

EQUITY RESEARCH REPORT



Vasogen Inc.
AMEX:MEW

Terry L. Stein, Analyst
December 7, 1999

Close as of	December 6, 1999
DJIA:	11225.01
S&P 500:	1423.34
NASDAQ Composite:	3546.01
Russell 2000:	465.75

BUY
RECOMMENDATION

Date of Report:	<i>Dec. 7, 1999</i>	Shares Outstanding:	<i>35.0 M</i>	EPS (C\$)	P/E
Stock Price:	<i>\$4.13</i>	Estimated Float:	<i>10.0 M</i>	1998A	(\$0.29) ---
12 mo. Price Range:	<i>\$0.69 – 4.81</i>	Recommendation:	<i>Buy</i>	1999E	(\$0.20) ---
Industry Sector:	<i>Medical Device</i>	12-18 mo. Target Price:	<i>US \$7.66</i>	2000E	(\$0.01) ---
30-day Avg. Daily Vol.	<i>25,000</i>	Est. 5-Yr. EPS Growth	<i>33%</i>	2001E	\$0.20 20X

BASIS FOR RECOMMENDATION

- Vasogen is focused on large and growing segments of the healthcare market and offers the investor an excellent opportunity to participate in the growth of this industry and the Company.
- Vasogen has assembled a capable and experienced management team with the expertise to guide the Company's research and development programs and to execute its business development strategy.
- Vasogen's medical device classification will allow the Company to bring products to market significantly faster than traditional pharmaceutical-based alternatives.
- Vasogen has a strong product pipeline to support long-term growth. With several products in clinical trials, the Company has four separate licensing opportunities that we believe should come to fruition over the next 18 months.
- Vasogen's promising pre-clinical and clinical results should lead to near-term revenues. Relative to available drug therapies and surgical interventions, the Company's therapies offer the potential for a safer, less expensive, and more effective treatment for a number of major disease states.



THE COMPANY

Vasogen is a Toronto-based biotechnology company focused on the development and commercialization of immune modulation therapies for the treatment and prevention of cardiovascular, autoimmune and related inflammatory diseases. Within the last few years, immunology has undergone a radical change in terms of scientific thinking. New discoveries concerning how the human immune system functions have led to rapidly changing ideas regarding possible treatments for immune-related diseases. Vasogen's immune modulation therapies are on the leading edge of this new knowledge.

Vasogen has developed a series of immune modulation therapies based on its proprietary platform medical device technology:

- **VasoCare™** therapy, for the prevention and treatment of atherosclerosis and related cardiovascular disease, is in the late stages of a multi-center double blind clinical trial in the U.K. in patients with peripheral vascular disease, a serious form of cardiovascular disease. Researchers at the University of Toronto have shown in pre-clinical research that VasoCare™ therapy can reduce the progression of atherosclerosis by up to 75%.
- **VAS971**, designed to protect multiple organs from the damaging effects of ischemia/reperfusion injury (injury due to interruption of blood flow) during major surgery or as a consequence of heart attack or stroke, has recently received U.S. FDA approval to enter clinical trials at Baylor College of Medicine, one of the world's leading cardiovascular surgery centers. Ischemia/reperfusion injury causes significant mortality and morbidity in the >500,000 cardiovascular surgeries performed each year in the U.S.
- **VAS972**, for the treatment of autoimmune disease, is currently in a clinical trial in psoriasis patients at the Sunnybrook Health Sciences Center, University of Toronto. This trial is based on recent pre-clinical results in a model of an inflammatory skin condition that were comparable to those seen with cyclosporine (the current drug of choice for treating moderate to severe psoriasis) without its toxic side effects. Autoimmune diseases, such as psoriasis and rheumatoid arthritis, affect over 80 million people worldwide.
- **VAS981 is being developed** for the prevention of Graft-versus-Host Disease—a life-threatening complication of bone marrow transplantation. VAS981 is expected to be approved for clinical trials in cancer patients by the end of the year. In pre-clinical research, VAS981 has been shown to prevent Graft-versus-Host Disease.

The Company's shares recently began trading on the American Stock Exchange (AMEX:MEW), in addition to the Toronto Stock Exchange (TSE:VAS). Recent events, such as the announcement of FDA approval to begin clinical trials of the Company's VAS971 product at Baylor College of Medicine in Houston, Health Canada approval to proceed with clinical trials in psoriasis, and positive results from human clinical trials of the VasoCare™ product in atherosclerosis, have produced increased interest and trading in the Company's stock among U.S. investors. Vasogen already has

strong liquidity on the TSE. We believe that broader awareness in the U.S. of Vasogen's significant potential will serve to provide the Company with a growing investor base, along with solid liquidity going forward.

