Telocyte Newsletter
Q2 2017

We are about to initiate our discussions with the FDA.

Our key activities this quarter will be 1) to confirm our investment funding and 2) to move ahead with our FDA discussions and with the FDA animal study itself.

In regard to our investment funding, we are updating our corporate legal structure, setting our term sheet and stock, and defining our board of directors, to include our current (and future investors). We have recently been joined in this effort by the world's preeminent biotech attorneys, Cooley LLC. Cooley is a global firm, first founded in Silicon Valley and now found globally, who is the number one firm in global biotech and pharmaceutical licensing, as well as number one in life sciences venture capital financing. Cooley is proving to be a remarkable asset in our corporate success and we anticipate using them as our legal partners in the years to come, as we move on to demonstrate our ability to intervene in Alzheimer's and other age-related diseases. We have two major investors who have committed substantial funds to Telocyte, and five other major investors who wish to commit similar amounts.

Our next major step is to begin our FDA toxicity study. We have a kick-off meeting in Madrid with CNIO, our collaborators, in late April. We will review the FDA study protocol, and initiate our management committee. In the next two months, we expect to sign our vendor contracts and then begin the animal toxicity study. The animal toxicity study is required by the FDA and is the prelude to our upcoming human trial, scheduled for 2018.

As the spring progresses, we will also be initiating discussions with the FDA. Our overriding concern is credibility, as seen by both the FDA and by clinical researchers globally. We will ensure that, as we move ahead, our approach, our data, and our credibility are unquestionable. We intend to do it right, ensuring that everything we do meets global and US standards, scientifically and medically, so that our results are seen as both valid and reliable. To that end, we will be working with one of the most credible and well-regarded CRO's (contract research organizations), INC Research.

While credibility is our overriding concern, publicity is not.

In general, we will be continuing to make contacts, to have discussions, and to encourage interactions with the FDA, researchers, and organizations, particularly those involved with Alzheimer's disease, but at the same time, we will not seek out publicity or headlines. We believe that our time and efforts are best spent trying to cure Alzheimer's disease, rather than in public relations efforts. To that end, we will continue to avoid most interviews, while at the same time trying to ensure that no one is blind-sided by the results of our upcoming human trials next year. I have been (and will be) meeting with the Alzheimer's Association, the Dementia Society of America, the Alzheimer's Drug Discovery Foundation, and other researchers at international Alzheimer's conferences, such as the AAIC in July in London. This is a delicate balance: we prefer to avoid major media, while still wanting to have those involved in research, clinical trials,

investments, and regulatory agencies have a full and open knowledge of what we are trying about to accomplish.

We want successful patients, not successful publicity.

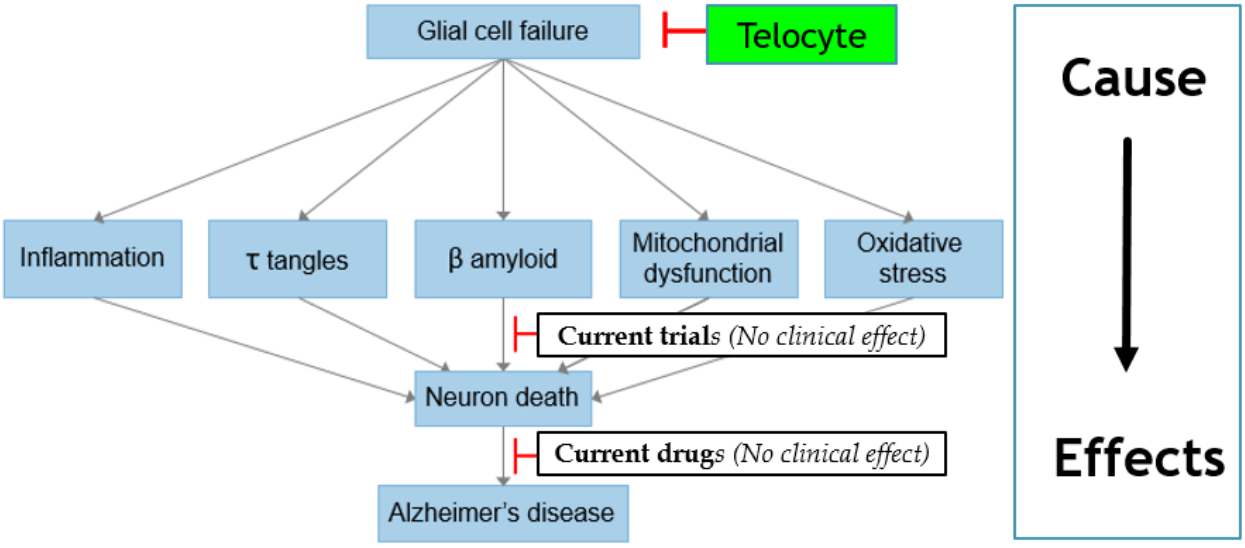
Who is involved at *Telocyte*?

