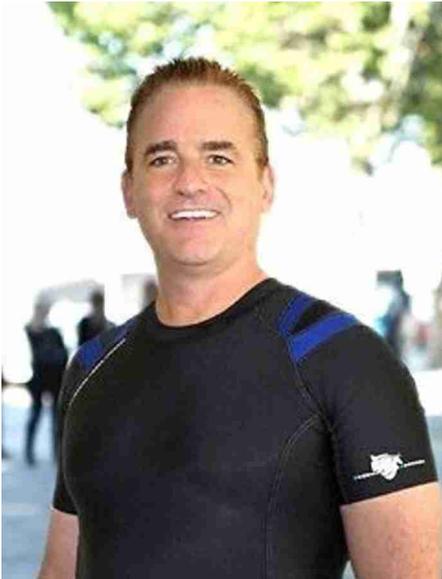


With a focus on Wellness Wear, AlignMed had developed revolutionary Evidence Based Apparel® Products that are Therapeutic and help Improve Posture, Mechanical, Neurological and Aesthetic Function

**Healthcare
Evidence Based Apparel**

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Bill Schultz
CEO

About AlignMed:

AlignMed is the leading innovator in the evidence based apparel sector. Since 2006, AlignMed has been designing products that will revolutionize the way individuals & physicians view the issue of ailments and performance associated with poor posture. Every product is designed with the science of touch & tension and through extensive independent testing; the AlignMed range of products is proven to deliver improved mechanical, neurological and aesthetic func-

tion allowing the body to look and perform better.

Today over 24,000 users and 1,400 prescribing clinicians have experienced Alignmed's posture wear. Independent studies by Duke, UNC, & USC; along with feedback by the elite players of Football, Basketball & Baseball and approval from the USGA have poised Evidence Based Apparel to be an entirely new paradigm in wellness care and posture preservation.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Schultz, would you tell us about AlignMed?

Mr. Schultz: AlignMed is a merger of medical science with garment technology to develop and commercialize products for good posture maintenance, injury prevention and pain management that we call Evidence Based Apparel®. The patented technology uses elastomeric tension panels, Neurobands™, are mounted into comfortable garments to provide tactile interface or touch and tension upon various muscle groups. The touch-tension characteristics of Neurobands™ provide a dual process of dynamic muscular support and neurologic biofeedback. The muscles respond by firing to assist in joint alignment, optimal balance and increased stamina; all components of good posture.

Unfortunately, we are often compared to compression garments or performance apparel companies like Under Armour, Adidas or Nike, but we could

not be further from that. AlignMed is categorized as a medical therapeutic device that applies precise stretch panels onto specific anatomy to for tactile interaction with muscle physiology and not to compress it.

CEOCFO: How did the concept develop?

Mr. Schultz About seven or eight years ago, while I was the CEO, president and founder of a series of company's called Team Surgical, Team Post-Op, and Team Mckenna; all involved in surgical instrumentation and post-surgical recovery - a surgeon introduced me to a chiropractor who was applying stretch bands into form fitting garments - similar to elastic taping applied to the skin to help in recovery from injury. At the time, I was suffering lower back problems, and x-rays showed me losing my disc space. My lumbar S1 disc was degenerating and I was experiencing chronic pain associated with it. My options at the time were what is considered standard of care; physical therapy, pharmacological therapy or surgery. Being around the orthopedic world my entire adult life, I knew the side effects from spine surgery often lead to secondary complications down the road. So I searched to find a new solution beyond the three. I used the garment given to me by the chiropractor and applied stretch panels with Velcro adhesive incorporated into the garment. I could immediately feel an ease of tension in my lower back muscles. I recognized that something was happening and decided to research the concept behind the product. I took it to many academic medical research professionals, many of whom I have known throughout my

work experience, to determine what was happening. What I discovered was there was little to no research done on variable tensions applied to the skin for helping muscles and joints regain balance and to reduce pain. We understood that muscle tissue and the central nervous system constantly work together to maintain muscle balance and hypothetically this could be enriched if we applied a component that would mirror the stretch characteristics of a muscle. It sounds more complicated than it is.

What was most significant - it made my back better. About four weeks later I had no pain and I was no longer a candidate for drug therapy, or surgery. That represented a change in my life that was nothing short of phenomenal and subsequently I divested myself of my other businesses and focused on design and research for what came to be Evidence Based Apparel.

CEO CFO: How do you know there might not have been just natural healing occurring?

Mr. Schultz: Because a mechanical problem within joints does not heal itself. Arthritis will not heal itself. You have to correct the things that are designed to support the body and good posture. Now, the body does try to balance on its own, but with modern society and the tools we use for information technologies, the computers, the cell phones... the body is not given a fair chance to rebalance itself.

CEO CFO: And then you decided to take this to the people?

Mr. Schultz: Right. I raised the initial money and given my background in regulatory affairs and an environment where every product had to take the path of FDA approval, I decided we would be the first garment and line of apparel that would follow the same restrictions and rigorous approval process as the FDA. This requires claims to be validated by clinical research performed within medical academia. This was an expensive and lengthy process for us.

CEO CFO: How long have the products been available?

Mr. Schultz: In its original form, it has been available for about six years and only recently we have refined and enhanced the look and therapeutic performance. We are now ready to market an entirely new line.

CEO CFO: Are you able to wash the garments? What are they made out of?

