTION 3 (a) (5) (A) OF THE ACT WHETHER ACTING IN ITS INDIVIDUAL OR FIDUCIARY CAPACITY; ANY BROKER OR DEALER REGISTERED PURSUANT TO SECTION 15 OF THE SECURITIES EXCHANGE ACT OF 1934; ANY INSURANCE COMPANY AS DEFINED IN SECTION 2 (13) OF THE ACT; ANY INVESTMENT COMPANY REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940 OR A BUSINESS DEVELOPMENT COMPANY AS DEFINED IN SECTION 2 (a) (48) OF THAT ACT; ANY SMALL BUSINESS INVESTMENT COMPANY LICENSED BY THE U.S. SMALL BUSINESS ADMINISTRATION UNDER SECTION 301 (c) or (d) OF THE SMALL BUSINESS INVESTMENT ACT OF 1958; ANY PLAN ESTABLISHED AND MAINTAINED BY STATE, ITS POLITICAL SUBDIVISION OR ANY AGENCY OR INSTRUMENTALITY OF A STATE OR ITS POLITICAL SUBDIVISIONS, FOR THE BENEFIT OF ITS EMPLOYEES, IF SUCH PLAN HAS TOTAL ASSETS IN EXCESS OF US\$ 5,000,000; ANY EMPLOYEE BENEFIT PLAN WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 IF THE DECISION IS MADE BY A PLAN FIDUCIARY, AS DEFINED IN SECTION 3 (21) OF SUCH ACT, WHICH IS EITHER A BANK, SAVINGS AND LOAN ASSOCIATION, INSURANCE COMPANY, OR REGISTERED INVESTMENT ADVISER, OR IF THE EMPLOYEE BENEFIT PLAN HAS TOTAL ASSETS IN EXCESS OF US\$ 5,000,000 OR, IF A SELF-DIRECTED PLAN, WITH INVESTMENT DECISIONS MADE SOLELY BY PERSONS THAT ARE ACCREDITED INVESTORS;
2. ANY PRIVATE BUSINESS DEVELOPMENT COMPANY AS DEFINED IN SECTION 202 (a) 22 OF THE INVESTMENT ADVISERS ACT OF 1940;
3. ANY ORGANISATION DESCRIBED IN SECTION 501 (c) 3 OF THE INTERNAL REVENUE CODE, CORPORATION, MASSACHUSETTS OR SIMILAR BUSINESS TRUST, OR PARTNERSHIP, NOT FORMED FOR THE SPECIFIC PURPOSE OF ACQUIRING THE SECURITIES OFFERED, WITH TOTAL ASSETS IN EXCESS OF US\$ 5,000,000;
4. ANY DIRECTOR, EXECUTIVE OFFICER OR GENERAL PARTNER OF THE ISSUER OF THE SECURITIES BEING OFFERED OR SOLD, OR ANY DIRECTOR, EXECUTIVE OFFICER OR GENERAL PARTNER OF A GENERAL PARTNER OF THAT ISSUER;
5. ANY NATURAL PERSON WHOSE NET WORTH, OR JOINT NET WORTH WITH THAT PERSON’S SPOUSE, AT THE TIME OF HIS PURCHASE EXCEEDS US\$ 1,000,000;
6. ANY NATURAL PERSON WHO HAD AN INDIVIDUAL INCOME OF IN EXCESS OF US\$ 200,000 IN EACH OF THE TWO MOST RECENT YEARS OR JOINT INCOME WITH THAT PERSON’S SPOUSE IN EXCESS OF US\$ 300,000 IN EACH OF THOSE YEARS AND HAS A REASONABLE EXPECTATION OF REACHING THE SAME INCOME LEVEL IN THE CURRENT YEAR;
7. ANY TRUST, WITH TOTAL ASSETS IN EXCESS OF US\$ 5,000,000, NOT FORMED FOR THE SPECIFIC PURPOSE OF ACQUIRING THE SECURITIES OFFERED, WHOSE PURCHASE IS DIRECTED BY A SOPHISTICATED PERSON AS DESCRIBED IN RULE 506 (b) (2) (ii) AND
8. ANY ENTITY IN WHICH ALL OF THE EQUITY OWNERS ARE ACCREDITED INVESTORS.

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3 . EXECUTIVE SUMMARY

3.1 CONTACT

Any member of the financing group who wishes information about the Company should contact either the Placement Agent :

Investraders International Corporation

Rue du Rhône 116

1204 Geneva Switzerland

Phone : +41 227187979

Fax : +41 227187978

Mr Jean-Philippe MOLINA

Email : jeanphilippe@investraders.com

Or the Company

Name	Position	Daytime Phone	Home Phone
Dr. Daniel Mueller	President & CEO	+1-314-583-3161	+1-636-305-8922
Dr. William Coon	Exec. VP & Chief Operating Officer	+1-314-662-3485	+1-314-567-6609

3.2 TYPE OF BUSINESS

World Health Access, Inc. (WHA) is an international healthcare company whose primary focuses are:

Foreign Patient

Access: Provides patients from any country access to the finest hospitals in the world with its patented *Concierge® Service* (will include such activities as helping foreign patients purchase or prepare food in accordance with their culture, having a translator on-call 24 hours per day, meeting patients at the airport and transporting them to the hotel/hospital, or assisting accompanying family or friends with their shopping or entertainment needs). All patients will either prepay 100% of services or have their bills guaranteed by their government.



Stem Cell Operations: The initial phase (estimated at the first two years) of stem cell operations will focus primarily on the collection and storage of umbilical cord and placental stem cells. These cells will be maintained in special cell banks located in various countries around the world. During the second phase (after approximately two years), the Company plans to accrue revenues from the sale of cells samples to research labs for diagnostic tools. During the third phase, WHA intends to create revenues from cell therapies involving several human applications (global market estimated to be \$78 billion by 2010): cartilage, connective tissue (virtually every adult over 50 has deteriorating spinal discs), ligaments (injuries in the joints), skin (cancer or burn victims), and bone (may obviate the need for hip replacement operations).

These two primary areas of concentration will accrue ancillary benefits -- revenues will result from the sale of pharmaceuticals and equipment, healthcare consulting services, hospital management and training contracts, and catastrophic insurance network development.

After the current private placement is completed, WHA will begin the registration process as a prerequisite to its Initial Public Offering in late 2003.

3.3 COMPANY SUMMARY

WHA and its stem cell therapies will shape the ongoing evolution in international healthcare. Investors in WHA will find:

- 1) Skilled management team with significant operating, leadership, and healthcare domain experience (each with more than 20 years of experience). The top managers are entrepreneurs with proven track records, technical know-how, and vision.
- 2) Products and services targeted at high growth markets :[1] medical treatment for foreign patients in Europe and the US; and [2] innovative methods of cell therapies for humans and animals.
- 3) Intellectual property (patents from stem cell discoveries and the process patents from WHA's patient, billing, and payment flow models) that is coupled with a competitive value propositions.

The initial phase of stem cell operations will focus primarily on the collection and storage of umbilical cord and placental stem cells. These cells will be maintained in special cell banks located in various countries around the world. During the second phase, the stem cell division plans focus on research applications and create revenues from the sale of cells samples to research labs for diagnostic tools. During the long-term third phase, STEM CELL INTERNATIONAL intends to focus on therapeutic solutions to various diseases. Part of the Company's core strategy is to focus on stem cell areas that offer commercialization in a shorter period of time than those applications involving the central nervous system and other complex organs.

3.4 MANAGEMENT

The Company has an exceptionally experienced management team whose expertise and vision sets it apart from competitors and yields a strong competitive advantage.

The Company is directed by its six principles:

Daniel Mueller, PhD (age 56): President, CEO and Chairman of the Board

William Coon, PhD (age 54): Executive Vice President, Chief Operating Officer, and Secretary of the Board.

Astrid Agbajé (age 46): Senior Vice President for Global Business Development

John W. McDonald, III, PhD and MD (age 39), Senior Vice President for Stem Cell Operations

Sulaiman Al-Bassam (General, retired), MHA (age 48), Senior Vice President for business development in Middle Eastern and Asian markets.

Emmette Craft, MS (age 58) Senior Vice President for International Network Development for Preferred Provider Structure

3.5 KEY EMPLOYEES AND ADVISORS

World Health Access is fortunate to have many experienced experts in their field. Among them are:

Raúl Larrea (age 36), MBA, CPA, EMBA. Chief Financial Officer

Captain Jack W. Benecke (age 34) (US Army Ranger, retired), MBA, BS Systems Engineering, BS International Relations. Director, Office Operations

Annette Veech (age 44), PhD, MS. Director, Corporate Communications

Lorenzo D. Castro (age 42), MD, MBA, MA. Business Development, Latin America

Maged Hassan (age 47), MD, MBA. Director, Managed Care.

Advisor: Christopher Reeve (ex-Superman) – stem cell research

Advisor: John O'Neill (Global Finance Director, Monsanto Company) – international finance and taxation






Advisor: Steven Busch (Anheuser-Busch Company) – international brand management and negotiations

Advisor: Dr. Daniel Tegel (President, Breakthrough Performance Center) – employee training and motivation

Advisor: Dr. Mohammed Mufti (Surgeon General, Saudi Arabia) – patient referrals from the Middle East

3.6 PRODUCTS AND SERVICES

The patient processing portion of WHA will derive income from several areas of healthcare:

-  **International Patient Referrals:** Because WHA already has written agreements to send patients to over 4,100 hospitals at fixed prices, patients will be sent to institutions in North America, Europe, South America, or Asia, depending on their healthcare needs and their personal desires. All patients will either prepay their total estimated expenses or have these expenses guaranteed by their government or embassy. Currently, more than 160,000 international patients come to the United States seeking medical, surgical, behavioral, and dental treatment for various serious ailments (note: data from US Department of Commerce). The number of international patients seeking services in the US is growing each year. WHA's mission is to become the dominant player in this market within six years.
-  **Emergency Rescues and Evacuations via Air Ambulances:** The Company is currently negotiating to provide this service to the entire country of Saudi Arabia.
-  **Hospital Management and Training:** WHA will supply, via long-term contracts and on a cost-plus basis, top executives, medical professionals, and other hospital staff to hospitals or other medical institutions around the world. WHA will provide global customers with project planning and management, hospital administration and management, recruiting of physicians and other medical staff and feasibility studies for IT systems.
-  **Medical Equipment or Supplies:** Government entities or hospitals will contract with WHA for the supply of medical equipment (such as beds, MRI machines, or rehabilitation devices) or other medical supplies (such as pharmaceuticals).
-  **Catastrophic Health Insurance Policies:** WHA will provide its customer network to these insurance companies – in exchange, WHA will manage the treatment of the international patients covered by such policies.

The initial phase (estimated at the first two years) of stem cell operations will focus primarily on the collection and storage of umbilical cord and placental stem cells. These cells will be maintained in special cell banks located in various countries around the world. During the second phase (after approximately two years), the Company plans to accrue revenues from the sale of cells samples to research labs for diagnostic tools. During the third phase, WHA intends to create revenues from cell therapies involving several human applications (global market estimated to be \$78 billion by 2010): cartilage (virtually every adult over 50 has deteriorating spinal discs), ligaments (injuries in the joints), skin (cancer or burn victims), and bone (may obviate the need for hip replacement operations).

WHA plans to be the first company in the world to offer (1) umbilical cord and placental blood storage and (2) stem cell research directed at providing solutions to several key common human diseases. Blood banks will be established

in all regions of the world in order to assemble blood samples from many of the world's largest ethnic groups. Stem cell research laboratories will be concentrated in North America and Europe, but genetically typed stem cell supplies will be made available to physicians and patients throughout the world.

WHA's products and services are unique due to two reasons:

1. Our company is the only one in the world working on applications that can possibly yield profits in the next two years. Our choice of products is based on feasibility and profitability – all major competitors have chosen to work on products that will take at least five years to produce profits.
2. The experience of our management team is easily the most of any company in this industry. This strength will allow us to integrate that experience into new approaches to the marketing of our products.

3.7 COMPETITION

The Mayo Clinic (Minnesota), Johns Hopkins (near Washington, DC), the Cleveland Clinic (Ohio), and the MD Anderson Cancer Center (Texas) represent the primary competitors. These hospitals treat about 60% of the foreign patients coming to the US for care. Other players in the international healthcare market include: Massachusetts General (Boston), Methodist (Houston), Mercy (Miami), and Stanford Medical Center (near San Francisco).

None of these competitors emphasize the premium services inherent in WHA's concierge service. A second distinguishing factor is that none of these ventures are globally oriented in their business model – they all bring patients to one hospital. In contrast, WHA is able to send patients to the most appropriate location in Europe, North America, South America, and Asia.

Competitors in the stem cell area include companies from all over the globe: Geron, BresaGen, Aastrom Biosciences, ES Cell International, StemCells, Stem Cell Sciences, ReNeuron, Osiris, NeuroNova, Layton BioScience, and others. Virtually all of these firms focus on applications of the central nervous system – these solutions might be 5-20 years away. WHA's medical director, Dr. McDonald, recently became the first physician in the world to receive permission for human clinical trials.

3.8 FUNDS REQUESTED IN THE PRIVATE PLACEMENT

WHA is currently seeking \$22-million in equity funds for the operations of the stem cell research laboratory and the patient access division.

Phase	Share Price	Company Valuation
Phase I		
Hire key personnel for stem cell lab and patient access program.		
Complete Business Plan	\$1.00	\$25,000,000
Computerize patient access processing model.		
Form relationships with preferred providers network (hospitals).		
Phase II		
Obtain first patient access contracts.		
Secure written agreements with preferred providers.		
Sign distribution agreement for first rehab product.		
Commence discussions with foreign governments for sale of pharmaceuticals and equipment.	\$2.00	\$50,000,000
Identify near-term opportunities for healthcare consulting contracts.		
Initiate discussions with catastrophic insurance network providers.		
Complete product-marketing plan for stem cell blood banks.		
Complete layout of stem cell research lab designs		

World Health Access : Private Placement

Registered Office and Headquarters: 2309 Divot Drive, Saint Louis, Missouri 19801-1151 Phone Number : +1-314-803-2448

Phase III

Place initial lab equipment orders

Develop functional corporate website

Complete first 5,000 entries of physician/hospital database.

Design and implement patient revenue collection software.

Finalize rehab equipment marketing plan. \$3.50 \$87,500,000

Obtain first healthcare consulting contract.

Conclude selection of prime catastrophic insurance network providers.

Complete blood bank designs and place equipment orders.

Commence first ES research line

Identify market opportunities for ES applications for animals.

Phase IV

Obtain two new patient access contracts.

Implement first consulting contract.

Compile 1,000-sample blood sample inventory. \$5.00 \$125,000,000

Successfully conclude first ES clinical trials.

Startup remaining ES research lines.

First shipments of stem cells to research labs.

Phase V

Provide network access for first 500 patients.

Add two medical equipment products for distribution.

Secure two new consulting contracts.

Announce first successful stem cell clinical trials. \$7.00 \$175,000,000

Apply to US FDA for human stem cell trial approvals.

Compile 2,500-sample blood sample inventory.

Admit first catastrophic insurance patient to program.

A second round of financing is planned before the end of 2003,

3.9 USE OF PROCEEDS

The Company intends to use the net funds (approximately 19 million after brokerage commissions) to hire personnel, implement the initial patient treatment contracts, and to commence the stem cell research projects. The expenditures specified below will generate positive cash flow as a result of its fulfillment of processing international patients and its sales of stem cell samples to research programs worldwide during the first two years of full-scale operation):

	Year 1	Year 2
Sales & Marketing	\$ 2,711,000	\$ 3,779,000
Stem Cell R&D	5,279,000	7,170,000
Management	1,042,000	1,245,000
Finance	598,000	711,000
Computer & IS	346,000	554,000
Administration	1,257,000	1,319,000
TOTAL	\$11,233,000	\$14,778,000

3.10 EXIT

There are few possible ways for the investor to return its investment:

Going IPO with the Company: The shares will be quoted on the stock exchange and can be sold easily. The plus-value is realized, at time of the shares selling or part of the shares, if the quotation is higher than the price of the subscription.

Repurchase of the Investment by a New Investor: Part of the shares of the Company are transferred to the new investor. The plus-value is realized if the price offered by this purchaser is higher than subscription price.

Sale of the Company: All shares of the Company are transferred to the purchaser. The plus-value is equal to the difference between the price of the subscription and the price offered by the purchaser.

4 . COMPANY OVERVIEW

4.1 GENERAL

World Health Acces Inc. was incorporated in the state of Missouri, USA, on January the 28th, 2002, under Incorporation Number 00504977. The Company's US Federal Identification Number (IRS) is 71-0864427

The Company's principal offices are located in Saint Louis, Missouri, USA (2309 Divot Drive). The primary phone number is 314-803-2448.

Stem Cells International, Inc., a wholly owed subsidiary, was incorporated in the state of Missouri, USA, on January the 28th, 2002, under Incorporation Number 00504999. The Company's US Federal Identification Number (IRS) is 7085-4425

The Company expects to establish sales offices in China (Shanghai and Hong Kong), Singapore, Saudi Arabia (Riyadh), Switzerland (Geneva), Germany (Frankfurt), Brazil (São Paulo), and additional US offices in California (Los Angeles), and Washington, DC.

4.2 NATURE OF THE BUSINESS

World Health Access has two principle business operations:

- ✦ **PATIENT ACCESS:** The Company (1) provides access to patients from any country to the finest medical facilities in Europe and the United States; (2) distributes very specialized rehabilitation equipment and pharmaceuticals to foreign governments and hospitals; (3) provides consultation and management training to foreign hospitals; and (4) handles patients from catastrophic insurance companies.
- ✦ **STEM CELL OPERATIONS:** It is expected that this division will (1) create a global network of stem cell storage banks; (2) develop and sell genetically-typed stem cell samples to research labs, (3) conduct research on the high profit margin applications of stem cells therapies for human and animal diseases.

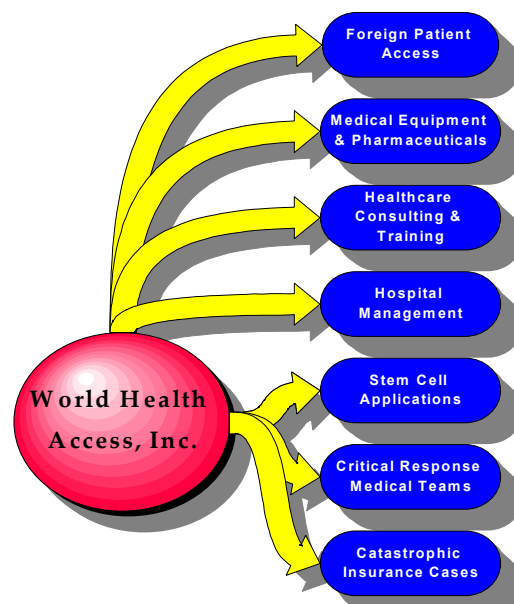
4.2.1 Patient Access Operations

WHA is a globally oriented company whose objective is to provide premium healthcare to patients from any country and any cultural background. WHA's number one goal is to maximize stockholder's equity by creating loyal customers who repeatedly use the services offered by the Company.

The Company also plans to be the first global portal for patients with complex medical needs seeking treatment in the finest hospitals of the United States. WHA's Concierge service will assist many of the estimated 160,000 foreign patients as they deal with issues of diagnosis, treatment, and post-operative care. The Company will provide easy access for international physicians and individuals seeking medical care and services in worldwide centers of excellence.

What Will Be the Sources of Income? The revenue streams of the Company will include:

- ✦ **International Patient Healthcare:** Currently, over 160,000 international patients come to the United States seeking medical, surgical, behavioral, and dental treatment for various serious ailments. The number of international patients seeking services in the US is growing each year. WHA's mission is to become the dominant player in this market within six years.
- ✦ **Medical Consultations and Foreign Hospital Training and Management:** WHA will provide global customers with project planning and management, hospital administration and management, recruiting of physicians and other



medical staff and feasibility studies for IT systems (such as managed pharmaceutical networks).

- **Critical Response Teams for Biological/Chemical Terrorism:** WHA has the capability to supply medical teams to any country requesting assistance with victims of biological/chemical terrorist attacks.
- **Catastrophic Health Insurance Policies and Patients:** WHA will provide its customer network to these insurance companies – in exchange, WHA will manage the treatment of the international patients covered by such policies.
- **Commissions from Pharmaceutical Companies:** When appropriate, WHA will arrange purchasing agreement between certain international pharmaceutical companies and other interested international parties, such as governments, hospitals, and military organizations.
- **Sale of Medical Equipment:** WHA will contract with several manufacturers of medical equipment to sell these items to WHA's foreign markets.

One of the major advantages that WHA will have over any competitor will be the thoroughness of the personalized care offered to each patient. The Company's unique concierge service will afford each international patient a high level of peace-of-mind unmatched by the competition. Translation services, private hotel rooms, flexible payment plans, specialized diagnosis and care, and professional follow-up comprise the standard treatment for any client.

4.2.2 Stem Cell International

The initial phase (estimated at the first two years) of stem cell operations will focus primarily on the collection and storage of umbilical cord and placental stem cells. These stem cells will be maintained in special cell banks located in various countries. During the second phase (after approximately two years), the Company plans to accrue revenues from the sale of cells samples to research labs for diagnostic tools. During the third phase, WHA intends to create revenues from cell therapies involving several human applications (global market estimated to be \$78 billion by 2010): cartilage (virtually every adult over 50 has deteriorating spinal discs), ligaments (injuries in the joints), skin (cancer or burn victims), and bone (may obviate the need for hip replacement operations).

The division plans to be the first company in the world to offer (1) umbilical cord and placental blood storage and (2) stem cell research directed at providing solutions to several key common human diseases. Blood banks will be established in all regions of the world in order to assemble blood samples from many of the world's largest ethnic groups. Stem cell research laboratories will be concentrated in North America and Europe, but genetically typed stem cell supplies will be made available to physicians and patients throughout the world.

The September 5, 2001 issue of *Pharmaceutical Business News* reprinted a report by the Jain PharmaBiotech firm (Basel, Switzerland) that estimated the **worldwide stem cell therapies (human and animal) market to be \$78-billion by 2010**. In addition, we expect the revenues from sales to research labs to be equal to at least \$20 billion by that time.

A different estimate of market size was given in the October 5, 2000 edition of the *London Evening Standard*: "Therapies and products from human stem cells are projected to be a \$6-billion market by 2010." This figure does not include animal therapies or sales of stem cells to research labs.

What Will Be the Sources of Income? The revenue streams of the Company will include:

- **Placental and Umbilical Stem Cell Storage Fees:** Many mothers and physicians will insist on cryogenically storing the stem cells held in each newborn baby's umbilical cord and placenta. STEM CELL INTERNATIONAL facilities will have the capability to store such samples for the lifetime of each baby, thus offering an "insurance policy" against many diseases that affect today's humans. The Company will charge a one-time fee for initial processing of the blood sample and recurring annual storage fees.
- **Sales of Stem Cells to Institutions Requiring Supplies of Genetically-Types Cells for Purposes of Research:** Researchers need homogeneous cell lines for toxicology and other research purposes. Revenues from this market segment could account for five times the revenues accrued from the human applications segment.
- **Intellectual Property – Cell Processing:** STEM CELL INTERNATIONAL plans to acquire patents from its research and laboratory work involving stem cells. Companies around the world will pay royalties to STEM CELL INTERNATIONAL for use of its applications patent(s).

4.3 UNIQUENESS

4.3.1 Patient Referral Operations

World Health Access will be the world's only healthcare company to provide its premium level of patient service on a global scale – all of the competition operate using the concept of sending all foreign patients to one hospital. WHA plans to use at least twenty hospitals in Europe and the Americas for its patients. These customers traditionally spend more money and pay a larger portion of their medical bills than do domestic patients. **Massachusetts General Hospital** reported in 2000 that while patients from foreign countries accounted for only 2% of their in-patient population, they accounted for more than **20% of their operating profits!** The New York Times reported in July 2001 that foreign patients spend, on average, **20% more** than domestic patients, even after taking into account the cost of additional services they receive.”

A second unique feature of WHA's business model is that its customers, the international patient, will either prepay his/her estimated physician and hospital expenses or else have those expenses guaranteed by a government entity, such as the patient's embassy or military service.

All of WHA's competitors operate in the high cost areas of New York City, Washington, DC, and Los Angeles. The breadth of WHA's hospital network allows us to send patients to outstanding physicians in lower cost areas such as Nebraska, northern Florida, Alabama, and Oregon. These savings will translate into higher profit margins for WHA.