Vasogen has assembled a management team consisting of experienced and respected professionals with the necessary expertise to carry out the Company's business plan and achieve corporate revenue goals. The Company recently strengthened its Board of Directors with the addition of several U.S. healthcare executives who have proven track records in the management and growth of medical product businesses. In addition to providing Vasogen with the expertise and guidance to successfully commercialize its products, we believe that this team gives investors the confidence they need to remain loyal. With strength in management and at the board level, we feel that Vasogen is well positioned to take full advantage of the streamlined medical device regulatory approval process and rapidly move its products to market.

The Company's products will be marketed through licensing agreements with large, well-established marketing partners. Vasogen is well capitalized with the funds to carry out its business plan through Q3 2001 and the execution of its strategy is not contingent upon large infusions of capital.

INDUSTRY

There is one consistent theme inherent in Vasogen's technologies: the Company's immune modulation therapies have the potential to provide the healthcare industry with a less expensive treatment for a number of major diseases, providing attractive margins to Vasogen and its marketing partners, and, at the same time, helping to reduce costs to managed care providers. We expect Vasogen's safe, cost-effective therapies, once clinically developed, to be extremely attractive to patients, healthcare providers and medical insurers.

To understand the Company's research and development strategy, one must understand the medical areas in which Vasogen participates. The following provides a general overview of the industry sectors for which the Company's products will provide solutions to current unmet needs.

Cardiovascular Disease

Vasogen's immune modulation therapy, VasoCare™ therapy, is being developed for the treatment and prevention of cardiovascular disease. The major cause of cardiovascular disease, atherosclerosis, or "hardening of the arteries", is characterized by the build-up of cholesterol-containing plaque within the blood vessel wall. It is a well recognized fact that cardiovascular disease (CVD), including heart attack, stroke, and peripheral vascular disease, is and will continue to be the number one cause of death in the developed world. The disease affects nearly 59 million Americans and results in over \$286 billion in annual healthcare costs. Coronary Heart Disease (CHD), a subset of CVD, claims over 500,000 lives in the U.S. every year, with treatment costs and lost wages estimated between \$50 and \$100 billion annually.

As the largest segment of the population, the “Baby Boomers”, enter the age group most in need of CVD-related medical treatments, the number of CVD patients is expected to increase sharply. This increase is also fuelled by societal trends, such as increasing obesity, sedentary lifestyles, and poor dietary habits. This rise in the number of treatments and procedures necessary to serve this growing market will necessitate the development of safer and more cost-effective treatments that will reduce the need for expensive hospitalization and, when hospitalization is necessary, shorten hospital stays. Cost containment within the healthcare and insurance industry will be the driving factor as the industry searches for ways to maintain profit margins, while meeting the increasing demands of patients and payers.

Ischemia/Reperfusion Injury

Vasogen’s cytoprotective immune modulation therapy, VAS971, is being developed for use in major vascular surgical procedures and could also be used in patients at risk of heart attack or stroke. When blood flow to the various organs in the human body is interrupted and then restored, as is observed with heart attacks, strokes and major vascular surgical procedures, there is an immune-mediated inflammatory response, known as ischemia/reperfusion (I/R) injury, which can lead to severe tissue damage. I/R injury is marked by an increase in programmed cell death, known as apoptosis. The effects of this response present many complications and take a tremendous toll on the patient.

Each year, it is estimated that more than one million patients will undergo major vascular surgical procedures, such as aneurysm repair surgeries and coronary artery bypass graft surgeries. As the population ages, surgical procedures of this type are expected to increase. As a result, healthcare companies, third party insurers, and managed care organizations will demand the development of treatments to improve the outcome of these surgical procedures. We feel that Vasogen’s VAS971 has the potential to address these complications and thereby provide a solution to one of the major problems confronting the medical industry. By improving the outcome of these types of surgeries and by reducing the associated complications, this should lead to upwards of \$1 billion in annual cost savings to the healthcare system as a result of fewer post-operative complications and shorter in-patient hospital stays.

