



Midtown Partners

Helping Companies Grow

Registered Direct Capital Formation

September 2009

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Firm Overview

Who we are

- Midtown Partners & Co., LLC is a leading independent investment bank focused on facilitating growth by providing creative and unique financial solutions to high growth companies within the lower middle market (enterprise values less than \$250 million) and emerging market sectors.

What we stand for

- Client focus
- Innovative solutions
- Quality execution
- Long-term relationships

Experience

- Midtown Partners' senior professionals have experience across a broad range of industries and sectors including healthcare, technology, alternative energy, natural resources, aerospace and defense, consumer/retail and emerging markets.
- With over 200 years of collective experience, Midtown Partners' senior professionals have raised in excess of \$1 billion in both the public and private debt and equity markets.
- Midtown Partners is one of the fastest growing PIPE placement agents, consistently ranking in the top 5 leading investment banks by number of PIPE transactions.



Firm Overview

Midtown Partners Integrated Platform

Investment Banking Sector Focus

- Healthcare
- Technology, Media & Telecom
- Energy, Alternative Energy & Natural Resources
- Aerospace & Defense
- Consumer & Retail
- Emerging Markets
- Special Situations

Capital Markets Product Focus

- Equity Capital Markets
 - PIPEs
 - Follow-on offerings & registered directs
 - Rights offerings
 - Private equity
- APOs
- Debt Capital Markets
 - Senior & junior debt
 - Mezzanine debt
 - Convertible debt
 - Bridge financing

Strategic Advisory

- Mergers & Acquisitions
- Joint Ventures
- Alternative Public Offerings
- Sell-side Mandates
- Divestitures
- Recapitalizations
- Restructurings
- Leveraged Buyouts



Investment Banking

MISSION

To deliver creative, customized corporate finance solutions that address our clients' critical business needs.

Client-Centric

- We become your financial partner
- We focus on building and nurturing long-term relationships
- We have a high level of client retention which drives repeat client financings

Innovative Solutions

- Entrepreneurial atmosphere facilitates independent thinking, creative solutions and rapid responses
- Experience across a broad range of sectors forms foundation for delivering solutions

Aftermarket Advisory

- Leverage institutional and retail relationships for our clients
- Provide recommendations for public relations and investor relations firms in designing an efficient, cost effective shareholder communication plan



Equity Capital Markets

MISSION

To assist our clients in achieving their objectives utilizing creative equity solutions.

Transaction Types

- PIPEs
- Registered Directs
- Alternative Public Offerings
- Private Equity Placements

Strong Distribution Platform

- Domestic and international distribution
- Relationships with institutional investors:
 - Hedge funds
 - Mutual funds
 - Family offices
 - Private equity funds
- High net-worth investor distribution

Broad Placement Size Capabilities

- Completed transactions range from \$1,000,000 to \$20,000,000
- Ability to place larger transactions (>\$20,000,000) utilizing syndicate relationships when necessary

Superior and Timely Advice

- Transaction frequency enables Midtown to provide meaningful direction to our clients on market receptivity, valuation considerations, timing and transaction structure



Equity Capital Markets

Midtown Partners is a leading PIPE/RD Placement Agent

Since 2005, Midtown Partners has completed 67 PIPE offerings with total proceeds of over \$264,000,000.

Midtown Partners | League Table Rankings

By Overall Number of PIPE Transactions

	2006	2007	2008	2009 YTD
Overall	5	5	4	4
Issuers with market capitalizations less than \$100 million	2	3	3	3
Issuers with market capitalizations less than \$50 million	1	3	2	2

Source: Sagient Research, 2009 YTD figures through 09/16/09



Midtown Partners

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Registered Direct Capital Formation Philosophy

Midtown Partners Value Proposition to Registered Direct Issuers

- Systematic approach to capital formation
 - Tranched approach in an appreciating market
 - Limits dilution over the long term
 - Dollar-cost average approach
 - Larger stand-alone placement
 - Provides maximum capital flexibility
 - Immediately available capital
- Better investors
 - Sector-focused investors
- Fewer investors
 - Small syndicate of truly fundamental institutional investors
- Superior pricing and structure
 - “Plain Vanilla” common stock
 - At-the-market (“ATM”) pricing when feasible
 - 0 - 35% warrant coverage
- Access to senior level investment banking professionals
 - 24/7 “on-call” availability
- Highly-competitive fee structure



Why Raise Capital?