There are currently three of us (all otherwise-retired and all without salary) working full-time at Telocyte. In addition, we have almost a dozen volunteer associates around the world. These include people with long careers in biotechnology, academic research, information processing, investment, law, chemistry, medicine, and other professional areas. They live in San Francisco, Boston, London, Barcelona, Indianapolis, Bethesda, New York, Detroit, Stanford, and elsewhere. They work with us because they believe, as we do, that we will be able to entirely up-end global medical care, curing age-related disease and lowering healthcare costs. They work with us because they believe, as we do, that the most effective place to start is to prevent and cure Alzheimer's disease.

In addition to those of us working with us at Telocyte, and the five hundred people who follow our quarterly updates, there are several dozen other people – far more important to all of us – who are involved with Telocyte. These are the several dozen Alzheimer's patients who have asked to join our registry of volunteer for our human trial. While there is no certainty about who will be able to be part of our first human trial in 2018, and no certainty that we will be able to help cure them, one thing remains quite certain: these individuals are the reason Telocyte exists. We have one clear goal: to help those patients overcome Alzheimer's. These individuals, and others with the same disease, are the soul of our company, not because they volunteer or because they help us achieve success, but because they are the reason that we need to achieve success.

Telocyte exists because of and for patients with Alzheimer's disease.

How does Alzheimer's happen?



Current research still focuses on amyloid as the cause for dementia, yet every clinical test of amyloid as a point of intervention – every single clinical trial – has failed. Yet even those who

know this approach has failed remain unable to step back and reevaluate their approach. Instead of admitting failure, and instead of looking for a deeper, more sophisticated understanding of the Alzheimer's process, they remained devoted to the idea that amyloid causes Alzheimer's disease. Hundreds of failures haven't shaken their faith in this naïve view of how the pathology occurs. Global conferences talk about "reevaluating the role of amyloid" and then talk about how they can find yet another, slightly different way to attack amyloid again. Nor is the major alternative to amyloid, tau protein, faring any better in clinical trials. There have been fewer experimental trials aimed at tau proteins than at beta amyloid, yet neither approach has every had any clinical success whatsoever. It's as though pharmaceutical firms are determined that they can run headlong into a cement wall and fail, yet then hope that – if only they run harder and faster – they will be able to force their way through that same wall. Their only success is to lose money, lose time… and lose lives.

Alzheimer's disease is not caused by amyloid, nor by tau proteins, nor a myriad other things that are common to Alzheimer's disease. If we really wanted to define the cause of Alzheimer's, we need to go upstream and ask ourselves, "why do these patients get amyloid plaques and tau tangles in the first place?" Only be truly understanding how Alzheimer's disease works, can we understand how to treat it.

We know that Alzheimer's begins from dozens of risk factors – head trauma is but one example among dozens – that feed into a common cascade of disease. That cascade includes a set of changes that occur within the glial cells. And as the glial cells change, they begin the slow process that results in amyloid plaques, tau tangles, and the host of other findings that are part of Alzheimer's disease.

Yet even then, the question isn't "what causes Alzheimer's?" The important question, the only question that matters is "where can we intervene?" We know that interventions aimed at one of the many "downstream" targets – such as amyloid or tau proteins – have no effect on the disease. We also know that when we aim "upstream" – using telomerase to reset glial cell function – we see dramatic improvements in every animal we test.

There is no current treatment for Alzheimer's disease and none of the clinical trials, (e.g. Eli Lily, Biogen, and others) have ever shown any effect on Alzheimer's disease. All experimental interventions, even in animal studies, have proven ineffective – except for telomerase. The failures occur because current interventions target the end results (i.e., beta amyloid and tau proteins) rather than targeting the underlying causes of Alzheimer's pathology.

Telocyte uses a novel approach that addresses the fundamental alterations in gene expression that underlie Alzheimer's disease. Our technique resets age-related behavioral decline, using telomerase, to reset gene expression to that found in normal young cells. The intervention is uniformly effective in animal trials and is entirely applicable to human patients.

It's time we tried something that not only makes sense, but something that works.

The *Telocyte* patient registry

We often receive questions regarding human trials, currently scheduled for 2018. The location is not yet settled, but it will be held at an academic medical center in the United States. We are evaluating three potential clinical locations. Treatment will be a one-time injection, with regular follow up every two months, over a six month period. We will treat a dozen volunteers, each with moderately severe Alzheimer's disease and no other unstable medical problems. We currently have a registry of three dozen patients, one third of whom are less than 65 years old. If you would like to be added to the registry, please let us know.

Hello everyone.


Mark Hodges
COO of Telocyte

I am delighted to be able to contribute to this quarterly newsletter and take the opportunity to introduce myself to you all. I began working as a member of the Telocyte team after my retirement from the software industry in 2014. As a former mechanical engineer, program manager and Chief Customer Officer you might wonder why I would be involved in Telocyte. The answer is very straightforward. Firstly, I was inspired by the vision and mission that our co-founders Peter & Michael have established. Secondly, my career has focused on driving operational excellence and building strategic relationships with partners and customers. These are qualities that will be essential to Telocyte's success as we approach clinical and human trials, achieve FDA approval and work with partners like CNIO in Spain to achieve our goals.

I am excited by the progress we have been making in building our operating plans and establishing strategic relationships with partners and know that I can help to ensure that they deliver the results we expect so that we can achieve Telocyte's vision and mission. It is a privilege to work on such a noble and inspirational cause and I look forward to working and meeting with you all in the future.

Best Regards,

Mark Hodges.