EXECUTIVE INFORMATIONAL OVERVIEW

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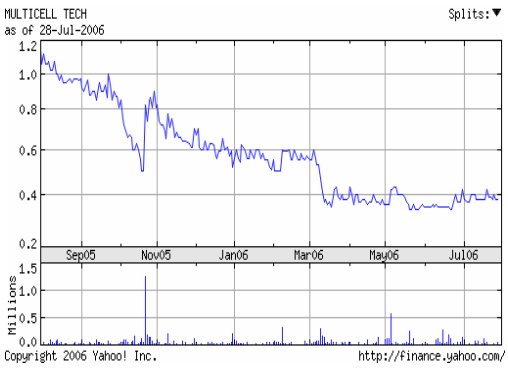
Therapies for Central Nervous System and Autoimmune Diseases

Snapshot — July 31, 2006

MultiCell Technologies, Inc. ("MultiCell" or "the Company") is an integrated biopharmaceutical company that uses proprietary immune system modulation technologies to discover and commercialize new therapeutics. The Company's expertise in **Toll-like receptor (TLR)**† and **T-Cell** tolerance technologies has lead to the discovery of new therapeutics for the treatment of degenerative neurological disease such as **multiple sclerosis (MS)**; metabolic and **endocrinological** disorders such as **Type 1 diabetes**, **hepatitis**, and **sepsis**; degenerative ocular disorders such as **macular degeneration**; and infectious disease such as **influenza A**. MultiCell's therapeutic pipeline includes MCT-125, directed at fatigue in MS; MCT-175, targeting **relapse-remitting MS (RR-MS)**; MCT-275, targeting treatment of Type 1 diabetes; MCT-355, directed at macular degeneration; and MCT-465, addressing influenza A. MultiCell also specializes in developing primary cell immortalization technologies to produce **cell-based assay systems** for use in drug discovery. The Company has partnered this technology with large capitalization pharmaceutical companies, including Pfizer, Inc. (PFE-NYSE), Bristol-Myers Squibb Co. (BMY-NYSE), and Eisai Co., Ltd. to evaluate drug candidates for **cytochrome P450** induction and toxicity.

Recent Financial Data

Ticker (Exchange)	MCET.OB (OTC.BB)
Recent Price (07/28/06)	$0.38
52-Week Range	$0.32-1.24
Shares Outstanding	34.35 million
Market Capitalization	$13.1 million
Avg. 3-month volume	57,659
Insider Owners +5%	22.4%
Institutional Owners	~10.0%
EPS (Qtr. Ended 05/31/06)	($0.03)
Employees	12



Key Points

- In January 2006, MultiCell in-licensed from Amarin Corporation plc (AMRN-NASDAQ) MCT-125 (previously known as LAX-202) for the treatment of fatigue in MS patients. As MultiCell's most advanced candidate, the Company is scheduled to commence a pivotal Phase IIb/III study in mid-2007 based on a completed 138-patient, multi-center, double-blind placebo-controlled Phase II clinical trial conducted in the UK by Amarin, where MCT-125 demonstrated efficacy in considerably reducing levels of fatigue in MS patients.
- MS is a common, inflammatory, autoimmune disease of the central nervous system, which leads to disruptive nerve communication within the body. The disease affects approximately 2.5 million people worldwide, including approximately 350,000 to 400,000 U.S. citizens. The current size of the market for therapies to treat MS exceeds $4.5 billion annually.
- MultiCell maintains a portfolio of patents and patent applications that have been developed and licensed through various collaborators. In September 2005, the Company entered into an agreement with Alliance Pharmaceutical Corp. and Astral, Inc. to acquire certain assets in exchange for consideration. Included in these assets were U.S. and foreign issued and pending patents and patent applications related to **chimeric** antibody technology, treatment of Type 1 diabetes, T-cell tolerance, Toll-like receptor technology, dendritic cells, **dsRNA** technology, and immunomodulation technology.
- On May 4, 2006, MultiCell announced that it had entered into a Common Stock purchase agreement with Fusion Capital Fund II, LLC for approximately $25 million. The Company plans to use these funds to advance MCT-125 into a Phase IIb/III clinical trial, as well as for general corporate purposes.
- On July 21, 2006, MultiCell completed a private placement financing consisting of $1.7 million of Convertible Preferred Stock sold to accredited investors.

†**BOLD** WORDS ARE REFERENCED IN GLOSSARY ON PAGES 44-47.

Table of Contents

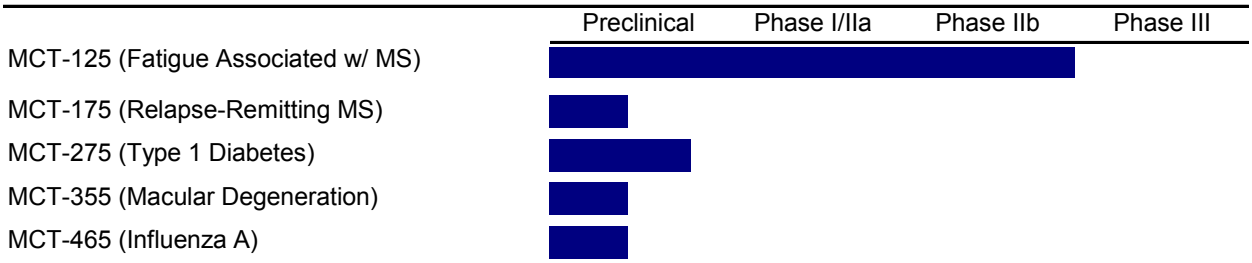
Executive Overview

MultiCell Technologies, Inc. ("MultiCell" or "the Company") is a biopharmaceutical company leveraging its expertise in Toll-like receptor (TLR) and T-Cell tolerance technologies to discover and commercialize new therapeutics to treat various diseases and disorders. These include treatments for degenerative neurological disease such as multiple sclerosis (MS); metabolic and endocrinological disorders such as Type 1 diabetes, hepatitis, and sepsis; degenerative ocular disorders such as macular degeneration; and infectious disease such as influenza A. The Company has evolved from a drug discovery tools technology-focused entity into a therapeutic company exploring different treatments for several indications.

Therapeutic Portfolio

MultiCell's portfolio of therapeutic candidates is in various stages of development (from preclinical to preparing to enter into a pivotal Phase IIb/Phase III trial). This pipeline, illustrated in Figure 1, is described briefly below. More comprehensive details are provided on pages 12-22 of this Executive Informational Overview® (EIO®), along with the specific disease or disorder for which the pipeline candidates target. The Company also has a substantial intellectual property position and technology platform for controlling primary cell and **stem cell** biology.

Figure 1
MultiCell Technologies, Inc.
PIPELINE



Source: MultiCell Technologies, Inc.

- *Multiple Sclerosis.* Multiple sclerosis (MS) is an autoimmune disease that leads to disruptive nerve communication within the body and causes neurological debilitation. It is the most common neurological cause of debilitation in young people in the U.S. and worldwide, affecting approximately 2.5 million individuals worldwide, including some 350,000 to 400,000 U.S. citizens.
    - MultiCell is developing MCT-125 (formerly known as LAX-202), which was exclusively licensed from Amarin Corporation plc in January 2006, for the treatment of fatigue in patients suffering from MS. Fatigue is one of the most universal and debilitating symptoms associated with MS.
    - MultiCell is also developing MCT-175, a treatment for relapsing-remitting MS (RR-MS). MCT-175 was developed using MultiCell's epitope-based T-cell immunotherapy (ETI) technology platform (described on page 21).
- *Type 1 Diabetes.* Type 1 diabetes, also called **insulin**-dependent diabetes or juvenile diabetes, is a disorder of the body's immune system. Type 1 diabetes occurs when the body's immune system attacks and destroys certain cells in the **pancreas**.
    - MultiCell is developing MCT-275 for Type 1 diabetes, a chimeric **immunoglobulin** therapeutic derived using the Company's ETI and T-cell tolerance technologies (described on pages 21-22). This is the same technology that is used in the Company's MCT-175 compound. MCT-275 could enter Phase I/II trials in late 2007.

- *Macular Degeneration.* Macular degeneration is a common eye disease that causes deterioration of the **macula** and could lead to distorted and/or blurred vision, as well as the development of blind spots.

    - MultiCell has entered into a sponsored research agreement with Columbia University to study a promising hexapeptide designed to prevent macular degeneration.

- *Influenza A.* Influenza is an acute, highly contagious viral disease characterized by sudden onset, fever, **prostration**, severe aches and pains, and progressive inflammation of the respiratory mucous membrane.

    - MCT-465 is MultiCell's drug candidate to treat influenza A virus infection. In preclinical studies, originally published in the October 2002 *Journal of Clinical Investigation*, MCT-465 reduced **pulmonary influenza A H1N1 virus titers** by 1,000 fold in mouse models, resulting in barely detectable levels of the virus.

Technology Portfolio

MultiCell's underlying technology is based in the areas of regulation and growth of cell protection, immunosuppression, and immunostimulation of immune cells. Two of MultiCell's technologies—its T-cell tolerance technology and its Toll-like receptor technology—are intended to be used for developing its lead drug candidates. These technologies are described in greater detail on pages 21-22.

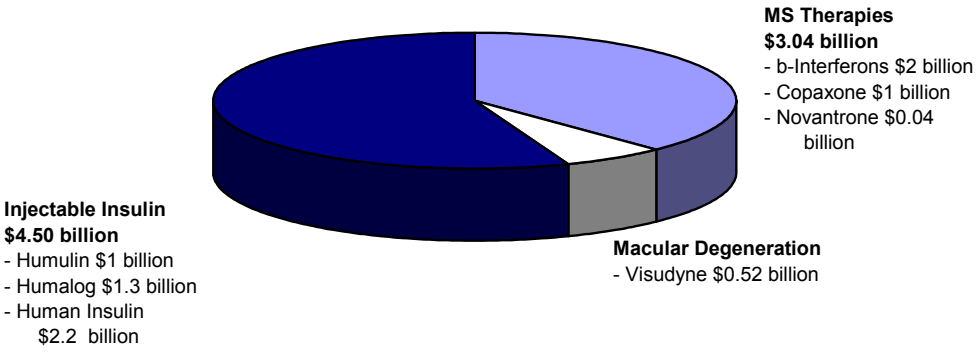
Corporate History and Employees

MultiCell Technologies, Inc. incorporated in Delaware in April 1970 as Exten Ventures, Inc., subsidiary of Exten Industries, Inc. ("Exten"). A merger agreement between Exten and MultiCell was entered into in March 2004, whereby MultiCell ceased to exist and all of its assets, property, rights, and powers, as well as debts due it, were transferred and vested in Exten as the surviving corporation. Effective April 2004, Exten changed its name to MultiCell Technologies, Inc. MultiCell operates three subsidiaries, MCT Rhode Island Corp., Xenogenics Corporation ("Xenogenics"), and as of September 2005, MultiCell Immunotherapeutics, Inc. ("MCTI"). MultiCell's principal offices are at 701 George Washington Highway, Lincoln, Rhode Island. MultiCell moved into these new facilities on September 16, 2005, where Rhode Island Governor Donald Carcieri was the guest of honor. The Company employs 12 full-time and three part-time employees.

Growth Strategy

MultiCell believes that it has a solid platform of therapeutic pipeline candidates. Figure 2 illustrates the market for therapies competing in key areas in which MultiCell is focused: MS, Type 1 diabetes, and macular degeneration. Currently, the market for candidates addressing these diseases is estimated at approximately $8 billion worldwide (based on total worldwide sales in 2004). The Company plans to pursue strategic alliances (detailed on page 23) in order to penetrate the various markets for their therapeutics.

Figure 2
MultiCell Technologies, Inc.
$8.06B TOTAL 2004 WORLDWIDE SALES FOR COMPETITIVE THERAPIES



Source: MultiCell Technologies, Inc.

MultiCell further believes that its proven cell lines for drug discovery that are used by large capitalization pharmaceutical companies (including Pfizer, Bristol-Myers Squibb Company, and Eisai) could be beneficial in evaluating drug candidates for cytochrome P450 induction and toxicity.

Intellectual Property

MultiCell maintains a portfolio of patents and patent applications that have been developed and licensed through various collaborators. In September 2005, the Company entered into an agreement with Alliance Pharmaceutical Corp. (www.allp.com), a research and development company focused on transforming innovative scientific discoveries into novel therapeutic and diagnostic agents, and Astral, Inc. (a San Diego-based biotechnology company developing novel therapies for the treatment of Type 1 diabetes, MS, cancer, and infectious disease) to acquire certain therapeutic assets. Included in these assets were U.S. and foreign issued and pending patents and patent applications related to chimeric antibody technology, treatment of Type 1 diabetes, T-cell tolerance, Toll-like receptor technology, dendritic cells, dsRNA technology, and immunosuppression technology. Some of the specific patents held by MultiCell, as well as some of its current patent applications filed, are summarized in Table 1.

Table 1
MultiCell Technologies, Inc.
INTELLECTUAL PROPERTY

Patent Number	Country	Title	Expiration Date
6,129,911	U.S.	Adult Liver Stem Cell	10/10/2017
6,872,389	U.S.	Adult Liver Stem Cell	7/8/2019
6,017,760	U.S.	Isolation and Culture of Porcine Hepatocytes	10/9/2015
6,107,043	U.S.	Immortalized Human Hepatocytes	2/8/2019
5,043,260	U.S.	Perfusion Device with Hepatocytes	8/27/2008
Provisional Patent Application (Ref: 2560.007)	U.S.	Integrin Linked Kinase Expression is Elevated in Human Cardiac Hypertrophy and Induces Hypertrophy in Transgenic Mice	N/A
Provisional Patent Application (Ref: 2560.008)	U.S.	Integrin Linked Kinase as a Promoter of Cardiac Stem Cell Proliferation and Self-Renewal	N/A
Provisional Patent Application (Ref: 2560.009)	U.S.	Control of Integrin Linked Kinase Expression as a Means of Inducing Angiogenesis or Angiostasis	N/A

Source: MultiCell Technologies, Inc.

The Company has also acquired licenses from its partnership with Amarin for the use of MCT-125 (previously known as LAX-202), as well as gained multiple patents and intellectual property from its acquisition of Astral.

Management, Board of Directors, and Scientific Advisory Board

MultiCell's management team, Board of Directors, and Scientific Advisory Board contain individuals who are highly capable of both driving the Company's technology from concept to commercialization and facilitating the creation of partnerships for commercialization. Table 2 summarizes MultiCell's key management, followed by detailed biographies. Biographies of individuals affiliated with MultiCell in the aforementioned Board of Directors and Scientific Advisory Board roles are provided on pages 8-11.

Management

Table 2
MultiCell Technologies, Inc.
MANAGEMENT

Stephen M. Chang, Ph.D.	President and Chief Executive Officer
Ronald A. Faris, Ph.D.	Senior Vice President and Chief Scientific Officer
Gerard A. Wills, CPA	Senior Vice President, Finance and Chief Financial Officer

Source: MultiCell Technologies, Inc.

Stephen M. Chang, Ph.D., President and Chief Executive Officer

Dr. Stephen Chang has served as a director of the Company since June 2004, became president of the Company in February 2005, and was appointed chief executive officer (CEO) in May 2006. Dr. Chang is also president of MCT Rhode Island Corp. and Xenogenics Corporation, and president, chief financial officer (CFO), treasurer, and director of MCTI, a partially-owned subsidiary of the Company. Dr. Chang is president of CURES, a coalition of patient advocates, biotechnology companies, pharmaceutical companies, and venture capitalists dedicated to ensuring the safety, research, and development of innovative life saving medications. Dr. Chang is also on the Board of BIOCOM, San Diego's premier life sciences organization. Dr. Chang was chief science officer (CSO) and vice president of Canji Inc./Schering Plough Research Institute in San Diego from 1998 to 2004. He earned his doctoral degree in biological chemistry, molecular biology, and biochemistry from the University of California, Irvine.

Ronald A. Faris, Ph.D., Senior Vice President and Chief Scientific Officer

Dr. Ronald Faris has been MultiCell's chief scientific officer (CSO) since January 27, 2004. Dr. Faris joined the Company in May 2001 and served as president and CSO of an MCT subsidiary, MCT Rhode Island Corp., until spring 2004. He is senior vice president, CSO, and a director of MCT Rhode Island Corp. Dr. Faris is also senior vice president and CSO of Xenogenics Corporation. Prior to that, Dr. Faris consulted with the Company for two years. Dr. Faris recently worked as the director of Pediatric Oncology Research at the Rhode Island Hospital, Providence, Rhode Island and as an associate professor of Pediatrics and Pathology at Brown University. He received his B.S. degree in biochemistry from Virginia Polytechnic Institute and State University and his doctorate in nutritional toxicology/biochemistry from Cornell University. Dr. Faris holds a patent on adult stem cells and has authored numerous publications related to hepatic research.

