



## Announcements

**Alexium to Commence Work and Develop New Flame Retardant Army Combat Uniform for U.S. Military**

**Alexium Sales, Customer and Revenue Update**

**President Obama Signs 2015 National Defense Authorization Act**

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## Message from the CEO

Happy New Year to all our shareholders. We had a great end to 2014, and we already have an outstanding start to 2015, having received our first purchase order from Batelle on the FRACU work with the Natick Soldier Research, Development and Engineering Center. We also started receiving revenue from customers at the end of 2014, which will continue into 2015 and grow substantially. These anticipated revenues will be crucial as we work towards listing on the NYSE in July of this year. Along with the revenue from our existing products, we will be launching new products in 2015 that will enable us to enter targeted new markets. I have hired a Head of Corporate Services to manage Alexium's financial and logistical functions so we can handle customers' needs as well as receive revenue in a timely manner.

2015 will be, quite simply, a year of growth and financial results. We will take the momentum we have worked over the last several years to build with support from our shareholders and grow Alexium into a sustainable, profitable business. The relationships we have built in the military and in the textiles industry will allow us to capitalize on multiple opportunities. The foundation has been built, and now it's time to deliver.



## Operations Updates

In 2015, Alexium is forecasting a year of incredible growth. From an operations standpoint, our challenge will be an enviable one – managing the logistics of that growth. That will mean a number of critical activities: building and managing an inventory to ensure on-time deliveries, balance an increasing workload of custom formulation work for our customers with helping those customers scale-up effectively, adding new staff at the appropriate time to meet that workload demand, and aggressively pursue new sales opportunities, both in and out of the textile industry. Managing this growth will be difficult and require strong project management and world-class operational effectiveness and agility, a challenge Alexium is more than prepared to take on in what promises to be an exciting 2015.



## 2015 Sales Goals

The sales team is poised to have a successful 2015. We are already planning the rollout of two new technologies that will allow us to enter additional markets. Our goals for 2015 besides the successful rollout of these products are 1) secure existing contracts in the back-coating contract fabric industry, and 2) capture additional market space in the transportation sector.

Due to the strong interest in 2014 in our eco-friendly, durable backcoating solution, we anticipate that we can fully integrate our Alexiflam™-RD chemistry as a product line replacement to current technologies. We plan on entering the production cycle with at least five different customers in the next year.

The transportation industry has responded positively and with enthusiasm to pull our product through the sales development cycle and would like to fully incorporate our Alexiflam™-RD technology. We are poised to commercialize three existing customers in the first part of the year and plan on engaging others through 2015.

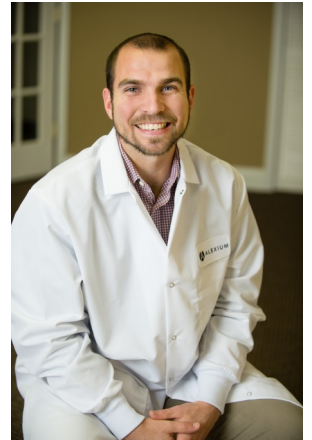
We are also still working with Natick on the FRACU program and have received initial funds to develop the next-generation flame resistant uniform for the military. In 2015, we would like to secure a contract for supplying finished garments directly to the military and get placement in the military uniform pipeline on our existing technology that is already commercialized.



## 2015 Sales Goals Continued

The 2015 tradeshow schedule has been finalized as well. We will be exhibiting at Techtextil in Frankfurt in May, where we will focus on promoting our two new technologies. Then in June we will be exhibiting at the Techtextil North America show in Houston, a show we exhibited at last year in Atlanta with great success. In October, we will be exhibiting at the IFAI Expo in Anaheim, CA, where we will continue to push our new technology. We will be attending several shows throughout the year as well.

We look forward to 2015 being a defining year as we secure contracts and capture market space with both contract and transportation fabrics as well as continue our efforts to secure military contracts.



## Research and Development Outlook for 2015

Alexium is moving into the new year with great excitement. In 2014, many facets of our technology and company advanced in key ways, and now we are seeing our work on this come to fruition. As the Head of Research and Development, there are two priorities that I have as we move forward: 1) ensure our products manufacture-readiness, and 2) develop Alexium's next generation of flame retardants. Over the last quarter, our research team has made significant strides to stage Alexium for a successful 2015.



One key advance over the past quarter has been the production-level scale up of our improvements to Alexium's proprietary FR product "Alexiflam™". While this new product retains the same flame retardant efficacy of our standard Alexiflam™-RD, our refinements provide a number of benefits:

- Longer shelf life
- Improved stability to long-term exposure to cold temperatures
- Improved stability to long-term exposure to elevated temperatures

At the end of 2014, this refined product was successfully scaled up at a multi-ton scale and will now be provided as the NEW standard for our customers.

Another key development is the recent expansion and reorganization of our research team. Alexium has a number of innovative products that are in the



## Research and Development Outlook for 2015 Continued

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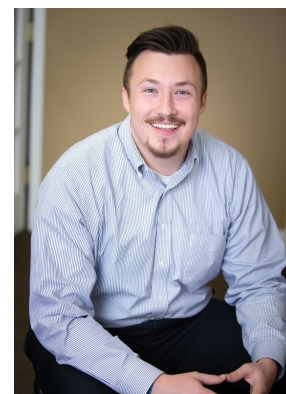
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pipeline and we are keen to expedite their commercialization. These changes will allow us to expand our product portfolio in the coming year. With these advances, Alexium is well-poised for a strong 2015.

## Introducing Aaron Krech—Head of Corporate Services

Aaron Krech is Alexium's new Head of Corporate Services, a position that is crucial as the company moves into the typical business cycle of managing revenue and expenses. Aaron is responsible for creating structure around Alexium's financial processes and implementing organization to ensure we can manage customers from an inventory and logistics side as well as streamlining our invoicing procedures so we can receive revenue quickly. He will also be working with all parties to coordinate the listing on the NYSE.



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