Autoimmune Diseases

Vasogen’s immune modulation therapy, VAS972, is being developed for the treatment and prevention of autoimmune diseases, initially targeting psoriasis and rheumatoid arthritis. There are some 80 conditions classified as autoimmune disorders, such as rheumatoid arthritis, psoriasis, and multiple sclerosis. According to the American Autoimmune Related Diseases Association, as many as 50 million Americans suffer from some form of autoimmune disease. Dr. Noel Rose, a Johns Hopkins University expert, estimates that autoimmune conditions cost \$87 billion a year in healthcare expenditures. Psoriasis, one of the most prevalent autoimmune diseases, affects upwards of 2% of the world’s population according to the World Health Organization. In the U.S. alone, it is estimated that

200,000 new cases are reported each year. The costs of treatment and care exceed \$3 billion dollars annually.

Graft-Versus-Host Disease (GvHD)

Vasogen's VAS981 is being developed for the treatment of donor bone marrow during the bone marrow transplantation procedure to prevent Graft-versus-Host Disease (GvHD). Bone marrow transplants have been a very effective form of treatment for patients with certain types of cancer, such as leukemia and lymphoma. However, due to the risk of GvHD, their use has been severely limited by a lack of suitable donors.

GvHD results from a less than perfect donor/recipient tissue match. GvHD can be a serious and life-threatening condition when T-cells in a donor's bone marrow react against the genetic differences in the patient. This can cause a range of serious complications, including infection, organ failure, and death.

Although there are drugs currently available that suppresses the immune system and can reduce the severity of this problem, GvHD remains a major cause of death in bone marrow transplant patients. The complications associated with GvHD are estimated to cost the healthcare industry in excess of \$400 million annually. A successful treatment for GvHD could vastly increase the number of bone marrow transplants performed annually for current uses and broaden the use of bone marrow transplants to additional applications.

PRODUCTS

Vital to Vasogen's success is the ability to develop products and introduce them into the marketplace. Currently, the Company has a pipeline of four immune modulation therapies that have passed various levels of pre-clinical and clinical development. If the ongoing clinical trials proceed as planned, and demonstrate that Vasogen's products offer both a safe and effective treatment, the Company would be in an excellent position to attract major, multinational marketing partners and generate significant revenues through up-front licensing fees and royalties on sales.

Vasogen's immune modulation therapies involve treatment of a patient by the administration of a small sample of the patient's own immune cells that has been modified by brief exposure to physicochemical processing. Following administration of the modified sample, the recipient's immune system reacts against the modified immune cells, with the ultimate effect being a down-regulation of pro-inflammatory auto-reactive immune cells, resulting in lower levels of inflammation, less tissue damage, and a reduction in disease. Research shows that the modified immune cells elicit an immune response that restores the immune system to a balanced state.

An immune system that is out of normal balance is believed to be the underlying cause of many immune related diseases, including autoimmune diseases such as rheumatoid arthritis, multiple sclerosis, and psoriasis, and those with an autoimmune inflammatory component, such as

atherosclerosis and ischemia/reperfusion injury. The prevention and treatment of conditions such as these is the basis of Vasogen's therapeutic approach.

Platform Medical Device Delivery Technology

Vasogen's immune modulation therapies are administered using a low cost, proprietary platform medical device technology that includes a compact self-calibrating medical instrument and a single-use disposable. The delivery of a course of immune modulation therapy involves three 20-minute outpatient treatments administered over a two-week period. A single treatment involves the withdrawal of a sample of blood from the patient, modification of the immune cells within the sample, and administration of the sample to the patient.

Revenues will be generated by Vasogen on the sale of therapeutic sessions, each of which requires a single-use disposable and a unique treatment card which enables the delivery of a single course of therapy.

VasoCare™ Therapy: Treatment and Prevention of Cardiovascular Disease

Vasogen is developing VasoCare™, an immune modulation therapy that targets the underlying disease process of cardiovascular disease—atherosclerosis (hardening of the arteries). This approach is expected to lead to a more effective and lower-cost treatment option relative to current therapies.

VasoCare™ therapy is in late-stage clinical trials at two leading research centers in the U.K., targeting peripheral vascular disease (PVD). PVD results from atherosclerotic obstruction of arteries leading to the extremities causing restricted blood flow to the legs and feet. A common symptom of PVD, pain when walking, is the internationally accepted gauge to assess the effectiveness of new treatments. So far, the most promising drug treatments have had limited success; walking distances have increased by only 40% and most treatments have adverse side effects. A feasibility study of VasoCare™ therapy in PVD, conducted to support the current U.K. trial, has already shown a 93% average increase in pain-free walking distance and no significant adverse side effects.