Gerard A. Wills, CPA, Senior Vice President, Finance and Chief Financial Officer

Mr. Gerard Wills joined the Company as senior vice president, finance and CFO on January 9, 2006. Mr. Wills has led financial management, Sarbanes-Oxley compliance, public and private equity fund raising, and cost-saving initiatives as CFO for three public biotechnology companies. Prior to joining MultiCell, he served as the CFO for Immusol Inc., a private drug development company in San Diego. Prior to that, he served as the vice president, CFO, and treasurer of Nanogen, Inc. (NGEN-NASDAQ), a developer of molecular and point-of-care diagnostic products. Mr. Wills was the CFO and vice president, finance with Trega Biosciences, Inc. from 1999 until its acquisition by Lion Bioscience of Heidelberg, Germany in March 2001. From 1993 to 1999, Mr. Wills was the CFO and vice president, finance with Molecular Biosystems, Inc., and from 1990 to 1993, he was corporate manager of finance with Maxwell Laboratories, Inc. Prior to 1990, Mr. Wills held a number of corporate controller and accounting positions with Intermark, Inc., Allied Signal, and Ernst & Ernst. Mr. Wills is a Certified Public Accountant (CPA). He

graduated *cum laude* with a bachelor of business administration with a concentration in accountancy from the University of Notre Dame. With more than 25 years experience, including 15 years in the biotechnology sector, Mr. Wills has expertise in strategy, business, financial, and operating leadership in publicly traded companies.

Board of Directors

The Company's Board of Directors is listed in Table 3, followed by detailed biographies.

Table 3
MultiCell Technologies, Inc.
BOARD OF DIRECTORS

W. Gerald Newmin	Chairman, Director, and Secretary
Anthony Altig	Director
Stephen Chang, Ph.D.	Director
Thomas A. Page	Director
Edward Sigmond	Director

Source: MultiCell Technologies, Inc.

W. Gerald Newmin, Chairman and Director

Mr. W. Gerard Newmin joined the Company in June 1995. He currently serves as chairman of the Board of Directors and secretary. Mr. Newmin is chairman, CEO, secretary, and a director of Xenogenics Corporation, a majority-owned subsidiary of the Company; chairman, CEO, secretary, and director of MCT Rhode Island Corp., a wholly-owned subsidiary of the Company; and CEO, secretary, and a director of MultiCell Immunotherapeutics, Inc. (MCTI), a majority-owned subsidiary of the Company. He serves on the Board of Directors of San Diego Defcomm, a not-for-profit consortium of defense companies based in San Diego. Mr. Newmin has a bachelor's degree in accounting from Michigan State University.

Anthony Altig, Director

Mr. Anthony Altig was appointed to MultiCell's Board of Directors in September 2005. Mr. Altig has been senior vice president and CFO of Diversa Corporation (DVSA-NASDAQ), a public biotechnology company, since December 2004. From October 2002 to November 2004, Mr. Altig served as vice president and CFO of Maxim Pharmaceuticals, a biopharmaceutical company. From 2000 to 2001, Mr. Altig served as executive vice president and CFO for NBC Internet, an Internet consumer media and e-commerce portal company. From 1998 to 2000, Mr. Altig served as executive partner and chief accounting officer of USWeb Corporation (acquired by Whitman-Hart), an Internet professional services firm. Mr. Altig was also a biotechnology and technology client service executive with PricewaterhouseCoopers LLC and KPMG LLC from 1982 to 1998. He is a CPA and a graduate of the University of Hawaii.

Stephen Chang, Ph.D., Director

Biography on page 7.

Thomas A. Page, Director

Mr. Thomas Page has served as a director of MultiCell since September 2003. He is director emeritus and former chairman of the Board and CEO of Enova Corporation and San Diego Gas and Electric company (now part of Sempra Energy [SRE-NYSE]). Mr. Page has been active in numerous industrial, community, and governmental associations and has funded medical research. He is a director of the San Diego Regional Economic Development Corporation, Community National Bank, Sys Technologies (SYS-AMEX), and is an advisory director of Sorrento Ventures. Mr. Page earned a bachelor of science degree in civil engineering, a master's in industrial administration, and was awarded a doctorate in management, all from Purdue University. He has been licensed as an engineer and as a CPA. Mr. Page also serves on the University of California Presidents Council on the National Laboratories.

Edward Sigmond, Director

Mr. Edward Sigmond has served as a director of the Company since May 2000. He has been in sales, marketing, and operations management for the past 20 years. Mr. Sigmond served as president of Kestrel Development, a Texas-based real estate development company from 1993 to 1998, when it was dissolved. He studied marketing and chemistry at Duquesne University.

Scientific Advisory Board

Table 4 lists members of MultiCell's Scientific Advisory Board, followed by detailed biographies.

Table 4
MultiCell Technologies, Inc.
SCIENTIFIC ADVISORY BOARD

Ronald A. Faris, Ph.D.	Chairman
Sangeeta Bhatia, M.D., Ph.D.	Member
Stephen Chang, Ph.D.	Member
Douglas Hixson, Ph.D.	Member
Edward T. Maggio, Ph.D.	Member
Richard Ulevitch, Ph.D.	Member
STEM CELL PANEL	
Markus Grompe, M.D.	Member
John G. Coles, M.D.	Member

Source: MultiCell Technologies, Inc.

Ronald A. Faris, Ph.D., Chairman

Biography on page 7.

Sangeeta Bhatia, M.D., Ph.D.

Dr. Sangeeta Bhatia earned her M.D. from Harvard Medical School in 1999, and a Ph.D. in biomedical engineering from the Massachusetts Institute of Technology (MIT) in 1997. Dr. Bhatia has been an associate professor in the department of bioengineering and an associate adjunct professor in gastroenterology in the department of medicine at the University of California, San Diego. She is also a member of the UCSD Cancer Center. In 2000, Dr. Bhatia was selected one of America's Notable Women, and in 2003 was named one of the 100 most innovative scientists by the MIT Technology Review. Also in 2003, Dr. Bhatia received the Y.C. Fung Young Investigator Award from the American Society of Mechanical Engineers. She has authored/co-authored two books and over 40 publications, including the first textbook in Tissue Engineering. She also serves on a number of scientific advisory boards, including the World Technology Evaluation Council-Advisory Board to U.S. Agencies on the International State of Biosensing, BioMEMS & Biomedical Nanotechnology World, and the National Academies Futures Keck Initiative on Nanobiotechnology. She also has served on several National Institutes of Health (NIH) and National Scientific Foundation (NSF) panels and has been awarded patents in the areas of 'liver-on-a-chip' and the interface between biology and microsystems. Dr. Bhatia also serves on the Xenogenics Corporation Board of Directors.

Stephen Chang, Ph.D.

Biography on page 7.

Douglas Hixson, Ph.D.

Dr. Douglas Hixson is vice president and co-founder of Prothera Biologics, a professor at Brown University, and the director of the COBRE Center for Cancer Research at Rhode Island Hospital. Dr. Hixson is known for his pioneering studies on liver **progenitor cells.** He has been a member and chair of numerous study

sections for the NIH. Dr. Hixson is also a research professor of medicine and pathology at Brown University in Providence, Rhode Island. He earned a bachelor of science in mathematics in 1969, as well as a master's degree in biochemistry in 1971 from Purdue University in West Lafayette, Indiana. In 1975, he earned his doctorate in biomedical sciences from the University of Texas in Houston. From 1998 to present, he has been the director of the Molecular Carcinogenesis Laboratory, Department of Medicine, Division of Medical Oncology, at Rhode Island Hospital.

Edward T. Maggio, Ph.D.

Dr. Edward T. Maggio is the former CEO and a founder of Cengent Therapeutics Inc., renamed from Structural Bioinformatics Inc. upon the acquisition of Geneformatics Inc. in May 2003. He is also the former president and CEO of ImmunoPharmaceutics, Inc. (IPI), which developed a number of endothelin antagonists, including Encysive Pharmaceuticals' (ENCY-NASDAQ) Sitaxsentan, now in Phase III trials for congestive heart failure and chronic obstructive pulmonary disease (COPD). Encysive acquired IPI in 1994. Dr. Maggio has been a founder and board member of six public and private life science companies in the San Diego area. He received his Ph.D. from the University of Michigan and was an NIH postdoctoral fellow at the University of California, San Francisco department of pharmaceutical chemistry. He is a member of the Board of Fellows of Polytechnic University, New York; serves on the University of California, San Diego Dean's Board of Advisors for Biological Sciences; and on the Board of Advocates at Baylor University's School of Engineering and Computer Science. Dr. Maggio has edited and co-authored a number of books and scientific articles in the biotechnology area and is an author of more than two dozen issued and pending U.S. and foreign patents.

Richard Ulevitch, Ph.D.

Dr. Richard Ulevitch received his doctorate in biochemistry from the University of Pennsylvania in 1971. He joined The Scripps Research Institute (TSRI) in 1972 and is currently professor and chairman of the Department of Immunology at TSRI. The research in his laboratory has been focused on defining molecular mechanisms involved in innate immunity. This first started with studies using bacterial products, such as bacterial **lipopolysaccharide** (endotoxin, LPS). Initial work highlighted a key role for serum lipoproteins in binding of LPS. Subsequently, work from the Ulevitch laboratory resulted in the discovery of LPS binding protein (LBP) and the identification of CD14 as a key component in the recognition of LPS and other bacterial products. These studies resulted in clinical trials in man evaluating the role of a **monoclonal antibody (MAb)** to human CD14 in sepsis. Subsequent to these studies, the laboratory turned to defining the signaling pathways that initiate cell activation. Dr. Ulevitch has received numerous awards, has served on many advisory panels, and is a consultant for pharmaceutical and biotechnology companies.

Markus Grompe, M.D.

Dr. Markus Grompe is widely regarded as one of the world's foremost liver and stem cell authorities. He holds U.S. Patent No. 6,12,708 on liver regeneration using pancreatic cells. Dr. Grompe was appointed as a director of the Oregon Stem Cell Center in 2004. He has taught in the department of molecular and medical genetics and the department of pediatrics, Oregon Health Sciences University, Portland, Oregon since 1991. From 1983 to 1984, he was a research assistant in the Department of Clinical Physiology of the University of Ulm. In 1987, he completed a Pediatric Residency at the Oregon Health Sciences University, Portland, Oregon. From 1987 to 1991, he was a genetics fellow at Baylor College of Medicine in Houston, Texas. He is Board Certified in Clinical Genetics, Biochemical and Molecular Genetics. He has been licensed to practice medicine in Germany and the European Community since 1983 and became a U.S. M.D. in 1984. Dr. Grompe is a Diplomat of the American Board of Human Genetics, a member of the American Society for Investigative Pathology, a member of the Society for Inborn Metabolic Disease, a member of the Western Society for Pediatric Research, a member of the Society for Pediatric Research, a member of the American Society for Human Gene Therapy, and a member of the International Society for Stem Cell Research. He also serves on the boards and scientific panels of various organizations. Dr. Grompe's recent honors include the E. Mead Johnson Award for research in pediatrics in 2002 and the Award of Merit from the Fanconi Anemia Research Fund in 2002. Dr. Grompe has authored or co-authored 99 peer-reviewed articles and 32 reviews, book chapters, and editorials. A native of New Zealand, he received his education at the University of Ulm School of Medicine, Ulm, West Germany and was a visiting student at the University of Oregon Health Sciences Center in Portland, Oregon.

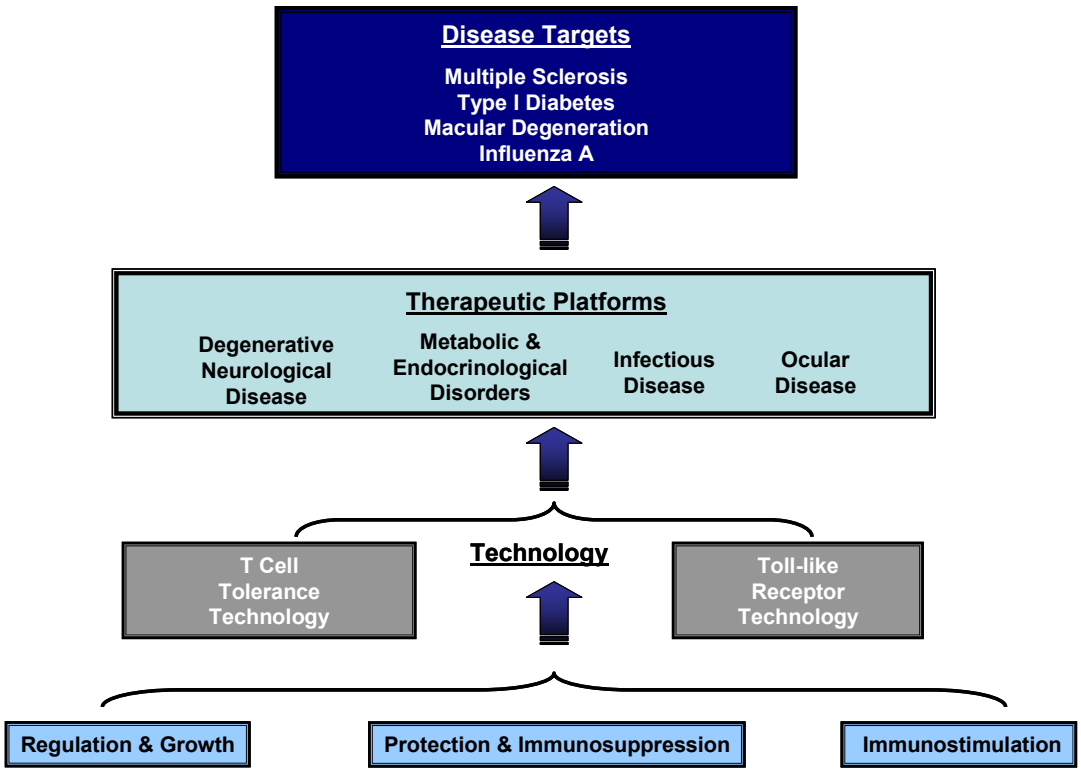
John G. Coles, M.D.

Dr. John G. Coles is a leading expert on cardiac stem cells. Since 1984, Dr. Coles has been a professor in Cardiovascular Surgery at the University of Toronto, Canada, and senior scientist at the Hospital for Sick Children Research Institute. Dr. Coles is the surgical director of the Cardiac Transplantation Program at the Hospital for Sick Children, University of Toronto. He is also the author of over 200 scientific proceedings, patents, and journal publications. The work of Dr. Coles and the Cardiac Transplantation Team has been featured in *The New England Journal of Medicine*, on CBS "60 Minutes," in *The Toronto Star,* and highlighted on *CBC Discovery*. From 1995 to 2000, Dr. Coles was president of Intellectual Technologies Group, a private fund he founded to invest in University-based technologies. Dr. Coles has extensive experience in organization of University-Industry partnerships designed for the commercial implementation of university-based technology, including the successful research and development program for Internet-based applications using Session Initiation Protocol developed at Columbia University, New York. Dr. Coles received a Medical Degree *cum laude* from University of Western Ontario, and a Fellowship from the Royal College of Surgeons in Cardiovascular Surgery at the University of Toronto in 1982. He completed a fellowship in subspecialty training in complex congenital heart surgery at University of Birmingham, Alabama. Dr. Coles' professional affiliations include the American Association of Thoracic Surgeons, the Congenital Heart Surgeons Society Data Centre, the Cardiothoracic Surgery Network, and the Society of Thoracic Surgeons. He is also a fellow of the Royal College of Surgeons of Canada.

Core Story

MultiCell Technologies, Inc. is a biopharmaceutical company leveraging its expertise in the area of Toll-like receptor (TLR) and T-Cell tolerance to discover and commercialize new therapeutics in the following key areas: degenerative neurological disease, metabolic and endocrinological disorders, infectious diseases, and ocular diseases. Within these areas, MultiCell has concentrated its efforts within four disease targets: multiple sclerosis (MS), Type 1 diabetes, macular degeneration, and influenza. The Company's therapeutic programs are illustrated in Figure 3 and detailed on pages 13-21. This is followed by details on MultiCell's Technology program, which is focused on developing primary cell immortalization technologies to produce cell-based assay systems for use in drug discovery, on pages 21-22.

Figure 3
MultiCell Technologies, Inc.
TECHNOLOGY, THERAPEUTIC PLATFORMS, AND DISEASE TARGETS



Source: MultiCell Technologies, Inc.