Finally, financiers and investors should understand that WHA's management and administrative and scientific personnel are comprised of high-energy, entrepreneurial, and globally oriented individuals with an impatience for delivering these dramatic medical solutions to patients worldwide. There is no competing firm in the world today that sends patients to a hospital network as diversified as that of World Health Access. WHA will make generous profits while creating loyal and satisfied customers.

4.3.2 Stem Cell International

Instead of the traditional medical therapies with chemical techniques (which may or may not be reimbursed by insurance companies), STEM CELL INTERNATIONAL will offer patients the advantages of gene and cell therapies as solutions to complex human conditions. The Company expects most insurance policies would cover STEM CELL INTERNATIONAL treatments proven effective.

A second competitive advantage for Stem Cell International has distinct cash flow implications: STEM CELL INTERNATIONAL's scientists will focus on near-term (e.g. of the potential applications, those that are most accomplishable that STEM CELL INTERNATIONAL believes will be treatment of disc disease, joint/cartilage disease and skin aging) applications of stem cell research, rather than the long-term (10-30 years or more; e.g. for diseases of the brain and central nervous system) projects.

The division will also perform genetic typing of umbilical cord stem cell samples. While not currently part of the competition's testing regimen, STEM CELL INTERNATIONAL's genetic typing program will provide donors with real-time genetic disease information.

4.4 BUSINESS HISTORY

The Company has not yet commenced operations. Dr. Mueller started building the personnel infrastructure two years ago when he heard Dr. Coon deliver a lecture on Global Management to global executives of the World Trade Center of Saint Louis. The two began regular meetings to discuss the organization and profit centers of a new international healthcare venture.

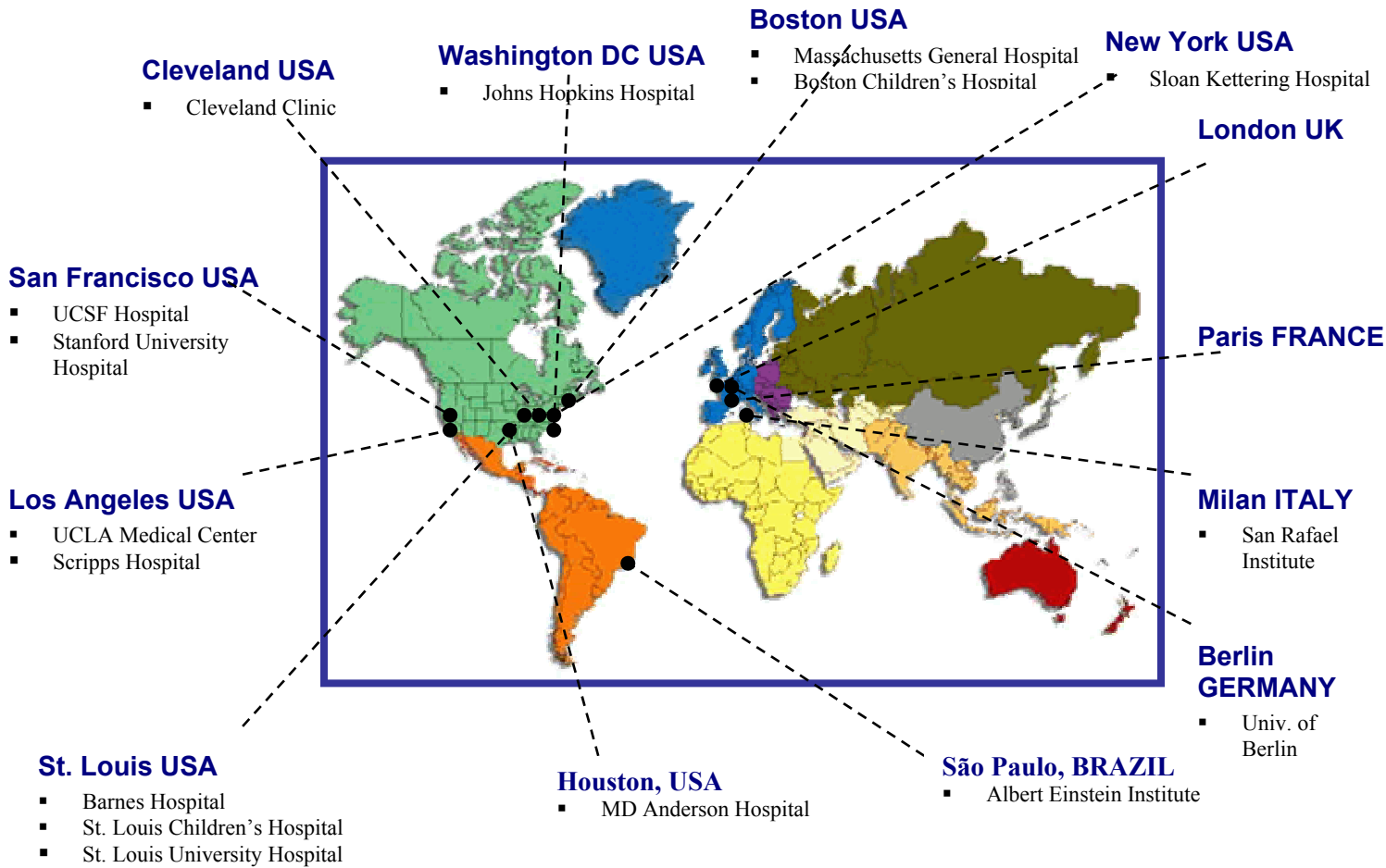
Several key employees worked with Dr. Mueller at the Washington University Medical Center International offices: Ms. Agbajé was his director of global business development and Mr. Craft served as his vice president of network development. All of these employees had dealings with Gen Al-Bassam in his capacity of Medical Attaché at the Saudi Arabian embassy in Washington.

Mr. Larrea, the CFO, and Captain Benecke, the Director of Operations, received the MBA degrees at Washington University and became acquainted with Dr. Coon. Dr. Veech also teaches graduate business

World Health Access : Private Placement

Registered Office and Headquarters: 2309 Divot Drive, Saint Louis, Missouri 19801-1151 Phone Number : +1-314-803-2448

communications courses at Washington University. Mr. Bañez, the CIO, directed the computer facilities at the university's Olin Business School.



4.5 COMPONENTS OF WHA'S COMPUTERIZED STRUCTURE

Software

The following software programs are available for utilization: Goldmine 5.5 (patient demographic management), MS Access 2000 (database management), MS Word 2000 (word processing), MS Excel 2000 (spreadsheets), MS PowerPoint 2000 (presentations), Visio Professional XP (graphics), Snapgraphics 2.0 (graphics), and GroupWise 6.0 (enhanced communication over intranets, extranets, and the Internet).

Office Computer Hardware

Office Workstations: The Saint Louis (USA) office will have approximately eight workstations that are networked via Novell NetWare. Workstations will be powered by Intel or AMD processors that will operate a Windows OS. Dell or IBM machines provide well-designed workstations as well as excellent customer support. Workstations will be provided to all who do not rely on laptops as their main computer. A full complement of office software will be installed.

Minimum Requirements:

- Intel or AMD Processors
- 512 Megs of Ram
- 40 gig Hard Drives
- DVD/CD/CD-RW Drives
- 17 Inch Monitors (LCD or Analog)

Servers: The heart of our system will consist of four servers. Dedicated to maintaining our databases, email, programs, accounts and security for WHA.

Minimum specs:

- Dual Xeon Processors
- 2-4 gigs of RAM each
- RAID setup or Storage servers
- Fiber optic backbones
- Cisco switches and routers
- Rack setup
- Tape backup system

Laptop Computers: Laptop computers will be required by those personnel who travel extensively. For employees who require the use of a laptop computer, they have a few choices:

- **Dell Inspiron** 8200
- **Dell Precision** Workstation M40
- **IBM ThinkPad** Series T

All three of the laptops will serve the needs of any executive or manager who needs to work while away from the office. They also offer unique features that make them able to perform the tasks and uses of a desktop. These laptops are also able to connect to any network or internet connection in any country.

Office Communication Devices

Cellular Phones: World Health Access Inc. will utilize the communications capabilities of Tri-Band cellular phones. At the present time, Tri-Band World phones through *VoiceStream* offer the best prices and world-wide flexibility for the needs of our executives. WHA personnel will use one of the following Tri-Band (for use in virtually any country in the world) models:

- Ericsson T68 World Phone
- Samsung Q105 Dual-Band World Phone
- Motorola P280

Any one of these multiple-band cellular phones will serve the needs of an WHA employee who needs to communicate in the United States or abroad.

Personal Data Assistants (PDA's): Personal Data Assistants will need to be used by WHA personnel when the transportation of a laptop is not needed. PDA's will be used by WHA for everyday use at home or abroad. They feature many of the features of a larger computer in a compact size. The PDA's which will be used by WHA are as follows:

- Compaq iPAQ 3835 Pocket PC
- Palm i705 Wireless PDA

These PDA's offer the best features that are offered in this market. With the addition of optional equipment, these PDA's can connect to the Internet, transfer data wirelessly, and be used as a cellular phone.

Office Desk Telephones: Norstar, thru SBC Communications, is a fully featured, *digital telephone system* you can use effectively without extensive training. Its modular design lets us easily increase the size of our system and add new features as soon as they become available. This system offers the most advanced features and most upgradeability of an office communications system.

5 . OBJECTIVES

The primary objectives of our organization are to:

1. Be the first company to develop international umbilical cord stem cell banking and genotyping, developing and providing unique sources of human stem cells for research, and to develop new stem cell therapies for humans in the areas of bone, skin, cartilage, and ligament disease.
2. Grow into the world's largest portal for foreign hospitals, physicians, insurance companies, and government branches seeking access into US medical facilities for their international patients. World Health Access will achieve this status by fully exploiting the first-mover competitive advantages and the efficiencies of Web-based technologies.
3. Show a positive net income by the end of year two – sustain a minimum of 50% per annum increases in profits and every year thereafter.
4. Complete an IPO for the Company within the first two years after the closing of this financing.

6 . MARKET ANALYSIS

6.1 FOREIGN PATIENT ACCESS

The United States Department of Commerce, in their *Survey of Business* of July 1999, estimated the number of international patients seeking healthcare in the United States to exceed 160,000 in 2001. As the population of the major countries of the world continues to age, this trend of rapid growth in the number of international patients will continue. The World Bank and the United Nations expect annual growth of foreign patients traveling to the US for medical treatment to exceed 12% for the next ten years.

The Company's target markets include foreign governments, insurance companies, medical institutions, military groups, and corporations seeking improved healthcare for their employees. The Company's target countries are illustrated in Table 1.

Table 1: Target Markets

Region	Primary	Secondary
EUROPE	United Kingdom	Netherlands
	Germany	All of Eastern Europe
	Spain	
	Italy	
ASIA-PACIFIC	China	New Zealand
	Australia	Malaysia
	Hong Kong	Taiwan
	Taiwan	Philippines
		Indonesia
LATIN AMERICA	Argentina	Colombia
	Brazil	Ecuador
	Mexico	Uruguay
	Chile	Venezuela
		Peru
NORTH AMERICA	Canada	
MIDDLE EAST	Saudi Arabia	Bahrain
	UAE	Qatar
	Kuwait	

6.1.1 The Market

Since the early 1990s, major medical institutions in the US have initiated clinical care programs designed to attract international patients to the United States. In a recent Commerce Department report, it was stated that 68,000 foreign patients came to the US for their care in 1987, resulting in revenues of about \$1.7 billion for health providers in the United States. By 1997, that figure reached 138,000 foreign patients who spent about \$4.5 billion dollars on their healthcare. Most payments are in advance of any treatment. By 2000, that market should amount to almost \$8 billion.

While some medical institutions have greater reputations than others (i.e., the Mayo Clinic), foreign patients and physicians continue to seek easier access to care based on the needs of the patients and their physicians. The global patient care market is looking for a medical organization that is primarily structured to handle the patient's cultural and religious perspectives. At the present time, US medical institutions are focused only on the "bottom line" and not on the patient's needs or desires. World Health Access will take care of all of these issues.

The Company has an enhanced opportunity to provide its healthcare services to certain fast-growing economies that currently have inadequate care facilities. The table below pinpoints these conditions.

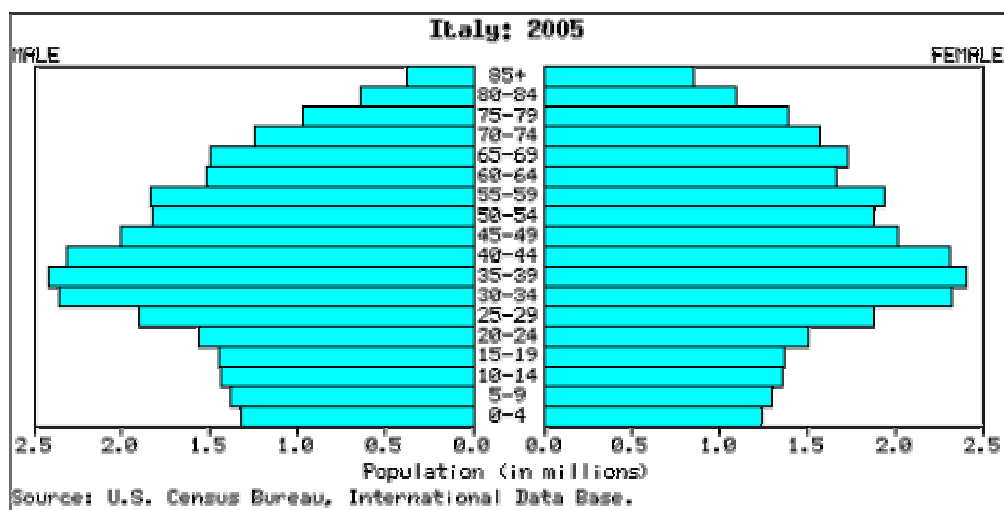
Table 2: Major Global Epidemiology Trends

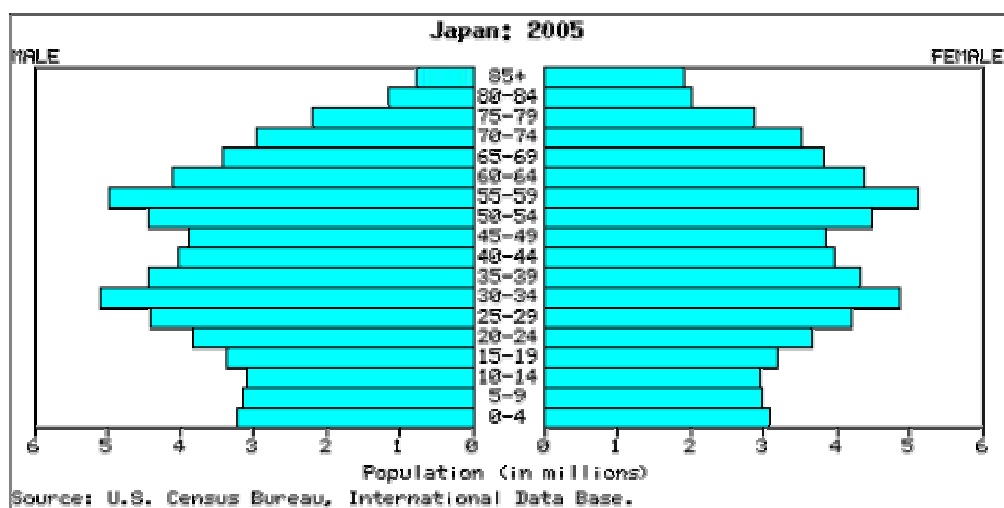
Region	Key Medical Issues	Market Situation
Mexico & Latin America	Many infectious and digestive diseases; lung, stomach, and prostate cancer in men; breast cancer in women; sexually transmitted diseases.	Growing affluent class can afford to pay for treatment abroad. Initial targets: Chile, Argentina, Brazil, and Mexico.
Middle East	Genetic diseases (congenital malformations); heart disease; cancer; lymphoma; asthma; cystic fibrosis; childhood leukemia.	Persian Gulf governments guarantee medical care for every citizen Prefers to send citizens abroad for treatment. Sizable wealthy population can afford to pay for the best care in the world.
Asia	Cancer; coronary diseases; childhood asthma (Malaysia); geriatric diseases.	Even though countries try to build their own medical infrastructure, wealthy populations in all East and SE Asian countries can be tapped.
Europe	Mental illness; lung, breast, and cervical cancer; sexually transmitted diseases, especially AIDS; heart disease.	Even with some great medical facilities available, some Europeans still turn to US for treatment of complex ailments. Several insurance policies cover treatment in the US.

The volume of international patients seeking treatment in the US is increasing. The number of potential patients who will choose to go abroad for treatment is determined by:

- 1) The number of wealthy individuals who are not price-sensitive; many patients pay full charges in cash.
- 2) The population's age distribution (see charts that follow): older age groups require greater amounts of medical care.
- 3) The size of the country's total population.
- 4) The quality and size of the local medical infrastructure.
- 5) Citizens' confidence in the quality of services in US and other Western hospitals.

Examples of the Aging Populations of Key Countries





International patients' choice of healthcare institutions is determined by the superior quality services and the marketing strategies of the care provider. Key success factors for World Health Access will be:

- ❖ **Referral network based on the reputations of our institutions:** Physicians in the home country usually make treatment center choices for their patients; these doctors react favorably to superlative reputations in treating specific complex maladies, such as heart surgery or lung reduction.
- ❖ **Referral network based on site of local physician's post-graduate training:** Doctors feel a strong allegiance to the medical institution that provided them the opportunity to complete their residency or fellowship.
- ❖ **Insurance arrangements:** Governments in many developing countries that are deficient in healthcare facilities often contract with foreign medical providers for care of their citizens. The table below illustrates the level of insurance coverage in certain Asian countries.

World's Population Aging Fast

The **world's population is aging rapidly** with the percentage of people over 60 expected to double in the next 50 years.

The older population is itself aging, and currently the oldest of the old — the group 80 or older — is the fastest growing. Twelve percent of people who have lived beyond 60 are 80 or older, according to a U.N. Population Division study.

Table 3: Medical Insurance Coverage in Asia

	Indonesia	China	South Korea	Taiwan
Portion of population covered	2%	20-25%	95%	100%
Sources of Insurance Funding	Mostly private employers	Government and industry-led labor insurance schemes	Central government: Korea Health Insurance Agency	National Health Insurance Bureau; employers pay 70% of premium.

- ❖ **Price of Treatment:** The price of medical services may be a significant factor in determining the choice of a healthcare institution.

- ❖ **Marketing:** Due to the large cultural differences between the US and other countries, and to the paucity of information on service quality and outcomes, aggressive marketing to the Company's target countries is crucial for building awareness of World Health Access.
- ❖ **Friendly Environment and Convenient Services:** International patients usually are concerned about the availability of translators, the adequacy of hotel lodging, restaurants, and the institution's sensitivity to particular ethnic, cultural, religious, and dietary preferences.

World Health Access will create a network consisting of approximately 4,100 leading medical institutions in the US and Europe to care for the international patients. For the past 10 years, the number of international patients seeking care in the United States has steadily risen – healthcare in the US is perceived by most foreigners to be the best in the world. In addition, annual outcome measures for clinical quality and effectiveness continue to support this notion: US hospitals provide the best medical care.

A problem with this is that foreign patients and physicians can access this quality care only through the personal contacts of the local physician or through news releases that identify an American hospital's particular expertise. A combination of personal relationships with government and hospital officials and physicians, combined with Internet linkages, will allow global patients to access the healthcare programs of World Health Access (many customers will do this just to obtain a second opinion on their health status).

6.1.2 Competition

The Mayo Clinic (Minnesota), Johns Hopkins (near Washington, DC), the Cleveland Clinic (Ohio), and the MD Anderson Cancer Center (Texas) represent the primary competitors. These hospitals treat about 60% of the foreign patients coming to the US for care. Other players in the international healthcare market include: Massachusetts General (Boston), Methodist (Houston), Mercy (Miami), and Stanford Medical Center (near San Francisco).

Table 4 provides the salient features of these competitive programs:

Table 4: Features of Competitive Programs

Competitor	Location	Features
Johns Hopkins	Maryland (Washington DC)	<ul style="list-style-type: none"> ▶ Specialties are heart patients and war casualties. ▶ Maintains marketing office in DC to reach foreign diplomats. ▶ Uses full-page ads in key magazines (e.g., Al Mufta in Saudi Arabia with 60,000 Visa Gold Card Holders).
Mayo Clinic	Minnesota	<ul style="list-style-type: none"> ▶ Also advertise in Al Mufta. ▶ Offices in South America; employees call on hospitals.
Massachusetts General	Boston	<ul style="list-style-type: none"> ▶ Employee-agents who call on hospitals and educational institutions in Latin America and Europe. ▶ Active international program for many years.
Methodist Hospital	Houston	<ul style="list-style-type: none"> ▶ Primary targets are Arab countries; built a small mosque in its hospital.
Mercy Hospital	Miami	<ul style="list-style-type: none"> ▶ Offers \$5,000 tourism deals with each visit.
St. Louis University Hospital	St. Louis	<ul style="list-style-type: none"> ▶ Active program. ▶ Sends physicians to Greek hospitals.

WHA Health Service's advantage is its ability to contract with each of these institutions to provide medical care for the foreign patient. We will offer ease of access to the international patient after a clinical diagnosis is made using our care management services. Subsequently, the patient will be scheduled for clinical treatment and follow-up. World Health Access will manage all aspects on the patient's care.

There are two Internet-based healthcare companies who concentrate on US businesses. Each is described below:

- **Healtheon Corporation (HLTH):** Healtheon leverages the power of the Internet to connect participants and automate workflows throughout the healthcare delivery process. Using its WebPages, the company brings together the major constituents in healthcare, including providers, payers, employers, laboratories, pharmacies, and consumers. Its “Grand Vision” is to use the Internet to “solve” one of healthcare’s biggest problems – the inefficient communication of billions of transactions.

The firm has three types of revenues: transactions, outsourcing services, and developments projects. These accounted for 50%, 35%, and 10% of revenues in 1999, respectively, and should evolve to a steady-state mix of 80%, 10%, and 10%.

Healtheon has embarked on a time-tested method of achieving industry dominance:

1. Form strategic partnerships among key user groups (healthcare entities);
2. Acquire well-positioned traditional technology businesses in healthcare and transform them by leveraging superior Internet-based technologies;
3. Expand nationally (not globally), on a region-by-region basis, acknowledging that healthcare communication needs are primarily regional in nature; and
4. Establish a usage-based subscription model to lower the financial barriers for technology adoption.

Healtheon’s vision is grand, and with the acquisition of WebMD and MedCast, it is expanding. While the company is assembling a strong list of partners, it is also assembling several different immature and untested business models – including its own. This presents significant execution challenges for any company.

Healtheon is currently dependent on a handful of major partners/customers, a factor that leads to a high concentration of revenues – its top four customers currently represent more than 50% of total revenues. Healtheon has a market capitalization of about \$4.5 billion.

- **EMed Technologies:** eMed offers a Web-based medical imaging management and distribution system that enables physicians, radiologists, technicians, and other professionals in the healthcare industry to capture, store, and transmit medical images such as X-rays, MRIs, and ultrasounds. The company was spun off from Raytheon Corporation and is a private company.

EMed has a \$22.5 million revenue run-rate with gross margins increasing year over year. The company has raised more than \$26.5 million from investors including Bessemer Venture Partners, Delphi Ventures, Bedrock Capital Partners, and Pacific Venture Group.

The company enables imaging workflow for nearly 30,000 radiologists, 740,000 physicians, and 7,800 hospital and imaging centers. They offer two principal products:

1. *FrameWave Web*: lets customers manage and distribute medical images and related information over the Internet.
2. *EMed Web*: a Website development and hosting service through which eMed can establish and manage co-branded sites.

- **Pinnacle Care International (Baltimore).** Pinnacle Care International is a company in Baltimore, Maryland (USA) that sells annual memberships for a minimum of \$5000 and a maximum of \$10000 to individuals. When this individual needs an operations, Pinnacle Care will tell them which physician to use. They do not provide help in any other way: no financing, no negotiation of the prices, no drivers, no interpreters, no help with the family members. Pinnacle Care will actually supply patients to WHA. In a small way, they are a competitor, but they will send us more patients than they will take away.

The tables below illustrate how WHA's service compares to the major competition in several key areas:

Table 5: Performance of Key Competitors

	Mayo Clinic	Cleveland Clinic	Johns Hopkins
Estimated 1999 Sales (\$ millions)	300	105	210
Number of International Patients	10,000	3,500	7,000
Estimated Share of Market	14.7%	5.1%	10.3%
Estimated Advertising Budget (\$ millions)	3	3	5

Source: Company estimates.

