

BERKSHIRE BIOTECHNOLOGY HOLDING CORPORATION

This document contains proprietary and confidential information regarding Berkshire Biotechnology Holding Corporation (hereinafter "the Company"). The enclosed documentation is an executive summary of the Company and its business operations and does not purport to contain all material available. While the Company has endeavored to include all information available to date, the Company believes this to be reliable and relevant, no representation or warranty, express or implied is made as to the accuracy or completeness of such information contained herein. Therefore the Company expressly disclaims any and all liability that may be based upon such information including errors therein or omissions thereof. Nothing contained in this document is or should be relied upon as a promise or representation as to the future. This document should be utilized only to evaluate interest in the Company and the material contained within this document may not be shared with any individuals, corporations, or alternative entities that do not have a direct interest in the evaluations for which this business summary is presented.

EXECUTIVE SUMMARY

Berkshire Biotechnology Holding Corporation ("the Company"), a Texas Corporation, was incorporated January 13th 2003. The Company maintains offices in London, UK and Milpitas, California. Berkshire Biotechnology Holding Corporation has elected to become a Business Development Company ("BDC") regulated by the Investment Company Act of 1940 (the "1940 Act"). Upon effectiveness of our BDC application to the Securities and Exchange Commission ("SEC"), the Company will be a publicly traded specialty finance company, organized as a closed-end, non-diversified investment company under the 1940 Act.

The Company will invest in selected bioscience and nanotechnology businesses. The 1940 Act was passed to encourage investing in developing businesses. The Act simplifies access to public funds for the purpose of business development, with emphasis on the regulation of expenditures rather than fund-raising. Under the Act, the majority of publicly raised funds pursuant to the Act must be employed in developing businesses.

The Company focuses on investing in, and acquiring biosciences and nanotechnology businesses. The Company provides business infrastructure, funding and substantial intellectual capital to bring important and timely technologies to market throughout the early phases of their commercialization process. Our overall investment objective is to maximize our portfolio's total return with an initial focus on seeking long-term capital appreciation both through investment in public and non-public bioscience and nanotechnology companies by acquiring equity and debt securities.

Upon certain milestone achievements, successful subsidiaries may be exited from the Company through acquisition, IPO, reverse merger or spin-off. The Company will endeavor to exit subsidiaries at an opportunistic time in the subsidiary's development cycle. The Company may partake in ongoing global licenses and sales arrangements of commercialized subsidiaries exited from the Company.

THE MARKET OPPORTUNITY

The three years since mid-2000 have seen dramatic shifts in the competitive landscape across the biosciences and nanotechnology sectors. Many companies have merged with competitors, or scaled-back their operations in response to difficult business conditions, and we expect to see further consolidation in these industries. Although the ASE Biotech Index has risen by approximately 70% over the last 12 months, we believe that our

investors will benefit by the number of companies that continue to be significantly undervalued.

In this environment, we believe that many well-positioned bioscience and nanotechnology companies could benefit from improved access to capital and that a significant opportunity exists to provide our targets with capital through equity and debt investments. Over the last several years, the steep decline in the number of successful initial public offerings has limited the availability of public equity financing. These developments have also impeded new funding by private sources of capital, such as private equity and venture capital funds. Historically, biosciences and nanotechnology companies, particularly earlier-stage companies, have relied upon equity rather than debt or debt related financing. In spite of the large number of bioscience and nanotechnology companies in the United States today, we believe that traditional lenders such as banks, savings and loan institutions, and finance companies significantly underserve these companies. This is primarily due to their non-traditional financial profiles, the fact that many lack the size, and the lack of concentration in the markets in which they operate to justify large loans by traditional lenders.

COMPLEMENTING PRIVATE EQUITY & VENTURE CAPITAL FUNDS

We believe that our investment approach complements other sources of capital available to biosciences and nanotechnology companies. For example, although we may compete with private equity and venture capital funds as a source of capital for such businesses, those types of investors typically invest solely in equity-related securities. We believe that the nature of our proposed investments in debt or debt related securities will be viewed as an attractive alternative source of capital.

In many cases, we expect that private equity and venture capital funds will welcome our investment in their portfolio companies. After making an initial investment, these funds often seek to stabilize or reduce their financial exposure to their portfolio companies, a goal that our financing could accomplish by providing alternative debt-related capital. In the current investment climate it is possible that we will offer one of the few viable alternative sources of capital for a target company other than incremental investments by the company's existing financial sponsors. As such, we will provide target companies and their financial sponsors with an opportunity to diversify the company's capital sources. In addition to enabling additional growth, this should facilitate access to other alternative sources of capital in the future.