MULTICELL THERAPEUTICS

MultiCell's therapeutic development programs are focused within the areas outlined in Table 5 and described in greater detail on the accompanying section.

Table 5
MultiCell Technologies, Inc.
MULTICELL THERAPEUTIC PROGRAMS

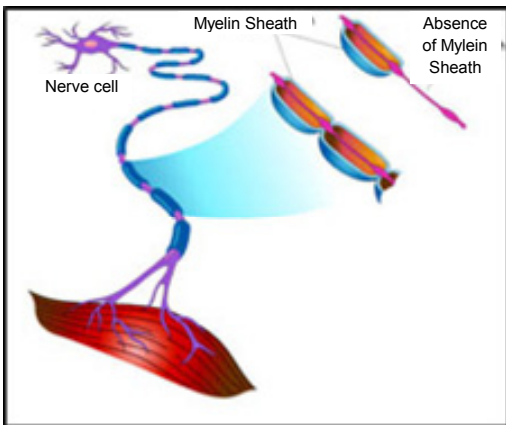
Degenerative Neurological Disease	MCT-125 - Fatigue in MS
	MCT-175 - Relapse-Remitting MS
Metabolic and Endocrinologic Disorders	MCT-275 - Type 1 Diabetes
Ocular Disorders	MCT-355 - Macular Degeneration
Infectious Disease	MCT-465 - Influenza A

Source: MultiCell Technologies, Inc.

Multiple Sclerosis (MS)

Multiple sclerosis (MS) is an autoimmune disease in which immune cells attack and destroy the **myelin sheath**, a fatty tissue which insulates **neurons** in the brain and spinal cord and which helps nerve fibers conduct electrical impulses. When the myelin is destroyed, nerve messages are sent slower and less efficiently. Scar tissue then forms over the affected areas, disrupting nerve communication. MS is the most common neurological cause of debilitation in young people in the U.S. and worldwide. A depiction of a healthy nerve cell with the myelin sheath versus a nerve without the myelin sheath is shown in Figure 4.

Figure 4
MULTIPLE SCLEROSIS



Source: Electronic Illustrators Group.

MS is considered to be an autoimmune disease in which the body's natural defense, the immune system, mistakenly attacks its own tissue. Although the exact cause of this disease is unknown, it is believed that the clinical manifestations are the result of an immune reaction that penetrates the **blood-brain barrier (BBB)**, enters the central nervous system, and recognizes the **myelin basic protein (MBP)**, **proteolipid (PLP),** and **myelin oligodendrocyte glycoprotein (MOG)** as foreign.

Recognizing these proteins as foreign, the immune system induces the stripping of the protective coating of the myelin and causes the formation of **plaques**. These lesions can be found throughout the central nervous system, causing **neurocognitive** and/or **neuromuscular** impairment. The location of the lesion is the primary factor in the disability. For example, a single spinal cord lesion is more likely to be debilitating than multiple plaque formations in the **subcortical** white matter.

Cause

While the cause of MS remains unknown, both genetic and environmental factors have been implicated in the disease.

Symptoms

The signs and symptoms of MS vary from person to person. Frequently, MS causes impairment of motor, sensory, balance and coordination, visual, and/or cognitive functions, as well as urinary (bladder) or bowel dysfunction and symptoms of fatigue. Common symptoms experienced in the early stages of the disease include numbness or tingling in the arms and legs, blurred or double vision, fatigue, dizziness, and muscle weakness. As the disease progresses and becomes more severe, the aforementioned symptoms become more pronounced and additional symptoms may include slurred speech, depression,

bowel and bladder problems, sexual problems, memory loss and shortened attention span, paralysis, and blindness. Table 6 summarizes these common symptoms.

Table 6
COMMON SYMPTOMS OF MULTIPLE SCLEROSIS

Ataxia	Optic neuritis
Cognitive dysfunction	Poor bladder or bowel control
Diplopia	Slowed or slurred speech
Easy fatigability	Spasticity
Gait disorders	Tremor
Numbness or paresthesias	Weakness

Source: David C. Hess, MD and Mary D. Hughes, MD; Medical College of Georgia.

Fatigue in MS

Table 7
CHARACTERISTICS OF MS FATIGUE

Generally occurs on a daily basis
May occur early in the morning, even after a restful night's sleep
Tends to worsen as the day progresses
Tends to become aggravated by heat and humidity
Comes on more easily and suddenly
Is generally more severe than normal fatigue
Is more likely to interefere with daily responsibilities

Source: http://www.nationalmssociety.org

MultiCell's most advanced therapeutic, MCT-125 (detailed on page 15), is targeted at one of the most common symptoms of MS, fatigue, occurring in approximately 80% of MS patients. In fact, fatigue has been shown to be the leading cause of MS patients quitting their jobs. The characteristics of MS associated fatigue are summarized in Table 7.

Clinical Subtypes and Stages

Neuropathologically, MS is characterized by **demyelination**, variable loss of **oligodendroglial** cells, and **axonal degeneration**, which appear to be responsible for permanent neurological deficits. This inflammatory, demyelinating, autoimmune disease has varied clinical presentations, ranging from relapses and **remissions** (relapsing-remitting MS [RR-MS]) in approximately 85% of subjects, to slow accumulation of disability with or without relapses (progressive MS). Progressive MS may be either primary in its presentation (**primary-progressive MS [PP-MS]**) in approximately 15% of subjects, or secondary after a period of RR-MS (**secondary-progressive [SP-MS]**). The identified autoimmune mechanisms directed at myelin tissue of the CNS may play an important role in the pathogenesis of MS.

Statistics/Epidemiology

MS is estimated to affect approximately 2.5 million individuals worldwide, including some 350,000 to 400,000 U.S. citizens (with an estimated 10,000 new MS cases diagnosed every year). Northern Europe and the northern U.S. have the highest prevalence, with more than 30 cases per 100,000 people. Children of parents with MS have a higher rate of incidence (30-50%). The disease is more common in females (2:1) between the ages of 20 and 40, with a peak onset of approximately 25 years of age and a lifetime risk factor of 1 in 400. Onset before age 10 and after age 60 is rare.

It is believed that over 75% of people with MS report fatigue, and 50% to 60% report fatigue as the worst symptom of their disease. Epidemiologic studies suggest that a variety of genetic, immunologic, or environmental factors and viral infections, may play a role in defining the etiology and in triggering the onset and progression of MS.

MultiCell's MS Therapeutic Program

MCT-125

Fatigue is the most common symptom in MS. Overall, greater than 75% of people with MS report having fatigue, and 50% to 60% report it as the worst symptom of their disease. Fatigue can severely affect an individual's functioning and quality of life, even if the level of disability appears to be insignificant to the outside observer. Many MS care providers are unaware that fatigue is also a major reason for unemployment, especially for those individuals with otherwise minor disability. Moreover, fatigue in MS has a severe effect on patients' ability to feel as if they have control over their illness.

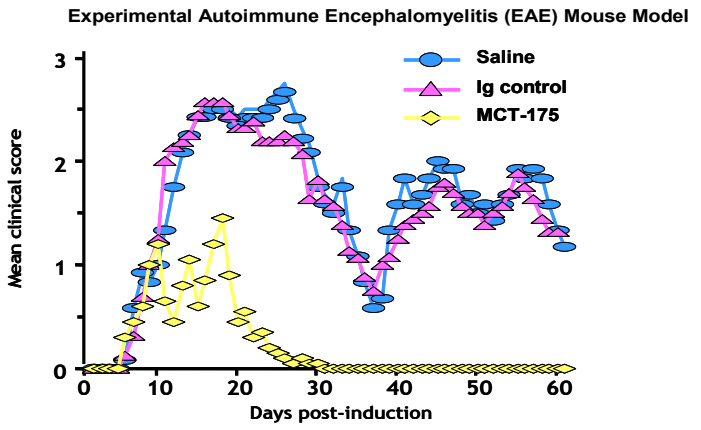
Perhaps the most dramatic evidence that fatigue is a distinct symptom of MS comes from the clinical characteristics that have been recognized by clinicians for years. These characteristics include the sensitivity of MS fatigue patients to heat as well as the fact that in approximately 30% of MS patients, fatigue predates other symptoms. In addition, clinical observation has shown that MS fatigue exhibits relapsing-remitting characteristics. Many individuals appear to have "fatigue relapses". Individuals can suffer from weeks of extraordinary fatigue for no apparent reason, then report feeling not fatigued for a period of time followed by a relapse of feeling fatigued. These episodes may or may not be associated with the typical symptoms of an MS relapse. All of these characteristics suggest that fatigue is not a secondary effect of MS, but is rather a primary part of the disease itself.

MCT-125 was recently in-licensed from Amarin Corporation in January 2006 (previously named LAX-202 while held by Amarin) for the treatment of fatigue in patients suffering from MS. In a 138-patient, multi-center, double-blind, placebo-controlled Phase IIa clinical trial conducted in the U.K. by Amarin, the compound demonstrated efficacy in significantly reducing the levels of fatigue in MS patients enrolled in the study. MCT-125 proved to be effective within four weeks of the first daily oral dosing and demonstrated efficacy in MS patients who were moderately as well as severely affected. The compound demonstrated efficacy in all MS patient sub-populations including RR-MS, SP-MS, and PP-MS. Patients enrolled in the Phase IIa trial conducted by Amarin also reported few if any side effects following daily oral dosing. MultiCell is scheduled to commence a pivotal Phase IIb/III study for MCT-125 in early 2007.

MCT-175

MultiCell is also developing MCT-175, a monoclonal antibody (MAb) that specifically targets MS in RR-MS patients. This antibody is currently in preclinical development. Figure 5 illustrates how this molecule has been successful at completely suppressing the RR-MS phase of the disease in an animal model. The circles represent a saline injection; the triangles represent the control group; and the diamonds show disease severity of the MCT-175 injected animals. In this study, the MCT-175 injected animals' symptoms disappeared completely.

Figure 5
MutiCell Technologies, Inc.
MCT-175: REDUCTION IN CLINICAL SEVERITY IN ANIMAL MODEL



Source: MultiCell Technologies, Inc.

Currently Marketed MS Therapies

The following therapies, described on page 16, are some of the more commonly marketed products to treat patients with MS.

- *Berlex Laboratories, Inc.* Betaseron® (interferon beta-1b) was the first β-interferon to be approved and marketed in the U.S. for MS. β-interferons shut down the inflammation of MS lesions through various mechanisms, including repairing the blood-brain barrier (BBB) and reducing inflammation in the lesions. Betaseron® is approved for RR-MS and is marketed by Berlex Laboratories, Inc.

- *Biogen Idec Inc. (BIIB-NASDAQ).* Avonex® (interferon beta-1a) has been successful in slowing the progression of disability in RR-MS. Given weekly as an intramuscular injection at a lower dose than Betaseron® or Rebif® (described below), Avonex® is indicated for the treatment of RR-MS and is marketed by Biogen Idec Inc.

- *Serono Group SA (SRA-NYSE).* Rebif® (interferon beta-1a) is identical in chemical structure to Avonex®, however, is administered **subcutaneously** rather than intramuscularly and in higher and more frequent doses than Avonex®. Rebif® is effective in reducing the number and severity of relapses, delaying the progression of disability, and reducing the number of new and accumulated lesions seen on MRI. Rebif® is approved for use in RR-MS and is marketed by Serono Group SA.

- *Teva Pharmaceutical Industries Ltd. (TEVA-NASDAQ).* Copaxone® (glatiramer acetate), marketed by Teva Pharmaceutical Industries, is different from β-interferon in chemical structure and mechanisms of action. This compound consists of a group of amino acids that look something like the myelin itself. Copaxone® acts by suppressing the immune system's attack on myelin and possibly other mechanisms, decreasing the frequency and severity of attacks to the same extent as Betaseron® and Rebif®, though with slightly less effect on MRI lesions. Copaxone® is administered daily by subcutaneous injection and is used for RR-MS.

MS Drugs in Development

MS remains a challenging disease to study as its cause is unknown, it has diverse **pathophysiologic** mechanisms, and its course is unpredictable. Therapies that can reverse the neurological damage and disability represent the greatest unmet need in MS. There are currently no products on the market that completely address this need. The National MS Society currently invests approximately $32 million annually on MS research and supports over 300 MS investigations. The Society has cumulatively spent $350 million since providing its first three grants in 1947—representing the largest privately-funded program of basic, clinical, and applied research and training related to MS in the world. Additionally, the federal investment in National Institutes of Health (NIH) research supports efforts to find a cause and cure for MS.

Diabetes

Diabetes mellitus (diabetes) is a group of metabolic diseases characterized by high blood sugar levels resulting from defects in insulin secretion, or action, or both. Normally, blood glucose levels are tightly controlled by insulin, a hormone produced by the pancreas (an organ about the size of the hand that is located behind the lower part of the stomach). Insulin lowers the blood glucose level. When the blood glucose elevates (for example, after eating food), insulin is released from the pancreas to normalize the glucose level. In patients with diabetes, the absence or insufficient production of insulin causes **hyperglycemia**.

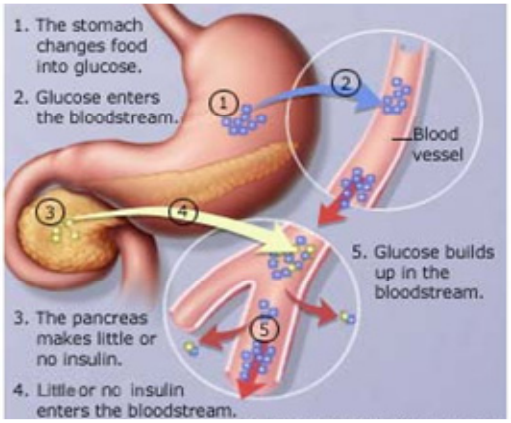
Types of Diabetes

There are two major types of diabetes: Type 1 and Type 2. Type 1 diabetes, also called **insulin dependent diabetes mellitus (IDDM)** or **juvenile onset diabetes mellitus**, occurs when the body's own immune system attacks and destroys certain cells in the pancreas. These cells, known as **beta cells**, are contained, along with other types of cells, in the **islets of Langerhans**. Beta cells normally produce insulin, a hormone that helps the body move the glucose contained in food into cells throughout the body, which the body uses for energy. The destruction of the beta cells, however, results in no insulin production, which leads to life-threateningly high levels of blood glucose. Insulin must be obtained from another source, such as injections or from an insulin pump. The process that causes Type 1 diabetes is illustrated in Figure 6 (page 17).

Type 1 diabetes tends to occur in young, lean individuals, usually before 30 years of age; however, older patients do present this form of diabetes on occasion. This subgroup is referred to as **latent autoimmune diabetes in adults (LADA)**, which is a slow, progressive form of Type 1 diabetes. Risk factors for Type 1 diabetes include autoimmune, genetic, and environmental factors.

According to the American Diabetes Association (ADA), approximately 18.2 million U.S. citizens or 6.3% of the population have diabetes (13 million people diagnosed; 5.2 million people undiagnosed), making it the sixth leading cause of death with no known cure. Frequent testing of glucose levels coupled with insulin injections are used to control the disease but do not address the underlying cause.

Figure 6
TYPE 1 DIABETES



Source: WebMD.

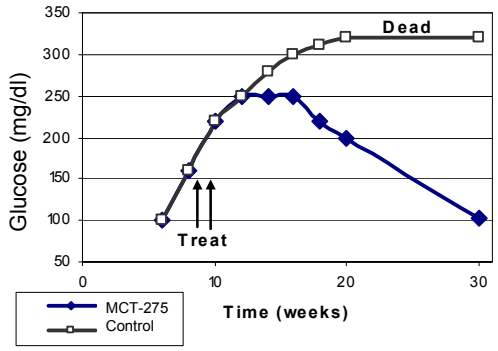
MultiCell's Type 1 Diabetes Therapeutic Program

MCT-275

MCT-275 is an antibody (the same antibody technology used in MultiCell's MCT-175 compound, described on page 15). The Company has used this antibody to treat animals with onset of diabetes. Both humans and animals naturally have a blood glucose level of 100 milligrams (mg) per deciliter (dl). The symptoms of diabetes, such as frequent urination and lethargy, historically start when an individual's glucose level rises to 150-200mg/dl.

In Figure 7, animals were treated when the blood glucose reached this level. After slightly increasing (as is normal in untreated diabetes), the animals injected with MCT-275 showed a reversal in blood glucose levels. The animals which were not treated continued to have a rise in glucose until the disease progressed and resulted in death. MultiCell's MCT-275 is expected to be tested for use in treating Type 1 diabetes and could enter Phase I trials in late 2007.