Table 6: Rank of Competitors (1 = Weak to 5 = Strong)

	Mayo Clinic	Cleveland Clinic	Johns Hopkins
Breadth of Service	5	3	3
Quality of Service	5	4	3
Internet Technology	5	3	4
Advertising Effectiveness	4	3	2
Sales Force Effectiveness	4	3	2
Reputation	5	5	5
Future Potential	4	3	2
Seriousness of Competition	5	4	3
Quality of Top Management	4	3	2
Quality of Care Managers	4	3	4
Responsiveness	4	4	2
24/7 Support	4	3	3
Greatest Strength	Name recognition	Heart program	Location
Greatest Weakness	Inability to handle future demand	Name recognition	Weak management

6.1.3 Strengths

In terms of service strength, World Health Access has several distinct advantages over the competition. First is its marked advancement in the degree of personalized care inherent in our concierge program. Customers will be offered a wide range of healthcare options, such as location, and the timing of their care. Communication and patient follow-up will be performed efficiently using the latest Internet technologies.

In marketing, our most powerful assets might be the professional depth of our management team. Each of the top managers has distinguished him or her in the business world. Most of the Company's employees have spent many productive years in the international healthcare market. Virtually all of the management team has attained the highest academic level in their specialized field.

In the corporate arena, World Health Access is supported by its business relationships with our key corporate partners and certain governments around the world. These relationships will be nurtured and maintained.

6.1.4 Weaknesses

In any industry where the barriers to entry are low, the Company faces the prospect of future competitors entering this industry at any time. However, they will quickly realize that international business depends greatly on the depth of relationships created – the management of World Health Access has been solidifying its relationships for many years.

One marketplace disadvantage might in our first-mover position. The Company might incur problems currently unforeseen by management. However, the Firm believes use of Internet technologies coupled with this first-mover position will prove to be a powerful competitive advantage over our competition.

Possible environmental threats might include a declining world economy or the imposition of trade barriers.

6.1.5 Opportunities

World Health Access plans to aggressively exploit the rapid growth rate of the international healthcare market. Additionally, the Company will pursue the profit opportunities in the following services:

1. Medical supplies and equipment – an auction site will be available on the Web for this purpose.
2. Emergency medical evacuations
3. Healthcare consultations
4. Pharmaceutical services
5. Second opinions by physicians
6. Extended care management (care after the primary treatment)

Barriers to Trade in International Healthcare Services: The expansion of American healthcare services into global markets is challenged by a host of complex barriers. Among the most challenging is the method and availability of healthcare financing in other regions of the world. The demands on governmental and private funding for healthcare infrastructure projects far exceed the amount needed to initiate many of the required projects. The availability of grants and low-cost loans would provide a much-needed stimulus to many of these regions.

The existence of private healthcare insurance is another important factor. Research has shown that when governments, such as Brazil, allow private insurance, the climate for private investment in the private healthcare sector opens and expands as well. For this reason, the liberalization of insurance markets around the world would assist local medical institutions to recommend travel to the US for healthcare.

Opportunities to Overcome Barriers: Perhaps the greatest opportunity for the expansion of trade for the US healthcare industry lies in synergies that are created with telecommunications and Internet technology companies. These tools tend to minimize the geographic barriers to trade. An example of this is the partnership that Johns Hopkins recently made with Lucent Technologies – developing a global Internet network allows the virtual expansion of healthcare services throughout the world.

6.2 STEM CELLS

The initial phase (estimated at the first two years) of stem cell operations will focus primarily on the collection and storage of umbilical cord and placental stem cells. These cells will be maintained in special cell banks located in various countries. During the second phase (after approximately two years), the Company plans to develop stem cell applications for research and accrue revenues from the sale of cells samples to research labs. During the third phase, WHA intends to develop stem cell therapies involving several human applications and create a revenue stream from such therapeutic applications (global market estimated to be \$78 billion by 2010): cartilage (virtually every adult over

50 has deteriorating spinal discs), ligaments (injuries in the joints), skin (cancer or burn victims), and bone (may obviate the need for hip replacement operations).

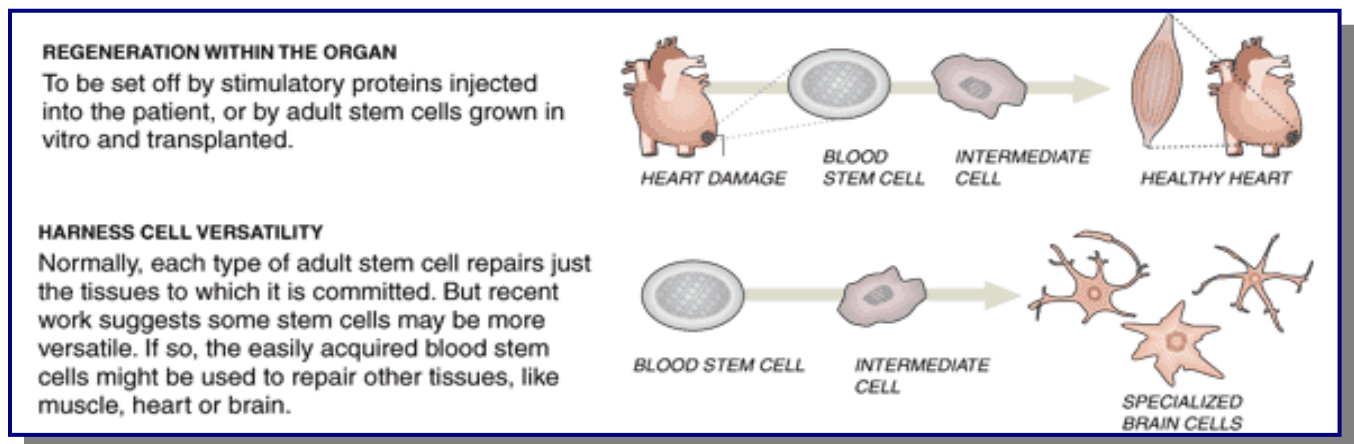
WHA plans to be the first company in the world to offer (1) umbilical cord and placental blood banking, (2) stem cell based research tools to laboratories, and (3) stem cell research directed at providing solutions to several key common human diseases. Blood banks will be established in all regions of the world in order to assemble blood samples from many of the world's largest ethnic groups. Stem cell research laboratories will be concentrated in North America and Europe, but genetically typed stem cell supplies will be made available to physicians and patients throughout the world.

According a 2001 stem cell market report (*Cell Therapy – Technologies and Commercial Opportunities*, by Jain PharmaBiotech, Blaesiring 7, Basel, Switzerland) the total value of the cell-based markets is estimated to be **\$32-billion in 2005 and \$78-billion in 2010**. The current restriction on developing new stem-cell lines in the US may have temporarily set back the share values of stem-cell companies, as has a general slide in biotechnology. But this will not have any negative long-term effect on the world-wide markets, as stem-cell research continues in Europe, the United States, and other countries such as Australia.

As a private company unaffected by US government funding restrictions, STEM CELL INTERNATIONAL intends to be a major player in this rapidly growing new market. Whereas virtually all of STEM CELL INTERNATIONAL's competitors are directing their research and marketing efforts towards long-term therapeutic goals (e.g. brain and central nervous systems diseases), STEM CELL INTERNATIONAL believes that these types of applications will not be possible in the near-term. STEM CELL INTERNATIONAL focus will be on the most accomplishable near-term therapeutic goals that afflict the greatest number of individuals.

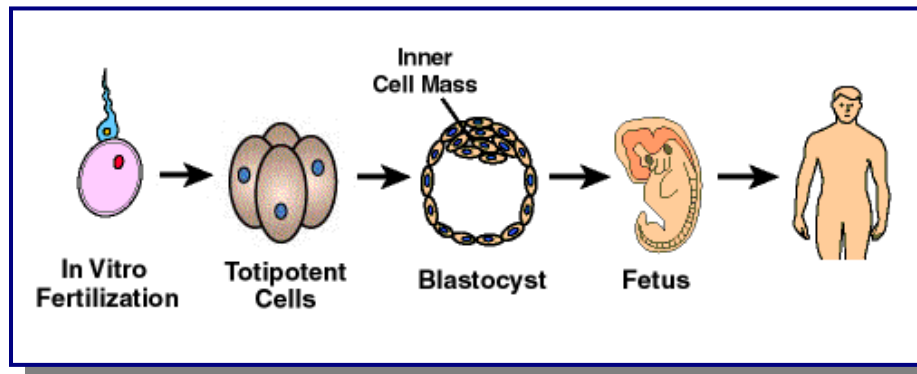
6.2.1 What is a Stem Cell?

Stem cells have the ability to divide for indefinite periods in culture and to give rise to specialized cells.



They are best described in the context of normal human development. Human development begins when a sperm fertilizes an egg and creates a single cell that has the potential to form an entire organism. This fertilized egg is **totipotent**, meaning that its potential is total. In the first hours after fertilization, this cell divides into identical totipotent cells (see figure below). This means that either one of these cells, if placed into a woman's uterus, has the potential to develop into a fetus. In fact, identical twins develop when two totipotent cells separate and develop into two individual, genetically identical human beings. Approximately four days after fertilization and after several cycles of cell division, these totipotent cells begin to specialize, forming a hollow sphere of cells, called a blastocyst. The blastocyst has an outer layer of cells, and inside the hollow sphere there is a cluster of cells called the inner cell mass.

The outer layer of cells will go on to form the placenta and other supporting tissues needed for fetal development in the uterus. The inner cell mass cells will go on to form virtually all of the tissues of the human body. Although the inner cell mass cells can form virtually every type of cell found in the human body, they cannot form an organism because they are unable to give rise to the placenta and supporting tissues necessary for development in the human uterus. These inner cell mass cells are **pluripotent** — they can give rise to many types of cells but not all types of cells necessary for fetal development. Because their potential is not total, they are not totipotent and they are not embryos. In fact, if an inner cell mass cell were placed into a woman's uterus, it would not develop into a fetus.



The pluripotent stem cells undergo further specialization into stem cells that are committed to give rise to cells that have a particular function. Examples of this include blood stem cells that give rise to red blood cells, white blood cells and

platelets; and skin stem cells that give rise to the various types of skin cells. These more specialized stem cells are called **multipotent** (see diagram to the right).

For purposes of this narrative, all bone marrow cells are included in this general definition of stem cells.

6.2.2 Global Network of Stem Cell Banks

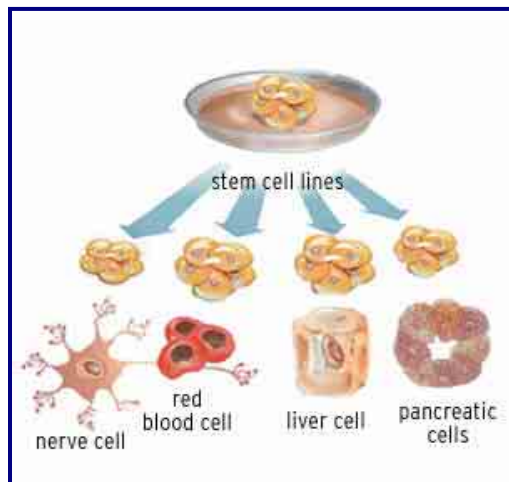
During the first two years of operation, the Company intends to create a global network of stem cell banks containing umbilical cord and placental cell samples. During the process of collection, the Company intends to create a contract between each cell donor and the Company allowing unrestricted future utilization of a portion of the cells for research applications. This would limit the risks possibly inherent in the changing political, legislative, and ethical arena surrounding stem cells.

6.2.3 Potential Applications of Stem Cells

The economic and psychological tolls of chronic, degenerative, and acute diseases in the United States are enormous. It has been estimated that up to 128 million people suffer from such diseases; thus, virtually every citizen is affected directly or indirectly. The total costs of treating diabetes, for example is approaching \$100 billion in the United States alone. As more research takes place, the developmental potential of different kinds of stem cells will become better understood. As the science is understood now, adult stem cells are limited in their potential to differentiate. Embryonic germ cells have a great differentiation capacity, and embryonic stem cells are thought to be able to differentiate into almost any tissue. Thus, different types of stem cells could have different applications. Part of the Company's core strategy is to focus on stem cell areas that offer commercialization in a shorter period of time than those applications involving the central nervous system and other complex organs. Below is a discussion of some stem cell applications.

Some Examples of Treatments for Major Diseases

TYPE 1 DIABETES IN CHILDREN. Type 1 diabetes is an autoimmune disease characterized by destruction of insulin producing cells in the pancreas. Current efforts to treat these patients with human islet transplantation in an effort to restore insulin secretory function (obtained from human pancreas) are limited severely by the small numbers of donated pancreas available each year combined with the toxicity of immunosuppressive drug treatments required to prevent graft rejection. Pluripotent stem cells, instructed to differentiate into a particular pancreatic cell called a beta cell, could overcome the shortage of therapeutically effective material to transplant. They also afford the opportunity to engineer such cells to effectively resist immune attack as well as graft rejection.



NERVOUS SYSTEM DISEASES: Many nervous system diseases result from loss of nerve cells. Mature nerve cells cannot divide to replace those that are lost. Thus, without a "new" source of functioning nerve tissue, no therapeutic possibilities exist. In Parkinson's disease, nerve cells that make the chemical dopamine die. In Alzheimer's disease, cells that are responsible for the production of certain neurotransmitters die. In amyotrophic lateral sclerosis, the motor nerve cells that activate muscles die. In spinal cord injury, brain trauma, and even stroke, many different types of cells are lost or die. In multiple sclerosis, glia, the cells that protect nerve fibers are lost. Perhaps the only hope for treating such individuals comes from the

potential to create new nerve tissue restoring function from pluripotent stem cells.

Remarkably, human clinical experiments have demonstrated the potential effectiveness of this approach to treatment. Parkinson's patients have been treated by surgical implantation of fetal cells into their brain with some benefit. Although not completely effective, perhaps owing to lack of sufficient numbers of dopamine secreting cells, similar experiments using appropriately differentiated stem cells should overcome those obstacles.

More complex experiments have already been successfully conducted in rodent models of Parkinson's. Similar approaches could be developed to replace the dead or dysfunctional cells in cortical and hippocampal brain regions that are affected in patients with Alzheimer's.

More complex experiments have already been successfully conducted in rodent models of Parkinson's. Similar approaches could be developed to replace the dead or dysfunctional cells in cortical and hippocampal brain regions that are affected in patients with Alzheimer's.

PRIMARY IMMUNODEFICIENCY DISEASES: Pluripotent stem cells could be used in treatment of virtually all primary immunodeficiency diseases. Presently, there are more than 70 different forms of congenital and inherited deficiencies of the immune system that have been recognized. These are among the most complicated diseases to treat with the worst prognoses. Included here are diseases such as severe combined immunodeficiency disease (the "bubble boy" disease), Wiskott-Aldrich Syndrome, and the autoimmune disease lupus. The immune deficiencies suffered as a result of acquired immune deficiency syndrome (AIDS) following infection with the human immunodeficiency virus are also relevant here. These diseases are characterized by an unusual susceptibility to infection and often associated with anemia, arthritis, diarrhea, and selected malignancies. However, the transplantation of stem cells reconstituted with the normal gene could result in restoration of immune function and effective normalization of life span and quality of life for these people.

DISEASES OF BONE AND CARTILAGE: Stem cells, once appropriately differentiated, could correct many diseases and degenerative conditions in which bone or cartilage cells are deficient in numbers or defective in function. This holds promise for treatment of genetic disorders such as osteogenesis imperfecta, and chondrodysplasias. Similarly, cells could be cultivated and introduced into damaged areas of joint cartilage in cases of osteoarthritis or into large gaps in bone from fractures or surgery.

CANCER: At the present time, bone marrow stem cells, representing a more committed stem cell, are used to rescue patients following high dose chemotherapy. Unfortunately, these recovered cells are limited in their capacity to restore immune function completely in this setting. It is hoped that injections of properly differentiated stem cells would return the complete repertoire of immune response to patients undergoing bone marrow transplantation. Complete and functional restoration will be required if, for example, immune/vaccine anticancer therapy is to work. More importantly, success would permit use of very toxic (and effective) chemotherapeutic regimens that could not currently be utilized for lack of an ability to restore marrow and immune function.

A NEW WINDOW ON HUMAN DEVELOPMENTAL BIOLOGY: The study of human developmental biology is particularly constrained by practical and ethical limitations. Human ES cells may allow scientists to investigate how early human cells become committed to the major lineages of the body; how these lineages lay down the rudiments of the body's tissues and organs; and how cells within these rudiments differentiate to form the myriad functional cell types which underlie normal function in the adult. The knowledge gained will impact many fields. For example, cancer biology will reap an especially large reward because it is now understood that many cancers arise by perturbations of normal developmental processes. The availability of human ES cells will also greatly accelerate the understanding of the causes of birth defects and thus lead directly to their possible prevention.

MODELS OF HUMAN DISEASE THAT ARE CONSTRAINED BY CURRENT ANIMAL AND CELL CULTURE

MODELS: Investigation of a number of human diseases is severely constrained by a lack of *in vitro* models. A number of pathogenic viruses including human immunodeficiency virus and hepatitis C virus grow only in human or chimpanzee cells. ES cells might provide cell and tissue types that will greatly accelerate investigation into these and other viral diseases. Current animal models of neurodegenerative diseases such as Alzheimer's disease give only a very partial representation of the disease's process.

Dr. John McDonald in his Stem Cell Laboratory



TRANSPLANTATION: Pluripotent stem cells could be used to create an unlimited supply of cells, tissues, or even organs that could be used to restore function without the requirement for toxic immunosuppression and without regard to tissue matching compatibility. Such cells, when used in transplantation therapies, would in effect be suitable for “universal” donation. Bone marrow transplantation, a difficult and expensive procedure associated with significant hazards, could become safe, cost effective, and be available for treating a wide range of clinical disorders, including aplastic anemia and certain inherited blood disorders. This would be especially important in persons who lost marrow function from toxic exposure, for example to radiation or toxic agents. Growth and transplant of other tissues lost to disease or accident, for example, skin, heart, nervous system components, and other major organs, are foreseeable.

GENE THERAPY: In gene therapy, genetic material that provides a missing or necessary protein, or causes a clinically relevant biochemical process, is introduced into an organ for a therapeutic effect. For gene-based therapies (specifically, those using DNA sequences), it is critical that the desired gene be introduced into organ stem cells in order to achieve long-term expression and therapeutic effect. Although techniques for delivering the therapeutic DNA have been greatly improved since the first gene therapy protocol almost 10 years ago, there are as yet no bona fide successes. Besides delivery problems, loss of expression or insufficient expression is an important limiting factor in successful application of gene therapy and could be overcome by transferring genes into stem cells (which presumably will then differentiate and target correctly).

6.2.4 Competition

The following table describes some of the largest competitors in the world as of 2002. Some companies will compete directly with Stem Cells International (such as Cryobanks and Cryo-Cell) – others only compete marginally (Geron and ReNeuron). In addition to the firms listed, there are many umbilical stem cell blood banks (primarily in the United States, Israel, and Germany). Most of these banks provide local services only – many are operated for the benefit of one or several hospitals in the same metropolitan area. None of these banks appear to have national, much less global, marketing structures. Companies that focus on development of nuclear cloning and embryo cloning could also potentially be thought of as future competition, although at present STEM CELL INTERNATIONAL is not planning on utilization of these techniques in phases I-II.

Company	Employees	Notes
Aastrom Biosciences (MI)	33	Hematopoietic stem cells
Biopharmaceuticals Neuronyx (PA)	10	Bone marrow stromal cells; Parkinson's disease, Alzheimer's disease, ALS, cancer.
BresaGen (GA and Australia)	Est. 75	Embryonic stem cells from fetal tissue; Parkinson's disease.
CryoBanks International (FL)	18	U-cord blood banks
Cryo-Cell International (FL)	23	U-cord blood banks
ES Cell International (Singapore)	20	Partnership formed by National University (Singapore), Monash University (Australia), Hadassah Medical Centre (Israel), and Hubrecht Laboratory (Netherlands) to distribute embryonic stem cell lines to others. <ul style="list-style-type: none"> Production of primary Inner Cell Mass cultures from human embryos Production of Neural Progenitors from ES cells Growth of ES cells and development of assays for proliferation. hES cell specific gene discovery Genetic manipulation of hES cells and their differentiated progeny. Endoderm differentiation and transdifferentiation. Mesoderm and Hematopoietic differentiation.
Geron CA)	96	Neural cells derived from embryonic stem cells; Parkinson's disease, stroke, spinal cord injury.
Jones Institute for Reproductive Medicine (VA)	<20	Made stem cells from embryos it created specifically for research – this work will not be eligible for federal funding.

Layton BioScience (CA)	29	Fetal neural stem cells grown with c-myc gene; Parkinson's disease, brain cancer, Huntington's or ALS.
MorphoGen Pharmaceuticals (CA)	Est. 35	Adult stem cells
NeuralSTEM (MD)	42	Neural stem cells from fetal brain tissue; ALS, Parkinson's disease, spinal cord injury, stroke, Niemann-Pick disease.
NeuroNova (Sweden)	Est. 40	Undifferentiated ependymal stem cells; Parkinson's disease.
Nexell (CA)	140	Hematopoietic stem cells
Osiris Therapeutics (MD)	75	Mesenchymal stem cells
Rambam Medical center (Israel)	<20	Growing the precursors of heart cells and pancreatic tissue from human embryonic stem cells.
ReNeuron (UK)	28	Neural stem cells from various regions of fetal brain; stroke.
Stem Cell Sciences (NY and Australia)	Est. 50-100	Embryonic, placental, & umbilical stem cells; gene screening, neuroprotective genes; animal models for neurological diseases.
StemCells, Inc. (CA)	16	Neural stem cells derived from fetal brain tissue; Parkinson's disease.

Aastrom Biosciences (Stock Symbol: ASTM) is working on a "desktop-sized device" that supports the growth of stem cells. Called a bioreactor, such a device allows the production of many cells from a small number harvested from a patient. They address a significant problem. Stem cell harvests often fail to yield a useful number of cells. Cord blood and neurons from fetuses perhaps best exemplify such a precious resource. The harvest procedures are laborious, invasive, and expensive. The general notion of developing means to expand stem cells in a simple culture system would be a very important contribution to the field of stem cell transplantation since it would allow harvested tissue to be used for many more patients. Their products allow the growth and replication of adult stem cells as well as stem cells from umbilical cord blood.

Geron (Stock Symbol: GERN) emphasizes synergy between three separate technologies. They have patents on telomerase, a gene that produces an enzyme that allows cells to properly maintain chromosome integrity and grow in culture. They also are performing work on cloning by way of nuclear transfer a la Dolly. And of course their last area of interest consists of stem cells.

Like StemCells, Inc., Geron has no products in clinical trials. However, of the stem cell companies they are the largest and are working in the most areas. They have telomerase projects in which they are producing immortalized cell lines for sale to the research community. They are also producing several strategies of telomerase inhibition for cancer treatment including small molecules, gene therapy, and oligonucleotides. They perform quite a bit of work in stem cells utilizing embryonic stem cells, embryonic germ cells, and adult stem cells.

Layton Bioscience is a company focused on discovering and developing new treatments for diseases of the central nervous system (CNS). The company is developing LBS-Neurons™ as a cell therapy for chronic stroke, spinal cord injury and Parkinson's. LBS-Neurons are immature human neuronal cells that can be used to restore lost neural function by replacing cells that have been destroyed by trauma or disease.

NeuralSTEM, Inc. was formed in 1996 to advance and commercialize CNS stem cell technology. The Company's core patented technology involves the isolation and expansion in culture of human CNS stem cells and their subsequent controlled differentiation into mature neurons and other neural cells.

The bulk of **Nexell's (stock symbol: NEXL)** current product line focuses on tools that allow clinicians and researchers to use automated or large scale means to purify hematopoietic stem cells from circulating (peripheral) blood and then to grow those cells in the lab to larger numbers for return to the patient. As such, they only work on adult stem cells. The foundation of this technology is a machine called the Isolex 300i Magnetic Cell Selection System. Autologous bone marrow transplants using the Nexell device have FDA approval for multiple myeloma, non-Hodgkin's lymphoma, and advanced breast cancer.

Osiris Therapeutics, Inc., a privately held development stage company, focusing on cellular therapeutic products for the regeneration and functional restoration of damaged and diseased tissue. Osiris uses adult bone marrow and

its proprietary technology to isolate, purify and grow human mesenchymal stem cells, the progenitor cells that give rise to connective tissues including bone marrow stroma, bone, cartilage, ligament, tendon, muscle, and fat.

StemCells, Inc. (stock symbol: STEM) focuses on using stem cells in central nervous system (brain) disorders and in the liver and pancreas. This company fell into the limelight when stem cells were featured as the breakthrough of the year in the journal Science. Compared to the other stem cell research companies, this group publishes articles with very high frequency in many high profile scientific journals. All of their products are in preclinical stages, but they have programs underway for neural, liver, and pancreatic stem cells.