Vasogen recently announced the results from a placebo-controlled, double blind clinical trial of VasoCare™ therapy in PVD, conducted at the University Hospital in Lund, Sweden. In patients receiving VasoCare™ therapy, there was a significantly improved rate of recovery of skin blood flow following ischemia as compared with baseline, whereas in the placebo group there was no significant change. These results provide the first important link between pre-clinical results, where VasoCare™ therapy has been shown to reduce the development of atherosclerosis by up to 75%, and the clinical treatment of PVD, where a therapy with this ability would be a major breakthrough.

Based on clinical trials completed to-date, the VasoCare™ product has already received regulatory approval in Europe where, as in North America, it is classified as a medical device. VasoCare™ therapy clinical trials could be completed in the U.K. as soon as Q3 of 2000 and the therapy would be ready to be marketed in Europe by the end of 2000.

VAS971: Prevention of Organ Damage Due to Ischemia/Reperfusion Injury

VAS971 is Vasogen's lead product in the United States and was developed to prevent ischemia/reperfusion (I/R) injury. I/R injury is a major cause of tissue damage and death that occurs when blood flow to an organ is interrupted and then later re-established. Situations where I/R injury may occur include heart attacks, strokes, and during major vascular surgery. In pre-clinical studies, the ability of VAS971 to protect multiple organs against I/R injury has been clearly demonstrated.

The first clinical trial of VAS971 is now underway at Baylor College of Medicine in Houston, Texas, one of the leading vascular surgery centers in the world. This trial is focusing on the ability of VAS971 to prevent I/R injury during thoracic aortic aneurysm (TAA) repair surgery, a form of vascular surgery that carries one of the highest risks of I/R related complications and death (42% morbidity; 7% mortality). Success in this surgery would lead to applications of the therapy in abdominal aortic aneurysm (AAA) surgery and coronary artery bypass graft (CABG) surgery where the market exceeds 500,000 procedures annually in the U.S. alone.

Provided the Baylor trials are successful, we expect VAS971 to attract many suitors for partnering and licensing arrangements.

VAS972: Treatment and Prevention of Autoimmune Disease

Vasogen's VAS972 immune modulation therapy has shown considerable promise as a treatment for autoimmune disease. A variety of autoimmune diseases, including rheumatoid arthritis, multiple sclerosis, and psoriasis, develop when a person's own immune system attacks his or her own tissues. The immune system is designed to protect the human body from invading microorganisms by producing antibodies and activating white blood cells. Normally, these immune cells only attack invading microorganisms. It is possible, however, for these cells to become misdirected and attack the very cells that they are meant to protect, leading to autoimmune disease.

In a pre-clinical model of inflammatory skin disease, VAS972 demonstrated effectiveness comparable to that of commonly prescribed immunosuppressive drugs such as cyclosporine, but without their serious side effects. On the strength of these findings, Vasogen recently received regulatory approval to proceed with clinical trials of VAS972 for the treatment of psoriasis, a common and often serious autoimmune disease affecting the skin. These trials are being conducted at the Sunnybrook Health Sciences Center, University of Toronto, one of the largest psoriasis treatment centers in North America. Clinical results in psoriasis are expected in the middle of 2000.

VAS981: Prevention of Graft-Versus-Host Disease (GvHD)

The prevention of GvHD with VAS981 has proven successful in pre-clinical studies. Vasogen expects to begin human clinical trials in cancer patients at the University of Toronto in Q1 2000. Should the treatment prove successful, fast-track regulatory approval would be expected in the United States, Canada, and Europe. VAS981 would initially be targeted at patients with cancers of the blood (leukemia/lymphoma) who could potentially be cured by a bone marrow transplant.

The ability to prevent GvHD in human patients would represent an opportunity for Vasogen's VAS981 product to extend the use of bone marrow transplantation to mismatched donors and recipients. We believe this could double the number of bone marrow transplants performed each year, greatly expanding the market for VAS981.

MARKETING STRATEGY

Vasogen's products are classified as medical devices, which is an extremely favorable regulatory classification when compared to the costly and time-consuming pharmaceutical regulatory approval process. Vasogen plans to license the marketing and distribution rights for their proprietary therapies to strategic healthcare partners who will pay fees and royalties to Vasogen.

