



**ASX ANNOUNCEMENT**

**9 July 2007**

## **CEO SWAPS CASH BONUS FOR OPTIONS**

Biomedical company, **Tissue Therapies Limited (ASX: TIS)** today announced that it has negotiated with CEO Dr Steven Mercer a package of performance-based Options that will replace Dr Mercer's cash bonus arrangement, to which he was entitled under his employment contract.

Demonstrating further confidence in the commercial prospects of Tissue Therapies, the Company has negotiated a new package of 400,000 performance-based options with Dr Mercer in lieu of cash bonus arrangements. The Option package will be issued under the Company's Equity Option Plan approved by shareholders on 29 January 2004.

Following the considerable and accelerating commercial progress that Tissue Therapies has made over the past year, and with clinical trials of VitroGro® about to start, Dr Mercer requested that the Board replace his cash bonus with a package of performance-based options. The Board was happy to accept the revised arrangements in order to minimise short-term cash demands in view of the accelerating pace of important activities, including manufacturing and clinical trials.

Dr Mercer said that the revised arrangements were mutually-beneficial.

"Despite the fact that Tissue Therapies has significant cash reserves, I thought it logical to propose the replacement of a cash bonus as specified in my employment contract, with performance based options. This is the second year that I have exchanged a cash bonus for options and my enormous faith in the scientific and commercial excellence of the VitroGro® platform is even higher now than it was 12 months ago."

"We have such outstanding opportunities to commercialise the VitroGro® technology for a wide range of uses, we should concentrate the use of shareholder funds on these programs, and by the way, I say that as both the CEO and as a shareholder," he said.

Dr Mercer also said that he was very happy for the Board to set the exercise price at a 15% premium to market price for these options.

"It is a practical, financial indicator of my confidence in the commercial success of VitroGro® and Tissue Therapies", he added.

The Equity Option plan allows the Board to issue options at no more than a 5% discount to the market price of the Company's shares to provide equity incentives to employees and certain other key individuals, including those working either as, or for, independent contractors such as QUT, who have served at least 12 months with the Company or with key contractors.

The Options approved by the Board were issued with the following terms and conditions:

1. The Incentive Options are non-transferable.
2. The Incentive Options will vest in the relevant tranches on the achievement of each of the respective Key Performance Milestones and all Incentive Options will vest immediately in the event that the Directors recommend acceptance of a takeover bid for the company.
3. All Incentive Options listed above expire on the first anniversary of the grant of the above option package.
4. the exercise price of all Incentive Options listed above will be calculated as a 15% premium to the 10 day volume-weighted average share price of Tissue Therapies share for the period ending 27 July 2007.
5. the term of these Incentive Options to be offered will be 24 months from the date of issue.
6. The offer of these Incentive Options will have to be approved by the shareholders of Tissue Therapies at a General Meeting of Members.

<b>Key Performance Milestone</b>	<b>No. of Options</b>
Clinical Trial Agreement with Canadian Clinician(s)	30,000
Start Canadian Clinical Trial	40,000
Complete Canadian Clinical Trial (receipt of final report)	50,000
Complete VitroGro® Toxicology Testing (receipt of final report)	20,000
Receive Golden Casket Project Ethics Approval for Clinical Trial	30,000
Successful First Shipment of VitroGro® to Invitrogen	40,000
Chimeric Manufacturing Complete (receipt of manufacturing batch record for first commercial quantity of Chimeric VitroGro®)	40,000
Complete Preclinical Partial Thickness Wound Trial (receipt of final report)	50,000
Sign & Announce Commercial Agreement for Wound Dressing	50,000
Sign & Announce Clinical Trial Agreement with Australian Clinician	30,000
Achievement of all VitroGro® IP Transfer Conditions	20,000
<b>Total (if all successful)</b>	<b>400,000</b>

**ENDS**

**For more information:**

Greg Baynton  
Director, Tissue Therapies Limited  
Telephone: 07 3221 0140

Email: [greg@orbitcapital.com.au](mailto:greg@orbitcapital.com.au)

**ADDITIONAL INFORMATION**

**About Tissue Therapies Limited**

Tissue Therapies Limited is an Australian company developing biomedical technologies for wound healing, tissue and various cell culture applications.

The Company has worldwide exclusive rights to commercialise VitroGro®, a platform technology developed by tissue engineering experts at the Institute for Health and Biomedical Innovation at QUT for enhancing cell growth and migration. VitroGro® has particular commercial applications in wound healing, tissue regeneration, stem cell therapies and other cell culture uses.

Based on its VitroGro® platform technology, Tissue Therapies is developing more effective medical treatments for wounds and burns, integration of orthopaedic and medical implants, and other applications such as cosmeceuticals.

Tissue Therapies also provides cell culture reagents to enhance the growth of mammalian cells for emerging cell-based therapies, along with research and industrial cell culture markets internationally.

More information: [www.tissuetherapies.com](http://www.tissuetherapies.com)