

Frequently Asked Questions for the AST Transmittal Letter

Q: Is there a deadline by which I must reply to the AST Transmittal Letter?

A: No (although, as stated in the proxy, various government agencies may eventually make demands on AST for shareholders who have not exchanged, including pursuant to applicable escheat laws).

Q: Can I remove the restrictive legend on my pre-split stock certificate?

A: This is a convenient opportunity for qualifying investors who bought restricted stock to remove the legend as part of the exchange. Helix BioMedix's counsel has issued a blanket legal opinion to AST that allows them to accept pre-split restricted common stock and issue unrestricted post-split shares of common stock to qualifying investors.

Q: Should I continue to call The Shelton Group if I have questions?

A: No. For questions about the AST Transmittal Letter, call the contact number for AST. For other questions, call R. Stephen Beatty, President and CEO of Helix BioMedix.

Q: What if I have lost my pre-split common stock certificate?

A: AST can assist you with replacing a lost pre-split common stock certificate. We have worked with AST to make the related charge as small as possible. It is not a fee to AST, but a charge that they must pay their insurance company. The cost is \$45 for each 10,000 pre-split shares.

Q: What is a medallion signature guarantee?

A: A medallion guarantee is proof of your identity. In this case, it guarantees that the signature on the Transmittal Letter is really your signature. You can get this easily at your broker or your bank.

Q: Under what conditions do I need a medallion guarantee?

A: You do **NOT** need a medallion signature guarantee if you are using the Transmittal Letter to advise AST that your **permanent** address has changed in addition to using it to swap your pre-split common stock for post-split common stock. You need it if you are making most other changes such as changing or removing a name on the certificate.

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Q: I notice that AST requires a W-9 form to be signed. Is the common stock split a taxable event?

A: A Continuing Stockholder *who does not receive cash* in the Reverse Stock Split generally should not recognize any gain or loss with respect to the Reverse Stock Split for U.S. federal income tax purposes. If this is your case, AST does not require you to fill in the Substitute Form W-9 on the front of the Transmittal Letter. In all other cases, you must fill in the section or AST will reject your form.

Q: How can I follow the company in the future?

A: Helix BioMedix plans to communicate with its stockholders several times a year whenever there are important events, regular financial results, or other reasons we believe appropriate. Our future communications will be less formal than the 10Q/10K related press releases in the past and, hopefully, a little more helpful to our stockholders.

Q: How do I sell my stock?

A: The stock is being traded on the pink sheets; however, the volume is low.

Q: Why did Helix BioMedix do this?

A: As we stated in the proxy, the company will save approximately \$350,000 annually by not filing with the SEC. In addition, by not filing, our management team can be more focused on the business.