Cryo-Cell International, located in Clearwater, Florida, is primarily an umbilical cord blood bank. Marketing to over 16,000 OB-GYN physicians, they appear to have a significant amount of cord blood stored for the personal use of donating families. The company also owns minority interests in cord cell blood banks in Europe and Mexico.

7 . MARKETING STRATEGY

7.1 PATIENT REFERRAL OPERATIONS

We have newsworthy services and products that are solutions to many medical problems – among these problems are (1) the difficulty in foreign patients have in accessing the finest medical facilities of Europe and North America; and (2) how to utilize the revolutionary medical science promised by stem cell researchers? World Health Access' marketing strategy is to enhance, promote, and support the fact that our aggressive market coverage and availability of our concierge service for each international patient will establish us firmly in the dominant position in this industry within four years.

7.1.1 Comprehensive Plan

The overall marketing plan for our service is based on the following fundamentals:

- ☐ World Health Access wants to be in the international healthcare industry.
- ☐ The Company intends to aggressively pursue customers (foreign hospitals, insurance companies, physicians, government agencies, and military groups) in its target countries.
- ☐ We shall make extensive use of Internet technology to reach and communicate with our target markets.
- ☐ Our distribution channels shall include a direct sales force, certain types of media advertising, and the use of exclusive agents in certain countries.
- ☐ World Health Access expects to capture a fifteen percent world market share (of all international patients seeking access to US medical facilities) by the end of 2007.

7.1.2 Positioning

Our service is perceived by the consumer to be a premium level of healthcare. Our highly personalized service allows us to maintain a high degree of customer satisfaction. There is no competitor who places so much emphasis on customer service as World Health Access.

The unique advantages (technical, quality, performance) of our service can be exploited to arrive at a winning position in the consumer's mind and to achieve a dominant position in the industry.

Reposition the Competition: By the end of 2004, we intend to reposition our competitors to the role of simply adequate healthcare providers. The superior nature of our service and customer satisfaction will permit us to create competitive advantages that will change customers' perceptions about the service of our competition.

The resulting Selling Basis for our service, then, is to make the customer believe that our level of healthcare and concurrent service is meaningful, memorable, logical, unique, and representing the best overall value for the total medical treatment experience.

Augmenting our plan to achieve first-mover status in the extensive use of Internet technology, resulting in a dominant industry position, will be our concentration on building:

- ☐ New business development in our target countries.
- ☐ Partner and agent support
- ☐ Sales generation tools
- ☐ High corporate graphics standards
- ☐ Global brandmark and corporate identity recognition
- ☐ Direct response promotion using the Worldwide Web
- ☐ Positioning of the Company's services as of very high quality at a reasonable price

7.1.3 Advertising & Promotion

World Health Access recognizes that the key to success at this time requires extensive promotion. This must be done aggressively and on a worldwide scale. To accomplish our sales goals, we require extremely capable advertising and public relations employees. World Health Access plans to advertise in major trade magazines and business newspapers in our target countries. Upon funding, an outside advertising agency selection shall be made and, with their assistance, a comprehensive advertising and promotion plan will be drafted. Advertising will be done independently and cooperatively with Agents, Partners, and companies with whom World Health Access has joint marketing/sales relationships.

Advertising and Promotion Objectives:

- ☐ Position World Health Access as the leading provider of international healthcare in our target markets.
- ☐ Increase company awareness and brand/name recognition among referring physicians/institutions and customers.
- ☐ Use the Internet to generate qualified sales leads for field sales organization and to maintain contact with past, present, and future customers.
- ☐ Develop, through market research, significant information to develop immediate and long-term marketing plans.
- ☐ Create service-advertising programs supporting the "higher quality at a reasonable price" positioning.
- ☐ Coordinate sales literature, partner training programs, and Web-based promotions in order to achieve our marketing objectives.

Media Objectives

- ☐ Gain awareness of company among the world's medical institutions, their physicians, governments, and individual customers.
- ☐ Establish an image of World Health Access as a caring organization that is very professional, completely reliable, and offering quality service at a reasonable price.
- ☐ Maximize efficiency in selection and scheduling of publications to cover our target markets.

Media Strategy:

- ☐ Position World Health Access in a quality editorial environment consistent with creative objectives.
- ☐ Select primary business publications with high specific market penetration.
- ☐ Schedule adequate frequency to impact market with corporate image and service messages.
- ☐ Select specific media to reach dual markets.
- ☐ Where possible, position advertising in or near articles on industry, service reviews, front cover, center spread, and appropriate editorials.
- ☐ Employ special high-interest issues of major publications when possible.
- ☐ Maximize ad life with monthly and weekly publications.
- ☐ To get the most out of our promotional budget, our media coverage will be to focus on our target institutions in each target country.

Promotion: In addition to standard advertising practices, we will gain considerable recognition through trade shows that are advantageous, customer testimonials, press releases, reports and papers published for trade journals and technical conferences, and reprints of media articles on the Company's superior concierge service program.

Corporate Capabilities Brochure: The objective will be to portray World Health Access as the world's leading portal to the finest medical facilities in the world. The contents of this brochure will discuss the following topics:

Introduction/ background: a distinction between the "New World" e-service of World Health Access and other services; a statement of business philosophy; and a statement on our Internet technology its customer-oriented applications.

Company profile: portray full selling and administrative team including agents as a savvy, dedicated support group with one overriding mission: customer satisfaction. Present marketing department in their role of

market research, service development, new service management, etc. providing improved service ideas to the International Patient.

Sales Support Collateral Materials:

- ☐ Audio/Video Introduction Tape
- ☐ News Releases
- ☐ Brochures

Attract and Support Agents

- ☐ Introduction -- Letter.
- ☐ Business Plan -- Brief outline describing objectives, strategy, tactics to align country agents with the Company.
- ☐ Questions & Answers -- Address common questions.

Pricing and Profitability: Management will receive quotes from each applicable healthcare institution for a certain type of care. These costs will be marked up in such a manner as to be about 10% less than if the patient interacted directly with the healthcare provider. Prices should not be affected by minor swings in market demand – patients who require our service usually are acutely in need of treatment.

Discounts: There might be discounts for volume orders. For example, if the Embassy of Kuwait were to place an order for fifteen liver transplants, the Company would contemplate a reduction in the per-unit price for such an operation. It will be standard procedure to obtain either a guarantee for payment from the patient or his/her sponsor, or to receive payment in advance of rendering any services. There will not be any discounts for paying within 10 or 30 days.

7.1.4 Business Relationships

Joint Marketing Agreements: Joint marketing with established institutions will produce revenues, credibility, and market presence. World Health Access is pursuing joint marketing agreements with other organizations and individual physicians to further the name of World Health Access' service in the international healthcare market. World Health Access is in the process of engaging in agreements with those institutions listed above.

7.1.5 Selling Tactics

Current Selling Methods: World Health Access will exploit the worldwide reach of the Internet to aid its marketing efforts. WebPages in various languages will be available for potential customers in our target countries. There will be a means of communicating directly with our HQ staff in St. Louis. Additionally, we shall use our direct sales force to call on institutions and physicians. Agents and distributors will be used in areas in which that mode of contact is more advantageous. Ads will be placed in key newspapers and magazines in certain metropolitan areas. The Company will also attend and market in various trade shows around the world.

Use of the Internet: The Company's primary Webpage will be used by clients in other countries for completion of forms, diagnostic research, communication with our staff. Conversely, our staff will be able to contact other staff members throughout the world at any time of the day or night. Internet technology will allow World Health Access to operate at higher levels of efficiency than do traditional companies.

Direct Sales: A significant portion of sales will be through direct sales by the World Health Access sales staff. The Company anticipates hiring at least six additional regional sales directors by the end of 2003.

Distributors/Agents: One of the key elements designed into the World Health Access marketing plan is the targeting of our distributors and agents. It is important to select distribution channels already in existence and staffed with professionals possessing appropriate backgrounds and clientele.

WHA's services are pertinent to the nature of the distributor's business and to the well being of their customer base. In addition, it is significantly less difficult for us to reach distributors and educate them as to the benefits available in using our services.

This strategic marketing approach takes full advantage of the tremendous momentum inherent in the fact that these professionals are already involved with parallel services and services. They already have expertise and have been practicing in their field for a length of time.

By operating within these distribution channels in this manner we feel that we can maintain control of our market. In addition, we can generate growth at a reasonable pace and obtain excellent sales results.

7.1.6 Suppliers

The suppliers to WHA will be the foreign hospitals and governmental health entities that refer their patients to us. Since this is a service, not manufacturing, company, there are no production-related suppliers.

7.1.7 Subcontractors

The Company has no subcontractors, but there are a plethora of contract personnel that performs the functions of translations, driving, and billings for WHA. These individuals are easily replaced and do not represent a potential problem area for the Company.

7.1.8 Property & Facilities

The headquarters facility in Saint Louis (United States) will have approximately 7,000 square feet of office space. This space will be leased at approximately \$21/sq. ft/year (2-year lease). The Company will seek to locate larger premises after two years. Foreign facilities will consist of small offices suitable for a sales/marketing person.

7.2 STEM CELL DIVISION

The world perceives stem cell therapies as glamorous and highly newsworthy. Stem Cell International's marketing strategy is to enhance, promote, and support the use of stem cells in the treatment of some of the world's most virulent diseases. SCI will adopt an aggressive global marketing program to ensure that umbilical cord blood banks are established in all regions of the world and that patients from all countries will benefit from the Company's unique applications to patient care.

7.2.1 Comprehensive Plan

The overall marketing plan for our service is based on the following fundamentals:

- ❑ Stem Cell International wants to be in the international healthcare industry in general and the world leader in stem cell applications in particular.
- ❑ The Company intends to aggressively pursue blood bank customers and stem cell research aimed at providing new bone or heart tissues and cells of blood, ligaments, cartilage, and skin.
- ❑ We shall make extensive use of Internet technology to reach and communicate with our worldwide customers and physicians.
- ❑ Our distribution channels shall include a direct sales force, certain types of media advertising, and the use of exclusive agents in certain countries.
- ❑ Stem Cell International expects to patent most of its unique stem cell applications and to achieve a globally dominant market position in the specific areas of skin, blood, bone, cartilage, and ligament uses of stem cell technology.

7.2.2 Positioning

No company in the world will be able to surpass our competence in the applications of stem cell to medical problems involving skin, bone, cartilage, and ligaments. Our service is perceived by the consumer to be a premium level of research, technology, and healthcare. Our highly personalized service allows us to maintain a high degree of customer satisfaction. There is no competitor who places so much emphasis on customer service as Stem Cell International.

STEM CELL INTERNATIONAL intends to be the world leader in applying stem cell technology to treat patients requiring new cells of skin, blood, bone, cartilage, and ligaments. All competitors in the United States and Europe are concentrating their research efforts on other stem cell applications (i.e., brain cells and central nervous systems applications). The Company feels that their efforts will take five years or more to bear financial fruit. In contrast, our niche applications will be used on human by the end of our initial two-year period.

Augmenting our plan to achieve first-mover status in our niche markets, resulting in a dominant industry position, will be our concentration on building:

- ☐ Distinct stem cell applications on human patients
- ☐ Partner and agent support
- ☐ Sales generation tools
- ☐ High corporate graphics standards
- ☐ Global landmark and corporate identity recognition
- ☐ Dissemination of corporate and medical information using the Internet
- ☐ Positioning of the Company's products and services as of very high quality at a reasonable price

7.2.3 Advertising & Promotion

Stem Cell International recognizes that the key to success at this time requires extensive promotion – it is our judgment that print media is much more productive in medical products than television. We will aggressively promote using print media on a worldwide scale. To accomplish our sales goals, we require extremely capable advertising and public relations employees. Stem Cell International plans to advertise in major trade magazines and business newspapers in our target countries. Upon funding, an outside advertising agency selection shall be made and, with their assistance, a comprehensive advertising and promotion plan will be drafted. Advertising will be done independently and cooperatively with Agents, Partners, and companies with whom Stem Cell International has joint marketing/sales relationships.

7.2.4 Production

This division's stem cell research eventually will involve cell production lines. All stem cell production lines will incorporate only homogenous (genetically identical) supplies of cells. Since production is achieved by allowing the cells to naturally divide (each cell will divide once every ten hours), there should be no production problems. This assumes that environmental parameters such as temperature, humidity, and vibrations, are maintained within certain operational limits.

7.2.5 Suppliers

STEM CELL INTERNATIONAL will acquire its initial stem cell supplies from its own blood bank network. Equipment purchases could be made from a large number of manufacturers worldwide.

7.2.6 Subcontractors

This division will have no subcontractors.

7.2.7 Equipment

The stem cell laboratory will have six principal categories of equipment:

1. Imaging (eg. confocal microscope, upright and inverted fluorescence microscopes).
2. Physiology (e.g. patch clamp electrophysiology, calcium imaging)
3. Molecular biology (general and gene chip analysis capabilities)
4. Cell separation and isolation (e.g. cell sorter).
5. Cell biology (e.g. tissue culture facilities).
6. Cryogenics

Cost savings measures will include sharing of major equipment resources (including gene chip technology and informatics, electron microscopy) and out farming high-end operations (genetic engineering, sequencing etc). Washington University Human Genome Project sequencing facility and the Danforth Plant Science Center computer informatics and gene chip facility.



Dr. McDonald with one of his patients, Christopher Reeve, alias *Superman*.

7.2.8 Property & Facilities

The principle laboratory in Saint Louis will have approximately 1000 square feet of office space and 10,000 square feet of laboratory space. This space will be leased at approximately \$21/sq. ft/year (2-year lease). The Company will seek to locate larger premises after two years. Foreign facilities will consist of smaller office space and labs of the same size.

7.2.9 Patents & Trademarks

STEM CELL INTERNATIONAL intends to apply for as many global patents as possible. These patents will be held in the name of the Company. At this time, there are no applications patents on the use of stem cells for generating bone, cartilage, ligaments, blood, or skin.

The company will license certain patented technology to other firms in exchange for royalties.

7.2.10 Research & Development

Approximately 60% of STEM CELL INTERNATIONAL's annual budget will be allocated to research and development activities. While STEM CELL INTERNATIONAL is designed as a marketing company, its products emanate from the research labs. It is expected that bona fide products for use in humans will be ready for the marketplace during the company's second year of operation. Additional products are planned for every year thereafter.

Research teams consisting of a Project Leader (a PhD/MD) and four technicians will be assigned a specific stem cell application. Each team will have team and corporate incentives to perform within the allotted time period.

Laboratories will be located in Saint Louis (United States), Singapore, and possibly Geneva, Switzerland. Equipment and supplies will be state-of-the-art.

GAAP requires US companies to expense R&D costs as they incur them. However, if STEM CELL INTERNATIONAL were to have certain foreign domiciles (such as Argentina), these costs would be able to be capitalized.

8 . MANAGEMENT TEAM

The strength of World Health Access' management team stems from their combined expertise in management and technical areas. All have been outstanding producers in their positions prior to joining the Company. The team offers a very complementary mix of medical, engineering, international marketing, and business management skills that will be crucial to the success of the firm.

World Health Access will be managed by a team of individuals with over 80 years of medical and healthcare experiences and over 40 years of global management and consultation expertise. WHA intends to hire individuals who have high levels of expertise in international healthcare.

The current management team includes:

The current management team includes:

8.1 DIRECTORS & OFFICERS

President, Chief Executive Officer, and Board Chairman

Daniel K. Mueller (age 56, PhD, MPA, MA), served as Vice Chancellor for International Affairs of Washington University's School of Medicine and Director of BJC International Health Services. Dr. Mueller has over 25 years of healthcare and executive experience in startup and turnaround operations around the world.



Executive Vice President, Chief Operating Officer, and Director

William P. Coon (age 54), PhD, MBA, MA, BSEE -- spent 17 years in international management positions before returning to the John M. Olin School of Business at Washington University to teach international marketing, foreign market development, and global management studies. Dr. Coon has conducted business in over 110 countries.



Senior Vice President, Global Business Development, and Director

Astrid B. Agbajé (age 46, BS, BA) holds degrees in Literature and Mathematics from the University of Mannheim in Germany. She has served for almost 20 years in positions of international business development for such renowned healthcare facilities as Johns Hopkins Hospital in Baltimore, the University Hospitals of Greater Cleveland, the Cleveland Clinic Foundation, and the BJC Health System of Washington University in St. Louis.



Senior Vice President, Chief Scientist, and Director

John W. McDonald III (age 39), MD, PhD -- Dr. McDonald is the world-renown Director of the Neurorehabilitative Unit of Washington University School of Medicine in St. Louis. He is the winner of numerous awards from scientific societies for stem cell research, author of 46 articles in publications such as Scientific American, contributor to chapters in nine books, and 65 presentations to medical and other scientific conferences around the world.



Senior Vice President, Managed Care Networks, and Director

Emmett B. Craft (age 59), MS, has over 20 years' experience as a financial manager in various healthcare companies (recently served as Vice President, Managed Care for BJC International). His background ranges from regional



management responsibilities for national HMOs to senior management positions with major US-based providers of healthcare services.

Senior Vice President, Middle East, and Director

General (retired) Sulaiman S. Al-Bassam (age 48), MHA. Served as Medical Attaché for over 20 years at the Royal Embassy of Saudi Arabia in Washington, DC. General Al-Bassam has worked extensively with the Ministries of Health of most countries of the Middle East



8.2 KEY EMPLOYEES

Director, Latin America

Amparo Kollman-Moore (age 49). The last corporate position of this South American native was Vice President, International for the Medical Products Division of Mallinckrodt Company.

Manager, Business Development – Latin America

Lorenzo D. Castro (age 42), MD, MBA, MA. Dr. Castro, a native of Chile, worked for the Department of Health of Chile as a physician (surgeon) and CEO of the Melipilla General Hospital. He last served as the Health Economics Manager (Latin America) for Mallinckrodt.

Chief Financial Officer

Raúl Larrea (age 36), MBA, CPA, EMBA. Larrea served as CFO for companies in Argentina and Spain. He will manage the Company's working capital, including receivables, inventory cash, and marketable securities. Larrea's knowledge of international finance and taxation will prove invaluable to WHA.



Chief Information Officer

Earl J. Bañez (age 32) served as Supervisor of Washington University's Business School computer operations. He holds the following certifications: Microsoft Exchange Server Administrator and Designer, Microsoft Certified Systems Engineer, and Microsoft Certified Professional Internet Specialist.



Director, Corporate Communications

Annette Veech (age 44), PhD, MS. Dr. Veech held corporate communication positions at Arthur Andersen and Company, and Maritz Performance Improvement Company. Dr. Veech currently teaches the graduate-level course in Managerial Communication to MBA students at Washington University. She has authored several books and consults with many Fortune 1000 companies.



Director, Office Operations

Captain Jack W. Benecke (age 29) (US Army Ranger, retired), MBA, BS Systems Engineering, BS International Relations – Graduate of West Point, Capt. Benecke has extensive experience supervising large groups of men and women from diversified backgrounds.



8.3 BOARD OF ADVISORS

An outside Board of Advisors consisting of highly qualified business and industry professional/experts will assist our management team to make appropriate decisions and take the most effective action. This Board is comprised of:

Christopher Reeve -- Actor, director and activist are just some of the words used to describe Christopher Reeve. From his first appearance at the Williamstown Theatre Festival at the age of 15, Reeve established a reputation as one of the country's leading actors. However, since he was paralyzed in an equestrian competition in 1995, Reeve has not only put a human face on spinal cord injury but he has motivated neuroscientists around the world to conquer the most complex diseases of the brain and central nervous system.

In 1999, Reeve became the Chairman of the Board of the Christopher Reeve Paralysis Foundation (CRPF). CRPF, a national, nonprofit organization, supports research to develop effective treatments and a cure for paralysis caused by spinal cord injury and other central nervous system disorders. CRPF also allocates a portion of its resources to grants that improve the quality of life for people with disabilities. While not currently on the Board of Advisors, Mr. Reeve is a patient of Dr. McDonald and a very strong proponent of stem cell research. He also serves as an advisory source.



An outside Board of Advisors consisting of highly qualified business and industry professional/experts will assist our management team to make appropriate decisions and take the most effective action. This Board is comprised of:

Global Hospital Administration

Fred L. Brown, FACHE -- Vice Chairman, BJC Health System. Past Chairman of the American Hospital Association; past member of President Clinton's Senior Advisors Council on Y2K; member of the boards of directors the American Hospital Association.

International Finance and Taxation

John T. O'Neill, MBA -- Director of Global Finance, Monsanto Company. Thirty plus years of experience solving financial and operational problems for Monsanto, one of the world's largest chemical companies – the last 12 years spent exclusively in the international markets.

Strategic Analysis and Planning

Susan Slavik Williams, MBA -- Ms. Williams is president of The Screening Room Electronic Architects, Inc. and directs the prestigious Williams Foundation. Previously as an executive for Ernst & Young, she specialized in managed care networks.

Customer Service Management

Donald Ross, MBA -- Currently Vice President of Enterprise Leasing Company. Strong proponent in providing focused services to customers. He understands healthcare issues due to his membership on several hospital boards of directors.

Managed Care Contracts & Network Development

Charles W. Sampson, Colonel (retired, US Marine Corps)– President of Health System Diagnostics, Inc. Has extensive experience in managed care and health networks.

Foreign Market Development

Steven A. Busch, MBA, MS -- Mr. Busch currently manages the international expansion efforts for Anheuser-Busch Companies, the largest beer producer in the world.

Organizational Dynamics and Human Resources

Daniel Tegel, Ph.D. -- Dr. Tegel is president of Breakthrough Performance Center, a consulting company that collaborates with the client's executive group to identify opportunities that will dramatically improve business results.

Hospital Administration

Ross P. Marine, DHL, MHA -- Dr. Marine is currently president of The Murino Group, Ltd., a healthcare and management consultant company. He is also the Consul General of the Slovak Republic for Iowa, Kansas, Nebraska, and Missouri.

8.4 REMUNERATION

Name	Position	Remuneration before PP	Remuneration after PP
Dr. J. McDonald	Chief Scientist	\$225,000	\$250,000
Dr. D. Mueller	President & CEO	\$150,000	\$240,000
Dr. W. Coon	Executive VP & COO	\$147,500	\$220,000
E. Craft	VP, Managed Care	\$135,000	\$185,000
A. Agbajé	VP, Business Development	\$135,000	\$185,000
Gen. S. Al-Bassam	VP, Middle East	\$135,000	\$185,000
R. Larrea	CFO	\$130,000	\$165,000

8.5 STOCK OPTIONS

No stock options have been offered. The Company intends to offer stock options to all key personnel – however, it is expected these options will not dilute existing common stock shares by more than 20%.

8.6 PRINCIPAL SHAREHOLDERS

The Company has authorized 50,000,000 shares. The table below lists all stockholders of the authorized shares (after the proposed private placement):

Name	Ownership <i>after</i> Private Placement
D. Mueller	11.41%
W. Coon	11.41%
J.W. McDonald	12.50%
A. Agbajé	10.27%
E. Craft	9.13%
S. Al-Bassam	9.13%
Investraders International	12.00%
Private Placement Group	20.00%
Other Employees	4.15%

8.7 EMPLOYMENT AGREEMENTS

The Company intends to have all key employees sign employment agreements detailing their job descriptions, compensations plans, and non-compete clauses. These agreements will be contingent on this financing. The agreements shall state that the Company will have a call option on all shares of stock not earned by consecutive years of employment. Each employee shall earn their stock at the rate of twenty-five percent per year. If an employee decides to leave after two years, then the Company would have the first right to purchase the remaining 50% of this employee's stock for the sum of \$1.

8.8 CONFLICT OF INTEREST

No member of the Board or any corporate officer has reported any conflict of interest.

8.9 CONSULTANTS

The Company plans to use outside consultants from time-to-time.

8.10 ACCOUNTANTS/AUDITORS

The Board chose PricewaterhouseCoopers to be our corporate auditors. Their office is located at One bank of America Plaza, 800 Market Street, #1800, Saint Louis, MO 63101. Their phone number is +1-314-206-8500.

8.11 LAWYERS

The Company currently employs the Saint Louis, Missouri law firm of Rosenblum, Goldenhersh, Silverstein & Zafft, P.C. Their phone number is +1-314-726-6868. Our principle contact is Mr. Richard S. Bender. Their office is located at 7733 Forsyth Boulevard, Fourth Floor, Saint Louis, Missouri 63105-1817.

8.12 BANKERS

The Company currently uses Bank of America as its corporate bank due to its global network of banking branches and its reputation as a superb business partner. We use the bank located at 10263 Clayton Road, St. Louis, MO 63124. Their phone number is +1-314-284-8780.