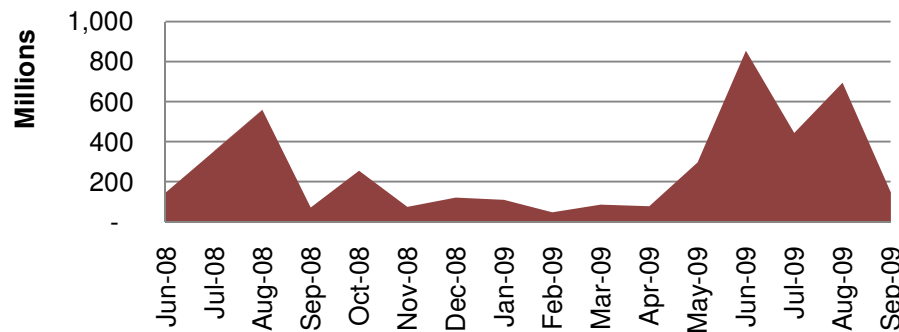
- **Banking Concerns / Hedge Fund Reductions Dried Up Liquidity:** Last year, the market has shown us that funding sources became more scarce, especially for smaller companies. The availability and cost of capital for small-cap companies is volatile. When the money is available and at a reasonable cost, it may be prudent to take it.
- **Very Risky Not To:** Executives who try to play it too aggressively and hold back on raising capital when they think they can raise it later, gamble a lot on the company.
- **Don't Just Survive; Thrive:** Raising capital to grow your business while competitors are cutting back can increase your market share and provide you with a competitive edge.
- **Strengthen The Company:** It can be advantageous to make strategic acquisitions at historically low valuations.



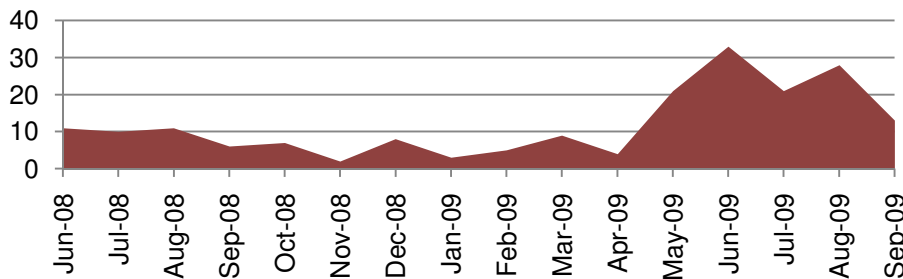
Ferocity of Dollars Raised Since May 2009

Many Companies Are Taking Advantage Of The Increased Liquidity In The Markets By Raising Capital

Amount Raised Via R-D Offerings



Number of R-D Offerings Per Month



- Once liquidity became more available to small cap issuers, numerous companies took the opportunity to raise capital
- Equity values are up; dilution is less of an issue, but economic uncertainty still remains
- Most companies that weathered the economic downturn had one thing in common: strong balance sheets
- Even well-capitalized companies realized that the ability to raise cash is not guaranteed
- The majority of companies that raised capital in 2009 via registered directs actually saw their share prices increase - the market undoubtedly sees the value in the balance sheet liquidity

Source: Sagient Research, 2009 YTD figures through 09/16/09



Improved Valuations

Public Equity Capital Raise Offerings Are Performing Well

After Market Performance Averaged +24.5%, Outperforming The S&P By +12.5%¹

Companies That Issued Shelf Transactions Grew +30.6%².