To support this licensing strategy, Vasogen has applied for and received patent protection for their products. This patent protection currently includes all aspects of the Company's therapies, including the delivery technology, immune cell treatment processes, bone marrow treatment processes, and application of these therapies to a broad range of related diseases. Vasogen has been granted five patents and has another twelve patents pending.

MARKET DYNAMICS

The opportunities in the therapeutic sector represent potentially huge profit potential. As an example of the potential in this sector, a recent research report published by Bear Stearns stated that the market for therapeutics and devices associated with abdominal aortic aneurysm repair alone is expected to reach \$2 billion in the near future. The specialty medical device and pharmaceutical sectors have not only opened the eyes of many key multinational players, but also offer extremely lucrative areas in which Vasogen can participate.

COMPETITION

The healthcare market is intensely competitive, with a large number of firms of all sizes, stages and levels, developing therapies for many types of disease. While at a macro level Vasogen has a vast competitive field to face, the Company's products have a number of competitive advantages. These include an excellent safety profile, cost-effective delivery and long-lasting therapeutic benefits.

There are several companies that are focused on modulating the immune system to treat autoimmune disease, and hence may be considered to be competitors of Vasogen. These companies have a broad spectrum of products as does Vasogen and some have entered into partnerships with larger pharmaceutical firms. We feel that Vasogen will follow suit by attracting similar partners.

FINANCIAL INFORMATION

The Company's shares trade on the American Stock Exchange (AMEX) under symbol MEW and on the Toronto Stock Exchange (TSE) under symbol VAS, with most of the trading volume to date occurring on the TSE, providing solid liquidity for global investors. In addition, Vasogen is widely held by blue-chip, institutional shareholders who currently hold approximately 40% of the outstanding

common stock, with insiders holding 15% on a fully diluted basis. The Company is a full reporting issuer in the U.S. and reconciles its financial statements to U.S. GAAP.

The Company is in the development stage, and therefore has no revenue or earnings. Financially, however, Vasogen does not fit the typical biotech mold. The Company's cash reserves will likely carry it through to positive cash flow, subject to the completion of its planned clinical trials and regulatory approval processes, and the conclusion of initial marketing partnerships.

Vasogen Inc.
Projected Statement of Operations & Earnings
For the Periods as Stated
(In \$ Canadian)

Estimates - E	Fiscal 1998-A 30-Nov-98	Fiscal 1999-E 30-Nov-99	Fiscal 2000-E 30-Nov-00	Fiscal 2001-E 30-Nov-01	Fiscal 2002-E 30-Nov-02	Fiscal 2003-E 30-Nov-03				
Sales										
VasoCare	---	---	\$4,293,750	50.0%	\$6,516,549	29.5%	\$5,629,837	29.8%	\$15,716,610	24.6%
VAS971	---	---	\$4,293,750	50.0%	\$8,018,669	36.3%	\$4,779,693	25.3%	\$5,749,979	9.0%
VAS972	---	---	---	---	\$3,777,389	17.1%	---	---	\$13,608,284	21.3%
VAS981	---	---	---	---	\$3,777,389	17.1%	\$8,482,539	44.9%	\$28,813,785	45.1%
Total Revenue	\$0	\$0	\$8,587,500	100.0%	\$22,089,996	100.0%	\$18,892,069	100.0%	\$63,888,660	100.0%
Cost of Goods Sold										
Total Cost of Goods Sold	---	---	300,563	3.5%	1,768,002		3,299,916	17.5%	9,871,104	15.5%
Gross Margin	---	---	8,286,938	96.5%	20,321,994	92.0%	15,592,153	82.5%	54,017,556	84.5%
Operating Expenses										
Research & Development	4,656,000	5,031,005	5,254,263	61.2%	5,832,458	26.4%	6,298,131	33.3%	6,459,195	10.1%
Salaries	981,000	1,064,000	1,140,000	13.3%	1,197,000	5.4%	1,256,660	6.7%	1,319,693	2.1%
General & Administrative	822,000	868,000	930,000	10.8%	976,500	4.4%	1,025,170	5.4%	1,076,591	1.7%
Professional Fees	821,000	868,000	930,000	10.8%	976,500	4.4%	1,025,170	5.4%	1,076,591	1.7%
Total Operating Expenses	7,280,000	7,831,005	8,254,263	96.1%	8,982,458	40.7%	9,605,131	50.8%	9,932,070	15.5%
Operating Income (Loss)	(7,280,000)	(7,831,005)	32,675	0.4%	11,339,536	51.3%	5,987,022	31.7%	44,085,486	69.0%
Depreciation/Amortization	32,000	581,137	581,137	6.8%	641,052	2.9%	765,045	4.0%	1,096,914	1.7%
Income (Loss) Before Taxes	(7,312,000)	(8,412,142)	(548,462)	-6.4%	10,698,484	48.4%	5,221,977	27.6%	42,988,572	67.3%
Provision for Income taxes	---	---	---	---	2,139,697	9.7%	1,044,395	5.5%	8,597,714	13.5%
Effective Tax Rate*					20.0%		20.0%		20.0%	
Net Income (Loss)	(\$7,312,000)	(8,412,142)	(548,462)	-6.4%	8,558,787	38.7%	4,177,582	22.1%	34,390,857	53.8%
EPS (Primary)	\$ (0.28)	\$ (0.24)	\$ (0.01)		\$ 0.24		\$ 0.12		\$ 0.98	
EPS (Fully-Diluted)	\$ (0.21)	\$ (0.20)	\$ (0.01)		\$ 0.20		\$ 0.10		\$ 0.82	
Weighted Average Shares:										
Primary	26,574,000	35,000,000	35,000,000		35,000,000		35,000,000		35,000,000	
Fully-Diluted	34,744,000	42,000,000	42,000,000		42,000,000		42,000,000		42,000,000	