8.13 STRATEGIC ALLIANCES

The Company has a legal agreement with The Chandler Group of Managed Care Companies that provides access to over 4,000 hospitals at agreed-upon prices. The Chandler group's address is 4301 Darrow Road, Stow, Ohio 44224 USA. Their website is <http://www.chandler-group.com>

9 . DESCRIPTION OF THE FINANCING

9.1 PROPOSED FINANCING

WHA is currently seeking \$22-million in equity to finance the following activities of the stem cell and patient access divisions:

Phase	Share Price	Company Valuation
Phase I		
Hire key personnel for stem cell lab and patient access program.		
Complete 5-year Business Plan	\$1.00	\$25,000,000
Computerize patient access processing model.		
Form relationships with preferred providers network (hospitals).		
Phase II		
Obtain first patient access contracts.		
Secure written agreements with preferred providers.		
Sign distribution agreement for first rehab product.		
Commence discussions with foreign governments for sale of pharmaceuticals and equipment.	\$2.00	\$50,000,000
Identify near-term opportunities for healthcare consulting contracts.		
Initiate discussions with catastrophic insurance network providers.		
Complete product-marketing plan for stem cell blood banks.		
Complete layout of stem cell research lab designs		
Phase III		
Place initial lab equipment orders		
Develop functional corporate website		
Complete first 5,000 entries of physician/hospital database.		
Design and implement patient revenue collection software.		
Finalize rehab equipment marketing plan.	\$3.50	\$87,500,000
Obtain first healthcare consulting contract.		
Conclude selection of prime catastrophic insurance network providers.		
Complete blood bank designs and place equipment orders.		
Commence first ES research line		
Identify market opportunities for ES applications for animals.		
Phase IV		
Obtain two new patient access contracts.		
Implement first consulting contract.		
Compile 1,000-sample blood sample inventory.	\$5.00	\$125,000,000
Successfully conclude first ES clinical trials.		
Startup remaining ES research lines.		
First shipments of stem cells to research labs.		

Phase V

Provide network access for first 500 patients.

Add two medical equipment products for distribution.

Secure two new consulting contracts.

\$7.00 \$175,000,000

Announce first successful stem cell clinical trials.

Apply to US FDA for human stem cell trial approvals.

Compile 2,500-sample blood sample inventory.

Admit first catastrophic insurance patient to program.

A second round of financing is planned before the end of 2003.

9.2 COLLATERAL FOR THE FINANCING

Since common stock is involved, there is no collateral.

9.3 GUARANTEES

There are no guarantees, personal or otherwise.

9.4 REPORTING

For the first year of operation, the Company will provide all investors with a quarterly profit-and-loss statement, a balance sheet, and updated financial projections. Beginning with the second year, the frequency of these reports will increase to monthly.

9.5 USE OF PROCEEDS OF FINANCING

The Company intends to use the net funds (approximately \$19 million after brokerage commissions) to hire personnel, implement the initial patient treatment contracts, and to commence the stem cell research projects. The expenditures specified below will generate positive cash flow as a result of its fulfillment of processing international patients and its sales of stem cell samples to research programs worldwide during the first two years of full-scale operation):

	Year 1	Year 2
Sales & Marketing	\$ 2,711,000	\$ 3,779,000
Stem Cell R&D	5,279,000	7,170,000
Management	1,042,000	1,245,000
Finance	598,000	711,000
Computer & IS	346,000	554,000
Administration	1,257,000	1,319,000
TOTAL	\$11,233,000	\$14,778,000

9.6 OWNERSHIP

The Company has authorized 50,000,000 shares and plans to issue 25,000,000 shares. These shares will be distributed to all existing shareholders except for 5,000,000 shares that are reserved for the private placement.

The table below indicates the ownership profiles BEFORE the anticipated financing and AFTER such financing:

	Percentage <i>Before</i> Financing	Percentage <i>After</i> Private Placement Financing	Amount Paid
Founders and other existing shareholders	100%	68%	Approx. \$600,000
Investraders International Corp.	0%	12%	n/a
Net Private Placement Financing	0%	20%	Approx. \$19 million

9.7 FEES PAID

The Company has agreed to pay Investraders International Corporation a fee of twelve percent of the proceeds from the financing efforts plus twelve percent of the common stock shares issued if they are successful in their private placement.

10 . RISK FACTORS

AN INVESTMENT IN THE COMPANY PROVIDES A HIGH SPECULATIVE CHARACTER AND SHOULD BE CONSIDERED ONLY BY PEOPLE CAPABLE OF ASSUMING THE ECONOMICAL RISKS OF THE INVESTMENT DURING AN UNDETERMINED PERIOD.

THE POTENTIAL INVESTORS ARE INVITED TO READ CAREFULLY THE FOLLOWING RISKS FACTORS LINKED TO THE COMPANY AND ITS ACTIVITIES.

10.1 MAIN PROBLEM: NATURE OF BUSINESS

The success of World Health Access depends on future realization in the following sections: financial, legal, medical and commercial. Specific risks are linked to each section and they are detailed hereafter. However, the Company estimates that its principal challenge will be to conduct its business with a relatively low rate of negative outcomes (patients that die after medical treatment). For example, death rates of 30% three years after a heart transplant are common. If the Company's rates of negative outcomes were to increase dramatically, then the Company's reputation with prospective patients and with hospitals would invariably suffer. This would then have a significant negative impact on our finances.

The Company acknowledges that excessive rates of negative outcomes might damage the reputations of certain medical institutions and might cause these institutions to cease admitting WHA patients. Furthermore, the Company acknowledges that accidents resulting in injury or death might occur to any patient during their transport to and/or from the treatment center specified by WHA. In this case, the Company might incur legal suits alleging negligent actions by WHA.

10.2 LIMITED OPERATING HISTORY

The Company was recently incorporated and has no operating history. No assurance can be given that the future business of the Company will meet its expectations, or that the Company will ever be able to operate profitably.

10.3 LIMITED RESOURCES

The Company has planned its funding requirements and their allocation, which are described in the use of proceeds. However, no assurance can be given to investors that the Company will have enough resources to continue operations for a prolonged period of time. It is uncertain that the cash inflows emanating from the patient referral contracts and other services will be sufficient to provide the company with enough operating capital.

10.4 MARKET UNCERTAINTIES

Certain religious groups in the United States have voiced opposition to any use of embryonic stem cells. While a portion of SCI's research involves embryonic stem cells, it is important to note that the Company's medical staff does not harm the embryo in any way. However, there is always the possibility that this religious opposition might spread to other countries of the world affecting the Company's interests.

10.5 NEED FOR ADDITIONAL FINANCING

The Company has planned its Private Placement request in order to have sufficient resources to proceed towards completion of an initial public offering. No assurance can be given, however, that the Company will not require additional funds to complete this process, if unexpected events occur which delay the process, or significantly increase the costs for its accomplishment.

10.6 NEW PRODUCT AND SERVICES

The Company plans to offer a new service in the health industry. No assurance can be given, however, that the concept will achieve a commercial success.

The company is also committed to invest part of the proceeds in research and development. However, no assurance can be given that these efforts will lead to create new products or services able to be successfully commercialized.

10.7 COMPETITION

Competitors of the Company seeking to offer comparable services or products will face the same significant challenges as the Company faces, but may avoid other barriers or obstacles. There is the possibility that our competitors might offer a business model patterned after ours. There also exists the possibility that our competitors might offer certain human or animal stem cell applications before us. Thus, competition from other companies should be expected and, even if in all likelihood it will not be substantial in a first phase, this competition could significantly affect the Company's prospects in the longer term.

10.8 TIMING RISKS

The Company's success depends on future realization in the following sections: technical, regulatory, financial, legal, and commercial. If the Company progresses too fast or too slowly in a section, that could have negative effects on the financial balance of a research project.

10.9 THE BUSINESS MODELS

The Company can not assure that the protection of its business models, its business relationships, its specialized knowledge, and its intellectual property, current or future, will not be contracted by eventual action of a third party-economic agent.

10.10 LITIGATION

There are two main areas of risk of litigation:

Due to the important vested interests affected by its products and services, the Company may face litigation arising from third-parties, which may attempt to prevent the Company from gaining market share at their expense. These competitors may use all possible means and arguments to discredit the Company, its management, its activities, its goals and/or its achievements. Although the Company has taken into consideration such possible actions and has carefully reviewed with its advisors the most probable ones, there can be no assurance that these third-parties will not succeed in adversely affecting the normal course of business of the Company and that their legal actions will not result in liabilities which could put the Company's future at risk.

For its part, the Company may be forced to litigate against third parties, which have agreements with the Company, which do not fulfill all of their obligations toward the Company.

10.11 MANAGEMENT OF GROWTH

After the first phase of development is completed, the Company expects to enter a period of fast paced growth. The Company's plans incorporate a strategy to control and finance this period of rapid growth. However, no assurance can be provided that the Company will be able to manage this growth and control its financial consequences.

10.12 LIQUIDATION

In the case of liquidation, the assets of the Company would not cover the investment made under this Private Placement.

If WHA were forced to undergo liquidation, the major item that would attract buyers would be its patient referral contracts. It is uncertain what prices would be paid for these contracts.

If SCI were forced to undergo liquidation, the two major items that would attract buyers would be (1) its supplies of stem cell blood and (2) the laboratory equipment. It is uncertain what prices would be paid for these items.

Therefore, no assurance can be given that it would cover even a portion of the investment made under this Private Placement.

10.13 DEPENDENCE ON KEY MANAGEMENT

All system specifications and business model guidelines have been recorded in detail. There will remain, however, an obvious dependence on the founders of the Company for a period of at least two years from the date of completion of this Private Placement. Although the founders are significant investors in the Company, have signed contracts including a non-competition clause covering the scope of activity covered by them and will be covered by life insurance policies, there can be no assurance that an accident, or a conflict, or any other problem resulting in one of the founders withdrawing from the Company, would not adversely affect the normal course of business of the Company.

The loss of Dr. Mueller would create a managerial void that would be difficult to overcome.

The loss of Dr. McDonald as director of the stem cell operations would have a large negative impact. The Company would be forced in both cases either to hire a qualified individual outside the company or to promote one of the key personnel already on staff.

10.14 RECRUITING AND RETAINING PERSONNEL

The Company business requires the employment of highly skilled personnel, particularly regarding management, marketing and research. There is no assurance that the Company will be able to attract and/or retain the quality personnel its operation and development requires.

10.15 REGULATIONS

The health industry is subject to extensive regulation, both at Federal and State levels worldwide. The interests protected by these regulations may not necessarily be compatible with protecting the interests of the Company's shareholders. There can be no assurance that Federal or State regulators, or one or more self-regulatory organizations, will not find fault with, or attempt to block some or all of the Company's proposed activities. The Company will be required to obtain various registrations and licenses to carry out its proposed activities and there can be no assurance that such registrations and licenses will be granted.

A significant operating loss in any year, changes in the net capital requirements by applicable regulatory authorities, or any extraordinary charge against the net capital of the Company could adversely affect its ability to operate its business, or to pay dividends.

Additional legislation or regulation, changes in existing laws and rules, or changes in the interpretation or enforcement of existing laws and rules, may also directly affect the mode of operation and profitability of the Company.

10.16 INVESTMENT IN DEVELOPMENT

The Company will invest in substantial amounts in the development of certain specific software and in the engineering allowing the management of its network of employees, preferred providers, and clients. No assurance can be given that the Company and its suppliers or subcontractors will be able to reach the performance levels necessary to reach the break even.

10.17 NO REVENUE RESULTING FROM NORMAL ACTIVITIES

At present, the Company has no income resulting from the activities contemplated in its plan. It plans to commence an aggressive marketing campaign in the 2nd quarter 2002, but at this time there is no assurance that the Company can maintain this timetable.

10.18 NO FINANCIAL COMPARISON AVAILABLE

The Company has relied on market information and statistics to evaluate the potential market for its products and services. As the Company has no direct competitors, there are no comparative performance criteria available. For this reason, the Company is unable to warrant the accuracy of its forecasts.

10.19 ARBITRARY DETERMINATION OF PURCHASE PRICE

The Company determines the purchase price of shares and it is not necessarily in relation with assets, the net value or other criteria of established evaluation. Each potential investor is asked to make his own analysis concerning the pertinence of the evaluation made by Investraders. The Company will not give explicit or implicit assurance that the shares prices sold by this Private Placement represent a true value of the market.

10.20 ABSENCE OF MINIMUM SUBSCRIPTION

There is no minimum amount of shares subscription fixed by this Private Placement and the Company cannot assure that all shares offered will be sold.

10.21 IRREVOCABILITY OF SUBSCRIPTIONS

Subscriptions are irrevocable when signed and delivered to the Company, or to one of its representatives. The Company is entitled to claim the full amount of the subscription once a subscription form is signed by the Investor and upon acceptance of the subscription form by the Company; whereupon, the Investor expressly renounces any right of cancellation, under any circumstance. Moreover, by signing the subscription form the Investor makes the following representations to the Company:

1. The Investor is an accredited investor as defined by Securities and Exchange Commission regulations.
2. The Investor is authorized to commit for such investment.
3. The Investor is financially able to fulfill his commitment and is not subject to personal seizure or bankruptcy restrictions.
4. If the Investor is a corporation, or an organization of any kind, represented by one or more officers contracting on its behalf, or in its name, these officers represent to the Company with full personal liability that they are duly authorized by the corporation to make this commitment and that their signature on the subscription form has sufficient validity to create a binding commitment for the corporation, or the organization they represent.

10.22 NO ESCROW ACCOUNT

No escrow account will be established. All the subscription funds will be paid directly to the Company after a minimum of US\$ 5,000,000 is raised and result in immediate closing for the amount subscribed.

10.23 ABSENCE OF LIQUIDITY OF INVESTMENT IN SHARES

The sale of shares proposed by this Private Placement is not filed according to Federal Laws of securities nor other any jurisdiction. That sale is linked to the exemption of inscription that benefits from this kind of financing. An investor cannot sell or transfer his shares unless such a sale or transfer is authorized by the laws on securities or by an exemption valid of registration. Each investor shall declare if he or she acquires these shares for his or her own account and not in view to resale them or distribute them. The Company has no obligation to file the shares according to the Securities Act of 1933 (The "Securities Act"), or according to any other law on the issue and the sale of securities, or to obtain an exemption for such an inscription. The long-term plan of the Company is to deliver the cash flow to its shareholders by developing a public market for the ordinary shares. However, there is no formal assurance that such a market will be created, that it can be developed or maintained. Therefore, investors would not be able to liquidate their investment.

10.24 NO ASSURANCE OF PUBLIC MARKET

The Company intends to commence an initial public offering process for offering a public market for its shares. The Management has the right to believe that this initiative will succeed, but is not able to give assurance to its investors, nor attest that there will be a public market for the shares of the Company. The favorable conclusion of this initial public offer strongly depends of the financial conditions of the market. Besides, no declaration can be made here on the fact that the investor will find a buyer for the shares that he acquires from the Company.

10.25 DEPENDENCE UPON PRIVATE PLACEMENT

The Company depends on funds raised in the terms of this Private Placement for the development of its business. If not all the shares are sold, the Company will be restrained from adjourning or modifying its plans, and would affect the development of our operations. If additional funds become necessary, nothing confirms that they will be raised in acceptable terms for the Company.

10.26 PROMOTIONAL RISKS

The Company plans to furnish important investments to the promotion and to advertising of its products and services. There is no assurance that the efforts made by the Company for commercialization will lead to total success or that operators will be convinced by products, services, and opportunities offered by the Company.

10.27 HOSTILE SHAREHOLDERS

The Board of Directors has a discretionary right to refuse new subscriptions. The Private Placement Memorandum permits the Board to choose the Company's future shareholders; however there can be no formal assurance against hostile shareholders.

10.28 UNCERTAINTY OF THE FINANCIAL PROJECTIONS

The Company in good faith has compiled its pro forma financial projections and they reveal the conservative estimations of planned incomes and expenses. However, these estimations could be incorrect. Moreover, these assumptions and estimations are subject to certain commercial and independent contingencies and uncertainties of the marketplace. There is no assurance that the Company will reach the anticipated financial results.

10.29 ACTS OF GOD -- FORCE MAJEURE RISKS

In case circumstances beyond control, such as war or riots or other external factors such as supplier deficiency could influence in a negative way, the markets of the Company and affect its financial results. If such problems would evolve, the Company may not assure that it will reach its forecasts.

10.30 REGIONAL WAR RISKS

A major armed conflict in the Middle East could eliminate approximately thirty percent of the Company's planned revenues for the duration of such conflict. Other conflicts could also affect the Company's performance.

10.31 RISKS OF DISRUPTION OF MAJOR AIR CARRIER SERVICES

Virtually all of the Company's patients travel to the United States via airlines. Should commercial air service be disrupted for any length of time due to wars, terrorism, or some other means, then the financial results of the Company's business would be negatively affected.

10.32 IMMIGRATION RISKS

It is conceivable that the United States could apply more stringent regulations governing the entry of patients from certain regions of the world, thus negatively affecting the Company's cash flows.

10.33 SECURITY RISKS

Due to the high value of stem cell blood samples, physical or computer theft or some other breach of security could occur.

10.34 TERRORISM RISKS

The Company's research labs or network hospitals will always be susceptible to personal acts of terrorism by individuals who strive to damage the facility, inventory, or personnel.

10.35 ASSEMBLY OF THE MANAGEMENT TEAM

The majority of the Company's senior management team plan to work full-time when a certain level of funding (estimated at \$2 million) is achieved. It is a risk that one or more of these executives might not commit to full-time status when that initial funding has been completed. The current status of the management team is shown below:

- President and CEO -- Dr. D. K. Mueller: Currently employed as President of BJC International, a large healthcare provider in the United States.
- Executive Vice President and COO – Dr. W. P. Coon: Works full-time for WHA.
- Senior Vice President, Business Development – Ms. A. Agbajé: Currently employed as Director of Business Development for BJC International.
- Senior Vice President, Stem Cell Operations – Dr. J. W. McDonald: Works for WHA, but maintains a research laboratory and teaching position with the Washington University Medical Center. Dr. McDonald plans to continue this university research affiliation – however, his first priority will be directing the Company's stem cell research.

- Senior Vice President, Middle East – General S. Al-Bassam: Currently employed as Medical Attaché of the Royal Saudi Arabian embassy in Washington, DC. After July 15, 2002, General Al-Bassam will retire from the Saudi Army and become a full-time employee of WHA.
- Senior Vice President, Network Development – Mr. E. Craft: Currently employed as Senior Vice President of Network Development at the Cleveland University Hospitals. He plans to join WHA within two weeks of the completion of the initial funding phase.
- Chief Financial Officer – Ms. R. J. Larrea: Currently works full-time for the Company.
- Director of Operations – Captain J. Benecke (retired): Currently works full-time for the Company.
- Chief Information Officer – Mr. E. Bañez: Currently employed by the John M. Olin Business School of Washington University as Supervisor of Computer Operations. He will become a full-time WHA employee within two weeks of completion of the initial funding phase.
- Director, Latin America – Ms. A. Kollman-Moore: Currently consults for many Fortune 1000 companies. Upon completion of the initial funding, she will become a full-time WHA employee.

10.36 POLITICAL, LEGISLATIVE AND/OR ETHICAL RISKS OF STEM CELLS

Stem cell therapies are a relatively new concept. This field is currently undergoing scrutiny in the political, legislative, and ethical areas. The evolution of all fields present potential risks. The primary risk areas to the Company are mainly political and legislative. Some of these risks are the lack of intellectual property protection for stem cell research and the distribution and sales of stem cell products.

10.37 OTHER RISKS

During the next 3-5 years, SCI might encounter additional risks:

1. Once the Company completes its Initial Public Offering, there might not be a large market for the shares, since the shares will be listed on the NASDAQ OTC marketplace.
2. The US government might impose future restrictions on the use of federal funding for the use of stem cells for human therapeutic work. At the current time, however, any such restrictions would not materially affect SCI.
3. Financial projections for the next few years do not include the payment of dividends. The lack of a dividend might diminish the attractiveness of our shares to certain investors.

During the next 3-5 years, WHA might encounter additional risks:

4. Once the Company completes its Initial Public Offering, there might not be a large market for the shares, since the shares will be listed on the NASDAQ OTC marketplace.
5. The US government might impose future restrictions on the use of US hospitals for foreign patients. This risk is seen as extremely small. However, if this were to occur, WHA would send patients to its non-US hospitals.
6. Financial projections for the next few years do not include the payment of dividends. The lack of a dividend might diminish the attractiveness of our shares to certain investors.

11 . CONTROL AND EVALUATION

The Company's implemented strategy will be monitored to determine the extent to which its objectives are achieved.

The **strategic controls** will include the monitoring and surveillance of:

- ☐ All financial and marketing assumptions and predictions;
- ☐ Implementation of all strategies and tactics; and
- ☐ Internal and external environments.

The **operational controls** will include the monitoring and surveillance of various budgets, schedules, and key success factors. Several templates, spreadsheets, and forms will be used for this purpose – among them are:

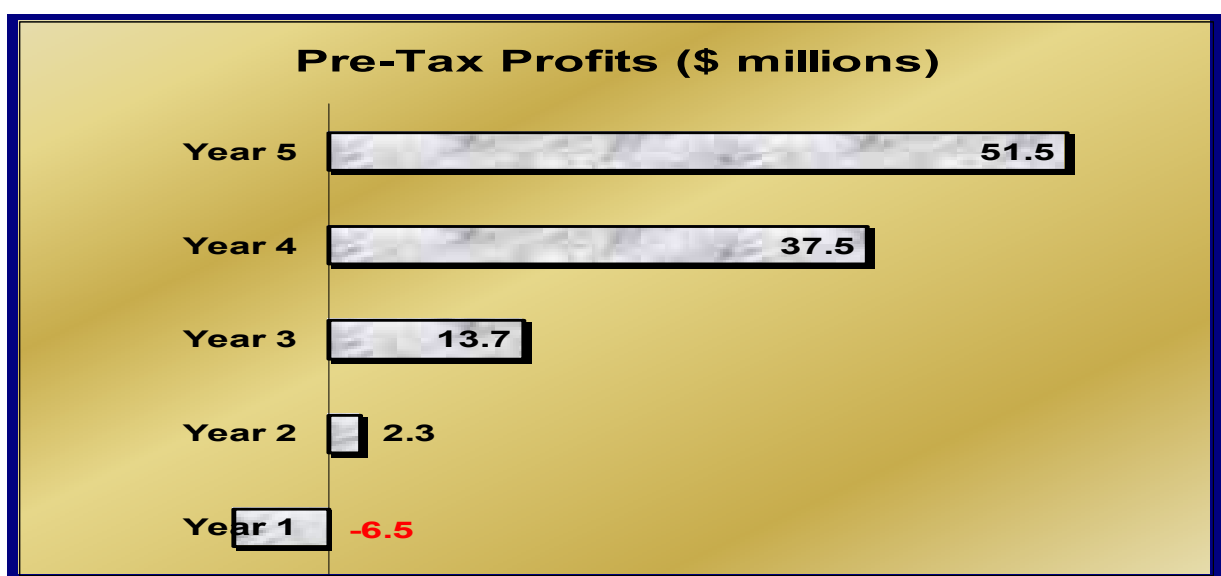
- ☐ Profit and loss statements (costs, volumes, and profits)
- ☐ Master capital budgets
- ☐ Cash flows (direct and indirect)
- ☐ All important financial ratios
- ☐ Key success factors (and those of the competition)
- ☐ Assessment of competitive strengths

12. FINANCIAL PROJECTIONS

12.1 NORMAL SCENARIO

All figures are in US\$ millions. The table below provides a summary of the Pro Forma Financial Projections for the first 4.5 years of operation.

(all figures in \$ millions)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Revenues	5.9	20.4	42.3	79.8	109.4
Operating Expenses	(12.4)	(18.1)	(28.6)	(42.3)	(57.0)
Before-Tax Income ¹	(6.5)	2.3	13.7	37.5	51.5



12.2 RETURN ON INVESTMENT & EXIT

WHA offers its investors three methods of recouping their invested capital: (1) a public offering; (2) sale of the company to a third party; and (3) a buyback of the investor's stock by WHA.

12.2.1 PUBLIC OFFERING

The company intends to complete its Initial Public Offering before the end of 2003.

12.2.2 SALE OF COMPANY

Second, the company could be sold to a large company usually a conglomerate, such as Express Scripts, HealthSouth, Allianz Insurance, or some other multinational healthcare company.

¹ WHA management is considering reincorporating in a country where the corporate taxes are less than those of the United States.

12.2.3 BUYBACK

Finally, any investor will be offered double their initial investment within three years of receipt of such investment.