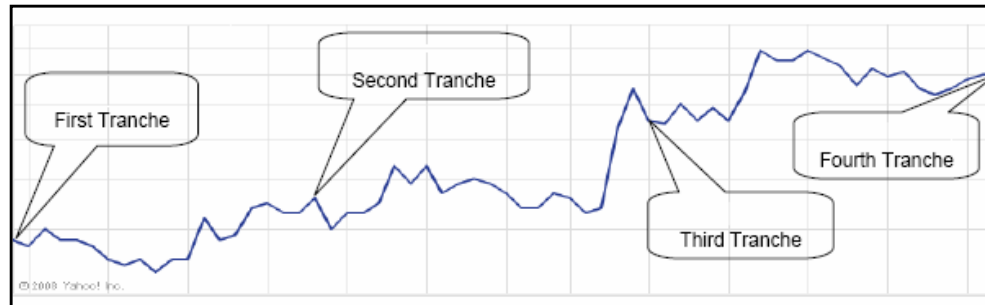
- **Substantial Amount Of Large “Dilutive” Transactions Actually Helped Improve Valuations**
 - Boosted investor confidence; companies with stronger capital structures and balance sheets are better prepared to weather continued economic turmoil
 - Large investments into companies also aided acquisitions
 - Extra capital can lead to the hiring of stronger talent
- **Many Companies Didn’t Need It**
 - Raising capital when you don’t need it often results in a more favorable deal
 - Strong businesses have more financing options, fewer restrictions, and lower cost of capital
 - If the economic downturn worsens, many companies will run out of capital



Capital vs. Dilution Analysis

Companies Often Raise Too Much Capital At Once, Which Can Act As An Anchor On Issuer Stock Price Appreciation

- **Best Solution:**
 - Create a financing plan that is the cleanest, lowest-cost and most efficient mechanism in the marketplace.
 - By planning periodic commitments of capital at intervals with different investors, the company's stock price is best positioned to appreciate in value.
- **Example:**
 - The chart below represents actual performance data for a NASDAQ-listed issuer utilizing the periodic investment approach. The stock appreciated over 115% since the initial investment. Midtown Partners uses innovative solutions like this one to avoid excess dilution.



Case Study

Generex Biotechnology Corporation Registered Direct \$35M Capital Formation Program



Ticker: NasdaqCM: GNBT
Market Capitalization: \$150M

Company Description

Generex is engaged in the research, development and commercialization of drug delivery systems and technologies. Generex has developed a proprietary platform technology for the delivery of drugs into the human body through the oral cavity (with no deposit in the lungs). The Company's proprietary liquid formulations allow drugs typically administered by injection to be absorbed into the body by the lining of the inner mouth using the Company's proprietary RapidMist(tm) device. The Company's flagship product, oral insulin (Generex Oral-lyn(tm)), which is available for sale in India and Ecuador for the treatment of subjects with Type-1 and Type-2 diabetes, is in Phase III clinical trials at several sites around the world.

Midtown Role / Responsibilities

- Served as financial advisor and placement agent in arranging a \$35 million capital formation program
- Conducted issuer and industry diligence
- Assisted in the preparation of offering documentation and marketing materials
- Assisted investors in their due diligence
- Negotiated documentation, pricing and terms, resulting in reasonably priced transactions, significantly limiting dilution
- Secured investor commitments
- Announced deal through press release



Case Study

Generex Biotechnology Corporation Registered Direct \$35M Capital Formation Program

GNBT Stock Chart & Transaction Timeline



Generex BIOTECHNOLOGY

Generex Biotechnology Corp.

\$5,000,000
Registered Direct
Common Stock
Exclusive Financial Advisor

May 15, 2009

Generex BIOTECHNOLOGY

Generex Biotechnology Corp.

\$11,000,000
Registered Direct
Common Stock
Sole Placement Agent

June 15, 2009

Generex BIOTECHNOLOGY

Generex Biotechnology Corp.

\$5,650,000
Registered Direct
Common Stock
Sole Placement Agent

August 6, 2009

Generex BIOTECHNOLOGY

Generex Biotechnology Corp.

\$12,250,000
Registered Direct
Common Stock
Lead Placement Agent

September 14, 2009





Company Description

Neuralstem is a biotechnology company focused on developing and commercializing human neural stem cell technology in the field of regenerative medicine primarily in the United States. The company was founded in 1996 and is headquartered in Rockville, Maryland.

Ticker: NYSE AMEX: CUR
Market Capitalization: \$57M

Midtown Role / Responsibilities

- Served as exclusive placement agent
- Conducted issuer and industry diligence
- Refined investment thesis to achieve best valuation
- Assisted in the preparation of offering documentation and marketing materials
- Assisted investors in their due diligence
- Negotiated documentation, pricing and terms resulting in a reasonably priced transaction without warrant coverage, significantly limiting dilution
- Secured investor commitment
- Announced deal through press release



Case Study

Neuralstem, Inc. Registered Direct

CUR Stock Chart & Transaction Timeline



Neuralstem, Inc.