Figure 7
MultiCell Technologies, Inc.
MCT-275: REVERSAL OF PRE-DIABETIC STATE IN MOUSE MODEL



Source: MultiCell Technologies, Inc.

Currently Marketed Type 1 Diabetes Therapies

Type 1 diabetes must be treated with insulin, which must be either injected under the skin or inhaled (via the newly approved and launched Exubera® by Pfizer [described on page 18]). Insulin cannot be taken as a pill because the digestive juices in the stomach would destroy it before it could work. The medical community has attempted to treat the source and cure diabetes by implanting functioning islet cells, harvested from cadavers, into the pancreas or liver. Approximately 70-80% of patients are treated successfully using this method. These patients are able to function without insulin injections for a year or more. This procedure is limited, however, because the supply of these cells is limited and the patient must be placed on a schedule of anti-rejection drugs. It is also recommended that people suffering from Type 1 diabetes carefully monitor their diet, where food and insulin can work together to regulate blood glucose levels. If meals and insulin are out of balance, extreme variations in blood glucose can occur.

The following therapies are some of the more commonly used treatments for patients with Type 1 diabetes.

- *Eli Lilly and Company.* Humalog®, or lispro, is a mealtime insulin which acts much like the body's insulin if one did not have diabetes. Humalog® is available in a vial, a prefilled disposable pen, and a cartridge and can be taken within 15 minutes before or immediately after a meal. Its dosing schedule is flexible. Humalog® is for use in patients with diabetes to control high blood sugar and should be used with a longer-acting insulin, except when used in combination with sulfonylureas in patients with Type 2 diabetes. Humalog Mix 75/25® and Humalog Mix 50/50® are premixed insulin, also marketed by Eli Lilly.
    - Humulin® is synthesized in a special, non-disease-producing laboratory strain of Escherichia coli bacteria that has been genetically altered by the addition of the gene for human insulin production. Humulin® is marketed by Eli Lilly and Company in several versions: Humulin R®, Humulin N®, Humulin L®, and Humulin U®. Certain types of Humulin® are available in both a vial and a disposable Prefilled Pen.

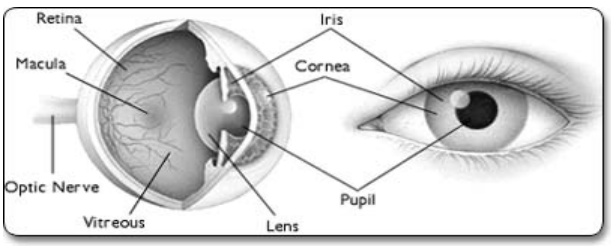
- *Novo Nordisk, Inc.* NovoLog®, or aspart, is a rapid-acting human insulin analog. NovoLog® is similar to the natural insulin that the body sends out after meals in people without diabetes (this is called natural or physiologic action). NovoLog® allows one to take insulin and eat within 5 to 10 minutes of injecting, instead of waiting the 30 minutes required with regular human insulin. NovoLog® comes in a flex pen and is available for those who use an insulin pump.

- *Pfizer, Inc.* On January 27, 2006, the first ever oral inhaled insulin formulation was approved by the FDA. Exubera® is a self-contained inhaler device, similar to metered-dose inhalers (MDIs), indicated for the treatment of adults with Type 1 and Type 2 diabetes. Exubera® contains insulin in a dry-powder capsule, which is punctured and aerosolized by the device, for inhalation by the patient. Exubera® will only replace short-acting insulin.

- *Sanofi-Aventis.* Apidra® (insulin glulisine [rDNA origin] injection) is a new rapid-acting insulin analog that lowers blood glucose (sugar) levels when used either within 15 minutes before or within 20 minutes after starting a meal in people with Type 1 diabetes. Due to the short duration of action of Apidra®, patients also require a longer-acting insulin or insulin infusion pump therapy.
    - Lantus® (insulin glargine [rDNA origin] injection) is a sterile solution of insulin glargine for use as an injection. Insulin glargine is a recombinant human insulin analog that is a long-acting (up to 24-hour duration of action) parenteral blood-glucose-lowering agent. Lantus® is produced by recombinant DNA technology utilizing a non-pathogenic laboratory strain of Escherichia coli (K12) as the production organism.

Macular Degeneration

Figure 8
ANATOMY OF THE EYE



Source: http://health.indiamart.com/eye-care/gifs/anatomy-eye.jpg

Macular degeneration is a common eye disease that causes deterioration of the macula, or the central area of the **retina** (the thin tissue at the back of the eye where light-sensitive cells send visual signals to the brain, as shown in Figure 8). Sharp, clear, 'straight ahead' vision is processed by the macula. Damage to the macula results in the development of blind spots and blurred or distorted vision. When the macula becomes damaged, many daily activities, such as driving and reading, become increasingly difficult. Although a variety of approaches have been proposed to treat macular degeneration, none have proven successful in treating this disease.

"Wet" and "Dry" Forms

There are two forms of macular degeneration—"wet" and "dry". For many people, the visual cells simply cease to function, like the colors fading in an old photograph. This is called "dry" macular degeneration, which involves thinning of the macular tissues and disturbances of pigmentation. This form of macular degeneration accounts for approximately 70% of reported macular degeneration cases. The "wet" form of macular degeneration, which affects the other 30% of people diagnosed with the disease, can involve bleeding within and beneath the retina, opaque deposits, and eventually scar tissue.

Statistics

Macular degeneration is estimated to affect over 10 million U.S. citizens. It is the leading cause of irreversible severe central vision loss in Caucasians 50 years and older in the U.S. and in most of the developed world. The incidence and progression of macular degeneration increases significantly with age. Approximately 10% of patients ages 66 to 74 years have macular degeneration; the prevalence increases to approximately 30% of patients age 75 to 85.

MultiCell's Macular Degeneration Therapeutic Program

MCT-355

MultiCell has entered into a research agreement with Columbia University Medical Center to evaluate certain hexapeptide molecules for efficacy as potential therapies to treat "dry" form of macular degeneration. MultiCell has an option to enter into an exclusive worldwide license for any invention resulting from the sponsored research. The project is designed to determine whether the hexapeptide can protect against retinal ganglion cell (RGC) death in acute and chronic ***in vivo*** models of optic neuropathy. The underlying mechanisms of RGC death are not fully understood, though RGC **apoptosis** has been heavily implicated in many ocular neurodegenerative diseases, including macular degeneration. Given the delicate balance between the survival and death signals in neuronal cells, molecules that are capable of inhibiting apoptosis are strongly considered as future therapeutic options for the treatment of ocular neurodegenerative diseases. Dr. James C. Tsai, associate professor of Ophthalmology, at Columbia University College of Physicians & Surgeons, is to direct the research program.

Currently Marketed Macular Degeneration Therapies

The following therapies are some of the more commonly marketed therapies to treat patients with macular degeneration.

- *Genentech.* Lucentis® (ranibizumab injection) is a prescription medicine for the treatment of patients with wet age-related macular degeneration (AMD). Lucentis® is a humanized anti-Vascular Endothelial Growth Factor (VEGF) antibody fragment that inhibits VEGF activity by competitively binding with VEGF. The compound is derived from Avastin® (bevacizumab), a full-length humanized MAb against VEGF. Genentech has developed Lucentis® with a marketing tie-up with Novartis Ophthalmics.

- *Novartis AG*. Visudyne® **Photodynamic** therapy is for the treatment of patients who have an aggressive form of wet AMD called predominantly classic subfoveal choroidal neovascularization (CNV). Visudyne® therapy is a two-step procedure that can be performed in a doctor's office. First, Visudyne®, a light-sensitive drug, is injected intravenously into a patient's arm. Visudyne® is taken up by the abnormal blood vessels in the eye. Second, the drug is activated by shining a non-thermal, or "cold" laser in the patient's eye. Visudyne® therapy cannot restore vision lost to AMD, but it confines the retinal damage and slows the disease's progression.

- *OSI Pharmaceuticals, Inc.* In January 2005, Macugen® (pegaptanib sodium injection) was launched in the U.S. for use in the treatment of all types of neovascular age-related macular degeneration (wet AMD or neovascular AMD). Macugen® is the first and only FDA-approved therapy for the treatment of all subtypes of neovascular AMD. Macugen® addresses the abnormal blood vessel growth and blood vessel leakage that is believed to be the underlying cause of the disease. Macugen® may also provide considerable benefits over existing therapies for the blood vessel leakage associated with diabetic macular edema.

Influenza A

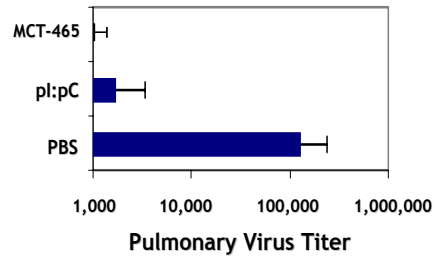
Epidemics of influenza A infection typically occur during the winter months in temperate regions and were responsible for an average of approximately 36,000 deaths/year in the U.S. during 1990-1999. Influenza viruses can also cause **pandemics,** during which rates of illness and death from influenza-related complications can increase worldwide. The rates of influenza A infection are highest among children, but rates of serious illness and death are highest among persons greater than 65 years old, children aged less than two years, and persons of any age who have medical conditions that place them at increased risk for complications from influenza A infection.

Influenza vaccination is the primary method for preventing influenza A infection and its severe complications. Vaccination is associated with reductions in influenza-related respiratory illness and physician visits among all age groups, hospitalization and death among persons at high risk, middle ear infections among children, and work absenteeism among adults. Although influenza vaccination levels increased substantially in the 1990s, further increases in vaccination coverage levels are needed**—** primarily in persons of all racial and ethnic groups greater than age 65 who are at increased risk for influenza-related complications, among blacks and Hispanics aged less than 65 years, among children aged 6-23 months, and among healthcare workers. Although influenza vaccination remains the cornerstone for the control and treatment of influenza, there is a strong need for new antiviral medications as an adjunct to vaccine therapy.

MultiCell's Influenza A Therapeutic Program

MCT-465

Figure 9
MultiCell Technologies, Inc.
MCT-465: ELIMINATES PULMONARY INFLUENZA A VIRUS INFECTION IN MOUSE MODEL



Source: MultiCell Technologies, Inc.

MultiCell's drug candidate, MCT-465, is indicated as a prospective **adjuvant** therapy for the treatment of influenza A infections. MCT-465 is a dsRNA molecule designed to exploit the body's TLRs ability to recognize generic molecules related to pathogens. In preclinical studies, originally published in the *Journal of Clinical Investigation*, MCT-465 reduced pulmonary influenza A H1N1 virus titers by 1,000-fold in mouse models, resulting in barely detectable levels of the virus, illustrated in Figure 9. The results suggest MCT-465 may also be able to reduce influenza A H5N1 viral load, also known as the "bird flu" or "avian flu" virus. The H5N1 strain of influenza A virus is genetically similar to the H1N1 strain of influenza A virus. MultiCell is planning further preclinical studies to determine the effectiveness of MCT-465 as an adjuvant therapy for the treatment of influenza A virus infection.

Currently Marketed Influenza A Therapies

The following therapies are some of the more prominently used treatments for patients with influenza A.

- *Endo Pharmaceuticals, Inc. (ENDP-NASDAQ).* Symmetrel® (Amantadine Hydrochloride) is a medicine used in the treatment of Parkinson's disease and is also used to prevent and treat influenza A. Amantadine syrup is used to prevent and treat flu caused by infection with the influenza A virus. The drug can be given to treat people suffering from flu in whom complications may develop, and to prevent flu in people at particular risk. This can include people with chronic lung disease or debilitating conditions, the elderly, the immunosuppressed, and those living in crowded conditions. It can also be used to control influenza outbreaks in families where one member has been diagnosed, in institutions (e.g. nursing homes), and to prevent infection of people in essential services (e.g. healthcare workers), who are unvaccinated or cannot be vaccinated against influenza A.

- *Forest Laboratories Inc. (FRX-NYSE).* Flumadine® (Rimantadine) is an antiviral used to prevent or treat certain influenza A infections. It may be given alone or along with flu shots. Rimantadine® is not effective for colds, other types of flu, or other virus infections. The drug must be prescribed by a doctor and taken orally as either a syrup or tablets.

- *GlaxoSmithKline plc.* Relenza® (zanamivir) is an anti-viral drug for persons aged seven years and older for the treatment of uncomplicated influenza illness. This product is approved to treat type A and B influenza, the two types most responsible for flu epidemics. Relenza® is a powder that is inhaled twice a day for five days from a breath-activated plastic device called a Diskhaler. For preventive use to reduce the risk of getting influenza, Relenza® is inhaled once daily for 10 to 28 days as prescribed by a healthcare provider.

- *Roche.* Tamiflu® (oseltamivir phosphate) is a medicine to treat flu. It belongs to a group of medicines called neuraminidase inhibitors. These medications attack the influenza virus and prevent it from spreading inside the body. Each Tamiflu® capsule contains 75 mg of active drug and should be taken by mouth. Tamiflu® is generally well-tolerated though may cause mild-to-moderate nausea or vomiting in one out of 10 people.

MULTICELL TECHNOLOGY

MultiCell's underlying technology (summarized in Table 8) is based in the areas of cell regulation and growth, and modulation of the immune system.

Table 8
MultiCell Technologies, Inc.
TECHNOLOGY OVERVIEW

Chimeric IgG and T-Cell Tolerance
Toll-Like Receptor and T-Cell Targeting
Therapeutic Protein Production

Source: MultiCell Technologies, Inc.

Chimeric IgG and T-Cell Tolerance Technology Platform

MultiCell's epitope-based T-Cell immunotherapy (ETI) technology platform involves the delivery of specific epitopes to the immune system to generate a desired immune response. The ETI technology has the ability to control the magnitude and profile of the immune response, namely immune suppression in the case of an autoimmune disease or immune stimulation in the case of infectious disease or cancer. The uniqueness of MultiCell's ETI technology is related to the use of a delivery vehicle, namely the use of immunoglobulins, that are engineered to bear specific disease-associated epitope **peptides** "IgPs" or fusion molecules to greatly improve the pharmacokinetics of delivered epitopes to **antigen presenting cells (APCs)**, thereby helping to better regulate the profile of the immune response.

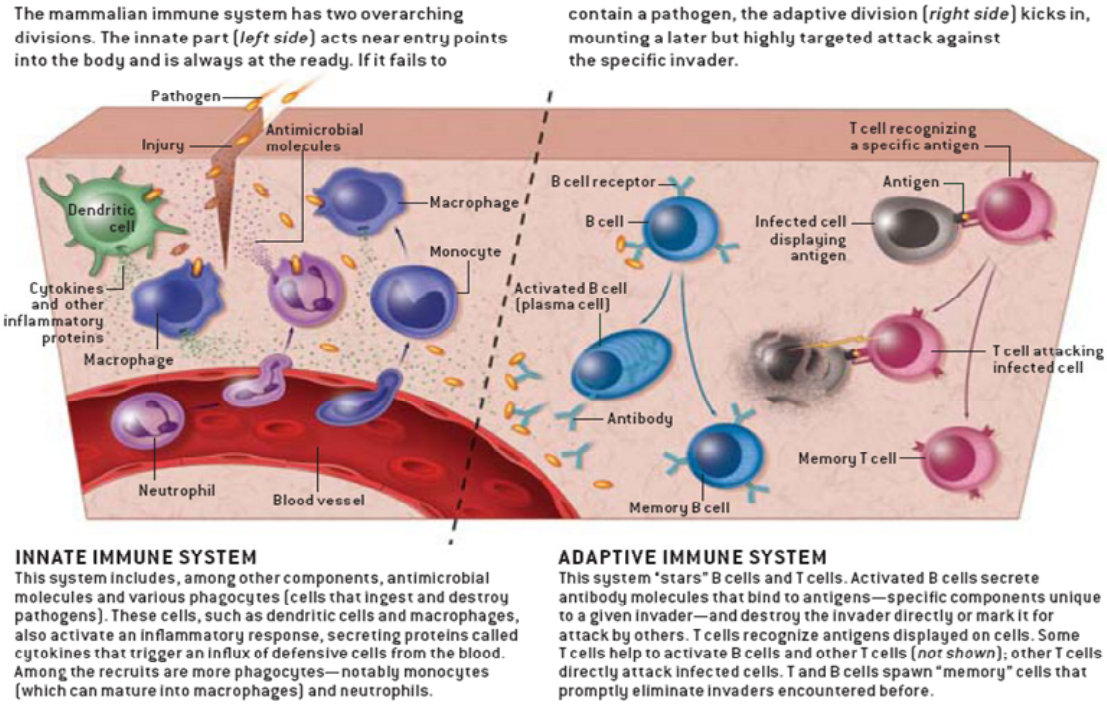
The ETI technology is engineered to selectively affect the T-Cell response to disease-associated molecules by specifically targeting the auto-aggressive **T-lymphocytes**, while leaving the rest of the immune system functional. ETI is an *in vivo* technology that is applicable to all patient groups, and does not require patient-customized processing. In addition, ETI does not involve viral or cell-based **vectors**, and thus does not elicit the untoward immune responses associated with these vectors. T-cells are fundamental to all immune responses, and are critical in fighting diseases such as cancer and viruses.