12.2.4 RETURN ON INVESTMENT OF PRIVATE PLACEMENT INVESTORS

If an investor bought 20.0 percent of the company for \$22 million and after five years the company is a public company with pretax earnings of \$51.5 million, then \$51.5 million times price earnings multiple of 12 for our particular industry is (the actual PE ratio for US healthcare providers and medical equipment suppliers exceeds 27) \$618 million as a value for the company; take 20.0 percent of that and you have \$123.6 million for your \$22 million investment. Assume that the 20.0 percent is sold after five years, then the undiscounted ROI is \$123.6 million divided by \$22 million (and subtract one from the total), divided by five years, which is an **ROI of over 92 percent per year.**

13 APPENDIX



RESUMES OF KEY PERSONNEL

DR. DANIEL K. MUELLER

President and CEO

BIOGRAPHICAL SKETCH

Daniel K. Mueller, PhD, in his 25 years as an executive and consultant, he has experiences in health care leadership, system design, management, quality improvement, and marketing. Mueller has analyzed, started, reorganized and led a variety of health care facilities. As a CEO, Mueller has individually applied his financial, organizational, marketing and leadership abilities to hospital startups and financial turnarounds.

Mueller, at home in diverse cultures, has lived and worked in the South Pacific and the Middle East, as well as consulted in Slovakia, Ecuador, United Arab Emirates, England, France, New Zealand, Singapore, Fiji, Finland, and the United States. In Saudi Arabia, he commissioned and led a 280-bed addiction hospital and established the first kingdom-wide addiction treatment and prevention system in Saudi Arabia.

In recent months, Mueller has consulted on healthcare projects with the Boeing Corporation in the Philippines, Greece, Poland and Chile: conducted a feasibility studies and clinical site redesign for a large international medical group planning to establish a private psychiatric hospital in England; served as an advisor to the French Ministry of Health; reviewed projects the United Arab Emirates University.

He is a diplomat of the American College of Healthcare Executives, a board member of the St. Louis World Affairs Council, and a Vice-Chancellor of Washington University's School of Medicine. Earlier in his career, he served as Peace Corps Director for Western Samoa and the Cook Islands.

EDUCATION

- PhD, University of Missouri (Education; area of specialty: health service administration)
- MA, California State University (Education)
- MPA, University of Missouri (Public Administration)
- BS, Benedictine College (Political Science)

DR. JOHN W. McDONALD III

Senior VP, Research and Development

BIOGRAPHICAL SKETCH

After completing research fellowship training at Johns Hopkins University School of Medicine and residency training at Washington University School of Medicine, he joined the faculty at Washington University School of Medicine as Instructor of Neurology in 1996. Dr. McDonald received a dual appointment as Assistant Professor of Neurology and director of Spinal Cord Injury Unit at Barnes-Jewish Hospital in 1998.

Dr. McDonald's research has been recognized by the: First Award, National Institute of Health, 1997 Mentored Clinical Scientist Development Award, National Institute of Health, 1996, Murray Goldstein Award, Neurotrauma Society, 1996, S. Weir Mitchell Award, American Academy of Neurology, 1996, Medical Scientist Training Program Scholarship at the University of Michigan, 1985.

Dr. McDonald is a member of the American Paralysis Consortium on Spinal Cord Injury and over a dozen Professional Societies including the International Neurotrauma Society, the American Neurologic Association, and the American Academy of Neurology. He is a reviewer for multiple scientific research journals including Brain Research, Brain Research Reviews, Experimental Neurology, Journal of Neurochemistry, Journal of Neuroscience, Journal of Neuroscience Methods, Neuroscience, Neuroscience Letters and Pediatric Research.

His work in the laboratory is directed toward elucidating the molecular mechanisms underlying spinal cord injury and developing effective treatments. The focus of his research is in three areas: 1) mechanisms of white matter injury with a focus on excitotoxic oligodendrocyte death, 2) mechanisms of remyelination, and 3) transplantation of embryonic stem cells







Investigations integrate *in vitro* and *in vivo* techniques, including primary neuronal and glial cultures, embryonic stem cell cultures, genetic cell lines, animal models of traumatic and ischemic spinal cord injury, and embryonic stem cell transplantation.

Techniques in regular use include organotypic culture, immunohistochemistry, autoradiography, fluorescence videomicroscopy, calcium imaging, electron microscopy, and frozen, paraffin and plastic section light microscopy. Rodent models are used to validate hypothesis generated from *in vitro* studies.

EDUCATION

- Post-Doctoral Research, Johns Hopkins University School of Medicine
- PhD, University of Michigan, Neurosciences
- MD, University of Michigan, Neurosciences
- BS, University of Michigan, Neurosciences

RECENT PUBLICATIONS (partial list)

-  Liu XZ, Xu XM, Hu R, Du C, Zhang SX, **McDonald JW**, Dong HX, Wu YJ, Fan GS, Jacquin MF, Hsu CY and Choi DW. Neuronal and glial apoptosis after traumatic spinal cord injury. *J. Neurosci.*, 17:5395-5406, 1997.
-  **McDonald JW**, Shapiro SM, Silverstein FS and Johnston MV. Role of glutamate mediated excitotoxicity in bilirubin-induced brain injury in the Gunn rat model. *Exp. Neurol.*, 150:21-29, 1998.
-  **McDonald JW**, Althomsons SP, Hyrc KL, Choi DW and Goldberg MP. Oligodendrocytes are highly vulnerable to AMPA/kainate receptor-mediated excitotoxicity. *Nature Med.*, 4:291-297, 1998.
-  **McDonald JW**, Bhattacharyya T, Sensi SL, Lobner D, Ying HS, Canzoniero LMT and Choi DW. Extracellular acidity potentiates AMPA receptor-mediated cortical neuronal death. *J. Neurosci.*, 18:6290-6299, 1998.
-  **McDonald JW**, Levine JM and Qu Y. Multiple classes of the oligodendrocyte lineage are highly vulnerable to excitotoxicity. *NeuroReport*, 9:2757-2762, 1998.
-  **McDonald JW** and the Research Consortium of the Christopher Reeve Paralysis Association. Repairing the Damaged Spinal Cord. *Scientific American*, in press.

RAÚL JOSÉ LARREA

Chief Financial Officer

BIOGRAPHICAL SKETCH

Before joining World Health Access, Mr. Larrea was Chief Financial Officer for Miller Freeman South America, a billion-dollar company in the trade show organizers industry. He directly negotiated mergers, acquisitions, and multi-million dollar contracts for his company. While supervising all finance and accounting functions, Mr. Larrea was responsible for their risk management and human resources departments.

Prior to Miller Freeman, Mr. Larrea was in charge of the Treasury and Finance departments of The Moreno Group, a vast international commodities trading company in Argentina.

EDUCATION

- Executive MBA, Instituto de Empresa (Spain)
- MBA, Washington University's John M. Olin School of Business
- CPA, Universidad Nacional del Sur (a six-year course of study in Argentina)

ASTRID B. AGBAJÉ

Senior VP, Business Development

BIOGRAPHICAL SKETCH

For the last several years, Mrs. Agbajé was the International Business Development Director for BJC Healthcare in Saint Louis, Missouri (USA). Before that, she was the International Finance Manager for Johns Hopkins Health System and Director of International Services for the University Hospitals of Greater Cleveland (USA).

Mrs. Agbajé has been very successful in establishing strong relationships with embassies in Washington, DC for patient referrals. She has also generated many significant contracts with insurance and hospital groups in Canada, South America, and the Middle East. Her efforts have resulted in numerous profitable hospital partnerships around the world.

EDUCATION

- Graduate studies in Healthcare Business development, Cleveland State University.
- Master program of Corporate Business Studies, University of Mannheim (Germany)
- BS, University of Mannheim (Germany), Mathematics
- BA, University of Mannheim (Germany), German Literature

JACK W. BENECKE

Director of Operations

BIOGRAPHICAL SKETCH

Prior to Captain Benecke's MBA program, he worked in the Strategic Marketing department of Guidant Corporation's medical products subsidiary. He developed the marketing strategy plan for his \$1.2 billion division. Captain Benecke also designed a fusion model for enhancing the ability of marketing intelligence to accurately understand adoption rates of new products in the marketplace.

As a member of the United States Army, he was a Battalion Operations Officer for the famed 101st Airborne Ranger Division. He won the Santa Barbara medal for outstanding military service and is qualified as a parachutist, master Rappel, Distinguished Artillery Officer.

EDUCATION

- MBA, Washington University (John M. Olin School of Business)
- BS, U.S. Military Academy, International Relations
- BS, U.S. Military Academy, Systems Engineering

AWARDS/HONORS/PUBLICATIONS

- ✚ Captain, U.S. Military Academy football team.
- ✚ Won Superintendent's Award for Excellence.
- ✚ Organized Global Management Studies Asia program for MBA program.

DR. ANNETTE VEECH

Director, Global Communications

BIOGRAPHICAL SKETCH

Before teaching Managerial Communication courses to MBA students at Washington University's John M. Olin School of Business, Dr. Veech worked as an evaluation specialist at Arthur Andersen and Co. She also worked in training and development, external client consulting, and program evaluation at Maritz Performance Improvement Company. She also consults with professional organizations and Fortune 500 companies.

EDUCATION

- PhD, University of Illinois, Management Communication
- MS, Southern Illinois University, Organizational Behavior
- BS, Southern Illinois University, Mathematics

AWARDS/HONORS/PUBLICATIONS

- 📄 "Who's on First: The Management Bottom Line," *Performance and Instruction*, August 1994
- 📄 "The Promise of Quality: Using Evaluation to Improve the Client-Supplier Relationship," *Performance and Instruction*, August 1991
- 📄 Marketing Division Award, Maritz Performance Improvement Company, 1995
- 📄 Leading the Challenge Award, Maritz Communications Company, 1992
- 📄 Quality, Creativity, Service Teamwork Award for Ford Motor Co. account, 1990, 1992
- 📄 Process for Excellence Award, IBM account, 1991
- 📄 Peak Performer Award, Maritz, 1991

AMPY KOLLMAN-MOORE

Director, Latin American Sales

BIOGRAPHICAL SKETCH

As an experienced General Manager with a strong track record of leadership in growing business in the global healthcare industry, Mrs. Kollman-Moore provides World Health Access with an extraordinary level of marketing expertise for the Latin American market. She has constantly demonstrated her special ability to recognize and create market opportunities, involving employees in achieving goals, solving problems and delivering continuous profitable growth.

Her most recent position was President, Latin America for Mallinckrodt, a multi-billion dollar global manufacturer of various medical and pharmaceutical products. Supervising hundreds of employees, she successfully opened branches, negotiated mergers, acquisitions, and large contracts for her firm in the region. For almost twenty years, Mrs. Kollman-Moore represented her company at hundreds of conferences and conventions. She forged strong relationships with government and hospital personnel throughout Latin America.

EDUCATION

- Executive Master International Business, Saint Louis University
- Executive Management Program, Penn State University
- BS, Colombo-American Cultural Institute

AWARDS/HONORS/PUBLICATIONS

- ✚ Advisory Board, Boeing Institute of International Business, John Cook School Business, Saint Louis University
- ✚ Board, International Institute of Metropolitan Saint Louis
- ✚ Chair, Multicultural Committee, Fair Saint Louis
- ✚ Leadership America Class of 1999
- ✚ Outstanding Alumni Award, Saint Louis University

DR. WILLIAM P. COON

Executive VP and Chief Operating Officer

BIOGRAPHICAL SKETCH

Entrepreneur, author, professor, international marketing manager, and industry consultant, Dr. Coon brings a diversified background to World Health Access. He has conducted business in more than 110 countries and has written thirty international business case studies currently being used in graduate business schools in the United States.

Dr. Coon worked extensively with startup firms in Hong Kong and the United States, learning the importance of strong management teams and adequate corporate financing. His years of living in countries like Germany, Argentina, Brazil, and Hong Kong, coupled with his global work experience, will greatly help WHA to achieve its objectives.

He teaches numerous MBA courses such as Foreign Market development, International Marketing Management, and Global Management Studies. He has contributed to textbooks on international economics, strategic management, and international business.

EDUCATION

- PhD, Washington University, International Studies
- MA, Washington University, International Affairs
- MBA, Washington University
- BS, University of California, Electrical Engineering

AWARDS/HONORS/PUBLICATIONS

- ✚ Adjunct Faculty, John M. Olin School of Business, Washington University
- ✚ Presidential Scholar Award, University of California
- ✚ Major contributor to MBA textbooks on B2B E-Commerce, Strategic Management, International Economics, and International Business Case Studies.
- ✚ Author of numerous research papers on subjects of foreign market development and the ethics of international marketing.

EMMETTE B. CRAFT

Senior VP, Network Development & Managed Care

BIOGRAPHICAL SKETCH

Emmette Craft came to World Health Access from the University Hospitals Health System of Cleveland (Ohio), where he served with distinction as Vice president of Managed Care Contracts. 2002 marks the twentieth year that Craft has been working in the managed care industry. He has worked with both HMOs and PPOs in a variety of management positions.

He was Director of Network Development for both Aetna US Healthcare and Blue Cross Blue Shield of Western New York. He was Chief Operating Officer of Blue Cross of Washington and Alaska. Prior to that, he was CEO of Heritage HealthCare, an HMO in Florida, and Director of Operations of Provident Health Services of California.

EDUCATION

- MS. Healthcare Management
- BS, Business Administration

AWARDS/HONORS/PUBLICATIONS

- ✚ Associate, American College of Healthcare Executives
- ✚ Adjunct Faculty, Webster University

DR. LORENZO D. CASTRO

Manager, Latin American Business Development

BIOGRAPHICAL SKETCH

For the last 22 years, Dr. Castro served as CEO/Director for a large hospital in his home country of Chile, and as Director for several Clinical Departments, pioneering Diseases State Management programs in a semi-rural environment, an acting as a successful Liaison of community Health & Education initiatives. Lately he served as quality team member of the American Red Cross blood bank at the National Testing Laboratory, as Clinical Studies medic for Gateway Medical Research, as Latin American Health Economics manager for Mallinckrodt, Inc., and as an International Consultant for Sigma-Aldrich, Inc. multi-billion dollar companies in Saint Louis. His positions allowed him to interact closely with the leading physicians, hospitals, regulatory agencies, providers and other medical institutions of South America. His background, skills set, experience and personal relationships in Latin countries will prove invaluable to our efforts to market health services to these countries.

Education

- MD./Surgeon. University of Chile
- MBA, Webster University (current)
- MA, Webster University (Healthcare Management)
- American Red Cross Certified Instructor
- Emergency Medical Technician, Saint Louis University



APPENDIX

PATIENT AND BILLING FLOW CHARTS

WHA FLOW CHART DIAGRAMS

A-1 Patient Flow Diagram: *Pre-Services*

Illustrates the cycle from a referral source and the consequent actions leading to a confirmed medical appointment for a patient.

A-2 Patient Flow Diagram: *Services*

Illustrates the cycle from the time that a confirmed appointment and/or inpatient stay is scheduled, to a patient arrival and consequent medical appointments until the time patient is ready to depart upon completion of all medical services.

B-1 Billing Flow Diagram: *Normal Cycle*

Shows the normal cycle of billing, specifically for patients who are self-pay. Payment of the estimate is due upon arrival. Further non-estimated payments should be made upon time of service. All receipts and invoices will be collected and billed within 30 days after the last date of service.

B-2 Billing Flow Diagram: *Embassy Cycle*

Indicates the embassy-sponsored patient's cycle of billing. Verification of coverage is based on the received letter of guarantee. A new letter of guarantee needs to be received for additional medical services not covered by the original letter of guarantee.

B-3 Billing Flow Diagram: *Non-Routine Cycle*

This chart follows patients without any prior financial arrangements before arrival. Regardless of sponsorship, patients should pay a deposit as soon as possible – then a process of finalizing payer source is made. If no payer source is identified, the patient should be treated as a self-pay patient. There is more tracking and notification to the institution involved in this cycle.

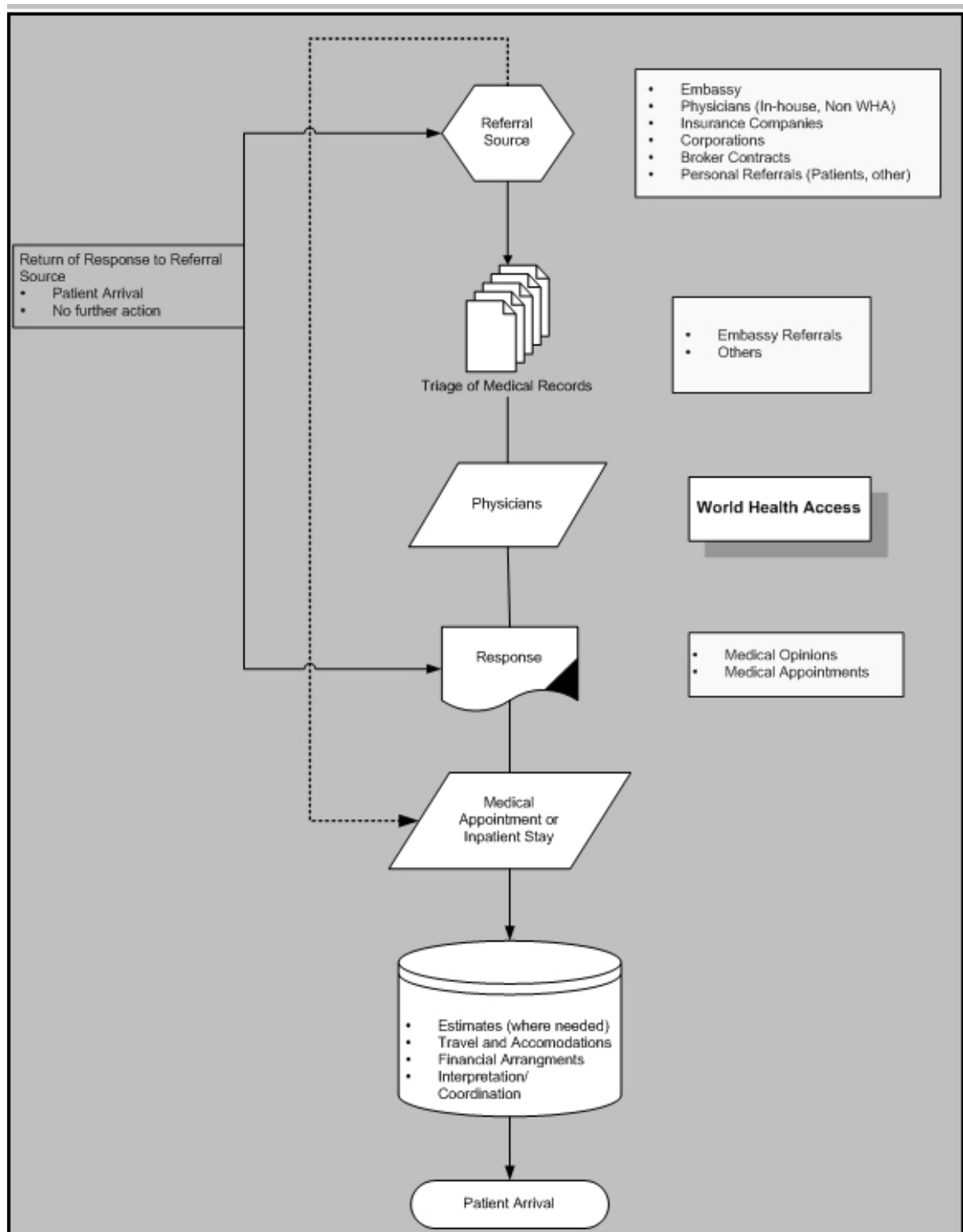
C-1 Payment Flow Diagram: *Normal Cycle*

After all medical services are rendered, and within 30 days after the last date of service, all invoices are requested, printed, and consolidated into one final invoice. Any payments received prior to this should be documented and proper balance calculated. The invoice will be sent to the patient and/or sponsor, and a second invoice (when needed) will be sent as a reminder when payment is not received on-time. All payments received will be tracked and posted to the patient's account. Finalization of the invoice will mark the time that all non-posted charges will be requested for write-offs.

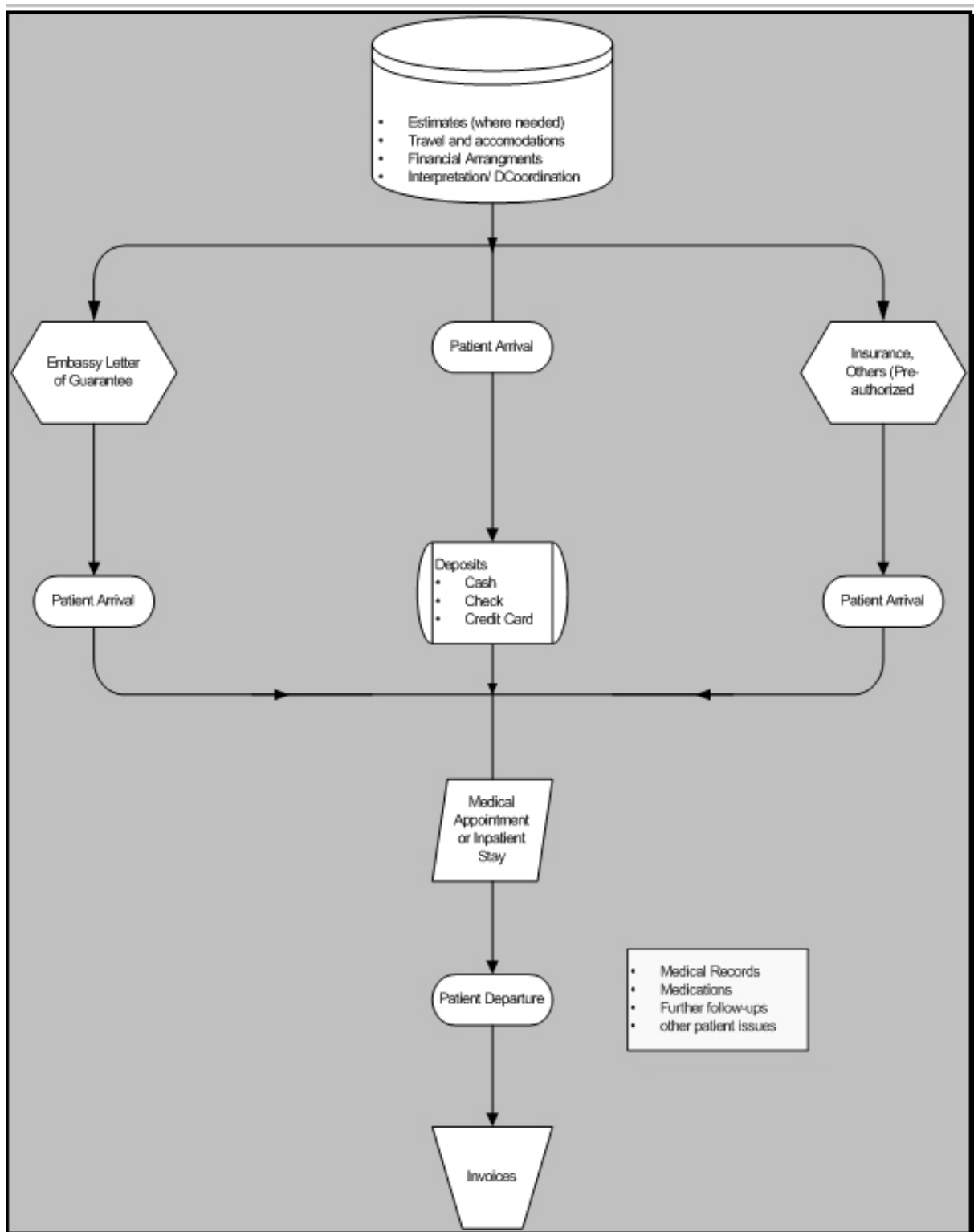
C-2 Payment Flow Diagram: *Embassy Cycle*

This flow chart indicates the embassy-sponsored patient's cycle of payment. All invoices are finalized 30 days after the last date of service. All invoices from the same Embassy will be collected and batched to be sent to the Embassy. All payments received will be tracked and posted to the patient's account. Finalization of the invoice will mark the time that all non-posted charges will be requested for write-offs. After all payments are received for the batch, request for adjustments can be made, depending on the business decision. Tracking of all batches and patients for each Embassy are done separately and should be monitored closely.