\$2,000,000
Registered Direct
Common Stock
Exclusive Placement Agent

December 17, 2008



Neuralstem, Inc.

\$1,000,000
Registered Direct
Common Stock
Exclusive Placement Agent

June 30, 2009




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Selected 2007-2009 Transactions


GNBT



Generex BIOTECHNOLOGY


\$12,250,000
Private Placement

Common Stock & Warrants
Lead Placement Agent



September, 2009


GNBT



Generex BIOTECHNOLOGY

\$5,650,000
Private Placement

Common Stock & Warrants
Sole Placement Agent



August, 2009

GNBT



Generex BIOTECHNOLOGY

\$10,989,000
Private Placement

Common Stock & Warrants
Sole Placement Agent



June, 2009

CUR



NEURALSTEM INC


\$1,000,000
Private Placement

Common Stock
Sole Placement Agent



June, 2009


GNBT



Generex BIOTECHNOLOGY

\$5,000,000
Private Placement

Common Stock & Warrants
Exclusive Financial Advisor



May, 2009

GDIV



GLOBAL DIVERSIFIED INDUSTRIES, INC.

\$5,000,000
Private Placement

Senior Secured Promissory Note
Sole Placement Agent



February, 2009

ORHI



OMNI RELIANT

\$10,000,000
Private Placement

Preferred Stock & Warrants
Sole Placement Agent



February, 2009

CUR



NEURALSTEM INC

\$2,000,000
Private Placement

Common Stock
Sole Placement Agent



December, 2008



Selected 2007-2009 Transactions

OPRX



\$3,500,000
Private Placement

Convertible Preferred & Warrants
Sole Placement Agent



September, 2008

QHP GROUP, INC.



\$20,000,000
Private Placement

Convertible Preferred Stock
Sole Placement Agent



April, 2008

AMERICAN DEFENSE SYSTEMS, INC.



\$15,000,000
Private Placement

Convertible Preferred Stock & Warrants
Sole Placement Agent



March, 2008

STIY



\$2,150,000
Private Placement

Senior Secured Convertible Note
& Warrants
Sole Placement Agent



March, 2008

CDIP



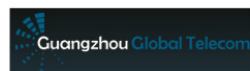
\$4,000,000
Private Placement

Convertible Preferred Stock & Warrants
Sole Placement Agent



February, 2008

GZGT



\$3,000,000
Private Placement

Convertible Debenture & Warrants

Sole Placement Agent



August, 2007

SPKL



\$5,992,500
Private Placement

Convertible Preferred Stock & Warrants
Sole Placement Agent



December, 2007

SWCC



\$2,600,000
Private Placement

Common Stock & Warrants
Sole Placement Agent



January 2007



Midtown Partners

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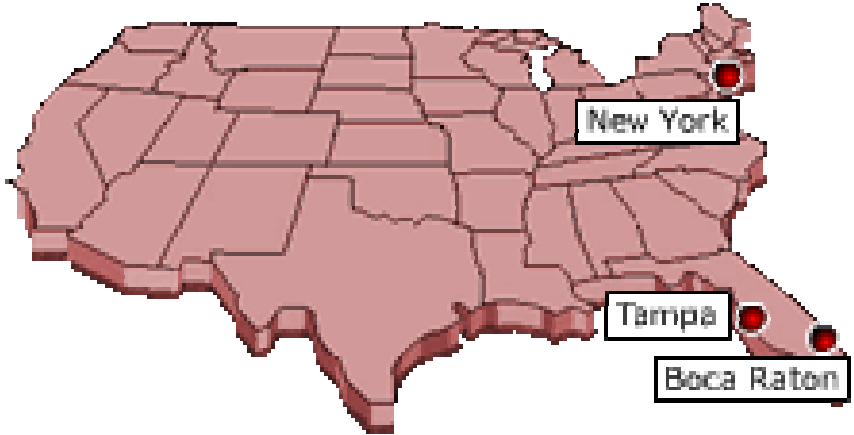
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