A properly functioning immune system responds with various methods to invasion by bacteria, viruses, and other micro-organisms, and provides a highly effective means of eliminating those cells within the body that might have become injured or defective (such as cancer cells), or that are not recognized as being a normal part of the body (such as a transplanted organ).

Toll-Like Receptor and T-Cell Targeting Technology Platform

When humans encounter foreign pathogens, the body recognizes these substances and the innate immune system works to neutralize the invasive pathogen and rid the body of its presence. Typically, this process occurs in a relatively short period of time. The innate immune system recognizes generic classes of molecules produced by a variety of disease-causing agents and pathogens. When the innate immune system detects such foreign molecules, an inflammatory response is triggered in which certain cells attempt to isolate the invader and halt its spread. The activity of these cells precipitates the redness and swelling at the site of injuries, and accounts for the fever, body aches, and flu-like symptoms, which accompany many types of infections. Figure 10 (page 22) provides an illustration of the divisions of the immune system.

Figure 10
THE DIVISIONS OF THE IMMUNE SYSTEM



Source: Scientific American 2004.

Toll-like receptors "TLRs", as a family of ten cell surface and **cytosolic** receptors, recognize bacterial antigens and are the backbone of the innate immune system. If the TLRs fail, the entire immune system fails, leaving a person open to infection. Additionally, if the TLRs are over-stimulated, they can induce disorders marked by chronic inflammation such as arthritis, **lupus**, and even cardiovascular disease.

MultiCell obtained its TLP technology as part of its acquisition of Astral, Inc. The Company recognized that TLRs are the first line of defense against a foreign pathogen. When these molecules stimulate immune response, there is a tremendous effort in killing viruses, combating, and even eliminating certain cancers. MultiCell is using its TLR and T-Cell targeting technologies to study how drug candidates modulate the immune system, and suppress the pro-inflammatory response elements common in autoimmune disorders such as Type 1 diabetes and MS, or mobilize during an immune response due to bacterial or viral infections.

Strategic Alliances

MultiCell has entered into a number of strategic relationships with key pharmaceutical and biotechnology companies and leading universities. The Company's current partnerships are described below.

- *Pfizer, Inc.* In November 2001, MultiCell entered into a collaborative research agreement with Pfizer. Pfizer has validated the efficacy of MultiCell's immortalized hepatic cells for drug discovery applications. These cells could replace the current hepatocyte lines used by Pfizer. Pfizer's research has shown that MultiCell's cell lines are suitable for cytochrome P450 (CYP) induction studies. The results were presented during the October 2002 meeting of the International Society for the Study of Xenobiotics, and published recently.

- *Bristol-Myers Squibb Company.* MultiCell has established a contract with Bristol-Myers Squibb Company, which allows the Company to grow and use MultiCell's immortalized Fa2N-4 hepatocytes for internal testing purposes. MultiCell's patented immortalized nontumorigenic human hepatocytes are valuable screening tools for pharmaceutical lead candidate optimization. This contract may be renewed annually upon agreement between both parties.

- *Eisai, Inc.* In 2004, Japanese pharmaceutical corporation Eisai Co. Ltd. signed a three-year use and propagation license for MultiCell's hepatocytes, which allows Eisai to grow and use Fa2N-4 hepatocytes for internal testing purposes at one site. Human liver cells for laboratory use are scarce in Japan and are invaluable as a predictable indicator for high throughput screening of potential therapeutic compounds for drug discovery.

- *Thomas Jefferson University.* MultiCell has entered into a research collaboration with Thomas Jefferson University, a medical and health sciences university in Philadelphia, to evaluate the Company's immortalized human **hepatocytes** as model systems to identify new drugs to treat **hepatitis C** viral (HCV) infection. Successful completion of these studies could lead to the development of new high speed drug testing kits that screen for antiviral drugs using the Company's proprietary immortalized human hepatocytes. The recent discovery of a human liver tumor T-cell line that replicates the full length HCV genome provided the impetus for the collaboration. There are an estimated 170 million people chronically infected with HCV worldwide at high risk for developing chronic hepatitis, **cirrhosis**, and liver cancer.

- *Columbia University.* MultiCell is partnered with Columbia University to develop a therapeutic treatment for macular degeneration. This research agreement is described in greater detail on page 19.

Competition

MultiCell's key competitors can be broken down into four segments, summarized per indication in Figure 11, and detailed within the Executive Informational Overview® (EIO®) on the respective pages:

(1) MS (specifically fatigue in MS and RR-MS), pages 15-16;

(2) Type 1 diabetes, pages 17-18;

(3) macular degeneration, page 19, and

(4) influenza A, pages 20-21.

Figure 11
MultiCell Technologies, Inc.
COMPETITION

Source: MultiCell Technologies, Inc.

Potential Milestones

MultiCell has set forth the following milestones for some its product candidates in development:

- MCT-125
  - Advance into Phase IIb/III clinical trials; targeted for the middle of 2007
  - Sign a manufacturing agreement prior to the start of the Phase IIb/III clinical trial
- MCT-275
  - Investigate agencies within the National Institutes of Health (NIH) to find partners who would be interested in this therapeutic
- MCT-465
  - Test this therapeutic with a strain of the avian flu, which is dangerous or deadly to humans and advance MCT-465 as an adjuvant therapy for the treatment of influenza A virus infection

Key Points to Consider

- MultiCell Technologies, Inc. is an integrated biopharmaceutical company that uses immune system modulation technologies to discover and commercialize new therapeutics. The Company's expertise in Toll-like receptor (TLR) and T-Cell tolerance technologies has lead to the discovery of new therapeutics.

- MultiCell has focused its technologies on four disease targets: multiple sclerosis (MS); Type 1 diabetes; macular degeneration; and influenza A. The Company's therapeutic pipeline includes MCT-125, directed at fatigue in MS; MCT-175, targeting relapse-remitting MS (RR-MS); MCT-275, targeting treatment of Type 1 diabetes; MCT-355, directed at macular degeneration; and MCT-465, addressing influenza A. MultiCell also specializes in developing primary cell immortalization technologies to produce cell-based assay systems for use in drug discovery.

- MCT-125, for fatigue in MS, was in-licensed from Amarin in January 2006. In a 138-patient, multi-center, double-blind, placebo-controlled Phase IIa clinical trial conducted in the U.K. by Amarin, MCT-125 demonstrated efficacy in significantly reducing the levels of fatigue in MS patients enrolled in the study. The Company is scheduled to commence a pivotal Phase IIb/III study for MCT-125 in mid-2007.

    - Fatigue is the most common symptom in MS. Overall, more than 75% of people with MS report having fatigue, and 50% to 60% report it as the worst symptom of their disease. Fatigue can severely affect an individual's functioning and quality of life, even if the level of disability appears to be insignificant to the outside observer. Many MS care providers are unaware that fatigue is also a major reason for unemployment, especially for those individuals with otherwise minor disability.

- MCT-275 is in development for Type 1 diabetes. This disorder occurs when the body's immune system attacks and destroys certain cells in the pancreas.

- MultiCell and Columbia University are working on developing therapeutics for the treatment of macular degeneration. Macular degeneration is a common eye disease that causes deterioration of the macula, and can lead to distorted and/or blurred vision as well as the development of blind spots.

- MCT-465 is in development to treat influenza A virus infection. In preclinical studies, originally published in the October 2002 *Journal of Clinical Investigation*, MCT-465 reduced pulmonary influenza A H1N1 virus titers by 1,000 fold in mouse models, resulting in barely detectable levels of the virus.

- On May 4, 2006, MultiCell announced that it had entered into a Common Stock purchase agreement with Fusion Capital Fund II, LLC for approximately $25 million. The Company plans to use these funds for the advancement of MCT-125 in a Phase IIb/III clinical trial, as well as general corporate purposes.

- MultiCell maintains a portfolio of patents and patent applications that have been developed and licensed through various collaborators. In September 2005, the Company entered into an agreement with Alliance Pharmaceutical Corp. and Astral, Inc. to acquire certain assets in exchange for consideration. Included in these assets were U.S. and foreign issued and pending patents and patent applications related to chimeric antibody technology, treatment of Type 1 diabetes, T-Cell tolerance, Toll-like receptor technology, dendritic cells, dsRNA technology, and immunosuppression technology.

- MultiCell's management team, Board of Directors, and Scientific Advisory Committee contain individuals who are highly capable of driving the Company's technology from concept to commercialization and facilitating the creation of partnerships for commercialization.

- On July 21, 2006, Multicell completed a private placement financing consisting of $1.7 million of Convertible Preferred Stock sold to accredited investors.

Historical Financial Results

Tables 9, 10, 11, and 12 provide a summary of MultiCell's key historical financial statements, including its Statements of Operations (for both the three and six month period ending May 31 in Tables 9 and 10, respectively), Balance Sheets (Table 11), and Statements of Cash Flows (for the six month period ending May 31, Table 12).

Table 9
MultiCell Technologies, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
For the Three Months Ended May 31, 2006 and 2005

	2006	2005 As Restated
Revenue	$ 26,775	$ 39,693
Operating expenses:		
Selling, general and administrative expenses	1,054,899	826,428
Research and development	303,479	236,031
Depreciation and amortization	36,185	39,506
Total operating expenses	1,394,563	1,101,965
Operating loss	(1,367,788)	(1,062,272)
Other income (expense):		
Gain on sale of property		132,169
Loss on sale of marketable securities	(3,336)	—
Loss on abandonment of leasehold improvements	—	(14,286)
Interest expense	(1,823)	(10,275)
Interest and dividend income	4,695	32,238
Minority interest in net loss of subsidiary	168,048	9,284
Total other income	167,584	149,130
Net loss	$ (1,200,204)	$ (913,142)
Net loss per share applicable to common stockholders - basic and diluted	$ (0.03)	$ (0.03)
Weighted average number of common shares - basic and diluted	34,345,999	31,562,858

Source: MultiCell Technologies, Inc.

Table 10

MultiCell Technologies, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

For the Six Months Ended May 31, 2006 and 2005

	2006	2005 As Restated
Revenue	$ 573,006	$ 81,515
Operating expenses:		
Selling, general and administrative expenses	1,856,492	1,827,380
Research and development	786,224	351,850
Depreciation and amortization	71,729	79,506
Total operating expenses	2,714,445	2,258,736
Operating loss	(2,141,439)	(2,177,221)
Other income (expense):		
Gain on sale of property		132,169
Loss on sale of marketable securities	(22,151)	—
Loss on abandonment of leasehold improvements	—	(14,286)
Amortization of discount on notes receivable	—	5,000
Interest expense	(2,194)	(20,405)
Interest and dividend income	22,900	42,463
Minority interest in net loss of subsidiary	305,984	12,906
Total other income	304,539	157,847
Net loss	$ (1,836,900)	$ (2,019,374)
Net loss per share applicable to common stockholders - basic and diluted	$ (0.05)	$ (0.07)
Weighted average number of common shares - basic and diluted	33,703,543	29,368,424

Source: MultiCell Technologies, Inc.

Table 11

MultiCell Technologies, Inc. and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	May 31, 2006	November 30, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 26,380	$ 1,515,475
Marketable securities	—	1,138,201
Interest and dividends receivable	—	18,235
Accounts, royalties and grant receivable	36,023	71,764
Other current assets	101,194	63,033
Total current assets	163,597	2,806,708
Equipment and improvements, net	152,717	151,524
License agreements, net of accumulated amortization of $2,200,551 and $2,183,393	732,842	250,000
Intangible assets, net of accumulated amortization of $51,774 and $17,258	1,233,945	1,268,461
Other assets	81,391	30,952
Total assets	$ 2,364,492	$ 4,507,645
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 754,850	$ 605,476
Current portion of deferred income	5,200	538,533
Total current liabilities	760,050	1,144,009
Deferred income, net of current portion	54,600	57,200
Total liabilities	814,650	1,201,209
Minority interest	324,671	630,655
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value: 2,000,000 shares authorized, 12,200 and 15,000 designated as Series I Convertible Preferred issued and outstanding, liquidation value of $1,220,000 and $1,500,000	121	150
Common stock, $.01 par value: 200,000,000 shares authorized, 36,357,537 and 33,046,811 shares issued and outstanding	363,575	330,468
Additional paid-in capital	28,579,784	28,227,833
Accumulated deficit	(27,718,309)	(25,881,409)
Accumulated other comprehensive income (loss)	—	(1,261)
Total stockholders' equity	1,225,171	2,675,781
Total liabilities and stockholders' equity	$ 2,364,492	$ 4,507,645

Source: MultiCell Technologies, Inc.

Table 12
MultiCell Technologies, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the Six Months Ended May 31, 2006 and 2005

	2006	2005 As Restated
Cash flows from operating activities:		
Net loss	$ (1,836,900)	$ (2,019,374)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	71,729	79,506
Amortization of discount on notes receivable	—	(5,000)
Loss on sale of marketable securities	22,151	—
Amortization of bond premium (discount)	2,823	—
Common stock issued for services	283,369	70,530
Stock-based compensation for services	101,660	574,317
XenoTech deferred income recognized	(533,333)	—
Minority interest in loss of subsidiary	(305,984)	(12,906)
Allowance for bad debts	47,519	—
Loss on abandonment of leasehold improvements	—	14,286
Gain on sale of property	—	(132,169)
Changes in operating assets and liabilities:		
Accounts, royalties and interest receivable	6,457	16,106
Other current assets	(38,161)	(114,050)
Other assets	(4,939)	(21,749)
Accounts payable and accrued expenses	149,374	337,490
Other current liabilities	—	19,945
Deferred income	(2,600)	(59,743)
Other liabilities	—	267
Net cash used in operating activities	(2,036,835)	(1,252,544)
Cash flows from investing activities:		
License agreement	(500,000)	—
Purchase of equipment	(21,248)	(19,015)
Proceeds from sale of property	—	2,500
Principal payments on notes receivable	—	600,000
Proceeds from sale (purchase) of marketable securities	1,114,488	(1,503,025)
Net cash provided by (used in) investing activities	593,240	(919,540)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	—	3,441,721
Proceeds from exercised warrants	—	350,000
Deferred financing costs	(45,500)	—
Net cash provided by (used in) financing activities	(45,500)	3,791,721
Net increase (decrease) in cash and cash equivalents	(1,489,095)	1,619,637
Cash and cash equivalents, beginning of period	1,515,475	1,311,879
Cash and cash equivalents, end of period	$ 26,380	$ 2,931,516
Supplemental disclosure:		
Interest paid	$ 2,194	$ 20,405
Non-cash transactions:		
Conversion of convertible notes payable into common stock	$ —	$ 30,000
Accrued real estate taxes assumed by buyer in sale of real estate	$ —	$ 174,084

Source: MultiCell Technologies, Inc.

Risks

Some of the information in this report relates to future events or future business and financial performance. Such statements can be only predictions and the actual events or results may differ from those discussed due to, among other things, the risks described in MultiCell's Risk section on Forms 10-KSB, 10-QSB, 8-K and other forms filed with the Securities and Exchange Commission (SEC) from time to time. The content of this report with respect to MultiCell has been compiled primarily from information available to the public and released by MultiCell through news releases and SEC filings. MultiCell is solely responsible for the accuracy of that information. Information about other companies has been prepared from publicly available documents and has not been independently verified by MultiCell. For more complete information about MultiCell, refer to the Company's website at www.multicelltech.com

The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties not presently known or those it currently considers immaterial may also have an adverse effect on its business. If any of the matters discussed in the accompanying risk factors were to occur, MultiCell's business, financial condition, results of operations, cash flows, or prospects could be materially adversely affected.

RISKS RELATED TO MULTICELL'S BUSINESS

The Company's drug candidates and cellular systems technologies are in the early stages of clinical testing and MultiCell has a history of significant losses and may not achieve or sustain profitability.