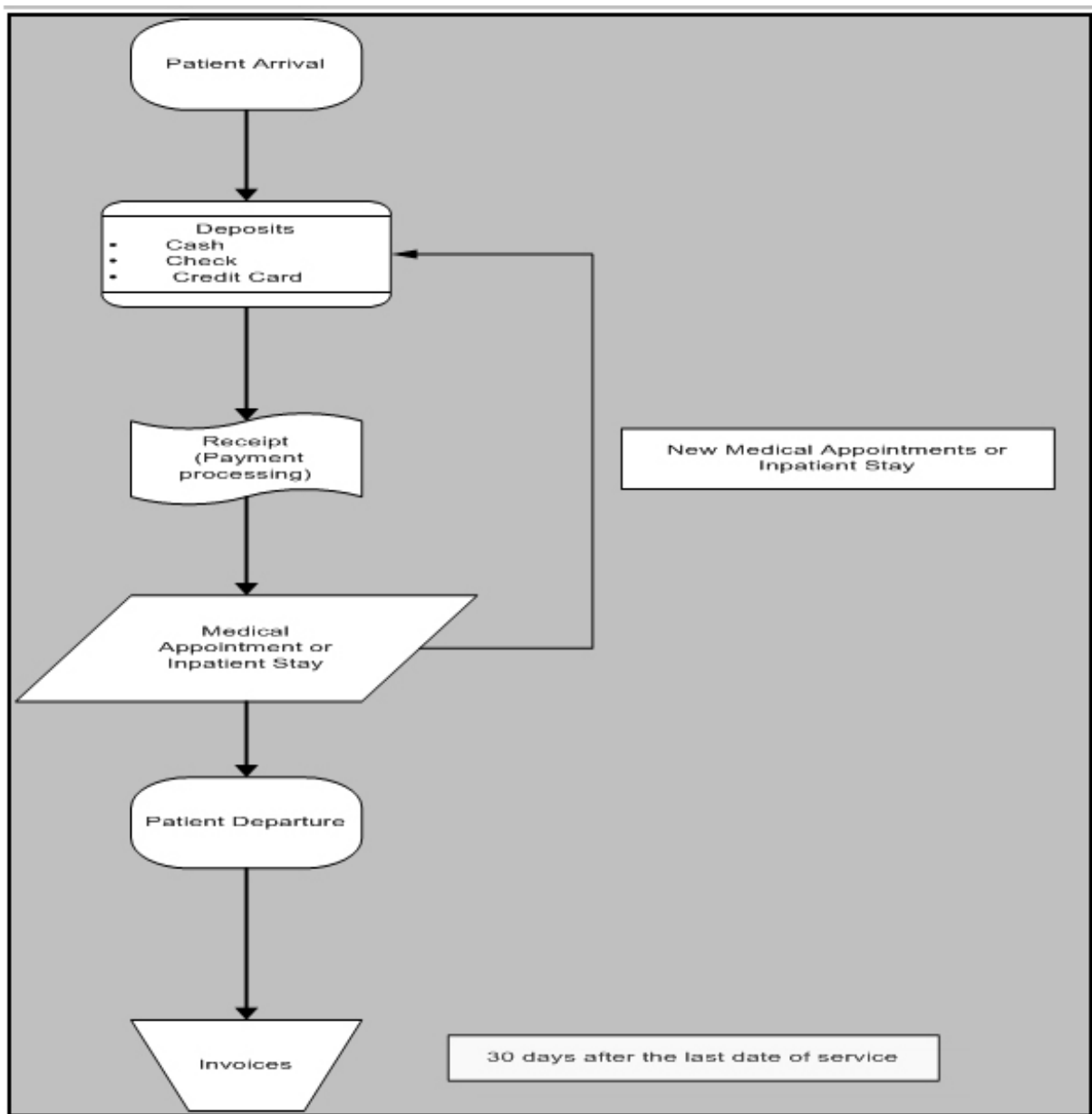
A-1: Patient Flow -- Pre-Services



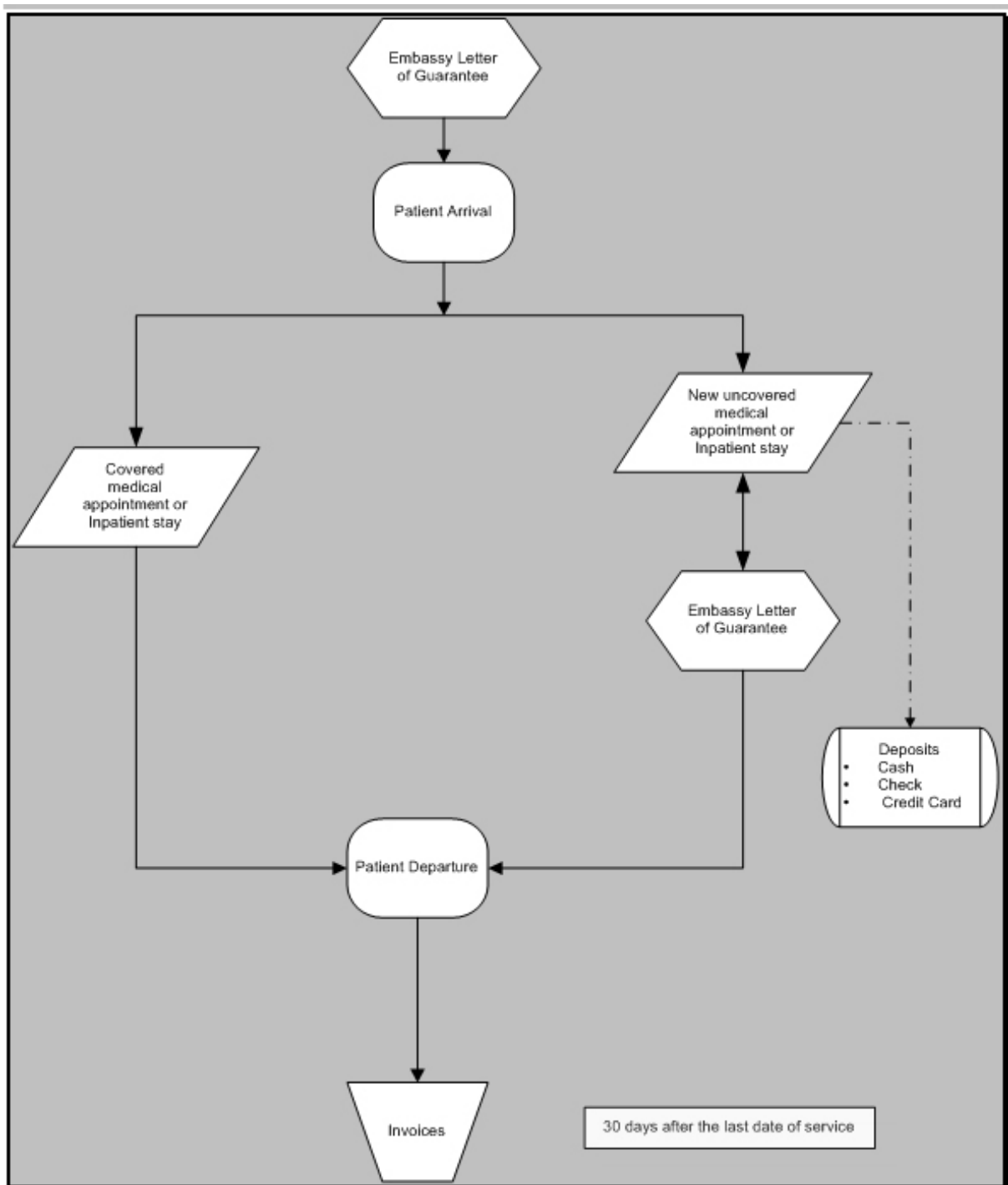
A-2: Patient Flow -- Services



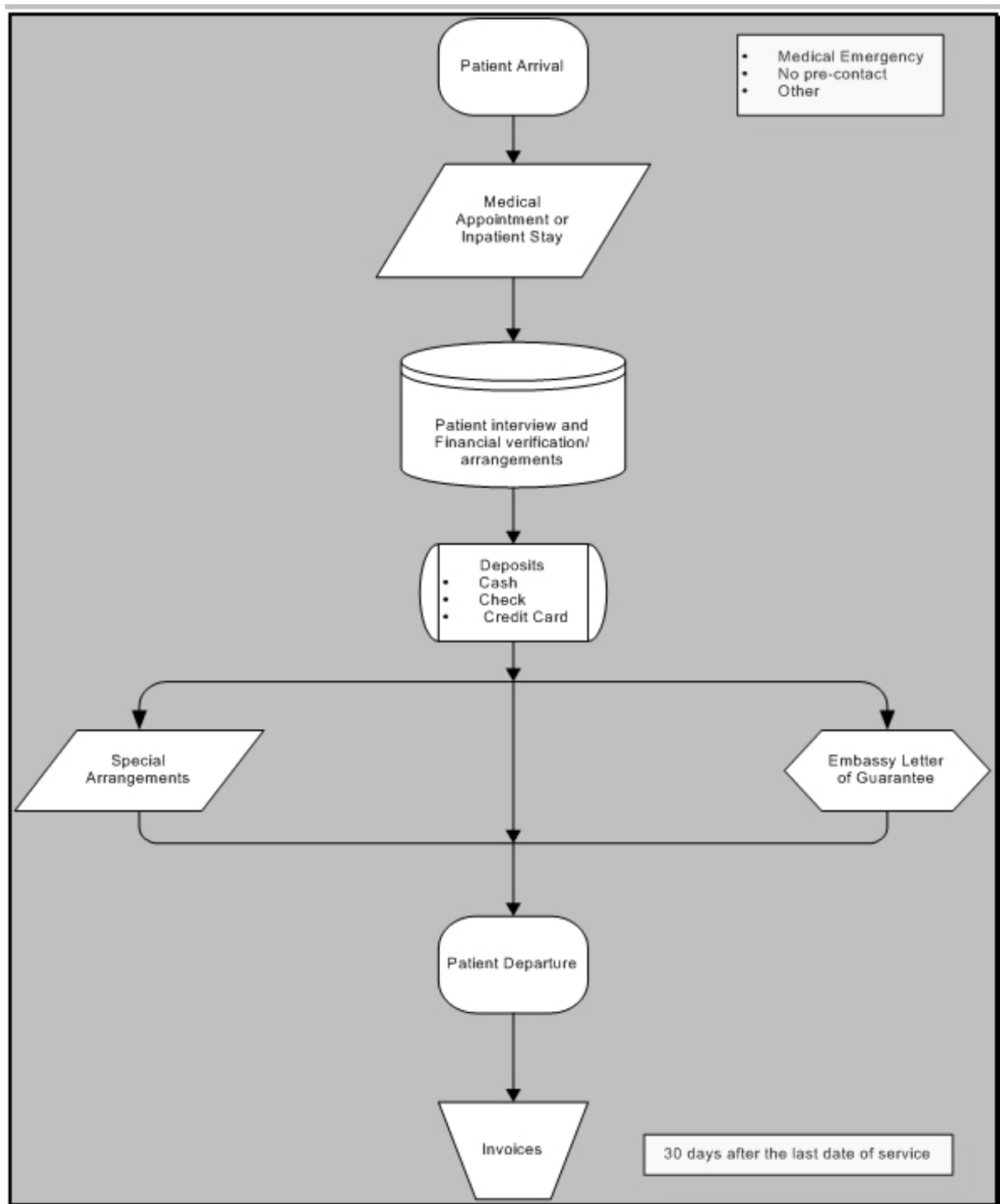
B-1: Billing Flow -- Normal Cycle



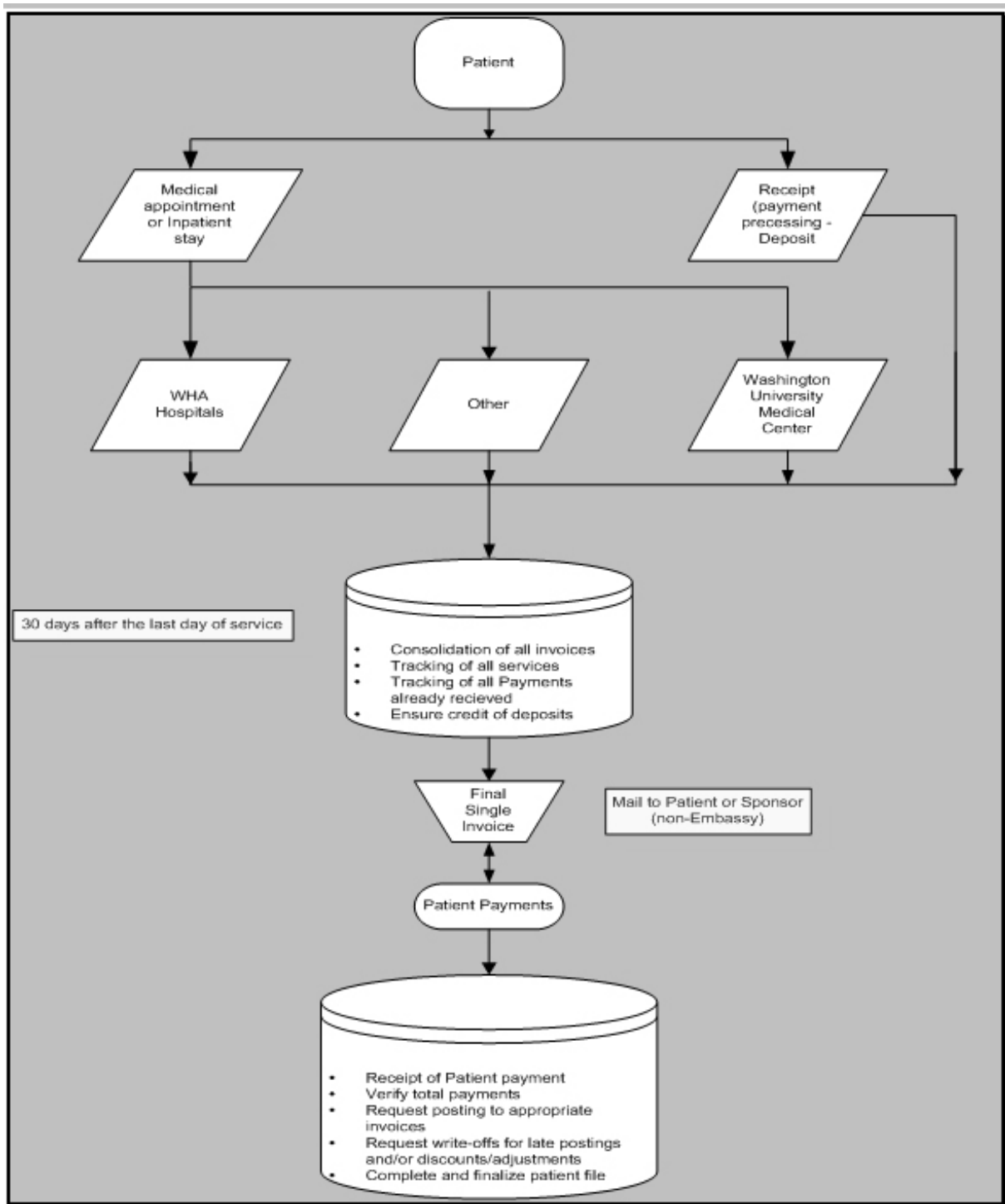
B-2: Billing Flow -- Embassy Cycle



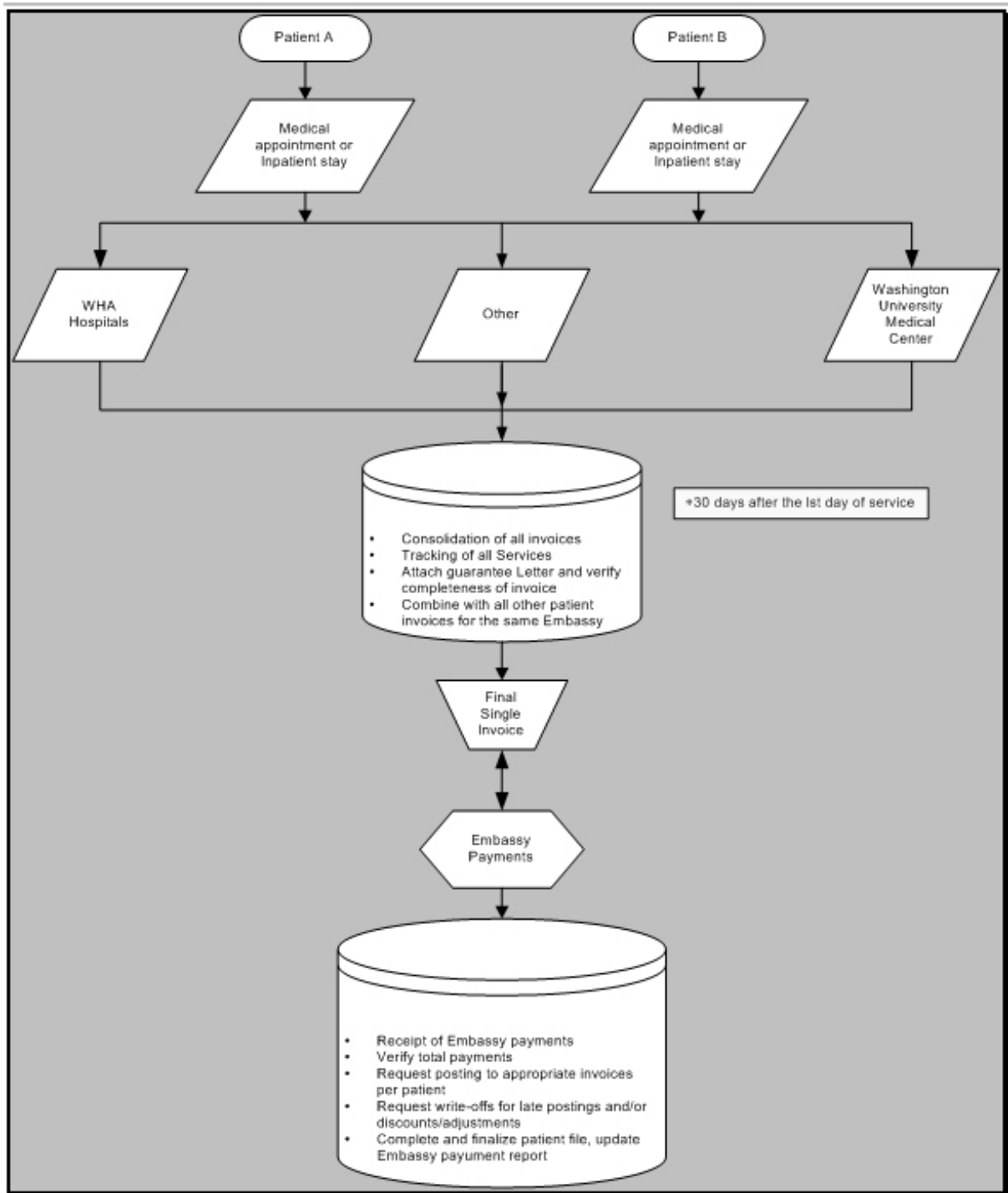
B-3: Billing Flow -- Non-Routine Cycle



C-1: Payment Flow -- Normal Cycle



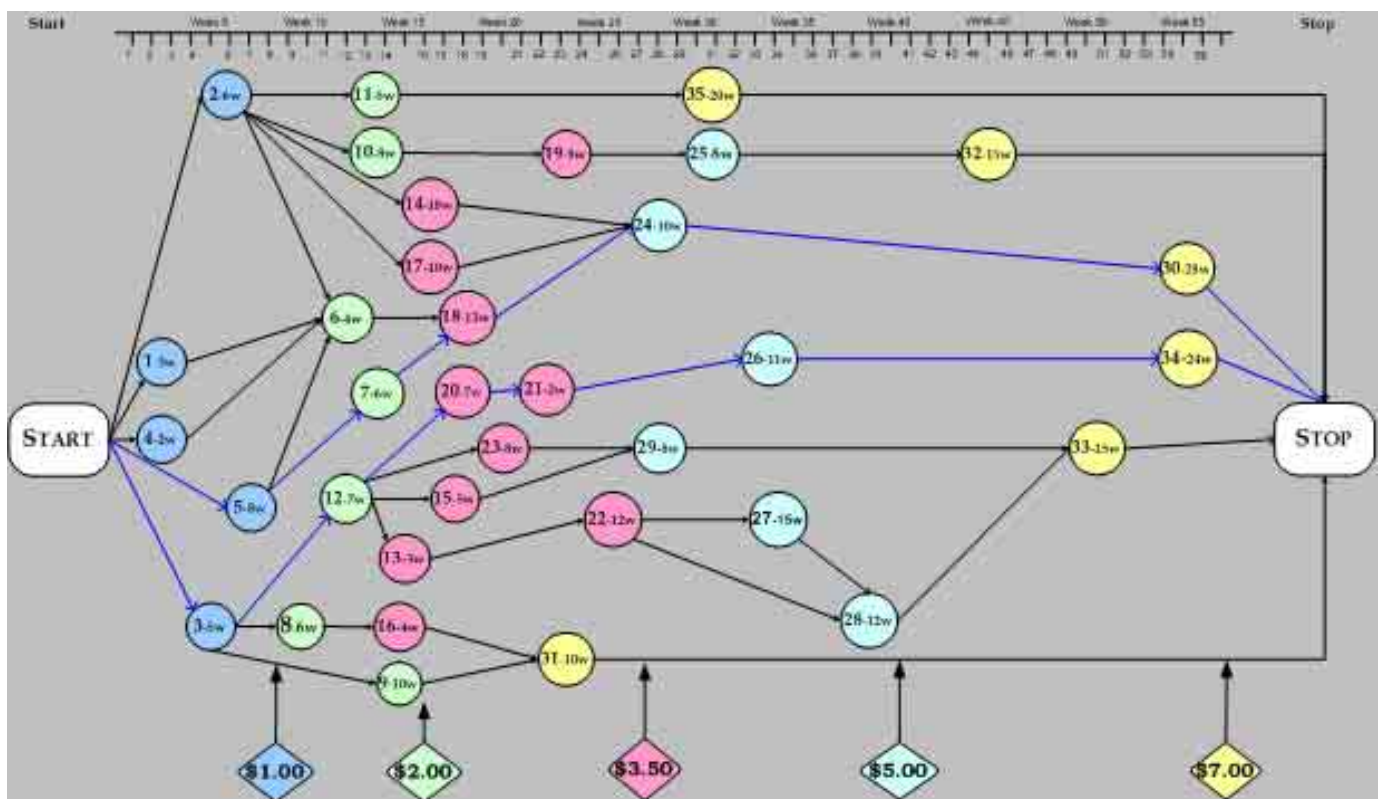
C-2: Payment Flow -- Embassy Cycle



3

APPENDIX

PERT CHART ACTIVITIES



PERT CHART ACTIVITIES

Activity	Time (weeks)
1. Complete 5-Year Business Plan	3
2. Hire key personnel for patient access division	6
3. Hire key personnel for stem cell division	5
4. Computerize patient processing model	2
5. Form relationships with network hospitals	8
6. Obtain first patient access contract	4
7. Finalize negotiations with international preferred providers	6
8. Sign distribution agreement for first rehab product	6
9. Hold first discussion with foreign governments for sale of pharmaceuticals and/or equipment	10
10. Identify near-term healthcare consulting contract possibilities	8
11. Initiate discussions with catastrophic insurance network providers	5
12. Complete layout of stem cell research lab	7
13. Place initial lab equipment orders	3
14. Develop functional website	10
15. Complete marketing plan for blood banks	5
16. Complete marketing plan for rehab equipment	4
17. Design and implement billing software	10
18. Compile first 5,000 names of physician/hospital global database	12
19. Obtain first healthcare consulting contract	9
20. Complete design of U-cord blood banks	7
21. Place initial blood bank equipment orders	2
22. Commence first ES research line	12
23. Identify market opportunities for ES animal and industrial applications	8
24. Obtain second and thirds patient access contracts	10
25. Implement first consulting contract	8
26. Assemble 1,000 samples of blood bank inventory	11
27. Successfully conclude first ES cell clinical trials	15
28. Startup remaining three ES research lines	12
29. Obtain first sales of ES cells to outside research or industrial lab	8
30. 500 th patient admitted to access program	28
31. Sign distribution agreement for two additional medical equipment products	10
32. Obtain second and third consulting contracts	15
33. Make first application to FDA for human stem cell trials	15
34. Blood bank inventory exceeds 2,500	24
35. Admit first patient from catastrophic insurance program	20



