



Shareholder Update October 2008

Rockville, October 2008

Dear Shareholder:

Since my last update in March 2008, we have made significant progress towards our previously communicated goals. Although many of the details of our progress cannot be shared at this time, we will make public announcements on these items in the near future. I am pleased to take this opportunity to give you an update in general terms.

The time between March and October 2008 has been filled with activity and several milestones have been reached. Two projects have been started and completed since my last update in March, and three other projects are due to be initiated in 2008. An overview is provided in the table below:

Projects	Start	Finish	Comments
Clinical Study: Pilot Study in Facial Laser Ablation	2008	2008	completed
Mini-Pig Study in Laser Ablation	2008	2008	completed
Clinical Study: Phase 2 Study in Facial Laser Ablation	2008	2009	planned
Clinical Study: Pilot Study in Acute Wounds	2008	2009	planned
Mini-Pig Study in Acute Wounds	2008	2008	Planned

In the following, I'd like to comment on the projects mentioned in more detail:

Glycotex, Inc.
2275 Research Blvd.
Suite 500
Rockville, MD 20850
USA

T: 301-670-2825
F: 301-576-5633

www.glycotexinc.com

Pre-clinical and laboratory work

We have initiated several scientific projects and obtained favorable results that will be released at the appropriate time in the near future. Pre-clinical and laboratory research is an important part of progress for GLYC-101 and Glycotex as it helps us to understand the mechanism of action of GLYC-101 and therefore will support the positioning of the product in different indications.

Among these projects are:

1. A preclinical study in mini-pigs investigating the use of GLYC-101 after laser skin ablation. The study investigated the rate and quality of healing after laser injury and several different schedules of GLYC-101 administration. The results of the study are very promising and will be shared with you in the near future.
2. The scientific program investigating the mechanism of action of GLYC-101 on the cellular level at a U.S. based leading university is progressing nicely and yields very significant results. The results contribute to our understanding of wound healing and the effect of GLYC-101 in wound models.

Clinical Development Strategy and Progress

In my last update letter from March 2008 I provided a general outline of Glycotex' strategy in the various indications. In this letter, I am providing a verbatim repeat of the March 2008 update (in italics) and the progress achieved since that time for your easy review:

Background

In May 2006, we completed a Phase II clinical trial in Australia of GLYC-101 in the treatment of venous ulcers. In this trial, GLYC-101 produced a statistically significant rate of wound area reduction versus combined placebo and standard treatment in patients with chronic venous ulcers. Based in part on the data from this clinical trial and from the results obtained in our pre-clinical research conducted in the United States, we have obtained from the FDA an active investigational new drug application, or IND, which will enable us to initiate clinical trials in the United States investigating the effects of GLYC-101 on burn wounds.

Intended Clinical Development Program

We started our clinical development program initiating the first of a series of Phase IIa clinical trials in the United States of GLYC-101 in our targeted indications. The first indication we intend to develop for market introduction will be the use of GLYC-101 as a treatment for burn wounds and the treatment of wounds following laser ablation. After successful conclusion of these studies, we will study GLYC-101 in other indication, like acute surgical wounds and then later on diabetic and chronic venous ulcers. Needless to say that the program will be adjusted as results of the individual studies will warrant.

Update October 2008:

Laser burn indication:

- The pilot study to evaluate the effects of GLYC-101 in patients undergoing carbon dioxide laser ablation has been concluded successfully and has been evaluated. The results provide a solid foundation for the next clinical study investigating the dose-response relationship of GLYC-101 on clinical outcomes (cosmetic outcomes, time to wound healing and adverse event). 12 patients have been successfully treated with GLYC-101.
- This Phase IIb study is slated to start in the near future in the US and we will make a public announcement when it starts. The study will enroll 48 patients in a double-blind, randomized, placebo controlled design, investigating several doses of GLYC-101.

Use of GLYC-101 in Acute and Chronic Wounds

While GLYC-101 has initially been intended for the treatment of chronic ulcers, it has been shown that it can be used for acute wounds as well. Although the clinical expressions of acute and chronic wounds are different, they follow a similar sequence and mechanism for successful wound healing. Acute and chronic wounds each rely on specialized immune cells for the initiation and completion of the healing process and wound closure. This basic mechanism applies to all types of wounds, including the wounds targeted by GLYC-101. Non-healing chronic wounds occur when the process of natural wound healing is impaired at the cellular level. These wounds can be extremely burdensome and have high costs associated with their care. Disturbances to the wound healing process can also lead to infected wounds that stay open and require ongoing expensive medical treatment, often risking disability, loss of limbs, infection and even death. Our approach is to augment the



function of these immune cells in the wound area to enable them to fulfill their purpose of orchestrating wound healing.

Update October 2008:

Acute wound healing indication

- A clinical protocol for the treatment of patients with partial thickness skin donor sites will be started in the near future (end of 2008) at a leading US university.
- The study will investigate the use of GLYC-101 on wound time to wound closure and other endpoints.

Potential Business Partners

Our technology of accelerating wound healing by stimulating immune cells in the wound has been received with great interest by potential partners in the business. Glycotex is currently in contact with potential partners in the field of wound healing, with a view to collaborating on the research and undertaking the marketing of the finished products.

Financial Update

Given the current status of the public stock markets around the world, we currently pursuing private sources of funding to complete our clinical development program. 2008 has been a very important year from a financial and developmental standpoint, and we look forward to making the appropriate announcements to the public and to our shareholders as things develop.

As always, if you have questions, please contact me by email at Reinhard.koenig@glycotexinc.com so I can address your questions directly.

With warm regards,

A handwritten signature in black ink, appearing to read "R. Koenig".

Dr. Reinhard Koenig
Chief Executive Officer

Glycotex, Inc.
2275 Research Blvd.
Suite 500
Rockville, MD 20850
USA

T: 301-670-2825
F: 301-576-5633

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