* - Vasogen realizes favorable tax treatment as a result of its Irish subsidiary.

OUTLOOK/VALUATION

Although any one of the products in Vasogen's pipeline has the potential to become a huge revenue generator, the Company has yet to derive revenues from these products. Because Vasogen is not dependent on any one product for the firm's success, each of the targeted markets is quite large, and the Company is in the relatively late stages of the regulatory process for each of its therapies, we feel confident that the Company will reach our revenue projections.

Due to the fact that biotechnology companies lack revenues at this stage of development, it is often difficult to arrive at a model to determine a fair share value. Typical valuation models for development stage companies use such methodologies as discounted cash flow, market capitalization comparisons with companies of comparable size and scope, and price/earning multiples as a guide to valuation.

In order to provide a valuation for Vasogen that is as fair and accurate as possible, we have used a valuation methodology that reflects not only a fundamental, but also a technical approach. We screened our database for all biotech companies of like size and scope of products, retaining only those which closely matched Vasogen. By using our valuation model to compare Vasogen to other companies of similar size and scope, we achieved what we believe to be a fair valuation for Vasogen. We found that similar companies had an average price to cash/flow multiple of 37x. Using Vasogen's C\$0.24 per share (Primary-2001E) we arrived at a valuation of C\$8.88, which corresponds to an adjusted US\$5.95 (approximate) per share valuation for Vasogen, based on current exchange rates. Adding to this we also chose to balance this valuation with a market capitalization comparison. For the stocks of comparable companies listed in the table below, we arrived at an average market cap of \$328 million dollars, or US \$9.37 per share average. We feel that should Vasogen's products prove effective and cost efficient, the company's market cap would rise to the average level of their competitors. By using the average of these two valuations we arrive at our target price of US \$7.66

The following table lists therapeutics companies comparable in size and scope to Vasogen:

Company	Symbol	Market Cap
Corixa	CRXA	\$ 235 million
Avant Immunotherapeutics	AVAN	\$ 100 million
CV Therapeutics	CVTX	\$ 156 million
LeukoSite, Inc.	LKST	\$ 406 million
Abgenix Inc.	ABGX	\$ 745 million
Vasogen Inc.	VAS/MEW	\$ 140 million

On a technical basis we feel that Vasogen's stock has entered an accumulation phase and that further price appreciation may be caused by continued news announcements. Companies like Vasogen do not always follow traditional fundamental valuation considerations and therefore are often subject to the fancy of the market's view of the industry sector. Many times the announcement of regulatory approvals and signed partnership contracts cause these types of companies to become "discovered" and their respective stock values to appreciate substantially. We feel investors who are willing to accept the high degree of risk associated with this type of investment and who are willing to commit risk capital to a long-term horizon, should participate in the growth of Vasogen's strong line of products going forward.

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