APPENDIX

GLOSSARY OF TERMS

GLOSSARY

1. **APLASTIC ANEMIA:** A form of anemia in which the capacity of the bone marrow to generate red blood cells is defective. This anemia may be caused by bone marrow disease or exposure to toxic agents, such as radiation, chemicals, or drugs.
2. **BANKING:** In this document, “banking” refers to the collections and storage of umbilical and placental stem cells in the Company’s global network of storage facilities.
3. **BETA CELL:** Any of the insulin-producing cells of the islets of Langerhans in the pancreas.
4. **CARTILAGE:** a strong stretchy type of tissue found in humans in the joints and other places such as the nose, throat and ears.
5. **CONCIERGE SERVICE:** WHA’s “Concierge”: service will include such activities as helping foreign patients purchase or prepare food in accordance with their culture, having a translator on-call 24 hours per day, meeting patients at the airport and transporting them to the hotel/hospital, or assisting accompanying family or friends with their shopping or entertainment needs.
6. **CONFOCAL:** Having the same focus or foci.
7. **CONGENITAL:** Of the same birth; born with another; connate; begotten together.
8. **CRYOGENICS:** the branch of physics that studies the phenomena that occur at very low temperatures
9. **DIABETES:** any of several metabolic disorders marked by excessive urination and persistent thirst
10. **ELECTROPHYSIOLOGY:** electrical phenomena associated with a physiological process (as the function of a body or bodily part)
11. **ES CELLS:** These cells are non-transformed pluripotent cells derived from the inner cell masses of normal late blastocysts, which give rise to all organs of the growing fetus including the germ line.
12. **EXTRANET:** An extension of an institution's intranet, especially over the World Wide Web, enabling communication between the institution and people it deals with, often by providing limited access to its intranet.
13. **FETAL:** of or relating to a fetus (an unborn or unhatched vertebrate in the later stages of development showing the main recognizable features of the mature animal)
14. **GRAFT REJECTION:** When donated bone marrow infused during a bone marrow transplant is rejected by the patients body or does not take.
15. **HOMOGENOUS:** Having a resemblance in structure, due to descent from a common progenitor with subsequent modification; homogenetic; -- applied both to animals and plants.
16. **IMMUNODEFICIENCY:** immunological disorder in which some part of the body's immune system is inadequate and resistance to infectious diseases is reduced
17. **IMMUNOSUPPRESSIVE:** of or relating to a substance that lowers the body's normal immune response

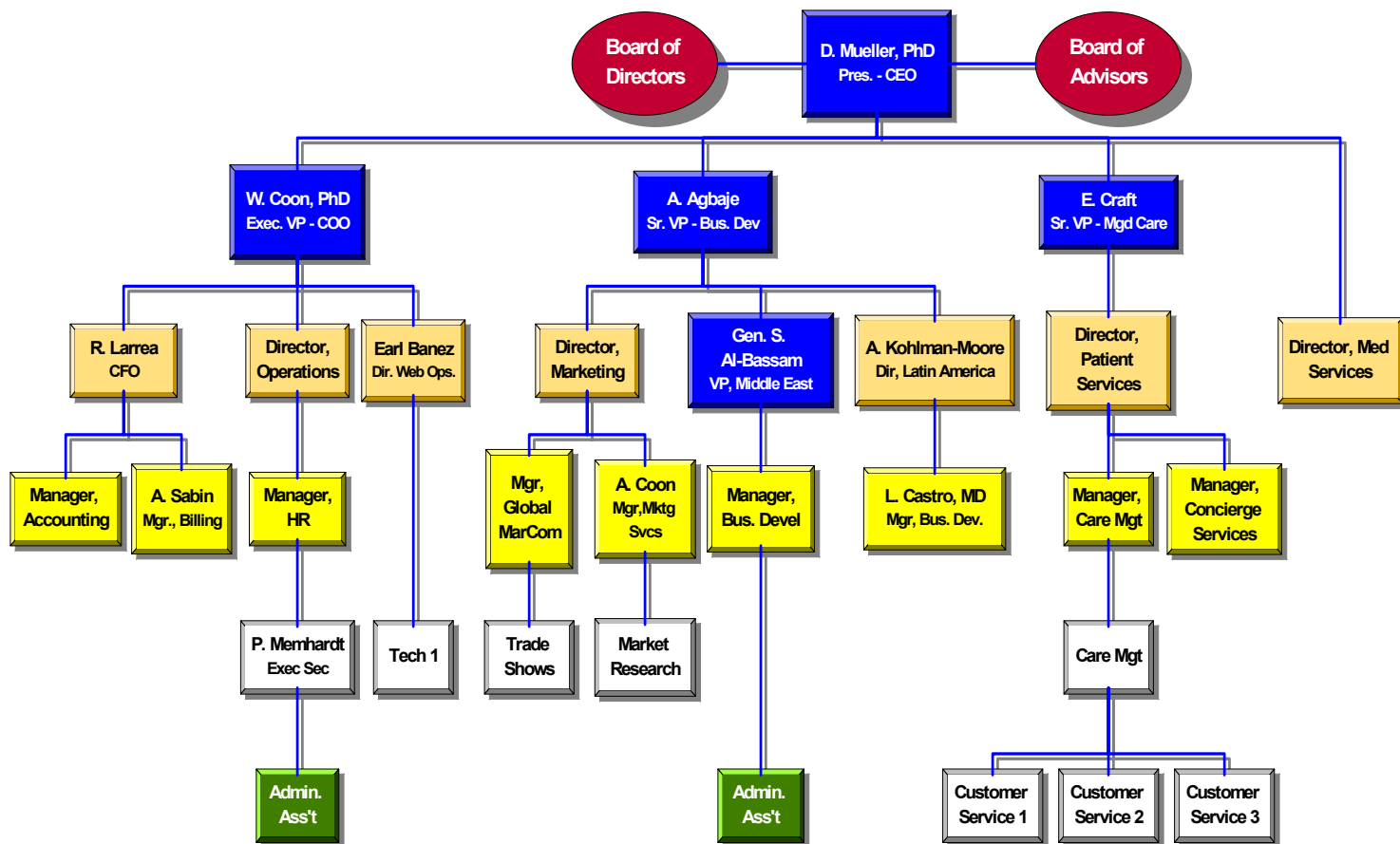
18. **IN VITRO:** outside the living body and in an artificial environment
19. **INTRANET::** A privately maintained computer network that can be accessed only by authorized persons, especially members or employees of the organization that owns it
20. **ISLETS OF LANGERHANS:** Irregular clusters of endocrine cells scattered throughout the tissue of the pancreas that secrete insulin and glucagon.
21. **IT SYSTEMS:** abbreviation for **information technology**
22. **LIGAMENTS:** any of the strong strips of tissue in the body that connect various bones together, that limit movements in joints and support muscles and other tissue.
23. **MRI:** abbreviation for **magnetic resonance imaging:** a system for producing electronic pictures of the organs inside a person's body, using radio waves and a strong magnetic field
24. **MULTIPOTENT:** Having manifold power, or power to do many things.
25. **OSTEOARTHRITIS:** degenerative arthritis, degenerative joint disease -- (chronic breakdown of cartilage in the joints; the most common form of arthritis occurring usually after middle age)
26. **OSTEOGENESIS IMPERFECTA:** A hereditary disease characterized by abnormally brittle, easily fractured bones.
27. **PANCREAS:** A long, irregularly shaped gland in vertebrates, lying behind the stomach, that secretes pancreatic juice into the duodenum and insulin, glucagon, and somatostatin into the bloodstream.
28. **PATHOGENIC:** Capable of causing disease.
29. **PLACENTA:** The vascular appendage that connects the fetus with the parent, and is cast off in parturition with the afterbirth.
30. **PLURIPOTENT:** capable of giving rise to most tissues of an organism.
31. **SECRETORY:** Relating to or performing secretion.
32. **SICKLE CELL ANEMIA:** a congenital form of anemia occurring mostly in blacks; characterized by abnormal blood cells having a crescent shape.
33. **STEM CELLS:** cells that have the ability to divide for indefinite periods in culture and to give rise to specialized cells.
34. **TOTIPOTENT:** having unlimited capability. Totipotent cells have the capacity to specialize into extraembryonic membranes and tissues, the embryo, and all postembryonic tissues and organs.
35. **TOXICOLOGY:** The study of the nature, effects, and detection of poisons and the treatment of poisoning.
36. **TRANSPLANTATION:** An operation in which tissue or an organ is transplanted: *undergo a heart transplant; surgical transplant of a cornea.*
37. **UMBILICAL CORD:** membranous duct connecting the fetus with the placenta.
38. **UTERUS:** A hollow muscular organ located in the pelvic cavity of female mammals in which the fertilized egg implants and develops. Also called *womb*.

APPENDIX

5

EMPLOYMENT PROJECTIONS

EMPLOYMENT PROJECTIONS



APPENDIX

6

**FINANCIAL FORECAST
ASSUMPTIONS**

FINANCIAL FORECAST ASSUMPTIONS

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1. STRUCTURE OF THE FINANCIAL FORECAST






The figures for the first year are given on a monthly basis, while years 2-5 are detailed on a quarterly basis. The potential investor should be careful when comparing figures between the end of year 1 (month 12) and the beginning of the second year. The first column is on a monthly basis while the second one is on a quarterly basis.

The first five columns of each spreadsheet summarize the values on a yearly basis.

Depending on the specific context, the value represents the sum of every month or every quarter of the year (i.e. Patient Processing Revenue), or it can be the value of the last month or quarter of the year (i.e. cumulative number of employees).

Items in the projections that have notes related to them in this document are marked in the spreadsheets with an "x" in the first adjacent column, while the ones that result from computation are marked with an "x" in the "Computation" column.

This forecast is organized as follows:

-  **ASSUMPTIONS:** this sheet describes the main assumptions used in the forecast.
-  **CASH-FLOW:** projection of the cash income generated by the activity.
-  **INCOME STATEMENT:** this sheet describes the income that the activity is expected to generate over the next 5 years.
-  **REVENUES:** this sheet lists all revenues generated by the activity. They are grouped in two categories: Patient Processing and Other Revenue Sources.
-  **DIRECT EXPENSES:** this sheet lists all expenses required by the company to support its activity. They are grouped in five main categories: Direct Expenses generated by Patient Processing, Other Revenue Sources, Patient Transportation, Contracts Labor and Foreign Management Fees/Commissions.



The first category contains the amounts pay to hospitals for providing medical services to patient.

The second exhibits the direct expenses related to the following activities:

- ▶ Hospital Management Consultation,
- ▶ Sales of Medical Supplies and Equipment,
- ▶ U-cord Stem Cell Storage,
- ▶ Sales of Stem Cells for Purposes of Research,
- ▶ Sales of Stem Cells to Institutions for Animal Therapies,
- ▶ Sales of Stem Cells to Hospitals for Human Therapies,
- ▶ Royalties from various Stem Cell Applications, which includes intellectual property – cell processing







The third and four categories of Direct Expenses include the costs for providing patients with the Company's Concierge Service which includes such activities as helping foreign patients purchase or prepare food in accordance with their culture, having a translator on-call 24 hours per day, meeting patients at the airport and transporting them to the hotel or hospital, or assisting accompanying family or friends with their entertainment needs.

The last category relates to fees and commissions paid for using agents and distributor services.

-  **Margin per Product:** this sheet lists the net profit margin per product, namely: Patient Processing, Hospital Management Consultation, Medical Supplies and Equipment, U-cord Cell Storage, Sales of Stem Cells to Researchers, Institutions and Hospitals, and Stem Cell Royalties.
-  **Resources:** this sheet lists the human resources required for each department and their office facility requirements.

Costs have been distributed by department, for the best monitoring of resources allocation. For each one of these departments, labor cost, computer equipment and furniture, communication/supplies, travel and entertainment costs, as well as resources required for its specific activities have been described.

The departments have been classified as follows:

-  **Management:** describes the resources allocated to the top management of the company. Special expenses include Board of Directors and Management Consultants.
-  **Sales and Marketing:** lists the staff dedicated to the Company's sales and marketing efforts in its different locations such as business development, managed care, global communication and marketing services. Specific expenses include: Tradeshows and Conferences, Advertising, Public Relations, External Market Research, Marketing Consultants, Provision for Foundation (showed as "Provisions" in the Income Statement and Cash-Flow spreadsheets) and Miscellaneous Expenses.
-  **R & D:** includes the staff involved in the stem cell research directed at providing solutions to several key common human diseases. This department will be equipped with state-of-the-art facilities. Specific expenses include: Laboratory Supplies, Laboratory Equipment, which could also be considered as investment, Repair and Maintenance and Professional Development and Training.
-  **Finance:** describes the staff in charge of the financial management and auditing of the Company. Special expenses include: Audit Fees, Financial and Legal Consulting, and Accounting Payroll and Billing vendors.
-  **Administration:** lists the staff in charge of the operation of the Company including the Human Resource department. Specific expenses include: Management Transportation, Recruiting, Utilities, Insurance (Directors & Officers and Properties), Conference Room Furniture, Office Communication Equipment and Leases.
-  **Computer and IS:** describes the staff needed to maintain an important IS infrastructure. Specific expenses include: IT Contracts, Computer Supplies, Network Servers, Server Upgrades, Accounting Software, Cabling, Repairs, Training and Miscellaneous Supplies.

2. ASSUMPTIONS

a. PATIENT PROCESSING

We have assumed a conservative number of patients. Revenues per patient for the different types of treatments are also considered conservatives. The annual increase of revenue per patient for the Transplant, Rehab and Pediatric treatments has been assumed 3% from year 2 to 5.

For Cardiac and Cadaveric Liver patients, it was forecasted an increase of 3% for year 2 and 7% thereafter.

For Kidney Transplants and Cancer Care Patients the annual growth rate was estimated at 7% from year 2 to 5.

We have also assumed a gross profit margin of 11,5% of the total revenue for Patient Processing.

b. OTHER REVENUE SOURCES

The following gross profit margins have been considered for the activities included in this category:

- ▶ Hospital Management & Consultations: 65%
- ▶ Sale of Medical Supplies and Equipment: 52%
- ▶ U-Cord Stem Cell Storage: 93%
- ▶ Sales of Stem Cells to Researchers: 95%
- ▶ Sales of Stem Cells for Human Applications: 80%
- ▶ Sales of Stem Cells for Animal Applications: 80%
- ▶ Stem Cells Patent Royalties: 91%

Patient Processing Revenues are expected to occur in the last 9 month of the first year. However, we estimate that the last three months will concentrate approximately 75% of the first year total revenues.

c. DIRECT EXPENSES

Direct Expenses in relation to Patient Processing and Other Revenue Sources were calculated in accordance with the gross profit margins described above, i.e. a 88,5% was included as the amount to be paid to physician and hospitals for the Patient Processing category.

Foreign Management Fees/Commissions: a percentage of 6% of the gross profit margin was estimated. It includes the amount to pay for foreign agents and distributors services.

Local Transportation: expenses for patients and family members' transportation were considered at a rate of \$650 per patient.

d. PROVISIONS

✚ **Foundation:** the company will have a charitable foundation that will receive 5% of the gross margin generated by Patient Processing and Other Revenue Sources activities.

✚ **Taxes:** the company is currently analyzing alternatives for its foreign domiciles. Given the relevance of such decision to estimate the tax provision, we decided not to include it in this financial projection.

e. STAFF

This section lists the assumptions made about the resources allocated to staff.

Different levels of expenses have been defined to account for the various types of positions and resources. Each position is attributed a category per type of resources.

✚ **Fringe Benefits:** for all the levels, an average of 12,5% was estimated as the variable part and a fixed amount of \$6,000 per employee as the annual company's contribution toward the cost of health and dental insurance costs.

✚ **Office Space:** This sub-section describes the various categories of office space requirements allocated to employees based on their position. Four categories are defined: base, technician, middle management and top management.

✚ **Computer Equipment and Furniture:** this sub-section describes the various categories of computer equipment and furniture allocated to employees at the time they are hired. Four categories are defined: base, technician, middle management and top management. It is also included in this sub-section an annual allocation for replacement and maintenance of equipment and furniture.

✚ **Communication and Supplies:** this sub-section describes the various categories of communication resources allocated to employees based on their needs and in accordance with the categories specified in the previous item.

✚ **Travel & Entertainment:** we estimate the amounts included in this category having into account the function of the employee rather than the level or position within the organization.

When applicable, the category of resources allocated to each employee is identified by the letters (t: top management, m: middle management, te: technician, b: base) specified on the left-hand side column (General, Fringe/Benefits, Office Space, Computer/Equipment, Travel/Entertainment).

3. ASSUMPTIONS EVOLUTION (YEAR 2 - 5)

The present financial projection was prepared at current prices given the different impact that price increases will have on the different categories of revenues and expenses.

The annual increase of revenue per patient for the Transplant, Rehab and Pediatric treatments has been assumed 3% from year 2 to 5.

For Cardiac and Cadaveric Liver patients, it was forecasted an increase of 3% for year 2 and 7% thereafter.

For Kidney Transplants and Cancer Care Patients, the annual growth rate was estimated at 7% from year 2 to 5.

In order to attract and retain individuals with the highest level of expertise, an annual increase in salaries of 20% was forecasted from year 2 to year 5. In some exceptional cases, a 25% increase was estimated.

4. CASH-FLOW






a. REVENUES

This section describes all revenues generated by the company 4 main streams of revenues: Patient Processing, Hospital Management and Consultations, Sales of Medical Supplies and Equipment, and Sales of Stem Cells.

Detailed information is provided in the Revenue sheet.

b. DIRECT EXPENSES

This section includes the direct expenses of each category of activity:




-  Sales & Marketing (Provision for Foundation is shown separately).
-  Direct Expenses for Patient Processing.
-  Direct Expenses for Other Revenue Sources.
-  Foreign Management Fees and Commissions.
-  Contract Labor and Transportation.

In this section only the expenses related to the Sales & Marketing Department have been included. The remaining department expenses have been included in the Operating Expenses section.

Detailed information is provided in the Direct Expense and Sales & Marketing sheets.

c. OPERATING EXPENSES

This section summarizes the operating expenses of the following departments:

-  Management
-  R & D
-  Finance
-  Administration
-  Computer & IS

Detailed information is provided in the corresponding department sheet.

5. INCOME STATEMENT



This sheet provides a detailed description of the income expected for the next five years.

Given the characteristics of revenues and expenses, this statement was prepared using the cash basis approach, maintaining the same structure as the Cash-Flow spreadsheet.

In order to be conservative, investments in computers and systems, furniture and laboratory equipment were expensed in the same year they were forecasted to be purchased.

6. REVENUES

This exhibit describes the main sources of revenues over the next five years:

-  Patient Processing
-  Other Revenue Sources

- ▶ Hospital Management & Consultations
- ▶ Sale of Medical Supplies and Equipment
- ▶ U-Cord Stem Cell Storage
- ▶ Sales of Stem Cells to Researchers
- ▶ Sales of Stem Cells for Human Applications
- ▶ Sales of Stem Cells for Animal Applications
- ▶ Stem Cells Patent Royalties
- ▶

7. DIRECT EXPENSES

This exhibit summarizes the following expenses involved in the activity of the company:

a. PATIENT PROCESSING AND EXPENSES ON OTHER REVENUE SOURCES

These amounts were calculated considering the percentage profit margins described in the Assumption section.

b. LOCAL TRANSPORTATION

It includes the transportation of patients from the airport to the hotel or hospital and from the hotel to the hospital. It also includes the transportation of family members.

c. CONTRACT LABOR

It includes the cost of part time workers providing different types of services such as helping foreign patients purchase or prepare food in accordance with their culture, having a translator on-call 24 hours per day, and assisting accompanying family or friends with their entertainment needs.

d. FOREIGN MANAGEMENT FEES AND COMMISSIONS

It includes the amount to pay for foreign agents and distributors services.

8. MARGIN PER PRODUCT

To compute the net margin for each product, the following revenues and expenses have been accounted:

a. PATIENT PROCESSING

- +Total Revenues for Patient Processing
- Direct Expenses (88,5%)
- Contract Labor and Transportation
- Foreign Mgt. Fees and Commissions (6% over Total Revenue minus Direct Expenses)
- Provision for Foundation (5% over Total Revenue minus Direct Expenses)
- Percentage of Sales & Marketing and Operating Expenses based on gross margin

b. HOSPITAL MANAGEMENT & CONSULTATIONS

- +Total Revenues for Hospital Management & Consultation
- Direct Expenses (35%)
- Foreign Mgt. Fees and Commissions (6% over Total Revenue minus Direct Expenses)
- Provision for Foundation (5% over Total Revenue minus Direct Expenses)
- Percentage of Sales & Marketing and Operating Expenses based on gross margin

c. SALE OF MEDICAL SUPPLIES AND EQUIPMENT

- +Total Revenues for Medical Supplies and Equipment

- Direct Expenses (48%)
- Foreign Mgt. Fees and Commissions (6% over Total Revenue minus Direct Expenses)
- Provision for Foundation (5% over Total Revenue minus Direct Expenses)
- Percentage of Sales & Marketing and Operating Expenses based on gross margin

d. U-CORD STEM CELL STORAGE

- +Total Revenues for U-Cord Stem Cell Storage
- Direct Expenses (7%)
- Foreign Mgt. Fees and Commissions (6% over Total Revenue minus Direct Expenses)
- Provision for Foundation (5% over Total Revenue minus Direct Expenses)
- Percentage of Sales & Marketing and Operating Expenses based on gross margin

e. SALES OF STEM CELLS TO RESEARCHERS

- +Total Revenues for Sales of Stem Cells to Researchers
- Direct Expenses (5%)
- Foreign Mgt. Fees and Commissions (6% over Total Revenue minus Direct Expenses)
- Provision for Foundation (5% over Total Revenue minus Direct Expenses)
- Percentage of Sales & Marketing and Operating Expenses based on gross margin

f. SALES OF STEM CELLS FOR HUMAN APPLICATIONS

- +Total Revenues for Sales of Stem Cells for Human Applications
- Direct Expenses (20%)
- Foreign Mgt. Fees and Commissions (6% over Total Revenue minus Direct Expenses)
- Provision for Foundation (5% over Total Revenue minus Direct Expenses)
- Percentage of Sales & Marketing and Operating Expenses based on gross margin

g. SALES OF STEM CELLS FOR ANIMAL APPLICATIONS

- +Total Revenues for Sales of Stem Cells for Animal Applications
- Direct Expenses (20%)
- Foreign Mgt. Fees and Commissions (6% over Total Revenue minus Direct Expenses)
- Provision for Foundation (5% over Total Revenue minus Direct Expenses)
- Percentage of Sales & Marketing and Operating Expenses based on gross margin

h. STEM CELLS PATENT ROYALTIES

- +Total Revenues for Stem Cells Patent Royalties
- Direct Expenses (9%)
- Foreign Mgt. Fees and Commissions (6% over Total Revenue minus Direct Expenses)
- Provision for Foundation (5% over Total Revenue minus Direct Expenses)
- Percentage of Sales & Marketing and Operating Expenses based on gross margin

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FINANCIAL PROJECTIONS TABLE	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	OK	OK	OK	OK	OK
Total Revenue equals monthly revenues	OK				
Total Revenue equals quarterly revenues		OK	OK	OK	OK
Sales & Marketing	OK	OK	OK	OK	OK
Sales & Marketing equals monthly expenses	OK				
Sales & Marketing equals quarterly expenses		OK	OK	OK	OK
Commissions	OK	OK	OK	OK	OK
Commissions equal monthly expenses	OK				
Commissions equal quarterly expenses		OK	OK	OK	OK
Operations	OK	OK	OK	OK	OK
Operations equal monthly expenses	OK				
Operations equal quarterly expenses		OK	OK	OK	OK
R&D	OK	OK	OK	OK	OK
R&D equals monthly expenses	OK				
R&D equals quarterly expenses		OK	OK	OK	OK
Management	OK	OK	OK	OK	OK
Management equals monthly expenses	OK				
Management equals quarterly expenses		OK	OK	OK	OK
Finance	OK	OK	OK	OK	OK
Finance equals monthly expenses	OK				
Finance equals quarterly expenses		OK	OK	OK	OK
Administration	OK	OK	OK	OK	OK
Administration equals monthly expenses	OK				
Administration equals quarterly expenses		OK	OK	OK	OK
Computer & IS	OK	OK	OK	OK	OK
Computer & IS equal monthly expenses	OK				
Computer & IS equal quarterly expenses		OK	OK	OK	OK
Net Income	OK	OK	OK	OK	OK
Net Income equals monthly amounts	OK				
Net Income equals quarterly amounts			OK	OK	OK
Revenues Cash Flow equals Rev Income St.	OK	OK	OK	OK	OK
Cash Flow total expenses equal Total Expenses	OK	OK	OK	OK	OK
Cash Flow equals monthly amounts	OK				
Cash Flow equals quarterly amounts			OK	OK	OK
Management staff expenses	OK	OK	OK	OK	OK
Sales & Mkting staff expenses	OK	OK	OK	OK	OK



APPENDIX

CONTACTS

PRODUCT PRESENTATION

The **WHA** presentation and commercial DVDs are available for review upon request.

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