MultiCell's drug candidates are in the early stages of clinical testing and the Company must conduct significant additional clinical trials before it can seek the regulatory approvals necessary to begin commercial sales of its drugs. Similarly, some of its cellular systems technologies are in early stages of development and require further development before they may be commercially viable. MultiCell has incurred a substantial accumulated deficit since its inception in 1970. As of February 28, 2006, the Company's accumulated deficit was $26,518,105. MultiCell's losses have primarily resulted from significant costs associated with the research and development (R&D) relating to its cellular systems technologies and other operating costs. The Company expects to incur increasing losses for at least several years, as it continues its research activities and conducts development of, and seeks regulatory approvals for its drug candidates, and commercializes any approved drugs and as MultiCell continues to advance its cellular systems technologies business. If the Company's drug candidates fail in clinical trials or do not gain regulatory approval, or if its drugs and cellular systems technologies do not achieve market acceptance, MultiCell will not achieve or maintain profitability. If the Company fails to become and remain profitable, or if MultiCell is unable to fund its continuing losses, an investor could lose all or part of an investment.

MultiCell's new business strategy of focusing on its therapeutic programs and technologies makes evaluation of the Company's business prospects difficult.

MultiCell's new business strategy of focusing on therapeutic programs and technologies is unproven. Because of this recent strategic shift in focus, the Company cannot accurately predict its product development success. Moreover, MultiCell has limited experience developing therapeutics and cannot be sure that any product that it develops will be commercially successful. As a result, it is difficult to predict and evaluate the Company's future business prospects.

If MultiCell does not obtain adequate financing to fund its future R&D and operations, it may not be able to successfully implement its business plan.

The Company has in the past increased, and plans to increase further, its operating expenses in order to fund higher levels of R&D, undertake and complete the regulatory approval process, and increase its administrative resources in anticipation of future growth. MultiCell plans to increase its administrative resources to support the hiring of additional employees that are intended to enable the Company to expand its research and product development capacity. The Company intends to finance its operations with revenues from royalties generated from the licensing of its technology, by selling securities to

investors, through new strategic alliances, and by continuing to use its Common Stock to pay for consulting and professional services.

MultiCell also anticipates the need for additional financing in the future in order to fund continued R&D and to respond to competitive pressures. The Company anticipates that its future cash requirements may be fulfilled by potential direct product sales, the sale of additional securities, debt financing, and/or the sale or licensing of its technologies. MultiCell cannot guarantee, however, that enough future funds will be generated from operations or from the aforementioned or other potential sources.

On May 4, 2006, the Company announced that it had entered into a Common Stock purchase agreement with Fusion Capital Fund II, LLC, a Chicago-based institutional investor, whereby Fusion Capital shall buy up to $25 million of the Company's Common Stock. These funds are expected to be used for general corporate purposes, including the advancement of MCT-125 in a pivotal Phase IIb/III clinical trial for the treatment of fatigue in MS. Under the agreement, funding of the $25 million will occur from time to time over a 25 month period. Additionally, the Company raised gross proceeds of $4 million in February 2005, in a private placement. On July 21, 2006, MultiCell completed a private placement financing consisting of $1.7 million of Convertible Preferred Stock sold to accredited investors.

The Company does not have any binding commitment with regard to future financing. If adequate funds are not available or are not available on acceptable terms, MultiCell may be unable to pursue its therapeutic programs, fund expansion of its cellular technologies business, develop new or enhance existing products and services, or respond to competitive pressures—any of which could have a material adverse effect on its business, results of operations, and financial condition.

The Company has never generated, and may never generate, revenues from commercial sales of its drug and/or therapeutic candidates and it may not have drugs and/or therapeutic products to market for at least several years, if ever.

MultiCell currently has no drugs and/or therapeutic products for sale and cannot guarantee that it will ever have marketable drugs and/or therapeutic products. The Company must demonstrate that its drug and/or therapeutic product candidates satisfy rigorous standards of safety and efficacy to the Food and Drug Administration (FDA), and other regulatory authorities in the U.S. and abroad. MultiCell and its partners will need to conduct significant additional research and preclinical and clinical testing before it or its partners can file applications with the FDA or other regulatory authorities for approval of its drug candidates and/or therapeutic products.

Clinical trials may fail to demonstrate the desired safety and efficacy of the Company's drug and/or therapeutic candidates, which could prevent or significantly delay completion of clinical development and regulatory approval.

Prior to receiving approval to commercialize any of its drug and/or therapeutic candidates, MultiCell must demonstrate with substantial evidence from well-controlled clinical trials, and to the satisfaction of the FDA and other regulatory authorities in the U.S. and abroad, that such a drug candidate is both sufficiently safe and effective. Before the Company can commence clinical trials, it must demonstrate through preclinical studies satisfactory product chemistry, formulation, stability, and toxicity levels in order to file an investigational new drug application (IND), or the foreign equivalent of an IND, to commence clinical trials.

In clinical trials, MultiCell will need to demonstrate efficacy for the treatment of specific indications and monitor safety throughout the clinical development process. Long-term safety and efficacy have not yet been demonstrated in clinical trials for any of the Company's drug and/or therapeutic candidates, and satisfactory chemistry, formulation, stability, and toxicity levels have not yet been demonstrated for its drug candidates or compounds that are currently the subject of preclinical studies. If MultiCell's preclinical studies, clinical trials, or future clinical trials are unsuccessful, its business and reputation will be harmed.

In addition, there can be no assurance that the design of MultiCell's clinical trials is focused on appropriate disease types, patient populations, dosing regimens, or other variables which will result in obtaining the desired efficacy data to support regulatory approval to commercialize the drug and/or therapeutic. Even if the Company believes the data collected from clinical trials of its drug and/or therapeutic candidates are promising, such data may not be sufficient to support approval by the FDA or

any other U.S. or foreign regulatory authority. Preclinical and clinical data can be interpreted in different ways. Accordingly, FDA officials or officials from foreign regulatory authorities could interpret the data in different ways than MultiCell or its partners do, which could delay, limit, or prevent regulatory approval.

Clinical trials are costly, time consuming, and subject to delay.

Clinical trials are very costly and difficult to design and implement, in part, because they are subject to rigorous requirements. The clinical trial process is also time consuming. According to industry sources, the entire drug development and testing process takes on average 12 to 15 years. According to industry studies, the fully capitalized resource cost of new drug development averages approximately $800 million; however, individual trials and individual drug candidates may incur a range of costs above or below this average. The Company estimates that clinical trials of its most advanced drug candidates will continue for several years, but may take significantly longer to complete. The commencement and completion of MultiCell's clinical trials could be delayed or prevented by several factors, including, but not limited to:

- delays in obtaining regulatory approvals to commence a clinical trial;
- delays in identifying and reaching agreement on acceptable terms with prospective clinical trial sites;
- slower than expected rates of patient recruitment and enrollment, including as a result of the introduction of alternative therapies;
- drugs by others;
- lack of effectiveness during clinical trials;
- unforeseen safety issues;
- adequate supply of clinical trial material;
- uncertain dosing issues;
- introduction of new therapies or changes in standards of practice or regulatory guidance that render MultiCell's clinical trial endpoints or the targeting of its proposed indications obsolete;
- inability to monitor patients adequately during or after treatment; and
- inability or unwillingness of medical investigators to follow its clinical protocols.

The Company does not know whether planned clinical trials will begin on time, will need to be restructured, or will be completed on schedule, if at all. Significant delays in clinical trials will impede MultiCell's ability to commercialize its drug candidates and could significantly increase the Company's development costs, any of which could significantly and negatively impact its results of operations and harm its business.

If MultiCell fails to enter into and maintain successful strategic alliances for certain of its therapeutic products or drug candidates, the Company may have to reduce or delay its drug candidate development or increase its expenditures.

MultiCell's strategy for developing, manufacturing, and commercializing certain of its therapeutic products or drug candidates involves entering into and successfully maintaining strategic alliances with pharmaceutical companies or other industry participants to advance its programs and reduce its expenditures on each program. However, the Company may not be able to maintain its current strategic alliances or negotiate additional strategic alliances on acceptable terms, if at all. If MultiCell is not able to maintain its existing strategic alliances or establish and maintain additional strategic alliances, it may have to limit the size or scope of, or delay, one or more of its drug development programs or research programs or undertake and fund these programs itself or otherwise re-evaluate or exit a particular business. To the extent that the Company is required to increase its expenditures to fund research and development programs or its therapeutic programs or cellular systems technologies on its own, it will need to obtain additional capital, which may not be available on acceptable terms, or at all.

MultiCell's proprietary rights may not adequately protect its technologies and drug candidates.

The Company's commercial success will depend in part on its obtaining and maintaining patent protection and trade secret protection of its technologies and drug candidates as well as successfully defending these patents against third-party challenges. MultiCell will only be able to protect its technologies and drug candidates from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them. Furthermore, the degree of future protection of its proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect its rights or permit it to gain or keep its competitive advantage.

The patent positions of life sciences companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in such companies' patents has emerged to date in the U.S. The patent situation outside the U.S. is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the U.S. or other countries may diminish the value of the Company's intellectual property. Accordingly, MultiCell cannot predict the breadth of claims that may be allowed or enforced in its patents or in third-party patents. For example:

- the Company or its licensors might not have been the first to make the inventions covered by each of its pending patent applications and issued patents;
- others may independently develop similar or alternative technologies or duplicate any of its technologies;
- it is possible that none of its pending patent applications or the pending patent applications of its licensors will result in issued patents;
- the Company-issued patents and issued patents of its licensors may not provide a basis for commercially viable drugs, or may not provide it with any competitive advantages, or may be challenged and invalidated by third parties; and
- MultiCell may not develop additional proprietary technologies or drug candidates that are patentable.

MultiCell also relies on trade secrets to protect its technology, especially where it believes patent protection is not appropriate or obtainable. However, trade secrets are difficult to protect. While the Company uses reasonable efforts to protect its trade secrets, its or its strategic partners' employees, consultants, contractors, or scientific and other advisors may unintentionally or willfully disclose information to competitors. If the Company was to enforce a claim that a third party had illegally obtained and was using its trade secrets, its enforcement efforts would be costly and time consuming, and the outcome would be unpredictable. In addition, courts outside the U.S. are sometimes less willing to protect trade secrets. Moreover, if the Company's competitors independently develop equivalent knowledge, methods and know-how, it will be more difficult for MultiCell to enforce its rights, and its business could be harmed. If MultiCell is not able to defend the patent or trade secret protection position of its technologies and drug candidates, then it will not be able to exclude competitors from developing or marketing competing drugs, and it may not generate enough revenue from product sales to justify the cost of developing its drugs and to achieve or maintain profitability.

If MultiCell is sued for infringing intellectual property rights of third parties, such litigation will be costly and time consuming, and an unfavorable outcome would have a significant adverse effect on it business.

MultiCell's ability to commercialize drugs depends on its ability to sell such drugs without infringing the patents or other proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the areas that the Company is exploring. In addition, because patent applications can take several years to issue, there may be currently pending applications, unknown to MultiCell, which may later result in issued patents that its drug candidates may infringe. There could also be existing patents of which the Company is not aware that its drug candidates may inadvertently infringe.

Future products of MultiCell's may be impacted by patents of companies engaged in competitive programs with significantly greater resources. Further development of these products could be impacted by these patents and result in the expenditure of significant legal fees. If a third party claims that MultiCell's actions infringe on their patents or other proprietary rights, MultiCell could face a number of issues that could seriously harm its competitive position, including, but not limited to:

- infringement and other intellectual property claims that, with or without merit, can be costly and time consuming to litigate and can delay the regulatory approval process and divert management's attention from its core business strategy;
- substantial damages for past infringement, which the Company may have to pay if a court determines that its drugs or technologies infringe upon a competitor's patent or other proprietary rights;
- a court prohibiting MultiCell from selling or licensing its drugs or technologies unless the holder licenses the patent or other proprietary rights to it, which it is not required to do; and
- if a license is available from a holder, the Company may have to pay substantial royalties or grant cross licenses to its patents or other proprietary rights.

MultiCell may become involved in disputes with its strategic partners over intellectual property ownership, and publications by its research collaborators and scientific advisors, which could impair its ability to obtain patent protection or protect its proprietary information, which, in either case, would have a significant impact on the Company's business.

Inventions discovered under the Company's strategic alliance agreements become jointly owned by MultiCell's strategic partners and itself in some cases, and the exclusive property of the partner or the Company in other cases. Under some circumstances, it may be difficult to determine who owns a particular invention, or whether it is jointly owned, and disputes could arise regarding ownership of those inventions. These disputes could be costly and time consuming, and an unfavorable outcome would have a significant adverse effect on MultiCell's business if it was not able to protect or license rights to these inventions. In addition, the Company's research collaborators and scientific advisors have contractual rights to publish data and other proprietary information, subject to MultiCell's prior review. Publications by its research collaborators and scientific advisors containing such information, either with its permission or in contravention of the terms of their agreements with the Company, may impair MultiCell's ability to obtain patent protection or protect its proprietary information, which could significantly harm its business.

MultiCell has limited capacity to carry out its own clinical trials in connection with the development of its drug candidates and potential drug candidates, and to the extent it elects to develop a drug candidate without a strategic partner it will need to expand its development capacity, and it will require additional funding.

The development of drug candidates is complicated, and requires resources and experience for which the Company currently has limited resources. To the extent MultiCell conducts clinical trials for a drug candidate without support from a strategic partner, it will need to develop additional skills, technical expertise, and resources necessary to carry out such development efforts on its own or through the use of other third parties, such as contract research organizations (CROs).

If the Company utilizes CROs, it will not have control over many aspects of their activities, and will not be able to fully control the amount or timing of resources that they devote to its programs. These third parties also may not assign as high a priority to MultiCell's programs or pursue them as diligently as the Company would if it was undertaking such programs itself, and therefore may not complete their respective activities on schedule. CROs may also have relationships with MultiCell's competitors and potential competitors, and may prioritize those relationships ahead of their relationships with the Company.

Typically, MultiCell would prefer to qualify more than one vendor for each function performed outside of its control, which could be time consuming and costly. The failure of CROs to carry out development efforts on the Company's behalf according to its requirements and FDA or other regulatory agencies' standards, or MultiCell's failure to properly coordinate and manage such efforts, could increase the cost

of operations and delay or prevent the development, approval, and commercialization of its drug candidates.

If the Company fails to develop additional skills, technical expertise, and resources necessary to carry out the development of its drug candidates, or if it fails to effectively manage its CROs carrying out such development, the commercialization of MultiCell's drug candidates will be delayed or prevented.

The Company currently has no marketing or sales staff, and if it is unable to enter into or maintain strategic alliances with marketing partners or if it is unable to develop its own sales and marketing capabilities, it may not be successful in commercializing its potential drugs or therapeutic products.

MultiCell currently has no internal sales, marketing, or distribution capabilities. To commercialize its products or drugs that it determines not to market on its own, it will depend on strategic alliances with third parties, which have established distribution systems and direct sales forces. If the Company is unable to enter into such arrangements on acceptable terms, it may not be able to successfully commercialize such products or drugs. If MultiCell decides to commercialize products or drugs on its own, it will need to establish its own specialized sales force and marketing organization with technical expertise and with supporting distribution capabilities. Developing such an organization is costly and time consuming and could delay a product launch. In addition, MultiCell may not be able to develop this capacity efficiently, or at all, which could make it unable to commercialize its products and drugs. To the extent that the Company is not successful in commercializing any products or drugs itself or through a strategic alliance, its product revenues will suffer, it will incur significant additional losses, and the price of its Common Stock will be negatively affected.

MultiCell has no manufacturing capacity and depends on its partners or contract manufacturers to produce its products and clinical trial drug supplies for each of its drug candidates and potential drug candidates, and anticipates continued reliance on contract manufacturers for the development and commercialization of its potential products and drugs.

The Company does not currently operate manufacturing facilities for clinical or commercial production of its drug candidates or potential drug candidates that are under development. MultiCell has no experience in drug formulation or manufacturing, and it lacks the resources and the capabilities to manufacture any of its drug candidates on a clinical or commercial scale. The Company anticipates reliance on a limited number of contract manufacturers. Any performance failure on the part of its contract manufacturers could delay clinical development or regulatory approval of its drug candidates or commercialization of its drugs, producing additional losses, and depriving the Company of potential product revenues.

MultiCell's products and drug candidates require precise, high quality manufacturing. Its failure or its contract manufacturer's failure to achieve and maintain high manufacturing standards, including the incidence of manufacturing errors, could result in patient injury or death, product recalls or withdrawals, delays or failures in product testing or delivery, cost overruns or other problems that could seriously hurt the Company's business. Contract manufacturers often encounter difficulties involving production yields, quality control and quality assurance, as well as shortages of qualified personnel.