PROSPECTIVE PORTFOLIO COMPANIES

The Company has obtained several signed referral letters and a number of verbal commitments from private equity and venture capital funds to introduce prospective investments to Berkshire. We anticipate that we will obtain additional commitments of this type, and develop other valuable referral relationships in the future. While these referral letters and verbal commitments are not legally binding.

We have recently entered into several separate non-binding letters of intent with private companies that are potential portfolio companies. Each investment remains subject to several contingencies and conditions, including satisfactory completion of our due diligence investigation of each prospective portfolio company, our acceptance of the terms and structure of the investment, the execution and delivery of satisfactory documentation and the receipt of any necessary consents. Neither we, nor any of the potential portfolio companies are required to enter into a final agreement under the terms of these non-binding letters of intent. However, we currently expect to enter into

binding agreements with these portfolio companies within approximately 60 days of our effective BDC filings, and to fund these investments.

As a business development company, or BDC, we are in the private equity business. Specifically, we provide long-term debt and equity capital. We believe the private equity capital markets are important to the growth of small and middle market companies. These companies often have difficulty accessing the public debt and equity capital markets because their capital needs are too small to be attractive to the public markets or because they are in need of long-term growth capital, which banks do not generally provide. We believe that we are well positioned to be a source of capital for such companies.

PRIVATE EQUITY INVESTMENTS

As a private equity investor, we spend significant time and effort identifying, structuring, performing due diligence, monitoring, valuing and ultimately exiting our investments. We generally target companies in biotechnology and nanotechnology. Each investment is subject to an extensive due diligence process. It is not uncommon for a single investment to take from two months to a full year to complete, depending on the complexity of the transaction.

We believe that, on average, illiquid investments generally provide better investment returns over time than do more liquid investments, such as public equities, or public debt instruments. This is due to the increased risk in holding such investments longer term. Investors in illiquid investments cannot manage risk through investment trading techniques. In order to manage our risk, we focus on careful investment selection, thorough due diligence, consistent monitoring and portfolio diversification. Our investment management processes have been designed to incorporate these tools.

We believe our business model of a long-term under-leveraged capital structure is well suited for long-term illiquid investing. Our balance sheet is capitalized with significant equity capital, and we have the option to use a level of debt capital that may allow us to manage through difficult market conditions without the risk of liquidity issues.

To the extent that we buy a controlling equity stake in a company, we generally structure our investments to earn a current return through a combination of interest income on our senior loans and subordinated debt, dividends on our preferred and common equity, and management or transaction services fees to compensate us for the managerial assistance that we provide to a controlled portfolio company.

We generally invest in private companies though, from time to time, we may invest in public companies that lack access to public capital or whose securities may not be marginable. These investments are also generally illiquid.

SENIOR SECURITIES AND OTHER INDEBTEDNESS

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as "senior securities," up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we will be permitted, as a business development company, to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. If we issue senior securities, we will be exposed to typical risks associated with leverage, including an increased risk of loss. If we use leverage to make investments, a decrease in the value of our investments would have a

greater negative impact on the value of our common stock. In addition, our ability to pay dividends or issue additional senior securities would be restricted if our asset coverage ratio were not at least 200%. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Furthermore, any amounts that we use to service our indebtedness or make payments on preferred stock would not be available for distributions to our common stockholders. Finally, a lender may impose on us operating covenants that are more restrictive than the provisions of the 1940 Act.

COMMON STOCK

To the extent we are constrained in our ability to issue debt or other senior securities for the reasons given above, we will depend on issuances of common stock to finance our operations. As a business development company, regulated under the provisions of the 1940 Act, we will not generally be able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the current net asset value of the common stock if the requisite number of stockholders consent and a majority of the members of our Board of Directors who have no financial interest in the sale (including a majority of the directors who are not "interested persons" under the 1940 Act) determine that such sale is in the best interests of the Company and its stockholders. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount).

If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease and they may experience dilution. In addition, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all.

BOARD OF DIRECTORS, MANAGEMENT AND ADVISORY BOARDS

The Company's management, Board of Directors and Advisory Board will consist of eminent US and European medical scientists, medical practitioners and financial advisors. We aim to become a dedicated force in developing early technology solutions through to an exit or commercialization strategy. The Company has selected important brand name strategic partners to help achieve our goals. The Company will seek cohesive relationships with influential members of the medical community, major institutions and international drug companies to achieve our overall mission.

INDUSTRY CONSIDERATIONS

To date, there exists no publicly traded, closed-end, non-diversified investment company that is a business development company under the 1940 Act that concentrates solely on a portfolio of early stage biosciences and nanotechnology.