

AOBiome, LLC

July 29, 2014

Selected Questions Post Investor Call

The current raise is 4mm dollars. Can you please give a detailed list of uses and proceeds?

Top Level

- \$1.0 million to launch consumer AO+ Mist business
- \$2.0 million to initiate two efficacy clinical trials in two indications (phase 2 data)
- \$0.5 million for patents, legal and other
- \$0.5 million cushion

Details

Consumer

- \$300k to develop branding with external agencies
- \$300k for new hires (consumer head, customer service, operations)
- \$150k to develop complementary AO+ Mist products (soaps, etc)
- \$250k for other launch costs, administration, etc

Therapeutic

- \$800k to file IND in early 2015 to initiate two phase 2a clinical trials
- \$1,000k for 32 patient phase 2a for diabetic foot ulcers (data 4Q 2015)
- \$800k for 32 patient phase 2a trial for acne (data 4Q 2015)
- \$400k for new hires (CMO and clinical operations)

Also, can you please give the burn rate for the company, giving the accurate number of employees, their salaries and bonuses, if any, and other expenses?

Our goal is to operate a very lean, multi-talented organization with a focus on execution. Including our two new hires (CMO and Head of Consumer) we have 7 employees with an annual payroll of approximately \$750,000. We are all shareholders and our real compensation is earned as permanent shareholder value is created. No cash bonuses have paid or budgeted to date.

With regard to other major expenses, we will continue to invest in patents (\$200k +), legal advice for contracts and deals (\$100k) and pioneering research to protect our leadership position (\$200k+).

The current patents appear to expire in 2020. On our call you said that the process for FDA approval is 6-10 years. Can you please give your thoughts, concerns regarding expiration of patents?

Our key US Patent #7,820,420 COMPOSITIONS INCLUDING AMMONIA OXIDIZING BACTERIA TO INCREASE PRODUCTION OF NITRIC OXIDE AND NITRIC OXIDE PRECURSORS AND METHODS OF USING SAME was filed on January 14, 2003 and is in force until April 2022 after patent term restoration is added.

We believe patents are absolutely critical to our success and we have invested our resources accordingly. Our patent attorney, Louis Myers, at Lando & Anastasi Law is extremely well-regarded and has been practicing in our field for over 25 years. He plays an important and active role in shaping our portfolio and we value his proactive nature, timeliness and team contributions.

In 2014, we filed several major patent applications to extend the breadth and depth of our portfolio. We would be pleased to discuss them with you under CDA. Some of titles are:

1. Ammonia Oxidizing *Nitrosomonas Eutropha* Strain D23 (new improved strain, production process, uses)
2. Methods of Preparing Materials with Ammonia Oxidizing Bacteria and Testing Materials for Ammonia Oxidizing Bacteria
3. Systems and Methods for Changing Skin Microbiome