These manufacturers are subject to ongoing periodic unannounced inspection by the FDA, the U.S. Drug Enforcement Agency, and other regulatory agencies to ensure strict compliance with current good manufacturing practices (cGMPs) and other applicable government regulations and corresponding foreign standards; however, MultiCell does not have control over contract manufacturers' compliance with these regulations and standards. If one of its contract manufacturers fails to maintain compliance, the production of its drug candidates could be interrupted, resulting in delays, additional costs, and potentially lost revenues. Additionally, the Company's contract manufacturer must pass a pre-approval inspection before it can obtain marketing approval for any of its drug candidates in development.

MultiCell expects to expand its development, clinical research, and marketing capabilities, and as a result, it may encounter difficulties in managing its growth, which could disrupt its operations.

The Company expects to have significant growth in expenditures, the number of employees, and the scope of its operations, in particular with respect to those drug candidates that it elects to develop or commercialize independently or together with a partner. To manage its anticipated future growth,

MultiCell must continue to implement and improve its managerial, operational, and financial systems, expand its facilities, and continue to recruit and train additional qualified personnel. Due to its limited resources, the Company may not be able to effectively manage the expansion of its operations or recruit and train additional qualified personnel. The physical expansion of its operations may lead to significant costs and may divert its management and business development resources. Any inability to manage growth could delay the execution of its business plans or disrupt its operations.

The failure to attract and retain skilled personnel could impair MultiCell's drug development and commercialization efforts.

The Company's performance is substantially dependent on the performance of its senior management and key scientific and technical personnel. The employment of these individuals and its other personnel is terminable at will with short or no notice. The loss of the services of any member of MultiCell's senior management, scientific, or technical staff may significantly delay or prevent the achievement of drug development and other business objectives by diverting management's attention to transition matters and identification of suitable replacements, and could have a material adverse effect on its business, operating results, and financial condition. The Company also relies on consultants and advisors to assist it in formulating its research and development strategy.

All of MultiCell's consultants and advisors are either self-employed or employed by other organizations, and they may have conflicts of interest or other commitments, such as consulting or advisory contracts with other organizations, that may affect their ability to contribute to the Company. In addition, MultiCell believes that it will need to recruit additional executive management and scientific and technical personnel. There is currently intense competition for skilled executives and employees with relevant scientific and technical expertise, and this competition is likely to continue. The Company's inability to attract and retain sufficient scientific, technical, and managerial personnel could limit or delay its product development efforts, which would adversely affect the development of its products and drug candidates and commercialization of its products and potential drugs and growth of its business.

RISKS RELATED TO MULTICELL'S INDUSTRY

MultiCell's competitors may develop products and drugs that are less costly, safer, or more effective, which may diminish or eliminate the commercial success of any drugs that the Company may commercialize.

MultiCell competes with companies that are also developing alternative products and drug candidates. The Company's competitors may:

- develop products and drug candidates and market products and drugs that are less costly or more effective than the Company's future drugs;
- commercialize competing products and drugs before MultiCell or its partners can launch any products and drugs developed from its drug candidates;
- obtain proprietary rights that could prevent the Company from commercializing its products;
- initiate or withstand substantial price competition more successfully than MultiCell can;
- have greater success in recruiting skilled scientific workers from the limited pool of available talent;
- more effectively negotiate third-party licenses and strategic alliances;
- take advantage of acquisition or other opportunities more readily than the Company can;
- develop products and drug candidates and market products and drugs that increase the levels of safety or efficacy or alter other product and drug candidate profile aspects that MultiCell's products and drug candidates need to show to obtain regulatory approval; and
- introduce technologies or market products and drugs that render the market opportunity for the Company's potential products and drugs obsolete.

The Company will compete for market share against large pharmaceutical and biotechnology companies and smaller companies that are collaborating with larger pharmaceutical companies, new companies, academic institutions, government agencies, and other public and private research organizations. Many of these competitors, either alone or together with their partners, may develop new products and drug candidates that will compete with MultiCell, as these competitors may, and in certain cases do, operate larger research and development programs or have substantially greater financial resources than the Company does. MultiCell's competitors may also have significantly greater experience in:

- developing products and drug candidates;
- undertaking preclinical testing and clinical trials;
- building relationships with key customers and opinion-leading physicians;
- obtaining and maintaining FDA and other regulatory approvals;
- formulating and manufacturing; and
- launching, marketing, and selling products and drugs.

If the Company's competitors market products and drugs that are less costly, safer, or more efficacious than its potential products and drugs, or that reach the market sooner than its potential products and drugs, MultiCell may not achieve commercial success. In addition, the life sciences industry is characterized by rapid technological change. Because the Company's research approach integrates many technologies, it may be difficult for it to stay abreast of the rapid changes in each technology. If MultiCell fails to stay at the forefront of technological change, it may be unable to compete effectively. The Company's competitors may render its technologies obsolete by advances in existing technological approaches or the development of new or different approaches, potentially eliminating the advantages in MultiCell's drug discovery process that it believes it derives from its research approach and proprietary technologies.

The regulatory approval process is costly, time consuming, and uncertain and may prevent MultiCell from obtaining approvals for the commercialization of some or all of its products and drug candidates.

The research, testing, manufacturing, selling, and marketing of drug candidates are subject to extensive regulation by the FDA and other regulatory authorities in the U.S. and other countries, and regulations differ from country to country. The Company may not market its potential drugs in the U.S. until it receives approval of an NDA from the FDA. Obtaining an NDA can be a lengthy, costly, and uncertain process. In addition, failure to comply with the FDA and other applicable foreign and U.S. regulatory requirements may subject MultiCell to administrative or judicially imposed sanctions. These include warning letters, civil and criminal penalties, injunctions, product seizure or detention, product recalls, total or partial suspension of production, and refusal to approve pending NDAs, or supplements to approved NDAs.

Regulatory approval of an NDA or NDA supplement is never guaranteed, and the approval process typically takes several years and is extremely costly. The FDA also has substantial discretion in the drug approval process. Despite the time and expense exerted, failure can occur at any stage, and MultiCell could encounter problems that cause it to abandon clinical trials or to repeat or perform additional preclinical testing and clinical trials. The number and focus of preclinical studies and clinical trials that will be required for FDA approval varies depending on the drug candidate, the disease, or condition that the drug candidate is designed to address, and the regulations applicable to any particular drug candidate. The FDA can delay, limit, or deny approval of a drug candidate for many reasons, including:

- a drug candidate may not be safe or effective;
- FDA officials may not find the data from preclinical testing and clinical trials sufficient;
- the FDA might not approve MultiCell's or its contract manufacturer's processes or facilities; or
- the FDA may change its approval policies or adopt new regulations.

The use of immortalized hepatocytes for drug discovery purposes does not require FDA approval.

The coverage and reimbursement status of newly approved drugs is uncertain and failure to obtain adequate coverage and reimbursement could limit the Company's ability to market any drugs it may develop and decrease its ability to generate revenue.

There is significant uncertainty related to the coverage and reimbursement of newly approved drugs. The commercial success of MultiCell's potential drugs in both domestic and international markets is substantially dependent on whether third-party coverage and reimbursement is available for the ordering of its potential drugs by the medical profession for use by their patients. Medicare, Medicaid, health maintenance organizations, and other third-party payers are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement of new drugs, and, as a result, they may not cover or provide adequate payment for the Company's potential drugs. They may not view MultiCell's potential drugs as cost-effective and reimbursement may not be available to consumers or may not be sufficient to allow the Company's potential drugs to be marketed on a competitive basis. Likewise, legislative or regulatory efforts to control or reduce healthcare costs or reform government healthcare programs could result in lower prices or rejection of coverage for MultiCell's potential drugs. Changes in coverage and reimbursement policies or healthcare cost containment initiatives that limit or restrict reimbursement for the Company's drugs may cause its revenue to decline.

The Company may be subject to costly product liability claims and may not be able to obtain adequate insurance.

If MultiCell conducts clinical trials in humans, it faces the risk that the use of its drug candidates will result in adverse effects. The Company cannot predict the possible harms or side effects that may result from its clinical trials. MultiCell may not have sufficient resources to pay for any liabilities resulting from a claim excluded from, or beyond the limit of, its insurance coverage. In addition, once it has commercially launched drugs based on its drug candidates, the Company will face exposure to product liability claims. This risk exists even with respect to those drugs that are approved for commercial sale by the FDA and manufactured in facilities licensed and regulated by the FDA. MultiCell intends to secure limited product liability insurance coverage, but may not be able to obtain such insurance on acceptable terms with adequate coverage, or at reasonable costs. There is also a risk that third parties that the Company agreed to indemnify could incur liability.

Even if MultiCell was ultimately successful in product liability litigation, the litigation would consume substantial amounts of its financial and managerial resources and may create adverse publicity, all of which would impair the Company's ability to generate sales of the affected product as well as its other potential drugs. Moreover, product recalls may be issued at its discretion or at the direction of the FDA, other governmental agencies, or other companies having regulatory control for drug sales. If product recalls occur, such recalls are generally costly and often have an adverse effect on the image of the drugs being recalled as well as the reputation of the drug's developer or manufacturer.

The Company may be subject to damages resulting from claims that its employees or the Company has wrongfully used or disclosed alleged trade secrets of former employers.

Many of MultiCell's employees were previously employed at universities or other biotechnology or pharmaceutical companies, including its competitors or potential competitors. Although no such claims against the Company are currently pending, it may be subject to claims that these employees or the Company have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If MultiCell fails in defending such claims, in addition to paying monetary damages, it may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or prevent the Company's ability to commercialize certain potential drugs, which could severely harm its business. Even if successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

MultiCell uses hazardous chemicals and radioactive and biological materials in its business. Any claims relating to improper handling, storage, or disposal of these materials could be time consuming and costly.

The Company's research and development processes involve the controlled use of hazardous materials, including chemicals and radioactive and biological materials. Its operations produce hazardous waste products. MultiCell cannot eliminate the risk of accidental contamination or discharge and any resultant injury from those materials. Federal, state, and local laws and regulations govern the use, manufacture, storage, handling, and disposal of hazardous materials. The Company may be sued for any injury or contamination that results from its use or the use by third parties of these materials. Compliance with environmental laws and regulations is costly, and current or future environmental regulations may impair its research, development, and production efforts. In addition, MultiCell's partners may use hazardous materials in connection with its strategic alliances. To the Company's knowledge, their work is performed in accordance with applicable biosafety regulations. In the event of a lawsuit or investigation, however, MultiCell could be held responsible for any injury caused to persons or property by exposure to, or release of, these hazardous materials used by these parties. Further, the Company may be required to indemnify partners against all damages and other liabilities arising out of its development activities or drugs produced in connection with these strategic alliances.

RISKS RELATED TO THE COMPANY'S COMMON STOCK

MultiCell expects that its stock price will fluctuate significantly, and an investor may not be able to resell shares at or above the investment price.

The market price of MultiCell's Common Stock, as well as the market prices of securities of companies in the life sciences and biotechnology sectors generally have been highly volatile and are likely to continue to be highly volatile. While the reasons for the volatility of the market price of its Common Stock and its trading volume are sometimes unknown, in general the market price of its Common Stock may be significantly impacted by many factors, including, but not limited to:

- results from, and any delays in, the clinical trials programs for MultiCell's products and drug candidates;
- delays in or discontinuation of the development of any of the Company's products and drug candidates;
- failure or delays in entering additional drug candidates into clinical trials;
- failure or discontinuation of any of MultiCell's research programs;
- delays or other developments in establishing new strategic alliances;
- announcements concerning the Company's existing or future strategic alliances;
- issuance of new or changed securities analysts' reports or recommendations;
- market conditions in the pharmaceutical and biotechnology sectors;
- actual or anticipated fluctuations in quarterly financial and operating results;
- the exercise of outstanding Options And Warrants, the conversion of outstanding Series I Convertible Preferred Stock and Debt and the issuance of additional Options, Warrants, Preferred Stock and Convertible Debt;
- developments or disputes concerning MultiCell's intellectual property or other proprietary rights;
- introduction of technological innovations or new commercial products by the Company or its competitors;
- issues in manufacturing MultiCell's drug candidates or drugs;

- market acceptance of the Company's products and drugs;
- third-party healthcare reimbursement policies;
- FDA or other U.S. or foreign regulatory actions affecting the Company or its industry;
- litigation or public concern about the safety of the MultiCell's products, drug candidates, or drugs;
- additions or departures of key personnel; and
- volatility in the stock prices of other companies in the Company's industry.

These and other external factors may cause the market price and demand for the Company's Common Stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of Common Stock and may otherwise negatively affect the liquidity of MultiCell's Common Stock. In addition, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of MultiCell's stockholders brought a lawsuit against it, the Company could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of MultiCell's management.

The Company's Common Stock is subject to penny stock regulation, which may affect its liquidity.

MultiCell's Common Stock is subject to regulations of the SEC relating to the market for penny stocks. Penny stock, as defined by the Penny Stock Reform Act, is any equity security not traded on a national securities exchange or quoted on the NASDAQ National Market or SmallCap Market that has a market price of less than $5.00 per share. The penny stock regulations generally require that a disclosure schedule explaining the penny stock market and the risks associated therewith be delivered to purchasers of penny stocks and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. The broker-dealer must make a suitability determination for each purchaser and receive the purchaser's written agreement prior to the sale. In addition, the broker-dealer must make certain mandated disclosures, including the actual sale or purchase price and actual bid offer quotations, as well as the compensation to be received by the broker-dealer and certain associated persons. The regulations applicable to penny stocks may severely affect the market liquidity for the Company's Common Stock and could limit an investor's ability to sell the securities in the secondary market.

It is anticipated that dividends will not be paid in the foreseeable future.

The Company does not intend to pay dividends on its Common Stock in the foreseeable future. There can be no assurance that the operation of the Company will result in sufficient revenues to enable the Company to operate at profitable levels or to generate positive cash flows. Further, dividend policy is subject to the discretion of the Company's Board of Directors and will depend on, among other things, the Company's earnings, financial condition, capital requirements, and other factors.

MultiCell's Common Stock is thinly traded and there may not be an active, liquid, trading market for its Common Stock.

There is no guarantee that an active trading market for the Company's Common Stock will be maintained on the OTC.BB or that the volume of trading will be sufficient to allow for timely trades. Investors may not be able to sell their shares quickly or at the latest market price if trading in MultiCell's stock is not active or if trading volume is limited. In addition, if trading volume in its Common Stock is limited, trades of relatively small numbers of shares may have a disproportionate effect on the market price of its Common Stock.

Recent Events

07/28/2006—Announced that Anthony Cataldo, co-chairman, has resigned as a member of the Company's Board of Directors in order to pursue other interests. Mr. Cataldo's resignation is effective August 1, 2006.

07/21/2006—Announced completion of a private placement financing consisting of $1.7 million of Convertible Preferred Stock sold to accredited investors.

05/26/2006—Announced that Stephen M. Chang, Ph.D. has been appointed as its new chief executive officer in addition to his current role as president. W. Gerald Newmin, outgoing CEO, will continue in his role as co-chairman and secretary of the company.

05/25/2006—Announced that its annual stockholder meeting was held Tuesday, May 23, in San Diego, CA. Two proposals were reviewed and passed. Six directors were elected for the next year. The directors are W. Gerald Newmin, Anthony Cataldo, Stephen Chang, Ph.D., Anthony E. Altig, Thomas A. Page, and Edward Sigmond. The other proposal voted upon by stockholders was the ratification of the appointment of J.H. Cohn LLP as the Company's independent accountants for the current fiscal year.

05/04/2006—Announced that MultiCell has entered into a Common Stock purchase agreement with Fusion Capital Fund II, LLC, a Chicago-based institutional investor, whereby Fusion Capital shall buy up to $25 million of the Company's Common Stock. These funds are expected to be used for general corporate purposes, including the advancement of MCT-125 in a pivotal Phase IIb/III clinical trial for the treatment of fatigue in MS. Under the agreement, funding of the $25 million will occur from time to time over a 25-month period.

03/01/2006—Announced that the Company had concluded that some of its issued and outstanding Stock Options should be subject to variable plan accounting treatment under applicable accounting standards, and, accordingly, previously recognized compensation expense should be reduced in the Company's previously issued financial statements. The Company will restate is financial statements for the first three quarters of fiscal 2004 in its Annual Report on Form 10-KSB for fiscal 2005.

02/06/2006—Announced that the Company has terminated its exclusive license with XenoTech, LLC of Lenexa, Kansas, effective January 31, 2006, for failure to meet minimum royalty obligations. Under the terms of the 2003 agreement, XenoTech was allowed to sell sub-licenses for the propagation of MultiCell's immortalized human liver cells ("hepatocytes").