Mr. Schultz: Yes. They are made of a hybrid of natural cottons, lycra, and polypropylene. It is a lot of the same type of material that you would find in a Nike Dri-FIT, or an Adidas Coolmax. We treat the materials with the same types of moisture wicking and antimicrobial processes to make them moisture and temperature-friendly. Again, the difference is not in fabric, it

“Our response is that we can validate or claims; but our strategy is to have the customer put it on and believe for themselves. We will give you twenty-one days to do whatever you want with these garments, and if it does not do what we have said, send it back. We do not care what it looks like. If it does not do what we have said, send it back... Again, where we win is when somebody puts it on.”

- Bill Schultz

is the elastic panels mounted within the garment that we subsequently trademarked as Neurobands that make the proprietary difference.

CEO CFO: Who is your typical customer?

Mr. Schultz: Today our biggest customers have been physical therapists, athletic trainers, orthopedic surgeons, and occupational therapists recommending them for patients. Consumers concerned with personal wellness are our fastest growing segment.

CEO CFO: How are you reaching the various segments of potential customers?

Mr. Schultz: Our efforts-to-date have been poor at best mainly because the large amounts of our energy have been in research and validation. For example, studies that are acceptable

by the FDA must pass institutional review boards or IRB approved. This means you have to turn your study over to an accredited academia where they perform the study without your input and report back on the results. To our knowledge, there has never an IRB study done in the entire apparel industry, whether it is compression or performance – until now.

CEO CFO: Even with the studies, how do you get people to believe? There are so many products that claim to do so much and they do not really. What is the strategy? Is that enough to get people to believe?

Mr. Schultz: No, it is not. Scientific validation helps, but it is not enough. The consumer in this area is becoming more of a skeptic because of all the hype that has been thrown at them promising wonderful therapies and diet programs that are going to create better wellness or better physical appearance. Our response is that we can validate or claims; but our strategy is to have the customer put it on and believe for themselves. We will give you twenty-one days to do whatever you want with these garments, and if it does not do what we have said, send it back. We do not care what it looks like. If it does not do what we have said, send it back.

CEO CFO: Where are you today in the commercialization process?

Mr. Schultz: The board of AlignMed is very well-versed in medical prescription, but we are not versed in consumerism. We brought on a former CEO of Lululemon and Reebok, Bob Meers. Bob is helping us bring our product to the consumer, and in recent months our consumer sales are far outgrowing the medical sales. His approach to getting this to the consumer is to make it simple and answer the question, “What is in it for me?” “If I buy your product, what do I get out of it?” and bring that message home. The message being AlignMed = comfortable posture enhancement.

CEO CFO: I would think, on a personal level, people suffering with back pain would try almost anything!

Mr. Schultz: That is where I came from, and you are right about that. Actually, that is how Bob Meers found us. Bob is sixty-nine years old and suffered his own chronic back pain, and he was handed one of these shirts across a dinner table from a friend who took it off his back and said, "I am not sure what this thing is, but it makes me feel good." Again, where we win is when somebody puts it on.

CEO CFO: Where are you manufacturing? Can you rev up quickly to meet demand?

Mr. Schultz: Yes. We are currently in the U.S. We are in Los Angeles. They have got enough capacity to multiply us by ten. We looked at Asia too. In fact, we have a team right now in Asia to jump manufacturing.

To date, we have not advertised. In fact, the sales have been primarily word-of mouth from physicians, physical therapists and trainers who have been part of our research process. Now that we have got our ducks in a row with the research, we are bring it to the consumers. We want them to know: We have the only thing that works. You have every right not to

believe us just let us show you that we are right.

CEO CFO: Are you funded to get through the next steps, or will you be seeking funding or partners?

Mr. Schultz: We are seeking partners. We are funded to the next step, which is the beefing up of marketing and sales talent. We are so deep in research talent. We have what we call the AlignMed Medical Advisory Panel (AMAP). It is twenty clinicians who represent high academia whom every time we make a stitch it goes in front of the scrutiny of AMAP which represents some of the top musculoskeletal academic research clinics in the nation, including USC, Duke, Penn, Thomas Jefferson University, the Kerlan-Jobe Sports Medicine Foundation, the top muscular skeletal academic clinics in the nation. There is a lot of muscle there. We are way deep in that! Now we have got to get into marketing. We have also put design in the hands of a group out of Portland, Oregon who have had a lot of experience with design and manufacturing for Lululemon and others.

CEO CFO: Why should investors and people in the business community pay attention to AlignMed today?

Mr. Schultz: In 2010, muscular skeletal issues in the United States were \$880 billion in costs with no sign of

curtailing off, and no good answers to help people who suffer the pain and lack of mobility associated with it. \$80 billion alone is spent in falls in the elderly. We believe we can stimulate the muscles to prevent the fall, and also to enhance the performance of an elite athlete. We have hundreds of elite athletes: Dwight Howard of the LA Lakers wears this every game. You can see it on the court. The San Francisco Giants in the World Series pitched in this garment, and they pitched a .99 ERA. Unheard of! The New York Giants are users... all with no marketing, just word of mouth. We need to tell the world that this exists, and the only thing remotely comparable is a multibillion dollar performance apparel industry that does not do us justice. We have intellectual properties; we have patents. I would tell an investor that the patents incorporate a posture training device as a claim; a muscle retraining device as a claim; and an upper extremity posture and muscle correcting device that is modular and adaptable. Those are all properties that are above and beyond anything somebody used on; and we validated that. What do I believe? I believe that this will be as commonplace as eyeglasses.



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