01/09/2006—Announced that Gerard A. Wills has joined the Company as its chief financial officer (CFO). With over 25 years experience, including 15 years within the biotechnology industry, Mr. Wills has expertise in strategy, business, financial, and operating leadership in publicly traded companies.

01/03/2006—Announced that the Company has exclusively licensed LAX-202 from Amarin Corporation plc, for the treatment of fatigue in multiple sclerosis (MS) patients. MultiCell will rename LAX-202 to MCT-125, and will further evaluate MCT-125 in a pivotal Phase IIb/III clinical trial, which is expected to begin in 2006.

12/01/2005—Announced that the Company has entered into a research agreement to investigate a novel anti-apoptosis compound. MultiCell will fund research at Columbia University Medical Center, and will have an option to enter into an exclusive worldwide license for any invention resulting from the research. The project is proceeding to discover whether this compound can protect against retinal ganglion cell (RGC) death in acute and chronic *in vivo* forms of optic neuropathy.

11/30/2005—Reported that the Company's scientists presented a paper at the American Association of Pharmaceutical Scientists (AAPS) Annual Meeting and Exposition concerning the use of the Company's Fa2N-4 immortalized human hepatocyte cells as an alternative model for drug induction studies. Because high quality normal human hepatocytes are costly and difficult to obtain, immortalized human hepatocytes offer an attractive alternative for evaluating the induction of drug metabolism enzymes and transporters.

11/09/2005—Announced that its subsidiary, MultiCell ImmunoTherapeutics, Inc., has elevated MCT-465 to lead drug candidate status and will commence evaluation of MCT-465 in preclinical animal models infected with the H5N1 strain of influenza A virus, known as the "bird flu" or "avian flu" virus. These preclinical studies will seek to build on the success that MCTI's Toll-receptor molecule and lead drug candidate MCT-465 demonstrated in animal models infected with the H1N1 strain of influenza A virus.

10/28/2005—Announced that XenoTech, LLC, MultiCell's marketing and manufacturing licensee, introduced an improved cell culture media supplement called MFE Supplement A on October 25th at the joint ISSX/JSSX meeting in Hawaii, and presented latest data on the cell line and media with a scientific poster presentation.

10/21/2005—Announced that preclinical tests conducted by scientists at MultiCell's San Diego laboratories showed that MultiCell Immunotherapeutics, Inc.'s TLR was able to reduce pulmonary virus titers by 1,000-fold in the H1N1 strain of flu to barely detectable levels. These results indicate that the technology may be able to reduce viral load in the avian influenza.

10/20/2005—Announced that the Company has entered into a research collaboration with Thomas Jefferson University, Philadelphia's premier medical and health sciences university to evaluate the Company's immortalized human hepatocytes as model systems to identify new drugs to treat hepatitis C viral (HCV) infection.

09/19/2005—Announced that it has appointed Anthony Altig to the Company's Board of Directors. Mr. Altig has experience in financial management, strategic planning, and SEC reporting, as well as investor relations, budgeting, treasury, tax planning, and risk management. His 23 years of experience with biotechnology and technology companies include public and debt financing transactions, financial operations, strategic alliances, and mergers and acquisitions (M&A).

09/16/2005—Announced the Company's grand opening at its Rhode Island facilities. Rhode Island Governor Donald Carcieri was the guest of honor.

09/14/2005—Announced that the Company has been awarded a pilot grant for a pilot study for Type 1 diabetes using its proprietary Immunoglobulin Therapeutic. Sponsored by the UCHSC-NIAID subcontract FY05-062.012 sponsor #U19 AI050864-04. The study will be conducted in collaboration with the Benaroya Research Institute at Virginia Mason University in Seattle, Washington.

09/07/2005—Announced that it has formed a new company, MultiCell Immunotherapeutics, Inc. (MCTI). MCTI will be a majority-owned subsidiary of MultiCell that will develop new therapeutic products utilizing stem cells and other related technologies. In connection with these efforts, MultiCell announced that MCTI has acquired certain intellectual property and certain other assets, including laboratory equipment and key employees of Astral, Inc., a San Diego biotechnology company developing novel therapies for the treatment of Type 1 diabetes, MS, cancer, and infectious disease.

08/30/2005—Announced the receipt of a new **Small Business Innovation Research (SBIR)** award to create proprietary BioFactories™ that express a **serine protease inhibitor** recently implicated as a novel treatment for sepsis. Sepsis is the leading cause of death in the non-cardiac intensive care unit and the tenth leading cause of death overall in the U.S. MultiCell's highly functional, immortalized human hepatocytes naturally produce plasma proteins including **inter-alpha-inhibitor proteins (I(alpha)Ip)**, serine protease inhibitors that have been found valuable as a treatment for sepsis in preclinical studies.

07/18/2005—Announced financial results for its fiscal 2005 quarter ended May 31, 2005. The Company reported revenue of $39,693 versus revenue for the same period in fiscal 2004 of $176,299. The reduction in revenue was a result of the Company's decision to stop amortizing prepaid royalties under the XenoTech license agreement. MultiCell reported an operating loss of $1.11 million compared to a loss of $352,349 for the year-ago period. The increased operating loss was a result of higher research and development expenses relating to increased activity surrounding the Company's intellectual property portfolio, and higher administrative costs. MultiCell ended the period with $4.43 million in cash and cash equivalents versus $1.31 million at the end of its 2004 fiscal year in November.

Glossary of Lesser-Known Terms

Adjuvant—A substance sometimes included in a vaccine formulation to enhance or modify its immune-stimulating properties.

Antigen Presenting Cells (APC)—Various body cells that present an antigen in a form that the T-Cells can recognize in order to destroy it.

Apoptosis—Programmed cell death; this physiological process is necessary for the elimination of superfluous, diseased, or damaged cells and the formation of new cells.

Assay—A biological test, measurement or analysis to determine whether compounds have the desired effect either in a living organism, outside an organism, or in an artificial environment.

Axonal degeneration—Damage to the nerve cell body or axon.

Beta cells—A type of cell in the pancreas. Within the pancreas, the beta cells are located in areas called the islets of Langerhans, where they constitute the predominant type of cell. The beta cells make and release insulin, a hormone that controls the level of glucose (sugar) in the blood. Degeneration of the beta cells is the main cause of Type I (insulin-dependent) diabetes mellitus.

Blood-Brain Barrier (BBB)—A physiological mechanism that alters the permeability of brain capillaries so that some substances, such as certain drugs, are prevented from entering brain tissue, while other substances are allowed to enter freely.

Cell-based assay system—A technology used to define novel targets for antiviral intervention.

Chimeric—Derived from two different animal species.

Cirrhosis—A liver condition often associated with alcoholism. This condition, in which healthy liver tissue is replaced by fibrous tissue, followed by a scar-like hardening, can lead to liver failure. Common symptoms associated with cirrhosis include fluid retention, persistent jaundice, fatigue, disturbances in sleep, itchy skin, loss of appetite, weight loss, vomiting blood, and mental disturbances.

Cytochrome P450—A family of the body's more powerful detox enzymes. Over 60 key forms are known, with hundreds of genetic variations possible, producing a wide variety of susceptibility to specific toxins.

Cytosolic—Relating to the internal fluid of a cell.

Demyelination—Damage caused to myelin by recurrent attacks of inflammation. Demyelination ultimately results in nervous system scars, called plaques, which interrupt communications between the nerves and the rest of the body.

Diabetes mellitus— A life-long disease characterized by the body's inability to produce or properly use insulin. Insulin is a natural hormone produced by the pancreas, which is responsible for converting sugar, starches, and other food into energy that the body relies upon for daily life. There are two forms of diabetes: Type 1 and Type 2.

dsRNA—Double-stranded RNA. RNA with two strands instead of the typical one.

Endocrinological—Relating to the endocrine system, or patients who have endocrine or hormonal problems, such as diabetes or thyroid disease.

Hepatitis—Inflammation of the liver, caused by infectious or toxic agents and characterized by jaundice, fever, liver enlargement, and abdominal pain.

Hepatitis C—Previously known as non-A, non-B hepatitis, hepatitis C is an inflammation of the liver, which causes fever, jaundice, abdominal pain, and weakness. Unlike other forms of hepatitis, C is largely caused by blood transfusions, needles, and in rare cases, sexual contact.

Hepatocyte—An epithelial cell of the liver responsible for the synthesis, degradation, and storage of a variety of materials.

Hyperglycemia—A condition marked by a build-up of glucose in the blood, resulting in high blood sugar levels. Hyperglycemia is a regular symptom of Type 2 diabetes.

Immunoglobulin (IVIG)—Any of a group of large glycoproteins that are secreted by plasma cells and that function as antibodies in the immune response by binding with specific antigens. There are five classes of immunoglobulins: IgA, IgD, IgE, IgG, and IgM.

Influenza A—Influenza caused by infection with a strain of influenza virus type A.

***In vivo*—**In the body.

Insulin—A hormone secreted by the pancreas that controls the level of glucose in the blood. As a result, insulin allows cells in the body to use glucose for energy. A variety of insulin-based therapies are also available to aid diabetes patients in controlling their blood sugar levels. Most are available in an injectable formulation.

Insulin dependent diabetes mellitus (IDDM)—Type 1 diabetes, or insulin dependent diabetes mellitus (IDDM), is an organ specific autoimmune disease which results in pancreatic islet cell destruction.

Inter-alpha-inhibitor proteins (I(alpha)Ip)— Proteins in a family comprised of several plasma proteins that all harbor one or more so-called heavy chains designated H1-H4.

Islets of Langerhans—Pancreas cells that produce insulin and glucagon, important regulators of sugar metabolism.

Juvenile onset diabetes mellitus—Now called Type 1 or insulin-dependent diabetes mellitus (IDDM).

Latent autoimmune diabetes in adults (LADA)—A form of ***autoimmune*** (***type 1 diabetes***), which is diagnosed in individuals who are older than the usual age of onset of Type 1 diabetes (that is, over 30 years of age at diagnosis). Alternate terms that have been used for “LADA” include Late-onset Autoimmune Diabetes of Adulthood, “Slow Onset Type 1” diabetes, and sometimes also “Type 1.5 [Type one-and-a-half]” diabetes.

Lipopolysaccharide—Major constituents of the cell walls of gram-negative bacteria. Highly immunogenic and stimulates the production of endogenous pyrogen interleukin-1 and tumor necrosis factor.

Lupus—A chronic inflammatory condition caused by autoimmune disease. Lupus patients have unusual antibodies in their blood that target against their own body tissues.

Macula—A macula is a small spot. A macula on the skin is a small, flat spot, while the macula in the eye is a small spot in the retina where vision is keenest.

Macular degeneration—A deterioration or breakdown of the macula. The macula is a small area in the retina at the back of the eye that allows one to see fine details clearly and perform activities such as reading and driving. When the macula does not function correctly, central vision can be affected by blurriness, dark areas, or distortion.

Monoclonal antibody (MAb)—Synthetic antibodies. Chemicals or radiation tagged to the MAb may be delivered directly to tumor cells. Alternatively, the MAb itself may be capable of tumor cell destruction.

Multiple Sclerosis (MS)—A chronic autoimmune disease of the CNS in which gradual destruction of myelin occurs in patches throughout the brain or spinal cord or both, interfering with the nerve pathways and causing muscular weakness, loss of coordination, and speech and visual disturbances.

Myelin basic protein (MBP)—A major component of myelin. When myelin breakdown occurs (as in MS), MBP can often be found in abnormally high levels in the patient's cerebrospinal fluid. When injected into laboratory animals, MBP induces experimental allergic encephalomyelitis, a chronic brain and spinal cord disease similar to MS.

Myelin Oligodendrocyte Glycoprotein (MOG)—A key CNS-specific autoantigen thought to play a role in the demyelination of nerves in MS.

Myelin Sheath—The insulating envelope of myelin that surrounds the core of a nerve fiber or axon and facilitates the transmission of nerve impulses. In the peripheral nervous system, the sheath is formed from the cell membrane of the Schwann cell and, in the central nervous system, from oligodendrocytes.

Neurocognitive—A term used to describe cognitive functions closely linked to the function of particular areas, neural pathways, or cortical networks in the brain; having to do with the ability to think and reason. This includes the ability to concentrate, remember things, process information, learn, speak, and understand.

Neuromuscular—Of, relating to, or affecting both nerves and muscles.

Neurons—Any of the conducting cells of the nervous system. A typical neuron consists of a cell body, containing the nucleus and the surrounding cytoplasm (perikaryon); several short radiating processes (dendrites); and one long process (the axon), which terminates in twiglike branches (telodendrons) and may have branches (collaterals) projecting along its course.

Oligodendroglial—Glia made up of oligodendrocytes that form the myelin sheath around axons in the central nervous system.

Pancreas—An organ, located behind the stomach, that produces pancreatic juices, which are enzymes that aid digestion, and insulin, which helps individuals control their blood sugar levels.

Pandemic—An epidemic (a sudden outbreak) that becomes very widespread and affects a whole region, a continent, or the world.

Pathophysiologic—The functional changes associated with or resulting from disease or injury.

Peptides—Any of various natural or synthetic compounds containing two or more amino acids linked by the carboxyl group of one amino acid to the amino group of another.

Photodynamic—Having the property of intensifying or inducing a toxic reaction to light (as the destruction of cancer cells stained with a light-sensitive dye) in a living system.

Plaques—Patchy areas of inflammation and demyelination typical of MS. Plaques disrupt or block nerve signals that would normally pass through the regions affected by the plaques.

Primary-progressive MS (PP-MS)—A clinical course of MS characterized from the beginning by progressive disability, with no plateaus or remissions or an occasional plateau and very short-lived, minor improvements.

Progenitor cell—In development, a parent cell that gives rise to a distinct cell lineage by a series of cell divisions.

Prostration—Total exhaustion or weakness; collapse.

Proteolipid (PLP)—Any of a class of lipid-soluble proteins.

Pulmonary virus titers—A titer is a laboratory measurement of the concentration of a substance in a solution. In the case of pulmonary virus titers, it is a measurement of the presence of a virus in the lungs.

Relapse-remitting MS (RR-MS)—A clinical phase having distinct relapses (also called acute attacks or exacerbations), with either full recovery (no disability), or partial recovery and lasting disability. There is no visible disease progression (worsening) between attacks, but 'stable' periods span and mask the continuing subclinical disease process. Relapsing forms of MS are the most common beginning types, comprising 85% of the total. However, 50% of cases will have progression within 10-15 years, and an additional 40% within 25 years of onset as the disease evolves into the secondary/progressive phase.

Remission—A decrease in the severity or number of MS symptoms and signs, or their temporary disappearance. The opposite of remission is exacerbation.

Retina—The nerve layer that lines the back of the eye, senses light, and creates impulses that travel through the optic nerve to the brain. There is a small area, called the macula, in the retina that contains special light-sensitive cells. The macula allows us to see fine details clearly.

Secondary-progressive MS (SP-MS)—A clinical course of MS, which initially is relapsing/remitting and then becomes progressive at a variable rate, possibly with an occasional relapse and minor remission. MS that begins with a pattern of clear-cut relapses and recovery, but becomes steadily progressive over time with continued worsening between occasional acute attacks.

Sepsis—A condition marked by the presence of microorganisms or their related toxins in the bloodstream or tissue. Sepsis sometimes results in growth hormone deficiency.

Serine protease inhibitor—A group of proteins that inhibit peptidases.

Small Business Innovation Research (SBIR)—A program from the Department of Defense (DOD) which funds a billion dollars each year in early-stage R&D projects at small technology companies -- projects that serve a DOD need and have commercial applications.

Stem cell—Relatively undifferentiated cells of the same lineage (family type) that retain the ability to divide and cycle throughout postnatal life to provide cells that can become specialized and take the place of those that die or are lost.

Subcortical—Relating to the portion of the brain immediately below the cerebral cortex, which is the part of the brain responsible for most higher functions (sensation, voluntary muscle movement, thought, reasoning, memory, etc.).

Subcutaneously—Occurring below the surface of the skin.

T-Cell—Any of the lymphocytes that are affected by the thymus and are involved in receiving foreign tissue, regulating cellular immunity, and controlling the production of antibodies in the presence of an antigen.

T-lymphocytes—Lymphocytes that kill other (target) cells.

Toll-like receptor (TLR)—Primary transmembrane proteins of immune cells that serve as a key part of the innate immune system, which recognizes perpetual infectious threats.

Type 1 diabetes—Usually diagnosed in childhood, Type 1 diabetes results from the body's failure to produce insulin. Roughly 5-10% of all diagnosed cases of diabetes are Type 1.

Vector—A vehicle for transferring genetic material.

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